INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

CONTINENTAL GOLD

TSX:CNL OTCQX:CGOOF

INDEX

Continental Gold Inc.

Interim Consolidated Statements of Financial Position (unaudited)

As at (in thousands of U.S. Dollars)	Notes	**September 30, 2019**	December 31, 2018 As Restated (Note 3(a))	January 1, 2018 As Restated (Note 3(a))
		$	$	$
Assets				
Current assets				
Cash and cash equivalents		**72,061**	80,299	91,382
Restricted cash	17(b)	**6,802**	8,000	–
Marketable securities		**177**	406	1,559
Receivables and prepaid expenses	5	**7,531**	7,160	3,318
Inventories	3(a), 6	**13,209**	6,762	3,021
		99,780	102,627	99,280
Non-current assets				
Property, plant and equipment	3(a), 7, 8	**622,926**	389,085	146,407
Right-of-use assets	9(b)	**2,973**	–	–
Other assets	10	**17,840**	7,357	27,490
		643,739	396,442	173,897
		743,519	499,069	273,177
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities		**44,032**	34,802	24,490
Current portion of non-current liabilities	11	**23,879**	3,266	2,930
		67,911	38,068	27,420
Non-current liabilities				
Lease liability	9(c)	**2,029**	–	–
Loans payable	12	**284,684**	266,813	47,917
Convertible debentures	13, 17(b)	**88,668**	–	–
Production-linked liability	14	**18,322**	19,675	4,118
Stream liability	15	**100,219**	–	–
Other long-term payables	16	**12,570**	8,250	1,541
Rehabilitation provision		**12,978**	11,216	14,531
		519,470	305,954	68,107
		587,381	344,022	95,527
Equity				
Share capital	20	**585,078**	553,317	552,953
Warrants	21	**5,710**	5,710	5,710
Contributed surplus		**42,162**	38,552	34,925
Accumulated other comprehensive loss		**(4,102)**	(3,877)	–
Deficit		**(472,710)**	(438,655)	(415,938)
		156,138	155,047	177,650
		743,519	499,069	273,177

Going concern	1
Commitments and contingencies	26
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The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Continental Gold Inc.

Interim Consolidated Statements of Operations and Comprehensive Loss (unaudited)

(in thousands of U.S. Dollars, except share and per share amounts)	Notes	Three months ended September 30 2019	Three months ended September 30 2018 As Restated (Note 3(a))	Nine months ended September 30 2019	Nine months ended September 30 2018 As Restated (Note 3(a))
		$	$	**$**	$
Operating expenses:					
Corporate administration	23	**(2,071)**	(4,407)	**(9,441)**	(11,017)
Exploration expense	3(a)	**(220)**	(1,849)	**(884)**	(4,344)
Loss on disposal or write down of assets		**86**	(113)	**86**	(113)
		(2,205)	(6,369)	**(10,239)**	(15,474)
Other income (expense):					
Foreign exchange gain (loss)		**(757)**	(390)	**1,827**	(1,244)
Other (expense) income		**(490)**	(33)	**(569)**	(37)
Net loss before finance items and income tax		**(3,452)**	(6,792)	**(8,981)**	(16,755)
Finance income (expense):					
Interest income		**733**	155	**1,500**	535
Finance costs	24(a)	**(6,197)**	(387)	**(12,195)**	(871)
Other (losses) gains	24(b)	**463**	(176)	**(14,324)**	(523)
Net loss before income tax		**(8,453)**	(7,200)	**(34,000)**	(17,614)
Income tax recovery (expense):					
Current		**(21)**	(66)	**(55)**	(228)
Net loss for the period		**(8,474)**	(7,266)	**(34,055)**	(17,842)
Other comprehensive loss, net of taxes					
Items that will not be reclassified to earnings					
Gain (loss) on marketable securities[(a)]		**(167)**	(90)	**(225)**	(1,078)
Other comprehensive income (loss) for the period		**(167)**	(90)	**(225)**	(1,078)
Total comprehensive loss for the period		**(8,641)**	(7,356)	**(34,280)**	(18,920)

(a) Net of taxes of $nil

	Three months 2019	Three months 2018	Nine months 2019	Nine months 2018
Net loss per common share				
Basic and diluted	**(0.04)**	(0.04)	**(0.18)**	(0.09)
Weighted average number of common shares outstanding				
Basic	**202,300,786**	188,551,386	**188,647,031**	188,327,674
Diluted	**213,755,525**	190,763,571	**191,090,033**	190,023,350

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Continental Gold Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(in thousands of U.S. Dollars)	Issued Capital Share Capital	 Contributed Surplus	Warrants (Note 21)	Accumulated Other Comprehensive Income	Deficit	Total
	$	$	$	$	$	$
Balance, December 31, 2018 (Restated – See Note 3(a))	**553,317**	**38,552**	**5,710**	**(3,877)**	**(438,655)**	**155,047**
Issuance of shares, net of share issue costs (Note 20, 15)	**31,555**	**1,627**	**–**	**–**	**–**	**33,182**
Share-based payments (Note 22)	**–**	**1,983**	**–**	**–**	**–**	**1,983**
Exercise of share-based payments – cash proceeds (Note 20)	**206**	**–**	**–**	**–**	**–**	**206**
Net loss for the period	**–**	**–**	**–**	**–**	**(34,055)**	**(34,055)**
Other comprehensive loss for the period	**–**	**–**	**–**	**(225)**	**–**	**(225)**
Balance, September 30, 2019	**585,078**	**42,162**	**5,710**	**(4,102)**	**(472,710)**	**156,138**
Balance, January 1, 2018 (Restated – See Note 3 (a))	552,953	34,925	5,710	–	(415,938)	177,650
IFRS 9 transition adjustment	–	–	–	(2,724)	2,724	–
Share-based payments (Note 22(b))	–	2,307	–	–	–	2,307
Exercise of share-based payments – cash proceeds (Note 20)	242	–	–	–	–	242
Net loss for the period (Restated – See Note 3 (a))	–	–	–	–	(17,842)	(17,842)
Other comprehensive loss for the period	–	–	–	(1,078)	–	(1,078)
Balance, September 30, 2018, Restated	553,195	37,232	5,710	(3,802)	(431,056)	161,279

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Continental Gold Inc.

Interim Consolidated Statements of Cash Flows (unaudited)

(in thousands of U.S. Dollars)	Notes	Three months ended September 30 2019	Three months ended September 30 2018 As Restated (Note 3(a))	Nine months ended September 30 2019	Nine months ended September 30 2018 As Restated (Note 3(a))
		$	$	**$**	$
Cash provided by (used in):					
Operating activities:					
Net loss for the period		**(8,474)**	(7,266)	**(34,055)**	(17,842)
Items not affecting cash:					
Foreign exchange (gain) loss		**890**	390	**(1,827)**	1,244
Loss (gain) on derivative financial instruments	13, 17(b)	**(2,923)**	176	**11,864**	523
Share-based payments	22(d)	**292**	477	**1,150**	1,698
Accretion expense	24(a)	**5,287**	451	**8,923**	904
Revaluation of stream liability	15	**2,460**	–	**2,460**	–
Other items	25(a)	**330**	173	**2,994**	290
Changes in non-cash operating working capital balances	25(a)	**(2,659)**	949	**(597)**	1,582
		(4,797)	(4,650)	**(9,088)**	(11,601)
Investing activities:					
Property, plant and equipment	25(b)	**(65,631)**	(54,665)	**(191,146)**	(151,451)
Other assets		**(4,260)**	4,567	**(8,045)**	2,029
Capitalized gold sales		**410**	619	**1,616**	2,203
Other investing activities	25(b)	**(946)**	(233)	**(3,083)**	(3,101)
		(70,427)	(49,712)	**(200,658)**	(150,320)
Financing activities:					
Cash proceeds from Stream Agreement, net of transaction costs	25(c)	**(137)**	–	**98,644**	–
Convertible Debentures activities	25(c)	**(1,890)**	–	**72,877**	–
Cash proceeds from Share issuance, net of share issue costs	20	**32,151**	–	**32,151**	–
Credit Facility activities	25(c)	**–**	100,000	**–**	174,375
Other financing activities	25(c)	**(408)**	61	**(535)**	303
		29,716	100,061	**203,137**	174,678
Net change in cash and cash equivalents during the period		**(45,508)**	45,699	**(6,609)**	12,757
Cash and cash equivalents, beginning of period		**119,404**	57,790	**80,299**	91,382
Foreign exchange effect on cash balances		**(1,835)**	(27)	**(1,629)**	(677)
Cash and cash equivalents, end of period		**72,061**	103,462	**72,061**	103,462

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Tabular dollar amounts represent thousands of United States ("U.S.") dollars, unless otherwise shown. References to C$/CAD and COP are to Canadian dollars and Colombian pesos, respectively.

1. NATURE OF OPERATIONS AND GOING CONCERN

Continental Gold Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on April 27, 2015 and is the public holding company of the wholly-owned subsidiary Continental Gold Limited ("Old Continental"), a Bermuda company incorporated under the Companies Act, 1981 (Bermuda).

The Company principally carries on business through a corporate office in Toronto and a foreign company branch office in Medellín, Colombia. In addition, wholly-owned subsidiaries, incorporated in Colombia and Bermuda, hold certain exploration properties.

The Company engages principally in the development, acquisition and exploration of its mineral properties in Colombia. The Company's activities include a small-scale mining operation related to development and exploration work and is considered by the Company to be in the pre-production stage. Substantially all of the Company's efforts are devoted to financing, developing and exploring these properties.

The Company's shares are listed on the Toronto Stock Exchange ("TSX") and also trade in the United States on the OTCQX International, the highest tier of the U.S. Over-the-Counter market. The registered address and corporate records of the Company are located at 155 Wellington Street West, Suite 2920, Toronto, Ontario, Canada M5V 3H1.

