



GREAT PANTHER MINING LIMITED
(FORMERLY GREAT PANTHER SILVER LIMITED)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2019 and 2018

Expressed in US Dollars
(Unaudited)

GREAT PANTHER MINING LIMITED (FORMERLY GREAT PANTHER SILVER LIMITED)
 CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (Expressed in thousands of US dollars - Unaudited)

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| ASSETS | | |
| (note 3) | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 34,609 | \$ 24,524 |
| Short-term deposits | 6,750 | 26,057 |
| Trade and other receivables (note 5) | 13,799 | 8,887 |
| Inventories (note 6(a)) | 44,508 | 4,828 |
| Loan receivable (note 4) | – | 5,048 |
| Reimbursement rights (note 8) | 7,650 | 6,385 |
| Derivative assets (note 10) | 467 | 738 |
| Other current assets | 1,872 | 504 |
| | 109,655 | 76,971 |
| Restricted cash (note 20) | 2,162 | 1,237 |
| Other receivables (note 5) | 21,394 | – |
| Inventories – non-current (note 6(b)) | 1,477 | 1,420 |
| Reimbursement rights (note 8) | 3,536 | 4,470 |
| Mineral properties, plant and equipment (note 7) | 172,687 | 13,391 |
| Exploration and evaluation assets | 14,231 | 15,065 |
| Deferred tax assets | 172 | 222 |
| | \$ 325,314 | \$ 112,776 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Trade payables and accrued liabilities (note 9) | \$ 47,932 | \$ 10,647 |
| Current portion of borrowings – MACA Limited (note 10) | 24,097 | – |
| Current portion of other borrowings (note 10) | 31,278 | – |
| Reclamation and remediation provisions – current (note 12) | 5,851 | 4,473 |
| | 109,158 | 15,120 |
| Other liabilities (note 9) | 14,380 | – |
| Borrowings – MACA Limited (note 10) | 14,907 | – |
| Reclamation and remediation provisions (note 12) | 27,862 | 22,947 |
| Deferred tax liabilities | 2,094 | 2,053 |
| | 168,401 | 40,120 |
| Shareholders' equity: | | |
| Share capital | 224,914 | 130,912 |
| Reserves | 19,230 | 19,829 |
| Deficit | (87,231) | (78,085) |
| | 156,913 | 72,656 |
| | \$ 325,314 | \$ 112,776 |

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

Nature of operations (note 1)
 Commitments and contingencies (note 16)
 Subsequent events (Note 10, 11, 20)

Approved by the Board of Directors

“Robert W. Garnett”

Robert W. Garnett, Director

“Elise Rees”

Elise Rees, Director

GREAT PANTHER MINING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(Expressed in thousands of US dollars - Unaudited)

For the three months ended March 31, 2019 and 2018 (Unaudited)

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2019 | 2018 |
| Revenue (note 15) | \$ 16,694 | \$ 17,019 |
| Cost of sales | | (note 3) |
| Production costs | 12,590 | 11,794 |
| Amortization and depletion | 2,450 | 1,130 |
| Share-based compensation | 69 | 76 |
| | 15,109 | 13,000 |
| Mine operating earnings | 1,585 | 4,019 |
| General and administrative expenses | | |
| Administrative expenses | 1,896 | 1,383 |
| Amortization and depletion | 93 | 26 |
| Share-based compensation | 516 | 246 |
| | 2,505 | 1,655 |
| Exploration, evaluation, and development expenses | | |
| Exploration and evaluation expenses (note 19) | 2,355 | 2,696 |
| Mine development costs | 426 | 607 |
| Share-based compensation | (22) | 23 |
| | 2,759 | 3,326 |
| Business acquisition costs (note 4) | 2,620 | – |
| Care and maintenance costs (note 19) | 148 | – |
| Finance and other income (expense) | | |
| Interest income | 413 | 468 |
| Finance costs (note 10) | (594) | (19) |
| Accretion expense | (214) | (278) |
| Foreign exchange gain (loss) | (1,717) | 698 |
| Other income (expense) | (345) | 20 |
| | (2,457) | 889 |
| Loss before income taxes | (8,904) | (73) |
| Income tax expense | 242 | 24 |
| Net loss for the period | (9,146) | \$ (97) |
| Loss per share – basic and diluted | \$ (0.05) | \$ (0.00) |

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

GREAT PANTHER MINING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in thousands of US dollars - Unaudited)

For the three months ended March 31, 2019 and 2018 (Unaudited)

| | Three months ended | |
|---|--------------------|---------|
| | March 31, | |
| | 2019 | 2018 |
| Net loss for the period | \$ (9,146) | \$ (97) |
| Other comprehensive income (loss) ("OCI"), net of tax | | |
| Foreign currency translation | (3,615) | 40 |
| Change in fair value of financial assets designated as fair value through OCI, net of tax | 1 | (1) |
| | (3,614) | 39 |
| Total comprehensive loss for the period | \$ (12,760) | \$ (58) |

GREAT PANTHER MINING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in thousands of US dollars)

For the three months ended March 31, 2019 and 2018 (Unaudited)

| | Share capital | | Reserves | | | | Retained earnings (deficit) | Total shareholder's equity |
|--|---------------------------------|------------|----------------------------|------------------------------|------------|----------------|-----------------------------|----------------------------|
| | Number of common shares (000's) | Amount | Share options and warrants | Foreign currency translation | Fair value | Total reserves | | |
| Balance, January 1, 2018 | 168,383 | \$ 130,201 | \$ 15,950 | \$ 3,193 | \$ (181) | \$ 18,962 | \$ (68,022) | \$ 81,141 |
| Share options exercised | 240 | 199 | (57) | – | – | (57) | – | 142 |
| Restricted share units settled | 31 | 46 | (6) | – | – | (6) | – | 40 |
| Share-based compensation | – | – | 345 | – | – | 345 | – | 345 |
| Comprehensive income (loss) | – | – | – | 40 | (1) | 39 | (97) | (58) |
| Balance, March 31, 2018 | 168,654 | \$ 130,446 | \$ 16,232 | \$ 3,233 | \$ (182) | \$ 19,283 | \$ (68,119) | \$ 81,610 |
| Balance, January 1, 2019 | 169,165 | \$ 130,912 | \$ 16,833 | \$ 3,178 | \$ (182) | \$ 19,829 | \$ (78,085) | \$ 72,656 |
| Shares and warrants issued pursuant to the acquisition of Beadell Resources Limited (note 4) | 103,593 | 93,235 | 2,646 | – | – | 2,646 | – | 95,881 |
| Share options exercised | 820 | 652 | (194) | – | – | (194) | – | 458 |
| Restricted and deferred share units settled | 120 | 115 | – | – | – | – | – | 115 |
| Share-based compensation | – | – | 563 | – | – | 563 | – | 563 |
| Comprehensive income (loss) | – | – | – | (3,615) | 1 | (3,614) | (9,146) | (12,760) |
| Balance, March 31, 2019 | 273,698 | \$ 224,914 | \$ 19,848 | \$ (437) | \$ (181) | \$ 19,230 | \$ (87,231) | \$ 156,913 |

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

GREAT PANTHER MINING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of US dollars)

For the three months ended March 31, 2019 and 2018 (Unaudited)

| | Three months ended | |
|---|--------------------|-----------|
| | March 31, | |
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Net loss for the period | \$ (9,146) | \$ (97) |
| Items not involving cash: | | |
| Amortization and depletion | 2,543 | 1,156 |
| Unrealized foreign exchange gain | 2,288 | (372) |
| Income tax expense | 242 | 24 |
| Share-based compensation | 563 | 345 |
| Other non-cash items (note 18) | 379 | (315) |
| Interest received | 276 | 381 |
| Interest paid | (345) | (19) |
| Income taxes paid | (304) | (985) |
| | (3,504) | 118 |
| Changes in non-cash working capital: | | |
| Trade and other receivables | 1,336 | 4,811 |
| Inventories | (4,273) | 320 |
| Other current assets | 479 | (470) |
| Trade payables and accrued liabilities | (2,967) | (720) |
| Net cash provided by (used in) operating activities | (8,929) | 4,059 |
| Cash flows from investing activities: | | |
| Cash restricted for Coricancha environmental bond (note 20) | (863) | – |
| Cash received on Acquisition of Beadell | 1,441 | – |
| Redemptions of short-term deposits, net | 19,307 | 3,827 |
| Repayment received prior to Acquisition on loan advanced to Beadell | 3,069 | – |
| Advances to Beadell prior to Acquisition | (354) | – |
| Additions to mineral properties, plant and equipment | (4,067) | (298) |
| Net cash provided by investing activities | 18,533 | 3,529 |
| Cash flows from financing activities: | | |
| Payment of lease liabilities | (458) | – |
| Proceeds from borrowings, net | 447 | – |
| Proceeds from exercise of share options | 458 | 142 |
| Net cash from financing activities | 447 | 142 |
| Effect of foreign currency translation on cash and cash equivalents | 34 | 93 |
| Increase in cash and cash equivalents | 10,085 | 7,823 |
| Cash and cash equivalents, beginning of period | 24,524 | 36,797 |
| Cash and cash equivalents, end of period | \$ 34,609 | \$ 44,620 |

