



GRAN COLOMBIA GOLD CORP.

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2016**

DATED: MARCH 30, 2017

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ITEM 1. GENERAL PROVISIONS

1.1 Glossary of Terms

Except as otherwise defined herein, the following terms used but not otherwise defined in this Annual Information Form have the meanings set out below. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“2018 Debenture Indenture” means the Amended and Restated Silver-Linked Note Indenture dated as of August 11, 2011 and amended and restated as of January 20, 2016, entered into between the Company and TSX Trust in connection with the issuance of the 2018 Debentures.

“2018 Debentures” means the senior unsecured convertible debentures due August 11, 2018, issued under the 2018 Debenture Indenture by the Company on January 20, 2016 pursuant to the Debt Restructuring, listed for trading on the TSX under the symbol “GCM.DB.U”.

“2019 Warrant” means a warrant of the Company issued in connection with the Prospectus Offering, pursuant to the 2019 Warrant Indenture, listed for trading on the TSX under the symbol “GCM.WT.A”, providing for the holder thereof to acquire one Common Share at an exercise price of \$3.25 per Common Share and expiring on March 18, 2019.

“2019 Warrant Indenture” means the warrant indenture dated March 18, 2014, entered into between the Company and TSX Trust pursuant to which the 2019 Warrants were issued.

“2020 Debenture Indenture” means the Amended and Restated Gold-Linked Note Indenture dated as of October 30, 2012 and amended and restated as of January 20, 2016, entered into between the Company and TSX Trust in connection with the issuance of the 2020 Debentures.

“2020 Debentures” means the senior secured convertible debentures due January 2, 2020, issued under the 2020 Debenture Indenture by the Company on January 20, 2016 pursuant to the Debt Restructuring, listed for trading on the TSX under the symbol “GCM.DB.V”.

“Ag” means silver.

“AISC” means all-in sustaining costs per ounce which includes Total Cash Costs per ounce, defined below, and adds the sum of G&A, sustaining capital and certain exploration and evaluation 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.

“Annual Information Form” means this Annual Information Form dated March 30, 2016 in respect of the fiscal year ended December 31, 2016.

“Au” means gold.

“BCBCA” means the British Columbia *Business Corporations Act*.

“Blue Pacific” means Blue Pacific Assets Corp., an investment company in which three directors of the Company - Messrs. Iacono, de la Campa and Perez Branger - together indirectly hold a majority share.

“Board” means the board of directors of the Company.

“Bridge Loan Agreement” means the bridge loan agreement entered into between the Company and Blue Pacific for an interest-free loan of US\$4 million, dated December 16, 2013.

“Carla Project” means the gold exploration project comprised of 16 gold concession contracts and applications comprising an area of approximately 6,000 ha located in the municipalities of Remedios and Segovia at approximately 7°04' N, 74°43' W in the Department of Antioquia, Colombia as more fully described in the Segovia and Carla Technical Report.

“CIIGSA” means Comercializadora Internacional de Metales Preciosos y Metales Comunes Inversiones Generales S.A. a refinery located in Medellin, Colombia in which the Company formerly held a 60% interest.

“CIM” means the Canadian Institute of Mining, Metallurgy and Petroleum.

“Common Shares” means the common shares in the capital of the Company.

“Company” or **“Gran Colombia”** means Gran Colombia Gold Corp.

“Concepción Project” means the exploration project comprised of four mining concession contracts and applications with a total area of 3,534.694 ha or 35.3 km² located in the Municipalities of Concepción, San Vicente, El Peñol and Barbosa, Department of Antioquia, Colombia at approximately 6° 21'N, 75° 16' W.

“COP” means Colombian pesos.

“CRA” means Canada Revenue Agency.

“Debentures” means collectively the 2018 Debentures and the 2020 Debentures.

“Debt Restructuring” means the comprehensive restructuring of the Silver-Linked Notes and the Gold-Linked Notes implemented pursuant to a plan of arrangement under the BCBCA, completed on January 20, 2016, as described in the Company's Supplemental Management Information Circular dated November 30, 2015, modified as described in the December 18, 2015 news release.

“Delegated Authority” has the meaning given to such term under the heading entitled “Audit Committee Information – Pre-Approval Policies and Procedures”.

“deposit” means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as mineral resources, a commercially mineable ore body or as containing mineral reserves until final legal, technical, and economic factors have been resolved.

“Echandia Property” means the Echandia exploration property at Marmato, Colombia, acquired by the Company in connection with the Medoro Merger.

“FGM” means Frontino Gold Mines Ltd.

“Frontino Acquisition” means the acquisition whereby Gran Colombia Panama, through Zandor, Colombian branch, acquired all of the assets of FGM.

“g/t” means grams per metric tonne.

“GMP” means GMP Securities L.P.

“Gold-Linked Notes” means the US\$100,000,000 aggregate secured gold-linked notes with a principal amount per note of US\$1,000 face amount and 10 common share purchase warrants issued on October 30, 2012 by way of private placement and restructured effective January 20, 2016 under the Debt Restructuring into the 2020 Debentures.

“Gold-Linked Note Indenture” means the note indenture dated as of October 30, 2012, entered into between the Company and TSX Trust in connection with the issuance of the Gold-Linked Notes. The Gold-Linked Note Indenture was amended and restated as of January 20, 2016 as the 2020 Debenture Indenture.

“Gold-Linked Warrant” means a warrant of the Company issued in connection with the Gold-Linked Notes, pursuant to the Gold-Linked Warrant Indenture providing for the holder thereof to acquire one Common Share at an exercise price of \$18.75 per Common Share and expiring on October 31, 2017.

“Gold-Linked Warrant Indenture” means the warrant indenture dated as of October 30, 2012, entered into between the Company and TSX Trust pursuant to which the Gold-Linked Warrants were issued in connection with the issuance of the Gold-Linked Notes.

“Gran Colombia Panama” means Gran Colombia Gold, S.A., a wholly-owned subsidiary of the Company.

“ha” means hectares.

“Indicated Mineral Resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“Inferred Mineral Resource” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“Lo Increíble Properties” means the Lo Increíble 4A and 4B mining contracts in the El Callao municipality of the State of Bolívar in Venezuela.

“Marmato Project” means the Company’s gold-silver project at Marmato, Caldas Department, Colombia, comprising three contiguous properties: Zona Alta Property, Zona Baja Property and Echandia Property, as more particularly described in the Marmato Technical Report.

“Marmato Technical Report” means the NI 43-101 compliant technical report relating to the Marmato Project titled “A NI 43-101 Mineral Resource Estimate on the Marmato Project, Colombia, 21 June 2012”, prepared by Mike Armitage and Ben Parsons of SRK.

“Mazamorras Project” means the exploration project located at 1.49°N and 77.15°W southwest of the Republic of Colombia, some 32 km (straight line) north-northwest from San Juan de Pasto, the capital city of the Department of Nariño, consisting of four concession areas with a total area of 3,293.60 ha.

“Measured Mineral Resource” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“Medoro” means Medoro Resources Ltd., the predecessor of Medoro Resources (B.C.) Inc. that existed under the *Business Corporations Act* of the Yukon Territory.

“Medoro Arrangement Agreement” means the arrangement agreement entered into by the Company and Medoro, dated April 13, 2011 (as amended and restated as of May 4, 2011) in connection with the Medoro Merger.

“Medoro Merger” means the acquisition of all of the issued and outstanding securities of Medoro by the Company in connection with the Medoro Arrangement Agreement and the Medoro Plan of Arrangement.

“Medoro Plan of Arrangement” means the statutory plan of arrangement pursuant to section 195 of the *Business Corporations Act* of the Yukon Territory in connection with the Medoro Merger.

“MI 61-101” means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

“mineral resource/Mineral Resource” means a concentration or occurrence of diamonds, natural, solid inorganic material, or natural fossilized organic material including base and precious metals, coal and industrial minerals, in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The terms “Mineral Resource”, “Measured Mineral Resource”, “Indicated Mineral Resource”, “Inferred Mineral Resource” used in this Annual Information Form are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on December 11, 2005.

“Mineros Nacionales” means Mineros Nacionales, S.A.

“Mineros Nacionales Mine” means the Company’s underground producing mine located at the Zona Baja Property in Marmato.

“m” means metres.

“mm” means millimetres.

“Moz” means million ounces.

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* issued by the Canadian Securities Administrators.

“NI 43-101 CP” means Companion Policy 43-101CP to National Instrument 43-101 – *Standards of Disclosure for Mineral Properties* issued by the Canadian Securities Administrators.

“NI 43-101 F1” means Form 43-101F1 – *Technical Report*.

“NI 52-110” means National Instrument 52-110 – *Audit Committees* issued by the Canadian Securities Administrators.

“Notes” means collectively the Gold-Linked Notes and the Silver-Linked Notes.

“Option” means an option granted by the Company to purchase Common Shares pursuant to the Company’s Option Plan.

“Option Plan” means the incentive stock option plan of the Company approved by Shareholders on June 5, 2014.

“ordinary kriging” means a geostatistical approach to modeling. Instead of weighting nearby data points by some power of their inverted distance, ordinary kriging relies on the spatial correlation of the data to

determine the weighting values. This is a more rigorous approach to modeling, as correlation between data points determines the estimated value at an unsampled point.

“Pampa Verde Project” means the Company’s planned project at the Segovia Operations which included modern, mechanized underground mine development and construction of a processing plant. The Company halted construction activity in 2015 on the new plant.

“Person” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, governmental authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

“Preferred Shares” means the preferred shares in the capital of the Company.

“Projects” means the Segovia Operations, the Marmato Project, the Zancudo Project, the Mazamorras Project, the Concepción Project and the Lo Increíble Properties.

“Prospectus Offering” means the offering of 8,423,837 units by the Company at a price of \$1.93, each unit consisting of one Common Share and one half of one common share purchase warrant by way of short form prospectus offering, closed March 18, 2014.

“Providencia” means Compañía de Minas Providencia, S.A.

“QAQC” means quality assurance quality control.

“Qualified Person” has the meaning given to such term under NI 43-101, section 1.1 – *Definitions and Interpretations*.

“RTO” means the arm’s length reverse takeover whereby Tapestry Resource Corp., a predecessor corporation to Gran Colombia, acquired all of the issued and outstanding securities of Gran Colombia Panama.

“SEDAR” means the System for Electronic Document Analysis and Retrieval available at www.sedar.com.

“Segovia Operations” means the Segovia Project and the Carla Project.

“Segovia Project” means the mining rights comprised of one private mining property and two exploration licenses (El Silencio, Providencia and Sandra K) with a total area of 2,907 ha, located in the municipalities of Segovia and Remedios, Department of Antioquia as more fully described in the Segovia and Carla Technical Report.

“Segovia and Carla Technical Report” means the NI 43-101 compliant technical report relating to the Segovia Project titled “NI 43-101 Technical Report on a Preliminary Economic Analysis on the Segovia and Carla Operations, Department of Antioquia, Colombia, February 2014”, prepared by Ben Parsons and Jurgen Fuykschot of SRK, dated February 21, 2014.

“Share Consolidation” means the TSX and shareholder approved consolidation of the then existing Common Shares and Warrants of the Company on a one-for-twenty-five basis, effective at the opening of trading on June 18, 2013.

“Shareholder” means a holder of the Company’s Common Shares.

“Silver-Linked Note Indenture” means the note indenture dated as of August 11, 2011, entered into by the Company and TSX Trust in connection with the issuance of the Silver-Linked Notes. The Silver-Linked Note Indenture was amended and restated as of January 20, 2016 as the 2018 Debenture Indenture.

“Silver-Linked Notes” means the US\$80,000,000 aggregate senior unsecured silver-linked notes with a price of US\$1,000 principal amount per Note, issued on August 11, 2011 by way of short form prospectus and restructured effective January 20, 2016 under the Debt Restructuring into 2018 Debentures.

“SGS” means SGS del Perú S.A.C.

“SRK” means SRK Consulting (UK) Ltd., an associate company of SRK Consulting (Global) Limited, an independent consulting practice that advises on mining projects.

“SRK USA” means SRK Consulting (U.S.), Inc.

“Tax Act” means the *Income Tax Act* (Canada).

“Technical Reports” means, collectively, the Segovia and Carla Technical Report and the Marmato Technical Report.

“Total Cash Cost” stated 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.

“tpd” means tonnes per day.

“TSX” means the Toronto Stock Exchange.

“TSX Trust” means TSX Trust Company, formerly Equity Financial Trust Company, the Company's Transfer Agent and Trustee under the 2020 Debenture Indenture and the 2018 Debenture Indenture.

“Warrant” means any warrant of the Company, including the Gold-Linked Warrants and the 2019 Warrants.

“Zancudo Project” means the exploration project located in the Municipalities of Titiribi, Angelopolis and Armenia, Department of Antioquia, Republic of Colombia at 6° 04' 30" N – 75° 47' 26" W.

“Zandor” means Zandor Capital S.A., the Panamanian joint venture company used by Gran Colombia and Medoro as a vehicle for completing the Frontino Acquisition.

“Zona Alta Property” means the property located in the Zona Alta at Marmato, Colombia acquired by the Company in connection with the Medoro Merger.

“Zona Baja Property” means the property in the Zona Baja in Marmato, Colombia acquired by the Company in connection with the Medoro Merger, on which the Mineros Nacionales Mine is located.

1.2 Forward-Looking Information

This Annual Information Form may contain or incorporate by reference information that constitutes “forward-looking information” or “forward-looking statements” (collectively, “forward-looking information”) within the meaning of the applicable securities legislation. All statements, other than statements of historical fact, contained or incorporated by reference in this Annual Information Form including, but not limited to, any information as to the future financial or operating performance of the Company, constitutes forward-looking information. Forward-looking information involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to be materially different from the forward-looking information contained herein. When used in this Annual Information Form, such information uses words such as “plans”, “expects” “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “targets”, “forecasts”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” or “be achieved” and any other similar terminology.

The forward-looking information contained herein reflects current expectations regarding future events and operating performance and speaks only as of the date of this Annual Information Form. Generally, forward-looking information involves significant risks and uncertainties; therefore, it should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not such results will be achieved. Accordingly, undue reliance should not be placed on such statements. A number of factors could cause the actual results to differ materially from the results discussed in the forward-looking information, including but not limited to, the factors discussed under the heading entitled “Risk Factors” herein. Although the forward-looking information is based on what management of the Company believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with the forward-looking information.

This Annual Information Form includes, but is not limited to, forward-looking information pertaining to the following:

- the size of the Company’s mineral reserves and resources;
- the realization of the Company’s mineral reserves and resources;
- the timing of development of undeveloped mineral reserves;
- the costs related to the development and production of the Projects;
- the results of future production;
- supply and demand for gold and silver;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes, labour environment and tax laws;
- capital expenditure programs and the timing and method of financing thereof; and
- limitations on the Company’s access to sources of financing or competitive terms and compliance with covenants

Forward-looking information is based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. With respect to forward-looking information contained herein, the assumptions made by the Company include but are not limited to:

- future prices for gold and silver;
- future currency and interest rates;
- future prices for natural gas, fuel oil, electricity and other key supplies;
- the Company’s ability to generate sufficient cash flow from operations and capital markets to meet its future obligations and continue as a going concern;
- there not being any significant disruption affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise;
- the Company’s ability to obtain the necessary permits, including but not limited to, environmental and governmental permits to properly develop, operate and expand current and future projects;
- political developments in any jurisdiction in which the Company operates being consistent with the Company’s current expectations;
- the viability, economically and otherwise, of maintaining and developing the Segovia Operations and the Marmato Project; and
- the Company’s ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company’s demand.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause the actual results to vary and in some instances to differ materially from those described in the forward-looking information contained in this Annual Information Form. These material risks include, but are not limited to:

- volatility in the spot and forward price of gold, silver or certain other commodities relevant to the

- Company's operation, such as diesel fuel and electricity;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- changes in the gold or silver lease rates which could impact the mark-to-market value of outstanding derivative instruments and ongoing payments/receipts under any interest rate swaps and variable rate debt obligations;
- risks associated with holding derivative instruments (such as credit risks, market liquidity risk and mark-to-market risk);
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or Venezuela, or other countries in which the Company does business or may carry on business in the future;
- competition for, among other things, capital, acquisition of mining property, undeveloped lands and skilled personnel;
- operational and technical problems;
- delays in obtaining required environmental and other licenses;
- uncertainties and hazards associated with gold exploration, development and mining, including but not limited to, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses; and
- other factors further discussed under the heading entitled "Risk Factors."

Readers are cautioned that the foregoing lists of factors are not exhaustive. There can be no assurances that forward-looking information will be prove to be accurate. Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. The forward-looking information included in this Annual Information Form is qualified by these cautionary statements and those made in the Company's other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risks and Uncertainties" section of the Company's most recently filed Management's Discussion and Analysis.

The forward-looking information contained herein is made as of the date the Annual Information Form and the Company assumes no obligations to update or revise it to reflect new events or circumstances, other than as required by applicable securities laws.

1.3 General Matters

This Annual Information Form is for the year ended December 31, 2016. All information in this Annual Information Form is as of December 31, 2016, unless otherwise indicated.

In this Annual Information Form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "\$" are to Canadian dollars. All financial information in this Annual Information Form has been prepared in accordance with International Financial Reporting Standards unless otherwise expressly indicated.

The industry and other statistical data presented in this Annual Information Form, except where otherwise noted, have been compiled from sources and participants which, although not independently verified by the Company, are considered by the Company to be reliable sources of information. References in this Annual Information Form to research reports or articles should not be construed as depicting the complete findings of the entire referenced report or article and such report or article is expressly not incorporated by reference into this Annual Information Form.

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To Convert from Imperial	To Metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185

Ounces (troy)/ton	Grams/tonne	34.2857
Ounces	Grams	31.1035

Imperial Measurement	Metric
1 mile =	1.609 kilometres
1 yard =	0.9144 metre
1 acre =	0.405 hectare
2,204 pounds =	1 tonne (metric)
2,000 pounds/1 short ton =	0.907 tonnes

1.3.1 *Special Note to Reader*

Please note that all references in this Annual Information Form to Common Shares, Options, Warrants and other securities, even those that pre-date the Share Consolidation, as applicable, are stated on a post-Share Consolidation basis.

1.3.2 *Incorporation by Reference*

The Technical Reports, prepared and filed in accordance with NI 43-101, are incorporated by reference into and form part of this Annual Information Form. These documents may be accessed under the Company's profile on SEDAR at www.sedar.com.

1.3.3 *Exchange Rate Information*

1.3.3.1 **United States Exchange Rate Information**

The following table sets out: the rate of exchange for one Canadian dollar in U.S. dollars in effect at the end of each of the periods set out immediately below; the high and low rate of exchange during those periods; and the average rate of exchange for those periods, each based on the noon spot rate as published on the Bank of Canada's website. On March 30, 2017, the noon nominal rate for one Canadian dollar in U.S. dollars as published by the Bank of Canada was \$1.00 = US\$0.7531.

	High	Low	Average	End of Period
Years ended December 31				
2016	0.7972	0.6854	0.7548	0.7448
2015	0.8527	0.7148	0.7820	0.7225
2014	0.9422	0.8589	0.9054	0.8620

1.3.3.2 **Colombia Exchange Rate Information**

The following table sets out: the rate of exchange for one Canadian dollar in COP in effect at the end of each of the periods set out immediately below; the high and low rate of exchange during those periods; and the average rate of exchange for those periods, each based on the noon spot rate as published on the Bank of Canada's website. On March 30, 2017, the noon nominal rate for one Canadian dollar in COP as published by the Bank of Canada was \$1.00 = COP 2,164.5022.

	High	Low	Average	End of Period
Years ended December 31				
2016	2,469.1358	2,183.4061	2,301.6443	2,232.1429
2015	2,444.9878	1,897.5332	2,132.9784	2,293.5780
2014	2,100.8403	1,706.4846	1,807.4162	2,057.6132

ITEM 2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The full corporate name of the Company is Gran Colombia Gold Corp. The head office of the Company is located at 333 Bay Street, Suite 1100, Toronto, Ontario M5H 2R2 and its registered office is located at 1188 West Georgia Street, Suite 650, Vancouver, British Columbia, V6E 4A2. The Company also has offices in Bogota and Medellin, Colombia.

The Company was incorporated pursuant to the provisions of the British Columbia Company Act on May 27, 1982 under the name “Impala Resources Ltd.” On August 26, 1987, Impala Resources Ltd. changed its name to “International Impala Resources Ltd.” On November 13, 1992, International Impala Resources Ltd. changed its name to “Tapestry Ventures Ltd.” On December 22, 2004, Tapestry Ventures Ltd. changed its name to “Tapestry Resource Corp.” On August 13, 2010, in connection with the arm’s length reverse takeover pursuant to which Tapestry Resource Corp. acquired all of the issued and outstanding securities of Gran Colombia Panama, the Company changed its name from “Tapestry Resource Corp.” to “Gran Colombia Gold Corp.”

Effective June 10, 2011, Gran Colombia completed a merger with Medoro, a TSX listed company. The combined company continued under the name “Gran Colombia Gold Corp.” Under the terms of the Medoro Arrangement Agreement, each Medoro shareholder received 1.2 Common Shares plus 0.5 of a common share purchase warrant, now expired, for each Medoro share held. Holders of Medoro options and Medoro warrants had their securities converted into Gran Colombia securities that, on exercise, would have obtained Common Shares and warrants on an equivalent basis. As a result of the Medoro Merger, the Company acquired 100% of Medoro’s interest in the Marmato Project and Medoro’s 5% interest in Zandor, thereby increasing the Company’s interest in Zandor from 95% to 100%.

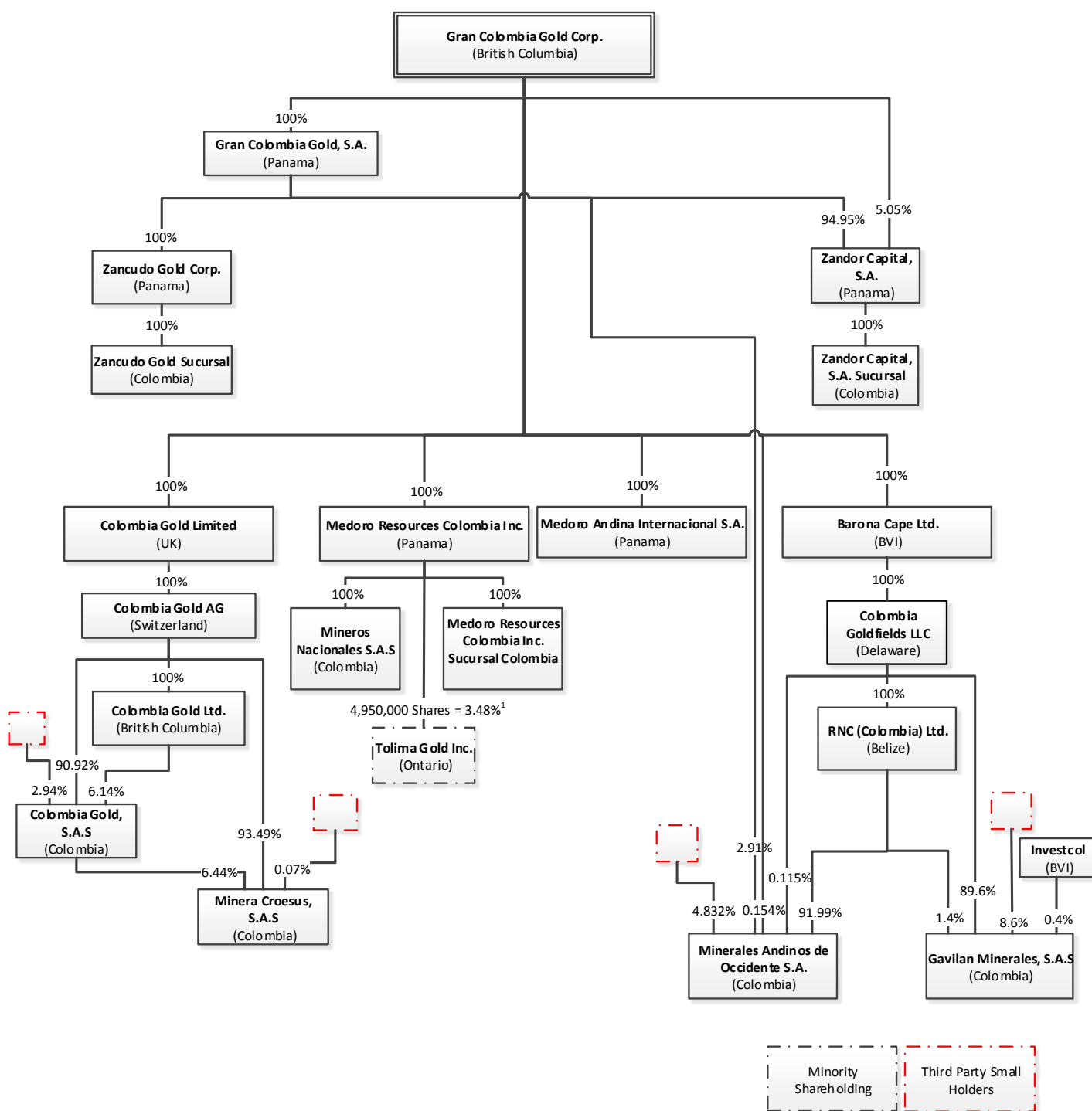
As part of the Company’s efforts to streamline its corporate structure describe below, effective January 1, 2017, the Company completed a vertical short form amalgamation with its wholly owned subsidiary, Medoro Resources (B.C.) Ltd., pursuant to a certificate of amalgamation issued by the Registrar of Companies, British Columbia and through which the securities of the Company were not affected.

2.2 Intercorporate Relationships

The majority of the Company’s assets related to the Segovia Project are held indirectly through Zandor. Assets related to the Marmato project are mostly held indirectly by the Company through its subsidiaries identified in the following chart. These assets were acquired by Medoro (and effectively the Company as a result of the Medoro Merger) as a result of several acquisitions of different mining projects from a series of vendors with the strategy of consolidating the Marmato mining district in Caldas, Colombia. Some of these acquisitions, for various tax and corporate reasons, were structured as amalgamations of companies or acquisitions of off-shore holding structures. Since the vendors of these assets were based in different countries and had distinct corporate planning strategies, these purchases by the Company resulted in an intricate structure of off-shore holding companies, including companies in the UK, Switzerland, Belize, British Virgin Islands, Delaware (U.S.A.), British Columbia (Canada) and Colombia.

Though the Company believes the current structure does not affect the ability of management or the Board to oversee operations, many of these structures do not provide any advantages to the Company and instead increase costs and effort related to accounting, reporting and operational burden. As such, the Company is continuing to take steps to re-organize and streamline its subsidiaries in order to simplify the off-shore holding structure of its Colombian assets.

The following chart illustrates the principal subsidiaries of the Company, together with the jurisdiction of incorporation of each company and the percentage of voting securities beneficially owned or over which control or direction is exercised, directly or indirectly, by the Company as at the date hereof:



¹ Based on latest issued and outstanding of public company

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 2014

January 2014 Segovia Workforce Reduction

In January 2014 the Company completed a restructuring of its operations at Segovia to continue the expansion and modernization of mining activities and to improve security in the mining and processing operations. In so doing, the Company incurred \$1.6 million in costs in the first half of 2014 to reduce its workforce and another \$1.9 million in the second quarter of 2014 in connection with termination of a long-term supplier contract. These costs had an adverse impact on total cash costs per ounce in the first half of 2014.

Updated Technical Report

On February 26, 2014 the Company filed an amended and restated National Instrument 43-101 technical report on a preliminary economic assessment on its Segovia Operations in Colombia in relation to the Prospectus Offering. The Segovia and Carla Technical Report, which does not alter the mineral resource estimate from the previous report on the Segovia Operations filed September 20, 2013, demonstrated an estimated life of mine all-in sustaining cost of approximately US\$850 per ounce over the approximately seven-year mine life of the current mineral resources, made possible by the Company's improvements in its operating cost structure at its Segovia Operations. See "Material Properties – Segovia Operations".

Prospectus Offering

On March 18, 2014 the Company announced the successful completion of an equity offering of 8,423,837 units at a price per unit of \$1.93, representing aggregate gross proceeds to the Company of \$16,258,005. Each unit consisted of one common share and one-half of one common share purchase warrant, each whole warrant a 2019 Warrant. A 2019 Warrant entitles the holder thereof to purchase one Common Share at a price of \$3.25 and will expire on March 18, 2019, subject to an accelerated expiration date in certain circumstances. The offering was completed pursuant to the short-form prospectus dated February 28, 2014, available on SEDAR.

The Prospectus Offering included the exercise in part by GMP, the underwriter, of the over-allotment option for an additional 923,837 units representing \$1,783,005 in additional gross proceeds to the Company.

Blue Pacific subscribed for 2,211,442 units pursuant to the Prospectus Offering, in partial repayment of the Bridge Loan Agreement. This increased Blue Pacific's beneficial ownership in the Company to approximately 14.9% of the issued and outstanding Common Shares at that time. The Company used some of the net proceeds of the Prospectus Offering to partially repay funds advanced under the Bridge Loan Agreement. The balance of the net proceeds was used for working capital and to fund capital expenditures at the Segovia Project.

Board of Directors

On July 18, 2014 the Company announced the resignation of Robert Hines from the Board of Directors, leaving the Board with a total of five directors.

CIIGSA Refinery Sale

In October 2014 the Company agreed to the principal terms regarding the sale of its 60% interest in the CIIGSA refinery operation to an arm's length third party and also entered into a 12-year supply agreement pursuant to which it will continue to sell all of its gold and silver production in Colombia to the acquirer for processing at CIIGSA at market prices. The sale transaction closed on May 29, 2015 with a final selling price of COP 5.2 billion (equivalent to US\$2.1 million at the exchange rate on the date of the transaction), of which a deposit equivalent to US\$0.3 million was received in October 2014, US\$0.2 million was received

in 2015, US\$0.2 million was received in 2016 and the balance equivalent to approximately US\$1.1 million will be received in cash instalments in 2017 and 2018. The Company retained a prior obligation to repay US\$1.4 million of advances from the CIIGSA refinery over the 12 following months, which was fully satisfied by the end of 2015.

3.2 2015

Changes to Executive Compensation

On January 9, 2015 the Company announced that, in a continued effort to further reduce costs, the Company eliminated the deferral of a portion of executive salaries effective January 1, 2015. In addition, the Company cancelled the full amount of deferred salaries of the Company's executives accumulated through December 31, 2014, amounting to approximately US\$612,000, 80% of which pertained to the Executive Co-Chairmen. By eliminating accumulated deferred payments, the Executive Co-Chairmen effectively reduced their combined 2014 annual salaries by 58% from the previous year to a total of US\$300,000. Effective January 1, 2015, the combined salaries of the Executive Co-Chairmen were further reduced by 40% to a total of US\$180,000 in 2015.

Senior Debt Payments

On January 9, 2015 the Company announced that it had missed the interest payment due December 31, 2014 on its Silver-Linked Notes. Due to this missed payment, as of January 10, 2015 the Company was in default under the terms of the Silver-Linked Note Indenture. The default arose from the Company's failure to make the interest payment due on December 31, 2014 within the 10 day cure period provided in the Silver-Linked Note Indenture.

