



**Columbus Gold Corp.  
1090 Hamilton Street  
Vancouver, B.C.  
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Canada**

**Management's Discussion and Analysis**

**For the Year Ended  
September 30, 2018**

**(Stated in Canadian Dollars)**

**Dated December 12, 2018**

# Columbus Gold Corp.

Management's Discussion and Analysis

For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)

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## Table of Contents

Profile and Strategy .....	2
Spin-out of Allegiant Gold Ltd. ....	2
Overall Performance and Outlook .....	3
Discussion of Operations .....	3
Summary of Quarterly Information .....	8
Liquidity and Capital Resources .....	10
Off-Balance Sheet Arrangements .....	11
Related Party Transactions .....	11
Proposed Transactions .....	12
Critical Accounting Estimates .....	12
Changes in Accounting Policies and Standards .....	13
Financial Instruments .....	13
Other Information .....	15

# Columbus Gold Corp.

## Management's Discussion and Analysis

### For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Columbus Gold Corp. (the "Company" or "Columbus Gold") and its subsidiaries' performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended September 30, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All figures in this MD&A are expressed in thousands of Canadian Dollars except for the section under "Bankable Feasibility Study", per share amounts, or where noted. References to "US\$" are to thousands of US Dollars. "This quarter" or "current quarter" means the three month period ended September 30, 2018, and "this year" or "current year" means the year ended September 30, 2018. The information contained in this MD&A is current to December 12, 2018.

#### Forward Looking Information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption *Caution regarding forward looking statements* later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

#### **Profile and Strategy**

The Company was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued in British Columbia, Canada on December 29, 2003. The Company changed its name from Purple Vein Resources Ltd. to Columbus Gold Corp. effective December 20, 2004. On May 24, 2006, the Company completed its initial public offering and obtained a listing on the TSX Venture Exchange ("TSX-V") as a Tier 2 mining issuer. The Company graduated from the TSX-V and commenced trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "CGT" on January 26, 2016. The Company is also listed on the OTCQX International.

The Company's principal business activities are the acquisition, exploration and development of resource properties, with gold as a principal focus. The Company maintains active generative (prospecting) and evaluation programs and, as a key element of its strategy, broadens exposure, diversifies funding sources and minimizes risk through joint ventures on selected projects.

The Company's financial condition is affected by general market conditions and conditions specific to the mining industry. These conditions include, but are not limited to, the price of gold and accessibility of debt or equity.

#### **Spin-out of Allegiant Gold Ltd.**

On September 27, 2017, the Company announced the signing of an arrangement agreement (the "Arrangement") providing for the spin-out of its subsidiary Allegiant Gold Ltd. ("Allegiant"), with the intent of listing Allegiant on the TSX Venture Exchange. Allegiant indirectly held the Company's United States exploration and evaluation assets.

On December 8, 2017, the Company closed Allegiant's brokered and non-brokered private placements of subscription receipts for combined gross proceeds of \$4,196.

Allegiant was spun-out of Columbus Gold on January 25, 2018, with the Company holding 7,933,496 shares of Allegiant, with a fair value of \$3,135, representing approximately 16.7% of Allegiant's issued and outstanding common shares at the time.

As at September 30, 2018, the Company held 5,150,580 shares of Allegiant, with a fair value of \$1,604.

# Columbus Gold Corp.

## Management's Discussion and Analysis

For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Overall Performance and Outlook

The following highlights the Company's overall performance for the three months and year ended September 30, 2018:

	Three months ended			Year ended		
	September 30, 2018 (\$)	September 30, 2017 (\$)	% Change	September 30, 2018 (\$)	September 30, 2017 (\$)	% Change
Net (loss) income	(496)	13,051	(104%)	(5,910)	9,780	(160%)
Cash used in operating activities	(370)	(1,561)	76%	(2,795)	(3,247)	14%
Cash at end of period	809	1,357	(40%)	809	1,357	(40%)
Earnings (loss) per share - basic	(0.00)	0.09	(100%)	(0.04)	0.07	(157%)
Earnings (loss) per share - diluted	(0.00)	0.08	(100%)	(0.04)	0.06	(167%)

### Changes to Board of Directors and Management

On January 19, 2018, the Company announced key changes to its Board of Directors and management as follows:

- Russell Ball was appointed an Independent Director. Mr. Ball most recently served as the Chief Financial Officer of Goldcorp Inc. and prior to that as the Chief Financial Officer of Newmont Mining Corp. His extensive experience will be vital, among other things, in engaging with major mining companies, contributing to corporate strategy, and accessing capital markets;
- Marie-Hélène Bérard was appointed an Independent Director. Ms. Bérard is a former high-ranking French civil servant; she was Special Adviser to Mr. Jacques Chirac, the former French President, and is currently the Treasurer of the Chirac Foundation. She is the President of MHB SAS, an investment banking boutique firm she founded in 2000 specializing in international transactions, primarily in emerging markets. Ms. Bérard chairs Columbus Gold's French Advisory Board and, with her appointment as an Independent Director, will continue to play a key role with regard to Columbus Gold's strategy in France;
- Rock Lefrançois has been promoted to President and holds the titles of President & COO. Mr. Lefrançois joined Columbus as Chief Operating Officer in 2013 and was responsible for advancing the Montagne d'Or gold deposit from the exploration stage through to the completion of the feasibility study. Based in French Guiana, Mr. Lefrançois has the local contacts and relationships necessary to represent and manage Columbus Gold's interests and he also holds the significant public company experience required to manage Columbus Gold's day-to-day activities, including the evaluation of additional exploration and acquisition opportunities; and
- Robert Giustra has resigned as Chief Executive Officer and will continue in the role of Chairman focusing on capital markets, corporate strategy and M&A.

### Discussion of Operations

#### Exploration and Evaluation Assets

In connection with the Arrangement, all of the Company's exploration and evaluation assets in the USA have been deconsolidated effective January 25, 2018.

**Columbus Gold Corp.**

## Management's Discussion and Analysis

For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



A summary of exploration and evaluation assets by property for the year ended September 30, 2018 is set out below:

<b>Property</b>	<b>Balance at October 1, 2017 (\$)</b>	<b>Additions (\$)</b>	<b>Foreign Exchange (\$)</b>	<b>Effect of the Arrangement (\$)</b>	<b>Balance at September 30, 2018 (\$)</b>
<u>French Guiana</u>					
Maripa	-	145	-	-	145
<u>USA</u>					
Big Lime	1	0	1	(2)	-
Bolo	3,969	67	27	(4,063)	-
Clanton Hills	33	14	1	(48)	-
Eastside	14,078	211	92	(14,381)	-
Four Metals	14	0	0	(14)	-
Hugh's Canyon	43	6	0	(49)	-
Mogollon	195	-	1	(196)	-
Monitor Hills	62	1	0	(63)	-
North Brown	14	11	0	(25)	-
Overland Pass	40	3	0	(43)	-
Red Hills	25	31	1	(57)	-
Silver Dome	18	0	0	(18)	-
West Goldfield	151	2	1	(154)	-
White Canyon	0	-	-	(0)	-
White Horse Flats	12	38	0	(50)	-
White Horse Flats North	21	23	(1)	(43)	-
	<b>18,676</b>	<b>552</b>	<b>123</b>	<b>(19,206)</b>	<b>145</b>

# Columbus Gold Corp.

## Management's Discussion and Analysis

For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



A summary of exploration and evaluation assets by property for the year ended September 30, 2017 is set out below:

<b>Property</b>	<b>Balance at October 1, 2016 (\$)</b>	<b>Additions (\$)</b>	<b>Other (\$)</b>	<b>Foreign Exchange (\$)</b>	<b>Balance at September 30, 2017 (\$)</b>
<u>French Guiana</u>					
Paul Isnard	28,590	5,833	(34,452) <sup>1</sup>	29	-
<u>USA</u>					
Big Lime	1	0	-	(0)	1
Bolo	3,525	653	-	(209)	3,969
Clanton Hills	31	4	-	(2)	33
Eastside	11,351	3,424	-	(697)	14,078
Four Metals	7	7	-	(0)	14
Hugh's Canyon	19	26	-	(2)	43
Mogollon	467	-	(266) <sup>2</sup>	(6)	195
Monitor Hills	28	37	-	(3)	62
North Brown	7	8	-	(1)	14
Overland Pass	21	21	-	(2)	40
Red Hills	14	13	-	(2)	25
Silver Dome	-	19	-	(1)	18
Weepah	16	-	(16) <sup>3</sup>	0	-
West Goldfield	-	159	-	(8)	151
White Canyon	0	-	-	-	0
White Horse Flats	4	9	-	(1)	12
White Horse Flats North	9	13	-	(1)	21
	<b>44,090</b>	<b>10,226</b>	<b>(34,734)</b>	<b>(906)</b>	<b>18,676</b>

<sup>1</sup> Consists of \$3,249 exploration and evaluation funded by Nordgold, and \$31,203 reclassified to *Investment in Compagnie Minière Montagne d'Or SAS* upon transition to equity accounting.

<sup>2</sup> Option payments received.

<sup>3</sup> Exchanged for eliminating certain Bolo underlying royalties.