Going Concern

The unaudited interim consolidated financial statements were prepared on a going concern basis. Accordingly, they do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Therefore, the Company would be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those recorded in the consolidated financial statements. Such adjustments could be material.

Management's current total cost estimate for the Buriticá Project (including scope changes) is $512 million, including contingency but excluding required current assets less current liabilities ("Working Capital"). The Company believes that the estimate, determined internally, is accurate within -5%/+10%. However, the estimate is subject to change and is based on assumptions which can affect the accuracy of the cost estimates. Management expects construction to be completed and mechanical completion in Q1 2020, with commercial production anticipated later in 2020.

As at September 30, 2019, the Company has a need for equity capital and other financing to fund Working Capital and the exploration, development and construction of its properties. During the nine months ended September 30, 2019, the Company received a total of $207 million from additional financing agreements (see Notes 13 and 15) and the issuance of 13,683,985 common shares (see Note 20) that will fund a portion of the Company's funding requirements. Additional financing will also be required to fully fund the Company's exploration, development and construction programs, maintain current operations and meet obligations relating to required principal and interest payments due within the next 12 months in respect of the loans payable and convertible debentures.

For the three and nine months ended September 30, 2019, the Company recorded a net loss of $8,474,000 and $34,055,000, respectively (three and nine months ended September 30, 2018, restated $7,266,000 and $17,842,000, respectively), a net cash outflow from operations of $4,797,000 and $9,088,000, respectively (three and nine months ended September 30, 2018, restated – $4,650,000 and $11,601,000, respectively), net investing cash outflow of $70,427,000 and $200,658,000, respectively (three and nine months ended September 30, 2018, restated – $49,712,000 and $150,320,000, respectively), reported an accumulated deficit as at September 30, 2019 of $472,710,000 (December 31, 2018, restated – $438,655,000; January 1, 2018, restated – $415,938,000) and a positive Working Capital balance of $31,869,000 (December 31, 2018, restated – $64,559,000; January 1, 2018, restated – $71,860,000).

The Company's continuance as a going concern, as an active mineral property explorer and developer, is dependent upon its ability to obtain adequate financing, to reach profitable levels of operation and to effectively preserve and deploy cash. It is not possible to predict whether financing efforts will be successful or sufficient, or if the Company will attain profitable levels of operation.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing, 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.

2. STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued and effective for the three and nine months ended September 30, 2019, as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of unaudited interim consolidated financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS.

The accounting policies and the significant judgements, estimates and assumptions used in the application of the accounting policies in the preparation of these unaudited interim consolidated financial statements are those applied in Notes 2, 3, 4 and 5 of the Company's audited annual consolidated financial statements for the year ended December 31, 2018 and have been consistently applied throughout all periods presented as if these policies had always been in effect, except as described in Notes 3, 7, 8 and 9 herein.

These unaudited interim consolidated financial statements were approved and authorized by the Audit Committee on November 14, 2019.

3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) Changes in accounting policy – Exploration and evaluation expenditures

Under IFRS 6, Exploration and Evaluation of Mineral Resources ("IFRS 6"), the Company had historically capitalized exploration and evaluation expenditures incurred to establish and determine technical feasibility and commercial viability of a project until such time the Company determines that costs are unlikely to be recovered. Effective January 1, 2019, the Company adopted a voluntary change in accounting policy that is also generally accepted under IFRS 6.

The Company's new accounting policy is to expense such costs as incurred until technical feasibility and commercial viability of a project has been established, which is generally considered to coincide with the establishment of (i) proven and probable reserves, (ii) the completion of a feasibility study, and (iii) a decision and approval to commence construction of a mine.

The change in accounting policy is consistent with the IFRS Conceptual Framework for the recognition of assets such that assets are recognized only when future economic benefits are probable. Management considers the financial statements under the new accounting policy provides more relevant and reliable information to users of its financial statements as the policy is consistent with policies adopted within the mining industry.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), the voluntary change in accounting policy is required to be adopted retrospectively and, as a result, the unaudited consolidated financial statements for prior periods have been restated and presented as if the policy had always been applied.

The following provides a reconciliation of the previously reported balances to the restated balances for the respective line items on the consolidated statements of financial position:

As at December 31, 2018 (in thousands of U.S. dollars)	**Inventory**	**Property, plant and equipment**	**Exploration and evaluation assets**	**Deferred tax liability**	**Deficit**
	$	$	$	$	$
As previously reported	–	606,513	7,288	(28,691)	(249,392)
Expensing capitalized exploration and evaluation costs (i)	–	(213,658)	(4,296)	–	(217,954)
Reclassification of inventory balances (ii)	6,762	(6,762)	–	–	–
Reclassification of exploration interests (ii)	–	2,992	(2,992)	–	–
Deferred taxes (iii)	–	–	–	28,691	28,691
Restated	6,762	389,085	–	–	(438,655)

As at January 1, 2018 (in thousands of U.S. dollars)	**Inventory**	**Property, plant and equipment**	**Exploration and evaluation assets**	**Deferred tax liability**	**Deficit**
	$	$	$	$	$
As previously reported	–	359,981	4,917	(21,194)	(221,662)
Expensing capitalized exploration and evaluation costs (i)	–	(213,658)	(1,812)	–	(215,470)
Reclassification of inventory balances (ii)	3,021	(3,021)	–	–	–
Reclassification of exploration interests (ii)	–	3,105	(3,105)	–	–
Deferred taxes (iii)	–	–	–	21,194	21,194
Restated	3,021	146,407	–	–	(415,938)

(i) Exploration and evaluation costs:

Expenditures to establish and determine technical and commercial viability are expensed under the Company's revised accounting policy. Acquisition costs for exploration property as part of a business combination or asset purchase are capitalized and classified as exploration interests within property, plant and equipment under the Company's revised accounting policy.

(ii) Inventories:

Inventory balances previously classified as part of property, plant and equipment have been reclassified to inventories and valued at the lower of cost and net realizable value. Adjustments to net realizable value are charged to construction in progress as part of pre-production activities.

(iii) Deferred tax liability:

IAS 8 requires the recognition of the tax effect of all changes in accounting policy.

As a result of the accounting policy change, deferred tax liability balances have been eliminated, as they relate to capitalized exploration costs, and resulting deferred tax assets as at December 31, 2018 and January 1, 2018 of $38,026,000 and $50,014,000, respectively, have been de-recognized.

(iv) Net loss and comprehensive income (loss):

The net impact on the net loss and comprehensive loss is as follows:

(in thousands of U.S. dollars)	Year ended December 31, 2018	Three months ended September 30, 2018	Nine months ended September 30, 2018
	$	$	$
Net loss, as previously reported	(30,454)	(6,558)	(13,959)
Changes in line items:			
Increase in exploration expense (i)	(2,484)	(1,385)	(2,288)
Decrease (increase) in deferred taxes (iii)	7,497	677	(1,595)
Decrease (increase) in net loss and comprehensive loss	5,013	(708)	(3,883)
Net loss, restated	(25,441)	(7,266)	(17,842)

(b) **New Accounting Standards and Interpretations adopted**

(i) IFRS 16, Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and, accordingly, the information presented for 2018 has not been restated and remains as previously reported under IAS 17 and related interpretations. The reclassifications and adjustments arising from the adoption of IFRS 16 are therefore presented as of January 1, 2019. See Note 9(a) for the accounting policy in respect of leases.

Impact of transition to IFRS 16:

On initial application, the Company has elected to apply the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for leases with a remaining term of less than 12 months as at January 1, 2019 as operating;
- The exclusion of low value leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- Grandfathering the assessment under IAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease (“IFRIC 4”) for those contracts not identified as containing a lease on the date of initial application.

In addition, the Company has elected to record right-of-use assets based on the corresponding lease liability. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

As of January 1, 2019, right-of-use assets and lease liabilities of $3,540,000 were recognized on the unaudited interim consolidated statement of financial position, with no net impact on accumulated deficit. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied was 10.31%.

The right-of-use assets relate to the following types of assets:

As at January 1, 2019 (in thousands of U.S. dollars)	$
Land and Buildings	2,741
Vehicles, Mining and Exploration Equipment	799
	3,540

The following table reconciles the Company's operating lease obligations at December 31, 2018, as previously disclosed in the Company's audited annual consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019.

As at January 1, 2019 (in thousands of U.S. dollars)	$
Operating lease commitments at December 31, 2018	445
Non-lease components	(155)
Recognition exemption for short-term leases	(58)
	232
Discounted using the incremental borrowing rate at January 1, 2019	222
Extension options reasonably certain to be exercised	3,318
Lease obligations recognized at January 1, 2019	3,540

Interest expense on lease liabilities is included within interest and accretion expense within the consolidated statements of operations and comprehensive income (loss). Cash payments for the interest and principal portions of the lease liabilities are presented in cash flows from financing activities in the consolidated statement of cash flows.

Net loss, segment assets and segment liabilities for September 30, 2019 all increased as a result of the adoption of IFRS 16. The impact on segment disclosures was as follows:

(in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
As at September 30, 2019			
Total assets	576	2,397	2,973
Total liabilities	606	2,350	2,956
For the nine months ended September 30, 2019			
Net loss	(121)	(1,410)	(1,531)

Loss per share increased by less than $0.01 per share for both the three and nine months ended September 30, 2019 as a result of the adoption of IFRS 16.

(ii) IFRIC 23, Uncertainty Over Income Tax Treatments ("IFRIC 23") explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

The Company adopted IFRIC 23 on January 1, 2019. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

(c) **New Accounting Standards and Interpretations not yet adopted**

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2020, with early adoption permitted, and have not been applied in preparing these unaudited interim consolidated financial statements. The Company does not plan to adopt any of these standards before they become effective.

(i) The Conceptual Framework for Financial Reporting (the "Conceptual Framework") was revised in March 2018 and effective on or after January 1, 2020. The Conceptual Framework will be used in future standard-setting decisions. Preparers of the financial statements will only begin referring to the new framework from January 1, 2020 in the development of accounting policies where an issue is not addressed.