In addition, the Company had not made the interest payment due December 31, 2014 for the Gold-Linked Notes within the 30 business day cure period afforded to the Company under the terms of the Gold-Linked Note Indenture. As such, the Gold-Linked Notes also fell into default. The Company provided the Trustee, TSX Trust, with notice of both defaults. On January 30, 2015 the Company was also unable to make the required Put Option payments under the Gold-Linked Note Indenture.

On January 21, 2015 the Company announced that it had negotiated a favourable contract amendment with the primary contract miner at its Segovia Operations that is expected to generate cost savings, based on current production and gold prices, of approximately US\$700,000 to US\$900,000 per month. As a result, the Company resumed monthly interest payments beginning February 27, 2015 on the Gold-Linked Notes. The Company also began paying interest on February 27, 2015 on the Silver-Linked Notes in monthly increments, instead of the semi-annual coupon payments. The weaker Colombian peso provided the opportunity and the flexibility for the Company to pay a fair and reasonable price to its contract workers, continue to service payment plans to its local suppliers and to resume payment of interest on its senior debt.

The Company continued to announce and pay monthly interest payments on the Notes while it worked with Noteholders and its financial, legal and technical advisors to develop a comprehensive debt restructuring plan. The Debt Restructuring relating to the Notes was successfully completed on January 20, 2016, curing any previous defaults on the Notes. See "General Development of the Business – 2015 – Debt Restructuring".

Debt Restructuring

On September 29, 2015 the Company announced its first proposal to restructure the Notes through a plan of arrangement under the BCBCA and its intention to hold a meeting of the holders of Common Shares, Gold-Linked Notes and Silver-Linked Notes to approve the proposal. On November 5, 2015 the Company mailed a management information circular to circular dated October 27, 2015 to all such securityholders outlining the proposal. After further discussions with certain key Noteholders, the Company mailed a supplemental management information circular dated November 30, 2015 which revised certain provisions

of the original proposal. Further revisions to the proposal were communicated to securityholders through a press release on December 18, 2015, prior to the securityholder meetings, detailing the final terms of the Debt Restructuring, as follows:

- i. all accrued and unpaid interest on the Gold-Linked Notes and Silver-Linked Notes, together with a 2% restructuring fee, were added to the principal amount of each Gold-Linked Note and Silver-Linked Note;
- ii. the principal amount of the Gold-Linked Notes were exchanged for the same principal amount of 2020 Debentures, rounded down to the nearest whole \$1.00;
- iii. the principal amount of the Silver-Linked Notes were exchanged for the same principal amount of 2018 Debentures, rounded down to the nearest whole \$1.00; and
- iv. holders of the Gold-Linked Notes and Silver-Linked Notes had the option to convert some or all of their debt for Common Shares on exchange, in lieu of Debentures, at a conversion price of \$0.13 per common share. The Debentures may also be converted at any time during their term same conversion price.

For key terms of the 2018 Debentures and 2020 Debentures please see “Description of Capital Structure – Debentures”. Full details regarding the Debentures, including the 2018 Debenture Indenture and the 2020 Debenture Indenture, are available through the Company’s website at www.grancolombiagold.com or its profile on SEDAR at www.sedar.com.

On December 22, 2015 holders of the Company’s Common Shares, Gold-Linked Notes and Silver-Linked Notes approved the Debt Restructuring. In addition, shareholders approved the resolutions to set the number of directors of the Company at six and elect Peter Volk as an interim director of the Company. The Debt Restructuring received final court approval and was completed in January 2016, as described below. See “General Development of the Business – 2016 – Completion of Debt Restructuring” and for further information.

3.3 2016

Completion of Debt Restructuring

On January 8, 2016 the Company received final approval from the Supreme Court of British Columbia for the Debt Restructuring and on January 20, 2016 announced that it had completed the Debt Restructuring, implemented pursuant to a plan of arrangement under the BCBCA. Pursuant to the Debt Restructuring, effective January 20, 2016 the Company’s Silver-Linked Notes and Gold-Linked Notes, together with all accrued and unpaid interest plus a restructuring fee in the amount of 2% of the principal amount Notes, were exchanged for the 2018 Debentures and 2020 Debentures, respectively. The 2018 Debentures and 2020 Debentures were listed for trading on January 22, 2016, under the trading symbols GCM.DB.U and GCM.DB.V.

On closing of the Debt Restructuring, the Company issued 89,865,029 Common Shares to holders of Gold-Linked Notes and Silver-Linked Notes who elected to receive Common Shares in exchange for US\$150,000 principal amount of Gold-Linked Notes and US\$10,960,000 principal amount of Silver-Linked Notes, plus all corresponding accrued and unpaid interest and applicable restructuring fees as of the exchange date. As of January 20, 2016, there were US\$71.2 million and US\$104.0 million of 2018 Debentures and 2020 Debentures, respectively, issued and outstanding.

See “General Development of the Business – 2015 – Debt Restructuring” and “Description of Capital Structure – Debentures” for further information. Complete details regarding the Debentures, including the 2018 Debenture Indenture and the 2020 Debenture Indenture, are available through the Company’s website at www.grancolombiagold.com or its profile on SEDAR at www.sedar.com.

Board of Directors Appointments

On January 25, 2016, the Company announced that, effective January 22, 2016, Peter Volk resigned from his temporary position on the Board and the Board appointed Rodney Lamond, Mark Ashcroft and Mark Wellings to serve as directors. In addition, the Company called a special meeting of Shareholders, held on March 14, 2016, at which Shareholders approved an increase to the size of its Board of Directors from eight to ten and elected all nominated board members, including the individuals named above together with Messrs. Edward Couch and Ian Mann.

Health, Safety, Environmental and Technical Committee

On January 25, 2016 the Company announced that it had formed a new Health, Safety, Environmental and Technical Committee of the Board. Chaired by Mr. Ashcroft, the committee also includes Messrs. Lamond, Martinez and Wellings. The Health, Safety, Environmental and Technical Committee has been appointed by the Board to assist the Company and the Board in carrying out their responsibilities relating to reviewing technical, operational, health, safety and environmental matters concerning the Company's mineral projects. The Health, Safety, Environmental and Technical Committee's mandate encompasses a wide range of activities pertaining to corporate health, safety, environmental and technical aspects of the Company's business including technical activities relating to exploration, project development, operations, mine closures and reserves and resources.

Normal Course Issuer Bids

On July 19, 2016 the Company announced that it had received approval from the TSX to commence normal course issuer bids for its 2018 Debentures and 2020 Debentures. Under the terms of the bids the Company has the right to purchase for cancellation up to a maximum of US\$6,633,471 aggregate principal amount of 2018 Debentures and a maximum of US\$9,629,597 aggregate principal amount of 2020 Debentures through the facilities of the TSX or alternative Canadian trading systems. This amount represents approximately 10% of the public float of the 2018 Debentures and 2020 Debentures, respectively, issued and outstanding as of July 11, 2016, determined in accordance with the applicable rules of the TSX.

Management of the Company will determine the actual number of Debentures that may be purchased and the timing of any such purchases, subject to compliance with applicable TSX rules. Daily purchases are limited to US\$17,154 principal amount of 2018 Debentures and US\$12,279 principal amount of 2020 Debentures, other than block purchase exceptions. Purchases made pursuant to the bids will be made on the open market through the facilities of the TSX or other designated exchanges and published markets in Canada, and the price that the Company will pay for any such Debentures will be the market price at the time of the acquisition. The Company will not purchase Debentures when the market price per US\$100 aggregate principal amount of Debentures exceeds US\$100.

The bid commenced on July 21, 2016, and will remain open until the earlier of July 20, 2017 or the date on which the Company has purchased the maximum number of Debentures permitted under each bid. The Company had not purchased any Debentures during the previous 12 months prior to commencement of such bid.

Under the terms of the 2018 Debenture Indenture and 2020 Debenture Indenture, and as further described in such documents, the Company is required to set aside certain amounts of its excess free cash for repayment, repurchase or redemption of the Debentures. In accordance with each indenture, the Company is entitled and has used such funds for purchases of Debentures through the normal course issuer bids. The Company has made the bids because it believes: (i) that the Debentures may be undervalued from time to time in relation to its current and future business prospects; (ii) that the purchase of Debentures through the bids is an efficient use of excess free cash accumulated and (iii) that Debentures may become available during the period of the bids at prices that would make the purchase of Debentures for cancellation an appropriate use of available funds and in the best interests of the Company and its shareholders.

As of the date hereof, the Company has purchased US\$782,000 aggregate principal amount of 2018 Debentures and US\$2,133,817 aggregate principal amount of 2020 Debentures at discounts to par value in the open market pursuant to the bids.

Civil Situation in Segovia and Remedios

On September 21, 2016, the Company announced that it was monitoring the civil situation in Segovia and Remedios in the Department of Antioquia, Colombia, in which the Company's Segovia Operations are located. A local mining collective, comprised in its majority by illegal miners, had convened a civil strike in Segovia and Remedios to exert pressure in negotiations it is having with the government of the Department of Antioquia, the National Mining Agency, Procuraduria, the Ministry of Energy and Mines, and the Company. This mining collective has been in discussion with the various levels of government and the Company since February of 2016 related to the Colombian government's national program to formalize illegal mining in the country. At issue is Decree 1421 from the Ministry of Mining and Energy, which became effective on September 1, 2016, that requires small processing plants to obtain a registration with the Colombian government and an environmental license and to only process and sell gold with a proper certificate of origin. While the Company's employees were not directly involved in this dispute, the civil strike impeded their ability to safely report to work.

On September 29, 2016 the Company announced that the civil situation had come to a peaceful conclusion following extensive discussions between representatives of the national and regional governments, the Company and the local mining collective that instigated the civil strike. To resolve the situation, the parties agreed to create a *Mesa Institucional*, a roundtable with representatives from all parties, to analyze and propose solutions to improve social and economic matters in Segovia and Remedios. In addition, the Company continues its negotiations with each of the illegal mines located within the Company's mining title at its Segovia Operations to enter into contractual relations similar to those it has with 41 other mining cooperatives working within its mining title. The disruption did not have a significant effect on the Company's total production for the year.

3.4 Subsequent Developments

Proposed Capital Structure Improvements

On March 6, 2017, the Company announced that, in an effort to improve its future liquidity and capital structure to enhance shareholder value, it would make a proposal to extend the maturity, on a voluntary basis, of its 2020 Debentures and that it will seek shareholder approval in connection with such maturity extension and to consolidate its Common Shares.

The proposed initiatives were determined following a broad strategic review process to explore opportunities to enhance stakeholder value conducted by GMP engaged as the Company's exclusive financial advisor, as announced in September 2016. During the course of this process, it became evident that even though the Company has strengthened operationally since completion of the Debt Restructuring in early 2016, the Common Shares had not performed at the same pace as its peers due to the extent of leverage within the Company's capital structure and the impact of the potential debt conversions on the total number of Common Shares outstanding on a fully diluted basis. In addition, at prevailing gold prices, the Company's future growth may be stalled while trying to balance ongoing capital investment needs with the requirement to set aside excess cash flow toward the repayment of the 2020 Debentures at maturity.

Extension of 2020 Debenture Maturity

The Company currently has an aggregate principal amount of US\$101,160,085 of 2020 Debentures issued and outstanding maturing on January 2, 2020 and receiving interest, paid on a monthly basis, at an annual rate of 6%. The Company believes that by extending the maturity of some or all of its 2020 Debentures, the Company can strike a better balance between capital investment and cash generation for senior debt retirement to enhance stakeholder value while at the same time using its excess cash flow to systematically reduce the issued and outstanding senior secured debt. The Company is seeking approval from holders of

the 2020 Debentures to amend the Indenture through a consent solicitation process (the "**Consent Solicitation**") to provide an option for holders to extend the maturity date of the debentures to January 2, 2024 (the "**Proposed Indenture Amendments**"). The extended 2020 Debentures will carry largely the same terms and conditions as the other 2020 Debentures except that the maturity date will be extended to January 2, 2024 and interest will be paid monthly over the remaining term of the extended 2020 Debentures at an annual rate of 8%.

The Company expects to distribute materials regarding the Consent Solicitation to all holders of the 2020 Debentures in early April 2017. 2020 Debenture holders will be asked to provide their consent to amend the Indenture through the Consent Solicitation process. The Company will also be seeking Shareholder approval of the Proposed Indenture Amendments pursuant to MI 61-101. In order for the Company to proceed with the Proposed Indenture Amendments, the following are required: (i) consent from a simple majority of the aggregate principal amount of the issued and outstanding 2020 Debentures and (ii) approval by a simple majority of the votes validly cast by "minority" shareholders, present in person or by proxy at the shareholder meeting, being the shareholders of the Company other than any "related parties" in respect of the Proposed Indenture Amendments (as determined in accordance with MI 61-101) who hold 2020 Debentures and such other shareholders as are required to be excluded in determining such "minority" approval pursuant to MI 61-101. The Consent Solicitation is expected to remain open until early May 2017, unless extended by the Company in its sole discretion, following which the Company will announce the results. Holders of 2020 Debentures will also have the opportunity during the Consent Solicitation process to elect to extend some or all of their 2020 Debentures, conditional upon the requisite consent from holders of 2020 Debentures, Shareholder approval being obtained and the Proposed Indenture Amendments being effected. The Consent Solicitation and the Proposed Indenture Amendments are subject to certain conditions and approvals including, but not limited to, the receipt of all necessary regulatory and stock exchange approvals. Terms outlined herein may be amended as required to receive such approvals.

Share Consolidation

The Company currently has an authorized capital consisting of an unlimited number of common shares without par value and an unlimited number of Preferred Shares without par value, of which 306,755,502 Common Shares are currently issued and outstanding. In addition, a further approximately 1.1 billion Common Shares are issuable through the potential future exercise of the issued and outstanding Debentures, stock options and warrants. This potentially large number of issued and outstanding Common Shares acts as a damper on the Company's stock price and could restrict the ability of the Company to raise equity in the future to fund its business activities. Accordingly, the Company is proposing to consolidate its issued and outstanding common shares on a fifteen-for-one basis (15:1) (the "**Consolidation**"), subject to the approval of the TSX and approval of Shareholders by way of special resolution. The Company believes that the benefits of the Consolidation include, among other things, that the anticipated higher share price resulting from the Consolidation may meet investing guidelines for certain institutional investors and investment funds that are prevented under such guidelines from investing in the common shares at current price levels. Also, a smaller number of common shares trading at a higher price makes the Company more attractive to potential investors, and could further enhance the value of the common shares held by current shareholders.

Materials related to the Special Meeting of Shareholders expected to be held on April 24, 2017 were distributed on March 24, 2017 and are available through the Company's website at www.grancolombiagold.com or through its profile on SEDAR at www.sedar.com.

Drill Results

On March 13, 2017, the Company announced the results of its 2016 diamond infill drilling program at the Segovia Operations and that it also completed a small underground infill drilling program in 2016 to explore the extension of the mineralization in the Marmato Underground mine.

Infill drilling at Segovia was aimed to increase confidence levels of the mineral resources at both the Providencia and Sandra K mines and was carried out in areas where sparse previous surface drilling had

intersected high gold grades. High gold grades generated from 74 drill holes (9,472 metres) were intersected on both vein systems with maximum grades of 134.6 g/t Au and 95.4 g/t Ag over 0.73 metres on the Providencia Vein, and 43.2 g/t Au with 37.5 g/t Ag over 2.05 metres on the Sandra K Techo Vein, part of the Sandra K vein system.

At Marmato, one of the holes in a small underground drilling campaign, MND-11-16, intersected 8.98 m at 20.99 g/t Au and 7.11 g/t Ag from 112.32 m to 121.30 m depth followed by 50.40 m at 2.20 g/t Au and 3.32 g/t from 121.30 m to the end of the hole at 171.70 m.

See "Material Mineral Properties – Segovia Operations" and "Material Mineral Properties – Marmato Project" for further information. The complete release regarding the drill results is available through the Company's website at www.grancolombiagold.com or its profile on SEDAR at www.sedar.com.

Option Agreement Regarding Zancudo Project

On March 16, 2017, the Company announced that it has signed an option agreement with IAMGOLD Corp. for the exploration and potential purchase of an interest in the Company's Zancudo Project.

The Zancudo Project is located in the Titiribí mining district of Antioquia, about 27 km south of Medellín, and comprises a historical gold mine, the Independencia Mine, in the Middle Cauca Gold Belt that had produced about 130,000 ounces of gold with recovered grades of 14.6 g/t Au and 108.4 g/t Ag. The Independencia Mine exploited an epithermal to mesothermal, intermediate sulphidation type vein system that was exploited over 3.5 km with known depths of over 900m. Gran Colombia had completed a 14,000m drilling program at the Zancudo Project in 2011 and 2012 that focused on defining new potential resources by following the strike and shallow dip extensions of the Santa Catalina and Manto Antiguo structures that represent the extension to the south of what was mined in the historical Independencia Mine. Following the gold price collapse in 2013, the Company halted further exploration at the project to focus on the expansion and modernization of its high-grade producing Segovia Operations.

Under the agreement, IAMGOLD Corp. has been granted an option to acquire an initial undivided 65% interest (the "**First Option**") in the Zancudo Project by incurring an aggregate of US\$10 million of mineral exploration expenditures over a six-year period, subject to meeting specified annual work commitments during the First Option period, of which the first US\$1 million to be incurred within the first year is a firm commitment; IAMGOLD Corp. has the right to cease its obligations at any time thereafter.

IAMGOLD Corp. has also been granted an additional option (the "**Second Option**") to acquire a further 5% undivided interest for an aggregate 70% undivided interest in the Zancudo Project by completing a feasibility study within three years after exercising the First Option. Upon exercise of the First Option or the Second Option, as the case may be, the parties will form a joint venture to hold the Zancudo Project, to advance the exploration and, if feasible, to advance the development and mining of any commercially exploitable ore body.

3.5 2017 Outlook

The Company started off 2017 with a total of 24,585 ounces of gold production in the first two months and expects to produce a total of 150,000 to 160,000 ounces of gold for the full year. In 2017, the Company expects that its Total Cash Cost will remain below US\$720 per ounce sold and that with an increased level of exploration spending at Segovia and the continuation of capital investment at its Segovia Operations, its AISC for the full year will remain below US\$900 per ounce.

In early February 2017, Gran Colombia completed the 10,000 meters drilling campaign it commenced at Segovia in May of last year. In the second half of 2016, the Company also completed a small underground drilling program to explore the extension of the current mineralization in the upper level of the existing Marmato mine. The Company announced results of these drilling campaigns on March 13, 2017. In 2017, Gran Colombia plans to execute a 20,000 meters drilling campaign to further its efforts to upgrade and extend its mineral resources at its Segovia Operations. Capital investment in 2017 at the Segovia

Operations will continue to focus on ongoing mine development at its Providencia and El Silencio mines along with additional investments in mine infrastructure upgrades, ventilation, health, safety and environmental initiatives, mine equipment and expansion of tailings storage facilities.

In 2016, the Company repurchased and cancelled a total of US\$2.9 million aggregate principal amount of its 2018 and 2020 Debentures at a discount under the normal course issuer bids launched in July 2016. These transactions were funded by excess cash flow generated in the first nine months of 2016 and deposited into the sinking funds. The Company also used the increased cash flow generated by its operations in 2016 to honor its supplier payment programs, successfully restoring the aging of its accounts payable to normal terms by the end of 2016, and fully settled its overdue equity and wealth taxes which carried very high interest rates on the amounts in arrears. In 2017, provided gold prices remain at least at the current levels, the Company intends to generate excess cash flow equivalent to approximately 10% of the aggregate principal amount of its 2018 and 2020 Debentures currently issued and outstanding for deposit into the sinking funds in accordance with their respective indentures. Sinking fund balances may be used to fund open market repurchases of debentures for cancellation, redemptions at par or repayment at maturity.

3.6 Significant Acquisitions or Dispositions

The Company has not completed any significant acquisitions during the financial year ended December 31, 2016 for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

ITEM 4. DESCRIPTION OF THE BUSINESS

The Company is a Canadian-based gold and silver exploration and development company focused on acquiring and developing properties of merit to bring to production and operating such properties, with a primary emphasis on Colombia. The Company holds 100% of the former Frontino Gold Mines Ltd. gold and silver assets, including the largest underground gold and silver mining operation in Colombia - the Segovia Operations. It also owns the rights to interests in the Marmato Project, which it acquired in connection with the Medoro Merger, including the Zona Alta Property, the Zona Baja Property and the Echandia Property, and operates the producing Mineros Nacionales Mine located in Zona Baja in Marmato. These individual properties in Marmato are held under different licenses but are contiguous and are all part of the same geological system. The Company also owns other exploration projects in Colombia and is committed to implementing its exploration and development strategy with a comprehensive environment, safety and community program, meeting international standards of best practice.

The Company also holds a 100% interest in the Lo Increíble Properties in Venezuela which it acquired in connection with the Medoro Merger. Initial mineral resources based on limited diamond drilling have identified 13.4 million tonnes grading 2.2 g/t, or 940,000 ounces of open pit mineable gold. On September 16, 2011, the Venezuelan government issued a Decree-Law nationalizing gold exploration and mining operations in the country, including a minimum state equity participation of 55% in gold projects, a new 13% royalty and the banning of export sales by producers. The Company has tried to engage the Venezuelan government with respect to negotiations for the Company's properties in Venezuela for pricing and transfer of ownership of the nationalized portion of the projects. As the prescribed negotiation period has expired, the Company may pursue the remedies afforded to it by the Agreement between Venezuela and Canada for the Promotion and Protection of Investments (which has been in force since 1998), including, if warranted, seeking such compensation through international arbitration. See "Risk Factors – Economical and Political Factors – Venezuela".

The Company's business activities are directed from its offices in Toronto, Ontario (333 Bay Street, Suite 1100) and Bogota and Medellin, Colombia.

4.1 Production

The Company's principal product is gold. In addition to gold, the Company also produces silver. Although there are worldwide gold and silver markets, the Company has historically sold directly to CIIGSA, located in Colombia, in which it previously held a 60% interest. This interest in the CIIGSA refinery operation was sold to an arm's length third party, closing on May 29, 2015. The Company has also entered into a 12-year supply agreement with the same party pursuant to which it will continue to sell all of its gold and silver production in Colombia for processing at CIIGSA at market prices. See "General Development of the Business – 2014 – CIIGSA Refinery Sale".

4.1.1 Segovia Operations

2016

For the year ended December 31, 2016, the Company produced 126,261 ounces of gold and 125,639 ounces of silver at its Segovia operations. During the same period, the Company sold 125,847 ounces of gold and 144,178 ounces of silver at an average realized price of approximately US\$1,220 per ounce and approximately US\$14 per ounce, respectively. Total Cash Cost (on a by-product basis) averaged US\$655 per ounce of gold sold for the full year. Production for the year ended December 31, 2016 exceeded the Company's initial production guidance of 96,000 to 110,000 ounces of gold provided by the Company in its previous annual information form dated March 30, 2016.

2015

For the year ended December 31, 2015, the Company produced 92,894 ounces of gold and 113,323 ounces of silver at its Segovia operations. During the same period, the Company sold 93,293 ounces of gold and 99,236 ounces of silver at an average realized price of approximately US\$1,125 per ounce and approximately US\$14 per ounce, respectively. Total Cash Cost (on a by-product basis) averaged US\$695 per ounce of gold sold for the full year. Production for the year ended December 31, 2015 was in line with production guidance of 90,000 to 110,000 ounces of gold and 99,000 to 121,000 ounces of silver provided by the Company in its previous annual information form dated March 31, 2015.

4.1.2 Marmato Operations

2016

For the year ended December 31, 2016, the Company produced 23,447 ounces of gold and 36,530 ounces of silver at its Mineros Nacionales Mine, on par with the prior year and slightly below expectations for the current year. During the same period, the Company sold 23,115 ounces of gold and 35,391 ounces of silver at an average realized price of approximately US\$1,210 per ounce and approximately US\$14 per ounce, respectively. Total Cash Cost (on a by-product basis) averaged US\$981 per ounce of gold sold for the full year.

2015

For the year ended December 31, 2015, the Company produced 23,963 ounces of gold and 34,494 ounces of silver at its Mineros Nacionales Mine, on par with the prior year, meeting expectations for the current year. During the same period, the Company sold 25,153 ounces of gold and 35,940 ounces of silver at an average realized price of approximately US\$1,121 per ounce and approximately US\$13 per ounce, respectively. Total Cash Cost (on a by-product basis) averaged US\$855 per ounce of gold sold, meeting expectations for 2015.

4.2 Exploration

The Company has interests in several exploration properties in Colombia comprising the Segovia Operations and the El Zancudo Project (both of which were acquired during 2010), and the Zona Alta, Zona

Baja and Echandia properties at the Marmato Project (which were acquired in the June 2011 merger with Medoro). In 2013, the Company finalized a NI 43-101 technical report on the mineral resource estimate at the Segovia Operations based on some 128,000 m of diamond drilling and over 75,000 underground channel samples contained in the databases comprising a combination of historical and recent diamond core and underground channel samples. With the Company's focus being on the Segovia Operations and the Marmato Project, the Company did not carry out further exploration activities at the El Zancudo Project in 2016.

At the Segovia Operations, the Company incurred US\$1.6 million in 2016 related to the 10,000 meters diamond infill drilling program to increase confidence levels of the mineral resources at both the Providencia and Sandra K mines. The Company expects to provide an updated NI 43-101 technical report for the Segovia Operations in the first half of 2017.

At the Marmato Project, the Company incurred US\$0.1 million in 2016 related to a small underground infill drilling program to explore the extension of the mineralization in the Marmato underground mine. The Company expects to provide an update NI 43-101 technical report for the Marmato Project in the second quarter of 2017.

4.3 Employees

As at December 31, 2016, the Company and its subsidiaries had 5 employees (2015 – 4 employees) at its office in Toronto, Canada and approximately 2,511 employees (2015 – 2,094 employees) in Colombia.

4.4 Specialized Skill and Knowledge

Operations in the gold exploration and development industry mean that the Company requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and operations, the Company requires the expertise of drilling engineers, exploration geophysicists and geologists and employs such persons directly and indirectly. To date, the Company has not experienced any difficulties in hiring and retaining the professionals and experts it requires for its operations and has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so. Further information is provided under the heading entitled "Risk Factors – Shortage of Experienced Personnel and Equipment."

4.5 Competitive Conditions

The precious metal mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mineral properties. The ability of the Company to acquire precious metal mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for precious metal development or mineral exploration. Further information is provided under the heading entitled "Risk Factors - Competition".

4.6 Foreign Operations

The Company's material property interests are located in Colombia and the Company also has property interests in Venezuela. The Company's activities in foreign jurisdictions may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. The risks created by this potential political and economic instability include, but are not limited to, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in exploration or investment policies or shifts in political attitude in such jurisdictions may adversely affect the Company's business. Mineral exploration and mining activities may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted. Further information is provided under the heading entitled "Risk Factors".

4.7 Business Cycles

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. The Company's operations are related and sensitive to the market price of gold and, to a lesser degree, to other metal prices such as silver. Metal prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases, production, global or regional political, economic or financial situations and other factors beyond the control of the Company. Further information is provided under the heading entitled "Risk Factors – Metal Price Volatility".

4.8 Environmental Protection

The mining industry in Colombia is subject to environmental laws and regulations under various governmental legislation relating to the protection of the environment, including requirements for closure and reclamation of mining properties. Compliance with such obligations and requirements can mean significant expenditures and/or may constrain the Company's operations in the country. Breach of environmental obligations could lead to suspension or revocation of requisite environmental licenses and permits, civil liability for damages caused and possible fines and penalties, all of which may significantly and negatively impact the Company's position and competitiveness. Further information is provided under the heading entitled "Risk Factors – Changes to Environmental Laws".

The Company is subject to certain environmental charges assessed by the local competent environmental authority in Segovia, known as the Corantioquia, associated with the discharges of effluents from the Maria Dama plant into the nearby river basin. The Company is continuing its efforts to minimize these discharges, including the investment in the El Chocho tailings storage facility which would allow the virtual elimination of discharges into the river during the mine's useful life.

As many of the Company's projects are currently in the exploration stage, the financial and operational effects of environmental protection requirements are currently difficult to gauge. However, the Company has completed a revision of the Environmental Management Plan ("EMP") for its Segovia operations, which is currently under the assessment of Corantioquia, as well as the baseline environmental studies and formulation of the EMP for the Marmato project, also under study by the regulators. The environmental assessments have not been approved by the respective regulators at this time, but they include the measures and activities proposed by the Company for the control and mitigation of environmental risks and impacts based on technical studies, thus providing a reliable estimate of the environmental costs for the operation of the mining projects.

Due to the strategic modifications regarding the Pampa Verde Project in Segovia and the plans to improve the performance of the Maria Dama Plant and to construct and operate El Chocho tailings storage facility, a new and updated environmental study was filed before Corantioquia in August 2015, encompassing all of the current and future activities of the Segovia Operations. Other environmental permits related to water concessions, discharge permits, forest exploitation and water channel occupancy have also been updated and filed before Corantioquia, which has reviewed the study and requested additional information in October 2016 which is now being gathered and will be submitted to continue the licence procedures.

Since the beginning of the Segovia Operations, the Company has promoted and implemented initiatives to improve the environmental performance of such operations. As part of this process, the Company retained the Environmental Studies Institute for Development (IDEADE is its Spanish acronym) of the Pontifical Javeriana University for the different updates of the current Environmental Management Plan. The most recent study seeks to address the need to improve the environmental performance of the exploitation and supplementary activities at the Segovia Operations and was drafted in accordance with the *General Methodology for Submission of Environmental Studies*, which is a guideline of the Ministry of Environment, Housing and Territorial Development.

4.9 Social or Environmental Policies

The Company has established guidelines and management systems to comply with the laws and regulations of Colombia, Venezuela and other countries in which it may operate. The Company has dedicated employees responsible for all matters affecting the environment and local municipalities. While the Company endeavours to meet all of its environmental obligations, it cannot guarantee that it has been and will be in compliance at all times. Nonetheless, management believes that operations are in substantial compliance with all material Colombian and Venezuelan environmental laws and regulations; however, it cannot assure that any contract miners operating on its properties are in compliance with such laws and regulations though efforts are made by the Company to promote compliance, such as performing continuous monitoring of the contract miners and providing technical support for the implementation of environmental and social standards.

In addition, the Company has instituted social awareness and responsibility programs, specific to the areas in which it operates, which are carried out by employees in Colombia. The Company's social workers visit the various municipalities where it operates to determine a community's needs and formulate programs specific to those municipalities. In addition, the Company is implementing human rights policies for the Marmato Project in accordance with the Free Trade Agreement signed between Canada and Colombia.

The Company continually re-affirms its commitment to social responsibility initiatives in Marmato. In 2011 the Company contributed approximately US\$2 million to the town and its surrounding area, to be used to fund Phase II construction of the El Llano Hospital. The funds donated by the Company have also helped the construction of a new school and the acquisition of new equipment and supplies for the hospital.