Supplemental cash flow information (note 18)

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

GREAT PANTHER MINING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of US dollars, except share data)

As at and for the three months ended March 31, 2019 and 2018 (Unaudited)

1. Nature of operations

Great Panther Mining Limited (the “Company” or “Great Panther”) is a public company which is listed on the Toronto Stock Exchange (“TSX”) trading under the symbol GPR, and on the NYSE American trading under the symbol GPL and is incorporated and domiciled in Canada. The Company’s registered and records office is located at 1330 – 200 Granville Street, Vancouver, BC.

On February 11, 2019, the Company’s shareholders approved changing the Company’s name from Great Panther Silver Limited to Great Panther Mining Limited, which became effective as of March 5, 2019 following the completion of the acquisition of Beadell Resources Limited (“Beadell”), a gold mining company that was listed on the Australian Securities Exchange, which operates the wholly-owned Tucano Gold Mine (“Tucano”) in Amapá state, northern Brazil (note 4).

The Company has two wholly-owned mining operations in Mexico: the Topia Mine (“Topia”), and the Guanajuato Mine Complex (“GMC”) which comprises the Company’s Guanajuato Mine, the San Ignacio Mine (“San Ignacio”), and the Cata processing plant. The Topia Mine is located in the Sierra Madre Mountains in the state of Durango in northwestern Mexico, and produces concentrates containing silver, gold, lead and zinc. The GMC produces silver and gold concentrate and is located in central Mexico approximately 30 kilometres from the Guanajuato International Airport.

The Company also wholly-owns the Coricancha Mine Complex (“Coricancha”), a gold-silver-copper-lead-zinc mine and 600 tonnes per day processing facility, located in the central Andes of Peru, approximately 90 kilometres east of Lima. Coricancha was acquired by the Company in June 2017 and was placed on care and maintenance by its previous owner in August 2013. The Company filed a positive Preliminary Economic Assessment on Coricancha in July 2018, and is undertaking a trial stope and bulk sample program (the “Bulk Sample Program” or “BSP”) in order to further de-risk the project. Following the completion of the BSP, the Company expects to be able to make a decision by the end of June 2019 on whether to commence the restart of Coricancha.

The Company also owns several exploration properties: El Horcón, Santa Rosa, and Plomo in Mexico; and Argosy in Canada. The El Horcón property is located 100 kilometres by road northwest of Guanajuato, Santa Rosa is located 15 kilometres northeast of Guanajuato, and the Plomo property is located in Sonora, Mexico. The Argosy property is located in the Red Lake Mining District in northwestern Ontario, Canada.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realization of assets and the settlement of liabilities in the normal course of business. As disclosed above and in note 4, the Company acquired Beadell on March 5, 2019. On acquisition, the Company assumed \$69,473 of borrowings, of which \$54,748 is classified as current liabilities. Subsequent to March 31, 2019, the Company repaid \$4,253 (\$6,000 Australian dollars (“A\$”)) on the loan payable to MACA Limited (“MACA”), and all of the convertible debentures for \$10,500 in cash (note 10 (b)). The current portion of MACA borrowings at March 31, 2019 also includes \$10,650 (A\$15,000) that is convertible at the option of MACA in the next 12 months, of which \$3,500 (A\$5,000) has been settled subsequent to March 31, 2019 by the issuance of 4,514,172 common shares of the Company. Based on current projected positive operating cash flows and anticipated capital expenditures, the Company expects that it will require further financing in the next 12 months under its current business plan in an amount equal to the convertible debenture and MACA loan repayments made since the Acquisition (note 4) plus some of its existing scheduled debt repayments over this period. The Company has the opportunity to defer certain discretionary spending in order to reduce the amount of further financing anticipated under the current plan. The Company is actively pursuing funding alternatives, including external debt and equity issuances, which it considers probable in terms of completion based on the asset base and financial position of the Company and the current status of discussions and negotiations with third party financing groups. Based on the Company’s asset base and liquidity at the date of these consolidated financial statements and the funds it expects to generate from operations and financing activities and/or reductions in discretionary spending, the Company expects it will have sufficient resources to fund the Company’s business objectives for the next twelve months from issuance of these consolidated financial statements. The Company’s ability to continue as a going concern

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in the longer term is dependent on successful execution of its business plan and ultimately generating net income and positive cash flow from mining operations.

2. Basis of preparation

(a) Basis of presentation

These condensed interim consolidated financial statements (“consolidated financial statements”) have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). These should be read in conjunction with the Company’s last annual consolidated financial statements as at and for the year ended December 31, 2018 (“last annual financial statements”). The accounting policies and critical estimates applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the last annual financial statements, except for the new judgements and accounting standards newly adopted on January 1, 2019 as described in notes 2(c) and 3(a) below. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company’s financial position and performance since the last annual financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 14, 2019.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company. All material intercompany transactions, balances, revenues, and expenses have been eliminated upon consolidation.

Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition or control and up to the effective date of disposition or loss of control. Control is achieved when the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with an investee, and has the ability to affect those returns through its power over the investee.

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Great Panther Mining Limited is the ultimate parent entity of the group. At March 31, 2019, the principal subsidiaries of the Company, their geographic locations, and the ownership interests held by the Company, were as follows:

| Name | Location | Ownership | Principal Activity |
|--|------------------------|-----------|-------------------------|
| Beadell Resources Ltd | Australia | 100% | Mining company |
| Beadell (Brazil) Pty Ltd | Australia | 100% | Holding company |
| Beadell (Brazil 2) Pty Ltd | Australia | 100% | Holding company |
| Beadell Resources (Holdings) Ltd | British Virgin Islands | 100% | Holding company |
| Beadell Resources Mineração Ltda | British Virgin Islands | 100% | Holding company |
| Beadell Brasil Ltda | Brazil | 100% | Mining company |
| Mineração Vale dos Reis Ltda | Brazil | 100% | Holding company |
| Beadell Resources Mineração Ltda | Brazil | 100% | Holding company |
| Mineração Serra da Canga Ltda | Brazil | 100% | Holding company |
| Marina Norte Empreendimentos de Mineração S.A. | Brazil | 70% | Holding company |
| Tartarugalzinho Mineração Ltda | Brazil | 100% | Exploration company |
| Mineral Mexicana el Rosario S.A. de C.V. | Mexico | 100% | Mining company |
| Metálicos de Durango S.A. de C.V. | Mexico | 100% | Mining services company |
| Minera de Villa Seca S.A. de C.V. | Mexico | 100% | Mining services company |
| Coboro Minerales de México S.A. de C.V. | Mexico | 100% | Exploration company |
| Great Panther Coricancha S.A. | Peru | 100% | Exploration company |
| Great Panther Silver Peru S.A.C. | Peru | 100% | Holding company |
| Cangold Peru S.A.C. | Peru | 100% | Exploration company |
| Great Panther Finance Canada Limited | Canada | 100% | Financing company |
| Cangold Limited | Canada | 100% | Exploration company |
| GP Finance International S.a.r.l. | Luxembourg | 100% | Financing company |

(c) Use of judgments and estimates

In preparing these interim financial statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2018, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 3(a), purchase price accounting in arriving at estimated acquisition date fair values for the net assets acquired and liabilities assumed on the Acquisition of Beadell (Note 4), determinations of the likelihood of loss for provisions and contingent liabilities related to the litigation matters assumed upon the Acquisition of Beadell (Note 16(b)(iv)), and the determination that the functional currency of Beadell Brasil Ltda is the Brazilian real ("BRL") and Beadell Resources Limited is the Australian dollar ("A\$").