The Company does not expect an impact to its consolidated financial statements on adoption.

(j) IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8 were amended to clarify and use a consistent definition of materiality. The changes are effective on or after January 1, 2020 with earlier application permitted.

The Company does not expect a material impact to its consolidated financial statements on adoption.

(d) **New Financing Transactions**

The Company entered into new financing transactions in respect of the convertible debentures and stream liability on the unaudited interim consolidated statement of financial position as at September 30, 2019. See Notes 13 and 15 for the accounting policies adopted in respect of the relevant transactions.

(e) **Presentation of Consolidated Financial Statements**

The presentation of certain line items in the unaudited interim consolidated financial statements has been changed from the Company's annual audited consolidated financial statements for the year ended December 31, 2018. Where applicable, comparatives have been restated to conform to the current period's presentation. All reclassifications considered necessary for a fair presentation have been included in these financial statements.

4. OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operations comprise a single reporting operating segment engaged in mineral development and exploration in Colombia.

Supplemental information

The Company has provided information regarding unallocated assets, liabilities and net loss as supplemental information:

September 30, 2019 (in thousands of U.S. dollars)	**Corporate**	**Colombia**	**Total**
	$	**$**	**$**
Cash and cash equivalents	**63,781**	**8,280**	**72,061**
Property, plant and equipment	**197**	**622,729**	**622,926**
Total assets	**71,815**	**671,704**	**743,519**
Loans payable	**–**	**296,546**	**296,546**
Convertible debentures	**88,822**	**–**	**88,822**
Stream liability	**104,998**	**–**	**104,998**
Total liabilities	**196,392**	**390,989**	**587,381**

Period ended September 30, 2019 (in thousands of U.S. dollars)	**Corporate**	**Colombia**	**Total**
	$	**$**	**$**
Three months ended:			
Net loss	**(3,477)**	**(4,997)**	**(8,474)**
Capital expenditures	**–**	**84,712**	**84,712**
Nine months ended:			
Net loss	**(26,531)**	**(7,524)**	**(34,055)**
Capital expenditures	**–**	**210,002**	**210,002**

December 31, 2018 (in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
Cash and cash equivalents	42,202	38,097	80,299
Property, plant and equipment, restated (See Note 3(a))	263	388,822	389,085
Total assets, restated (See Note 3(a))	51,066	448,003	499,069
Loans payable	–	266,813	266,813
Total liabilities	3,603	340,419	344,022

Period ended September 30, 2018, restated (See Note 3(a)) (in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
Three months ended:			
Net income (loss)	(3,186)	(4,080)	(7,266)
Capital expenditures	–	69,960	69,960
Nine months ended:			
Net income (loss)	(6,986)	(10,856)	(17,842)
Capital expenditures	–	161,858	161,858

January 1, 2018 (in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
Cash and cash equivalents	89,538	1,844	91,382
Property, plant and equipment, restated (See Note 3(a))	231	146,176	146,407
Total assets, restated (See Note 3(a))	103,260	169,917	273,177
Loans payable	–	47,917	47,917
Total liabilities	1,282	94,245	95,527

5. RECEIVABLES AND PREPAID EXPENSES

As at September 30, 2019, receivables and prepaid expenses include $6,430,000 (December 31, 2018 – $6,704,000; January 1, 2018 – $3,118,000) of Colombia value-added-tax refund receivable.

6. INVENTORIES

Inventories are in respect of the Buriticá Project. Net realizable value adjustments are charged to construction in progress as the Company capitalizes its pre-production revenues and costs. The following represents inventories for the Buriticá Project:

As at (in thousands of U.S. dollars)	**September 30, 2019**	December 31, 2018	January 1, 2018
	$	$	$
Gold doré (i)	**132**	382	652
Stockpile	**4,931**	909	485
Supplies	**8,146**	5,471	1,884
	13,209	6,762	3,021

(i) As at September 30, 2019, the Company held 89 ounces of gold (December 31, 2018 – 298 ounces; January 1, 2018 – 503 ounces), having a net realizable value of $132,000 based on a closing gold price of $1,485 per ounce (December 31, 2018 – $382,000 based on a closing gold price of $1,282 per ounce; January 1, 2018 – $652,000 based on a closing gold price of $1,291 per ounce). Net realizable value adjustment recognized and charged to construction in progress as at September 30, 2019 was $342,000 (December 31, 2018 – $744,000).

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in thousands of U.S. dollars)	**Land and Buildings**	**Vehicles, Mining and Exploration Equipment**	**Leasehold Improvements, Office and Computer Equipment**	**Mineral Properties (including Construction in Progress)**	**Total**
	$	**$**	**$**	**$**	**$**
Opening net book value, January 1, 2019, restated (See Note 3(a))	**5,670**	**1,997**	**2,068**	**379,350**	**389,085**
Additions	**871**	**3,604**	**1,359**	**230,766**	**236,600**
Gold sales credits	**–**	**–**	**–**	**(1,616)**	**(1,616)**
Disposals and write-downs	**–**	**–**	**(5)**	**–**	**(5)**
Depreciation	**(51)**	**(788)**	**(299)**	**–**	**(1,138)**
Closing net book value, September 30, 2019	**6,490**	**4,813**	**3,123**	**608,500**	**622,926**
Balance, September 30, 2019					
Cost	**7,431**	**9,364**	**6,942**	**608,500**	**632,237**
Accumulated depreciation	**(941)**	**(4,551)**	**(3,819)**	**–**	**(9,311)**
Net book value	**6,490**	**4,813**	**3,123**	**608,500**	**622,926**

(in thousands of U.S. dollars)	**Land and Buildings**	**Vehicles, Mining and Exploration Equipment**	**Leasehold Improvements, Office and Computer Equipment**	**Mineral Properties (including Construction in Progress)**	**Total**
	$	**$**	**$**	**$**	**$**
Balance, January 1, 2018 restated (See Note 3(a))					
Cost	6,453	7,536	4,683	135,156	153,828
Accumulated depreciation	(676)	(3,635)	(3,110)	–	(7,421)
Net book value	5,777	3,901	1,573	135,156	146,407

(in thousands of U.S. dollars)	Land and Buildings	Vehicles, Mining and Exploration Equipment	Leasehold Improvements, Office and Computer Equipment	Mineral Properties (including Construction in Progress)	Total
	$	$	$	$	$
Opening net book value, January 1, 2018, restated	5,777	3,901	1,573	135,156	146,407
Additions	107	619	937	247,367	249,030
Gold sales credits	–	–	–	(2,500)	(2,500)
Disposals and write-downs	–	–	(4)	(673)	(677)
Depreciation	(214)	(2,523)	(438)	–	(3,175)
Closing net book value, December 31, 2018, restated	5,670	1,997	2,068	379,350	389,085
Balance, December 31, 2018, restated					
Cost	6,560	8,155	5,591	379,350	399,656
Accumulated depreciation	(890)	(6,158)	(3,523)	–	(10,571)
Net book value, restated	5,670	1,997	2,068	379,350	389,085

(a) **Change in Accounting Policy**

Effective January 1, 2019, the Company elected to change its accounting policy in respect of exploration and evaluation expenditures (see Note 3(a)). As a result of the change, construction in progress as at January 1, 2018 and December 31, 2018 have been reduced by $213,574,000 and $217,428,000, respectively.

The applicable sections of the Company's accounting policy for property, plant and equipment in respect of exploration and evaluation expenditures, effective January 1, 2019, are as follows:

Mineral properties

Mineral properties are made up of exploration interests and mining interests.

Exploration interests

Exploration interests represent the acquisition costs for exploration licenses, rights or leases as part of a business combination or asset purchase and are within projects that have not yet demonstrated technical and commercial viability. These assets are recognized at fair value on the date of acquisition.

Mining interests

Mining interests are made up of project or mine development costs for properties that have demonstrated technical feasibility and commercial viability and construction in progress.

Demonstration of technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves, the completion of a feasibility study, as well as a decision and approval to commence construction of a mine. The assessment also includes the estimation of projected future operating cash flows based on the extraction and production of established proven and probable reserves and an estimate of mineral resources expected to be converted into mineral reserves in the future and includes initial construction and sustaining capital expenditures. However, this determination may be impacted by management's assessment of certain modifying factors including legal, environmental, social and governmental factors.

Mine development costs are directly attributable to an existing mine and include costs related to the assessment and development of the ore body for future years' production and construction in progress. These costs include the development and access (tunnelling) costs of production drifts to develop the ore body, drilling and other related costs to define, delineate and expand the mineral resources and reserves of a mine. Mine development also includes costs incurred during the construction of a mine that cannot be reasonably allocated to individual assets or asset classes such as site preparation and development, project engineering, project and construction management, site security, construction support services, construction power, temporary facilities, project general and administration costs and project community relations activities during the period of construction.

Construction in progress includes costs in respect of projects that have demonstrated technical feasibility and commercial viability relating to the design, development and construction of the mine, borrowing costs relating to the construction, depreciation of related equipment and other costs that can be attributed to bringing the mine to commercial production. This includes costs associated with the commissioning period before the mine has reached commercial production where it is capable of operating at levels intended by management. Pre-production revenues relating to gold sales and related costs from the Yaraguá mine are credited against and charged to, respectively, the capitalized expenditures as the activities are considered necessary for the development and construction of the Buriticá Project.

Upon the commencement of commercial production, capitalized costs will be transferred to the relevant asset classes within property, plant and equipment and charged to operations on a units-of-production basis. The recoverability of amounts shown for mining interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties and future production.

(b) Depreciation for the three and nine months ended September 30, 2019 of $18,000 and $95,000, respectively (three and nine months ended September 30, 2018 – $59,000 and $176,000, respectively) is included in depreciation and amortization in the unaudited interim consolidated statement of operations and comprehensive income (loss) and depreciation for the three and nine months ended September 30, 2019 of $99,000 and $1,043,000, respectively, is capitalized in construction in progress (three and nine months ended September 30, 2018 – $821,000 and $2,105,000, respectively).