## Columbus Gold Corp.

### Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



A summary of the exploration and evaluation assets by cost category is set out below:

	(\$)
Balance at October 1, 2016	44,090
Acquisition and land	1,830
Camp costs and other	655
Drilling	3,659
Geology, trenching and geophysics	1,010
Management and administration	2,462
Technical studies	457
Travel	153
Amounts funded by Nordgold	(3,249)
Option payments received	(266)
Disposition of Weepah	(16)
Reclassified to <i>Investment in Compagnie Minière Montagne d'Or SAS</i>	(31,203)
Foreign exchange	(906)
<b>Balance at September 30, 2017</b>	<b>18,676</b>
Drilling	32
Geology, trenching and geophysics	215
Management and administration	262
Technical studies	14
Travel	29
Foreign exchange	123
Effect of the Arrangement	(19,206)
<b>Balance at September 30, 2018</b>	<b>145</b>

#### Investment in Compagnie Minière Montagne d'Or - Paul Isnard, French Guiana

The Paul Isnard Gold Project consists of eight mining concessions and two exclusive exploration permits ("PER") covering 190 km<sup>2</sup>, located in the northwestern region of French Guiana, South America, 180 km west of the capital, Cayenne, and 85 km south of the town of Saint-Laurent-du-Maroni. The Montagne d'Or deposit, which contains significant gold mineralization, is located within the southern part of the Paul Isnard Gold Project.

The Company entered into an agreement with major gold producer Nord Gold SE ("Nordgold") on March 13, 2014 (the "Option Agreement"), under which Nordgold was granted the right to acquire a 50.01% interest in the Paul Isnard mining concessions and the exploration permits (the "Paul Isnard Gold Project"), held by the Company's subsidiary at the time, Compagnie Minière Montagne d'Or SAS ("COMMOR").

On January 12, 2016, the Company entered into an agreement with Nordgold to sell a 5% minority interest in the Paul Isnard Gold Project (the "5% Sale") for \$7,870 (US\$6,000) (received). The formal acquisition and transfer of the 5% interest would not occur until Nordgold earned the initial 50.01% interest in the Paul Isnard Gold Project under the Option Agreement.

On September 14, 2017, the Company's interest in COMMOR was diluted to 49.99% through Nordgold's successful Option Agreement earn-in, and an additional 5% interest in COMMOR was transferred to Nordgold to complete the 5% Sale. A Shareholders' Agreement was signed between the Company and Nordgold, with the Company retaining a 44.99% interest in COMMOR, and Nordgold owning the remaining 55.01% interest. As a result, and in accordance with IFRS, COMMOR is no longer accounted for on a consolidated basis, and instead, as an equity accounted investment.

On December 18, 2017, the Company announced that at a meeting of the Montagne d'Or joint-venture (Columbus Gold 44.99%/Nordgold 55.01%) held on December 15th, 2017 the joint-venture board unanimously decided to proceed with construction of the Montagne d'Or gold mine in French Guiana. Commencement of construction is subject to a number of additional requirements, including a public consultation and receipt of required permits and authorizations.

# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Bankable Feasibility Study

On March 20, 2017, the Company announced the results of the independent bankable feasibility study ("BFS") prepared in accordance with National Instrument 43-101. Highlights of the BFS are as follows (*figures are in Canadian and US Dollars, not in thousands*):

- Net present value of US\$370 million (~C\$500 million at 1.35 USD-CAD exchange rate) after tax (at a 5% discount rate);
- Internal rate of return of 18.7% after tax, at an assumed gold price of US\$1,250 per ounce ("oz");
- Reserves calculated at a gold price of US\$1,200/oz;
- Proven & Probable Mineral Reserves of 2,745,000 oz gold ("Au") (54.1 million tonnes ("Mt") at 1.58 grams per tonne ("g/t") Au), a subset of the Measured and Indicated Resources of 3,850,000 oz Au (85.1 Mt at 1.41 g/t Au, using a cut-off grade of 0.4 g/t and a US\$1,300/oz Au price);
- Life-of-mine ("LOM") production of approximately 2,572,000 oz Au; 214,000 oz per year, over a 12-year mine life, using an average overall gold recovery of 93.8% that results in an average LOM Total Cash Cost of US\$666/oz and LOM All-In Sustaining Costs ("AISC") of US\$779/oz;
- Average annual gold production of 237,000 oz over the first ten years of mine life at an average grade of 1.73 g/t Au that results in an average AISC of US\$749/oz; and
- Total Net Initial Capital Costs (including pre-stripping and contingency, less surplus tax credit refunds) of US\$361 million (table below for Capital Costs breakdown), with an After-tax Payback Period of 4.1 years, and LOM Sustaining Capital Costs of US\$231 million. LOM contingency rate of 9.5% is included in the estimate.

Additional information can be found in the press release dated March 20, 2017 on the Company's website.

### Permitting Update

As required by French legislation, public hearings for Montagne d'Or were organized by the French National Commission of Public Debate ("CNDP"). They were completed on July 7, 2018. In total, 14 public information meetings and workshops were held at various locations around French Guiana. On September 7, 2018, the CNDP published a report based on all the opinions, questions, commentaries and contributions received from stakeholders during the public hearings.

On November 16, 2018, COMMOR published its decision to move forward with the Montagne d'Or gold mine, and committed to a number of project modifications which will be finalized and implemented with stakeholders.

### Maripa Gold Project

#### *Overview*

The Maripa Gold Project ("Maripa") is located in eastern French Guiana, 50 kilometres south of the capital city of Cayenne, and is comprised of up to five contiguous exploration permits that cover an area of approximately 120 square kilometres. Gold has been mined in the area for over a century; the past producing Changement mine, located within the Maripa area, recorded gold production of some 40,000 ounces of gold from 1985 to 1996. Past drilling by previous operators between 2002 and 2006 returned the following near-surface drill intercepts:

- 36 metres of 4.3 g/t gold
- 10.5 metres of 12.4 g/t gold
- 34.5 metres of 1.8 g/t gold
- 25.5 meters of 2.5 g/t gold
- 21.5 meters of 2.2 g/t gold



# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Option Agreement

On July 19, 2018, the Company entered into an agreement (the "Maripa Option") with a subsidiary of IAMGOLD Corporation ("IAMGOLD") to acquire up to a 70% interest in Maripa. The terms of the Maripa Option are as follows:

- Two-stage option to earn up to a 70% interest in Maripa:
  - Initial option (the "First Option") to acquire a 50% interest by incurring \$6,447 (US\$5,000) in expenditures within 5 years from the date of deemed non-objection of the French Government of the Maripa Option (the "Effective Date"), with Columbus Gold acting as Operator:
    - Firm spending commitment of \$257 (US\$200) by December 31, 2018;
    - \$1,934 (US\$1,500) firm cumulative spending commitment by the 2nd anniversary of the Effective Date;
    - \$3,546 (US\$2,750) cumulative spending by the 3rd anniversary of the Effective Date;
    - \$5,158 (US\$4,000) cumulative spending by the 4th anniversary of the Effective Date; and
    - \$6,447 (US\$5,000) cumulative spending and the completion of an internal scoping study by the 5th anniversary of the Effective Date.
  - Election to acquire an additional 20% interest:
    - Following exercise of the First Option, the parties may form a 50/50 joint-venture ("JV"), or if IAMGOLD elects not to participate in the 50/50 JV, then Columbus Gold may provide notice to IAMGOLD that it will aim to earn an additional 20% interest by completing a Preliminary Feasibility Study ("PFS") in an additional 3 years;
    - A 70:30 JV will be formed upon completion of a PFS by Columbus Gold; and
    - If any party's interest in a JV falls below 10% it will convert to a 2% NSR, of which 1% can be purchased by the other party for \$3,868 (US\$3,000).

### Qualified Person

The technical information related to the Paul Isnard Gold Project and Maripa Gold Project contained in this MD&A has been reviewed and approved by the Columbus Gold's President & COO, Rock Lefrancois, P.Geog (OGQ), who is a Qualified Person under NI 43-101.

### Summary of Quarterly Information

	Q4 2018 (\$)	Q3 2018 (\$)	Q2 2018 (\$)	Q1 2018 (\$)	Q4 2017 (\$)	Q3 2017 (\$)	Q2 2017 (\$)	Q1 2017 (\$)
Net income (loss) for the period	(496)	(660)	(3,579)	(1,175)	13,051	(734)	(1,253)	(1,283)
Basic earnings (loss) per share	(0.00)	(0.00)	(0.02)	(0.01)	0.09	(0.00)	(0.01)	(0.01)
Diluted earnings (loss) per share	(0.00)	(0.00)	(0.02)	(0.01)	0.08	(0.00)	(0.01)	(0.01)

  

	Sep 30, 2018 (\$)	Jun 30, 2018 (\$)	Mar 31, 2018 (\$)	Dec 31, 2017 (\$)	Sep 30, 2017 (\$)	Jun 30, 2017 (\$)	Mar 31, 2017 (\$)	Dec 31, 2016 (\$)
Cash	809	1,648	1,483	532	1,357	4,300	6,665	3,605
Restricted cash	-	-	-	4,086	-	-	-	-
Total assets	41,837	43,596	46,397	62,014	57,752	54,181	54,523	49,223
Total non-current financial liabilities	-	-	-	-	-	-	-	-

## Columbus Gold Corp.

### Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



#### Q4 2018 compared with Q4 2017

During the three months ended September 30, 2018, the Company incurred a net loss of \$496, compared to net income of \$13,051 during the same quarter in the prior year. This was mainly driven by the non-recurring \$14,116 deconsolidation gain from COMMOR recognized in Q4 2017.