3. Accounting standards issued and adopted on January 1, 2019

(a) IFRS 16, Leases

In January 2016, the IASB issued *IFRS 16 Leases* ("IFRS 16"), which replaces *IAS 17 Leases* ("IAS 17"), and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard

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includes two recognition exemptions for lessees: leases of 'low-value' assets; and short-term leases. For those assets determined to meet the definition of a lease, at the commencement date, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. Under this approach, the cumulative impact of adoption is recognized as at January 1, 2019 and the comparatives are not restated. The comparatives remain as previously reported under IAS 17 and related interpretations.

Accounting Policy on Leases

The Company's accounting policy effective January 1, 2019 upon adoption of IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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Impact of transition to IFRS 16

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets of \$1,150 and lease obligations of \$1,227 were recorded as of January 1, 2019, and deferred rent liability of \$77 was derecognized, with no net impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied was 6.2%.

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

| | ('000s) |
|--|----------|
| Operating lease commitments at December 31, 2018 | \$ 1,383 |
| Excluded from lease commitments due to cancellation clauses | 70 |
| Recognition exemption for low-value assets | (11) |
| | 1,442 |
| Discounted using the incremental borrowing rate at January 1, 2019 | (215) |
| Lease obligations recognized at January 1, 2019 | \$ 1,227 |

(b) IFRIC 23, Uncertainty over Income Tax Treatments

This interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. As at January 1, 2019, the Company adopted this standard and there was no impact on its unaudited consolidated financial statements.

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4. Acquisition of Beadell Resources Limited

On March 5, 2019 (the "Acquisition Date"), the Company acquired 100% of the issued and outstanding common shares of Beadell through the issuance of 103,593,043 Great Panther common shares to Beadell shareholders (the "Acquisition"), representing approximately 38% of the post-Acquisition issued and outstanding Great Panther shares. The share exchange represents a ratio of 0.0619 Great Panther shares for each Beadell share (the "Exchange Ratio"). Additionally, the Company issued 9,749,727 share purchase warrants at an exercise price of \$1.317 per share to replace the warrants previously issued by Beadell. The number of Company share purchase warrants issued were equal to the number of the outstanding Beadell warrants on the Acquisition Date multiplied by the Exchange Ratio, at a price adjusted in accordance with the Exchange Ratio, on the same terms and conditions as the original warrants.

The Acquisition is a business combination and has been accounted for in accordance with the measurement and recognition provisions of *IFRS 3, Business Combinations*. IFRS 3 requires that the purchase consideration be allocated to the assets acquired and liabilities assumed in a business combination based upon their estimated fair values at the date of acquisition.

The purchase price has been allocated on a preliminary basis to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. Third party appraisals, discounted cash flow models, and quoted market prices, have been used in determining the estimated fair values. As the Acquisition was completed close to period end, the process to determine certain fair values is incomplete. Acquisition costs consisting of advisory, legal, accounting, valuation, and other professional or consulting fees directly associated with the transaction to acquire Beadell of \$2,620 were expensed as incurred during the three months ended March 31, 2019.

The following table shows the preliminary allocation of the Purchase Price to the assets acquired and liabilities assumed, based on estimates of fair value, at the Acquisition Date:

| | | |
|---|----|----------|
| 103,593,043 common shares issued ⁽¹⁾ | \$ | 93,235 |
| 9,749,727 warrants issued | | 2,646 |
| Consideration | \$ | 95,881 |
| Cash and cash equivalents | \$ | 1,441 |
| Trade and other receivables | | 26,733 |
| Inventories | | 36,820 |
| Other current assets | | 1,352 |
| Restricted cash | | 61 |
| Mineral properties, plant and equipment | | 142,427 |
| Right-of-use assets | | 18,397 |
| Exploration and evaluation assets | | 309 |
| Other receivables – non-current | | 735 |
| Trade payables and accrued liabilities | | (28,429) |
| Borrowings | | (69,473) |
| Lease liabilities | | (18,397) |
| Great Panther loan advance | | (2,370) |
| Reclamation and remediation provision | | (6,375) |
| Other liabilities and provisions | | (7,350) |
| Net identifiable assets acquired | \$ | 95,881 |

⁽¹⁾ The common shares were valued at the closing price of the Company's shares on the NYSE American on March 5, 2019 (\$0.90).

The Company also acquired approximately \$24,000 of deferred tax assets relating to unused Brazilian non-capital tax loss carryforwards and other deductible temporary differences. These deferred tax assets were not recognized as Tucano has incurred losses for each of the past two years and there is not yet convincing other

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evidence at March 31, 2019 that sufficient taxable profit will be available against which the unused tax losses can be utilized.

On December 5, 2018, prior to the Acquisition, the Company entered into a loan agreement pursuant to which the Company advanced Beadell and its subsidiary, Beadell Brasil Ltda (“Beadell Brasil”), as joint and several borrowers, a non-revolving term loan in the principal amount of \$5,000 for their general working capital requirements. Prior to the Acquisition, the Company received partial repayment of \$3,000 of the principal amount advanced and payment of accrued interest of \$69, and the remaining principal balance of \$2,000 was still outstanding as at the Acquisition Date. Additionally, prior to the Acquisition, the Company also made a cash advance to Beadell of \$354 in February 2019. The total outstanding balance of \$2,370 (after adjusting for foreign exchange differences) was considered part of the exchange in the business combination, and was therefore included in the liabilities assumed on the Acquisition Date.

The revenue and net loss of Beadell since the Acquisition Date included in the Consolidated Statement of Comprehensive Income (Loss) for the three months ended March 31, 2019 are disclosed in note 19.

The revenue and net loss of the combined entity for the three months ended March 31, 2019 as though the Acquisition Date for the Acquisition had been as at January 1, 2019 are \$46,604 and \$10,635, respectively. Mineral property and certain plant and equipment of Tucano is depreciated on a units of production basis.

5. Trade and other receivables

| | March 31, 2019 | December 31, 2018 |
|--------------------------------|-------------------|----------------------|
| Current | | |
| Trade receivables | \$ 3,510 | \$ 2,939 |
| Value added tax receivable | 4,905 | 5,473 |
| PIS / COFINS – Brazil (a) | 3,392 | – |
| Other | 1,992 | 475 |
| | 13,799 | 8,887 |
| Non-Current | | |
| PIS / COFINS – Brazil (a) | 17,539 | – |
| Judicial deposits – Brazil (b) | 3,831 | – |
| Other | 24 | – |
| | \$ 21,394 | \$ – |

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(a) PIS/COFINS

The PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) are Brazil federal input taxes that all companies in the private sector are subject to. The PIS is a mandatory employer contribution to an employee savings initiative and COFINS is a contribution to finance the social security system. Companies are required to calculate and remit PIS and COFINS based on gross revenues on a monthly basis. The Company's Brazilian gold sales are zero-rated for PIS/COFINS purposes, however the current legislation allows for input tax credits to offset the amounts due by applying rates of 1.65% for PIS and 7.65% for COFINS, respectively, to some of the purchases in Brazil. As such, the Company has PIS/COFINS credits recorded as receivables.

The Company continues to pursue the refund of its PIS/COFINS receivables. To the extent the Company is unable to receive refunds for all of its PIS/COFINS assets, the Company expects that PIS/COFINS assets will be recovered through the Company generating future Brazilian federal tax liabilities, which can be offset against the Company's PIS/COFINS assets if the Company elects to do so.

In December 2018, Beadell received the first instalment of COFINS in the amount of \$988 (BRL 3,800). In January 2019, Beadell received an additional instalment of \$10,300 (BRL37,900).

(b) Judicial Deposits - Brazil

As a result of the Acquisition, the Company has various litigation claims for numerous governmental assessments related to indirect taxes, and labour disputes associated with former employees and contract labor in Brazil (note 16(b)(iv)).

Customary local regulations typically require judicial deposits. In connection with these claims, the Company has made judicial deposits totaling \$4,535 to prevent the addition of any fines or penalties, pending the outcome of a Federal Supreme Court decision. Of the \$4,535, \$3,831 were related to the indirect tax matters and \$704 were related to labour matters.

The Company and its Brazilian counsel anticipate a ruling in the Company's favour and expect that \$3,831 of the judicial deposits will be returned at the conclusion of the cases. As the timing for the conclusions is uncertain, the Company has presented these deposits as non-current.