Depreciation for prior years have not been impacted by the change in accounting policy as costs relate to assets that were not yet available for use as intended by management and, as a result, depreciation had not commenced as at January 1, 2019.

(c) For the three and nine months ended September 30, 2019, borrowing costs (see Note 12) of $10,990,000 and $29,734,000, respectively (three and nine months ended September 30, 2018 – $6,803,000 and $12,199,000, respectively) were capitalized as part of construction in progress. All costs capitalized as part of construction in progress will be amortized upon commencement of commercial production.

(d) The Buriticá Project includes the Yaraguá mine that is currently utilized for underground development, exploration and as a testing operation. Activities are considered integral to the construction and development of the Buriticá mine and, as a result, related pre-production gold sales and costs are capitalized as part of construction in progress.

Gold sales received from pre-production revenues for the three and nine months ended September 30, 2019 of $410,000 and $1,616,000, respectively (three and nine months ended September 30, 2018 – $619,000 and $2,203,000, respectively) were credited against the capitalized expenditures.

(e) During the third quarter of 2019, the Agencia Nacional de Mineria (the Colombia National Mining Agency) approved for issuance to the Company a Tax Refund Certificate ("CERT") of approximately $12,750,000 (COP 44,134,000,000). The CERT is a tax incentive program whereby companies in the exploration or construction stage may be eligible to receive tax credits on certain construction and exploration expenditures.

The Company expects to receive the CERT during the fourth quarter of 2019 and may apply the CERT towards tax remittances relating to value added taxes and withholding and income taxes. Upon receipt, the Company will recognize the CERT as a credit to mine construction costs included in construction in progress.

8. EXPLORATION AND EVALUATION EXPENDITURES

(a) **Change in Accounting Policy disclosure**

Effective January 1, 2019, the Company elected to change its accounting policy in respect of exploration and evaluation expenditures (see Note 3(a)). As a result of the change, exploration and evaluation assets as at January 1, 2018 and December 31, 2018 have been reduced to $nil. Acquisition costs for exploration projects as at January 1, 2018 and December 31, 2018 of $3,105,000 and $2,992,000, respectively, were transferred to mineral properties within property, plant and equipment.

The Company's accounting policy for exploration and evaluation expenditures, effective January 1, 2019, is as follows:

Exploration and evaluation ("Exploration") expenditures

Exploration expenditures represent those activities required to find a mineral property and determine technical feasibility and commercial viability. Exploration activities include those required to establish an initial mineral resource, determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources are commercially viable.

Exploration expenditures relating to exploration activities include, but are not restricted to: exploratory drilling, trenching, sampling, surveying, and gathering exploration data; research and analysing historical exploration data, tunnelling and development, calculation and definition of an initial mineral resource and/or mineral reserve; test work on geology, metallurgy, mining, geotechnical and geophysical; conducting geological, geophysical, engineering, environmental, marketing and financial studies; development and preparation of preliminary economic assessments, pre-feasibility studies and an initial bankable feasibility study; and establishing and developing community relations. In addition, exploration expenditures include costs incurred before the Company has obtained the legal right to explore an area.

Exploration expenditures are recognized in the consolidated statements of operations and comprehensive loss as incurred.

(b) **Exploration Projects**

The following is a summary of the Company's exploration projects for which technical feasibility and commercial viability have not yet been determined.

(i) **Gran Buriticá Project**

The Company maintains exploration licenses surrounding the main Buriticá Project representing properties that are in early-stage exploration.

During the three and nine months ended September 30, 2019, exploration expenses in respect of the Gran Buriticá project of $12,000 and $111,000, respectively (three and nine months ended September 30, 2018 – $854,000 and $903,000, respectively) was recognized in the unaudited interim consolidated statement of operations and comprehensive income (loss).

(ii) **Berlin, Dominical and Dojura Projects**

The Company also maintains exploration licenses for the Berlin, Dominical and Dojura Projects in Colombia.

On December 29, 2017, the Company completed an option agreement with a third party (the "Optionor") to acquire by January 21, 2021, or earlier, a mining title, which was under force majeure effective late 2018, for approximately 3,795 hectares within the Berlin Project area for a total of $5,000,000 (the "Berlin Option Agreement"). The Berlin Option Agreement was terminated during the third quarter of 2019.

All expenditures incurred in respect of the Berlin, Dominical and Dojura projects are expensed. During the three and nine months ended September 31, 2019, exploration expenses in respect of the Berlin, Dominical and Dojura Projects of $34,000 and $65,000, respectively (three and nine months ended September 30, 2018 – $nil and $901,000, respectively) were recognized in the unaudited interim consolidated statement of operations and comprehensive income (loss).

(iii) **Southern Colombia Projects – Option Agreement**

In July 2018, the Company entered into an option agreement, which was amended in the second quarter of 2019, with a third party (the "South Optionor") for the sole and exclusive right to evaluate certain properties located in the Nariño and Cauca Provinces of Colombia (the "South Option Properties") and to acquire up to a 75% interest in those properties selected by the Company (the "South Option Agreement") through the expenditure of a total of $2,000,000 over a 51-month period and the subsequent completion of a preliminary economic assessment within 3.5 years.

All expenditures in respect of the South Option Agreement are expensed. For the three and nine months ended September 30, 2019, the Company incurred $2,000 and $81,000, respectively (three and nine months ended September 30, 2018 – $nil and $50,000) of exploration expenditures in respect of the South Option Agreement which were included in exploration expense in the unaudited interim consolidated statement of operations and comprehensive income (loss).

9. LEASES

(a) **Change in Accounting Policy disclosure**

The Company adopted IFRS 16 in its unaudited interim consolidated financial statements on January 1, 2019. See Note 3(b)(i) for the impact of the transition.

The Company's accounting policy for leases, effective January 1, 2019, is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Right-of-Use Assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from 2 to 5 years for offices, land and vehicles. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero upon remeasurement of the liability.

(b) **Right-of-Use Assets**

Right-of-use assets consist of the following:

(in thousands of U.S. dollars)	**Land and Buildings**	**Vehicles, Mining and Exploration Equipment**	**Total**
	$	**$**	**$**
Opening net book value, January 1, 2019, restated (See Note 3(b))	**2,741**	**799**	**3,540**
Additions	**561**	**–**	**561**
Depreciation	**(586)**	**(542)**	**(1,128)**
Closing net book value, September 30, 2019	**2,716**	**257**	**2,973**
Balance, September 30, 2019			
Cost	**3,302**	**799**	**4,101**
Accumulated depreciation	**(586)**	**(542)**	**(1,128)**
Net book value	**2,716**	**257**	**2,973**

As indicated in Note 3(b), the Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized right-of-use assets and lease liabilities of $3,540,000 in relation to leases which were previously classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates as of January 1, 2019. The weighted average discount rate applied to the lease liability on January 1, 2019 was 10.31%.

Right-of-use assets are presented separately in the consolidated statements of financial position.

Depreciation in respect of right-of-use assets for the three and nine months ended September 30, 2019 of $135,000 and $398,000, respectively is included in depreciation and amortization in the unaudited interim consolidated statement of operations and comprehensive income (loss) and depreciation for the three and nine months ended September 30, 2019 of $243,000 and $730,000, respectively, is capitalized in construction in progress.

(c) **Lease Liabilities**

Lease liability consists of the following:

As at (in thousands of U.S. dollars)	**September 30, 2019**
	$
Balance at inception (January 1, 2019)	**3,540**
New leases during the period	**561**
Lease payments	**(1,277)**
Interest accretion expense	**270**
Foreign exchange	**(138)**
Balance, end of period	**2,956**
Current portion	**(927)**
Long-term portion	**2,029**

Lease liabilities are included within current and long-term liabilities in the consolidated statements of financial position.

Interest accretion expense or amortization of the discount on the lease liability is charged to the consolidated statements of operations and comprehensive income (loss) using the effective interest method.

(d) **Low value and short-term leases**

For the three and nine months ended September 30, 2019, the Company capitalized in construction in progress short-term leases of $224,000 and $839,000, respectively, and low-value leases of $12,000 and $37,000, respectively.

10. OTHER ASSETS

As at (in thousands of U.S. dollars)	**September 30, 2019**	December 31, 2018	January 1, 2018
	$	$	$
Construction and equipment advances (a)	**11,740**	6,995	14,702
Long-term receivable (b)	**3,402**	–	–
Deferred financing charges (c)	**–**	–	11,830
Others	**196**	298	654
Intangible assets	**2,502**	64	304
	17,840	7,357	27,490

(a) **Construction and equipment advances**

Prepaid construction costs represent advances on equipment and to contractors for development and construction costs that will be capitalized according to the Company's accounting policy for property, plant and equipment.

(b) **Long-term receivable**

Long-term receivable represents amounts relating to additional mortgage registry tax and interest imposed on the Company for which legal proceedings have been initiated for recovery, for which the likelihood of recovery has been assessed as probable (see Note 26).

(c) **Deferred financing charges**

Deferred financing charges as at January 1, 2018 represent transaction costs in respect of the undrawn portion of the Credit Facility (see Note 12).