#### Q4 2018 compared with Q2 2018

During the three months ended September 30, 2018, the Company incurred a net loss of \$496, compared to \$3,579 during the Q2 2018. This was mainly driven by the non-recurring \$2,081 loss on the spinout of Allegiant and share based payments expense of \$948 due to the timing of vesting of stock options during Q2 2018.

#### Q4 2018 compared with remaining historic quarters

During the three months ended September 30, 2018, the Company incurred a net loss of \$496, lower than most of the historic quarters in the current and prior fiscal years. This was due to the timing expense of corporate expenditures and deconsolidation of COMMOR and Allegiant's expenditures that were previously recorded in the consolidated profit and loss.

#### Assets

Cash decrease over the past two fiscal years was mainly driven by general operational expenditures, net of the impact from proceeds received from a share offering and cash deconsolidated from the spinout of Allegiant. The restricted cash in Q1 2018 (which was later deconsolidated from Columbus Gold) was related to a non-brokered private placement of subscription receipts that was held in escrow pending satisfaction of the conditions to closing of the spinout of Allegiant.

Total assets as at September 30, 2018 was \$41,837, which was lower than all historic quarters in fiscal 2018 and 2017. This was mainly driven by the spinout of Allegiant and use of working capital in operations.

#### Review of Financial Results – Year End

	Year ended		
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Net income (loss) for the year	(5,910)	9,780	(3,848)
Basic earnings (loss) per share	(0.04)	0.07	(0.03)
Diluted earnings (loss) per share	(0.04)	0.06	(0.03)
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Cash and cash equivalents	809	1,357	4,508
Total assets	41,837	57,752	50,532
Total non-current financial liabilities	-	-	-

During the year ended September 30, 2018, the Company incurred a net loss of \$5,910, compared to net income of 9,780 in the prior year. This was mainly driven by the non-recurring \$14,116 deconsolidation gain from COMMOR recognized in Q4 2017. When comparing current year to fiscal 2016's net loss of \$3,848 in fiscal 2016, the net loss was higher. This was mainly a result of the non-recurring \$2,081 loss on the spinout of Allegiant.

Administration and office remained consistent, being \$1,362 this year, compared to \$1,282 and \$1,309 in fiscal 2017 and 2016 respectively.

## Columbus Gold Corp.

### Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



Professional fees decreased to \$326 this year compared to \$1,281 and \$678 in fiscal 2017 and 2016 respectively. The decrease is mainly attributable to corporate financial advisory services only being incurred during the prior year and cost reduction measures taken during the current year.

Share-based payments expense was \$1,006 this year compared to \$628 and \$1,115 in fiscal 2017 and 2016 respectively. Share-based payments fluctuate and are dependent on the quantity of options granted and its vesting period.

Through a cost sharing agreement (see Related Party Transactions) with Allegiant, which commenced on January 1, 2018, the Company recorded cost recoveries of \$351 this year, as compared to \$nil during the prior years comparative period.

In connection with the Arrangement, the Company recorded a one-time loss on the spin-out of Allegiant of \$2,081 during the year ended September 30, 2018 (\$nil in 2017 and 2016).

The Company recorded a loss from equity accounted investment of \$457 this year, representing its 44.99% interest in COMMOR, compared to nil during the prior years comparative period, when COMMOR was consolidated instead.

The Company sold shares of Allegiant this year, resulting in a gain of \$166. No available-for-sale investments were sold during the prior years.

#### Assets

Cash decrease over the past two fiscal years was mainly driven by general operational expenditures, net of the impact from proceeds received from a share offering and cash deconsolidated from the spinout of Allegiant. The restricted cash in Q1 2018 (which was later deconsolidated from Columbus Gold) was related to a non-brokered private placement that was held in escrow pending satisfaction of the conditions to closing of the spinout of Allegiant.

Total assets as at September 30, 2018 was \$41,837, which was lower than September 30, 2017 and 2016. This was mainly driven by the spinout of Allegiant and use of working capital in operations.

#### **Liquidity and Capital Resources**

	Year ended		
	September 30, 2018	September 30, 2017	September 30, 2016
	(\$)	(\$)	(\$)
Working capital (deficiency) at end of year	4,687	1,391	(3,628)
Cash used in operating activities	(2,795)	(3,247)	(1,961)
Cash from (used in) investing activities	(2,565)	(4,472)	4,065
Cash from financing activities	4,850	4,590	1,734
Cash at end of year	809	1,357	4,508

The Company does not currently own or have an interest in any producing resource properties and does not derive any significant revenues from operations. The Company's activities have been funded primarily through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. The Company has been successful in its fund raising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be required to curtail its activities to a level for which funding is available and can be obtained. The Company's ability to access funding is also contingent on the ongoing demand for commodities and also a function of the demand for gold, both of which are subject to macroeconomic conditions and market fluctuations.

As at September 30, 2018, the Company had working capital of \$4,687. This was higher than both fiscal 2017 and 2016 as there were higher investment and note receivable balances resulting from the spinout of Allegiant, which did not occur in the prior years. In fiscal 2016, there was a working capital deficiency of \$3,628. This was mainly driven by a \$7,870 deferred sale of a minority interest in the Paul Isnard Gold Project that was classified as a current liability for accounting purposes.

## **Columbus Gold Corp.**

### **Management's Discussion and Analysis**

#### **For the Year Ended September 30, 2018**

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)

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During the current year, the Company used \$2,795 in operating activities, compared to \$3,247 during the prior year. The decrease is mainly attributable to lower professional fees \$326, compared to \$1,281 in the prior year. Cash used in operating activities was lower in 2016 due to timing differences from changes in non-cash working capital, specifically the movement of accounts payables and accrued liabilities.

During the year ended September 30, 2018, the Company used \$2,565 in investing activities. This mainly consisted of \$4,261 from the deconsolidation of cash from the spinout of Allegiant and \$552 invested in exploration and evaluation assets, partially offset by \$1,349 from the net sale of Allegiant shares, and \$457 reimbursed by COMMOR. During fiscal 2017, the Company used in \$4,472 in investing activities, mainly consisting of \$4,949 being invested in exploration and evaluation assets, partially offset by \$266 in option payments received and \$173 in advances from Nordgold. During fiscal 2016, the Company generated cash of \$4,065 from investing activities, mainly the result of receiving \$8,376 from the deferred sale of a 5% interest in the Paul Isnard Gold Project, partially offset by investments in exploration and evaluation assets of \$5,085.

During the current year, the Company generated \$4,850 from financing activities. This was comparable with fiscal 2017 of \$4,590 as both fiscal years each closed a non-brokered private placement of subscription receipts or shares. This did not occur in fiscal 2016. As a result, cash flows from financing activities in 2016 was lower than 2018 and 2017.

As at September 30, 2018, the Company had cash of \$809, and current liabilities of \$429. The Company has sufficient cash and access to capital to meet working capital requirements, and obligations as they become due.

#### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

#### **Related Party Transactions**

The Company has an agreement (the "Cost Sharing Agreement") with Allegiant, whereby certain overhead and administration costs are shared, which Allegiant reimburses to the Company on a periodic basis and is included in cost recoveries. The Cost Sharing Agreement is in effect until December 31, 2018 and may be terminated by either party with three months' notice. The Company and Allegiant have certain directors and officers in common.

The Company has a note receivable of \$1,604 from Allegiant (the "Grid Note") due on the later of March 1, 2019 or when Allegiant has completed one or more equity financings with collective proceeds of a minimum of \$4,000 subsequent to the date on which Allegiant lists on the TSXV.

The Company had an agreement (the "Services Agreement") with Organto Foods Inc. ("Organto"), whereby the Company provided certain administration and management services for a fixed monthly fee and is included in other income. The Services Agreement expired on May 30, 2018. The Company and Organto have certain directors and/or officers in common.

# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



The following is a summary of related party transactions:

	Three months ended		Year ended	
	Sept. 30, 2018	Sept. 30, 2017	Sept. 30, 2018	Sept. 30, 2017
	(\$)	(\$)	(\$)	(\$)
Management fees paid to a company controlled by the Chairman of the Company	38	75	263	350
Management fees paid to the President and COO of the Company	60	44	240	226
Accounting fees paid to the CFO of the Company	36	30	168	125
Consulting fees paid or accrued to Cordex Exploration LLC, a Company controlled by an officer of a former subsidiary of the Company	-	63	-	262
Directors fees paid or accrued	75	27	252	132
Administration cost recoveries received or accrued from Allegiant	(100)	-	(351)	-
Administration fees received or accrued from Organto	-	(77)	(127)	(260)
	<b>109</b>	<b>162</b>	<b>445</b>	<b>835</b>

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	September 30, 2018	September 30, 2017
	(\$)	(\$)
Advances to a company controlled by the Chairman of the Company	25	25
Advances to the Chairman of the Company	9	7
Trade receivables from Organto	301	264
Note receivable from Allegiant	1,604	-
Directors fees payable	(157)	(103)
	<b>1,782</b>	<b>193</b>

### Proposed Transactions

There are no proposed transactions as at September 30, 2018 and the date of this MD&A.