6. Inventories

(a) Inventories – current

| | March 31, 2019 | December 31, 2018 |
|------------------------|-------------------|----------------------|
| Concentrate | \$ 1,480 | \$ 1,094 |
| Ore stockpiles | 18,990 | 913 |
| Materials and supplies | 16,826 | 2,818 |
| Gold in circuit | 1,474 | – |
| Gold bullion | 5,735 | – |
| Silver bullion | 3 | 3 |
| | \$ 44,508 | \$ 4,828 |

During the three months ended March 31, 2019, the amount of inventory recognized as cost of sales was \$10,325 (three months ended March 31, 2018 – \$11,571), which includes production costs and amortization and depletion directly attributable to the inventory production process.

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(b) Inventories – non-current

Non-current inventories consist of materials and supplies at Coricancha.

7. Mineral Properties, plant and equipment

| | Mineral properties | Plant and equipment | Land and buildings | Furniture, fixtures and equipment | Right-of-use assets | Software | Total |
|---|--------------------|---------------------|--------------------|-----------------------------------|---------------------|----------|------------|
| Cost | | | | | | | |
| Balance, January 1, 2019 | \$ 36,066 | \$ 35,184 | \$ 2,573 | \$ 3,359 | \$ 1,150 | \$ 1,628 | \$ 79,960 |
| Acquisition of Beadell (note 4) | 80,224 | 24,610 | 37,134 | 459 | 18,397 | – | 160,824 |
| Additions | 3,061 | 955 | 43 | 8 | 83 | – | 4,150 |
| Change in remediation provision | 917 | (43) | – | – | – | – | 874 |
| Disposals | – | (185) | (3) | (31) | – | – | (219) |
| Foreign exchange translation difference | (3,630) | (4,024) | (2,154) | (52) | – | – | (9,860) |
| Balance, March 31, 2019 | \$ 116,638 | \$ 56,497 | \$ 37,593 | \$ 3,743 | \$ 19,630 | \$ 1,628 | \$ 235,729 |
| Accumulated depreciation | | | | | | | |
| Balance, January 1, 2019 | \$ 32,051 | \$ 27,593 | \$ 1,653 | \$ 2,602 | \$ – | \$ 1,520 | \$ 65,419 |
| Amortization and depletion | 547 | 1,149 | 296 | 69 | 525 | 13 | 2,599 |
| Disposals | – | (185) | – | (31) | – | – | (216) |
| Foreign exchange translation difference | (1,953) | (2,099) | (675) | (33) | – | – | (4,760) |
| Balance, March 31, 2019 | \$ 30,645 | \$ 26,458 | \$ 1,274 | \$ 2,607 | \$ 525 | \$ 1,533 | \$ 63,042 |
| Carrying value, March 31, 2019 | \$ 85,993 | \$ 30,039 | \$ 36,319 | \$ 1,136 | \$ 19,105 | \$ 95 | \$ 172,687 |
| Cost | | | | | | | |
| Balance, January 1, 2018 | \$ 36,083 | \$ 34,070 | \$ 2,460 | \$ 2,963 | \$ – | \$ 1,628 | \$ 77,204 |
| Additions | – | 1,514 | 148 | 407 | – | – | 2,069 |
| Change in remediation provision | (17) | (127) | – | – | – | – | (144) |
| Disposals | – | (273) | (35) | (11) | – | – | (319) |
| Balance, December 31, 2018 | \$ 36,066 | \$ 35,184 | \$ 2,573 | \$ 3,359 | \$ – | \$ 1,628 | \$ 78,810 |
| Accumulated depreciation | | | | | | | |
| Balance, January 1, 2018 | \$ 31,435 | \$ 25,413 | \$ 1,539 | \$ 2,383 | \$ – | \$ 1,468 | \$ 62,238 |
| Amortization and depletion | 616 | 2,448 | 114 | 229 | – | 52 | 3,459 |
| Disposals | – | (268) | – | (10) | – | – | (278) |
| Balance, December 31, 2018 | \$ 32,051 | \$ 27,593 | \$ 1,653 | \$ 2,602 | \$ – | \$ 1,520 | \$ 65,419 |
| Carrying value, December 31, 2018 | \$ 4,015 | \$ 7,591 | \$ 920 | \$ 757 | \$ – | \$ 108 | \$ 13,391 |

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(a) Leases

The Company leases many assets and the details of these leases for which the Company is a lessee is presented below:

Right-of-use assets

| | Mining equipment | Power generators | Vehicles | Office space | Communication equipment | Land easements | Total |
|------------------------------------|------------------|------------------|----------|--------------|-------------------------|----------------|-----------|
| Balance, January 1, 2019 | \$ – | \$ – | \$ – | \$ 881 | \$ – | \$ 269 | \$ 1,150 |
| Acquisition of Beadell (note 4) | 8,402 | 7,732 | 1,923 | 65 | 275 | – | 18,397 |
| Additions for the period | – | – | – | – | – | 83 | 83 |
| Depreciation charge for the period | (211) | (161) | (53) | (61) | (19) | (20) | (525) |
| Balance, March 31, 2019 | \$ 8,191 | \$ 7,571 | \$ 1,870 | \$ 885 | \$ 256 | \$ 332 | \$ 19,105 |

Lease liabilities

| | 2019 |
|---|---------------|
| Maturity analysis – contractual undiscounted cash flows | |
| Less than one year | \$ 240 |
| One to five years | 22,065 |
| More than five years | 266 |
| Total undiscounted lease liabilities as at March 31, 2019 | 22,571 |
| Lease liabilities in the Consolidated Statement of Financial Position as at March 31, 2019 | 19,325 |
| Current (included in Trade payables and accrued liabilities) | 5,150 |
| Non-current (included in Other liabilities) | 14,175 |

Amount recognized in the Consolidated Statement of Comprehensive Income

| | 2019 |
|--|--------|
| Interest on lease liabilities | \$ 160 |
| Variable lease payments not included in the measurement of lease liabilities | 3,836 |
| Expenses relating to short-term leases | 450 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 2 |

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8. Reimbursement rights

| | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| Current | | |
| Legacy tailings reclamation and remediation | \$ 5,738 | \$ 4,473 |
| Legal claims | 1,528 | 1,528 |
| Fines and sanctions | 384 | 384 |
| | 7,650 | 6,385 |
| Non-current legacy tailings reclamation and remediation | 3,536 | 4,470 |
| | \$ 11,186 | \$ 10,855 |

Pursuant to the acquisition of Coricancha, Nyrstar agreed to:

- pay for the cost of movement and reclamation of certain legacy tailings facilities (the “Legacy Tailings”) should the regulatory authorities require these to be moved, up to a maximum of \$20,000; and,
- pay for all fines or sanctions that arise before or after closing resulting from activities or ownership of Coricancha prior to June 30, 2017, up to a maximum of \$4,000.

9. Trade payables and accrued liabilities

| | March 31, 2019 | December 31, 2018 |
|-------------------------------|-------------------|----------------------|
| Current | | |
| Trade payables | \$ 25,683 | \$ 6,259 |
| Accrued liabilities | 10,427 | 2,774 |
| Taxes payable | 8 | 240 |
| Advances from customers | 3,075 | – |
| Lease liabilities (note 7(a)) | 5,150 | – |
| Other payables | 3,589 | 1,374 |
| | 47,932 | 10,647 |
| Non-Current | | |
| Lease liabilities (note 7(a)) | 14,175 | – |
| Accrued liabilities | 205 | – |
| | \$ 14,380 | \$ – |

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10. Borrowings

| | MACA Limited loan | Convertible Debentures | Santander – Itaú Facility | Unsecured bank facilities | Bank overdraft | Total |
|------------------------------------|----------------------|---------------------------|---------------------------------|---------------------------------|-------------------|-----------|
| Balance, January 1, 2019 | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – |
| Acquisition of Beadell (note 4) | 38,822 | 10,500 | 5,007 | 14,879 | 265 | 69,473 |
| Borrowings | | – | – | 1,000 | 509 | 1,509 |
| Interest accrued | 163 | – | 25 | 52 | – | 240 |
| Principal repayments | – | – | – | (1,000) | – | (1,000) |
| Interest payments | (38) | – | – | (19) | (44) | (101) |
| Foreign exchange | 57 | – | 13 | 57 | 34 | 161 |
| Balance, March 31, 2019 | \$ 39,004 | \$ 10,500 | \$ 5,045 | \$ 14,969 | \$ 764 | \$ 70,282 |
| Current | 24,097 | 10,500 | 5,045 | 14,969 | 764 | 55,375 |
| Non-current | 14,907 | – | – | – | – | 14,907 |
| Note | (a) | (b) | (c) | (d) | (e) | |
| Currency | AUD | USD | USD | USD | USD | |
| Nominal interest rate | 6.5% | 6.0% | 5.9% | 5.6% | 13.7% | |
| Year of maturity | 2021 | 2019 | 2019 | 2019 | 2019 | |

As a result of Acquisition and the assumption of Beadell's borrowings, the Company is now exposed to interest rate risk on its borrowings. Although all of the debt facilities have fixed interest rates, the unsecured revolving bank facilities are expected to roll over as they become due, and are therefore subject to interest rate changes.