11. CURRENT PORTION OF NON-CURRENT LIABILITIES

As at (in thousands of U.S. dollars)	**Note**	**September 30, 2019**	December 31, 2018	January 1, 2018
		$	$	$
Lease liability	**9(c)**	**927**	–	–
Loans payable	**12**	**11,862**	–	–
Convertible debenture - interest	**13**	**154**	–	–
Production-linked liability	**14**	**2,462**	–	–
Stream liability	**15**	**4,779**	–	–
Other long-term payables	**16**	**316**	175	–
Derivative liabilities	**17(b)**	**1,694**	1,966	–
Rehabilitation provision		**1,685**	1,125	2,930
		23,879	3,266	2,930

12. LOANS PAYABLE

As at (in thousands of U.S. dollars)	**September 30, 2019**	December 31, 2018	January 1, 2018
	$	$	$
Total draws from Credit Facility	**275,000**	275,000	50,000
Transaction costs attributable to draws	**(33,926)**	(33,926)	(6,671)
Total loan payable, net of attributable transaction costs	**241,074**	241,074	43,329
Accrued interest	**55,472**	25,739	4,588
Loan payable balance, end of period	**296,546**	266,813	47,917
Current portion	**(11,862)**	–	–
Long-term portion	**284,684**	266,813	47,917

Credit Facility

Effective January 10, 2017, the Company entered into a credit facility arrangement with a third party (the “Lender”) for a total of $250,000,000 for the construction of the Buriticá mine (the “Initial Credit Facility”); on October 16, 2017, the Company and the Lender completed an amendment to the Initial Credit Facility, providing an additional $25,000,000 (the “Credit Facility Amendment”) and resulting in a revised total available credit facility of $275,000,000 (the “Credit Facility”).The full Credit Facility was drawn as at December 31, 2018.

The Credit Facility bore interest at LIBOR plus 8%, with a minimum 1% LIBOR rate. On March 15, 2019, the Credit Facility was amended to facilitate the closing of additional financing transactions (see Note 15), which resulted in a change to the interest rate to LIBOR plus 9%. All other terms of the Credit Facility were unchanged.

Interest is accrued and capitalized until April 30, 2020. Total principal and capitalized interest (“Fully Advanced Principal”) and interest on the Fully Advanced Principal are both payable quarterly over 16 consecutive quarters, commencing July 31, 2020. The required quarterly repayments range from 4% to 10% of the Fully Advanced Principal. Additional or early repayments of the outstanding principal balance, in whole or in part, are subject to early repayment fees if paid prior to the fifth year. As at September 30, 2019, the Fully Advanced Principal balance was $321,529,000 (December 31, 2018 – $295,483,000; January 1, 2018 – $54,000,000).

In connection with the Initial Credit Facility, the Company also issued Common Share purchase warrants, denominated in U.S. dollars, (the “Private Warrants”) to the Lender (see Note 21) and will incur production-linked liabilities based on amounts advanced under the Initial Credit Facility (see Note 14), both of which are considered as transaction costs for the Credit Facility.

The Credit Facility is considered a hybrid financial instrument, containing liability components, derivative components and an equity component. The liability components are made up of the loans payable and the production-linked liability (see Note 14). The derivative components are made up of the early repayment fees and the interest minimum 1% LIBOR rate (see Note 17(b)). The equity component is represented by the Private Warrants (see Note 21).

The loans payable is measured at amortized cost, net of transaction costs of $33,026,000, and is accreted over the expected term to maturity using the effective interest method.

For the three and nine months ended September 30, 2019, accrued interest of $10,990,000 and $29,733,000, respectively (three and nine months ended September 30, 2018 and year ended December 31, 2018 – $6,803,000, $12,199,000 and $21,151,000, respectively), calculated using the effective interest method, was capitalized as borrowing costs in construction in progress within property, plant and equipment.

The Company is subject to a debt covenant requiring the Company to maintain a minimum Working Capital balance of $15,000,000 at all times. As at September 30, 2019, the Company's Working Capital was $31,869,000 (December 31, 2018, restated – $64,559,000; January 1, 2018, restated – $71,860,000).

13. CONVERTIBLE DEBENTURES

As at September 30, 2019 (in thousands of U.S. dollars)	**Debentures Payable**	**Derivative Liability**	**Total**
	$	**$**	**$**
Proceeds from convertible debentures	**38,999**	**36,001**	**75,000**
Transaction costs	**(122)**	**–**	**(122)**
Balance at inception, March 15, 2019	**38,877**	**36,001**	**74,878**
Accrued interest, effective interest method	**4,360**	**–**	**4,360**
Revaluation	**–**	**11,474**	**11,474**
Interest payments	**(1,890)**	**–**	**(1,890)**
Balance end of period	**41,347**	**47,475**	**88,822**
Current portion of interest payable	**(154)**	**–**	**(154)**
Long-term portion	**41,193**	**47,475**	**88,668**

On March 15, 2019, the Company completed a convertible debenture financing ("Debentures") with third party investors ("Debenture Holders") for $75,000,000. The significant terms and conditions of the agreement are as follows:

- Maturity date of May 15, 2024.
- Interest of 5%, payable semi-annually, beginning nine months after closing.
- The Debentures are convertible, at the option of the Debenture Holder and at any time prior to the maturity date, into common shares of the Company based on a conversion price of C$3.00 per share.
- The Company has the option to redeem all, but not less than all, of the Debentures, at a redemption price equal to 100% of the principal amount then outstanding, plus all accrued and unpaid interest, if the closing price of the Shares on the TSX is at least 130% of the Conversion Price for each of the 20 trading days before a notice of redemption is delivered to the Debenture Holders.
- The Conversion Price may be adjusted if, prior to September 15, 2019, the Company issues additional convertible securities to parties other than the Debenture Holders for an effective subscription price that is less than the Conversion Price (the "Anti-Dilutive Provision") to the greater of (i) such lower price; and (ii) C$2.18, being the minimum allowable conversion price under the rules of the TSX. As at September 30, 2019, no such adjustment had occurred.

The Debentures are recognized as a hybrid instrument whereby the proceeds, net of transaction costs, and allocated between liability and derivative components. The liability component is made up of the host contract. The derivative components are made up of the conversion option, the Anti-Dilutive Provision and customary voluntary redemption and change in control features (see Note 17(b)).

Transaction costs of $122,000 and $111,000, respectively, were allocated to the host contract and the conversion option. Transaction costs allocated to the host contract was recorded as a reduction to the liability. Transaction costs allocated to the conversion option was recognized as financing transaction costs in the unaudited interim consolidated statement of operations and comprehensive loss (income) for the nine months ended September 30, 2019.

The host contract is classified as debentures payable in the consolidated statements of financial position; is measured at amortized cost, net of attributable transaction costs; and is accreted over the expected term to maturity using the effective interest method.

For the three and nine months ended September 30, 2019, interest payments of $1,890,000 were made to the Debenture holders and accrued interest of $2,066,000 and $4,360,000, respectively, calculated using the effective interest method, was recognized in the unaudited interim consolidated statement of operations and comprehensive loss (income). Accrued interest payable as at September 30, 2019 of $154,000 is payable on March 15, 2020 and is classified as a current liability.

The conversion option is valued and measured at fair value on the date of issue and is classified as a derivative liability on the consolidated statements of financial position (see Note 17(b)). The fair value of the conversion option on the date of issue of $36,001,000 was calculated using the Black-Scholes option pricing model. As at September 30, 2019, the conversion option was revalued to $47,475,000, resulting in a derivative gain of $4,178,000 and a derivative loss of $11,474,000, respectively, recognized in the unaudited interim consolidated statement of operations and comprehensive income (loss) for the three and nine months ended September 30, 2019.

14. PRODUCTION-LINKED LIABILITY

	Nine months ended September 30, 2019		Year ended December 31, 2018		As at January 1, 2018	
	Number of Ounces		Number of Ounces		Number of Ounces	
	000s	**$(000s)**	000s	$(000s)	000s	$(000s)
Balance, January 1	**1,250**	**19,675**	250	4,118	250	4,118
Issued	**–**	**–**	1,000	14,800	–	–
Accretion	**–**	**1,109**	–	757	–	–
Balance, end of period	**1,250**	**20,784**	1,250	19,675	250	4,118
Current portion	**(129)**	**(2,462)**	–	–	–	–
Long-term portion	**1,121**	**18,322**	1,250	19,675	250	4,118

In connection with the Initial Credit Facility (see Note 12), production-linked payments of $20 per ounce is payable, in cash, on the production of the first 1,250,000 ounces of production at the Buriticá mine.

Upon the receipt of each draw from the Initial Credit Facility, the pro-rata production-linked liability is recognized and measured at the present value of the relevant production-linked payment using the discount rate of 7.5%, as defined in the Initial Credit Facility in respect of the production-linked payments. Subsequently, the production-linked liability is remeasured at each reporting date with changes recognized in accretion expense in the consolidated statements of operations and comprehensive income (loss).

The Company has recognized production-linked liabilities for the full 1,250,000 ounces, under the Initial Credit Facility, as a result of the receipt of the full Credit Facility as at September 30, 2019 and December 31, 2018 (January 1, 2018 – 250,000 ounces).

The fair value of the production-linked liability as at September 30, 2019 was $20,784,000 (December 31, 2018 – $19,675,000; January 1, 2018 – $4,118,000), resulting in accretion expense recognized in the unaudited interim consolidated statement of operations and comprehensive income (loss) for the three and nine months ended September 30, 2019 of $381,000 and $1,109,000, respectively (three and nine months ended September 30, 2018 – $242,000 and $422,000, respectively).

Under the Initial Credit Facility, gold production payments commence in the month in which production from the first gold pour at the Buriticá mine is received at the Company's refiner. As a result, the Company has classified $2,462,000 as current, representing the present value of payments in respect of expected production within the next 12 months.

15. STREAM AGREEMENT

As at September 30, 2019 (in thousands of U.S. dollars)	
	$
Proceeds from Stream Agreement, June 25, 2019	**100,000**
Interest accretion	**2,538**
Revaluation	**2,460**
Balance end of period	**104,998**
Current portion	**(4,779)**
Long-term portion	**100,219**

On June 25, 2019, the Company completed a $100,000,000 streaming agreement with a third party (the "Streaming Agent") in respect of its gold and silver production (the "Stream Agreement"). The significant terms and conditions of the Stream Agreement are as follows:

- Delivery of the Company's Buriticá mine silver production equal to 1.84 times the Buriticá mine gold production for the life of mine and receipt of 5% of market price upon delivery of silver (the "Silver Stream").