### Commitments

The Company has commitments as follows:

	1 year	2-3 years	4-5 years	Total
	(\$)	(\$)	(\$)	(\$)
Office lease payments	137	72	-	209

### Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the recoverability of the carrying value of exploration and evaluation

# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



assets, assumptions used in determination of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

### Changes in Accounting Policies and Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2018, and have not been applied in preparing the consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

(a) IFRS 9 – *Financial Instruments* (“IFRS 9”)

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(b) IFRS 16 – *Leases* (“IFRS 16”)

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not expect IFRS 16 to have a significant impact on the Company's financial statements. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

(c) Other

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### Financial Instruments

#### Fair Value

The fair value of the Company's financial instruments, financial statement classification and associated risks are presented in the table below:

<b>Financial Instrument</b>	<b>Financial Statement Classification</b>	<b>Associated Risks</b>	<b>Fair value at September 30, 2018 (\$)</b>
Cash	Carrying value	Credit and currency	809
Available-for-sale investments	Fair value	Exchange	2,084
Receivables	Carrying value	Credit and concentration	310
Note receivable from Allegiant Gold Ltd.	Carrying value	Credit and concentration	1,604
Accounts payable	Carrying value	Currency	(210)

The fair value of the Company's financial instruments including cash, receivables, note receivable from Allegiant Gold Ltd. and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

## Columbus Gold Corp.

### Management's Discussion and Analysis

### For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



The fair value of available-for-sale investments is based on quoted market prices for publicly traded shares.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Available-for-sale investments are classified as Level 1. At September 30, 2018, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

#### Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2018 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

##### (a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the consolidated statements of financial position. Cash is held as cash deposits with creditworthy banks and an investment firm. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada and trade receivables. The Company's note receivable from Allegiant is unsecured. Management believes that the credit risk with respect to cash and receivables as it relates to goods and services tax are low, and medium as it relates to trade receivables and the note receivable from Allegiant.

##### (b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2018, the Company has working capital of \$4,687 (September 30, 2017 – \$1,391), and liquidity risk is assessed as low.

##### (c) Market risks

###### (i) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its French subsidiary, Columbus Guyane SAS. The Company also has assets and liabilities denominated in US dollars and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar or European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

###### (ii) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

###### (iii) Interest rate risk

The Company does not have any interest-bearing debt and is therefore not exposed to interest rate risk.



# Columbus Gold Corp.

## Management's Discussion and Analysis

For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Sensitivity Analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company has certain cash balances, receivables, reclamation bonds, and accounts payables in US Dollars and European Euros, currencies other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar and European Euro would have a corresponding effect of approximately \$35 to profit or loss.

### Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration and development stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors approves the annual and updated budgets. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

### **Other Information**

#### Outstanding Share Data

The Company has authorized capital of an unlimited number of common shares without par value. The table below represents Columbus Gold's capital structure as at the date of this MD&A and September 30, 2018:

	<b>As at date of this MD&amp;A</b>	<b>September 30, 2018</b>
Common shares issued and outstanding	158,769,132	158,769,132
Share purchase options outstanding (exercisable at \$0.30-\$0.75)	7,257,500	7,257,500

As at September 30, 2018 and the date of this MD&A, Columbus Gold has the following share purchase options outstanding:

<b>Exercise Price (\$)</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>
	<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>
0.30	100,000	100,000
0.30	1,150,000	1,150,000
0.40	250,000	250,000
0.40	432,500	432,500
0.45	150,000	150,000
0.48	4,800,000	4,800,000
0.65	125,000	125,000
0.75	250,000	250,000
<b>0.30-0.75</b>	<b>7,257,500</b>	<b>7,257,500</b>



# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Risks and Uncertainties

#### *Risk factors*

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but do not represent all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected.

#### *Exploration, development and production risks*

An investment in the Company's shares is speculative due to the nature of the Company's involvement in the evaluation, acquisition, exploration and, if warranted, development and production of minerals. Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries in commercial quantities.

While the Company has a limited number of specific identified exploration or development prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. The Company has no earnings record, no reserves and no producing resource properties.

The Company's resource projects are in the exploration stage. Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge will not eliminate. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company must rely upon consultants and contractors for exploration, development, construction and operating expertise. Substantial expenditures may be required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that surface rights agreements that may be necessary for future operations will be obtained when needed, on reasonable terms, or at all, which could adversely affect the business of the Company.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

### Additional Funding Requirements

From time to time, the Company may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities, delay or indefinitely postpone further exploration and development of its projects with the possible loss of such properties, and reduce or terminate its operations. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favorable terms.

# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Prices, Markets and Marketing of Natural Resources

Gold is a commodity whose price is determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for gold have fluctuated widely in recent years. The marketability and price of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company has limited direct experience in the marketing of gold.

Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and environmental protection are all factors which may affect the marketability and price of natural resources. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Company not receiving an adequate return on investment for shareholders.

### Enforcement of Civil Liabilities

Certain of the Company's directors and certain of the experts named herein reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

### Environmental Risks

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, and national, state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resources companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in developments of new properties.

### Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of shares or securities convertible into shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The Company cannot predict the size of future issues of shares or securities convertible into

# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



shares or the effect, if any, that future issues and sales of shares will have on the price of the shares. Any transaction involving the issue of previously authorized but unissued shares or securities convertible into shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

### Regulatory Requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the mineral projects in which the Company has an interest. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

### Reliance on Operators and Key Employees

The success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company. In assessing the risk of an investment in the Company's shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in the Company's shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

### Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

### Availability of Equipment and Access Restrictions

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

### Conflict of Interest of Management

Certain of the Company's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

### Competition

The Company actively competes for acquisitions, leases, licenses, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater financial resources than the Company.

## **Columbus Gold Corp.**

### **Management's Discussion and Analysis For the Year Ended September 30, 2018**

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



The Company's ability to successfully bid on and acquire additional property rights to participate in opportunities and to identify and enter into commercial arrangements with other parties will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

#### Insurance

The Company's involvement in the exploration for and development of natural resource properties may result in the Company becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave ins, fires, floods, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards. Although the Company will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable, or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer or such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

No assurance can be given that insurance to cover the risks to which the Company's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to the Company or to other companies within the industry. The payment of such liabilities would reduce the funds available to the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

#### The Market Price of Shares May be Subject to Wide Price Fluctuations

The market price of shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the shares.

The Company is unable to predict whether substantial amounts of shares will be sold in the open market. Any sales of substantial amounts of shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the shares.

#### Global Financial Conditions

Global financial conditions over the last few years have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of our shares may be adversely affected.

#### Credit Risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While the Company will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect the Company.

# Columbus Gold Corp.

## Management's Discussion and Analysis For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)



### Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

### Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the three months and year ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

### Caution Regarding Forward Looking Statements

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to: changes in Canadian/US dollar exchange rates; management's strategies, objectives and expectations; the Company's tax position and the tax and royalty rates applicable; the Company's ability to acquire necessary permits and other authorizations in connection with its projects; risks associated with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; the Company's cost reduction and other financial and operating objectives; the Company's environmental, health and safety initiatives; the availability of qualified employees and labour for operations; risks that may affect operating or capital plans; risks created through competition for mining properties; risks associated with exploration projects, and mineral reserve and resource estimates, including the risk of errors in assumptions and methodologies; risks associated with dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with title; and general business and economic conditions.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about: general business and economic conditions; the expected timing to complete a feasibility study and other exploration milestones, the timing of the receipt of required permits and approvals for operations; the availability of equity and other financing on reasonable terms; power prices; the Company's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the Company's ability to attract and retain skilled labour and staff; the impact of changes in Canadian/US dollar and other foreign exchange rates on costs and results; market competition; and ongoing relations with employees and with business partners and joint venturers.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Management undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

### Qualified Person

The technical information related to the Paul Isnard Gold Project and Maripa Gold Project contained in this MD&A has been reviewed and approved by the Columbus Gold's President & COO, Rock Lefrancois, P.GeO (OGQ), who is a Qualified Person under NI 43-101.

## **Columbus Gold Corp.**

Management's Discussion and Analysis

For the Year Ended September 30, 2018

(Expressed in thousands of Canadian Dollars, except per share amounts or where noted)

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### Additional Information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Corporation Information

Head Office:	1090 Hamilton Street Vancouver, BC V6B 2R9 Canada
Directors:	Robert Giustra, Chairman Marie-Hélène Bérard Oleg Pelevin Peter Gianulis Russell Ball
Officers:	Rock Lefrançois, President & Chief Operating Officer Andrew Yau, Chief Financial Officer & Corporate Secretary Jorge Martinez, Vice President, Communications & Technology
Auditor:	DMCL LLP 1500 – 1140 West Pender Street Vancouver, BC V6E 4G1
Legal Counsel:	McMillan LLP Suite 1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7
Transfer Agent:	Computershare Investor Services Inc. 2 <sup>nd</sup> Floor – 510 Burrard Street Vancouver, BC V6C 3B9



**Columbus Gold Corp.  
1090 Hamilton Street  
Vancouver, B.C.  
V6B 2R9  
Canada**

**Consolidated Financial Statements**

**For the Year Ended  
September 30, 2018 and 2017**

**(Stated in Canadian Dollars)**





DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Columbus Gold Corp.