(a) MACA Limited

Prior to the Acquisition, Beadell had an outstanding loan in the amount of A\$54,700 due to MACA. Under its original terms, the loan was to become due and payable on a change of control of Beadell, absent MACA's consent to the change of control. One of the key closing conditions of the Acquisition was the negotiation of a modification on the MACA's outstanding loan due from Beadell on terms satisfactory to the Company. The Company reached an agreement with MACA on November 19, 2018 on the modifications of the loan. Under the agreement, MACA agreed to consent to the change of control, keep the loan in place with a term to June 2022 and the following amendments effective from the Acquisition date:

| (All dollar amounts in millions of A\$) | Original Loan | As Amended |
|--|---------------|------------|
| Principal Amount | A\$54.7 | A\$54.7 |
| % of the net cash proceeds from any third-party debt or equity financing required to be paid to MACA and applied against the outstanding balance of the Loan | 30% | 10% |
| % of the net proceeds from any exercise of warrants required to be paid to MACA and applied against the outstanding balance of the Loan | 30% | 20% |
| Principal repayment of Loan during 2019 | A\$12.0 | A\$16.5 |

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| Ultimate parent guarantee | Full balance | First A\$6.0 of repayments |
|---|-----------------------------|----------------------------|
| Principal repayment of Loan during 2020 | A\$18.0 | A\$18.0 |
| Conversion right | 100% of Loan ⁽¹⁾ | A\$15.0 ⁽²⁾ |

⁽¹⁾ Conversion subject to shareholder approval.

⁽²⁾ MACA's conversion right under the amended terms provides for a limit of A\$5 million in each quarter following Completion Date at a 5% discount to the 20-day volume weighted average price. Any principal amount of the Loan which is converted to Great Panther shares will reduce the outstanding balance of the loan, with 50% to be applied to reduce the remaining monthly payments on a pro-rata basis with the exception of the A\$6 million guaranteed payments.

Interest is payable on the MACA loan at the Reserve Bank of Australia reserve rate plus 5% per annum. Subsequent to March 31, 2019, MACA exercised its right to a conversion of \$3,550 (A\$5,000) of the remaining loan outstanding to shares of the Company in April 2019. Accordingly, the Company issued 4,514,172 common shares for the conversion. MACA may exercise its right to a conversion of the remaining \$7,100 (A\$10,000) equally in the third and fourth quarters. The Company also made a repayment totaling \$3,190 (A\$4,500) in April 2019 and \$1,063 (A\$1,500) in May 2019. The remaining balance after the conversion and repayment is \$31,201 (A\$43,700) plus accrued interest. The Company must make monthly principal repayments of A\$1,428 until the loan is repaid, which amount will reduce if MACA converts further amounts of the loan and if repayments are made on the completion of debt or equity financings.

(b) Convertible Debentures (“Convertible Debentures”)

Prior to the Acquisition, Beadell had Convertible Debentures of \$10,000 outstanding, maturing on June 30, 2023. As defined in the indenture governing the Convertible Debentures of Beadell (“Debenture Indenture”), upon the occurrence of a change of control, Beadell was required to make an offer (the “Change of Control Purchase Offer”) to purchase all Convertible Debentures at a price per Convertible Debenture equal to 105% of the principal amount, plus accrued and unpaid interest.

In connection with the Acquisition, the Company assumed the obligations of Beadell under the Debenture Indenture, including the funding for the Change of Control Purchase Offer, and the holders of Convertible Debentures were entitled to receive Company shares on the conversion, to the extent that any Convertible Debentures remained outstanding after the Change of Control Purchase Offer. Upon the Acquisition, the Company made the Change of Control Purchase Offer.

Subsequent to March 31, 2019, all holders of the Convertible Debentures accepted the Company's Change of Control Purchase Offer and on April 3, 2019, and the Company repurchased all of the Convertible Debentures for an aggregate price of \$10,500 (\$10,000 principal and \$500 change of control premium), plus accrued interest of \$155.

(c) Santander – Itaú Facility

As a result of the Acquisition, the Company assumed Beadell's credit facility with Santander – Itaú which is interest bearing at a fixed interest rate of 5.9% per annum and fully secured by a charge over the Tucano mining concession. The balance of this facility as at March 31, 2019 was \$5,007, which is scheduled to be repaid in full by June 2019.

(d) Unsecured revolving bank facilities

As a result of the Acquisition, the Company assumed Beadell's unsecured, revolving, interest-bearing bank facilities totaling \$14,879, which were fully drawn as at March 31, 2019. The unsecured bank facilities are interest bearing at a weighted average fixed interest rate of 5.6% per annum and are repayable by from May 2019 to January 2020. These facilities have a history of being rolled over and it is the expectation of the Company that this continues.

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(e) Bank overdraft

The Company has a bank overdraft with a maximum amount of \$770 (BRL3,000), which was fully drawn as at March 31, 2019. This overdraft account is interest bearing at a fixed rate of 1.14% per month, payable monthly.

11. Derivative instruments

A significant portion of the Company's capital, exploration, operating and administrative expenditures are incurred in BRL and Mexican pesos ("MXN"), while revenues from the sale of refined gold and metal concentrates are denominated in US dollars ("USD"). The fluctuation of the USD in relation to the MXN and BRL, consequently, impacts the reported financial performance of the Company. To manage the Company's exposure to changes in the BRL and MXN exchange rate, the Company enters into forward contracts to purchase foreign currencies in exchange for USD at various rates and maturity dates.

As at March 31, 2019, forward contracts for the purchase of MXN 135,000 (December 31, 2018 – MXN 345,000), in exchange for USD at various pre-determined rates ranging from MXN 20.70/USD to MXN 21.17/USD, at various maturity dates until June 4, 2019, were outstanding. The fair value of these outstanding foreign currency forward contracts resulted in an asset of \$467 at March 31, 2019 (December 31, 2018 - \$738).

Subsequent to March 31, 2019 the Company entered into forward contracts for the purchase of BRL, in exchange for \$60,000 USD at various pre-determined rates ranging from BRL 3.94/USD to BLR 4.04/USD, at various maturity dates until November 2019.

12. Reclamation and remediation provision

The Company's reclamation and remediation provision relates to site restoration, clean-up, ongoing treatment, and monitoring at the Tucano mine in Brazil, the GMC and Topia mines in Mexico, and the Coricancha project in Peru.

| | March 31, 2019 | | | December 31, 2018 | | |
|------------|----------------|----------|-------------|-------------------|----------|-------------|
| | Total | Current | Non-current | Total | Current | Non-current |
| Tucano | \$ 7,025 | \$ 113 | \$ 6,912 | \$ – | \$ – | \$ – |
| GMC | 1,937 | – | 1,937 | 1,986 | – | 1,986 |
| Topia | 1,440 | – | 1,440 | 1,514 | – | 1,514 |
| Coricancha | 23,311 | 5,738 | 17,573 | 23,920 | 4,473 | 19,447 |
| | \$ 33,713 | \$ 5,851 | \$ 27,862 | \$ 27,420 | \$ 4,473 | \$ 22,947 |

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| Balance, January 1 | \$ 27,420 | \$ 27,411 |
| Acquisition of Beadell (note 4) | 6,375 | – |
| Change in estimates | (378) | (888) |
| Accretion | 296 | 897 |
| Reclamation and remediation provision, end of period | \$ 33,713 | \$ 27,420 |

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13. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following sets up the methods and assumptions used to estimate the fair value of Level 2 and Level 3 financial instruments.

| Financial asset or liability | Methods and assumptions used to estimate fair value |
|-------------------------------------|--|
| Trade receivables | Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of quotational period. We mark these to market at each reporting date based on a quoted forward price. The Company's trade receivables are valued using quoted market prices on the London Metal Exchange ("LME"). |
| Derivative instruments | The Company's derivative assets and derivative liabilities are comprised primarily of forward exchange contracts. The fair value of the Company's forward exchange contracts are determined using forward exchange rates at each reporting date. |
| Borrowings | The Company's borrowings are comprised of long-term loans, convertible debentures and debt facilities. Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequent to initial measurement, borrowings are recorded at amortized cost using the effective interest rate method. |

During the three months ended March 31, 2019 and 2018, there were no transfers of amounts between Level 1, Level 2, and Level 3 of the fair value hierarchy. The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. Fair value information for financial assets and financial liabilities not measured at fair value is not presented if the carrying amount is a reasonable approximation of fair value.