- Delivery of 2.1% of the Company's Buriticá mine life of mine gold production and receipt of 10% of market price upon delivery of gold (the "Gold Stream").

- Buy-back option of the Gold Stream for $80,000,000, less the value of all prior deliveries under the Gold Stream, on or before December 31, 2021 (the "Buy-Back Option").

The Stream Agreement represents a financial contract with embedded derivatives. The value of embedded derivatives is impacted by changes in metal prices and the number of ounces expected to be delivered as well as the expectation of the occurrence of certain outcomes. As the Stream Agreement contain certain embedded derivatives that would otherwise be required to be accounted for separately at fair value through profit and loss ("FVTPL"), the Company has designated the Stream Agreement as a financial liability at FVTPL under the scope of IFRS 9, Financial Instruments ("IFRS 9"). Accordingly, the liability is initially and subsequently measured at fair value. Embedded derivatives, including the Buy-Back Option, have not been separated from the host contract as they have been considered in the fair value of the liability, in accordance with IFRS 9.

Transaction costs of $2,387,000, including 530,000 shares, valued at $1,031,000, issued to the Company's financial advisor, were recognized as financing transaction costs in the unaudited interim consolidated statement of operations and comprehensive income (loss) for the three and nine months ended September 30, 2019.

The stream liability is accreted over the life of the contract based on a risk-free rate plus the Company-specific credit spread for the contract with accretion expense recognized in the consolidated statements of operations and comprehensive income (loss).

In addition, on initial recognition and at each reporting date, the stream liability is re-measured at fair value. Fair value of the liability is determined as the present value of its expected future cash flows. Changes in fair value are recognized in the consolidated statements of operations and comprehensive income (loss). Components of fair value adjustments at each reporting date include:

- Change in the risk-free rate
- Changes in expected future ounces to be delivered under the Stream Agreement
- Changes in expected metal prices

The fair value of the stream liability on the date of inception of the contract was determined to be the $100,000,000 received from the Streaming Agent. As at September 30, 2019, the fair value of the expected future cash flows for the Stream Agreement was $104,998,000, resulting in the recognition of accretion expense of $2,538,000 and a fair value loss adjustment of $2,460,000, for the three and nine months ended September 30, 2019 in the unaudited interim consolidated statements of operations and comprehensive loss.

16. OTHER LONG-TERM PAYABLES

As at September 30, 2019, the Company has obligations to pay value-added taxes and duties on the import of major capital equipment, with payments required to be made between 2022 to 2026. Upon payment, amounts are available to be recovered as income tax credits to reduce income taxes payable beginning in the taxation year in which the payment was made. Amounts are carried forward for a maximum of five years if income taxes payable are less than the available income tax credits.

As at (in thousands of U.S. dollars)	**Note**	**September 30, 2019**	December 31, 2018	January 1, 2018
		$	$	$
Import duties		**870**	872	1,541
Value added taxes		**12,016**	7,553	–
		12,886	8,425	1,541
Current portion	**11**	**(316)**	(175)	–
Long-term portion		**12,570**	8,250	1,541

17. FINANCIAL INSTRUMENTS

(a) Financial Instruments Disclosures

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2018 and in Notes 13 and 15 for new financing transactions in 2019.

As at September 30, 2019, the Company's financial assets are made up of cash and cash equivalents, marketable securities and receivables. The Company's receivables, excluding refundable sales taxes, represent short-term receivables. The Company's financial liabilities are made up of accounts payable, the loans payable, the convertible debentures, the production-linked liability and the stream liability.

Financial assets and financial liabilities as at September 30, 2019 and December 31, 2018 were as follows:

As at September 30, 2019 (in thousands of U.S. Dollars)	**FVTPL**	**FVOCI**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Total**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents (level 1)	**72,061**	**–**	**–**	**–**	**72,061**
Restricted cash (level 1)	**6,802**	**–**	**–**	**–**	**6,802**
Marketable securities (level 1)	**–**	**177**	**–**	**–**	**177**
Receivables	**–**	**–**	**165**	**–**	**165**
Accounts payable and accrued liabilities	**–**	**–**	**–**	**(41,492)**	**(41,492)**
Loans payable	**–**	**–**	**–**	**(296,546)**	**(296,546)**
Debentures payable (level 2)	**(47,475)**	**–**	**–**	**(41,347)**	**(88,822)**
Production-linked liability (level 2)	**–**	**–**	**–**	**(20,784)**	**(20,784)**
Stream liability (level 2)	**(104,998)**	**–**	**–**	**–**	**(104,998)**
Derivative liabilities (level 2)	**(1,694)**	**–**	**–**	**–**	**(1,694)**
Total	**(75,304)**	**177**	**165**	**(400,169)**	**(475,131)**

As at December 31, 2018 (in thousands of U.S. Dollars)	FVTPL	FVOCI	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Cash and cash equivalents (level 1)	80,299	–	–	–	80,299
Restricted cash (level 1)	8,000	–	–	–	8,000
Marketable securities (level 1)	–	406	–	–	406
Receivables	–	–	345	–	345
Accounts payable and accrued liabilities	–	–	–	(31,711)	(31,711)
Loans payable	–	–	–	(266,813)	(266,813)
Production-linked liability (level 2)	–	–	–	(19,675)	(19,675)
Derivative liability (level 2)	(1,966)	–	–	–	(1,966)
Total	86,333	406	345	(318,199)	(231,115)

The carrying value of receivables and accounts payable and accrued liabilities approximate fair value because of the limited term of these instruments.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(b) **Derivatives**

The Company has the following derivative instruments:

As at September 30, 2019 (in thousands of U.S. Dollars)	**Note**	**September 30, 2019**	December 31, 2018	January 1, 2018
		$	$	$
Derivative liability – current:				
Non-deliverable foreign currency contracts (ii)		**1,694**	1,966	–
		1,694	1,966	–
Derivative liability – non-current:				
Convertible debentures, conversion option (iii)	**12**	**47,475**	–	–
		47,475	–	–
Total		**49,169**	1,966	–

(i) As part of the Credit Facility (see Note 12), embedded derivatives relating to the early repayment fees and the interest minimum 1% LIBOR rate exist within the agreement. On receipt of each draw from the Credit Facility, the fair value of the derivatives is measured. Subsequently, the derivatives are remeasured at each reporting date with changes recognized in the statements of operations and comprehensive income.

Fair value of the derivatives was determined to be insignificant on the date of each draw from the Credit Facility and on September 30, 2019 and, as a result, were not recognized.

The fair values for both the early repayment fees and the interest minimum 1% LIBOR rate in respect of draws from the Credit Facility were determined to be $nil for the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 – $nil). The fair values of these derivatives were also determined to be $nil as at September 30, 2019, December 31, 2018 and January 1, 2018.

(ii) The Company uses foreign currency derivatives as part of its risk management program to mitigate the variability associated with the changing foreign currency rates relative to the U.S dollar. The derivative instruments are not formally recognized as hedging instruments and are accordingly classified as non-hedge financial instruments. The mark-to-market fair values of all contracts are provided by a third party using inputs that are observable and determined using standard valuation techniques. Derivative instruments are classified within Level 2 of the fair value hierarchy.

As at September 30, 2019, the Company held simultaneous non-deliverable put and call option currency contracts (the "Currency Contracts") totaling $36,000,000 (December 31, 2018 – $48,000,000; January 1, 2018 – $nil) as follows:

As at September 30, 2019	COP:USD Contract Range	(in thousands of U.S. Dollars) Contract Value	Fair Value
		$	$
Expiring October – December 2019	**2,950-3,335**	**12,000**	**563**
Expiring January – March 2020	**3,000-3,275**	**12,000**	**842**
Expiring April – June 2020	**3,100-3,600**	**12,000**	**289**
		36,000	**1,694**

As at December 31, 2018	COP:USD Contract Range	(in thousands of U.S. Dollars) Contract Value	Fair Value
		$	$
Expiring January – April 2019	2,750-3,050	16,000	1,066
Expiring May – December 2019	2,950-3,335	32,000	900
		48,000	1,966

The fair value of the Currency Contracts as at September 30, 2019 of $1,694,000 (December 31, 2018 – $1,966,000) is based on the COP:USD rate of 3,480:1 (December 31, 2018 – 3,250:1). As a result, the Company recognized an unrealized derivative loss of $1,148,000 and an unrealized derivative gain of $272,000, respectively, for the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 – $115,000 and $462,000).

The Currency Contracts are documented in the form of an ISDA master agreement, requiring total collateral payments into restricted bank accounts and released upon expiry of the contracts.

During the three and nine months ended September 30, 2019, $12,000,000 and $24,000,000, respectively (three and nine months ended September 30, 2018 – $nil) of Currency Contracts expired with required payments totaling $107,000 and $662,000, respectively (three and nine months ended September 30, 2018 – $61,000 and $61,000) to the counterparty and was recognized as a realized derivative loss in the unaudited interim consolidated statement of operations and comprehensive income (loss).

As at September 30, 2019, collateral deposits of $6,802,000 (December 31, 2018 – $8,000,000; January 1, 2018 – $nil) in respect of Currency Contracts outstanding as at September 30, 2019 is held in a separate bank account, is included in restricted cash and classified as current as the restriction on all amounts are less than 12 months. Future collateral cash requirements may increase or decrease based on the extent of additional Currency Contracts entered into. Additional collateral payments will be required for any fair value losses on outstanding Currency Contracts in excess of 60% of the related outstanding collateral deposits at any time. The financial assurance provision requiring a collateral deposit provides protection to the counterparty in the event a material adverse credit-related event transpires. The cash collateral is not offset with the corresponding derivative instrument fair value.

As at November 14, 2019, $4,000,000 of the Currency Contracts outstanding at September 30, 2019 expired with a realized loss of $57,000.