We have audited the accompanying consolidated financial statements of Columbus Gold Corp., which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of comprehensive income (loss), cash flows and shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbus Gold Corp. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
December 12, 2018

An independent firm associated with  
Moore Stephens International Limited

**MOORE STEPHENS**



**Columbus Gold Corp.**Consolidated Statements of Financial Position  
(Expressed in thousands of Canadian Dollars)

	September 30, 2018 (\$)	September 30, 2017 (\$)
<b>Assets</b>		
Current assets		
Cash	809	1,357
Available-for-sale investments (notes 5 and 6)	2,084	7
Receivables (note 7 and 13)	310	356
Note receivable from Allegiant Gold Ltd. (note 13)	1,604	-
Prepaid expenses	309	192
	<b>5,116</b>	<b>1,912</b>
Non-current assets		
Investment in Compagnie Minière Montagne d'Or SAS (note 9)	36,538	36,701
Equipment (note 11)	38	16
Exploration and evaluation assets (note 10)	145	18,676
Reclamation bonds (note 8)	-	447
	<b>41,837</b>	<b>57,752</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Accounts payable (note 13)	210	149
Accrued liabilities (note 13)	219	372
	<b>429</b>	<b>521</b>
Shareholders' equity		
Share capital (note 12)	65,208	62,305
Reserves (note 12)	11,183	11,450
Deficit	(34,983)	(16,524)
	<b>41,408</b>	<b>57,231</b>
	<b>41,837</b>	<b>57,752</b>

Nature of operations and going concern (note 1)  
Commitments (note 15)

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

**Approved by the Board of Directors***“Robert Giustra”*

Robert Giustra – Director

*“Peter Gianulis”*

Peter Gianulis - Director

**Columbus Gold Corp.**

Consolidated Statements of Comprehensive (Loss) Income  
 (Expressed in thousands of Canadian Dollars, except per share amounts)



	<b>Year Ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
	(\$)	(\$)
Operating expenses		
Administration and office (note 13)	1,362	1,282
Directors fees (note 13)	252	132
General exploration	159	187
Investor relations	309	414
Management fees (note 13)	263	350
Professional fees (note 13)	326	1,281
Share-based payments (note 12b)	1,006	628
Transfer agent and filing fees	252	154
Travel	83	130
Amortization (note 11)	16	37
Cost recoveries from Allegiant Gold Ltd. (note 13)	(351)	-
Loss before other items	(3,677)	(4,595)
Other items		
Interest income	17	28
Other income	133	261
Loss on spin-out of Allegiant Gold Ltd. (note 5)	(2,081)	-
Loss from equity accounted investment (note 9)	(457)	-
Gain from sale of available-for-sale investments	166	-
Foreign exchange loss	(11)	(5)
Gain from deconsolidation of Compagnie Minière Montagne d'Or (note 9)	-	14,116
Impairment of available-for-sale investments	-	(25)
<b>Net (loss) income before taxes and net (loss) income for the year</b>	<b>(5,910)</b>	<b>9,780</b>
Reclassified to net income or loss:		
Unrealized (gain) loss on available-for-sale investments	(166)	25
Items that may subsequently be reclassified to net income or loss:		
Unrealized gain (loss) on available-for-sale investments	291	(56)
Foreign currency translation	851	(429)
<b>Comprehensive (loss) income for the year</b>	<b>(4,934)</b>	<b>9,320</b>
(Loss) earnings per share (note 12d)		
Basic	(0.04)	0.07
Diluted	(0.04)	0.06

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

**Columbus Gold Corp.**

Consolidated Statements of Cash Flows  
(Expressed in thousands of Canadian Dollars)



	<b>Year Ended</b>	
	<b>September 30, 2018 (\$)</b>	<b>September 30, 2017 (\$)</b>
<b>Operating activities</b>		
Net (loss) income for the year	(5,910)	9,780
Items not involving cash		
Loss on spin-out of Allegiant Gold Ltd.	2,081	-
Gain from sale of available-for-sale investments	(166)	-
Amortization	16	37
Share-based payments	1,006	628
Loss from equity accounted investment	457	-
Unrealized foreign exchange loss	10	135
Gain from deconsolidation of Compagnie Minière Montagne d'Or	-	(14,116)
Impairment of available-for-sale investments	-	25
	<u>(2,506)</u>	<u>(3,511)</u>
Changes in non-cash working capital		
Receivables and prepaid expenses	(161)	588
Accounts payable and accrued liabilities	(128)	(324)
Cash used in operating activities	<u>(2,795)</u>	<u>(3,247)</u>
<b>Investing activities</b>		
Proceeds from sale of available-for-sale investments	1,914	17
Reimbursements from Compagnie Minière Montagne d'Or	457	-
Note receivable from Allegiant Gold Ltd.	515	-
Purchase of available-for-sale investment	(565)	-
Cash deconsolidated from spin-out of Allegiant Gold Ltd. (note 5)	(4,261)	-
Exploration and evaluation assets	(552)	(4,949)
Reclamation bonds	(52)	(1)
Option payment received	-	266
Equipment	(38)	(6)
Exploration advances from Nord Gold SE	-	173
Interest received	17	28
Cash used in investing activities	<u>(2,565)</u>	<u>(4,472)</u>
<b>Financing activities</b>		
Proceeds from share options exercised	351	129
Proceeds from warrants exercised	303	-
Net proceeds from share offering	-	4,461
Net proceeds from Allegiant Gold Ltd. share offering (note 5)	4,196	-
Cash from financing activities	<u>4,850</u>	<u>4,590</u>
Effect of foreign exchange on cash	(38)	(22)
Decrease in cash	(548)	(3,151)
Cash, beginning of year	1,357	4,508
<b>Cash, end of year</b>	<u>809</u>	<u>1,357</u>

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

# Columbus Gold Corp.

## Consolidated Statements of Shareholders' Equity

(Expressed in thousands of Canadian Dollars except for share amounts)



	Share Capital		Reserves				
	Number of Shares (000's)	Share Capital (\$)	Share Options and Warrants (\$)	Accumulated Other Comprehensive Income (Loss) (\$)	Total (\$)	Deficit (\$)	Total (\$)
Balance, October 1, 2016	142,940	56,116	8,719	2,447	11,166	(26,304)	40,978
Share offering net of share issuance costs (note 12(a))	8,000	4,274	187	-	187	-	4,461
Shares issued for acquisition of Castle gold project (note 12(a))	1,750	1,715	-	-	-	-	1,715
Share options exercised (note 12(a))	406	200	(71)	-	(71)	-	129
Share-based payments (note 12(b))	-	-	628	-	628	-	628
Comprehensive income (loss)	-	-	-	(460)	(460)	9,780	9,320
<b>Balance, September 30, 2017</b>	<b>153,096</b>	<b>62,305</b>	<b>9,463</b>	<b>1,987</b>	<b>11,450</b>	<b>(16,524)</b>	<b>57,231</b>
Share options exercised – cashless (note 12(a))	4,326	1,890	(1,890)	-	(1,890)	-	-
Share options exercised (note 12(a))	868	523	(172)	-	(172)	-	351
Warrants exercised (note 12(c))	480	490	(187)	-	(187)	-	303
Share-based payments (note 12(b))	-	-	1,006	-	1,006	-	1,006
Dividends (note 5)	-	-	-	-	-	(12,549)	(12,549)
Comprehensive income (loss)	-	-	-	976	976	(5,910)	(4,934)
<b>Balance, September 30, 2018</b>	<b>158,770</b>	<b>65,208</b>	<b>8,220</b>	<b>2,963</b>	<b>11,183</b>	<b>(34,983)</b>	<b>41,408</b>

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

# Columbus Gold Corp.

## Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 1. Nature of Operations and Going Concern

Columbus Gold Corp. (the “Company” or “Columbus Gold”) was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued on to British Columbia, Canada on December 29, 2003. The Company is currently listed on the Toronto Stock Exchange (the “TSX” or “Exchange”) and the OTCQX International.

The Company’s principal business activities are the exploration and development of resource properties which are located in French Guiana. The Company is in the process of exploring and developing its resource properties. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company’s exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required.

All figures in these consolidated financial statements are expressed in thousands of Canadian Dollars except for share and per share amounts, or noted otherwise. References to “US\$” are to thousands of US Dollars. At September 30, 2018, the Company has working capital of \$4,687 (September 30, 2017 – \$1,391) and an accumulated deficit of \$34,983 (September 30, 2017 - \$16,524). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

### 2. Basis of Presentation

#### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 12, 2018.

#### (b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



### 2. Basis of Presentation – continued

#### (c) Basis of consolidation

These consolidated financial statements include the accounts of Columbus Gold and its wholly-owned subsidiaries as follows:

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#### Entity

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Columbus Gold Corp.  
Columbus Gold (Luxembourg) S.à.r.l.  
Columbus Guyane SAS  
Columbus International (Luxembourg) S.à.r.l  
Columbus Investments S.à.r.l  
Allegiant Gold Ltd.<sup>1</sup>  
Allegiant Gold Holding Ltd. (formerly Columbus Gold (US Property Holding) Corporation)<sup>1</sup>  
Allegiant Gold (U.S.) Ltd. (formerly Columbus Gold (U.S.) Corporation)<sup>1</sup>

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<sup>1</sup> Deconsolidated effective January 25, 2018.