Through its Mineros Nacionales Mine, Gran Colombia already pays royalties of between 0.4% and 4% to the national government and a 6% special administrative fee for certain of its mining titles payable to the local authorities in Marmato, totaling approximately US\$2.3 million for the financial year ended December 31, 2016. Similarly, at Segovia, Gran Colombia pays royalties of between 0.4% and 4% to the national government, totaling approximately US\$5.7 million for the financial year ended December 31, 2016.

In August of 2012, the Company joined the Global Mercury Project, which began in 2002 to address the environmental issue of mercury contamination from artisanal and small-scale gold mining introduced to the environment through the use of traditional mining methods. The objectives of the project were to introduce cleaner technologies, train miners, develop regulatory capacities within national and regional governments, conduct environmental and health assessments and build capacity within participating countries to continue monitoring mercury pollution after projects finish.

The Company is also a member of the Colombian Mining Association (ACM is its acronym in Spanish), which replaced the Association of the Large-Scale Mining Sector, whose fundamental objective is the promotion of responsible mining that contributes to Colombia's sustainable and equitable development. Companies linked with the ACM are committed to Colombia's economic and social development and in particular, that of the communities where mining operations take place. In this respect, the Company seeks to incorporate internationally recognized best practices within the framework of responsible and sustainable mining. The Company also entered into an agreement in February 2013 with several other mining companies with operations in Colombia in an effort to improve the living conditions of those who are in a state of extreme poverty in Colombia.

During 2016, the Company continued to promote initiatives regarding women entrepreneurs, environmental education, education for development, health and wellness, and infrastructure development.

ITEM 5. RISK FACTORS

The business and operations of the Company are subject to a number of risks. The Company considers the risks set out below to be the most significant to existing and potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the

Company is currently unaware 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 price of the Company's securities could decline and investors may lose all or part of their investment.

Liquidity Risks

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent that the Company does not believe it will have sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions. The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. The Company halted construction activity in 2015 on the new plant and is currently funding mine-related capital costs of the Pampa Verde Project and a limited exploration/geology program at the Segovia Operations with cash generated by its producing mine operations. Although the Company completed the Debt Restructuring in early 2016 as a result of defaults in early 2015 on its Notes, there is no guarantee that sufficient cash flow will be generated from operations to service the obligations under the Debentures when they come due and the Company has recently proposed an extension the maturity date of the maturity date of its 2020 Debentures, at the option of 2020 Debenture holders. See "General Development of the Business - 2016" and "General Development of the Business – Subsequent Developments".

Indebtedness of the Company

The Company's debt could have a material adverse effect on the Company's financial condition and results of operations as well as the Company's ability to fulfill obligations under the Company's term loan due August 2017, the 2018 Debentures and the 2020 Debentures. In particular, it could:

- increase the Company's vulnerability to general adverse economic and industry conditions and require the Company to dedicate a substantial portion of its cash flow from operations to payments on the Company's indebtedness, thereby reducing the availability of the Company's cash flow to fund working capital, capital expenditures, acquisitions, other debt service requirements and other general corporate purposes;
- decrease the Company's ability to satisfy the Company's obligations under the Company's term loan due August 2017, the 2018 Debentures and the 2020 Debentures;
- increase the Company's vulnerability to covenants relating to the Company's indebtedness which may limit the Company's ability to obtain additional financing for working capital, capital expenditures and other general corporate activities;
- increase the Company's exposure to risks inherent in interest rate fluctuations and changes in credit ratings or statements from rating agencies because certain of the Company's borrowings are at variable rates of interest, which would result in higher interest expense to the extent it has not hedged these risks against increases in interest rates;
- limit the Company's flexibility in planning for, or reacting to, changes in the Company's business or the industry in which it operates;
- place the Company at a competitive disadvantage compared to its competitors that have less debt; and
- limit the Company's ability to borrow additional funds to meet the Company's operating expenses, to make acquisitions and for other purposes.

The Company may incur substantial additional debt in the future, including additional secured debt. This could further exacerbate the risks associated with the Company's debt.

Servicing Indebtedness

The Company needs significant amounts of cash to service its indebtedness, including its obligations under the Debentures. If the Company is unable to generate a sufficient amount of cash to service its indebtedness, the Company's financial condition and results of operations could be negatively impacted.

The Company's ability to generate cash in the future will be, to a certain extent, subject to general economic, financial, competitive and other factors that may be beyond the Company's control. In addition, the Company's ability to borrow funds in the future to service the Company's debt, if necessary, will depend on covenants in the 2018 Debenture Indenture, the 2020 Debenture Indenture, the credit agreements governing the Company's term loan, and other debt agreements it may enter into in the future. Future borrowings may not be available from the capital markets in amounts sufficient to enable the Company to pay its obligations as they mature or to fund other liquidity needs. If the Company is not able to obtain such borrowings or generate cash flow from operations in an amount sufficient to enable it to service and repay its indebtedness, the Company will need to refinance its indebtedness or be in default under the agreements governing the Company's indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. Such refinancing or alternative measures may not be available on favourable terms or at all. The inability to service, repay and/or refinance the Company's indebtedness could negatively impact the Company's financial condition and results of operations.

In addition, the Company conducts a substantial portion of its operations through its subsidiaries, of which certain immaterial subsidiaries are not guarantors of the 2020 Debentures or the Company's other indebtedness. Accordingly, repayment of the Company's indebtedness, including the Debentures, is dependent on the generation of cash flow by its subsidiaries and their ability to make such cash available to Gran Colombia, by dividend, debt repayment or otherwise. Unless they are guarantors of the Debentures or other indebtedness, the Company's subsidiaries do not have any obligation to pay amounts due on the Debentures or the Company's other indebtedness or to make funds available for that purpose. The Company's subsidiaries may not be able to, or may not be permitted to, make distributions to enable Gran Colombia to make payments in respect of its indebtedness, including the Debentures. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit the Company's ability to obtain cash from the Company's subsidiaries. While the 2020 Debenture Indenture limits, and the agreements governing certain of the Company's other existing indebtedness limit, the ability of the Company's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to Gran Colombia, these limitations are subject to qualifications and exceptions. In the event that the Company does not receive distributions from its subsidiaries, the Company may be unable to make required principal and interest payments on its indebtedness, including the Debentures.

The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms, or at all, would materially and adversely affect the Company's financial position and results of operations and the Company's ability to satisfy the Company's obligations under the Debentures.

If the Company cannot make scheduled payments on the Company's debt, the Company will be in default and the Company's Debenture holders could declare all outstanding principal and interest to be due and payable, the lenders under the Company's term loan could declare all amounts outstanding thereunder to be due and payable and could terminate their commitments to lend money and foreclose against the assets securing their borrowings, and the Company could be forced into bankruptcy or liquidation.

Metal Price Volatility

The Company's business is strongly affected by the world market price of gold and, to a lesser extent, silver. If the world market price of gold or silver was to drop and the prices realized by the Company on gold or silver sales were to decrease significantly and remain at such a level for any substantial period, the Company's profitability and cash flow would be negatively affected. For example, the afternoon fix price for gold on the London Bullion Market (the "**London P.M. Fix**") in 2011 reached as high as US\$1,895.00 per ounce and has declined as low as US\$1,049.40 per ounce since that time. The London P.M. Fix at December 29, 2016 was US\$1,145.90 and at March 30, 2017 was US\$1,248.80.

Gold and silver prices can be subject to volatile price movements, which can be material and can occur over short periods of time and are affected by numerous factors, all of which are beyond the Company's control. Industry factors that may affect the price of gold include: industrial and jewellery demand; the level

of demand for gold as an investment; central bank lending, sales and purchases of gold; speculative trading; and costs of and levels of global gold production by producers of gold. Gold prices may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is generally quoted) and other currencies; interest rates; and global or regional, political or economic uncertainties.

The effect of these factors on the price of precious metals, and therefore the economic viability of any of the Company's exploration and operation projects, cannot be accurately determined. As such, the Company may determine that it is not economically feasible to continue commercial production at some or all of its operations or the development of some or all of the Projects, as applicable, which could have an adverse impact on the Company's financial performance and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration activities, with the result that depleted reserves are not replaced. In addition, the market value of the Company's gold inventory may be reduced and existing reserves may be reduced to the extent that ore cannot be mined and processed economically at the prevailing prices.

Future Production Rates

The figures for the Company's future production are estimates based on interpretation and assumptions and actual production may be less than is currently estimated. The Company prepares estimates of future gold and silver production for its operating mines. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. The Company's mineral properties' ability to demonstrate sufficient economic returns will also affect the availability and cost of financing. These production estimates are dependent on, among other things, the accuracy of mineral reserve estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions, physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing.

The Company's actual production may vary from its estimates for a variety of reasons, including, but not limited to: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing the Company to cease production. It is not unusual in new mining operations to experience unexpected problems during the start-up phase. Depending on the price of gold, silver or other minerals, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site.

Financing Risks

Additional funding may be required to complete the funding of the proposed or future exploration and operational programs on the interests in the Projects and to conduct any other exploration programs or expansion of the Projects, as well as to complete any large scale development projects and there is no assurance that any such funds will be available. Failure to obtain additional financing for the Company's projects, if required, on a timely basis or on favourable terms, could cause the Company to reduce or delay its proposed operations.

While the Company has been successful in the past in obtaining financing to undertake its planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Any additional equity financing, if completed, may involve substantial dilution to existing shareholders.

The Company has outstanding indebtedness and may incur additional indebtedness in the future, including by way of debentures, additional notes and/or credit facilities. A portion of the cash flow generated by properties owned by the Company will be devoted to servicing such debt and there can be no assurance that the Company will generate sufficient cash flow from operations to meet the required interest and principal payments on the debt. The Company recently completed the Debt Restructuring as a result of previous defaults under the Notes related to insufficient cash flow generated from operations. See "General Development of the Business - 2016".

Indebtedness – Restrictive Covenants

The 2018 Debenture Indenture, the 2020 Debenture Indenture and the credit agreement governing the Company's term loan impose significant operating and financial restrictions on the Company. These restrictions limit the Company's ability and that of its restricted subsidiaries to, among other things:

- pay dividends on, repurchase or make distributions in respect of, the Company's capital stock;
- incur additional indebtedness;
- create liens;
- engage in amalgamations, mergers or consolidations or sell or otherwise dispose of all or substantially all of the Company's assets; and
- alter the businesses it conducts.

A breach of any of these covenants could result in a default under the Company's term loan, the 2018 Debenture Indenture or the 2020 Debenture Indenture. Upon the occurrence of an event of default under the Company's term loan, the lenders could elect to declare all amounts outstanding under the Company's loan to be immediately due and payable and terminate all commitments to extend further credit. Upon the occurrence of an event of default under the Debentures, the Debenture holders could elect to declare all amounts outstanding under the Debentures to be immediately due and payable. If the lenders under the Company's term loan or the holders of the Debentures accelerate the repayment of borrowings, the Company may not have sufficient assets to repay such indebtedness. The acceleration of the Company's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If the Company's indebtedness is accelerated, the Company may not be able to repay its indebtedness or borrow sufficient funds to refinance it. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable. The restrictions contained in the 2018 Debenture Indenture, the 2020 Debenture Indenture and the Company's term loan may adversely affect the Company's ability to finance the Company's future operations and capital needs and to pursue available business opportunities. Moreover, any new indebtedness the Company incurs may impose financial restrictions and other covenants that may be more restrictive than the agreements governing the Company's existing indebtedness.

Current Global Markets and Economic Conditions

Global financial conditions over the past decade have been characterized by volatility in both commodities prices and otherwise. Several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors. This may impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in further impairment losses. If such volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted.

To the extent the Company relies on the capital markets for necessary capital expenditures, the businesses, financial conditions and operations of the Company could be adversely affected by: (i) continued disruption and volatility in financial markets; (ii) continued capital and liquidity concerns regarding financial institutions

generally and hindering the Company's counterparties specifically; (iii) limitations resulting from governmental action in an effort to stabilize or provide additional regulation of the financial system; or (iv) recessionary conditions that are deeper or last longer than currently anticipated.

Availability and Cost of Supplies

The Company, as with other companies in the industry, requires raw materials and supplies in connection with operations. These supplies and materials may be significantly affected by changes in market price, exchange rates and availability. Some of these supplies may be obtained from a limited group of suppliers or may become difficult to obtain at a price satisfactory to the Company. As the global mining industry fluctuates, increased activity in the sector would cause a similar increase in demand for the materials and supplies, as well as labour. Although the Company monitors the market and attempts to anticipate future needs, the market cost of such supplies and materials is outside of the control of the Company. Operating costs of the Company could be significantly impacted by the ability of the Company to obtain necessary materials and supplies at the predicted price. Increases in the price of necessary supplies would impact the costs of production and predicted expenses.

Exploration, Development and Operations

Exploration and development of mineral deposits involves a high degree of risk which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing properties. Although the mineral resource figures set out herein have been carefully prepared and reviewed or verified by an independent Qualified Person, these amounts are estimates only and no assurance can be given that an identified mineral resource will ever become a mineral reserve or in any way qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: deposit size, grade, unusual or unexpected geological formations and metallurgy; proximity to infrastructure; metal prices which are highly cyclical; environmental factors; unforeseen technical difficulties; work interruptions; and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted.

The Segovia Operations have been in continuous production for over a century and the Company's production decisions have not been based on mineral reserves demonstrating economic feasibility and technical viability. Historically, projects in which the production decision is not based on mineral reserves have a much higher risk of economic and technical failure. If such failure occurs, it could have a materially adverse impact on the Company's future profitability.

The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold and silver, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although appropriate precautions to mitigate these risks are taken, operations are subject to hazards such as equipment failure or failure of structures which may result in environmental pollution and consequent liability. Even though the Company obtained liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities

and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Risks with Title to Mineral Properties

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company is continuously in the process of establishing the certainty of the title of mineral concessions which it holds either directly or through its equity interest in its subsidiaries or will be seeking to consolidate those titles through a government-sanctioned process. The Company cannot give any assurance that title to properties it acquired individually or through historical share acquisitions will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. For example, there is theoretically a risk that the Colombian government may, in the future, grant additional titles in excess of the Company's expectations to small miners currently illegally mining on the Company's properties or the Company may be unable to convince currently illegal miners to vacate the Company's properties. Mechanisms exist to integrate into the Marmato Project the titles of legal mineral properties in the Zona Alta (at Marmato) currently not owned by the Company. However, there is a risk that this process could be time-consuming and costly.

As the Company begins the process of integration, the costs of acquiring the remaining properties and associated surface rights could rise significantly or become cost-prohibitive. Furthermore, the risk exists that one or more of the remaining titleholders could delay the integration process through administrative avenues. The possibility also exists that title to existing properties or future prospective properties may be lost due to an omission in the claim of title, or by the Company's inability to honour its contractual purchase obligations. Most of the mining titles have a remaining duration which is shorter than the term required to develop and execute the mining project described in the Marmato Technical Report. Mining titles generally allow for renewals and the Company has no reason to expect that renewals will not be granted in the normal course; however, the Company cannot give assurances that title to its mining properties will be renewed, as required to complete the Marmato Project. It is expected that a renewal request will be submitted to the mining authority in the first half of 2017.

In April, 2012, the Minister of Mines of Colombia contracted out to private firms the legal and technical audit of all exploration and exploitation licenses in Colombia. The Minister of Mines has stated that titles may be cancelled or fines may be imposed if the audit shows that the applicable law has not been or is not being complied with by mining companies. The first compliance audit visits for the Segovia Operations by the private contractor took place during the months of January and February 2013 and continue to occur periodically. Although the Company believes that it is in substantial compliance in all material respects with applicable material laws and regulations in Colombia, the Company cannot assure that the results of the audit will not result in further inquiry or actions taken by the National Mining Agency (Colombia).

Changes in Environmental laws

The Company's operations are subject to the extensive environmental risks inherent in the gold and silver mining industry. The current or future operations of the Company, including development activities, commencement of production on its properties, potential mining and processing operations and exploration activities require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with

applicable laws, regulations and permits. Existing and possible future environmental legislation, regulations and actions could cause significant additional expense, capital expenditures, restrictions and delays in the activities of the Company. There are certain risks inherent in the Company's activities such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability. In addition, the Company cannot assure that the illegal miners and artisanal miners operating on its properties are in compliance with applicable environmental laws and regulations. Any violations by such miners could result in liability for the Company.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or the termination of mineral rights, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of mining properties.

Mining Risks and Insurance Risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, labour force disruptions, civil strife, unavailability of materials and equipment, weather conditions, pit wall failures, rock bursts, cave-ins, flooding, seismic activity, water conditions and gold bullion losses, most of which are beyond the Company's control. These risks and hazards could result in: (i) damage to, or destruction of, mineral properties or producing facilities; (ii) personal injury or death; (iii) environmental damage; (iv) delays in mining; and (v) monetary losses and possible legal liability. As a result, production may fall below historic or estimated levels and the Company may incur significant costs or experience significant delays that could have a material adverse effect on the Company's financial performance, liquidity and results of operation.

The Company maintains insurance to protect against some of these risks and hazards. The insurance is in amounts that are believed to be reasonable depending on the circumstances surrounding each identified risk. No assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums, or that the Company will maintain such insurance. The Company's property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards. In addition, the Company does not have coverage for certain environmental losses and other risks, as such coverage cannot be purchased at a commercially reasonable cost. The lack of, or insufficiency of, insurance coverage could adversely affect the Company's cash flow and overall profitability.

Additional Indebtedness

Despite the Company's current level of indebtedness, the Company and its subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks to the Company's financial condition described above. Although the 2018 Debenture Indenture and the 2020 Debenture Indenture contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial.

If the Company incurs any additional indebtedness that ranks equally with the 2020 Debentures, subject to collateral arrangements, the holders of that debt will be entitled to share rateably with 2020 Debenture holders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of the Company. These restrictions also will not prevent the Company and certain subsidiaries or guarantor subsidiaries from incurring obligations that do not constitute indebtedness. If new debt is added to the Company's current debt levels, the related risks that the Company and the guarantors now face could intensify.

Risks Related to the 2018 Debentures

Ranking

The 2018 Debentures are direct, unsecured obligations of the Company and rank equally with one another and, except as prescribed by law, will rank equally with all other unsecured indebtedness of the Company. Moreover, since the 2018 Debentures are unsecured obligations of the Company, they are effectively subordinate to all of the Company's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. Therefore, in the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the Company, the Company's assets will be available to pay its obligations with respect to the 2018 Debentures after it has paid all of its secured creditors and all holders of any senior indebtedness. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the 2018 Debentures then outstanding.

Absence of Covenant Protection

Other than as described therein, the 2018 Debenture Indenture does not limit the Company's ability to incur additional debt or liabilities (including senior ranking indebtedness). The 2018 Debenture Indenture does not contain any provision specifically intended to protect holders of 2018 Debentures in the event of a future leveraged transaction by the Company.

Financing the Change of Control Provision

The Company may not have the ability to finance the change of control repurchase offer required by the 2018 Debenture Indenture. Upon certain change of control events, as defined in the 2018 Debenture Indenture, 2018 Debenture Holders shall be entitled to require the Company, within 35 business days following any change of control, to purchase and repay all of outstanding 2018 Debentures at a purchase price in cash equal to 101% of the outstanding face amount of each such 2018 Debenture to be purchased and repaid, plus accrued and unpaid interest, if any. However, a change of control shall be deemed not to have occurred where a party involved with such change of control agrees to guarantee the obligations of the Company and meets such other requirements as set out in the 2018 Debenture Indenture.

The source of funds for any such repurchase would be the Company's available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. The Company cannot assure that sufficient funds would be available at the time of any change of control event to repurchase all tendered 2018 Debentures pursuant to this requirement. The Company's failure to offer to repurchase 2018 Debentures, or to repurchase 2018 Debentures tendered, following a change of control will result in a default under the 2018 Debentures Indenture, which could lead to a cross-default under the terms of the Company's other indebtedness, including the 2020 Debentures. Additionally, the Company may be prohibited from repurchasing the 2018 Debentures by the terms of the Company's indebtedness. The 2020 Debenture Indenture also provides that, upon certain change of control events, the Company will be required to make an offer to repurchase those 2020 Debentures at a price equal to 101% of the outstanding principal amount of each such 2020 Debenture to be purchased and repaid, plus any accrued interest thereon.

Market for the 2018 Debentures

Although the 2018 Debentures are listed for trading on the TSX, there can be no assurance that a market for trading in the 2018 Debentures will develop or that any market which does develop, will continue. Also, there can be no assurances that any such market will survive.

Dilution and Potential Material Change of Control

The 2018 Debentures and 2020 Debentures are convertible into Common Shares and such conversion and/or exchange may result in significant Common Share dilution. Under the Debt Restructuring, a

maximum of 1,437,125,273 Common Shares (representing approximately 6,063% of the issued and outstanding Common Shares prior to closing of the Debt Restructuring) may be issued at any time up to maturity of the Debentures. In addition, conversions of Debentures may result in a material change of control as a holder converting Debentures may acquire more than 20% of the outstanding Common Shares upon conversion or exchange, depending on the principal amount of Debentures converted.

Requirement to Sell Common Shares in Certain Circumstances

A 2018 Debenture holder may be required to sell Common Shares acquired upon the conversion of Debentures in certain circumstances. If a conversion of 2018 Debentures results in the holder being issued Common Shares that, together with any other Common Shares held by such holder, would constitute 10% or more of the then outstanding Common Shares, then such holder must, as a condition to such conversion, provide to the Company and the TSX an undertaking to (i) file with the TSX such documentation as may be required, which may include, among other things, a Personal Information Form, if, on the 10th Business Day following such conversion, such holder continues to hold Common Shares constituting 10% or more of the then outstanding Common Shares; and (ii) if such Personal Information Form is not cleared by the TSX, within 20 Business Days following notice from the TSX thereof to the holder, such holder will sell that number of Common Shares in order to decrease their holdings of Common Shares below 10% of the then outstanding Common Shares.

Risks Related to the 2020 Debentures

Ranking

The 2020 Debentures will not be guaranteed by certain of the Company's subsidiaries. Accordingly, claims of 2020 Debentures will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of these subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon liquidation or otherwise, to the Company or its creditors, including the 2020 Debentures.

In addition, the 2020 Debenture Indenture, subject to some limitations, permits these subsidiaries to incur additional indebtedness and does not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

For the twelve months ended December 31, 2016, the Company's non-guarantor subsidiaries accounted for less than 1% of the Company's consolidated revenue and EBITDA, respectively. As of December 31, 2016, the Company's non-guarantor subsidiaries accounted for less than 1% of the Company's consolidated assets and consolidated liabilities.

In addition, the Company's subsidiaries that provide, or will provide, guarantees of the 2020 Debentures will be automatically released from those guarantees upon the occurrence of certain events, including the following:

- the designation of that guarantor as an unrestricted subsidiary;
- the release or discharge of any guarantee or indebtedness that resulted in the creation of the guarantee of the 2020 Debentures by such guarantor; or
- the sale or other disposition, including the sale of substantially all of the assets, of that guarantor.

If any guarantor is released, no holder of the 2020 Debentures will have a claim as a creditor against that subsidiary, and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of that subsidiary will be effectively senior to the claim of any 2020 Debentures holders.

Collateral

The value of the collateral which secures the 2020 Debentures may not be sufficient to satisfy the obligations under the 2020 Debentures.

The guarantors' obligations under the guarantees are secured by (i) a general pledge of assets granted by Zandor, a Panamanian company; (ii) a pledge by Gran Colombia Gold S.A., a Panamanian company, of the securities of Zandor, the registered owner of the assets comprising the Segovia Operations; (iii) a pledge of the shares of Zandor owned by Medoro; and (iv) direct security interests on material mining rights relating to the Company's Segovia Operations and Marmato Project. No appraisal of the collateral has been made in connection with the issuance of the 2020 Debentures. The value of the collateral in the event of a liquidation may be less than book value and will depend upon, among other things, market and economic conditions, the availability of buyers, the quantity of assets being sold and the speed at which they are to be sold. By their nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In addition, a significant portion of the collateral includes assets that may only be usable, and thus retain value, as part of the Company's operating business. Accordingly, any such sale of collateral separate from the sale of the Company's operating business may not be feasible or of significant value.

In the event that the Company is declared bankrupt, becomes insolvent or is liquidated or reorganized, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, to be immediately due and payable and terminate all commitments to extend further credit. If the Company is unable to repay such indebtedness, the lenders could foreclose or otherwise realize on the pledged assets to the exclusion of 2020 Debenture holders, even if an event of default exists under the 2020 Debenture Indenture. Furthermore, if the lenders foreclose or otherwise realize upon and sell the pledged equity interests in any guarantor under the 2020 Debentures, then that guarantor will be released from its guarantee of the 2020 Debentures automatically and immediately upon such sale. In any such events, because the 2020 Debentures will not be secured by any of the Company's assets or the equity interests in guarantors, it is possible that there would be no assets remaining from which the investor's claims could be satisfied or, if any assets remained, they might be insufficient to satisfy the investor's claims fully.

Voiding the 2020 Debentures or Guarantees

In certain circumstances, a court could void the 2020 Debentures and/or the guarantees, and if that occurs, a holder may not receive any payments on the 2020 Debentures. Canadian and U.S. federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the 2020 Debentures and the incurrence of the guarantees of the 2020 Debentures. Other jurisdictions in which the guarantors are organized could have similar laws that could cause a guarantee to be voided. Under Canadian federal bankruptcy laws and comparable provisions of provincial fraudulent conveyance and preferential legislation, payment of money or transfers of property made to a creditor or third party can be attacked as a fraudulent conveyance or preference in circumstances where the party making the payment was insolvent or on the verge of insolvency at the time it entered into the guarantee or entered into the guarantee with the intent to hinder, delay or defraud its creditors.

Accordingly, any payment made by such an insolvent guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor or a fund for the benefit of the creditors of the guarantor in the event that it is determined to be a fraudulent conveyance or preference. If a court voided a guarantee of the 2020 Debentures by one or more of the Company's subsidiaries, or held it unenforceable for any reason, 2020 Debenture holders would cease to have a claim against such subsidiary based upon its guarantee of the 2020 Debentures.

Bankruptcy and Insolvency Laws

Certain bankruptcy and insolvency laws may impair an investor's ability to enforce its rights or remedies under the 2020 Debenture Indenture. An investor's ability and the rights of the trustee, or any co-trustee, who represents the Gold-Linked Noteholders to enforce its rights or remedies under the 2020 Debenture Indenture may be significantly impaired by the provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation or by Canadian federal or provincial receivership laws. For example, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada) contain provisions enabling an insolvent debtor to obtain a stay of proceedings against its creditors and others and to prepare and file a proposal or a plan of arrangement and reorganization for consideration by all or some of its creditors, to be voted on by

the various classes of creditors affected thereby. Such a restructuring proposal or arrangement and reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the debtor within the affected classes, including those creditors who vote against such a proposal. Moreover, certain provisions of the relevant Canadian insolvency legislation permit an insolvent debtor to retain possession and administration of its property in certain circumstances, subject to court oversight, even though such debtor may be in default in respect of certain of its obligations during the period that the stay of proceedings remains in place.

The powers of the court under Canadian bankruptcy, insolvency and restructuring legislation and Canadian federal and provincial receivership laws, and particularly under the *Companies' Creditors Arrangement Act* (Canada), are exercised broadly to protect a debtor and its estate from actions taken by creditors and others. The Company cannot predict whether payments under the 2020 Debentures would be made during any proceedings in bankruptcy, receivership, insolvency or other restructuring, whether or when a holder or the trustee, or any co-trustee, could exercise their rights under the 2020 Debenture Indenture or whether, and to what extent, the 2020 Debenture holders would be compensated for any delays in payment of principal, interest and costs, including fees and disbursements of the trustee, or any co-trustee. Accordingly, if the Company were to become subject to such proceedings, the Company may cease making payments on the 2020 Debentures and an investor and the trustee, or any co-trustee, may not be able to exercise an investor's rights under the 2020 Debenture Indenture following commencement of or during such proceedings without leave of the court.

Subordinated Collateral

The lien on the collateral securing the 2020 Debentures and the 2020 Debentures guarantees will be subordinated and a 2020 Debenture holder's right to exercise remedies with respect to the Collateral will be limited by the Collateral Trust Agreement (as defined in the 2020 Debenture Indenture). The security interest in the collateral that secures the 2020 Debentures and any 2020 Debentures guarantees will be contractually subordinated to liens thereon that secure any of the Company's or any subsidiaries' indebtedness that is secured by first priority liens on the collateral, including pre-existing bank indebtedness. Consequently, a 2020 Debenture holder's rights to be satisfied out of the proceeds of the collateral will be effectively subordinated to the rights of the lenders of any such indebtedness, to the extent of the value of the collateral. Under the 2020 Debenture Indenture, at any time that obligations that have the benefit of the unsubordinated liens are outstanding, any actions that may be taken with respect to or in respect of the collateral, including the ability to cause the commencement of enforcement proceedings against the collateral and to control the conduct of such proceedings and the approval of amendments to, release of the collateral from the lien of and waivers of past defaults under such documents relating to the collateral, will be at the direction of the holders of the obligations secured by the unsubordinated liens and a 2020 Debenture holder's rights, as a holder of the 2020 Debentures secured by contractually subordinated liens, may be adversely affected. In addition, the 2020 Debenture Indenture contains provisions benefiting lenders of any indebtedness that is secured by a first priority lien, including provisions requiring the trustee not to object following the filing of a bankruptcy petition to a number of important matters regarding the collateral. After such filing, the value of the collateral could materially deteriorate and a 2020 Debenture holder, as a holder of the 2020 Debentures, would be unable to raise an objection. In addition, the right of holders of obligations secured by unsubordinated liens to foreclose upon and sell such collateral upon the occurrence of an event of default also would be subject to limitations under applicable bankruptcy laws if the Company or any of its subsidiaries become subject to a bankruptcy proceeding.

The collateral will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by creditors that have the benefit of unsubordinated liens on the Collateral from time to time, whether on or after the date the 2020 Debentures and 2020 Debentures guarantees are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral as well as the ability of the Collateral Agent (being TSX Trust) to realize or foreclose on the collateral. The existence thereof could adversely affect the value of the collateral that will secure the 2020 Debentures as well as the ability of the 2020 Debenture holders to direct the Collateral Agent to realize or foreclose on the collateral.

Reduction of Pool of Assets Securing the 2020 Debentures

The Company or its Restricted Subsidiaries (as defined in the 2020 Debenture Indenture) will, in most cases, have control over the collateral, and the sale or pledge of particular assets by the Company or Restricted Subsidiaries could reduce the pool of assets securing the 2020 Debentures and the 2020 Debentures guarantees. The Collateral Documents (as defined in the 2020 Debenture Indenture) generally allow the Company or the Restricted Subsidiaries, as the case may be, to remain in possession of, retain exclusive control over, freely operate, dispose of and collect, and invest and dispose of any income from, the collateral, with certain limited exceptions. Therefore, the pool of assets constituting the collateral will change from time to time, and its fair market value may decrease from its value on the date the 2020 Debentures are originally issued.