(iii) The Debentures (see Note 13) contain embedded derivatives relating to the conversion option, a foreign currency feature (since the conversion price is in C$), the Anti-Dilutive Provision, a voluntary redemption option and a change of control feature. The Company assessed that the voluntary redemption option is closely related to the debenture host contract and no separate accounting is required. The Company assessed that the economic characteristics of the conversion option are not closely related to the debenture host contract and should be separated from the debenture host contract. The additional derivatives (namely the foreign currency feature, Anti-Dilutive Provision and the change in control feature) are all closely related to the conversion option and would not be accounted for as separate derivatives.

The conversion option is classified as a derivative liability in the consolidated statements of financial position as neither the price nor the number of shares to be issued on conversion is fixed. The initial fair value of the conversion option of $36,001,000 was calculated using the Black-Scholes option pricing model. As at September 30, 2019, the conversion option was revalued to $47,475,000, resulting in a derivative gain of $4,178,000 and a derivative loss of $11,474,000, respectively, recognized in the unaudited interim consolidated statement of operations and comprehensive income (loss) for the three and nine months ended September 30, 2019.

18. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity (comprised of share capital, contributed surplus, warrants and deficit which, at September 30, 2019, totalled $156,138,000 (December 31, 2018 – $155,047,000; January 1, 2018 – $177,650,000)) and debt, which is comprised of loans payable, debentures payable, stream liability and production-linked liability of $296,546,000, $88,822,000, $104,998,000 and $20,784,000, respectively, as at September 30, 2019 (December 31, 2018 – $266,813,000, $nil, $nil and $19,675,000, respectively; January 1, 2018 – $47,917,000, $nil, $nil and $4,118,000, respectively).

The Company has a need for equity capital and other financing to fund working capital in the exploration and development of its properties. The Company's ability to continue as an active mineral property explorer and developer is dependent upon its ability to obtain adequate financing, to reach profitable levels of operation and to effectively preserve and deploy cash. It is not possible to predict whether financing efforts will be successful or sufficient, or if the Company will attain profitable levels of operation.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and other investing and financing activities. The forecast is regularly updated based on activities related to its mineral properties. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2019. The Company is subject to a minimum working capital balance of $15,000,000 required by the Lender. As at September 30, 2019, the Company's working capital was $31,869,000 (December 31, 2018, restated – $64,559,000; January 1, 2018, restated – $71,860,000). The Company is not subject to any further capital requirements imposed by a regulator or lending institution.

19. RELATED PARTY TRANSACTIONS

Related parties include management, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The following related party transactions were conducted in the normal course of operations:

(a) During the three and nine months ended September 30, 2019, $719,000 and $2,172,000, respectively (three and nine months ended September 30, 2018 – $738,000 and $1,318,000, respectively) was paid to a public utility company in which a director of the Company is also a director and are included in capitalized expenditures in construction in progress.

(b) During the three and nine months ended September 30, 2019, $206,000 and $415,000, respectively (three and nine months ended September 30, 2018 – $105,000 and $130,000) was paid to a company in which a director of the Company is also a director in respect of operating supplies and are included in capitalized expenditures in construction in progress.

(c) During the three and nine months ended September 30, 2019, legal fees relating to the Credit Facility of $nil (three and nine months ended September 30, 2018 – $nil and $6,000) was paid to a law firm in which a director of the Company is a partner and are included in deferred financing charges.

20. SHARE CAPITAL

(a) **Authorized**

The authorized share capital of the Company consists of an unlimited number of common shares ("Common Shares") without par value. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

(b) **Issued**

As of September 30, 2019, the issued share capital was 203,128,691. The change in issued share capital for the nine months ended September 30, 2019 and 2018 were as follows:

	Number of Shares	
	2019	2018
Balance, January 1	**188,556,821**	188,218,514
Exercise of stock options (Note 22(a))	**146,734**	140,000
Bonus shares issued under the Option Plan (Note 22(a))	**201,171**	–
Shares issued on vesting of RSUs (Note 22(b))	**–**	88,307
Shares issued on vesting of DSUs (Note 22(c))	**10,000**	10,000
Issuance of shares (i)	**13,683,965**	
Issuance of shares – transaction costs (Note 15)	**530,000**	–
Balance, September 30	**203,128,691**	188,456,821

(i) The Company issued a total of 13,683,965 common shares for total gross proceeds of $32,219,000 as a result of a non-brokered private placement with a third-party investor, completed on July 5, 2019, and the corresponding exercise of a current investor's right to maintain its pro rata ownership of the Company, completed on July 12, 2019.

21. WARRANTS

	September 30, 2019		December 31, 2018		January 1, 2018	
	Number of Warrants	**Black-Scholes Value**	Number of Warrants	Black-Scholes Value	Number of Warrants	Black-Scholes Value
		$(000s)		$(000s)		$(000s)
Balance, January 1	**3,000,000**	**5,710**	3,000,000	5,710	3,000,000	5,710
Issued	**–**	**–**	–	–	–	–
Balance, end of period	**3,000,000**	**5,710**	3,000,000	5,710	3,000,000	5,710

In connection with the Initial Credit Facility (see Note 12), the Company issued 3,000,000 Private Warrants, denominated in U.S. dollars, to the Lender at an exercise price of $3.67 per share. The Private Warrants have an expiry date of January 10, 2021. In the event that the closing share price of the Common Shares on the TSX, calculated in U.S. dollars, is greater than $7.34 per share on each day for a period of 40 consecutive days, the Company may accelerate the expiry date of the Private Warrants by giving notice to the warrant holder and, in such case, the Private Warrants will expire on the 30th day after the date on which such notice is given by the Company. As of September 30, 2019, no such notice had been given by the Company.

The Company's Private Warrants are classified as equity and measured at fair value on the date of issue. The fair value of the Private Warrants of $5,710,000 was calculated using the Black-Scholes option pricing model. Subsequently, the Private Warrants are not revalued.

22. SHARE-BASED PAYMENTS

(a) **Stock options:**

Movements in stock options during the period were as follows:

	2019		2018	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		C$		C$
Balance, January 1	**8,624,909**	**3.26**	7,923,034	3.74
Granted (*)	**1,940,000**	**2.35**	2,297,500	3.86
Exercised	**(146,734)**	**1.85**	(140,000)	2.23
Expired or Forfeited	**(1,165,625)**	**3.70**	(1,307,500)	7.45
Balance, September 30	**9,252,550**	**3.04**	8,773,034	3.24

(*) The weighted average grant date fair value of stock option grants during the three and nine months ended September 30, 2019 was $nil and $0.85, respectively (three and nine months ended September 30, 2018 − $1.35 per share and $1.47 per share, respectively).

The following table shows the stock options outstanding and exercisable at September 30, 2019:

	Options Outstanding			Options Exercisable		
Range of Price (C$)	Number of Options Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (C$)	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price (C$)
$1.59 – $2.00	1,290,000	1.05	1.70	1,250,000	0.95	1.69
$2.01 – $4.00	6,483,750	2.53	3.01	4,151,249	1.76	3.21
$4.01 – $5.18	1,478,800	2.06	4.34	1,478,800	2.06	4.34
	9,252,550	2.25	3.04	6,880,049	1.67	3.17

The following is a summary of the stock options granted, the fair values and the assumptions used in the Black-Scholes option pricing formula:

For the nine months ended September 30	2019	2018
Number of options granted	**1,940,000**	2,317,500
Weighted average exercise price (C$)	**2.35**	3.86
Weighted average market price ($)	**1.78**	3.08
Expected dividend yield	**Nil**	Nil
Expected volatility (%)	**67%**	69%
Weighted average risk-free interest rate (%)	**1.87%**	1.83%
Forfeiture rate (%)	**8.95%**	9.04%
Weighted expected life (years)	**3.45**	3.10
Weighted average grant date fair value per share ($)	**0.85**	1.47

The majority of stock options granted prior to June 7, 2018 have vesting terms of 25% every six months from the date of grant and a five-year term. The majority of stock options granted after June 7, 2018 vest annually over three years and also have a five-year term.

During the nine months ended September 30, 2019, 201,171 shares were issued as bonus shares under the Company's Incentive Stock Option and Bonus Share Plan (the "Option Plan").

(b) **Restricted Share Units ("RSUs"):**

Movements in RSUs during the period were as follows:

	2019		2018	
	Number of RSUs	**Average Grant Date Market Price**	Number of RSUs	Average Grant Date Market Price
		C$		C$
Balance, January 1 (*)	**250,000**	**3.75**	13,000	3.26
Granted (**)	**275,000**	**2.03**	338,307	3.75
Vested	**–**	**–**	(88,307)	3.75
Balance, September 30	**525,000**	**2.85**	263,000	3.73

(*) The 250,000 outstanding RSUs as at January 1, 2019 have a vesting date of July 15, 2020.
(**) The 275,000 RSUs granted in 2019 have a vesting date of January 18, 2022.

(c) **Deferred Share Units ("DSUs"):**

Movements in DSUs during the period were as follows:

	2019		2018	
	Number of DSUs	**Average Grant Date Market Price**	Number of DSUs	Average Grant Date Market Price
		C$		C$
Balance, January 1	**80,000**	**3.75**	**–**	–
Granted	**70,000**	**2.03**	**90,000**	**3.75**
Redeemed	**(10,000)**	**3.75**	**(10,000)**	**3.75**
Balance, September 30 (*)	**140,000**	**2.89**	**80,000**	**3.75**

(*) Outstanding DSUs are redeemable upon termination or retirement of the director or employee.