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

#### (d) Use of estimates and judgments

##### Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, the fair value of its equity investment, the recoverability of the carrying value of available-for-sale assets and exploration and evaluation assets, assumptions used in determination of the fair value of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

##### Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern, classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 3. Significant Accounting Policies

#### (a) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

<b>Entity</b>	<b>Functional Currency</b>
Columbus Gold Corp.	Canadian dollar
Columbus Gold (Luxembourg) S.à.r.l.	European euro
Columbus Guyane SAS	European euro
Columbus International (Luxembourg) S.à.r.l	European euro
Columbus Investments S.à.r.l	European euro
Allegiant Gold Ltd. <sup>1</sup>	Canadian dollar
Allegiant Gold Holding Ltd. (formerly Columbus Gold (US Property Holding) Corporation) <sup>1</sup>	Canadian dollar
Allegiant Gold (U.S.) Ltd. (formerly Columbus Gold (U.S.) Corporation) <sup>1</sup>	United States dollar

<sup>1</sup> Deconsolidated effective January 25, 2018.

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

#### (b) Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

General exploration costs consist of exploration expenditures incurred in the process of evaluating potential property acquisitions. Such expenditures will continue to be expensed until the property is acquired.

The proceeds from royalties granted and operator fees earned are deducted from the costs of the related property and any excess is recorded as income.

# Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



## 3. Significant Accounting Policies - *continued*

### (c) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Furniture	5 years
Leasehold improvements	Term of lease
Equipment	3 to 10 years

### (d) Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). This generally results in the Company evaluating its non-financial assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of comprehensive loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

### (e) Investment

The Company accounts for its investment, in which the Company has significant influence, using the equity method. Under the equity method, the Company’s investment is initially recognized at fair value and subsequently increased or decreased to recognize the Company’s share of net earnings and losses, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company’s share of earnings and losses of the investee are recognized in net earnings during the year. Dividends and repayment of capital received from the investee company are accounted for as a reduction in the carrying amount of the Company’s investment.

The Company has determined that it has significant influence over Compagnie Minière Montagne d’Or SAS (“COMMOR”) (Note 9).



## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 3. Significant Accounting Policies - *continued*

#### (f) Restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

#### (g) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

#### (h) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes the substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

#### (i) Earnings per share

Earnings per share is calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 3. Significant Accounting Policies - *continued*

of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

#### (j) Share-based payments

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. Details of the Company's share option plan are disclosed in note 12(b).

The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the statement of comprehensive income or as capitalized mineral resource property cost with a corresponding entry within equity, against share-based payments reserve. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

#### (k) Financial instruments

##### Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

##### Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



### 4. Changes in Accounting Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2018, and have not been applied in preparing these consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

(a) IFRS 9 – *Financial Instruments* (“IFRS 9”)

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will not have a significant impact on the Company’s financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(b) IFRS 16 – *Leases* (“IFRS 16”)

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not expect IFRS 16 to have a significant impact on the Company’s financial statements. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

(c) Other

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

### 5. Spin-Out of Allegiant Gold Ltd.

On September 27, 2017, the Company announced the signing of an arrangement agreement (the “Arrangement”) providing for the spin-out of its subsidiary Allegiant Gold Ltd. (“Allegiant”), with the intent of listing Allegiant on the TSX Venture Exchange (“TSX-V”). Allegiant indirectly held the Company’s United States based exploration and evaluation assets.

On December 8, 2017, the Company completed Allegiant’s brokered and non-brokered private placements of subscription receipts for combined gross proceeds of \$4,196.

Allegiant was spun-out of Columbus Gold on January 25, 2018, with the Company holding 7,933,496 shares of Allegiant, with a fair value of \$3,135, representing approximately 16.7% of Allegiant’s issued and outstanding common shares at the time. Assets and liabilities of Allegiant, including exploration and evaluation assets of \$19,206, cash of \$4,261 and reclamation bonds of \$501 have been deconsolidated from the Company’s consolidated financial statements.

In accordance with IFRS, the Company recorded a dividend of \$12,549 and a loss on the spin-out of Allegiant of \$2,081.

As at September 30, 2018, the Company held 5,150,580 shares of Allegiant, with a fair value of \$2,084 (Note 6).

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 6. Available-for-Sale Investments

	September 30, 2018 (\$)	September 30, 2017 (\$)
Allegiant Gold Ltd.	2,084	-
Roscan Minerals Corporation	-	7
	<b>2,084</b>	<b>7</b>

### 7. Receivables

	September 30, 2018 (\$)	September 30, 2017 (\$)
Due from Organto Foods Inc. ("Organto") (note 13)	301	264
Other receivables	9	92
	<b>310</b>	<b>356</b>

### 8. Reclamation Bonds

The Company previously posted refundable reclamation bonds with the USA Forest Service and US Bureau of Land Management for the Big Lime, Bolo, Brown's Canyon, Eastside, Hugh's Canyon and Monitor Hills properties with an aggregate value of \$501 as at January 25, 2018 (September 30, 2017 - \$447), which were required for the applicable drilling permits. In connection with the Arrangement (note 5), all reclamation bonds have been deconsolidated from the Company effective January 25, 2018.

### 9. Investment in Compagnie Minière Montagne d'Or SAS

The Company entered into an agreement with major gold producer Nord Gold SE ("Nordgold") on March 13, 2014 (the "Option Agreement"), under which Nordgold was granted the right to acquire a 50.01% interest in the Paul Isnard mining concessions and the exploration permits (the "Paul Isnard Gold Project"), held by the Company's subsidiary at the time, Compagnie Minière Montagne d'Or SAS ("COMMOR").

On January 12, 2016, the Company entered into an agreement with Nordgold to sell a 5% minority interest in the Paul Isnard Gold Project (the "5% Sale") for \$7,870 (US\$6,000) (received). The formal acquisition and transfer of the 5% interest would not occur until Nordgold earned the initial 50.01% interest in the Paul Isnard Gold Project under the Option Agreement.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 9. Investment in Compagnie Minière Montagne d'Or SAS - continued

On September 14, 2017, the Company's interest in COMMOR was diluted to 49.99% through Nordgold's successful Option Agreement earn-in, and an additional 5% interest in COMMOR was transferred to Nordgold to complete the 5% Sale. A Shareholders' Agreement was signed between the Company and Nordgold, with the Company retaining a 44.99% interest in COMMOR, and Nordgold owning the remaining 55.01% interest. As a result, COMMOR is no longer accounted for on a consolidated basis, and instead, as an equity accounted investment.

Upon recognition of the above transaction, the Company recorded the carrying value of its investment in COMMOR at its fair value of \$36,701, resulting in a gain on deconsolidation of \$14,116. The fair value of the Company's investment in COMMOR was determined using the consideration it received for an aggregate interest of 55.01%, which was \$44,875 (US\$36,000).

	(\$)
Aggregate investment in COMMOR	22,585
Fair value gain from deconsolidation of COMMOR	14,116
<b>Balance, September 30, 2017</b>	<b>36,701</b>
Proportionate share of losses	(457)
Reimbursements from COMMOR to the Company	(457)
Foreign exchange gain	751
<b>Balance, September 30, 2018</b>	<b>36,538</b>

### 10. Exploration and Evaluation Assets

A summary of exploration and evaluation assets by property for the year ended September 30, 2018 is set out below:

Property	Balance at October 1, 2017 (\$)	Additions (\$)	Foreign exchange (\$)	Effect of the Arrangement (\$)	Balance at September 30, 2018 (\$)
<b>French Guiana</b>					
Maripa	-	145	-	-	145
<b>USA</b>					
Big Lime	1	0	1	(2)	-
Bolo	3,969	67	27	(4,063)	-
Clanton Hills	33	14	1	(48)	-
Eastside	14,078	211	92	(14,381)	-
Four Metals	14	0	0	(14)	-
Hugh's Canyon	43	6	0	(49)	-
Mogollon	195	-	1	(196)	-
Monitor Hills	62	1	0	(63)	-
North Brown	14	11	0	(25)	-
Overland Pass	40	3	0	(43)	-
Red Hills	25	31	1	(57)	-
Silver Dome	18	0	0	(18)	-
West Goldfield	151	2	1	(154)	-
White Canyon	0	-	-	(0)	-
White Horse Flats	12	38	0	(50)	-
White Horse Flats North	21	23	(1)	(43)	-
	<b>18,676</b>	<b>552</b>	<b>123</b>	<b>(19,206)</b>	<b>145</b>

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



### 10. Exploration and Evaluation Assets - *continued*

#### French Guiana

On July 19, 2018, the Company entered into an agreement (the “Maripa Option”) with a subsidiary of IAMGOLD Corporation (“IAMGOLD”) to acquire up to a 70% interest in the Maripa Gold Project (“Maripa”), located in French Guiana, France. The terms of the Maripa Option are as follows:

- Two-stage option to earn up to a 70% interest in Maripa:
  - Initial option (the “First Option”) to acquire a 50% interest by incurring \$6,447 (US\$5,000) in expenditures within 5 years from the date of deemed non-objection of the French Government of the Maripa Option (the “Effective Date”), with Columbus Gold acting as Operator:
    - Firm spending commitment of \$257 (US\$200) by December 31, 2018;
    - \$1,934 (US\$1,500) firm cumulative spending commitment by the 2nd anniversary of the Effective Date;
    - \$3,546 (US\$2,750) cumulative spending by the 3rd anniversary of the Effective Date;
    - \$5,158 (US\$4,000) cumulative spending by the 4th anniversary of the Effective Date; and
    - \$6,447 (US\$5,000) cumulative spending and the completion of an internal scoping study by the 5th anniversary of the Effective Date.
  - Election to acquire an additional 20% interest:
    - Following exercise of the First Option, the parties may form a 50/50 joint-venture (“JV”), or if IAMGOLD elects not to participate in the 50/50 JV, then Columbus Gold may provide notice to IAMGOLD that it will aim to earn an additional 20% interest by completing a Preliminary Feasibility Study (“PFS”) in an additional 3 years;
    - A 70:30 JV will be formed upon completion of a PFS by Columbus Gold; and
    - If any party’s interest in a JV falls below 10% it will convert to a 2% NSR, of which 1% can be purchased by the other party for \$3,868 (US\$3,000).