The Company's financial instruments include cash and cash equivalents, short-term deposits, marketable securities, trade and other receivables, restricted cash, trade and other payables, borrowings and derivative instruments. The carrying values of the Company's financial instruments approximate their fair values due to the short-term nature of the items or the inclusion of interest rates that approximate market rates.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts.

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The following table summarizes the Company's financial instruments as at March 31, 2019:

| | Fair value through OCI | Fair value through P&L | Amortized cost | Total | Fair value hierarchy |
|------------------------------|------------------------------|------------------------------|-------------------|-----------|-------------------------|
| Financial Assets | | | | | |
| Cash and cash equivalents | \$ – | \$ – | \$ 34,609 | \$ 34,609 | n/a |
| Short-term deposits | – | – | 6,750 | 6,750 | n/a |
| Marketable securities | 2 | – | – | 2 | Level 1 |
| Trade receivables | – | – | 3,510 | 3,510 | Level 2 |
| Derivative assets | – | 467 | – | 467 | Level 2 |
| Restricted cash | – | – | 2,162 | 2,162 | n/a |
| Financial Liabilities | | | | | |
| Trade payables | \$ – | \$ – | \$ 25,683 | \$ 25,683 | n/a |
| Borrowings | – | – | 70,282 | 70,282 | Level 2 |

14. Share capital

(a) Share options

| | Three months ended March 31, 2019 | | Three months ended March 31, 2018 | |
|------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| | Options (000's) | Weighted average exercise price | Options (000's) | Weighted average exercise price |
| Outstanding, January 1 | 8,322 | C\$ 1.27 | 8,237 | C\$ 1.22 |
| Granted | 706 | 1.16 | 476 | 1.57 |
| Forfeited/Expired | (327) | 1.94 | (150) | 1.72 |
| Exercised | (820) | 0.74 | (241) | 0.75 |
| Outstanding, March 31 | 7,881 | C\$ 1.29 | 8,322 | C\$ 1.25 |
| Exercisable, March 31 | 5,427 | C\$ 1.18 | 5,261 | C\$ 1.10 |

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| Range of exercise prices | Options outstanding (000's) | Weighted average remaining contractual life (years) | Options exercisable (000's) | Weighted average exercise price |
|--------------------------|-----------------------------|---|-----------------------------|---------------------------------|
| C\$0.65 | 1,689 | 1.18 | 1,689 | C\$ 0.65 |
| C\$0.71 to C\$0.86 | 1,018 | 1.70 | 1,018 | 0.71 |
| C\$1.16 | 706 | 4.94 | - | - |
| C\$1.31 | 1,153 | 0.24 | 1,153 | 1.31 |
| C\$1.57 | 315 | 3.84 | 132 | 1.57 |
| C\$1.60 | 1,220 | 4.21 | 200 | 1.60 |
| C\$1.63 | 609 | 3.19 | 321 | 1.63 |
| C\$2.00 | 375 | 2.75 | 250 | 2.16 |
| C\$2.16 to C\$2.19 | 796 | 2.20 | 664 | 2.19 |
| | 7,881 | 2.37 | 5,427 | C\$ 1.18 |

During the three months ended March 31, 2019, the Company recorded share-based compensation expense relating to share options of \$119 (three months ended March 31, 2018 – \$167).

The weighted average fair value of options granted during the three months ended March 31, 2019 was \$0.45 (three months ended March 31, 2018 – \$0.66). The grant date fair value of share options granted was determined using a Black Scholes option pricing model using the following weighted average assumptions:

| | 2019 | 2018 |
|-------------------------|-------|-------|
| Risk-free interest rate | 1.64% | 1.96% |
| Expected life (years) | 2.99 | 2.84 |
| Annualized volatility | 56% | 63% |
| Forfeiture rate | 15% | 13% |

The annualized volatility assumption is based on the historical volatility of the Company's common share price on the Toronto Stock Exchange. The risk-free interest rate assumption is based on government bonds with a remaining term equal to the expected life of the options.

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(b) Restricted share units ("RSUs"), Performance based restricted share unit ("PSUs") and deferred share units ("DSUs")

The following table summarizes information about the RSUs outstanding at March 31, 2019 and 2018:

| | Three months ended March 31, 2019 | | Three months ended March 31, 2018 | |
|-------------------------|--------------------------------------|---|--------------------------------------|---|
| | Number of units | Weighted average grant date fair value (\$/unit) | Number of units | Weighted average grant date fair value (\$/unit) |
| Balance at January 1 | 733,667 | C\$ 1.59 | 476,600 | C\$ 1.61 |
| Granted | 512,950 | 1.16 | 222,700 | 1.57 |
| Settled | (120,417) | 1.60 | (30,616) | 1.65 |
| Cancelled | (21,500) | 1.62 | (7,167) | 1.65 |
| Outstanding at March 31 | 1,104,700 | C\$ 1.39 | 661,517 | C\$ 1.59 |

The following table summarizes information about the PSUs outstanding at March 31, 2019 and 2018:

| | Three months ended March 31, 2019 | | Three months ended March 31, 2018 | |
|-------------------------|--------------------------------------|---|--------------------------------------|---|
| | Number of units | Weighted average grant date fair value (\$/unit) | Number of units | Weighted average grant date fair value (\$/unit) |
| Balance at January 1 | - | C\$ - | - | C\$ - |
| Granted | 130,600 | 1.16 | - | - |
| Outstanding at March 31 | 130,600 | C\$ 1.16 | - | C\$ - |

The following table summarizes information about the DSUs outstanding at March 31, 2019 and 2018:

| | Three months ended March 31, 2019 | | Three months ended March 31, 2018 | |
|-------------------------|--------------------------------------|---|--------------------------------------|---|
| | Number of units | Weighted average grant date fair value (\$/unit) | Number of units | Weighted average grant date fair value (\$/unit) |
| Balance at January 1 | 251,400 | C\$ 1.59 | 89,200 | C\$ 1.59 |
| Granted | 162,000 | 1.16 | 50,200 | 1.57 |
| Outstanding at March 31 | 413,400 | C\$ 1.45 | 139,400 | C\$ 1.58 |

During the three months ended March 31, 2019, the Company recorded share-based compensation expense relating to RSUs and DSUs of \$444 (three months ended March 31, 2018 – \$218). No share-based compensation expense relating to PSUs was recorded as these only vest upon the achievement of certain performance conditions.

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(c) Loss per share

| | Three months ended March 31 | |
|---|-----------------------------|-----------|
| | 2019 | 2018 |
| Loss attributable to equity owners | \$ (9,146) | \$ (97) |
| Weighted average number of shares (000's) | 200,690 | 168,486 |
| Loss per share – basic | \$ (0.05) | \$ (0.00) |

| | Three months ended March 31 | |
|---|-----------------------------|-----------|
| | 2019 | 2018 |
| Adjusted loss attributable to equity owners | \$ (9,146) | \$ (97) |
| Weighted average number of shares (000's) | 200,690 | 168,486 |
| Incremental shares from options | – | – |
| Incremental shares from warrants | – | – |
| Incremental shares from RSUs and DSUs | – | – |
| Weighted average diluted number of shares (000's) | 200,690 | 168,486 |
| Loss per share – diluted | \$ (0.05) | \$ (0.00) |

Anti-dilutive share purchase options and warrants have not been included in the diluted earnings per share calculation.

15. Revenue

The Company recognizes revenue from the sale of precious metals, consisting of metal concentrates and refined gold, when the customer obtains control.

For the metal concentrates sales, the customer obtains control upon delivery at the customer's designated warehouse. The amount of revenue recorded upon initial recognition is based on the forward metal prices at that time and the estimated metal content. The payment terms are based on the individual customer contracts. For provisional payments, terms are typically 15 days from the date of provisional invoice, and for final payments, terms are typically 5 business days after the final weights, assays and prices are known and invoiced. Adjustments related to changes in metal prices and metal content up to the final settlement are recorded in revenue.