Release of Collateral

There are circumstances other than repayment or discharge of the 2020 Debentures under which the collateral securing the 2020 Debentures and the 2020 Debenture guarantees will be released automatically, without a 2020 Debenture holder's consent or the consent of the trustee and a 2020 Debenture holder may not realize any payment upon disposition of such collateral.

Under various circumstances, all or a portion of the collateral may be released, including:

- in the event that the liens regarding such collateral are released in accordance with the terms of indebtedness that is secured on a first priority basis;
- to enable the disposition of such collateral to the extent not prohibited under the 2020 Debenture Indenture;
- to the extent such collateral is comprised of property leased to the Company or a subsidiary Guarantor, upon termination or expiration of such lease; and
- in connection with an amendment to the 2020 Debenture Indenture or the related Collateral Documents that has received the required consent.

In addition, the guarantee of a subsidiary guarantor will be released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the 2020 Debenture Indenture, in which case the liens on the assets of such subsidiary guarantor pledged as collateral, will also be released.

Designation of a guarantor as an Unrestricted Subsidiary (as defined in the 2020 Debenture Indenture) will reduce the aggregate value of the collateral securing the 2020 Debentures to the extent that liens on the assets of the Unrestricted Subsidiary and its subsidiaries are released. In addition, the creditors of any Unrestricted Subsidiary and its subsidiaries will have a senior claim on the assets of such Unrestricted Subsidiary and its subsidiaries.

Perfecting Security Interests

Rights of 2020 Debenture holders in the collateral may be adversely affected by the failure to perfect security interests in the collateral. Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral securing the 2020 Debentures and the 2020 Debenture guarantees may not be perfected with respect to the claims of the 2020 Debentures and the 2020 Debenture guarantees if the Collateral Agent (as defined in the 2020 Debenture Indenture) is not able to take the actions necessary to perfect any of these liens on or prior to the date of the 2020 Debenture Indenture. If a security interest is not perfected with respect to any portion of the collateral, the 2020 Debentures and the 2020 Debenture guarantees may not be effectively secured by such collateral. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The Company and the guarantors have limited obligations to perfect the security interest for the benefit of the 2020 Debenture holders in specified collateral. The Company cannot assure that the trustee or the Collateral Agent will monitor, or that, despite the Company's obligation to do so under the 2020 Debenture Indenture, that the Company will inform such trustee or Collateral Agent of, the future acquisition of assets and rights that constitute collateral

or whether assets have been relocated to a different jurisdiction, and that the necessary action will be taken to properly perfect the security interest in such after-acquired or relocated collateral. Neither the trustee nor the Collateral Agent has an obligation to monitor the acquisition of additional assets or rights that constitute collateral or the perfection of any security interest. Such failure to monitor may result in the loss of the security interest in the collateral or the priority of the security interest in favour of the 2020 Debentures and the 2020 Debenture guarantees against third parties. Furthermore, certain actions are required to be taken periodically to maintain certain security interests granted in the collateral, and a failure to do so may result in the loss of the security interest in the collateral or the priority of the security interest in favour of the 2020 Debentures and the 2020 Debenture guarantees, in each case, against third parties.

Financing the Change of Control Provision

The Company may not have the ability to finance the change of control repurchase offer required by the 2020 Debenture Indenture. Upon certain change of control events, as defined in the 2020 Debenture Indenture, the Company shall, within 30 days following any change of control, make an offer to purchase all of the outstanding 2020 Debentures at a purchase price in cash equal to 101% of the outstanding face amount of each such Debenture to be purchased and repaid (the amount in excess of 100% being the premium), plus accrued and unpaid interest, if any. However, the Company shall not be required to make a change of control offer upon a change of control if a third party makes an offer to purchase all of the outstanding Debentures in the manner, at the times and otherwise in compliance with the requirements set forth in the 2020 Debenture Indenture.

The source of funds for any such repurchase would be the Company's available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. The Company cannot assure that sufficient funds would be available at the time of any change of control event to repurchase all tendered 2020 Debentures pursuant to this requirement. The Company's failure to offer to repurchase 2020 Debentures, or to repurchase 2020 Debentures tendered, following a change of control will result in a default under the 2020 Debentures Indenture, which could lead to a cross-default under the credit agreement governing the Company's term loan, the 2018 Debenture Indenture and under the terms of the Company's other indebtedness. Additionally, the Company may be prohibited from repurchasing the 2020 Debentures by the terms of the Company's indebtedness. The 2018 Debenture Indenture also provides that, upon certain change of control events, the Company will be required to make an offer to repurchase those 2018 Debentures at a price equal to 101% of the outstanding principal amount of each such 2018 Debenture to be purchased and repaid, plus any accrued interest thereon.

No Public Market for the 2020 Debentures

Although the 2020 Debentures are listed for trading on the TSX, there can be no assurance that a market for trading in the 2020 Debentures will develop or that any market which does develop, will continue. Also, there can be no assurances that any such market will survive.

Dilution and Potential Material Change of Control

The 2018 Debentures and 2020 Debentures are convertible into Common Shares and such conversion and/or exchange may result in significant Common Share dilution. Under the Debt Restructuring, a maximum of 1,437,125,273 Common Shares (representing approximately 6,063% of the issued and outstanding Common Shares prior to closing of the Debt Restructuring) may be issued at any time up to maturity of the Debentures. In addition, conversions of Debentures may result in a material change of control as a holder converting Debentures may acquire more than 20% of the outstanding Common Shares upon conversion, depending on the principal amount of Debentures converted.

Requirement to Sell Common Shares in Certain Circumstances

A 2020 Debenture holder may be required to sell Common Shares acquired upon the conversion of Debentures in certain circumstances. If a conversion of 2020 Debentures results in the holder being issued

Common Shares that, together with any other Common Shares held by such holder, would constitute 10% or more of the then outstanding Common Shares, then such holder must, as a condition to such conversion, provide to the Company and the TSX an undertaking to (i) file with the TSX such documentation as may be required, which may include, among other things, a Personal Information Form, if, on the 10th Business Day following such conversion, such holder continues to hold Common Shares constituting 10% or more of the then outstanding Common Shares; and (ii) if such Personal Information Form is not cleared by the TSX, within 20 Business Days following notice from the TSX thereof to the holder, such holder will sell that number of Common Shares in order to decrease their holdings of Common Shares below 10% of the then outstanding Common Shares.

Tax Risks Relating to the Debentures

Change in Tax Laws

The 2018 and 2020 Debenture Indentures will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that the Company is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. At present, the Company will not withhold from such payments to holders of Debentures resident in Canada or in the United States who deal at arm's length with the Company, but no assurance can be given that applicable income tax laws or treaties will not be changed in a manner that may require the Company to withhold amounts in respect of tax payable on such amounts.

Withholding tax and Participating Debt Interest

Effective January 1, 2008, the Tax Act was amended to generally eliminate withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax continues to apply to payments of "participating debt interest". For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "excess"). The deeming rule does not apply in respect of certain "excluded obligations", although it is not clear whether a particular convertible debenture would qualify as an "excluded obligation". If a convertible debenture is not an "excluded obligation", issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is "participating debt interest", and if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has recently stated that no excess, and therefore no participating debt interest, would in general arise on the conversion of a "standard convertible debenture" (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants sent to the CRA on May 10, 2010) and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). The Debentures should generally meet the criteria set forth in the CRA's recent statement. However, the application of CRA's published guidance to the Debentures is uncertain and there is a risk that CRA could take the position that amounts paid or payable to a non-resident holder of Debentures on account of interest or any excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention). The 2018 and 2020 Debenture Indentures will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that it is required to withhold Canadian withholding tax on payment of interest (including any excess that may be considered to be participating debt interest).

No Public Market for the Gold-Linked Warrants

There is currently no market through which the Gold-Linked Warrants, issued in conjunction with the Gold-Linked Notes, may be sold. There can be no assurance that a secondary market for trading in such warrants will develop or that any secondary market, which does develop, will continue. Also there can be no assurances that any such secondary market will be active.

Interest Rate Risk

Borrowings under the Company's term loan is at a variable rate of interest and exposes it to interest rate risk. If interest rates increase under such term loan or variable rate indebtedness incurred in future, the Company's debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same, and the Company's net income and cash flows, including cash available for servicing the Company's indebtedness, will correspondingly decrease. Based on its borrowings as of December 31, 2017, a 1% hypothetical change in the variable interest rate would not exposed the Company to a significant increase or decrease in its annual interest expense. From time to time, the Company may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, the Company may not maintain interest rate swaps with respect to all of its variable rate indebtedness, and any swaps it enters into may not fully mitigate the Company's interest rate risk. To date, the Company has not used derivative financial instruments to manage its interest rate risk.

Price Risk

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

Currency Risk

The Company reports its financial results and maintains its accounts in U.S. dollars and the markets for gold and silver are principally denominated in U.S. dollars. The Company's operations in Colombia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. Colombia has a free and unrestricted supply and demand market. The Company is exposed to foreign exchange risk from the exchange rate of COP relative to the Canadian and U.S. dollars. Over the past year the Company has benefitted from favourable currency rates between the Colombian Peso and the U.S. dollar; however, there is no certainty about future exchange rates. Should the rates change dramatically it could have a significant effect on the Company. Foreign exchange risk is mainly derived from assets and liabilities stated in COP. The Company limits its foreign exchange risk by the acquisition of short-term financial instruments and, when possible, minimizes its COP monetary asset positions.

Regulatory Approvals

The operations of the Company and the exploration agreements into which it has entered require approvals, licenses and permits from various regulatory authorities, governmental and otherwise (including project specific governmental decrees) that are by no means guaranteed. The Company believes that it holds or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of its main projects and, to the extent that they have already been granted, believes it is presently complying in all material respects with the terms of such approvals, licenses and permits. However, such approvals, licenses and permits are subject to change in various circumstances and further project-specific governmental decrees and/or legislative enactments may be required. There can be no guarantee that the Company will be able to obtain or maintain all necessary approvals, licenses and permits that may be required and/or that all project-specific governmental decrees and/or required legislative enactments will

be forthcoming to explore and develop the properties on which it has exploration rights, commence construction or operation of mining facilities or to maintain continued operations that economically justify the costs involved.

Environmental Permits

The mining and processing assets of the Segovia Project were in operation for many years before they were purchased by the Company in August 2010 under an environmental management plan and several specific environmental permits. The Company has been working with environmental authorities to update compliance with existing permits and to determine parameters for updated permitting. In June 2012 the Company filed with the environmental authorities an updated environmental management plan for the expanded Segovia Project to that date, which has been complemented by additional studies submitted in May 2013 and August 2014 as well as one definitive updated environmental study filed before the authority in August 2015. The Environmental authority has requested additional information which is being prepared with support from the EDAE group of the Pontifical Javeriana University.

Additionally, the adoption of new, more stringent standards for discharges to watercourses in 2015, required the Company to invest in a treatment system for residual water produced in the Maria Dama processing plant, which is expected to be fully operational by the third quarter of 2017.

While the Company has worked closely with environmental authorities to manage and minimize environmental impacts, there is no guarantee that investigations or administrative or legal procedures could not be opened and that no environmental sanctions would be imposed in connection with the Segovia Project.

The expansion of the Segovia Project is also affected by permits relating to water management issues associated with the discharges of effluents from the Maria Dama plant into the nearby river basin, contributing to contamination of local surface water which could potentially affect local communities. The Company is subject to charges under assessments from Corantioquia, the local competent environmental authority in Segovia, relating to these discharges. Certain of the assessed amounts related to 2010 and 2011 are being challenged in the Colombian judicial system and it may be several years before these amounts are finalized. The Company is managing future charges through continued efforts to minimize discharges and expects this to be largely resolved by the completion of the El Chocho tailings storage facility; however, there is a risk that the Segovia operation will continue to contaminate surrounding surface watercourses and may experience future action from the regulatory authority. In addition, there is a risk that changes to the groundwater regime through dewatering activities of the mines may lead to geotechnical instabilities in underground workings.

Expansion of mining and processing capacity of the Segovia Operations will require updated and new environmental permits, some of which have already been requested. The Company expects to timely file applications for the remaining updated permits, as well as specific water and forestry usage permits and any other specific environmental permits as required. Although the Company believes all applications and related studies have been and will be prepared to required standards, there is no guarantee that such permits will be issued within a reasonable time frame, or that they will be issued at all.

The development, construction and operation of the Marmato Project will require the approval of an Environmental Management Plan which has been submitted to the environmental authority and is currently under review. Due to the complexity of the project and of its area of influence, required environmental permits, licenses or concessions may take time and/or be difficult to obtain or to be issued on the terms required by the Company.

Changes in Legislation

The mining industry in Colombia is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and

permits governing operations and activities of mining companies, including environmental laws and regulations which are evolving in Colombia, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new properties.

The current Colombian mining code was enacted in 2001 and amended in 2010. The 2010 amendment was declared unconstitutional in 2011 by the Colombian Constitutional Court due to inadequate consultations prior to enactment. The Constitutional Court, however, left it in force for two more years (until May 2013) for the Government to propose, and Congress to approve, a new amendment. No new amendment of the mining code was passed by May 2013; therefore, the original 2001 mining code (without the 2010 amendment) is currently in force. However, the government announced in 2014 its intention to introduce before Congress a bill to amend the 2001 mining code, which has not yet occurred. Although changes to the law are expected to mostly deal with applications for concessions, which should not affect the Company, they could also include environmental, zoning and control issues, which, together with any local zoning regulations, could have an impact on the Company's activities.

Corruption

The Company's operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies in place to prevent any form of corruption or bribery, which includes enforcement of policies against giving or accepting money or gifts in certain circumstances and, commencing in 2013, employees have been required to sign an annual certification confirming that each employee has not violated any applicable anti-corruption or bribery legislation. Despite the policies, it is possible that the Company, or some of its subsidiaries, employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of its employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair the Company's ability to work with governments or non-governmental organizations. Such convictions or allegations could result in the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

Labour Matters and Employee Relations

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees and minimizing employee turnover. A prolonged labour disruption at any of its material properties could have a material adverse impact on its operations as a whole. To date, the Company has not experienced any material work stoppages at its facilities at any of the Projects, nor has it experienced any disputes with unions that have had a material effect on the Company's operations. However, if future disputes with labour unions should arise, they may not be resolved without significant work stoppages or delays, which could have an adverse effect on the Company's revenues and the output of each project.

The Company relies on contract miners at the Segovia Operations to mine a significant portion of the Company's current production. Such miners have entered into contractual arrangements with the Company pursuant to which the Company pays for their services. Any widespread disruption or work stoppage by such miners could have a material adverse effect on the Company's results of operations and financial position. The Company's contract miners have at times failed to comply with health, safety and environmental standards, which raises health and safety concerns for people working at the mine as well as for adjacent communities. As well, there has been mining of the underground pillar supports, which can lead to potential ground collapse and loss of life. In addition to the risk to health and safety that these issues pose, if an incident occurs it can be materially adverse to the Company if the reaction to the incident leads to work actions, strikes, government investigation or intervention, or litigation.

Economic and Political Factors

Colombia

Emerging Market Country

There are certain economic risks that are inherent in any investment in an emerging market country such as Colombia. Economic instability in Colombia and in other Latin American and emerging market countries has been caused by many different factors, including the following:

- high interest rates;
- changes in currency values;
- high levels of inflation;
- exchange controls;
- wage and price controls;
- changes in economic or tax policies;
- the imposition of trade barriers; and
- internal security issues.

Any of these factors could have an adverse impact on the Company's financial condition and results of operations.

Economic and Political Developments

The Company's projects are located in Colombia; consequently it is dependent upon the performance of the Colombian economy. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Colombian economy, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting Colombia over which the Company has no control. In addition, the Company's exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry.

In the past, Colombia has experienced periods of weak economic activity and deterioration in economic conditions. The Company cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Company's business, financial condition or results of operations.

The Company's financial condition and results of operations may also be affected by changes in the political climate in Colombia to the extent that such changes affect the nation's economic policies, growth, stability or regulatory environment. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, wealth taxes, expropriation of property, environmental legislation and site safety. There can be no assurance that the Colombian government will continue to pursue business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in the Colombian economy or the Colombian government's economic policies, in particular as they relate to the mining industry, may have a negative impact on the Company's business, financial condition and results of operations.

Although Colombia has a long-standing tradition respecting the rule of law, which has been bolstered in recent years by the present and former government's policies and programs, no assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Colombia. The Company's property interests and proposed exploration activities in Colombia are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, changing political conditions, and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company.

Any changes in regulations or shifts in political attitudes are beyond the Company's control and may adversely affect the Company's business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income and/or mining taxes, expropriation of property, environmental legislation and permitting and mine and/or site safety.

Exchange Controls

Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. Colombia does not currently have any exchange controls and none are anticipated. In addition, taxes and exchange controls may affect the dividends that the Company receives from its foreign subsidiaries or branch offices of foreign subsidiaries. Exchange controls may prevent the Company from transferring funds abroad.

There can be no assurance that the Colombian governmental authorities will not require prior authorization or will grant such authorization for the Company's foreign subsidiaries or branch offices of foreign subsidiaries to make dividend payments to Gran Colombia and the Company cannot assure that there will not be a tax imposed with respect to the expatriation of the proceeds from the Company's foreign subsidiaries or branch offices of foreign subsidiaries. The implementation of a restrictive exchange control policy, including the imposition of restrictions on the repatriation of earnings to foreign entities, could affect the Company's ability to engage in foreign exchange activities, and could also have a material adverse effect on the Company's business, financial condition and results of operations.

Decline in Economic Growth

Colombia experienced a slowdown in its economic growth in 2009 and other adverse economic and financial effects as a result of the global economic crisis. Emerging-market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

A significant decline in the economic growth of any of Colombia's major trading partners, such as the United States, could have a material adverse impact on Colombia's balance of trade and adversely affect Colombia's economic growth. The United States is Colombia's largest export market. A decline in United States demand for imports could have a material adverse effect on Colombian exports and Colombia's economic growth. In addition, because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment loses favour with international investors, Colombia could be adversely affected by negative economic or financial developments in other emerging market countries. Colombia has been adversely affected by such contagion effects on a number of occasions, including following the 1997 Asian financial crisis, the 1998 Russian financial crisis, the 1999 devaluation of the Brazilian *real* and the 2001 Argentine financial crisis. Similar developments can be expected to affect the Colombian economy in the future.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. In addition, there can be no assurance that these events will not adversely affect Colombia's economy and its industries.

Seizure or Expropriation of Assets

Pursuant to Article 58 of the Colombian constitution, the Colombian government can exercise its eminent domain powers in respect of the Company's assets in the event such action is required in order to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (i) an ordinary expropriation proceeding (*expropiacion ordinaria*), (ii) an administrative expropriation

(*expropiación administrativa*) or (iii) an expropriation for war reasons (*expropiación en caso de guerra*). In all cases, the Company would be entitled to a fair indemnification for the expropriated assets. However, indemnification may be paid in some cases years after the asset is effectively expropriated. Furthermore, the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

Local Legal and Regulatory Systems

The jurisdictions in which Gran Colombia operates its exploration, development and production activities may have different or less developed legal systems than Canada or the United States, which may result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation;
- it being more difficult to obtain or retain title in an ownership dispute;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and
- relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial systems to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for the Company's business. These licenses and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

Colombia – Less Developed Country

The Company's foreign operations involve substantial costs and are subject to certain risks because the mining industries in the countries in which the Company operates are less developed. The mining industry in Colombia is not as efficient or developed as the mining industry in Canada. As a result, the Company's exploration and operating activities may take longer to complete and may be more expensive than similar operations in Canada. The availability of technical expertise, specific equipment and supplies may be more limited than in Canada. The Company expects that such factors will subject the Company's operations in Colombia to economic and operating risks that may not be experienced in Canada.

Sanctions by the United States Government

The United States government may impose economic or trade sanctions on Colombia that could result in a significant loss to the Company. Colombia is among several nations whose progress in stemming the production and transit of illegal drugs is subject to annual certification by the President of the United States. Although Colombia has received certifications in the past, there can be no assurance that, in the future, Colombia will receive certification or a national interest waiver. The failure to receive certification or a national interest waiver may result in any of the following:

- all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended;
- the Export-Import Bank of the United States and the Overseas Private Investment Corporation would not approve financing for new projects in Colombia;
- United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia, although such votes would not constitute vetoes; and
- the President of the United States and Congress would retain the right to apply future trade sanctions.

Each of these consequences could result in adverse economic consequences in Colombia and could further heighten the political and economic risks associated with the Company's operations there. Any sanctions imposed on Colombia by the United States government could threaten the Company's ability to obtain

necessary financing to develop the Company's Colombian properties. Accordingly, the imposition of the foregoing economic and trade sanctions on Colombia would possibly result in a substantial loss and a decrease in the value of the Debentures. There can be no assurance that the United States will not impose sanctions on Colombia in the future, nor can the Company predict the effect in Colombia that these sanctions might cause.

Guerilla and other Criminal Activity

Colombia is home to South America's largest and longest running insurgency, and during the 40-year course of armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups, both funded by the drug trade, Colombia has experienced significant social upheaval and criminal activity relating to drug trafficking. Insurgents have attacked and kidnapped civilians and violent guerrilla activity exists in some parts of the country.

While the situation has improved dramatically in recent years, there can be no guarantee that the situation will not again deteriorate. Any increase in kidnapping and/or terrorist activity in Colombia or in the areas of the Company's projects generally may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations. Colombia's government has recently signed a peace accord with the Revolutionary Armed Forces of Colombia, Colombia's largest guerrilla group. The parties reached agreements on reforms to ease political participation for opposition movements, and land and rural development, among other issues. In addition, Colombia's government has had preliminary conversations with the National Liberation Army, Colombia's second largest rebel group, although formal negotiations are at an early stage.

Additionally, the perception that matters have not improved in Colombia may hinder the Company's ability to access capital in a timely or cost effective manner. There can be no assurance that continuing attempts to reduce or prevent guerilla, drug trafficking or criminal activity will be successful or that guerilla, drug trafficking and/or criminal activity will not disrupt the Company's operations in the future.

Venezuela

Some of the Company's assets are located in Venezuela. On September 16, 2011, the Venezuelan government issued a Decree-Law nationalizing gold exploration and mining operations in the country, including a minimum state equity participation of 55% in gold projects, a new 13% royalty, and the banning of export sales by producers. The Decree-Law established a three month period for negotiations for pricing and transfer of ownership of the nationalized portion of projects, which was subsequently extended for a further three months. The Company repeatedly tried to engage the government in such negotiations but its communications went unanswered. The Decree-Law called for the automatic termination of gold mining concessions and contracts at the end of the negotiation period; however, the Company has not been notified of any such termination, nor has it lost physical control of its mining properties.

The Company has continued its efforts to engage the Venezuelan government in negotiations on compensation for the genuine value of its project. As the negotiation period has expired, the Company intends to pursue the remedies afforded to it by the Agreement between Venezuela and Canada for the Promotion and Protection of Investments (which has been in force since 1998), including, if warranted, seeking compensation through international arbitration.

Use of and Reliance on Experts Outside Canada

The Company uses and relies upon a number of legal, financial and industry experts outside of Canada as required given its corporate and operational structure. Some of these industry professionals may not be subject to equivalent educational requirements, regulations, and rules of professional conduct or standards of care as they would be in Canada. The Company manages this risk through the use of reputable experts and review of past performance. In addition the Company uses, where possible, experts and local advisers linked with firms also operating in Canada to provide any required support.

Operating History in Colombia

Although the Company has a limited operating history in Colombia upon which an evaluation of its future success or failure can be made, the Company retained most of the employees and management teams of FGM and Medoro (including the subsidiaries acquired by Medoro in 2009 and 2010), and has hired qualified consultants with extensive experience in mining operations, both in and outside of Colombia. The Company has earned revenues from its current Colombian operations but there can be no guarantees that revenues or profits will be earned from Colombian operations in the future.

Integration Risks

In addition to the integration of acquisitions, the Company may make selected acquisitions in the future. The Company may experience problems integrating new acquisitions into existing operations, which could have a material adverse effect on the Company. The Company's success at completing any acquisitions will depend on a number of factors, including, but not limited to:

- identifying acquisitions that fit the Company's strategy;
- negotiating acceptable terms with the seller of the business or property to be acquired; and
- obtaining approval from regulatory authorities in the jurisdictions of the business or property to be acquired.

If the Company does make further acquisitions, any positive effect on the Company's results will depend on a variety of factors, including, but not limited to:

- assimilating the operations of an acquired business or property in a timely and efficient manner;
- maintaining the Company's financial and strategic focus while integrating the acquired business or property;
- implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and
- to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place increased pressure on the Company's cash flow if such acquisitions involve cash consideration or the assumption of obligations requiring cash payments. The integration of the Company's existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant costs in connection with, among other things, implementing financial and planning systems. The Company may not be able to integrate the operations of a recently acquired business or restructure the Company's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company's management team, which may detract attention from the Company's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company's business, operating results, financial condition and the price of the Company's Common Shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities.

Governmental Regulation and Permitting

The mineral exploration and development activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company's exploration, development and mining activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Company's operations, or more stringent implementation thereof, could have an adverse impact on the Company's business and financial condition.

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments and management plans or issuance of environmental licenses. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of the Company's future operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities that cause operations to cease or be curtailed. Other enforcement actions may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violations of applicable laws or regulations.

The operations of the Company require licenses and permits from various governmental authorities. The Company will use its best efforts to obtain all necessary licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development, or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Company's properties.

In addition, failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Decommissioning Liabilities

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

In connection with the Frontino Acquisition, the Company filed a five-year environmental management plan for the Segovia Operations with the local authority. Although the Company is not currently required to prepare a comprehensive closure plan for the Segovia Operations, it has estimated the undiscounted costs

to be incurred with respect to the ultimate mine closure and reclamation activities. This represents management's best estimate of the future reclamation and remediation obligations; however, the estimated amount is inherently uncertain and will be revised as further information becomes available. Actual future expenditures may therefore differ materially from the amounts currently provided.

The Company has recorded a liability for future costs related to its legal obligation at the Mineros Nacionales Mine site located on the Zona Baja Property with a corresponding adjustment to the carrying amount of the related assets. Significant judgments and estimates are made when determining the nature and costs associated with decommissioning liabilities. Changes in the underlying assumptions used to estimate the obligation as well as changes to environmental laws and regulations could cause material changes in the expected cost and fair value of decommissioning liabilities.

The lack of a detailed closure cost and financial provisioning for the Segovia Project poses a risk that, at the eventual end of the mine life, insufficient funds will be available to close the site in a safe, environmentally and socially appropriate manner. The largest uncertainty regarding closure cost is associated with the potential need for long term treatment of water from the disused mine workings.

Shortage of Experienced Personnel and Equipment

The ability to identify, negotiate and consummate transactions that will benefit the Company is dependent upon the efforts of the Company's management team. The loss of the services of any member of management could have a material adverse effect on the Company. The Company's future drilling activities may require significant investment in additional personnel and capital equipment. Given the current shortage of equipment and experienced personnel within the mining industry, there can be no assurance that the Company will be able to acquire the necessary resources to successfully implement its business plan. Furthermore, while the Company has full-time Chief Executive and Financial Officers, as well as other key management personnel, certain of the directors and officers of the Company are directors and officers of other reporting issuers and, as such, will devote only a portion of their time to the affairs of the Company.

Potential Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Possible Volatility of Stock Price

The market price of the Common Shares, listed Warrants, 2018 Debentures and 2020 Debentures can be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, changes in financial estimates by securities analysts, general market conditions, the issuance of Common Shares in connection with acquisitions made by the Company or otherwise, and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Common Shares, listed Warrants and Debentures.

Repatriation of Earnings

There are currently no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from Colombia will not be imposed in the future.

Enforcement of Civil Liabilities

Substantially all of the Company's assets are located outside of Canada and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the Company's directors and officers residing outside of Canada.

Forward-Looking Information may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties is found under the heading "Forward-Looking Information."

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations. Disruptions in the supply of products and services required for the Company's activities in any of the jurisdictions in which it operates would also adversely affect the Company's business, results of operations and financial condition.

Joint Ventures

The Company may enter into joint ventures in the future. Any failure of a joint venture partner to meet its obligations to the Company or third parties, or any disputes with respect to the parties' respective rights and obligations, could have a material adverse effect on such joint ventures. In addition, the Company may be unable to exert influence over strategic decisions made in respect of properties that are the subject of such joint ventures.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Company's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

Dividends

Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company, restrictions under the Debentures, and other factors which the Board may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Service of Process and Enforcement of Judgments Outside Canada

The Company's subsidiaries are incorporated or otherwise organized under the laws of foreign jurisdictions and certain of the directors and officers of the Company and certain of the experts retained by the Company reside outside of Canada. In addition, some or all of the assets of those persons and the Company's subsidiaries are located outside of Canada. It may not be possible for investors to collect from the Company's subsidiaries or to enforce judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation against the Company's subsidiaries, its foreign directors and officers and certain of the experts retained by the Company. Moreover, it may not be possible for investors to effect service of process within Canada upon the aforementioned foreign directors and officers of the Company.

Resettlement of the Town of Marmato

The Company's future business plan may include an open pit mine at its Marmato Project. If this plan were realised, it would be necessary to relocate the town of Marmato from its current location on the Marmato Mountain to a safer location. The Company has been working with municipal, departmental and national governments as well as engaging directly with the community to consider the possibility of relocation, but it is subject to the risk of political, economic, or social circumstances that could delay the Company's ability to complete the town relocation if required. If the Company is unable to complete the town relocation, the Company's plans for an open pit mine at its Marmato Project could be affected and, if so, the Company may review other available mining methods for this project.

Other Risks

Foreign investments involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. The Company may be unable to address these risks successfully, or at all, without incurring significant costs, delay or other operating problems. The Company's inability to resolve any of such risks could have a material adverse impact on its business, consolidated financial condition and consolidated results of operations.

ITEM 6. MATERIAL MINERAL PROPERTIES

6.1 Mineral Resource Summary

The Company's mineral resource estimates as of December 31, 2016 have been reviewed and approved by Ben Parsons, a Qualified Person under NI 43-101 and author of the Technical Reports, based on estimates prepared by the Company. The Company does not currently have any mineral reserves. The following table summarizes the Company's resource estimates at the Segovia Operations and the Marmato Project as of December 31, 2016:

	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)
Segovia Operations ⁽¹⁾	0.05	36.1	53	0.6	16.9	349	0.7	18.2	402	3.8	10.4	1,278
Marmato Project ⁽²⁾	49.2	1.05	1,661	350.9	0.9	9,782	400.0	0.9	11,442	79.0	1.0	2,581

⁽¹⁾ Derived from the Segovia and Carla Technical Report and updated for production to December 31, 2016. Some production is sourced from mining areas that are not currently included in the Company's Mineral Resource Estimate.

⁽²⁾ Derived from the Marmato Technical Report and updated for production to December 31, 2016 including a reduction of approximately 246,000 ounces of gold resulting from the lapse of certain licenses in the open pit area at the Marmato Project.