#### USA

In connection with the Arrangement (note 5), all of the Company’s exploration and evaluation assets in the USA have been deconsolidated effective January 25, 2018.

# Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



## 10. Exploration and Evaluation Assets - continued

A summary of exploration and evaluation assets by property for the year ended September 30, 2017 is set out below:

Property	Balance at October 1, 2016 (\$)	Additions (\$)	Other (\$)	Foreign Exchange (\$)	Balance at September 30, 2017 (\$)
<u>French Guiana</u>					
Paul Isnard	28,590	5,833	(34,452) <sup>1</sup>	29	-
<u>Nevada</u>					
Big Lime	1	0	-	(0)	1
Bolo	3,525	653	-	(209)	3,969
Clanton Hills	31	4	-	(2)	33
Eastside	11,351	3,424	-	(697)	14,078
Four Metals	7	7	-	(0)	14
Hugh's Canyon	19	26	-	(2)	43
Mogollon	467	-	(266) <sup>2</sup>	(6)	195
Monitor Hills	28	37	-	(3)	62
North Brown	7	8	-	(1)	14
Overland Pass	21	21	-	(2)	40
Red Hills	14	13	-	(2)	25
Silver Dome	-	19	-	(1)	18
Weepah	16	-	(16) <sup>3</sup>	0	-
West Goldfield	-	159	-	(8)	151
White Canyon	0	-	-	-	0
White Horse Flats	4	9	-	(1)	12
White Horse Flats North	9	13	-	(1)	21
	<b>44,090</b>	<b>10,226</b>	<b>(34,734)</b>	<b>(906)</b>	<b>18,676</b>

<sup>1</sup> Consists of \$3,249 exploration and evaluation funded by Nordgold, and \$31,203 reclassified to *Investment in Compagnie Minière Montagne d'Or SAS* upon transition to equity accounting.

<sup>2</sup> Option payments received.

<sup>3</sup> Exchanged for eliminating certain Bolo underlying royalties.

### Paul Isnard

The Paul Isnard Gold Project consists of eight mining and two exclusive exploration permits located in French Guiana.

On September 14, 2017, the Company's interest in COMMOR (the entity with the rights to the Paul Isnard Gold Project) was diluted from 100% to 49.99% through Nordgold's successful Option Agreement earn-in, and an additional 5% interest in COMMOR was transferred to Nordgold to complete the 5% Sale. A Shareholders' Agreement was signed between the Company and Nordgold, with the Company retaining a 44.99% interest of COMMOR, and Nordgold having the remaining 55.01% interest. As a result, and in accordance with IFRS, COMMOR is no longer accounted for on a consolidated basis, and instead, as an equity accounted investment (note 9).

### Bolo

The Bolo property is located near Tonopah, Nevada. The Company held a 100% interest in Bolo, subject to underlying royalties.

On October 31, 2016, the Company completed a transaction to eliminate an underlying NSR royalty that ranged from 1% to 3% on the Bolo property. In consideration for the elimination of the royalty, the Company transferred ownership of its Weepah property to the royalty holders.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



### 10. Exploration and Evaluation Assets - continued

#### Eastside

The Eastside property is located near Tonopah, Nevada. The Company held a 100% interest in Eastside, subject to underlying royalties.

On February 21, 2017, the Company acquired the Castle gold project. The Castle gold project adjoins the south end of the Company's Eastside gold project and covers an area of 9.6 km<sup>2</sup>. As consideration for the acquisition, the Company issued 1,500,000 common shares to Seabridge Gold Inc. and 250,000 common shares to Platoro West Incorporated ("Platoro") (such shares collectively, the "Consideration Shares"). The annual lease payment to Platoro is \$32 (US\$25) per year and the term of the lease is 99 years. Platoro has also agreed to reduce the existing 3.5% NSR royalty to 2%, subject to the Company's right to buy back 1% for a onetime payment of \$3,244 (US\$2,500).

#### Other

The Company had additional exploration and evaluation assets located in Nevada, USA, comprised of the following properties: Big Lime, Clanton Hills, Four Metals, Mogollon, Hugh's Canyon, Monitor Hills, North Brown, Overland Pass, Silver Dome, Red Hills, West Goldfield, White Canyon, White Horse Flats, and White Horse Flats North.

A summary of the exploration and evaluation assets by cost category is set out below:

	(\$)
Balance at October 1, 2016	44,090
Acquisition and land	1,830
Camp costs and other	655
Drilling	3,659
Geology, trenching and geophysics	1,010
Management and administration	2,462
Technical studies	457
Travel	153
Amounts funded by Nordgold	(3,249)
Option payments received	(266)
Disposition of Weepah	(16)
Reclassified to <i>Investment in Compagnie Minière Montagne d'Or SAS</i>	(31,203)
Foreign exchange	(906)
<b>Balance at September 30, 2017</b>	<b>18,676</b>
Drilling	32
Geology, trenching and geophysics	215
Management and administration	262
Technical studies	14
Travel	29
Foreign exchange	123
Effect of the Arrangement	(19,206)
<b>Balance at September 30, 2018</b>	<b>145</b>



# Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



## 11. Equipment

	Furniture (\$)	Leasehold improvements (\$)	Equipment (\$)	Total (\$)
<b>Cost</b>				
Balance, September 30, 2016	59	190	40	289
Additions	-	-	5	5
Balance, September 30, 2017	59	190	45	294
Additions	14	-	24	38
Balance, September 30, 2018	73	190	69	332
<b>Accumulated amortization</b>				
Balance, September 30, 2016	(41)	(173)	(27)	(241)
Amortization	(10)	(17)	(10)	(37)
Balance, September 30, 2017	(51)	(190)	(37)	(278)
Amortization	(8)	-	(8)	(16)
Balance, September 30, 2018	(59)	(190)	(45)	(294)
<b>Net book value, September 30, 2017</b>	<b>8</b>	<b>-</b>	<b>8</b>	<b>16</b>
<b>Net book value, September 30, 2018</b>	<b>14</b>	<b>-</b>	<b>24</b>	<b>38</b>

## 12. Share Capital

### (a) Common shares

Authorized - unlimited common shares without par value.

At September 30, 2018, the Company had 158,769,132 (September 30, 2017 – 153,096,086) common shares issued and outstanding.

#### *Year ended September 30, 2018:*

The Company issued 4,325,546 (2017 – nil) common shares to settle the cashless exercise of 8,659,000 (2017 – nil) share options with exercise prices ranging from \$0.30 to \$0.65.

Further, 867,500 (2017 – 406,000) share options were exercised between \$0.30 and \$0.70 (2017 - \$0.30 to \$0.50) per share for proceeds of \$351 (2017 - \$129) and 480,000 (2017 – nil) warrants were exercised at \$0.63 per share for proceeds of \$303 (2017 - \$nil).

#### *Year ended September 30, 2017:*

On February 21, 2017, the Company issued 1,500,000 common shares to Seabridge Gold Inc. and 250,000 common shares to Platoro as consideration for the acquisition of the Castle gold project.

On February 15, 2017, the Company closed a share offering of 8,000,000 common shares of the Company at a price of \$0.63 per share for gross proceeds of \$5,040 (the "Offering"). In connection with the Offering, the Company paid a commission equal to 6% of the gross proceeds of the Offering and issued to the Underwriter 480,000 compensation warrants, equal to 6% of the shares sold under the Offering for total share issuance costs of \$766.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 12. Share Capital - continued

#### (b) Share options

The Company has a share option plan to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, September 30, 2016	11,675,000	0.42
Granted	1,975,000	0.67
Expired	(985,000)	0.78
Exercised	(406,000)	0.32
Cancelled	(25,000)	0.30
<b>Balance, September 30, 2017</b>	<b>12,234,000</b>	<b>0.43</b>
Granted	5,000,000	0.48
Exercised	(9,526,500)	0.44
Forfeited	(200,000)	0.48
Expired	(200,000)	0.46
Cancelled	(50,000)	0.90
<b>Balance, September 30, 2018</b>	<b>7,257,500</b>	<b>0.45</b>

A summary of the Company's options at September 30, 2018 is as follows:

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)
0.30	100,000	4.53	100,000	4.53
0.30	1,150,000	4.93	1,150,000	4.93
0.40	250,000	2.37	250,000	2.37
0.40	432,500	2.43	432,500	2.43
0.45	150,000	0.98	150,000	0.98
0.48	4,800,000	4.38	4,800,000	4.38
0.65	125,000	3.28	125,000	3.28
0.75	250,000	3.88	250,000	3.88
<b>0.30-0.75</b>	<b>7,257,500</b>	<b>4.18</b>	<b>7,257,500</b>	<b>4.18</b>

The fair value of share options recognized as an expense during the year ended September 30, 2018 was \$1,006 (2017 - \$628).