For the refined gold, the customer obtains control when the refined gold has been physically delivered, which is also the date when title has passed to the buyer and the Company has issued an invoice pursuant to a transaction confirmation that fixes the quantity and price of the gold for each delivery. The amount of revenue recorded upon delivery is based on this transaction confirmation. The Company has no significant continuing involvement after delivery and no adjustments to revenue are made subsequent to initial recognition.

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| | Three months ended March 31 | | | | | |
|--|-----------------------------|----------|-----------|--------|-----------|-----------|
| | 2019 | | | 2018 | | |
| | Brazil | Mexico | Total | Brazil | Mexico | Total |
| Gold | \$ 6,880 | \$ 3,712 | \$ 10,592 | \$ – | \$ 7,534 | \$ 7,534 |
| Silver | – | 4,543 | 4,543 | – | 7,868 | 7,868 |
| Lead | – | 784 | 784 | – | 946 | 946 |
| Zinc | – | 1,468 | 1,468 | – | 1,136 | 1,136 |
| Smelting and refining charges | (14) | (706) | (720) | – | (595) | (595) |
| Revenue from contracts with customers | \$ 6,866 | \$ 9,801 | \$ 16,667 | \$ – | \$ 16,889 | \$ 16,889 |
| Changes in fair value from provisional pricing | – | 27 | 27 | – | 130 | 130 |
| Total revenue | \$ 6,866 | \$ 9,828 | \$ 16,694 | \$ – | \$ 17,019 | \$ 17,019 |

The amount of revenue recognized in the three months ended March 31, 2019 from performance obligations satisfied (or partially satisfied) in the previous period, due to the current period settlement of metal concentrate revenue recognized in the prior periods was \$51. At March 31, 2019, the Company had \$3,654 in revenue subject to provisional pricing in relation to the sale of concentrates.

16. Commitments and contingencies

(a) Commitments

As at March 31, 2019, the Company had the following commitments:

| | Total | 1 year | 2-3 years | 4-5 years | Thereafter |
|--------------------------|----------|----------|-----------|-----------|------------|
| Operating lease payments | \$ 30 | \$ 25 | \$ 5 | \$ – | \$ – |
| Drilling services | 605 | 605 | – | – | – |
| Equipment purchases | 523 | 523 | – | – | – |
| Total commitments | \$ 1,158 | \$ 1,153 | \$ 5 | \$ – | \$ – |

(b) Contingencies

(i) GMC

Tailings storage

In February 2016, the Mexican national water authority, Comisión Nacional del Agua ("CONAGUA"), required that the Company make formal applications for permits associated with the occupation and construction of the tailings storage facility ("TSF") at the GMC. The Company filed its applications, and the authorities conducted an inspection of the TSF and requested further technical information, which the Company submitted in December 2017. CONAGUA responded in February 2019 requesting additional technical information. The Company is currently reviewing the request and will provide its response in due course.

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Additional water use permits

Since the February 2016 correspondence with CONAGUA, the Company has also determined through its own undertakings, that additional CONAGUA permits may be needed in connection with water discharge and water use at the GMC TSF and at its San Ignacio Mine. The Company is assessing technical options and is confirming if additional water use permits are required. The Company believes that it will be able to address or mitigate the need for any necessary water discharge and use permits without any impact to its operations, but cannot provide complete assurance that there is no risk in this regard.

Amendment to Environmental Impact Statement related to expansion of existing tailings dam

In July 2017, the Company submitted to the Mexican environmental permitting authority, Secretaría del Medio Ambiente y Recursos Naturales ("SEMARNAT"), an amendment to the Environmental Impact Statement ("EIS") requesting an expansion of the existing tailings dam, and subsequently provided further information to the SEMARNAT as requested. This is under review by the regulator, and if approved, will satisfy a requirement by CONAGUA for the processing of permits noted above.

The Company believes its current tailings footprint can be maintained and can support operations at the GMC until at least 2021. Based on its meetings and other communication with CONAGUA, the Company believes that it will be able to obtain all the above noted permits, with no suspension of operations at the GMC. However, the Company cannot assure that the tailings permits will be obtained or renewed on reasonable terms, or at all. Delays or a failure to obtain such required permits, or the issuance of permits on unfavourable terms or the expiry, revocation or failure by the Company to comply with the terms of any such permits, if obtained, could limit the ability of the Company to expand the tailings facility and could adversely affect the Company's ability to continue operating at the GMC. In either case, the Company's results of operations could be adversely affected.

Wastewater discharge at San Ignacio

In June 2016, the Company filed a request for authorization to discharge wastewater in San Ignacio. The authority conducted a technical visit in November 2016. In April 2018, the authority requested additional information, which the Company promptly submitted. As of the date of this document, the resolution is pending. The Company is also preparing requests for similar permits for other areas of the Company's operation.

(ii) Coricancha

Coricancha has been on care and maintenance since August 2013 and was operated by a number of previous companies before that date. It is subject to oversight by the Organismo de Evaluación y Fiscalización Ambiental ("OEFA"), the Peruvian public agency responsible for environmental assessment and inspection, and by the Organismo Supervisor de la Inversión en Energía y Minería ("OSINERGMIN"), which is the Peruvian regulatory body with oversight responsibility over energy and mining companies.

Fines and sanctions

Nyrstar N.V. ("Nyrstar"), the previous owner of Coricancha, has agreed to reimburse the Company for all fines or sanctions that resulted from activities or ownership of Coricancha prior to June 30, 2017, up to a maximum of \$4,000. Accordingly, a reimbursement right in the amount of \$1,528 has been recorded in respect of the following fines or sanctions:

- \$1,351 for fines and sanctions which may be levied by OSINERGMIN. In addition, there are open administrative and judicial proceedings by OSINERGMIN, the outcomes of which are not yet readily determinable.
- \$177 for fines and sanctions to be levied by OEFA. In addition, there are open administrative and judicial proceedings by OEFA, the outcomes of which are not yet readily determinable.

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The Company has accrued for and recorded a further reimbursement right of \$384 for certain civil lawsuits filed by individuals and former suppliers.

Legacy tailings facilities

The Company has undertaken the reclamation of certain legacy tailings facilities at Coricancha under a remediation plan approved by the Ministry of Energy and Mines (the "MEM"), the relevant regulatory body. In addition, as part of the purchase of Coricancha completed in June 2017, the Company has an agreement with Nyrstar for the reimbursement of the cost of these reclamation activities. The Company is seeking approval of a modification to a remediation plan from MEM in accordance with the recommendations of an independent consultant to preserve the stability of nearby areas. The Company has changed the scheduling of the reclamation work, pending a decision from the MEM regarding the proposal to modify the approved remediation plan. Concurrently, the Company has undertaken various legal measures to protect itself from any pending or future fines, penalties, regulatory action or charges from government authorities which may be initiated as a result of the change in timing of reclamation under the proposed plan. Although the Company has all necessary permits to restart Coricancha, if this matter is not resolved favourably, it may impact the Company's stated plans and objectives for Coricancha.

(iii) Topia

Reviews by the regulatory authorities dating back to 2015, coupled with permitting work undertaken by the Company in connection with the expansion of the Topia TSF, have led to a broader review by the Mexican environmental compliance authority, the Procuraduría Federal de Protección al Ambiente ("PROFEPA"), and by the Company of all of Topia operations' permitting status and environmental compliance (including the historical tailings dating back to periods prior to Great Panther's ownership) and a clarification of land titles. Devised as a cooperative management strategy, the Topia Mine has been accepted into a voluntary environmental audit program supported by PROFEPA. The audit commenced during the second quarter of 2017. The Company is working on a compliance program authorized by PROFEPA to address the audit findings and has until January 2020 to complete this. This compliance program includes remediation, and technical reviews as defined by the audit. Progress updates will be submitted to PROFEPA for further review. The Company anticipates that it will be able to achieve full compliance; however, the Company cannot provide complete assurance that upon completion of the compliance program further reviews will not lead to future suspensions of operations.

(iv) Tucano

Various claims related to Brazil indirect taxes and labour matters

As a result of the Acquisition, the Company has various litigation claims for numerous governmental assessments related to indirect taxes, and labour disputes associated with former employees and contract labor in Brazil.