6.2 Segovia Operations

6.2.1 2017 Update

On March 13, 2017 the Company announced the results of its recently completed 2016 diamond infill drilling program at the Segovia Operations with the aim to increase confidence levels of the mineral resources at both the Providencia and Sandra K mines and was carried out in areas where sparse previous surface drilling had intersected high gold grades. High gold grades generated from 74 drill holes (9,472 metres) were intersected on both vein systems with maximum grades of 134.6 g/t Au and 95.4 g/t Ag over 0.73 metres on the Providencia Vein, and 43.2 g/t Au with 37.5 g/t Ag over 2.05 metres on the Sandra K Techo Vein, part of the Sandra K vein system.. Highlights include:

- Drilling results from the Providencia Mine confirmed the widening of the high-grade ore shoot to the west of Level 13, currently one of the deepest levels. This ore shoot remains open at depth and we believe it offers the potential for another significant phase of resource growth at our flagship mine in Segovia.
- Additional drilling allowed the Company to better define a second high-grade ore shoot previously discovered underground at the east end of Level 12 of the Providencia Mine.
- The high-grade gold mineralized intercepts related to the main ore shoot confirm the higher grade mineralization at depth, and could potentially increase mining production at Providencia.
- Drilling results from surface drilling at the Sandra K Mine confirmed the extension and grade of the two main ore shoots down plunge.
- The Providencia and Sandra K drill programs continue to increase the confidence in the geological model of both ore bodies through increased drill density.
- Drilling focused on providing increased definition and confidence in the near-term mine operation within the Indicated Mineral Resources, and include the following key intercepts:

Hole	From (m)	To (m)	Width (m)	Vein	Au (g/t)	Ag (g/t)
Providencia Mine						
PV-IU-002-A*	12.00	12.30	0.30	Providencia	31.80	26.1
PV-IU-012*	56.36	62.37	6.01	Providencia	43.32	30.6
including	58.82	60.82	2.0		126.99	90.6
PV-IU-021*	69.74	71.70	1.96	Providencia	50.26	28.4
including	70.24	70.99	0.75		129.36	71.2
PV-IU-022*	64.00	64.75	0.75	Providencia	15.57	15.1
PV-IU-023*	48.00	52.39	4.39	Providencia	20.24	11.7
including	49.29	50.97	1.68		42.73	20.4
PV-IU-025-A*	64.67	65.39	0.72	Providencia	13.13	15.6
PV-IU-040-A*	20.75	21.48	0.73	Providencia	134.55	95.4
and	23.51	25.83	2.32	Providencia FW	13.21	9.6
PV-IU-050*	40.31	41.01	0.70	Providencia	18.94	35.1
Sandra K Mine						
SK-IS-001	242.67	244.72	2.05	Sandra K Techo	43.16	37.5
including	243.50	244.16	0.66		132.88	108.8
SK-IS-002	147.76	148.54	0.78	Sandra K Techo	14.72	40.6
SK-IS-003	255.30	255.64	0.34	Sandra K Techo	8.41	12.8
SK-IS-012	230.56	232.00	1.44	Sandra K Techo	9.24	68.7
including	231.34	232.00	0.66		20.14	149.1

SK-IS-023	159.20	159.72	0.52	Sandra K Techo	10.47	51.2
SK-IS-025	173.10	173.50	0.40	Sandra K Techo	16.70	33.1

* Denotes underground drill holes. The underground holes were drilled at –25 to -75 degrees from the horizontal, and the intersection lengths do not represent true widths. Sample grades over 8.0 g/t Au reported. Grades are for quartz vein intersections and are either single samples, or, for longer widths, are length-weighted composites. The length is the sample length and is not necessarily the true width of the vein. All gold and silver grades are uncut and are not diluted to a minimum mining width. Abbreviations: FW = foot wall vein

Qualified Person

Dr. Stewart D. Redwood, PhD, FIMMM, Senior Consulting Geologist to the Company, is a qualified person as defined by NI 43-101 and prepared or reviewed the preparation of the scientific and technical information in this press release in respect of the drilling results from the Marmato Project. Dr. Redwood verified the data disclosed in this news release, including the sampling, analytical and test data underlying the information contained in this news release. Verification included a review of the quality assurance and quality control samples, and review of the applicable assay databases and assay certificates.

Quality Assurance and Quality Control

The samples were prepared and assayed by SGS Laboratories Ltd (ISO 9001:2008) at their laboratory in Medellin, Colombia. Gold was assayed by fire assay with atomic absorption spectrophotometer (“AAS”) finish. Samples over 10 g/t gold were re-assayed by fire assay with gravimetric finish. Silver was assayed by aqua regia digestion and AAS finish. Silver samples above 100 g/t were re-assayed by fire assay with gravimetric finish. Blank, standard and duplicate samples were routinely inserted for quality assurance and quality control.

An updated mineral resource estimate for the Segovia Operations, incorporating the new drill results, is currently being prepared by SRK Consulting and is expected to be completed in the second quarter of 2017. For further information see General Development of the Business – Subsequent Developments and the related Company press release dated March 13, 2017, which includes illustrative maps related to the Providencia and Sandra K infill drilling programs and is available through the Company’s website at www.grancolombiagold.com or its profile on SEDAR at www.sedar.com.

6.2.2 Technical Report

The following is a summary overview of the Segovia Project and the Carla Project as set out in the Segovia and Carla Technical Report, dated February 21, 2014, prepared by SRK, which is incorporated by reference into this Annual Information Form. The Segovia and Carla Technical Report summary reproduced below has been revised only to conform with certain names and terms to their usage elsewhere in this Annual Information Form. Please note that information contained in the summary below, particularly any statements on mineral resources, financial information, future production and the Pampa Verde Project, is as of the date indicated in the summary and may have changed materially since that time, as explained elsewhere in this Annual Information Form and the Company’s other public disclosure. For details on the Company’s mineral resource estimates at December 31, 2016, please refer to section 6.1, “Material Mineral Properties – Mineral Resource Summary”. The Segovia and Carla Technical Report may be accessed through the Company’s website at www.grancolombiagold.com or through its profile on SEDAR at www.sedar.com.

SRK was requested by Zandor to update the previous NI 43-101 which details a Mineral Resource Estimate on the Mineral Assets of the Company comprising the Providencia, Las Verticales (Las Aves, El Silencio South and Poma Rosa 2), Sandra K and El Silencio sub-areas of Segovia Project and provide an updated Mineral Resource estimate for the Carla Project, to account for updated environmental studies and a preliminary economic assessment of the Segovia Operations. No changes have been made to the Mineral Resource as part of the current update, with the effective date of the Mineral Resource remaining August 1, 2013. The combined Segovia and Carla Projects are considered for the purpose of this report collectively due to their close proximity to one another.

The services were rendered between May 2013 and February 2014, leading to the preparation of the Mineral Resource statement reported herein. The statement was disclosed publicly by Gran Colombia in a press release on August 1, 2013, the Effective Date of the technical report. A site visit to the project site was completed between June 4 and 7, 2013.

This technical report presents a Mineral Resource statement for the Segovia and Carla Projects prepared by SRK. The studies were prepared following the guidelines of the Canadian Securities Administrators' NI43-101 and Form 43-101F1. The Mineral Resource statement reported herein was prepared in conformity with generally accepted CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines".

This preliminary economic assessment ("PEA") is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. The economic analysis presented in this Report is based on a scoping-level technical-economic model ("TEM") and was undertaken solely for the purposes of evaluating the economic viability of mining the Mineral Resources. No pre-feasibility or feasibility study in respect of the Segovia Operations has been previously prepared.

Property Description

The Segovia Project, formerly called the Frontino Mine, covers an area of approximately 30 square kilometres and is 100% owned by the Company following its acquisition from Frontino Gold Mines Ltd (FGM) during August 2010, including 5% which was acquired in connection with the Company's merger with Medoro Resources (Yukon) Ltd. (formerly Medoro Resources Ltd) in June 2011. The concession encompasses a reasonably structurally complex network of gold mineralized veins with a total strike length of over 47 kilometres (based on previous reporting), including a significant area of operating underground mine workings, namely El Silencio, Providencia and Sandra K, which have been in continuous production for more than 150 years.

The major mineralized vein at Providencia is broadly E-W striking and is known from underground workings to have a total strike length of some 2 kilometres and to comprise of reasonably geologically continuous structures, within which zones of high and low grades can be found. The Sandra K and El Silencio veins (striking broadly N-S) display similarly continuous structures with discrete zones of high and low grades, and have modelled strike extents of 1.2 kilometres and 2.2 kilometres respectively. The continuity at Las Verticales, which is broadly NW-SE striking and which comprises the Las Aves, El Silencio South and the Poma Rosa 2 veins, is less well known; however, the individual structures are indicated by drilling to be continuous along strike for up to 1.3 kilometres.

The Carla Project is located approximately 10 kilometres southeast of the Segovia Project and is comprised of 16 concessions, which have a combined area of approximately 6,000 hectares, and a single vein which has modelled strike extents of some 0.9 kilometres.

Project Geology

Gold mineralization at the Segovia Project occurs in mesothermal quartz sulphide veins hosted by granodiorites of the Segovia Batholith. The well-known, partially exploited veins dip at approximately 30° to the east or north east. There are also a number of steeply dipping quartz veins with a N40W trend in the western part of the concession, termed the Las Verticales veins.

In general, the veins are formed of quartz with minor calcite and coarse grained sulphides comprising pyrite, galena and sphalerite, and typically show a close spatial relationship with basic dykes. Gold and electrum occur as fine grains (<20 microns) and visible gold is generally uncommon. Native silver has been reported. The wall-rock alteration to the veins affects the basalt dykes and the granodiorite in a narrow zone a few metres wide with potassic (biotite), argillic (illite) and propylitic alteration most commonly encountered along with selective mineral replacement by chlorite, epidote, pyrite and calcite.

The modeled vein at Providencia is geologically continuous along strike for approximately 2.0 kilometres and has a confirmed down dip extent that ranges from 690 metres to greater than 1.3 kilometres, and an average thickness of 0.9 metres, reaching over 5 metres in areas of significant swelling and less than 0.1 metres where the vein pinches. Locally, the Providencia vein displays significant disruption by faulting, pinch and swell structures, fault brecciation and fault gouge. The sample data for Sandra K and El Silencio confirms geological continuity along strike for 1.2 kilometres and 2.2 kilometres respectively and indicates down-dip extents of up to 900 metres, with thicknesses and structural complexities that are comparable to the Providencia vein. Although currently less well defined by sampling, the Las Verticales veins appear geologically continuous along strike for up to 1.3 kilometres, and have an average thickness of 0.5 metres, reaching over 2.0 metres in areas of vein swelling.

Gold mineralization at the Carla Project occurs in mesothermal quartz-sulphide veins hosted by granodiorites of the Segovia Batholith. The Carla Project vein dips at approximately 35° to the east and is offset by three broadly NW-SE trending, steeply dipping faults, which reflect a dominantly strike-slip sinistral sense of movement. The mineralized structure shows a close spatial relationship with mafic dykes, which are interpreted as pre-dating the gold mineralization.

The modelled structure at the Carla Project is geologically continuous along strike for approximately 900 metres and has a confirmed down dip extent that ranges from 400 metres to greater than 750 metres, and an average thickness of 0.8 metres, reaching over 3.5 metres in areas of significant swelling and less than 0.1 metre where the vein pinches.

Exploration, Drilling and Sampling

All drilling completed by Zandor has been collared at surface, intersecting the veins largely from the northeast and southwest orientations. Prior to August 15, 2012 samples were sent for preparation to the SGS laboratories sample preparation facility in Medellin and fire assayed for gold by SGS in Peru. Since August 15, 2012, all sample preparation and fire assays have been completed at the upgraded SGS facility in Medellin.

At the underground mines (Providencia, Sandra K and El Silencio), channel samples have been taken at regular intervals vertically across the vein. The channel sample database represents the accumulation of grade control data for the underground mines for approximately the past 30 years. All historical underground samples were sent to the mine laboratory for sample preparation and analysis. Zandor has also completed a separate exploration channel sampling program, using a diamond saw to produce improved quality sampling. All exploration channel samples have been sent to the SGS sample preparation in Medellin for analysis, which have been treated with the same sample procedures and analysis as diamond core samples.

Data Quality and Quantity

SRK has been supplied with electronic databases for each of the main mines, plus the most recent drilling database covering the sampling at the Segovia Operations, all of which have been validated by Zandor. In total, there are some 128,000 metres of diamond drilling and over 75,000 underground channel samples contained in the databases comprising a combination of historical and recent diamond core and underground channel samples. The historical channel samples and drilling (with the exception of Sandra K) are mainly limited to the mined out portions of the block model.

Historic underground channel samples are typically spaced at 2 metre intervals, whilst the more recent underground channels are sampled at 5 – 10 metre intervals. The historic drilling (in relation to the main deposit areas) is situated on a grid spacing of 100 – 200 metres, whilst the more recent exploration drilling completed by Zandor typically ranges between 50 – 100 metre spacing, with the exception of Las Verticales where drill spacing varies from 100 – 200 metres.

SRK considers there to be varying levels of confidence in the database provided based on the age of the sampling, methods used, and laboratories selected. SRK has ranked data according to high or low

confidence which has been used as an indicator during modelling and accounted for during the Mineral Resource classification.

Highest confidence is assigned to the most recent exploration at the Segovia Operations which has been completed by Zandor and consists of drill core samples. As part of the routine submissions Zandor completes a comprehensive QAQC process which has demonstrated that sample preparation and laboratory performance for the recent drilling campaign has provided assays which are fit for the purpose of this estimate.

During a 2012 internal assessment of both Indicated and Inferred minerals, Zandor noted its plan for future samples to be analysed in a new laboratory, located adjacent to the Maria Dama plant at SGS, which would be operated by SGS personnel. An offer to operate the laboratory has been received from SGS who have also advised of the requirements for the laboratory facilities, which are to be procured and constructed by Zandor. Construction of the foundations for the new laboratory had been scheduled to start at the beginning of March 2013, with the building to be complete by the end of May 2013. SRK noted that the initial building work appears to have been completed, but no progress has been made to move the current mine laboratory. SRK would recommend the movement of the current samples to a larger new facility as a high priority, to increase confidence in the sampling. It has been reported to SRK that Zandor suspended submissions to the current mine laboratory on September 1, 2013. Since September 1, 2013 all samples have been sent to SGS's laboratory facilities in Medellin. With the help of SGS, Zandor is working to have all the sample preparation facilities moved to the Segovia Project. Such facilities are expected to be ready in 2014.

In the 2012 Mineral Resource estimate, SRK noted a lack of density information had been acquired by Zandor for use in the Mineral Resource Estimate. Zandor now has in place a density sampling protocol and program which is active. The program has been implemented by Zandor and a total of 580 drill core and channel samples have been analysed to date. Density values measured range from 1.51 g/cm³ to 4.97 g/cm³. SRK has selected the average value at 2.7 g/cm³ as a reasonable representation of mineralized vein density.

SRK is satisfied with the quality of the laboratories used for the latest program and based on the quality control investigations considers that there is no evidence of bias within the current database which would materially impact on the estimate. Based on the validation work completed by SRK, the database has been accepted as provided by Gran Colombia's resource geologist.

SRK has reviewed the data acquired for the Segovia Operations and is of the opinion that the exploration and assay data is sufficiently reliable to support evaluation and classification of Mineral Resources in accordance with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines".

Mineral Resource Estimates

The Mineral Resource model presented herein represents an updated resource evaluation prepared for the Segovia Project and Carla Project. The Mineral Resource model considers in total 94 additional diamond core boreholes drilled by Zandor during the period of 2012 to 2013. The resource evaluation work was completed by Robert Goddard under the supervision of Mr. Benjamin Parsons, MAusIMM (CP#222568). The effective date of the Mineral Resource Statement is August 1, 2013.

The Mineral Resource estimation process was a collaborative effort between SRK and Gran Colombia staff. Zandor provided to SRK an exploration database and a geological interpretation comprising preliminary three dimensional ("3D") digital files ("DXF") through the areas investigated by core drilling for each of the main veins. The geology model, geostatistical analysis, variography, selection of resource estimation parameters, and construction of the block model work were completed by SRK. The current drilling information is sufficiently reliable to interpret with confidence the boundaries of the various veins and the assaying data is sufficiently reliable to support mineral resource estimation.

Initial work by SRK during the statistical analysis and visual validation indicated the presence of two sample populations (medium and high -grade), which at El Silencio and Providencia (where the distinction is most evident) have been subdivided into separate domains. The grade estimation domains therefore comprise of the narrow vein zones interpreted by Zandor geologists and (at Providencia and El Silencio) discrete high-grade gold shoot domains, defined using Leapfrog Mining Software (“Leapfrog”) grade-shells. The orientation of the high-grade shoots was confirmed using an initial spherical grade search, allowing a visual analysis of gold grade continuity.

SRK has produced block models using Datamine Studio 3 Software (“**Datamine**”). The procedure involved construction of wireframe models for the fault networks and centrelines of mining development per vein, definition of resource domains, data conditioning (compositing and capping) for statistical analysis, geostatistical analysis, variography, block modelling and grade interpolation followed by validation. Grade estimation has been based on block dimensions of 20 x 10 x 10 metres, 10 x 20 x 10 metres, 10 x 10 x 10 metres, 10 x 20 x 10 metres, 25 x 25 x 25 metres (X,Y,Z) for Providencia, Las Verticales, Sandra K, El Silencio and the Carla Project veins respectively, to account for their differing orientations and data spacing.

Lognormal probability plots were evaluated per domain to determine appropriate grade capping thresholds. Capping limits of 480 g/t Au (high-grade shoot) and 200 g/t Au (vein) at Providencia, 150 g/t Au (high-grade shoot) and 125 g/t Au (vein) at El Silencio and 25 g/t Au at Las Verticales were then selected. A capping limit of 240 g/t was applied to the major Sandra K vein set, whilst 180 g/t Au was applied to the Sandra K–Chumeca sub-vein. At the Carla Project, two caps of 100 g/t Au and 50 g/t Au were applied respectively to limit the influence of a limited number of high-grade samples on the estimate. The gold grades were then interpolated using appropriate parameters related to the geological and grade continuity and sample spacing, using an Ordinary Kriging (“**OK**”) routine for all veins.

The search ellipses follow the typical orientation of the mineralized structures, and where appropriate were aligned along higher-grade plunging features within the mineralized veins, namely within the visually evident pay-shoots. Statistical characteristics such as kriging variances, number of samples used in an estimate, distances to the nearest drillhole, etc. are also stored in each individual block for descriptive evaluations. SRK also estimated vein thickness into all blocks contained within the model using an Inverse Distance Weighting (“**IDW**”) algorithm.

The resultant block grade distribution appears appropriate for the mineralization style and noted continuity, which SRK considers to be an important feature of the deposit. In areas of limited sampling, the block grade estimates have been produced using expanded search ellipses which result in more smoothed global estimates. Localised comparisons of composite grades to block estimates will be less accurate in these areas. Further infill drilling is likely to improve the local block grade estimates.

SRK has considered sampling quality, sampling density and distance from samples in order to classify the Mineral Resource according to the terminology, definitions and guidelines given in the CIM Standards as required by NI 43-101.

Data quality, drill hole spacing and the interpreted continuity of grades controlled by the veins and pay-shoots has allowed SRK to classify portions of the veins in the Measured, Indicated and Inferred Mineral Resource categories respectively. The reported Mineral Resource has been further sub-divided into material within the remaining pillars, and the longer-term resource material outside of the previously mined areas. SRK has defined Pillars to indicate all material which exists within existing development which has yet to be extracted and this includes the historical pillars within old stoped areas. The Mineral Resource has been depleted for mined out areas.

SRK considers that the gold mineralization delineated is amenable to underground extraction. To determine which portions of the modelled gold mineralization show “reasonable prospect for economic extraction” by underground mining methods (and to select reasonable reporting assumptions), an investigation into cut off grades was completed by SRK during 2012 as part of an internal assessment of the Segovia Project for Zandor. Variable cut-off grades were indicated for different mining techniques ranging from 2.2 g/t Au to 6.8 g/t Au, based on a gold price of US\$1,300/oz.

SRK has applied an increase in the Mineral Resource definition gold price to US\$1,400/oz, and following consideration of technical economic parameters, SRK elected that the gold mineralization above a cut-off grade of 3.0 g/t Au over a 1.0 metre minimum mining width satisfies the requirement for Mineral Resource reporting. SRK notes some potential upside may exist should mining be achievable using more mechanised methods in the future which would result in a lower cut-off grade.

The Mineral Resource Statement presented in Table 1 was prepared by SRK under the supervision of Benjamin Parsons MAusIMM (CP#222568). Mr. Parsons is an independent Qualified Persons as this term is defined by National Instrument 43-101. The effective date of the Mineral Resource Statement is August 1, 2013.

Table 1: SRK Mineral Resource Statement for the Segovia Project and Carla Project for Zandor Capital Dated August 1, 2013¹

Project	Deposit	Type	Measured			Indicated			Measured and 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	200	14.8	95	247	24.6	195	447	20.2	291	88	20.1	57
		Pillars										392	14.8	186
		Pillars (Historic Mined Area) ²										224	26.9	193
	Sandra K	LTR				263	10.9	92	263	10.9	92	422	8.2	111
		Pillars				77	12.3	31	77	12.3	31	14	14.4	6
	El Silencio	LTR										681	11.6	254
		Pillars										1309	9.7	406
	Verticales	LTR										771	7.1	176
	Subtotal Segovia Project	LTR	200	14.8	95	510	17.5	287	709	16.8	383	1962	9.5	598
		Pillars				77	12.3	31	77	12.3	31	1715	10.9	599
		Pillars (Historic Mined Area) ²										224	26.9	193
Carla	Subtotal Carla Project	LTR				154	9.7	48	154	9.7	48	178	9.3	53

Notes:

- 1) The mineral resources are reported at an in situ cut-off grade of 3.0 g/t Au over a 1.0 metre mining width, which has been derived using a gold price of US\$ 1,400/oz, and suitable benchmarked technical and economic parameters for underground mining and conventional gold mineralized 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 Mineral Resources ("LTR"), which lies along strike or down dip of the current mining development. 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) Providencia Pillars have been subdivided into areas of increased mining of historical areas to provide a breakdown on the level of confidence.

Comparison with Previous Estimate

In comparison to the previous (April 2012) Mineral Resource estimate for the Segovia Project at a cut-off grade of 3.0 g/t Au over a width of 1.0 metre, the new estimate includes additional Resource material with an increase of 490 koz of gold metal. The increase in gold metal relates to a global 69% increase in tonnage, with a 19% decrease in grade at the economic cut-off.

While SRK attributes these changes most significantly to the addition of data from below Mine Level 29 at El Silencio, key changes noted per estimated sub-deposit at the Segovia Project (at the economic cut-off) is noted as follows:

- Providencia: Reduction in tonnage (-8%) due to a newly interpreted eastern bounding fault and improved definition of high-grade shoot domains. Reduced mixing of lower grades in to high-grade (high-grade shoot) areas, in addition to a number of significantly mineralized intersections drilled in the down-dip area of the Providencia vein (during the latest phase of exploration), resulted in an associated (+26%) increase in grade.
- Las Verticales: Increase in tonnage (+61%) due to re-interpretation by Zandor of mineralized intercepts and selected infill drilling. Reduction in grade (-63%) most notably relates to the exclusion of a significant gold sample (0.4 metres at 249 g/t Au) on the basis of the re-interpretation of the "El Silencio South" area.
- Sandra K: Increase in tonnage (+39%) due to additional drilling completed (and additional underground data acquired). SRK noted a reduction in the grade (-33%) due to improved control on the distribution of higher grades in the model, as a function of additional data collected during the latest phase of exploration. On the basis of verification sampling and infill drilling, SRK has quoted Indicated Resources (in addition to Inferred) on Sandra K for 2013, namely 340 kt at 11.2 g/t Au, providing 122 koz metal.
- El Silencio: Significant increase in tonnage (+190%) and grade (+50%) due to the addition of data from below Mine Level 29 at El Silencio.

SRK notes that a small percentage of this change in tonnage and grade at the Providencia and Sandra K mines (when compared with the previous Mineral Resource Estimate) can partly be attributed to the on-going small scale extraction. Given the use of contractor mining and lack of grade control system, SRK has not been able to undertake accurate comparisons in this regard.

At the Carla Project, the new estimate represents a slight reduction in size of the Mineral Resource with a loss of some 10 koz of metal at the cut-off of 3.0 g/t Au over 1.0 metre. The reduction in gold metal relates to a global 43% reduction in tonnage, with a 58% increase in grade at the economic cut-off. SRK attributes these changes most significantly to re-interpretation by Zandor of the Carla Project vein intercepts, which focused on reducing the dilution at the edges of the mineralized zone. As a consequence, there has been a significant increase in the mean block grade (+124%) and reduction to the overall tonnage (-67%).

Conclusions and Recommendations

Based on the review of Zandor's life of mine plan ("LoMP") and limited technical work undertaken as part of the PEA, SRK draws a series of conclusions outlined in the following subsections.

Geology

Infill drilling during the 2012 to 2013 program focused on three main areas within the Segovia Project: Providencia, Sandra K, and Las Verticales (Las Aves, El Silencio South and Poma Rosa 2). Drilling at Providencia and Sandra K has returned good results which are in line with those expected from the previous geological model, with improved definition of high-grade trends. Drilling within the Las Verticales area returned less satisfactory results with a significant reinterpretation of the El Silencio South vein being required based on infill drilling not intersecting the vein as expected. As a result of this reinterpretation, the highest grade sample within the area cannot be correlated to any additional vein. It is SRK's conclusion that the Las Verticales area still presents a reasonable exploration target, but that any potential higher-grade domains are more likely to be narrow and discontinuous which makes exploration more difficult. SRK

would therefore recommend focus be placed on the current operating mines and locating extensions or improved definition of high-grade shoots within these as a higher priority which could bring more material into the mine plan faster and with less underground development.

SRK considers the exploration data accumulated by Zandor is generally reliable, and suitable for the purpose of this Mineral Resource estimate. SRK undertook a laboratory audit of the SGS sample preparation and fire assay facilities in Medellin and found it to be clean, organised, with the correct equipment and procedures in place to ensure quality is maintained.

SRK has reviewed and audited the updated exploration data available for the Segovia Operations and noted the quality of the gold assays determined at the Zandor Capital Mine (GEM) Laboratory needs further attention to address poor accuracy shown in analysis of certified reference material, with assays routinely reporting outside of defined limits, and the evidence of contamination shown in analysis of blank material, with assays reporting outside typically accepted limits.

Construction of the foundations for the new laboratory had been scheduled to start at the beginning of March 2013 with the building to be complete by the end of May 2013. SRK noted that the initial building work appears to have been completed but no progress has been made to move the current mine laboratory into the new building. SRK would recommend the movement of the current samples to a larger new facility as a high priority to increase confidence in the sampling and understands such a move is expected in 2014.

SRK made a number of recommendations for improvement in terms of further verifying the historic underground database, and as such Zandor has completed a verification channel sampling program during 2013 at the Providencia and Sandra K mines. The completion of the verification study (while indicating a variable correlation between the historical and check dataset) has increased the geological confidence within the re-sampled areas. No work on the verification of mine/channel samples has been completed to date on El Silencio and should commence in the lower portion of the mine where vein exposure is good.

SRK has validated the current Mineral Resource estimate based on visual and statistical techniques. The current lack of a grade control block model (which is updated on a monthly or quarterly basis), results in difficulty to complete accurate reconciliation between the updated Mineral Resource estimate and the current mining activities. SRK would recommend Zandor investigate improving the use of localised short term planning models, which would improve the understanding of the short scale variation in grade, and improve the potential to monitor the current estimates.

The Mineral Resources as reported will require further technical studies which seek to establish the technical feasibility and economic viability of developing commercial mining operations at the Segovia Operations.

In relation to the required improvements to data quality, SRK would recommend the following:

- SRK noted during the site visit and from review of the QAQC data a number potential quality issues at the current Mine laboratory. SRK would recommend the movement of the current samples to a larger new facility as a high priority; new equipment will also be required including furnaces to increase quality and hence confidence in the sampling.
- Twinning a portion of the historic drillhole data to determine suitability for use in quoting block estimates at higher levels of confidence.
- Continuation of the verification channel sampling at the Segovia Operations to further increase the geological confidence in the associated block estimates, with a priority on El Silencio where no verification sampling has currently been completed. SRK recommends this starts within the lower levels of the mine currently available (dewatered).
- Further work is required to better understand the potential economic viability for mining of the lower confidence material within Pillars at Providencia. These studies should include, but not be limited to, identification of oxidation (saproilitic material), and the possibility of remote mining technologies.
- SRK would recommend Zandor looks towards the use of localised short term planning models to improve the understanding of the short scale variation in grade, and improve the potential to monitor the current estimates.

SRK considers there to be good potential to increase and upgrade the reported Mineral Resources within the Segovia Operations area with further exploration drilling and sampling. Areas where this potential could be realised include:

- El Silencio – verification channel sampling of the areas below Mine Level 29 (which SRK understands are currently being dewatered) will increase the geological confidence within these areas and (most significantly) the presence of the high-grade shoots. In addition, there is potential to add Resources from depth, namely from the continuation of high-grade shoots which currently remain open. SRK would suggest initial wide spaced drilling from surface to confirm the structure beyond the bottom level of the mine, and subsequent drilling from underground to increase the sample spacing. To be able to maximise the drilling coverage from underground, the use of defined exploration drives into the hanging wall to establish exploration platforms would be required. To ensure these are placed in the correct location, further work to understand and define the high-grade shoots is recommended.
- Providencia – SRK would recommend investigation into the acquisition of the Licence area that covers the down-dip continuation of the high-grade shoot. There is also potential to add material along strike towards the west from the current area of (down-dip) infill drilling where additional grade shoots may exist, which are currently poorly defined due to low sample density.
- Sandra K – mineralization currently remains open down-dip of the mine at Sandra K, most notably within the Sandra K Fault Block and Chumeca veins, and, therefore, step-out drilling would be warranted to test for continuation of the mineralization within these areas.

In 2014, Zandor's approximately US\$1 million exploration program comprises between 6,000 to 7,000 metres of underground drilling distributed amongst the Providencia, Sandra K, El Silencio and the Carla Project veins to guide the current production and development activities. Beyond 2014, the exploration program included in the LoMP cash flows comprises ongoing drilling of approximately 12,000 metres per year at an annual cost of approximately US\$2 million to upgrade inferred resources to measured and indicated resources as production and development continue in the four primary mining areas at the Segovia Project. The estimated costs of the above-mentioned exploration drilling program, as proposed by the Company, are included the LoMP cash flows in Table 25-12.

SRK has recommended Zandor consider extending the current Mineral Resources through a further phase of exploration for the Segovia Operations area, aimed towards chasing the down-plunge extensions of high-grade shoots on the principal veins, namely Providencia, El Silencio and Sandra K. The focus of this exploration program, expected to commence sometime after the Pampa Verde Project is completed, would be to extend Zandor's current Mineral Resources to extend the LoMP for the Segovia Project area. On completion of this phase of the exploration program, SRK would recommend the current Mineral Resource Estimate for the Segovia Project be updated to better understand the technical feasibility and economic viability of developing the additional commercial mining operations at the Segovia Project.