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 12. Share Capital - continued

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during 2018 and 2017 are as follows:

Grant Date	Number of Share Options	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
January 9, 2017	1,675,000	72%	1.01%	3.28	-	0.31	515
February 15, 2017	50,000	74%	1.07%	3.28	-	0.46	23
August 15, 2017	250,000	69%	1.42%	3.28	-	0.32	80
February 16, 2018	5,000,000	71%	2.03%	2.96	-	0.19	956

#### (c) Warrants

On February 15, 2017, the Company issued 480,000 warrants exercisable at \$0.63 per warrant, to a third party as commission in connection with an offering of the Company's common shares.

The continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, September 30, 2016	-	-
Granted	480,000	0.63
<b>Balance, September 30, 2017</b>	<b>480,000</b>	<b>0.63</b>
Exercised	(480,000)	0.63
<b>Balance, September 30, 2018</b>	<b>-</b>	<b>-</b>

The fair value of each warrant is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of warrants issued represents the period of time which those warrants are expected to be outstanding.

The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate. Assumptions used for warrants issued during 2017 are as follows:

Issue Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value per Warrant (\$)	Total Fair Value (\$)
February 15, 2017	480,000	77%	0.78%	1.00	-	0.39	187

**Columbus Gold Corp.**

Notes to the Consolidated Financial Statements  
 For the Years Ended September 30, 2018 and 2017  
 (Expressed in thousands of Canadian Dollars, except where noted)

**12. Share Capital - continued**

## (d) Loss per share

	Year Ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)
Basic loss per share	(0.04)	0.07
Diluted loss per share	(0.04)	0.06
<b>Net (loss) income for the year</b>	<b>(5,910)</b>	<b>9,780</b>

  

(in thousands)	Year Ended	
	September 30, 2018	September 30, 2017
Shares outstanding, beginning of period	153,096	142,940
Effect of share options exercised	4,358	95
Effect of warrants exercised	384	-
Effect of share offering	-	4,998
Effect of acquisition of Castle gold project	-	1,064
<b>Basic weighted average number of shares outstanding</b>	<b>157,838</b>	<b>149,097</b>
Effect of dilutive share options	-	5,129
Effect of dilutive warrants	-	73
<b>Diluted weighted average number of shares outstanding</b>	<b>157,838</b>	<b>154,299</b>

As at September 30, 2018, there were no (September 30, 2017 – 300,000) share options that were potentially dilutive but not included in the diluted earnings per share calculation as the effect would be anti-dilutive.

## (e) Reserves

*Share options and warrants*

The share options and warrants reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

*Accumulated other comprehensive income (loss)*

The accumulated other comprehensive income (loss) reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses on monetary items. The reserve also records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 13. Related Party Transactions

The Company has an agreement (the “Cost Sharing Agreement”) with Allegiant, whereby certain overhead and administration costs are shared, which Allegiant reimburses to the Company on a periodic basis and is included in cost recoveries. The Cost Sharing Agreement is in effect until December 31, 2018 and may be terminated by either party with three months’ notice. The Company and Allegiant have certain directors and officers in common.

The Company has a note receivable of \$1,604 from Allegiant (the “Grid Note”) due on the later of March 1, 2019 or when Allegiant has completed one or more equity financings with collective proceeds of a minimum of \$4,000 subsequent to the date on which Allegiant lists on the TSX-V.

The Company had an agreement (the “Services Agreement”) with Organto, whereby the Company provided certain administration and management services for a fixed monthly fee and is included in other income. The Services Agreement expired on May 30, 2018. The Company and Organto have certain directors and/or officers in common.

The following is a summary of related party transactions:

	Year Ended	
	September 30, 2018	September 30, 2017
	(\$)	(\$)
Management fees paid to a company controlled by the Chairman of the Company	263	350
Management fees paid to the President and COO of the Company	240	226
Accounting fees paid to the CFO of the Company	168	125
Consulting fees paid or accrued to Cordex Exploration LLC, a company controlled by an officer of a former subsidiary of the Company	-	262
Directors fees paid or accrued	252	132
Administration cost recoveries received or accrued from Allegiant	(351)	-
Administration fees received or accrued from Organto	(127)	(260)
	<b>445</b>	<b>835</b>

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	September 30, 2018	September 30, 2017
	(\$)	(\$)
Advances to a company controlled by the Chairman of the Company	25	25
Advances to the Chairman of the Company	9	7
Receivables from Organto	301	264
Note receivable from Allegiant	1,604	-
Directors fees payable	(157)	(103)
	<b>1,782</b>	<b>193</b>

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)



### 14. Segmented Disclosure

The Company has one reportable business segment, being mineral exploration and development. Assets by geographical area are as follows:

	September 30, 2018 (\$)	September 30, 2017 (\$)
Current assets		
Canada	4,774	1,765
Luxembourg	167	62
France (French Guiana)	175	-
USA	-	85
	5,116	1,912
Non-current assets		
Canada	10	16
France (French Guiana)	36,711	36,701
USA	-	19,123
	36,721	55,840
Total assets		
Canada	4,784	1,781
Luxembourg	167	62
France (French Guiana)	36,886	36,701
USA	-	19,208
	41,837	57,752

### 15. Commitments

The Company has commitments as follows:

	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Office lease payments	137	72	-	209

### 16. Financial Risk and Capital Management

#### Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2018 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

#### (a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks and an investment firm. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada and trade receivables. The Company's note receivable from Allegiant is unsecured. Management believes that the credit risk with respect to cash and receivables as it relates to goods and services tax are low, and medium as it relates to receivables and the note receivable from Allegiant.

## Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



### 16. Financial Risk and Capital Management - *continued*

#### (b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2018, the Company has working capital of \$4,687 (September 30, 2017 – \$1,391).

#### (c) Market risks

##### (i) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its French subsidiary, Columbus Guyane SAS. The Company also has assets and liabilities denominated in US dollars and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar or European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

##### (ii) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

##### (iii) Interest rate risk

The Company does not have any interest-bearing debt and is therefore not exposed to interest rate risk.

#### Sensitivity analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company has certain cash balances, receivables and accounts payables in US Dollars and European Euros, currencies other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar and European Euro would have a corresponding effect of approximately \$35 to profit or loss.

#### Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration and development stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors approves the annual and updated budgets. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

# Columbus Gold Corp.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2018 and 2017  
(Expressed in thousands of Canadian Dollars, except where noted)



## 16. Financial Risk and Capital Management - continued

### Fair value

The fair value of the Company's financial instruments including cash, receivables, note receivable from Allegiant and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

The fair value of available-for-sale investments is based on quoted market prices for publicly traded shares.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Available-for-sale investments are classified as Level 1. At September 30, 2018, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

## 17. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	Year Ended	
	September 30, 2018	September 30, 2017
	(\$)	(\$)
(Loss) income before taxes	(5,910)	9,780
Canadian federal and provincial income tax rates	27.00%	26.00%
Expected income tax (recovery) expense	(1,595)	2,543
Foreign tax differences, rate changes and foreign exchange	201	122
Non-taxable items	4,627	(3,750)
Share issue costs	-	(151)
True up prior year timing differences	(4)	(127)
Unrealized changes in available-for-sale investments	(702)	(15)
Non deductible equity loss in affiliate	152	-
Impact of deconsolidation	1,038	-
Change in valuation of deferred tax assets	(3,717)	1,378
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:



**Columbus Gold Corp.**

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

(Expressed in thousands of Canadian Dollars, except where noted)

**17. Income Taxes – continued**

	September 30, 2018 (\$)	September 30, 2017 (\$)
Net operating losses carried forward	3,082	13,897
Share issuance costs	130	155
Equipment and other	70	62
Investments	1,003	353
Capital losses carried forward	1,135	342
Resource properties costs	-	(5,671)
Valuation allowance	(5,420)	(9,138)
	-	-

As of September 30, 2018, the Company has Canadian tax loss carry-forwards of approximately \$9,999 (2017 - \$8,582) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions. The Company's tax loss carry-forwards will expire, if not utilized as follows:

	Canada (CDNS)	French Guiana (Euro)	Luxembourg (Euro)
September 30, 2026	765	-	-
September 30, 2027	982	-	-
September 30, 2028	814	-	-
September 30, 2029	543	-	-
September 30, 2030	450	-	-
September 30, 2031	94	-	-
September 30, 2032	861	-	18
September 30, 2033	452	-	19
September 30, 2034	945	-	9
September 30, 2035	169	-	79
September 30, 2036	492	-	119
September 30, 2037	1,936	-	74
September 30, 2038	1,496	493	84
	<b>9,999</b>	<b>493</b>	<b>402</b>

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.