The indirect tax matters principally relate to claims for the state sales tax, Imposto Sobre Operações Relativas à Circulação de Mercadorias e Serviços de Transporte Interestadual de Intermunicipal e de Comunicações ("ICMS"), which are mostly related to rate differences. For these claims, the possibility of loss was not considered probable by the attorneys, and no provision has been recognized.

The labour matters principally relate to claims made by former employees and contract labour for the equivalent payment of all social security and other related labour benefits, as well as consequential tax claims, as if they were regular employees. As of March 31, 2019, the items for which loss was probable related to the labor disputes, inclusive of any related interest, amounted to approximately \$3,000, for which a provision is recognized.

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Customary local regulations typically require judicial deposits. Therefore, in connection with the above proceedings, a total of \$4,535 of escrow cash deposits were made as at March 31, 2019 (note 5), of which \$3,831 were related to the indirect tax matters and \$704 were related to labour matters. Generally, any escrowed amounts would be refundable to the extent the matters are resolved in the Company's favor. As the Company and its counsel believe that the indirect tax matters in the amount of \$3,831 will resolve in the Company's favour, this amount has been recorded as a receivable in the financial statements (note 5).

Environmental damages - William Creek

In May 2009, The State of Amapá Public Prosecutor ("MPAP") filed a public civil action seeking payment for environmental damages caused to William Creek, as well as to other creeks located in the region of influence of Zamin Amapá Mineração S.A. ("Zamin") and Tucano. The alleged damage is related to the modification of the creek's riverbed, soiling and sedimentation. In January 2018, the Amapá State Court ordered Tucano to pay a fine of approximately \$1,500 (BRL 6,000) plus interest and inflation to the State Environmental Fund. The Company is in the process of appealing and no liability has been recognized in relation to this fine as the likelihood of loss is not considered probable based on legal advice received.

Archeological sites damage

Amapá-MMX Iron Ore Project

In May 2016, The Brazilian Federal Public Prosecutor ("MPF") filed a public civil action seeking compensation to be paid by Zamin, the State of Amapá and Tucano for damages to 19 archaeological sites as a result of activities in 2006-2009 at the Amapá-MMX Iron Ore Project currently owned by Zamin. MPF also claimed that the State of Amapá failed to take proper action during the environmental licensing procedure. In March 2019, the Lower Court added Anglo Ferrous Brazil Participações and Anglo American Investimentos – Minério de Ferro Ltda. (together, the "Anglo Group") as defendants (as predecessors of Zamin), as requested by the MPF.

Amapari Project

In June 2016, the MPF filed a public civil action seeking compensation from Zamin, the State of Amapá, and Tucano for damages to 15 archaeological sites, as a result of activities in 2004-2010 at the Amapari Project. MPF also claimed that the State of Amapá failed to take proper action during the environmental licensing procedure.

These claims against Tucano are being defended on the basis that predecessor parent companies may have caused the damages, not Tucano itself. Based on legal advice received, no liability has been recognized in relation to these archaeological sites claims as the likelihood of loss is not considered probable.

17. Related party transactions

(a) Compensation of key management personnel

Key management personnel includes the Company's Directors, President and Chief Executive Officer, Chief Financial Officer, and vice presidents. The amounts owing to key management personnel were included in trade and other payables. The Company is committed to making severance payments amounting to approximately \$1,840 to certain officers and management in the event of a change in control of the Company.

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Compensation to key management personnel consisted of the following:

| | Three months ended March 31 | |
|--------------------------|--------------------------------|---------------|
| | 2019 | 2018 |
| Salaries and benefits | \$ 386 | \$ 335 |
| Directors' fees | 76 | 122 |
| Termination benefits | 40 | – |
| Share based compensation | 345 | 286 |
| | <u>\$ 847</u> | <u>\$ 743</u> |

Directors fees during the three months ended March 31, 2019 include \$nil for special committee fees (three months ended March 31, 2018 – \$39).

18. Supplemental cash flow information

(a) Other non-cash items

| | Three months ended March 31 | |
|---|--------------------------------|-----------------|
| | 2019 | 2018 |
| Accretion | \$ 214 | \$ 278 |
| Change in reclamation and remediation provision | (19) | (144) |
| Interest income | (413) | (468) |
| Interest expense | 594 | 19 |
| Loss (gain) on disposal of fixed assets | 3 | - |
| | <u>\$ 379</u> | <u>\$ (315)</u> |

(b) Non-cash investing and financing activities

| | Three months ended March 31 | |
|---|--------------------------------|--------|
| | 2019 | 2018 |
| Change in reclamation and remediation provision included within mineral properties and plant and equipment, exploration and evaluation assets | \$ (1,257) | \$ 140 |
| Change in lease liability related to right-of-use assets | \$ 1,316 | \$ – |

19. Operating segments

The Company's operations are all within the mining sector, consisting of three operating segments, two of which are located in Mexico, one of which is located in Brazil, plus one segment associated with Coricancha in Peru, one Exploration segment and one Corporate segment. Due to diversities in geography and production processes, the Company operates GMC, Topia, and Tucano mines separately, with separate budgeting and evaluation of results of operations and exploration activities. The Coricancha segment contains the net assets associated with Coricancha and the cost of its exploration, evaluation and development activities are separately budgeted and reported. The Corporate segment provides financial, human resources and technical support to

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the two mining operations and Coricancha. The GMC operation produces silver and gold in concentrate, and the Topia operation produces silver, gold, lead and zinc in concentrate, for refining off site. The Tucano operation produces gold doré. The Exploration segment includes the Company's exploration and evaluation assets at Santa Rosa, El Horcón, Plomo and Argosy.

| | Operations | | | Coricancha | Exploration | Corporate | Total |
|--|------------|----------|-----------|------------|-------------|-----------|------------|
| | Tucano | GMC | Topia | | | | |
| Three months ended March 31, 2019 | | | | | | | |
| Revenue | \$ 6,866 | \$ 5,157 | \$ 4,671 | \$ – | \$ – | \$ – | \$ 16,694 |
| Exploration and evaluation expenses | 31 | 296 | 248 | 1,594 | 86 | 100 | 2,355 |
| Care and maintenance costs | – | 148 | – | – | – | – | 148 |
| Loss before income taxes | (2,417) | (961) | (132) | (1,733) | (305) | (3,356) | (8,904) |
| Net loss | (2,417) | (1,025) | (164) | (1,733) | (305) | (3,502) | (9,146) |
| Additions to non-current assets | 4,220 | 88 | 976 | (1,003) | – | 820 | 5,101 |
| As at March 31, 2019 | | | | | | | |
| Total assets | \$ 229,775 | \$ 8,060 | \$ 13,784 | \$ 28,551 | \$ 2,367 | \$ 42,777 | \$ 325,314 |
| Total liabilities | \$ 128,420 | \$ 5,297 | \$ 2,386 | \$ 27,059 | \$ 1 | \$ 5,238 | \$ 168,401 |

| | Operations | | | Coricancha | Exploration | Corporate | Total |
|--|------------|-----------|--|------------|-------------|-----------|------------|
| | GMC | Topia | | | | | |
| Three months ended March 31, 2018 | | | | | | | |
| Revenue | \$ 12,119 | \$ 4,900 | | \$ – | \$ – | \$ – | \$ 17,019 |
| Exploration and evaluation expenses | 625 | 47 | | 1,355 | 92 | 577 | 2,696 |
| Income (loss) before income taxes | 1,899 | 945 | | (1,114) | (955) | (848) | (73) |
| Net income (loss) | 1,870 | 930 | | (1,114) | (955) | (828) | (97) |
| Additions to non-current assets | 166 | (9) | | 26 | – | – | 183 |
| As at March 31, 2018 | | | | | | | |
| Total assets | \$ 10,787 | \$ 13,096 | | \$ 29,149 | \$ 2,499 | \$ 65,214 | \$ 120,745 |
| Total liabilities | \$ 5,454 | \$ 2,352 | | \$ 27,120 | \$ 5 | \$ 4,204 | \$ 39,135 |

20. Subsequent events

Coricancha environmental bond

Subsequent to March 31, 2019, \$1,234 of the \$2,097 funding for the Coricancha environmental bond was returned. Therefore, \$1,234 is no longer restricted cash.

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Gold prepayment facility with Auramet International LLC ("Auramet")

Subsequent to March 31, 2019, the Company entered into an agreement whereby Auramet will provide the Company with an uncommitted gold prepayment facility. The Company has received a payment of \$6,410 for its obligation to deliver a total of 5,050 gold ounces until June 2019.