Mining

Zandor currently operates four mines at the Segovia Operations: Providencia, Sandra K, El Silencio and the Carla Project. All four use primary mining techniques, whereas, only Providencia, Sandra K and El Silencio apply secondary Pillar extraction.

In addition, Zandor is currently in the process of constructing the Pampa Verde project, accessing the deeper sections of the Providencia Mine, plus shallower sections of the Sandra K Techo and the Carla Project veins, which is scheduled to finalize by the end of 2014.

The mine currently produces a single mine plan covering the mining of all resources. The mine plan covers both primary mining and secondary mining by contractors.

For primary mining, the mine plan commences by breaking the unmined sections of the reef into a series of panels. The design of each panel demonstrates a continuation of the current extraction strategy of placing haulage levels spaced 30 vertical metres apart with the area between these haulage levels denoted as the panels. The height of each panel is determined by the gradient of the seam and allows for an employee of

reasonable height to walk through the mine without crouching. In the existing mining areas, this equates to a typical minimum mining height of 1.2 metres. As the seam dip increases towards vertical, the minimum mining height decreases. The difference between the seam thickness and the minimum mining height is considered to be planned dilution. An additional dilution skin of 0.15 metres on either side of the vein is taken into account to reduce losses.

For secondary mining, no design work is undertaken. Zandor calculates the required gold production requirements after primary mining has been scheduled and distributes the required gold ounces amongst the existing operations. Grades and tonnages are back calculated from the gold targets, though the nature of the contract mining means that this detail is largely redundant. The mining contractors determine which pillars they extract and when. No mining losses or dilution are considered for the mining as the contractors are paid per ounce delivered.

SRK considers that the current mining plan process to be adequate and approaching international standards. The lack of a more detailed short-term plan relies on experienced crews and good front-line management to implement what is essentially a spreadsheet exercise.

SRK notes that Zandor's mining plan is based on Measured, Indicated and Inferred resources and a limited amount of mineralized material which has not been included in the resources. SRK highlights to the reader that SRK has been provided with a geological model to identify these areas, but has not included these within the Mineral Resource due to uncertainty in quality of the historical sampling data. As such, Zandor has not based its production decision on mineral reserves demonstrating economic feasibility and technical viability. Historically, such projects have a much higher risk of economic and technical failure and such failure may have a material adverse impact on Zandor's future profitability. The LoMP currently plans for 65 ktpa to be mined at a grade of 8.0 g/t during 2014, after which the area is considered depleted and the remainder of the planned LoMP is covered by the current Mineral Resource.

While the mine has been producing for many years using these planning systems, albeit using far larger panels, no reconciliation data was provided as to how well the production has complied with the previous mine plans. SRK supports the recent initiatives by Zandor to introduce a more robust mine planning process, though the project is in its infancy and the targeted framework for future mine planning has yet to be finalised.

Another key concern regarding the mine planning process is the lack of planning and reconciliation of the secondary mining activities. As the Pillar extraction sequence is determined by the individual contractors, Zandor has no inventory of which Pillars have been mined and which are still in place (Zandor informed SRK that plans are in place for this to be remedied in the future). Aside from being a safety hazard, it adds considerable uncertainty to the achievability of the LoMP for secondary mining as there is reduced confidence in the amount of payable material in-situ available to be mined. As noted, Gran Colombia is in the process of hiring a mine geotechnical engineer to control mine design and planning and the mining of Pillars by the contractors.

The substantial increase in production from the present 100 koz per annum to around 150 koz per annum from 2015 onwards is based on the following changes:

- More working areas have become available as a result of focus on development works in the primary mining areas at Providencia, El Silencio, Sandra K and the Carla Project.
- Ramp up in 2015 of the small miners' production facilitated by an increase of the hoisting capacity at El Silencio from 450 tpd to 900 tpd and an investment in 2014 to upgrade the Providencia shaft as part of the Pampa Verde plan.
- The appointment of a new contractor for secondary mining at the El Silencio mine, and the dewatering of the lower levels, presently inaccessible due to flooding.
- Construction of the new Pampa Verde processing plant with a higher throughput of up to 2,500 tpd. Commissioning is scheduled in Q1 2015 and start-up of this plant is expected in June 2015.

For the primary (company) mining, Zandor has moved to a local mine contractor model where the contractor will hire the labour and supply production equipment and Zandor will pay a fixed rate per tonne mined.

SRK has constructed a technical-economic model (“**TEM**”) for the purposes of evaluating the economic viability of mining the Mineral Resources. During the Economic Analysis, SRK reviewed the primary mining plan created by Zandor, which is based on a detailed block layout. SRK also reviewed (i) the Pillar mining plan, (ii) operational costs, and payment structure of the small miners, and (iii) capital expenditures.

The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. No pre-feasibility or feasibility study in respect of the Segovia Project has been previously prepared.

Processing

- The upgrade of the Maria Dama plant has been completed and the plant has a current capacity of 1,300 tpd. A new ball mill was installed in December 2011, and has been in operation since May 2012 with a capacity of 1,500 tpd, however the downstream processes (flotation, thickeners, regrinding) limit the overall plant capacity to about 1,300 tpd.
- For the period from January to December 2013, the Maria Dama plant processed an average of 897 tpd of material.
- In 2013, Zandor purchased some of the mineral processing equipment required for the new Pampa Verde processing plant for US\$4.3 million. This purchase included the semi-autogenous grinding (“**SAG**”) and ball mills, which are typically long lead time items. The mills are reconditioned and have a capacity of 3,500 tpd. The other equipment purchased included crushing feeders, cyclones and pumps, flotation cells and pumps, regrind pumps, CIL loaded carbon screen and pumps, carbon regeneration furnace and screen and carbon destruct pumps and screens.
- Plant construction completion and the start of commissioning are planned for the end of the first quarter of 2015 with the plant operating at full capacity by June 2015.
- The installation of a new treatment facility at Pampa Verde using new equipment and current gold processing technology is seen to be sound and it may also be possible to increase treatment capacity above the nameplate figure of 2,500 tpd with minimal additional changes and incurred expense if a conservative process and engineering design is initially adopted.
- Zandor will be able take advantage of the 1,500 tpd capacity at Maria Dama as mine production ramps up during the construction phase of the new 2,500 tpd plant at Pampa Verde. However, the long-term requirement for the Maria Dama plant should be reviewed as more information becomes available. The 2,500 tpd capacity ultimately available at the new Pampa Verde plant and the currently forecast mining production plans are the key considerations.
- Opportunity exists to increase overall treatment rate to 3,800 tpd by operating the two plants simultaneously, which is in excess of the LoMP mining plans.
- The Pampa Verde plant will not be optimised and hence higher capital and operating costs may be incurred.
- Metallurgical testwork must be performed for the Pampa Verde plant in order to optimise the processing parameters.
- Production capacity of the mines is less than the Pampa Verde processing plant capacity which could result in sub-optimal operation of the plant and higher operating costs than planned.
- Forecast capital costs for the Pampa Verde plant could exceed expectations.

Tailings

- The designs for the proposed facilities appear to be fit for the purpose and provided that there is appropriate QAQC during construction and ongoing monitoring of the stability, SRK considers the design to be appropriate.
- Zandor is implementing a tailings filtration (dewatering) process in the mill design so that the tailings can be dry stacked in a designated area; engineering work is currently being completed to optimise this process. This capital cost is included in the Pampa Verde budget. The area for the dry stacked tailings contains a saprolitic layer which will prevent seepages. Drainage channels and bunds will be constructed to contain the dry tailings. The existing tailings facility will also be used if required.

- The permitting of the potential El Chocho tailings storage facility (“**TSF**”), that could receive dry tailings from the Maria Dama and Pampa Verde beneficiation plant, is pending approval of additional technical information being developed by Zandor.
- Construction timelines for this facility may be affected by the presence of illegal artisanal miners in the development area. Zandor is reportedly dealing with the artisanal miners through legal means.
- According to Zandor, there are no permitting requirements to change the tailings disposal method to dry stack.

Water Management

SRK has completed a high-level review of the hydrogeological conditions as part of an internal review of the Indicated and Inferred mineral resources of Zandor completed in 2012. No further review has been completed as part of the current commission but the key findings of the study are shown below:

- Insufficient work has been undertaken on the hydrogeological setting to establish the level of risk associated with groundwater.
- Information from the current dewatering of the existing mine indicate that groundwater inflow into the mines is manageable.
- There is no mine water balance and dewatering records are not maintained and therefore it is not known how much of the dewatering water is used in the plant and how much is discharged to the surface water environment.
- Important issues may arise within the context of environmental impact which needs to be understood prior to development of any new mines and extension of the existing ones.
- Risk to current mining activity at the Providencia mine by mining activities within the previously flooded El Silencio mine (which is co-managed by contractors) have been mitigated as the current level of dewatering at El Silencio is at the 30th level, deeper than any of the other Company mines, which together with Zandor’s intension to control the rate of dewatering at El Silencio should preclude such risks to its operations.
- Insufficient work has been undertaken on the hydrological setting to establish the level of risk associated with pluvial (rainfall) derived water.
- Surface water runoff (pluvial drainage) is likely to represent significant water management challenges to the project considering the difficulties in distinguishing between the impacts from the artisanal mining activities and those of Zandor. Drainage system design should be based on sound hydrological principles and a defined storm event return period or magnitude of the design storm.
- According to the available information regarding the water supply requirements and surface water records in the area, water supply for processing and potable water should not present a significant challenge to the project. However, management of wastewater within and around the waste management facilities and the plant area is considered one of the most challenging aspects to the project.
- SRK understands that Zandor is designing the Pampa Verde Project to maximize the use of recycled water in the plant operations and from the tailings facility. A zero discharge policy should be applied during the project construction and operation, in such a manner that water recycling is maximised and water treatment and release is minimised. This will help reduce the operating cost, prevent potential for environmental damage and liabilities, and enhance Zandor’s reputation with the local population and investors.
- While groundwater inflow into the mines may not be a critical issue, a good understanding of the hydrogeological setting will be important to establish the baseline environmental setting and possible impacts with respect to the Segovia Project.
- A thorough understanding of the local rainfall and pluvial drainage issues must be established and an appropriate management system designed, based on a robust design storm return period.
- An assessment of the water resources availability is required in order to establish when abstraction can take place and the regulatory and environmental consequences of abstraction.
- A site-wide water balance is required to optimise the water supply and storage requirements.
- Based on a review of the permit register for the Segovia Project and information provided, the necessary secondary permits for water abstraction, forest use, air emissions, discharges and river course construction for the operating mines (El Silencio, Sandra K, and Providencia) appear to be

in place or are addressed by the 2012 environmental management plan (“PMA”) that is pending approval.

Environmental

SRK completed a site visit during February 2012 to review the environmental conditions of the Segovia Project as part of Zandor’s internal review of the Mineral Resources. Since this visit, SRK has conducted a desktop review of information provided by Zandor regarding the current status of environmental and social management of the Segovia Project. SRK reviewed the setting, environmental permitting status, the current approach by Zandor to the environmental and social management, stakeholder engagement and the closure planning and costs process. The environmental and social review does not cover the Carla Project as no site visit has been carried out to this site and reviewed documentation related only to the Segovia Project.

The following conclusions can be drawn from the review of the Segovia Project:

- **Permitting:** Developments within RPP 140 are permitted through the posting of a PMA and secondary permits for use of water abstraction, forest use, air emissions, discharges and river course construction. The project is permitted under the 2004 PMA. Zandor submitted an updated PMA to reflect the current operation in June 2012 with a further update to include the Pampa Verde processing plant in May 2013. The decision by the regulatory authority on this document is expected by Zandor in June 2014.
- **Environmental and social management:** Environmental and social issues are currently managed in accordance with the 2004 PMA. The 2012 PMA represents an improvement in management practices and, if approved, the management measures in the 2012 PMA will become legally binding. Substantial financial resources (US\$3 million capex and US\$500,000 opex) and technical specialist support will be required to implement the measures in the 2012 PMA.
- **Water management:** Untreated mine effluents are contributing to contamination of local surface water courses. Until the 2012 PMA is approved and the committed treatment measures are implemented, there is a risk the Segovia Operation will continue to contaminate surrounding surface watercourses and may experience action from the regulatory authority. In addition, there is a risk that changes to the groundwater regime through dewatering activities of the mines may lead to geotechnical instabilities in underground workings. Hydrogeological modelling work is proposed to predict and enable the development of management measures to address this risk.
- **Health and safety of contract miners:** Zandor employs groups of contract miners to extract high grade RoM from the Pillars in the operating mines. Although each mining group is required to meet contractual health, safety and environmental standards set by Gran Colombia, there has historically been poor compliance with these standards. Gran Colombia has improved the auditing of compliance of the contract miners but health and safety risks may be associated with uncontrolled mining of Pillar supports, which may potentially lead to ground collapse and loss of life.
- **Stakeholder engagement:** Zandor has conducted a stakeholder identification and analysis and has set stakeholder engagement objectives and goals to develop communications plans with government, community, media and small miners but Zandor does not currently have a stakeholder engagement plan.
- **Closure cost:** In the absence of a site-wide closure plan for the operation, SRK has estimated the cost to close the Segovia Operations to be in the order of US\$15 million, which has been included in the capital expenditures plan. The current lack of a detailed closure cost and financial provisioning for the Segovia Project at present poses a risk that at the end of the mine life, insufficient funds will be available to close the site in a safe, environmentally and socially appropriate manner. The largest uncertainty regarding closure cost is associated with the potential need for long-term treatment of water from the disused mine workings.

Financial

- The cost reduction program which was started in 2013 is still continuing and new contract rates and a new contractor should allow for lower mining costs and steadier production than achieved over the previous years.

- Based on the work carried out for this study, SRK has concluded that the Segovia Operations will generate cash flows sufficient to cover operating costs and capital expenditures over the LoMP.
- Though the Segovia Operations are operational, the significant investment required to expand production in the coming two years will result in essentially a break-even cash flow in 2014.
- Zandor also has US\$22.7 million of cash as of December 31, 2013 remaining from its October 2012 Gold Notes financing available to help fund completion of the Pampa Verde Project.
- Cash flows in the years following 2014 are expected to be sufficient to pay back the investments.
- SRK notes that the cash flows of the Segovia Operations are more sensitive to commodity price variations than changes in the operating and capital costs.
- The resulting net present value is, however, positive and supports progression with further development of the Segovia Operations.

6.3 Marmato Project

6.3.1 2017 Update

On March 13, 2017 the Company announced a small underground drilling campaign was carried out at Marmato to explore the extension of the vein mineralization between Level 21, the deepest level of the mine, down to Level 24. One of these holes, MND-11-16, intersected 8.98 m at 20.99 g/t Au and 7.11 g/t Ag from 112.32 m to 121.30 m depth, followed by 50.40 m at 2.20 g/t Au and 3.32 g/t from 121.30 m to the end of the hole at 171.70 m. The mineralization in both intersections related to narrow veinlets, with a higher veinlet density in the higher grade zone, and resembles the style of mineralization that was intersected in previous drill holes that characterize the deep body (refer to the Company's press release dated October 10, 2012).

- Drilling results from this drill hole are interpreted to form the top of the deep zone of veinlet-hosted mineralization, which begins about 100 metres down below the current mine workings, forming a deep body that could be suitable for underground bulk mining.
- The strike extent of this deep body is approximately 800 metres, while the vertical extent is approximately 850 metres, with a width not less than 100 meters. This body is still open along strike and at depth.
- The deep gold mineralization is related to narrow veinlets of quartz-pyrrhotite with minor amounts of pyrite and chalcopyrite and a narrow halo of intermediate argillic alteration. These change upwards to pyrite veinlets with pervasive intermediate argillic alteration. They overprint earlier potassic alteration with porphyry-style quartz veinlets, and propylitic alteration. The porphyry style alteration and veining does not carry significant mineralization. The copper values are very low and are not of economic interest.
- The Marmato Deep Zone mineralization is not included in the current mineral resource estimate for Marmato dated August 7, 2012 and lies below the open pit resource.
- Previous significant results (greater than 20 gram-metres) for the Marmato Deep Zone are summarized below (see the Company's press release dated October 10, 2012):

Hole	From (m)	To (m)	Width (m)	Au (ppm)	Ag (ppm)
MT-1445*	275.0	300.0	25.0	0.9	5.3
MT-1445*	429.4	668.4	239.0	1.4	2.3
MT-1445*	68.5	83.0	14.5	1.7	4.3
MT-1455A*	164.0	183.6	19.6	1.4	5.8
MT-1455A*	284.0	327.0	43.0	0.6	2.5
MT-1455A*	424.0	483.0	59.0	0.6	3.0
MT-1455A*	491.0	848.1	357.1	1.4	1.3
M-1498*	204.0	943.5	739.5	1.5	1.1
M-1499A*	33.0	179.0	146.0	0.7	3.2

M-1499A*	292.0	816.0	524.0	1.7	2.3
including	292.0	317.0	25.0	2.1	11.7
and	325.0	816.0	491.0	1.7	1.9
MT-1500*	10.0	74.0	64.0	1.2	6.5
MT-1500*	394.0	1,012.1	618.1	1.6	1.5
including	872.0	888.9	16.9	35.2	3.9

* Denotes underground drill holes. The underground holes were drilled at -55 to -85 degrees from the horizontal, and the intersection lengths do not represent true widths. Sample lengths are normally 2.0 metres but may be varied for geological and recovery factors. Intersections were calculated using a cut-off grade of 0.1 g/t gold and no more than 6.0 metres of internal dilution. Gold grades were capped at 20.0 g/t and silver grades at 500 g/t. The high-grade intercept from hole MT-1500 was not capped and shows a different style of mineralization. It has a true width of approximately 4.4 meters.

Qualified Person

Dr. Stewart D. Redwood, PhD, FIMMM, Senior Consulting Geologist to the Company, is a qualified person as defined by NI 43-101 and prepared or reviewed the preparation of the scientific and technical information in this press release in respect of the drilling results from the Marmato Project. Dr. Redwood verified the data disclosed in the related news release, including the sampling, analytical and test data underlying the information contained in this news release. Verification included a review of the quality assurance and quality control samples, and review of the applicable assay databases and assay certificates.

Quality Assurance and Quality Control

The samples were prepared and assayed by SGS Laboratories Ltd (ISO 9001:2008) at their laboratory in Medellin, Colombia. Gold was assayed by fire assay with atomic absorption spectrophotometer ("AAS") finish. Samples over 10 g/t gold were re-assayed by fire assay with gravimetric finish. Silver was assayed by aqua regia digestion and AAS finish. Silver samples above 100 g/t were re-assayed by fire assay with gravimetric finish. Blank, standard and duplicate samples were routinely inserted for quality assurance and quality control. The Marmato intersection in hole MND-11-16 was calculated using a cut-off grade of 1.0 g/t Au, uncut assays, and a maximum actual interval below cut-off grade of 4.35 m.

SRK is preparing an updated mineral resource estimate for the Marmato Project, incorporating the new drill results, which is expected to be completed in the second quarter of this year. For further information see General Development of the Business – Subsequent Developments and the related Company press release dated March 13, 2017, which includes a figure representing a geological cross section of the Marmato Project and location of drill hole MND-11-16, and is available through the Company's website at www.grancolombiagold.com or its profile on SEDAR at www.sedar.com.

6.3.2 Technical Report

The following is a summary overview of the Marmato Project as set out in the Marmato Technical Report, dated June 21, 2012, prepared by SRK, which is incorporated by reference into this Annual Information Form. The Marmato Technical Report summary reproduced below has been revised only to conform with certain names and terms to their usage elsewhere in this Annual Information Form. Please note that information contained in the summary below, particularly any statements on mineral resources, is as of the date indicated in the summary and may have changed materially since that time, as explained elsewhere in this Annual Information Form and the Company's other public disclosure. For details on the Company's mineral resource estimates at December 31, 2016 please refer to section 6.1, "Material Mineral Properties – Mineral Resource Summary". The Marmato Technical Report may be accessed through the Company's website at www.grancolombiagold.com or through its profile on SEDAR at www.sedar.com.

Introduction

SRK was requested by the Company to prepare an Updated Mineral Resource Estimate for the Mineral

Assets of the Company comprising the Marmato Gold Project located in Colombia. The estimate has been reported according to CIM Standards. The last CIM Standard Mineral Resource Estimate and report produced for Marmato was completed for the Company by SRK in September 2011.

SRK has produced a Mineral Resource Estimate for the Marmato deposit effective of 21 June 2012. The estimate is based on some 216,000 m of diamond drilling and cross-cut sampling (primarily diamond drilling), completed up to 25 March 2012. The deposit has been modeled and is described herein using UTM coordinate grid system and a rotated block model orientated to 305°, which is considered to be the principle strike of the main structures.

Project Description

The Marmato Concession is located between latitudes and longitudes 5°28'24"N and 5°28'55"N, and 75°35'57"W and 75°38'55"W respectively, with altitudes ranging from approximately 1,156 - 1,705 m. The Concession is made up of three separate areas, named Zona Alta, Zona Baja and Echandia, all of which are 100% owned by the Company.

The mineralization variously occurs in parallel, sheeted and anastomosing veins, all of which follow a regional structural control, which intersect broader zones of intense veinlet mineralization (termed "grade shells" by SRK), and is hosted by a lower grade mineralized porphyry. In addition, a discrete, relatively high grade core, or feeder zone, to the main mineralization ("grade shell deeps"), observed in drillcore as a separate style of mineralization, has been incorporated as part of the June 2012 model update. Underground mining of the vein structures is currently in operation throughout the concession area, most significantly at Mineros Nacionales Mine located in the Zona Baja area.

The Company has determined that the mineralization has potential to be amenable to bulk mining due to the relatively high number of individual veins and also the presence of lower grade gold mineralization seen in sulphide veinlets, which occur in between the veins throughout the hosting porphyry.

Project Geology

The dacite and andesite porphyry stock which hosts the Marmato deposit extends for some 18 km long by 3 to 6 km wide, is elongated north to south and is one of a number of porphyry stocks in the district. The mineralization, comprising the veins, grade shells, grade shell deeps and mineralized porphyry is hosted within a mineralized corridor some 0.5 to 1.5 km wide, with a drill defined strike length of approximately 1.3 km. The mineralized corridor is intersected by a predominantly NW-SE trending fault network (as interpreted by the Company during 2012), with a cross-cutting fault towards the north forming a hard boundary with a lower grade porphyry unit (or "barren porphyry").

The mineralization is described as being of the epithermal intermediate sulphidation type. Gold-silver mineralization is hosted by a sheeted pyrite veinlet system associated with intermediate alteration within the porphyry. Gold is associated with sulphides and is mostly free. Current mining in the area is via narrow underground stoping of the high-grade vein mineralization.

The updated drilling database indicates that the veins typically range between 0.5 metres and 5 metres wide and extend for 250 metres to 1000 metres along strike and 150 metres to 750 metres down dip. This is supported by underground mining which has confirmed that individual vein structures have good geological continuity and can extend for 100 to 800m along strike and 100 to at least 300m down dip.

The broad zones of veinlet mineralization ('grade shells') modeled during the 2012 update typically vary from 10 to 230 metres wide, reaching up to 340 metres wide in areas of significant veinlet accumulation, whilst extending with good geological continuity for between 200 metres and approximately 950 metres along strike, and between 100 metres and 900 metres down dip. At depth within the central portion of the deposit SRK has noted a zone of elevated grades which has been referred to as the higher grade (>2.0 g/t) "deep zone". This zone is indicated to be continuous along strike for approximately 350 metres and has a

confirmed down dip extent that range that reaches up to 500 m, with a thicknesses that varies between 35 and 150 metres.

Exploration, Drilling and Sampling

The latest sampling has comprised selective infill drilling from surface to a spacing of 25 – 50 m, deep drilling from underground adits around the 2011 block model, and additional underground channel sampling within the Mineros Nacionales Mine.

Drillholes, where regularly spaced, are orientated -60 and -75 degrees predominantly to the south west, with occasional scissor holes towards the north east. Fan drilling has been utilized both at surface and from underground adits, which are also typically orientated towards the south west, with a small number of less extensive fans orientated towards the north east.

All samples were sent for preparation to ACME Laboratories (“**ACME**”) sample preparation facility in Medellin and fire assayed for gold by ACME in Chile. The results of the drilling has validated aspects of the previous interpretation, but also provided additional information which has led to further modifications of the geological model during the 2012 modeling exercise.

The September 2011 SRK NI 43-101 Technical Report documented a number of significant intersections at depth at Marmato that indicated the existence of continuous zones of mineralization within the porphyry zones, with limited veinlet mineralization. Subsequent drilling during 2011/2012 along with check logging of the drill core by the Company and SRK has confirmed the presence of a high grade core, or feeder zone, to the main mineralization (termed “deeps zone”), which SRK has modeled based on the initial interpretation provided by the Company’s geologists. SRK notes that there is still limited understanding of the differences between the typical veinlet style mineralization seen in the upper portions of the deposit and the increased grades at depth. It is also unclear if the change in mineralization is marked by a hard geological boundary or a more gradual increase in grade at depth and certainly the domaining of the grade shell deeps zone would benefit from a greater geological understanding. SRK recommends further work is undertaken by the Company to investigate the correlation between this zone and attributes stored within the digital database, in addition to better defining the depth extent and strike continuity. This could include, but not be limited to, reviewing and changes in Copper grades or changes in the style of the sulphide mineralization (SRK noted increased presence of pyrrhotite and chalcopyrite within the higher grade deeps zone, as previously reported by Dr. Stewart Redwood).

Data Quality and Quantity

The 2012 Mineral Resource Estimate is based on some 216,000 m of diamond drilling and crosscut sampling (primarily diamond drilling), completed up to 25 March 2012. In comparison to the September 2011 Mineral Resource Estimate, data from an additional 100 drillholes is now available (an additional 28,259 m of drilling) plus 2,220 m of cross-cut samples and in total some 13,900 new assays, representing a 13% increase in the size of the assay database. The sample database contains assays for gold and silver.

As part of the routine sample submissions the Company completes a comprehensive QAQC process which has demonstrated that sample preparation and laboratory performance for the recent drilling campaign provided assays which are fit for the purpose of this estimate. Density determinations have been provided from the previous model. A review of the density database by SRK during April 2012 revealed no significant change in average densities per rock type, suggesting that the previously determined density values remain appropriate.

During the 2011 drilling, as a part of the ongoing verification of historic collar surveys, the Company identified a number of historical collar locations which required further validation based on varying positions on different plans of historical collars, and discussions with landowners. These drillholes were excluded from the September 2011 SRK resource estimate, given a lack confidence in the data. The Company has however now twin drilled a portion of these holes, and the results display a reasonable correlation in both gold assay values and logged lithologies. SRK has reviewed the results of the twin program and elected to

include the historic holes in the final database for March 2012.

Data Validation

The Company has completed a number of verification sampling programs during the history of the Marmato project, in addition to the twin drilling of a portion of historic holes during the 2011/2012 drilling program referred to above. For the most recent iteration of the database, the Company has undertaken basic validation for all tabulated data.

In addition to the above and in order to independently verify the information incorporated within the latest drill program, SRK has:

- Completed a review of selected drill core for selected holes, to confirm both geological and assay values stored in the database show a reasonable representation of the project.
- Visited underground workings via Mineros Nacionales to check the continuity of vein and veinlet mineralization at depth, relating to the newly acquired 2012 cross-cut samples.
- Verified the digital database against the original issued assay certificates.
- Verified the quality of geological and sampling information and developed an interpretation of gold grade distributions appropriate to use in the resource model.
- Reviewed the QAQC database provided for the 2011/ 2012 drill program, which while some standards have reported consistently above or below the assigned grade, have in general reported within 2 standard deviations and showed no presence of overall bias.

SRK is satisfied with the quality of assays returned from the laboratory used for the 2012 programs and that there is no evidence of bias within the current database which would materially impact on the estimate.

Based on the validation work completed by SRK, the database has been accepted as provided by the Company's Resource Geologist.

Geological Model

Amendments to the vein zone for the new drilling have been undertaken by SRK based on a combination of the Company's criteria of lithology and structural logging, a gold cut-off grade of g/t, and the location of planned and depleted stopes within the Mineros Nacionales Mine, in the Zona Baja portion of the deposit.

SRK initially focused on the creation of a more complete geological model (i.e. one encompassing the major geological features not just the mineralized zones) which was one of the recommendations from the 2011 report. SRK has constructed a fault network based on information provided by the Company's geologist, plus updated geological units for saprolite, schist and selected porphyry units ("barren units"). These boundaries have been created to guide the interpretation of the veinlet mineralization ("Grade Shell") wireframe. The 2011 SRK grade shell interpretations were modeled as having a relatively uniform orientation, a review of the Marmato fault network (as provided by the Company's geologists) during 2012, revealed the potential preferential alignment of the grade shells along the major fault zones, which are best reflected in terms of grade distribution using an unrestricted search orientation.

The 2012 interpretation for the grade shells undertaken by SRK was guided through the application of Leapfrog surface interpolations, for a range of cut-off grades, thresholds and orientated searches. The most visually representative scenarios were selected using an isotropic search.

The final Leapfrog surfaces were imported in to Datamine and used as guidelines, in conjunction with the updated vein interpretations to model the grade shell domains, based on a 0.1 g/t Au cut-off. The initial grade shell interpretations were sent to the Company's geologist for review and were approved as continuing to provide an appropriate representation of the mineralization. Comfort that the modified grade shells have improved the interpretation is provided by a statistical sample distribution that is significantly closer to log normal than was observed during the 2011 exercise.

The interpretation of the deeps zone was undertaken by SRK, based on string interpretations provided by the Company. Although further work is required in terms of the geological understanding for this zone, both the Company and SRK consider the current interpretation to provide an appropriate representation of the mineralization at depth given the current level of sampling.

Grade Interpolation

SRK completed a statistical analysis of the sample assays to determine an appropriate composite length to be used for the estimation, and concluded that 5 m composites (as selected for the 2011 model) remained appropriate, with composites in the veins typically composited across the thickness of the vein (typically 1-2 m). SRK then completed further statistical and geostatistical analyses on the resulting 5 m composite data to determine the appropriate interpolation methods and parameters.

SRK has produced a block model with block dimensions of 10 x 20 x 10 m, which has been sub-blocked, to appropriate levels to honor the geology. Gold and Silver grades have been estimated using a minimum of 6 composites per block in the primary search using an ordinary kriging routine. Within the vein domain, estimates have been completed using a variable oriented search ellipse (90 x 80 x 60 m) to follow the true dip and dip directions of the mineralized veins (this is to account for the two principle directions and dips seen in the veins). The resultant block grade distribution reflects the mineralization style which the Company and SRK consider to be representative of the deposit, as illustrated in Figure 1-1 and Figure 1-2.

Figure 1-1: Example Cross Section through the Marmato Deposit (looking northwest); June 2012.