(d) **Share-based payments:**

The Company recorded share-based payments as follows:

	Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. Dollars)	**2019**	2018	**2019**	2018
	$	$	**$**	$
Share-based payments included in corporate administration expenses	**343**	477	**1,455**	1,698
Share-based payments capitalized to construction in progress	**127**	242	**528**	1,081
	470	719	**1,983**	2,779

23. CORPORATE ADMINISTRATION EXPENSES

		Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. Dollars)	Note	**2019**	2018	**2019**	**2018**
		$	$	**$**	**$**
Salaries		**422**	1,077	**2,940**	2,888
General office and administration		**586**	1,985	**2,855**	4,197
Share-based payments	22(d)	**292**	477	**1,150**	1,698
Professional fees		**221**	401	**963**	969
Directors fees and expenses		**187**	183	**491**	523
Depreciation and amortization		**204**	59	**496**	176
Travel expenses		**86**	142	**297**	338
Other		**73**	83	**249**	228
		2,071	4,407	**9,441**	11,017

24. FINANCE ITEMS

(a) Finance costs

		Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. Dollars)	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
Accretion expense:					
Lease liability	9(c)	**(81)**	–	**(270)**	–
Convertible debentures	13	**(2,065)**	–	**(4,360)**	–
Production-linked liability	14	**(381)**	(242)	**(1,109)**	(422)
Stream liability	15	**(2,538)**	–	**(2,538)**	–
Rehabilitation provision		**(222)**	(209)	**(646)**	(482)
		(5,287)	(451)	**(8,923)**	(904)
Interest expense	26	**(773)**	64	**(774)**	33
Financing transaction costs expensed	13, 15	**(137)**	–	**(2,498)**	–
		(6,197)	(387)	**(12,195)**	(871)

(b) Other gains (losses)

		Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. Dollars)	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
Derivative gain (loss):					
Foreign currency contracts	17(b)(ii)	**(1,255)**	(176)	**(390)**	(523)
Convertible debenture – conversion option	17(b)(iii)	**4,178**	–	**(11,474)**	–
Revaluation of stream liability	15	**(2,460)**	–	**(2,460)**	–
		463	(176)	**(14,324)**	(523)

25. CASH FLOW INFORMATION

(a) Operating Activities

		Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. Dollars)	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
Other items:					
Non-cash items:					
Depreciation and amortization		**204**	59	**496**	176
Financing transaction costs, shares issued	15	**–**	–	**1,031**	–
Other		**(11)**	114	**–**	114
Financing transaction costs classified in financing activities	13, 15	**137**	–	**1,467**	–
		330	173	**2,994**	290
Net changes in non-cash operating working capital balances:					
Receivables and prepaid expenses		**270**	141	**45**	(53)
Accounts payable and accrued liabilities		**(2,929)**	808	**(642)**	1,635
		(2,659)	949	**(597)**	1,582

(b) Investing Activities

		Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. Dollars)	Note	**2019**	2018 As Restated (Note 3(a))	**2019**	2018 As Restated (Note 3(a))
		$	$	**$**	$
Property, plant and equipment:					
Construction in progress expenditures		**(83,540)**	(70,677)	**(203,327)**	(164,998)
Equipment		**(1,486)**	(188)	**(5,834)**	(622)
Accounts payable and accrued liabilities attributable to property, plant and equipment		**19,395**	16,200	**18,015**	14,169
		(65,631)	(54,665)	**(191,146)**	(151,451)

(in thousands of U.S. Dollars)	Note	Three months ended September 30 2019	Three months ended September 30 2018 As Restated (Note 3(a))	Nine months ended September 30 2019	Nine months ended September 30 2018 As Restated (Note 3(a))
		$	$	**$**	$
Other investing activities:					
Intangible assets		**(96)**	–	**(2,457)**	–
Receivables related to mineral properties		**(850)**	(166)	**(476)**	(2,310)
Rehabilitation payments		–	(67)	**(154)**	(791)
Proceeds from sale of marketable securities		–	–	**4**	–
		(946)	(233)	**(3,083)**	(3,101)

(c) **Financing Activities**

(in thousands of U.S. Dollars)	Note	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
		$	$	**$**	$
Convertible debentures:					
Proceeds received		–	–	**75,000**	–
Transaction costs paid		–	–	**(233)**	–
Interest payments		**(1,890)**	–	**(1,890)**	–
		(1,890)	–	**72,877**	–
Stream liability:					
Proceeds received		**–**	–	**100,000**	–
Transaction costs paid		**(137)**	–	**(1,356)**	–
		(137)	–	**98,644**	–
Loans payable:					
Draws received		**–**	100,000	**–**	175,000
Transaction costs paid		**–**	–	**–**	(625)
		–	100,000	**–**	174,375
Other financing activities:					
Restricted cash		**75**	–	**1,198**	–
Cash proceeds from stock option exercises		**52**	122	**206**	364
Lease payments		**(428)**	–	**(1,277)**	–
Cash payments on settlement of derivatives		**(107)**	(61)	**(662)**	(61)
		(408)	61	**(535)**	303

(d) **Reconciliation of movements of liabilities to cash flows arising from financing activities**

(in thousands of U.S. Dollars)	**Loans Payable (Note 12)**	**Convertible Debentures (Note 13)**	**Production-linked Liability (Note 14)**	**Warrants (Note 21)**	**Stream Liability (Note 15)**	**Total**
	$		**$**	**$**	**$**	**$**
Balance, January 1, 2019	**266,813**	**–**	**19,675**	**5,710**	**–**	**292,198**
Changes from financing cash flows:						
Proceeds	**–**	**75,000**	**–**	**–**	**100,000**	**175,000**
Transaction costs paid	**–**	**(233)**	**–**	**–**	**(1,356)**	**(1,589)**
Interest payments	**–**	**(1,890)**	**–**	**–**	**–**	**(1,890)**
	–	**72,877**	**–**	**–**	**98,644**	**171,521**
	266,813	**72,877**	**19,675**	**5,710**	**98,644**	**463,719**
Other changes:						
Transaction costs expensed	**–**	**111**	**–**	**–**	**2,387**	**2,498**
Non-cash transaction costs	**–**	**–**	**–**	**–**	**(1,031)**	**(1,031)**
Capitalized interest	**29,733**	**–**	**–**	**–**	**–**	**29,733**
Accretion expense	**–**	**4,360**	**1,109**	**–**	**2,538**	**8,007**
Fair value revaluation of liability	**–**	**11,474**	**–**	**–**	**2,460**	**13,934**
Balance, September 30, 2019	**296,546**	**88,822**	**20,784**	**5,710**	**104,998**	**516,860**

(in thousands of U.S. Dollars)	**Loans Payable (Note 11)**	**Production-linked Liability (Note 12)**	**Warrants (Note 17)**	**Deferred Finance Charges (Note 8(b))**	**Total**
	$	**$**	**$**	**$**	**$**
Balance, January 1, 2018	47,917	4,118	5,710	(11,830)	45,915
Changes from financing cash flows:					
Proceeds from Credit Facility draws	175,000	–	–	–	175,000
Transaction costs paid	–	–	–	(625)	(625)
	175,000	–	–	(625)	174,375
	222,917	4,118	5,710	(12,455)	220,290
Other changes:					
Non-cash transaction costs	–	11,407	–	(11,407)	–
Finance charges attributable to draws	(21,094)	–	–	21,094	–
Capitalized interest	12,199	–	–	–	12,199
Accretion expense	–	422	–	–	422
Balance, September 30, 2018	214,022	15,947	5,710	(2,768)	232,911

26. COMMITMENTS AND CONTINGENCIES

Commitments

As at September 30, 2019, the Company had the following contractual commitments and obligations:

(in thousands of U.S. Dollars)	Total	Less than 1 Year	Years 2 – 5	After 5 Years
	$	$	$	$
Capital commitments (a)	138,825	130,523	8,302	–
Lease commitments (b)	3,793	1,164	1,809	820
Credit Facility principal and interest payments (c)	423,072	23,440	399,632	–
Convertible debenture and interest payments (d)	92,493	3,753	88,740	–
Production-linked payments (e)	25,000	2,584	22,416	–
Stream commitments (f)	196,105	5,151	66,825	124,129
Value-added tax on major equipment (g)	12,886	316	10,558	2,012
	892,174	166,931	598,282	126,961

(a) Capital commitments relate to construction and development activities relating to the Buriticá Project. All costs will be capitalized to property, plant and equipment when incurred.

(b) Lease commitments represent contractual lease payments payable over future periods in respect of lease liabilities recognized.

(c) Credit Facility principal and interest payments represent total draws received, capitalized interest to September 30, 2019 and contractual interest payable over future periods based on the LIBOR rate in effect on September 30, 2019.

(d) Debenture and interest payments represent required semi-annual interest payments and the assumption of the repayment of the Debenture on the expiry date.

(e) Production-linked payments represent required payments, resulting from draws received from the Initial Credit Facility, of $20 per ounce of gold production.

(f) Stream commitments represent the expected values of future gold and silver deliveries based on proven and probable reserves.

(g) Value-added tax payments relate to the purchase of major equipment payable five to seven years after the importation of the equipment. Duties relating to the purchase of major equipment are payable over five years after the importation of the equipment.

Environmental Contingencies

The Company's mining and exploration activities are subject to Colombian laws and regulations governing the protection of the environment. These laws and regulations are subject to change and may generally become more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, the amounts for which are not determinable and have not been recognized in the unaudited interim consolidated financial statements. Effective January 1, 2018, the Company became subject to new regulations in respect of water discharge limits. The Company is currently in the process of evaluating the impact on its consolidated financial statements.

Other Contingencies

During 2018, the Company received correspondence from the Government of Antioquia regarding the fair value used to calculate the registry tax on the mortgage resulting from the Credit Facility. Despite using the maximum mortgage value agreed to by the parties, equivalent to the land's fair market value to register the mortgages, the Government of Antioquia issued a letter stating that they believe the correct value should have been the gross value of the loan.

As at September 30, 2019, the Company had exhausted all legal recourse with the regional tax authority to prevent payment. A payment of approximately $3,400,000 (COP 11,777,444,000) was made in October 2019 representing the additional registry tax of approximately $2,200,000 plus interest. The Company is entitled to challenge the interpretation through the judicial courts and has initiated such legal proceedings to dispute the interpretation and to recover amounts paid. The Company has determined that the likelihood of recovery is probable and has recognized a current liability as at September 30, 2019 and a corresponding long-term receivable in respect of the mortgage registry tax and interest.