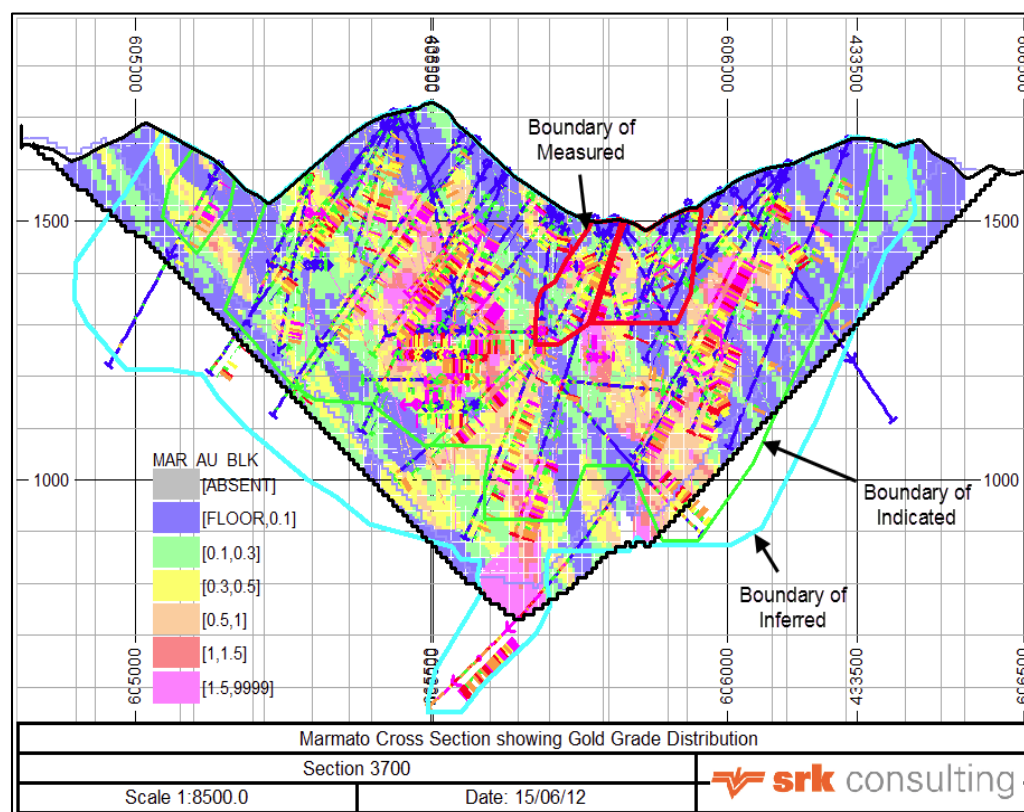
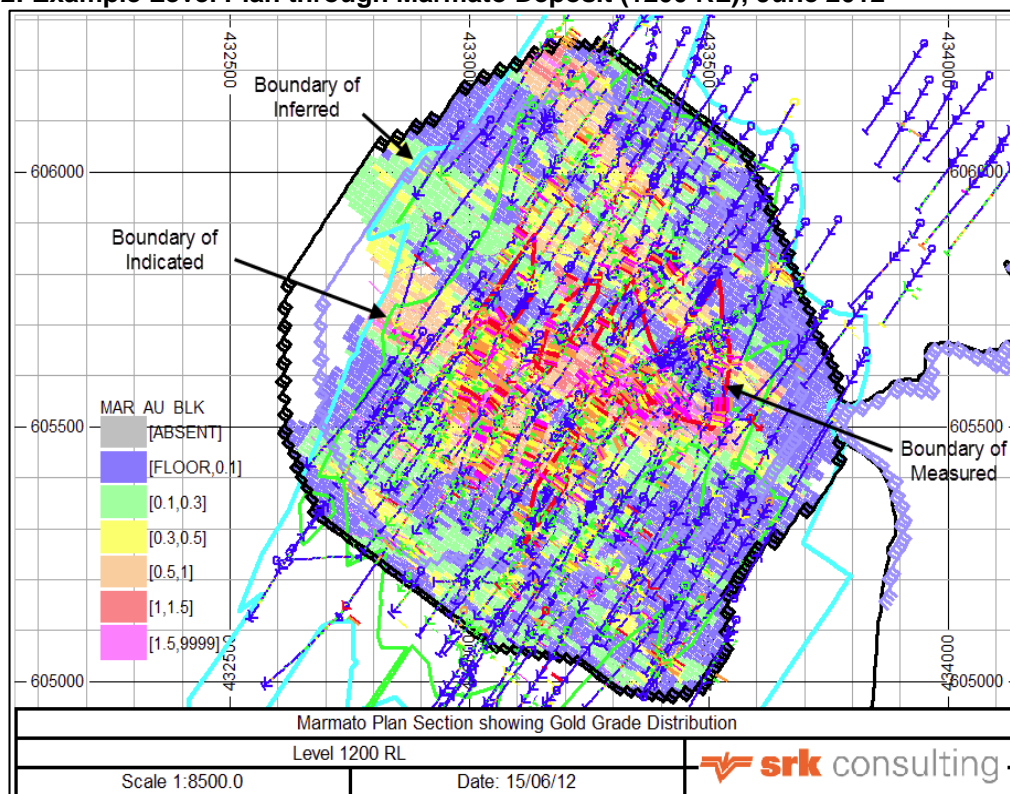


Figure 1-2: Example Level Plan through Marmato Deposit (1200 RL); June 2012



SRK has treated all domains as hard boundaries in terms of the estimation process. In addition, SRK has further limited the influence of grades in the grade shell, deep and porphyry domains to appropriate levels, by limiting the search ranges to 170 x 120 x 80 m, 150 x 110 x 40 m and 120 x 150 x 60 m respectively, based on the results of the semi-variogram defined ranges and Quantitative Kriging Neighborhood Analysis (“QKNA”).

SRK understands the deposit to be bound to the northwest as a result of a NE-SW trending fault zone. SRK has utilized the Marmato fault network created to model a hard boundary for the estimation process between mineralized and “barren” porphyry towards the northwest. SRK has otherwise limited the current strike extents to 25 m beyond the limit of the drilling.

Classification and Reporting Criteria

SRK has considered the geological complexity of the mineralized zones and the quality of the data to derive guideline sampling density and distance from samples criteria to classify the Mineral Resource according to the terminology, definitions and guidelines set out in the CIM Standards (December 2005) and has also undertaken work to confirm that the Mineral Resource as reported has reasonable prospects for economic extraction either by Open Pit or underground. This has allowed SRK to classify over 80% of the deposit as either Measured or Indicated within the current pit shell. The remainder of the Mineral Resource has been classified as Inferred.

Table 1-9 below gives SRK’s Mineral Resource Statement. In producing this, SRK has applied a cut off grade of 0.3 g/t gold for the material with potential to be mined from surface. In addition to the Open Pit Mineral Resource SRK has considered there to be potential to mine the veins only via underground methodologies as is the current practice at Mineros Nacionales. SRK has applied a cut-off grade to 1.5 g/t to this material.

Table 1-9: Open Pit and Underground Mineral Resource Statement*, Marmato Project, Colombia, SRK, effective date, 21 June, 2012.

Category	Grade		Metal		
	Quantity Mt	Au gpt	Ag gpt	Au 000'oz	Ag 000'oz
Open Pit Vein**					
Measured	8.1	2.29	8.93	597	2,322
Indicated	44.7	2.06	12.62	2,967	18,140
Measured and Indicated	52.8	2.10	12.05	3,564	20,462
Inferred	7.4	1.76	8.70	417	2,062
Open Pit Porphyry**					
Measured	43.1	0.81	4.11	1,128	5,689
Indicated	313.8	0.70	5.37	7,097	54,179
Measured and Indicated	356.9	0.72	5.22	8,225	59,868
Inferred	71.8	0.94	3.19	2,171	7,367
Open Pit Combined					
Measured	51.1	1.05	4.87	1,725	8,011
Indicated	358.5	0.87	6.27	10,064	72,319
Measured and Indicated	409.7	0.90	6.10	11,789	80,330
Inferred	79.1	1.02	3.71	2,588	9,429
Underground Vein***					
Measured	-	-	-	-	-
Indicated	0.2	1.96	15.42	15	114
Measured and Indicated	0.2	1.96	15.42	15	114
Inferred	1.1	2.26	13.42	82	486
Underground Propyry***					
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Measured and Indicated	0.0	2.86	4.31	2	4
Inferred	0.0	2.86	4.31	2	4
	5.6	2.69	2.58	481	461
Underground Combined					
Measured	-	-	-	-	-
Indicated	0.3	2.05	14.26	17	118
Measured and Indicated	0.3	2.05	14.26	17	118
Inferred	6.7	2.62	4.41	563	947

* The mineral resources have been constrained by a conceptual pit shell. Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

** The open pit mineral resources have been reported at a cut-off grade of 0.3 g/t. Cut-off grades based on a price of US\$1400 per ounce of gold and gold recoveries of 88 percent for open pit and underground resources, without considering revenues from other metal within a limiting pitshell.

*** Underground mineral resources have been reported at a cut-off grade of 1.5 g/t and below the material considered potentially mineable via open pit methods. Cut-off grades have been based on a price of US\$1400 per ounce of gold and gold recoveries of 88 percent for underground resources, without considering revenues from other metals.

Comparison with Previous Estimate

In comparison to the previous Mineral Resource estimate the new model represents an increase of 1.95 Moz of gold within the open pit portion of the deposit (approximately 16% increase). The increases have been attributed to two key factors, (i) delineation through deep drilling of the grade shell deeps zone, which has driven the updated limiting pit surface deeper both vertically and along strike by in the order of 100 m and 200 m respectively, and (ii) increases in the assumed gold price from US\$1200 to US\$1400 from the 2011 to 2012 models which has resulted in a net increase of approximately 0.5 Moz.

In addition, the improved domaining of the grade shells has increased the tonnage (within the domain) above a cut-off grade of 0.3 g/t from 309 Mt to 405 Mt, with an increase mean grade in the sample composites from 0.41 g/t to 0.51 g/t Au.

The primary focus of the latest infill drilling program has been to increase the confidence in the Mineral Resource at depth. The results of the current study show the Company has successfully converted a significant amount of material previously categorized as Inferred into the Indicated category. In comparison the Measured and Indicated portion of the deposit has increased from 307 Mt at 1.0 g/t producing 10.0 Moz to 410 Mt at 0.9 g/t producing 11.7 Moz. SRK notes that the global reduction in grade from 1.0 g/t to 0.9 g/t is primarily as a function of the hard-boundary domaining of the high grade intersections in the core of the deposit to form the grade shell deeps zone. SRK notes that the mean grade of 0.9 g/t Au is in line with previous estimates for the Marmato Project in 2010.

The other significant changes in the model have been the domaining of a “barren” porphyry domain, based on the Company’s structural model, and SRK’s statistical analysis and review of the drill core, which has attempted to reduce the smoothing of mineralized porphyry grades in to areas of lower grade.

Recommendations

SRK recommends the following:

- Continuation of the drilling at depth to better define the depth extent and strike continuity of the grade shell deeps zone. SRK also recommends that further work is undertaken by the Company to investigate the correlation between this zone and attributes stored within the digital database, to facilitate geological understanding and help further identify exploration indicators for modeling.
- Further investigation of the structural controls to the mineralization. Whilst the current model shows a reasonable spatial relationship with the grade shell domains, visual analysis of the grade distribution suggests that there may be additional controls present.

ITEM 7. DIVIDENDS AND DISTRIBUTIONS

Since the completion of the RTO on August 19, 2010, the Company has not paid any dividends or distributions. Except as otherwise disclosed herein or pursuant to the Debentures, the TSX’s policies and the BCBCA, there are no restrictions on the Company that would prevent it from paying a dividend or distribution. However, the Company does not currently have a dividend or distribution policy in place.

ITEM 8. DESCRIPTION OF CAPITAL STRUCTURE

8.1 Authorized Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value. As at March 30, 2017, there were 306,755,502 Common Shares issued and outstanding as fully paid and non-assessable, and no Preferred Shares of the Company issued or outstanding.

The following is a summary of the material provisions attaching to the Common Shares, Preferred Shares, 2019 Warrants, Gold-Linked Warrants, Silver-Linked Notes, Gold-Linked Notes, 2018 Debentures and 2020 Debentures.

8.2 Common Shares

The holders of Common shares are entitled to receive notice of and to attend all meetings of the Shareholders of the Company and to one vote per Common Share held at meetings of the Shareholders. Subject to the rights of the holders of Preferred Shares, the holders of Common Shares are entitled to dividends if, as and when declared by the Board, and upon liquidation, dissolution or winding-up, to share equally in such assets of the Company as are distributable to the holders of Common Shares.

8.3 Preferred Shares

Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Company is liquidated, dissolved or wound-up, rank prior to the

Common Shares. Preferred Shares of each series shall rank on parity with the Preferred Shares of every other series. The Board has the authority to issue Preferred Shares in series and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights, of each series without any further vote or action by shareholders. The holders of Preferred Shares do not have pre-emptive rights to subscribe for any issue of securities of the Company. Currently, the Company has no issued and outstanding Preferred Shares or plans to issue any such shares.

8.4 Warrants

The following table describes the outstanding Warrants of the Company as at March 30, 2017:

Name	Number of Warrants Outstanding and Exercisable as at March 29, 2016		Exercise Price	Expiry Date
2019 Warrants ⁽¹⁾	4,211,918		\$3.25	March 18, 2019
Gold-Linked Warrants ⁽²⁾	1,000,000		\$18.75	October 31, 2017

Notes:

- (1) The 2019 Warrants were issued pursuant to the 2019 Warrant Indenture in connection with the issuance of the Prospectus Offering. Each unit of the offering consisted of one Common Share and one-half common share purchase warrant.
- (2) The Gold-Linked Warrants were issued pursuant to the Gold-Linked Warrant Indenture in connection with the issuance of the Gold-Linked Notes. Each unit consisted of one US\$1,000 face amount secured, 10% gold-linked note and 10 common share purchase warrants.

8.4.1 2019 Warrants

The warrants issued in connection with the Prospectus Offering were issued pursuant to the 2019 Warrant Indenture and rank *pari passu*, whatever may be the actual dates of issue of the certificates representing the warrants. The 2019 Warrant Indenture provides for and contains provisions for adjustments to the exercise price and the number of Common Shares issuable upon the exercise of the warrants, including the amount and kind of securities or other property issuable upon exercise, upon the occurrence of certain stated events, including any subdivision or consolidation of the Common Shares, certain distributions of the Common Shares or securities exchangeable for or convertible into Common Shares, certain offerings of rights, options or warrants and certain capital reorganizations. The adjustments provided for in the 2019 Warrant Indenture are cumulative and shall be made successively whenever an event that triggers such adjustments occurs, subject to certain conditions.

Please note this is not an exhaustive summary of the 2019 Warrants. Please see “General Development of the Business – 2014 – Prospectus Offering” and refer to the 2019 Warrant Indenture, a copy of which can be accessed on the Company’s profile on SEDAR at www.sedar.com.

8.4.2 Gold-Linked Warrants

The warrants issued in connection with the Gold-Linked Notes offering were issued pursuant to the Gold-Linked Warrant Indenture and rank *pari passu*, whatever may be the actual dates of issue of the certificates representing the warrants. The Gold-Linked Warrant Indenture provides for and contains provisions for adjustments to the exercise price and the number of Common Shares issuable upon the exercise of the warrants, including the amount and kind of securities or other property issuable upon exercise, upon the occurrence of certain stated events, including any subdivision or consolidation of the Common Shares, certain distributions of the Common Shares or securities exchangeable for or convertible into Common Shares, certain offerings of rights, options or warrants and certain capital reorganizations. The adjustments provided for in the Gold-Linked Warrant Indenture are cumulative and shall be made successively whenever an event that triggers such adjustments occurs, subject to certain conditions. Please see “Description of Capital Structure - Notes - Gold-Linked Notes” and refer to the Gold-Linked Warrant Indenture, a copy of which can be accessed on the Company’s profile on SEDAR at www.sedar.com.

8.5 Notes

8.5.1 Silver-Linked Notes

As at March 30, 2017, there are no principal amount of Silver-Linked Notes issued and outstanding. As a result of the Debt Restructuring, all Silver-Linked Notes were exchanged for 2018 Debentures.

The Silver-Linked Notes were issued under and were subject to the Silver-Linked Note Indenture which provided that the Silver-Linked Notes were direct unsecured obligations of the Company. The Silver-Linked Notes were due on August 11, 2018, had an interest rate of 5.0% per year, payable semi-annually in arrears in equal installments on December 31 and June 30 of each year. Holders of Silver-Linked Notes were entitled to receive the greater of (i) the principal amount of the Silver-Linked Note, or (ii) the U.S. dollar financial equivalent to approximately 66.7 ounces of silver per Silver-Linked Note, as determined using the average realized silver price by the Company over the 6 month period immediately prior to any repayment or redemption of principal, representing the US dollar financial equivalent of an aggregate of five million ounces of silver. The quantity of silver per Silver-Linked Note was determined using a notional price of US\$15 per ounce of silver, providing holders with the opportunity to benefit from silver prices in excess of US\$15 per ounce. For full particulars of the Silver-Linked Note Indenture, please refer to the Silver-Linked Note Indenture, a copy of which can be accessed on the Company's profile on SEDAR at www.sedar.com

As announced on January 9, 2015, the Company defaulted on the Silver-Linked Notes interest payment due December 31, 2014 and began making monthly interest installment payments on February 27, 2015. On January 20, 2016, the Company completed the Debt Restructuring under which the Silver-Linked Notes were exchanged for 2018 Debentures. See "General Development of the Business – 2016".

8.5.2 Gold-Linked Notes

As at March 30, 2017, there are no principal amount of Gold-Linked Notes issued and outstanding. As a result of the Debt Restructuring, all Gold-Linked Notes were exchanged for 2020 Debentures.

On October 30, 2012, the closed an offering of US\$100 million aggregate principal amount of units, each unit consisting of one US\$1,000 face amount secured, 10% gold-linked note and 10 common share purchase warrants issued pursuant to the Gold-Linked Warrant Indenture. Collectively, holders of the Gold-Linked Notes had a notional call on the U.S. dollar financial equivalent of approximately 71,429 ounces of gold at a notional price of US\$1,400 per ounce. Each Gold-Linked Warrant entitles the holder to purchase one of the Company's common shares at a price of \$18.75 and will expire on October 31, 2017.

The Gold-Linked Notes had an interest rate of 10% per year, accruing and payable monthly in arrears on the last business day of every month. The Gold-Linked Notes would have matured on October 31, 2017 and entitled the holder thereof to receive the greater of: (i) the U.S. dollar financial equivalent of approximately 0.7143 ounces of gold per Gold-Linked Note (which is based on a notional price of US\$1,400 per gold ounce) plus any accrued interest in cash, and (ii) the U.S. dollar face amount of the Gold-Linked Note plus any accrued interest in cash. For full particulars of the Gold-Linked Note Indenture and the Gold-Linked Warrant Indenture, please refer to the Gold-Linked Note Indenture and the Gold-Linked Note Warrant Indenture which can be accessed under the Company's SEDAR profile at www.sedar.com.

Beginning on January 9, 2015 and through subsequent communications, the Company announced its default under the terms of the Gold-Linked Note Indenture as the Company did not pay interest when due or pay the Put Options when due. On January 20, 2016, the Company completed the Debt Restructuring under which the Gold-Linked Notes were exchanged for 2020 Debentures. See "General Development of the Business – 2016".

8.6 Debentures

8.6.1 2018 Debentures

As at March 30, 2017, there was US\$45,970,282 principal amount of 2018 Debentures issued and outstanding.

Under the Debt Restructuring, the Silver-Linked Notes, together with all accrued and unpaid interest plus a 2% restructuring fee, were exchanged for 2018 Debentures. The aggregate principal amount of the 2018 Debentures issued at closing on January 20, 2016 was US\$71,168,174. Holders were provided the option to convert some or all of their Silver-Linked Notes to Common Shares on the effective date of the Debt Restructuring, in lieu of receiving 2018 Debentures. Pursuant to this option the Company issued 88,663,325 Common Shares in exchange for Silver-Linked Notes on the effective date. Since issuance, an aggregate principal amount of US\$24,415,892 2018 Debentures have been converted to 187,814,516 Common Shares. A further US\$782,000 aggregate principal amount of 2018 Debentures have been purchased and cancelled by the Company through the normal course issuer bid, as further described under “General Development of the Business – 2016 – Normal Course Issuer Bids”.

The 2018 Debentures are issuable only in denominations of US\$1.00 and integral multiples thereof and bear interest at a rate of 1.00% per annum, payable monthly in arrears on the last business day of each month, commencing February 29, 2016. The first payment included interest payable from the date of the exchange, January 20, 2016.

The maturity date of the 2018 Debentures is August 11, 2018. The 2018 Debentures are convertible, at the option of the holder, at any time prior to the close of business on the earlier of the maturity date and the Conversion Date, at a conversion price of US\$0.13 per common share, representing a conversion rate of approximately 7,692 Common Shares per US\$1,000 principal amount of 2018 Debentures, subject to standard provisions providing for adjustments upon the occurrence of certain corporate events.

The 2018 Debentures may be redeemed for cash in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice, at a price equal to their principal amount plus accrued and unpaid interest. On maturity, provided that no event of default shall have occurred and be continuing, the Company may, at its option, on not less than 30 days prior notice and subject to regulatory approval, elect to settle principal in common shares at US\$0.13 per share (7,692 common shares per US\$1,000 2018 Debenture). If the volume weighted average trading price of the common shares for the 20 consecutive trading days ending five trading days before the Maturity Date is below US\$0.13 per share, 19% of the principal will be settled in cash and the balance may be settled in shares at US\$0.13 per share.

The 2018 Debentures are unsecured indebtedness of the Company. The covenants and events of default are also as set out in the 2018 Debenture Indenture. In addition to the right of the Company to redeem the 2018 Debentures, as set out above, the Company will also have the right at any time to purchase the 2018 Debentures in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par.

If a Change of Control occurs, as defined in the 2018 Debenture Indenture, each 2018 Debenture holder will have the option to elect to put their 2018 Debentures held, in whole or in part, for settlement by the Company on the basis of 101% of the face amount of the debentures plus accrued and unpaid interest. However, no such option will be available if an acquirer has a credit rating of B or better on a pro forma post-consolidated basis and such acquirer agrees to guarantee all obligations under the 2018 Debentures.

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

For full details please refer to the 2018 Debenture Indenture, a copy of which can be accessed on the Company's profile on SEDAR at www.sedar.com.

8.6.2 2020 Debentures

As at March 30, 2017, there was US\$101,160,085 principal amount of 2020 Debentures issued and outstanding.

Under the Debt Restructuring, the Gold-Linked Notes, together with all accrued and unpaid interest plus a 2% restructuring fee, were exchanged for 2020 Debentures. The aggregate principal amount of the 2020 Debentures issued at closing on January 20, 2016 was US\$103,992,350. Holders were provided the option to convert some or all of their Gold-Linked Notes to Common Shares on the effective date of the Debt Restructuring, in lieu of receiving 2020 Debentures. Pursuant to this option the Company issued 1,201,707 Common Shares in exchange for Gold-Linked Notes. Since issuance, an aggregate principal amount of US\$698,448 2020 Debentures have been converted to 5,372,673 Common Shares. A further US\$2,133,817 aggregate principal amount of 2020 Debentures have been purchased and cancelled by the Company through the normal course issuer bid, as further described herein under "General Development of the Business – 2016 – Normal Course Issuer Bids".

The 2020 Debentures are issuable only in denominations of US\$1.00 and integral multiples thereof and bear interest at a rate of 6.00% per annum, payable monthly in arrears on the last business day of each month, commencing February 29, 2016. The first payment included interest payable from the date of the exchange, January 20, 2016.

The maturity date of the 2020 Debentures is January 2, 2020. The 2020 Debentures are convertible, at the option of the holder, at any time prior to the close of business on the maturity date at a conversion price of US\$0.13 per common share, representing a conversion rate of approximately 7,692 Common Shares per US\$1,000 principal amount of 2020 Debentures, subject to standard provisions providing for adjustments upon the occurrence of certain corporate events.

The 2020 Debentures may be redeemed for cash in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice, at a price equal to their principal amount plus accrued and unpaid interest. On maturity, the 2020 Debentures will be settled in cash together with any accrued interest.

The 2020 Debentures are senior secured indebtedness of the Company. The covenants and events of default are also as set out in the 2020 Debenture Indenture. In addition to the right of the Company to redeem the 2020 Debentures, as set out above, the Company will also have the right at any time to purchase the 2020 Debentures in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par.

If a Change of Control occurs, as defined in the 2020 Debenture Indenture, each 2020 Debenture holder will have the option to elect to put their 2020 Debentures held, in whole or in part, for settlement by the Company on the basis of 101% of the face amount of the debentures plus accrued and unpaid interest. However, no such option will be available if an acquirer has a credit rating of B or better on a pro forma post-consolidated basis and such acquirer agrees to guarantee all obligations under the 2020 Debentures.

In addition to the above, the Company covenants that 75% of its Excess Cash Flow, as defined in the 2020 Debenture Indenture, will be paid into a sinking fund, which will be applied towards repayment, repurchase (in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par) or other redemption, as the Company elects, of the 2020 Debentures.

For full details please refer to the 2020 Debenture Indenture, a copy of which can be accessed on the Company's profile on SEDAR at www.sedar.com.

ITEM 9. MARKET FOR SECURITIES

9.1 Trading Price and Volume

9.1.1 Common Shares

The Common Shares are listed on the TSX under the trading symbol “GCM”. The closing price of the Common Shares on the TSX on March 30, 2017 was \$0.095. The following table sets out the high and low trading of the Common Shares for the periods indicated, as reported by the TSX.

Period	High	Low	Trading Volume
March 1, 2017 - March 30, 2017	0.115	0.09	22,682,977
February 2017	0.12	0.09	37,078,854
January 2017	0.11	0.09	13,272,321
December 2016	0.10	0.08	8,951,682
November 2016	0.12	0.09	17,493,684
October 2016	0.12	0.10	16,069,340
September 2016	0.13	0.11	27,687,319
August 2016	0.15	0.105	41,604,505
July 2016	0.16	0.10	100,242,073
June 2016	0.105	0.085	7,086,484
May 2016	0.10	0.09	6,001,477
April 2016	0.105	0.085	10,128,262
March 2016	0.125	0.09	10,053,581
February 2016	0.11	0.065	8,988,647
January 2016	0.145	0.06	2,955,624

9.1.2 2019 Warrants

The 2019 Warrants were listed on the TSX on March 18, 2014 under the symbol “GCM.WT.A”. The closing price for the 2019 Warrants on March 30, 2017 was \$0.065. The following table sets out the high and low trading of the Warrants for the periods indicated, as reported by the TSX.

Period	High	Low	Trading Volume
March 1, 2017 - March 30, 2017	-	-	-
February 2017	0.065	0.065	600
January 2017	0.065	0.035	32,500
December 2016	0.05	0.05	10,000
November 2016	0.05	0.05	4,750
October 2016	0.065	0.05	12,500
September 2016	0.095	0.065	47,270
August 2016	0.115	0.06	113,792
July 2016	0.055	0.04	92,072
June 2016	0.03	0.02	144,500
May 2016	0.03	0.02	46,500
April 2016	0.04	0.01	138,000
March 2016	0.08	0.03	44,500
February 2016	-	-	-
January 2016	0.035	0.025	16,000

9.1.3 Silver-Linked Notes

The Silver-Linked Notes were listed on the TSX under the trading symbol “GCM.NT.U” and were quoted based on US\$100 principal amounts. The closing price of the Silver-Linked Notes on the TSX on January 21, 2016, the last trading day prior to delisting as a result of the Debt Restructuring, was US\$35.00. For the period between January 1, 2016 and January 21, 2016 the high trading price was US\$35.00, the low was US\$25.51 and the trading volume was 7,260, as reported by the TSX.

9.1.4 2018 Debentures

The 2018 Debentures were listed for trading on the TSX on January 22, 2016 under the symbol “GCM.DB.U”. The 2018 Debentures are issuable in the minimum principal amount of US\$1.00 each and are quoted based on US\$100 principal amounts, with all trades being made in multiples of US\$1,000. The closing price for the 2018 Debentures on March 30, 2017 was US\$62.50. The following table sets out the high and low trading of the 2018 Debentures for the periods indicated, as reported by the TSX.

Period	High (US\$)	Low (US\$)	Trading Volume
March 1, 2017 - March 30, 2017	65.00	60.51	14,689
February 2017	67.00	59.40	70,856
January 2017	65.00	59.00	43,300
December 2016	65.00	59.94	9,172
November 2016	68.51	61.00	14,560
October 2016	69.00	64.00	7,330
September 2016	76.01	70.00	13,713
August 2016	84.00	71.99	56,058
July 2016	80.00	58.00	99,896
June 2016	57.00	51.00	8,025
May 2016	57.50	52.02	34,497
April 2016	58.00	55.00	4,390
March 2016	62.00	50.00	14,244
February 2016	55.01	40.00	15,266
January 22, 2016 - January 31, 2016	45.01	30.00	430

9.1.5 2020 Debentures

The 2020 Debentures were listed for trading on the TSX on January 22, 2016 under the symbol “GCM.DB.V”. The 2020 Debentures are issuable in the minimum principal amount of US\$1.00 each and are quoted based on US\$100 principal amounts, with all trades being made in multiples of US\$1,000. The closing price for the 2020 Debentures on March 30, 2017 was US\$83.00. The following table sets out the high and low trading of the 2020 Debentures for the periods indicated, as reported by the TSX.

Period	High (US\$)	Low (US\$)	Trading Volume
March 1, 2017 - March 30, 2017	84.00	81.10	26,220
February 2017	84.00	79.00	20,151
January 2017	84.90	81.10	6,050
December 2016	85.00	78.00	31,790
November 2016	87.00	79.00	4,677
October 2016	90.00	87.00	1,580
September 2016	91.00	84.99	10,567
August 2016	88.01	83.00	23,738
July 2016	87.01	74.00	7,100
June 2016	66.00	63.00	1,636
May 2016	70.00	57.00	11,210
April 2016	65.00	60.00	3,740

March 2016	68.00	52.00	30,176
February 2016	70.00	52.00	8,250
January 22, 2016 - January 31, 2016	-	-	-

9.2 Prior Sales

There are no securities of the Company that were issued but not listed on a marketplace during the most recently completed financial year of the Company and up to the date hereof.

ITEM 10. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, there are no securities of the Company which are subject to escrow or to contractual restriction on transfer as at March 30, 2017.

ITEM 11. DIRECTORS AND OFFICERS

As of March 30, 2017, the directors and executive officers of the Company (as a group) owned, or exerted direction or control over, directly or indirectly, a total of 26,089,170 Common Shares, representing approximately 8.50% of the Company's total issued and outstanding Common Shares on a non-fully diluted basis.

The following table sets forth, as of the date hereof, the name, municipality of residence of each director, whose directorship will expire (subject to being re-elected) at the 2017 annual meeting of the Shareholders of the Company, and executive officers of the Company, as well as such individual's position within the Company, principal occupation within the five preceding years and number of Common Shares beneficially owned by each such director or executive officer. Information as to residence, principal occupation and Common Shares owned is based upon information furnished by the person concerned and is as at the date of this Annual Information Form. The Board, after each annual meeting of the Shareholders of the Company, and as necessary throughout the year, appoints the Company's officers and committees for the ensuing year.

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships ⁽¹⁾	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised ⁽²⁾	Percentage of Common Shares Held
Serafino Iacono ⁽⁷⁾ Panama City, Panama Executive Co-Chairman, Director	August 6, 2010	Executive Co-Chairman of the Board to the Company since August 20, 2010; Co-Chairman of the Board of Pacific Exploration & Production Corporation from January 23, 2008 to November 2, 2016; Interim Chief Executive Officer and President of Medoro from September 2010 to June 10, 2011. Mr. Iacono is also a director of US Oil Sands.	16,795,515	5.475%
Miguel de la Campa ⁽⁷⁾ Panama City, Panama Executive Co-Chairman, Director	August 6, 2010	Executive Co-Chairman of the Board to the Company since August 20, 2010; Co-Chairman of the board of Pacific Exploration & Production Corporation from January 23, 2008 to November 2, 2016. Previously, Mr. de la Campa was the President and co-founder of Bolivar Gold Corp., a director of Petromagdalena Energy Corp. and a co-founder of Pacific Stratus Energy.	8,284,495	2.701%
Mark N.J. Ashcroft ⁽⁵⁾ Toronto, Ontario, Canada	January 22, 2016	Mr. Ashcroft is a Professional Engineer and has been involved in various capacities in the global mining industry and the North American and European debt and equity	Nil	N/A

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships ⁽¹⁾	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised ⁽²⁾	Percentage of Common Shares Held
Director		markets since 1990. Mr. Ashcroft is currently President, Chief Executive Officer and Director of Aurelius Minerals Inc. since June 2016. Mr. Ashcroft served as President and Chief Executive Officer and a Director of Stonegate Agricom Ltd. from August 2008 to September 2014. From 2007 to 2008, Mr. Ashcroft worked at Versant Partners, where he was responsible for successfully developing a mining finance business for that firm in sales, trading and corporate finance. Prior to joining Versant Partners, Mr. Ashcroft had been employed since 2003 with Toll Cross Securities Inc., a boutique institutional firm in Toronto where he became Managing Director and Head of Investment Banking. From 2001 to 2003, Mr. Ashcroft was a member of the Mining and Metals Team at Standard Bank's New York office where he was responsible for providing metals trading and project financing solutions to mid-tier developers and producers in Canada and Latin America. From 1999 to 2000, he was a member of the Mining and Metals Team of Barclays Capital, a leading provider of project finance to the mining industry.		
Edward Couch ⁽⁴⁾⁽⁸⁾ New York, New York, USA	March 14, 2016	Mr. Couch is an investor who currently works as a Principal at 683 Capital Management, LLC, where he began his career in investing from 2007-2010 and returned in 2012 after completing a business degree. Prior to this, Mr. Couch worked at Wachtell, Lipton, Rosen & Katz, a New York-based law firm. He is a graduate of Harvard College and the Stanford Graduate School of Business.	Nil	N/A
Director				
Rodney Lamond ⁽⁵⁾ Coquitlam, British Columbia, Canada	January 22, 2016	Mr. Lamond is a Professional Mining Engineer with more than 25 years of experience in the mining industry and has held senior management positions overseeing or stationed at operations in Peru, Chile, Honduras, Mexico, USA, Canada and Australia. Mr. Lamond is currently the President and CEO of Jaguar Mining Inc. and from 2013 to 2015, was the President and Chief Executive Officer of Crocodile Gold Corp before the July 2015 business combination of Crocodile Gold Corp and Newmarket Gold Ltd. Prior to this, Mr. Lamond held the positions Group General Manager and General Manager with Nyrstar NV from 2009 to 2013. Mr. Lamond holds a Bachelor's degree in Mining Engineering from Laurentian University in Sudbury, Ontario.	275,000	0.09%
Director				
Ian Mann ⁽³⁾⁽⁹⁾ Warwick, Bermuda	March 14, 2016	Since 2003, Mr. Mann has been the President of Meridian Fund Managers Ltd., a BVI registered fund manager with two alternative investment funds primarily investing in mining and oil and gas companies. Prior to that, he held senior management and partner positions with several Bermuda companies. Since 1997, Mr. Mann has served as a non-executive director of three Canadian exchange listed mining and oil companies, now merged into other entities. Currently, Mr. Mann serves as non-executive Chairman of AIM- and Nairobi-listed Atlas African Industries Limited, an	Nil	N/A
Director				

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships ⁽¹⁾	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised ⁽²⁾	Percentage of Common Shares Held
		industrial company with operations in East Africa. He is also the President and CEO of Squire Mining Ltd., a CSE-listed early stage mining company with a property in British Columbia, Canada. Mr. Mann holds a Bachelor of Arts, Honors Business Administration degree (1980) from The University of Western Ontario in London, Canada.		
Hernan Juan Jose Martinez Torres ⁽⁴⁾⁽⁵⁾ Barranquilla, Colombia Director	June 10, 2011	Minister of Mines (Colombia) from July 2006 to August 2010; President of Atunec S.A. from August 2002 to July 2006; and held a number of positions at Exxon Mobil Colombia S.A. from 1964 to 2002. Mr. Martinez is currently the Executive Chairman and a director of Caribbean Resources Corporation since September 4, 2012.	14,400	0.005%
Robert Metcalfe ⁽³⁾⁽⁴⁾⁽⁶⁾ Toronto, Ontario Canada Director	June 10, 2011	Mr. Metcalfe has been associated with the law firm Metcalfe, Blainey & Burns LLP since 2001, and prior to that he was a senior partner with the law firm Lang Michener LLP, where he specialized in corporate commercial law, real estate transactions and financing. Currently, he serves as director of the publicly listed companies Agility Health Inc., LeadFX Inc. (Chairman of the Board), LSC Lithium Inc. and WPC Resources Inc. Mr. Metcalfe has also served on the board of a number of public and private companies including Medoro Resources Ltd. from August 2009 to June 2011, PetroMagdalena Energy Corp. from July 2009 to April 2012 and the former Chairman of the Board of Alberta Oilsands Inc.	7,400	0.002%
Jaime Perez Branger ⁽³⁾⁽⁴⁾⁽⁷⁾ Bogotá, Colombia Director	June 10, 2011	Managing Director of Next Ventures Corp. since 2006; Executive Chairman of PetroMagdalena Energy Corp. from June 2011 to July 27, 2012; and President of C.A. Agropecuaria, from May 2003 to October 2011. Mr. Perez Branger is also a director of Caribbean Resources Corporation since January 6, 2011.	11,557	0.004%
Mark Wellings ⁽⁵⁾ Toronto, Ontario Canada Director	January 22, 2016	Mr. Wellings is a mining professional with over 25 years international experience in both the mining industry and mining finance sector and is currently a Director, President and the Chief Executive Officer of Eurotin Inc. From 1988-2004 Mr. Wellings worked in the industry with a variety of companies and roles including Derry, Michener, Booth & Wahl, Arimco N.L., Inco Ltd. and Watts Griffis McQuat, acquiring valuable hands-on experience in exploration, development and production. In 1996, Mr. Wellings joined the investment dealer GMP Securities L.P. where he co-founded the firm's corporate finance mining practice. During his 18 years at GMP, Mr. Wellings was responsible for, and advised on, some of the Canadian mining industry's largest transactions, both in equity financing and M&A. Mr. Wellings is a Professional Engineer and holds a master of business administration degree and a Bachelor of Applied Science degree in Geological Engineering.	Nil	N/A

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships ⁽¹⁾	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised ⁽²⁾	Percentage of Common Shares Held
Lombardo Paredes Arenas Medellin, Colombia Chief Executive Officer	N/A	Chief Executive Officer of the Company since February 1, 2014; Self-employed as an Independent Consultant from 2005 until January 2014. Mr. Paredes also held a number of positions at Petróleos de Venezuela and its affiliates from 1975 to 1998.	Nil	N/A
Michael Davies Burlington, Ontario, Canada Chief Financial Officer	N/A	Chief Financial Officer of the Company since August 20, 2010. Mr. Davies is a Chartered Accountant (Ontario) and has a Bachelor of Commerce degree from the University of Toronto. Over the last twenty years he has gained extensive international and public company experience in financial management, strategic planning and external reporting. Mr. Davies was the Chief Financial Officer of PetroMagdalena Energy Corp. from July 13, 2009 to July 27, 2012. His diverse background also includes senior finance roles with several public companies, including LAC Minerals, IMAX Corporation, Amtelecom Communications, Energentia Resources, Pamour Inc. and Giant Yellowknife Mines.	700,803	0.228%
Jose Noguera Medellin, Colombia VP, Corporate Affairs & Sustainability	N/A	Mr. Noguera has been Vice President, Corporate Affairs for the Company since June 2012. His career in the Mining and Energy sector began in 1993 when he worked with ExxonMobil, responsible for managing the company's public and government affairs strategy, becoming an effective liaison with the legal, judiciary and congressional branches of government. Mr. Noguera Gomez is an Attorney with a Masters in Insurance Law, a certified stock trader and also holds an M.B.A from INALDE. He is responsible for managing the Company's Sustainability, Public Affairs, External & Government Affairs strategy.	Nil	N/A
Alessandro Cecchi Medellin, Colombia VP, Exploration	N/A	Mr. Cecchi is currently Vice President, Exploration for the Company and is an exploration geologist with over eighteen years of experience, with a focus on gold exploration and development in South America. Prior to joining the Company in November 2011, Mr. Cecchi was Corporate Technical Manager at Medoro Resources, and also held senior geologist positions at Hecla Mining, Dotly Financial and Gold Mines of Sardinia. Mr. Cecchi has a Bachelor of Science degree in Geology and a Master of Science degree from University of Tierra in Pisa, Italy.	Nil	N/A

Notes:

- (1) The information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, or over which control or direction is exercised not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Member of the Audit Committee. Mr. Branger serves as Chair.
- (4) Member of the Compensation, Corporate Governance and Nominating Committee. Mr. Metcalfe serves as Chair.
- (5) Member of the Health, Safety, Environmental and Technical Committee. Mr. Ashcroft serves as Chair of this committee.
- (6) Lead Independent Director.

- (7) A beneficial shareholder of Blue Pacific, an investment company which controls 3,538,326 of the Company's Common Shares equal to approximately 1.153% of the current issued and outstanding Common Shares as well as US\$4,165,943 in 2020 Debentures.
- (8) Mr. Couch is a Principal at 683 Capital Management, LLC, an investment company that beneficially holds or controls 11,571,981 Common Shares equal to approximately 3.77% of the current issued and outstanding Common Shares as well as US\$8,427,646 in 2020 Debentures and US\$7,434,345 in 2018 Debentures.
- (9) Mr. Mann is a principal of Meridian Global Gold and Resources Fund Ltd. and of Meridian Global Energy and Resources Fund Ltd., each an investment company that beneficially holds or controls US\$2,136,123 and US\$282,480 principal amount of 2020 Debentures, respectively.

11.1 Corporate Cease Trade Orders

Except as described below, no director or executive officer of the Company, is, or within the ten years prior to the date hereof, has been a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days while such director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the company being the subject of such order, or that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer in the company being the subject of such order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of the subject company.

Hernan Martinez, a director of the Company, is a director and the Executive Chairman of Caribbean Resources Corporation (formerly Pacific Coal Resources Ltd.) in which he was subject to a management cease trade order (since lifted) due to that company's default in filing its annual financial statements and management's discussion and analysis, and certifications for the period ending December 31, 2014, which were due to be filed on April 30, 2015, as required under National Instrument 51-102 – Continuous Disclosure Obligations. Such documents were subsequently filed with the applicable securities regulators on June 15, 2015. However, that company continued to be under a management cease trade order due to its default in filing its interim financial statements and management's discussion and analysis, and certifications for the period ending March 31, 2015, which were due to be filed on June 15, 2015 and were subsequently filed on June 29, 2015. Caribbean Resources Corporation has since ceased to be a reporting issuer.

11.2 Corporate Bankruptcies

Except as described below, no director or executive officer, or a shareholder holding a sufficient number of securities in the capital of the Company to affect materially the control of the Company, is or within ten years prior to the date hereof, has been a director or executive officer of any company (including Gran Colombia), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Metcalfe was a director of Xinerger Ltd. ("Xinerger"), a producer of metallurgical coal in West Virginia. On April 6, 2015, as a result of the collapse of the entire coal industry in North America, Xinerger became the subject of a cease trade order and Xinerger filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States for the Western District of Virginia, Roanoke Division. Xinerger continued to operate while it went through a reorganization plan from which it has now successfully emerged as a fully operating private company.

Mr. Martinez was a director and Messrs. Iacono and de la Campa were directors and Co-Chairmen of Pacific Exploration & Production Corporation which undertook a comprehensive recapitalization and financing transaction that was implemented pursuant to a proceeding under the Companies Creditors' Arrangement Act, together with appropriate proceedings in Colombia under Ley 1116 of 2006 and in the United States under chapter 15 of title 11 of the United States Code, ultimately implemented by way of a plan of arrangement and compromise on November 2, 2016. Effective November 2, 2016 Messrs. Iacono,

de la Campa and Martinez resigned from the Board and effective October 31, 2016, Messrs. Serafino Iacono and Miguel de la Campa retired from their positions as Executive Co-Chairman.

11.3 Penalties or Sanctions

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

11.4 Personal Bankruptcies

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

The information in the foregoing sections entitled “Cease Trade Orders”, “Corporate Bankruptcies”, “Penalties or Sanctions” and “Personal Bankruptcies”, has been furnished by the respective directors and/or officers of the Company individually, and are not within the knowledge of the Company.

11.5 Conflicts of Interest

There are potential conflicts of interest to which the directors or officers of the Company or its subsidiaries may be subject to in connection with the operations of the Company. All of the directors and some of the officers are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Company. Accordingly, situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. As of the date of this Annual Information Form, the directors and officers of the Company are not aware of the existence of any such conflicts of interest.

The Company’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such conflict of interest arises at a meeting of the Company’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Except as disclosed herein, management is not aware of any current or contemplated material legal proceedings to which the Company is a party or which any of its property is the subject. From time to time, the Company is the subject of litigation arising out of the Company's operations. Damages claimed under such litigation may be material or may be indeterminate and the outcome of such litigation may materially impact the Company's financial condition or results of operations. While the Company assesses the merits of each lawsuit and defends itself accordingly, the Company may be required to incur significant expenses or devote significant resources to defend itself against such litigation. These claims (if any) are not currently expected to have a material impact on the Company's financial position.

Regulatory Actions

There have been no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority during the most recently completed financial year of the Company.

There have been no penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor making an investment decision.

The Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulator during the most recent completed financial year of the Company.

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below, no director or executive officer of the Company or any shareholder beneficially owning or controlling, directly or indirectly, more than 10% of the issued and outstanding Common Shares, or another of their respective associates or affiliates, has any material interest, direct or indirect, in any transactions within the three most recently completed financial years or during the current financial year or any proposed transactions which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

The Company may, on occasion, enter into transactions with other entities within the same group or with parties that have overlapping shareholders, directors or other related parties. Related party transactions may provide the Company with benefits or better terms than those that are available from arms' length parties. However, it is also possible that these transactions may benefit the related party while providing little or no benefit to the Company. In some cases, the Company's controlling shareholders, if any, may have certain interests that do not fully align with its minority shareholders and which may harm non-related investors. Also, as an issuer operating in an emerging market, the Company could be subject to increased risk with regard to such related party transactions due to business practices, cultural norms and legal requirements in Colombia and Venezuela that differ from North American standards and which may impact the Company's operations and financial results. As such, the Board is responsible for managing any increased risk from operations which disproportionately advance the interests of the controlling shareholders at the expense of minority shareholders. Management and the Board are responsible for the identification and monitoring of any related party transactions to prevent potential risk and protect investors and have implemented policies and procedures, and will continue to refine such policies and procedures, in order to continue to provide such prevention and protection.

On December 16, 2013, the Company entered into the Bridge Loan Agreement with Blue Pacific whereby Blue Pacific agreed to provide the Company with a US\$4 million, interest-free bridge loan in advance of their subscription under the Prospectus Offering. Three directors of the Company, Mr. Iacono, Mr. de la Campa and Mr. Perez Branger, indirectly control, or provide investment advice to the holders of, approximately 64% of the shares of, Blue Pacific. Upon completion of the Prospectus Offering, the money advanced accounted for Blue Pacific's subscription of 2,211,442 units. The small remaining balance of the

bridge loan amount was repaid from proceeds from the Prospectus Offering. The bridge loan is considered a “related party transaction” under MI 61-101.

On January 20, 2016, the Company completed the Debt Restructuring, as further described herein. As certain related parties of the Company, including directors and officers, held Notes and under the Debt Restructuring were issued Debentures and/or Common Shares and, along with all other Note holders, received their pro rata portion of the Restructuring Fees added to the aggregate principal amount outstanding under the Notes, the Debt Restructuring is considered a “related party transaction” within the meaning of MI 61-101.

ITEM 14. TRANSFER AGENT AND REGISTRAR

TSX Trust Company (formerly Equity Financial Trust Company) at 200 University Ave., Suite 300, Toronto, Ontario, M5H 4H1, is the transfer agent and registrar for the Common Shares and Warrants, and is the trustee for the Debentures.

ITEM 15. MATERIAL CONTRACTS

The Company did not enter into any material contracts during the most recently completed financial year, and has not entered into any material contract before the most recently completed financial year that is still in effect, other than material contracts entered into in the ordinary course of business that are not required to be filed under *National Instrument 51-102 – Continuous Disclosure Obligations* and the contracts set forth below:

- a) The Medoro Arrangement Agreement. For further information see the heading entitled “Corporate Structure”;
- b) The Medoro Plan of Arrangement. For further information see the heading entitled “Corporate Structure”;
- c) The Silver-Linked Note Indenture. For further information see the heading entitled “Description of Capital Structure - Notes - Silver-Linked Notes”;
- d) The Gold-Linked Note Indenture. For further information see the heading entitled “Description of Capital Structure - Notes - Gold-Linked Notes”;
- e) The Gold-Linked Warrant Indenture. For further information see the heading entitled “Description of Capital Structure - Notes - Gold-Linked Notes”;
- f) The 2019 Warrant Indenture. For further information see the heading entitled “Description of Capital Structure – 2019 Warrants”;
- g) The 2018 Debenture Indenture. For further information see the headings entitled “General Development of the Business - 2015 - Debt Restructuring” and “Description of Capital Structure - Debentures - 2018 Debentures”; and
- h) The 2020 Debenture Indenture. For further information see the heading entitled “General Development of the Business - 2015 - Debt Restructuring” and “Description of Capital Structure - Debentures - 2020 Debentures”.

The material contracts described above may be inspected at the head office of the Company at 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2 during normal business hours.

ITEM 16. INTERESTS OF EXPERTS

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario, Canada. KPMG LLP are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. KPMG LLP were first appointed auditors of the Company on August 20, 2010.

Ben Parsons and Jurgen Fuykschot of SRK authored the Segovia and Carla Technical Report. Mike Armitage and Ben Parsons of SRK authored the Marmato Technical Report. To management's knowledge, as of the date hereof, the authors of the Technical Reports do not have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company.

ITEM 17. AUDIT COMMITTEE INFORMATION

17.1 The Audit Committee's Charter

The full text of the Company's Audit Committee Charter is appended hereto as Appendix "A".

17.2 Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee is currently comprised of three directors of the Company, Jaime Perez Branger (Chair), Robert Metcalfe and Ian Mann. All of the members of the audit committee are independent and financially literate for purposes of NI 52-110. Each has numerous years' business experience and each has held or currently holds executive positions that required oversight and understanding of the accounting principles underlying the preparation of the Company's financial statements and is aware of the internal controls and other procedures necessary for financial control and reporting.

Jaime Perez Branger (Chair)

Mr. Perez Branger has a Master's degree in economics from the London School of Economics and has more than 20 years of experience in the financial and industrial sector. He is a director and member of the audit committee of Caribbean Resources Corporation and was a director, member of the Audit Committee and the Executive Chairman of PetroMagdalena Energy Corp from April 2011 to July 2012. Previously, he was a member of the board of directors of a number of companies inside and outside Venezuela related to the financial, agricultural, commercial, and tourism sectors as well as a director of several business guild organizations and was a founding partner of Andino Capital Markets, a Latin American investment bank where he was directly responsible for corporate finance and private equity investments. From 1991 to 1992, Mr. Perez Branger managed the Corporate Finance Department at Vestcorpartners, a regional investment bank. Prior to this, he was Vice-President in charge of capital markets and corporate finance at Citibank, Caracas.

Robert Metcalfe

Mr. Metcalfe has been associated with the law firm Metcalfe, Blainey & Burns LLP since 2001, and prior to that he was a senior partner with the law firm Lang Michener LLP, where he specialized in corporate commercial law, real estate transactions and financing. Mr. Metcalfe served as President and Chief Executive Officer of Armadale Properties, with significant holdings across numerous industries, including real estate development, finance, automotive dealerships and airport ownership and management. Currently, he serves as director of the publicly listed companies Agility Health Inc., LeadFX Inc. (Chairman of the Board), LSC Lithium Inc. and WPC Resources Inc. Mr. Metcalfe has also served as a director of Canada Lands Company Limited, one of the largest real estate corporations in Canada, PetroMagdalena Energy Corp., director and chairman of the board of CN Tower Limited, the tallest communications structure in the world, and the former Chairman of the Board of Alberta Oilsands Inc. Mr. Metcalfe brings to the board of directors his extensive experience serving on the board of numerous natural resources corporations. He is a member of the Institute of Corporate Directors and a member in good standing of the Law Society of Upper Canada.

Ian Mann

Since 2003, Mr. Mann has been the President of Meridian Fund Managers Ltd., a BVI registered fund manager with two alternative investment funds primarily investing in mining and oil and gas companies. Prior to that, he held senior management and partner positions with several Bermuda companies. Since 1997, Mr. Mann has served as a non-executive director of three Canadian exchange listed mining and oil companies, now merged into other entities. Currently, Mr. Mann serves as non-executive Chairman of AIM- and Nairobi-listed Atlas African Industries Limited, an industrial company with operations in East Africa. He is also the President and CEO of Squire Mining Ltd., a CSE-listed early stage mining company with a property in British Columbia, Canada. Mr. Mann holds a Bachelor of Arts, Honors Business Administration degree (1980) from The University of Western Ontario in London, Canada.

17.3 Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on exemptions in relation to section 2.4 of NI 52-110 (De Minimis Non-Audit Services), section 3.2 of NI 52-110 (Initial Public Offerings), section 3.4 of NI 52-110 (Events Outside Control of Member), section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Member) section 3.2(2) of NI 52-110 (Controlled Companies) or section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Services), section 3.9 of NI 52-110 (Acquisition of Financial Literacy) or any exemption provided by Part 8 of NI 52-110 (Exemptions).

17.4 Audit Committee Oversight

The Audit Committee is mandated to monitor audit functions, the preparation of financial statements, review press releases on financial results, review other regulatory documents as required, and meet with outside auditors independently of management.

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

17.5 Pre-Approval Policies and Procedures

The Company has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services by KPMG LLP. The Audit Committee has established a budget for the provision of a specified list of audit and permitted non-audit services that the Audit Committee believes to be typical, recurring or otherwise likely to be provided by KPMG LLP. The budget generally covers the period between the adoption of the budget and the next meeting of the Audit Committee, but at the option of the Audit Committee it may cover a longer or shorter period. The list of services is sufficiently detailed as to the particular services to be provided to ensure that: (i) the Audit Committee knows precisely what services it is being asked to pre-approve; and (ii) it is not necessary for any member of management to make a judgment as to whether a proposed service fits within the pre-approved services.

Subject to the next paragraph, the Audit Committee has delegated authority to the Chair of the Audit Committee (or if the Chair is unavailable, any other member of the Audit Committee) to pre-approve the provision of permitted services by KPMG LLP which have not otherwise been pre-approved by the Audit Committee, including the fees and terms of the proposed services ("**Delegated Authority**"). All pre-approvals granted pursuant to Delegated Authority must be presented by the member(s) who granted the pre-approvals to the full Audit Committee at its next meeting.

All proposed services, or the fees payable in connection with such services, that have not already been pre-approved must be pre-approved by either the Audit Committee or pursuant to Delegated Authority. Prohibited services may not be pre-approved by the Audit Committee or pursuant to Delegated Authority.

17.6 External Auditor Service Fees (By Category)

The following are the aggregate fees incurred by the Company for services provided by its external auditors during fiscal 2016, 2015 and 2014:

	2016	2015	2014
1. Audit Fees	\$409,000 ⁽¹⁾	\$397,000 ⁽²⁾	\$410,000 ⁽³⁾
2. Audit Related Fees	-	-	-
3. Tax Compliance	-	-	-
4. Other Tax Services	-	-	-
5. All Other Fees	-	-	-
Total	\$409,000	\$397,000	\$410,000

Notes:

- (1) Includes fees related to the annual audit, interim reviews and services in connection with the change in functional currencies and the Debt Restructuring.
- (2) Includes fees related to the annual audit, interim reviews and services in connection with the conversion to IFRS in Colombia and the Debt Restructuring.
- (3) Includes fees related to the annual audit, interim reviews and services in connection with the Prospectus Offering.

ITEM 18. ADDITIONAL INFORMATION

Additional information about the Company, including, but not limited to, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under the Company's stock option plan is contained in the management information circular of the Company dated May 10, 2016. Additional financial information is provided in the Company's audited financial statements and Management's Discussion & Analysis for the year ended December 31, 2016 and the unaudited quarterly financial statements. This information and other pertinent information regarding the Company can be found on SEDAR at www.sedar.com.

APPENDIX “A”

AUDIT COMMITTEE CHARTER

(Initially adopted by the Board of Directors on September 23, 2010)

GRAN COLOMBIA GOLD CORP. (the “Corporation”)

A. PURPOSE

The overall purpose of the Audit Committee (the “**Committee**”) is to ensure that the Corporation’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and related financial information, and to review the Corporation’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the committee will maintain effective working relationships with the board of directors of the Corporation (the “**Board**”), management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation’s business, operations and risks.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board, each of which shall be an independent director⁽¹⁾.
2. All of the members of the Committee shall be “financially literate”⁽²⁾.
3. At least one member of the Committee shall have accounting or related financial management experience.
4. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next annual general meeting of the shareholders after his/her election.
5. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and to hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

⁽¹⁾ “Independent” member of an audit committee means a member who has no direct or indirect material relationship with the Corporation. A “material relationship” means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgement.

⁽²⁾ “Financially literate” individual is an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

7. The Committee shall have full and unrestricted access to such officers, employees and personnel of the Corporation and to the Corporation's external and internal auditors (if the Corporation has appointed internal auditors), and to such information, books, records and facilities of the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
8. The Committee shall have the authority to:
 - a) engage independent counsel and other advisors as it determines necessary to carry out its duties and to request any officer or employee of the Corporation or the Corporation's external counsel or auditors to attend a meeting of the Committee;
 - b) set and pay the compensation for any advisors employed by the Committee; and
 - c) designate members of the Committee the authority to grant appropriate pre-approvals required in respect of non-audit services performed by the auditors and the decisions of any member to whom authority is delegated to pre-approve an activity shall be presented to the Committee at its first scheduled meeting following such pre-approval.
9. Meetings of the Committee shall be conducted as follows:
 - a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
 - c) the Committee has the right to determine who shall and shall not be present at any time during a meeting. Management representatives may be invited to attend meetings, provided that the Committee shall hold separate, regularly scheduled meetings at which members of management are not present; and
 - d) the proceedings of all meetings shall be minuted.
10. Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and the accuracy of the information provided to the Corporation by such other persons or organizations.
11. The internal auditors (if the Corporation has appointed internal auditors) and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
12. The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:
 - a) assist the Board in discharging its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
 - b) establish and maintain a direct line of communication with the Corporation's internal (if the Corporation has appointed internal auditors) and external auditors and assess their performance;
 - c) ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

- d) report its deliberations and discussions regularly to the Board, including reporting on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- a) review the independence and performance of the external auditors and annually recommend to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation;
 - b) review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - c) review the audit plan of the external auditors prior to the commencement of the audit;
 - d) approve in advance provision by the external auditors of services other than auditing to the Corporation or any of its subsidiaries;
 - e) annually review and discuss all significant relationships the external auditors have with the Corporation that could impair the external auditors' independence;
 - f) review with the external auditors, upon completion of their audit:
 - i) contents of their report;
 - ii) scope and quality of the audit work performed;
 - iii) adequacy of the Corporation's financial and auditing personnel;
 - iv) co-operation received from the Corporation's personnel during the audit;
 - v) internal resources used;
 - vi) significant transactions outside of the normal business of the Corporation;
 - vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - viii) the non-audit services provided by the external auditors;
 - g) discuss with the external auditors the quality and the acceptability of the Corporation's accounting principles;
 - h) implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
 - i) oversee the work of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors, if the Corporation has appointed internal auditors, are to:
- a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
 - b) review and discuss with the Chief Corporate Auditor (the "CCA") the CCA's annual risk assessment of the adequacy and effectiveness of the Corporation's internal control process, the CCA's report to the Committee on the results of the annual audit plan and the status of the audit issues, and the CCA's recommendations regarding improvements to the Corporation's controls and processes;
 - c) review and approve the internal audit plan;
 - d) review significant internal audit findings and recommendations, and management's response thereto; and
 - e) annually review with the Corporation's legal counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

- a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
- c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff (if internal auditors were appointed) or by the external auditors have been implemented.

5. The Committee is also charged with the responsibility to:

- a) review the Corporation's quarterly financial statements and related financial information, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto before such information is publicly disclosed;
- b) review and approve the financial sections of:
 - i) the annual report to shareholders;
 - ii) the annual information form, if required;
 - iii) annual and interim management's discussion and analysis;
 - iv) prospectuses;
 - v) news releases discussing financial results of the Corporation; and
 - vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto before such information is publicly disclosed;
- c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in item 5(b) above, and periodically assess the adequacy of such procedures;
- d) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
- e) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- f) review and report on the integrity of the Corporation's consolidated financial statements;
- g) establish procedures for:
 - i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- h) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- i) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
- j) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- k) review annually and recommend updates to this Charter of the Committee and receive approval of changes from the Board;
- l) review the minutes of any audit committee of subsidiary companies of the Corporation;
- m) perform other functions consistent with this Charter, the Corporation's articles and governing law, as the Committee or the Board deems necessary or appropriate; and
- n) discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage the Corporation's risk, receive reports from management with respect to risk assessment, risk management and

major financial risk exposures and discuss any major financial risk exposures with management to determine the steps management has taken to monitor and manage such exposures.

6. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Corporation's external auditors.

D. CURRENCY OF CHARTER

This charter was last revised and approved by the Board on June 23, 2016.