

## Gran Colombia Gold Reports Fourth Quarter and Full Year 2018 Results; Reaches New Highs for Production, Adjusted EBITDA and Operating Cash Flow; Balance Sheet Strengthened; Increasing Focus on Growth Pipeline

TORONTO, March 27, 2019 -- Gran Colombia Gold Corp. (TSX: GCM; OTCQX: TPRFF) announced today the release of its audited consolidated financial statements and accompanying management's discussion and analysis (MD&A) for the year ended December 31, 2018. All financial figures contained herein are expressed in U.S. dollars ("USD") unless otherwise noted.

Serafino Iacono, Executive Chairman of Gran Colombia, commenting on the Company's results for 2018, said, "2018 was the watershed year for us, the one where everything we had been doing to turn things around in the two prior years all came together. 2018's gold production surpassed 200,000 ounces for the first time, up 25% from 2017 as our high-grade Segovia Operations delivered another solid year with grades over 17 g/t. Adjusted EBITDA increased by 36% over last year, surpassing the \$100 million mark for the first time, and being a key catalyst in the 58% increase in our operating cash flow to almost \$80 million and the 72% increase in our free cash flow<sup>(1)</sup> to \$44 million. Our debt refinancing earlier in 2018 did exactly what we hoped for, lifting the dilution overhang off of our stock and we strengthened our balance sheet, increasing our cash and cash equivalents to \$35.6 million, and reducing our debt by 37% to \$88.3 million, by the end of 2018. We made further progress in our strategy to enhance the value of our assets with additional positive results from our ongoing exploration programs at Segovia and Marmato. This brings us to 2019, where we plan to deliver another solid year and we will gain momentum with our pipeline of projects aimed to take us to the next level. With the proceeds from the bought deal private placement we will be closing next week, we can dramatically accelerate our exploration programs at Segovia. We expect to complete the technical studies later this year at Marmato and then be in a position to determine how we will take the underground mine expansion forward. We are working closely with Sandspring's management team on both their Toroparu and Chicharron projects and we see potential in the changes evolving in Venezuela that may open a door for us to get back into our gold projects there."

### Fourth Quarter and Full Year 2018 Highlights

- **The Company exceeded its guidance for 2018 with total gold production reaching 218,001 ounces, up 25% over 2017, and moving into mid-tier producer status.** Fueled by continued growth in the Company's high-grade Segovia Operations, total gold production increased to 55,260 ounces in the fourth quarter of 2018, up 7% over the fourth quarter last year. The Company expects its Segovia Operations will produce 186,000 to 199,000 ounces in 2019, bringing 2019's total gold production guidance for the Company to a range of 210,000 to 225,000 ounces.
- **Revenue** reached \$268.5 million in 2018, up 25% over 2017, largely driven by the production growth and a modest improvement in realized gold prices to an average of \$1,239 per ounce in 2018. Revenue in the fourth quarter of 2018 of \$68.2 million was 4% lower than the fourth quarter of 2017 reflecting a 4% decrease in spot gold prices compared with the fourth quarter last year. In 2019, revenue will benefit from lower charges in our new refining contract that the Company entered into in January 2019 with an international refinery, saving as much as \$20 per ounce sold. The Company will also be paid faster under the new refining contract, a benefit to operating cash flow.
- The Company continued to hold its **total cash costs<sup>(1)</sup>** and **all-in sustaining costs ("AISC")<sup>(1)</sup>** in the fourth quarter and full year 2018 below its guidance range. For the fourth quarter of 2018, total cash costs and AISC averaged \$698 per ounce and \$929 per ounce, respectively, bringing the full year 2018 averages to \$680 per ounce and \$907 per ounce, respectively. For 2019, the Company continues to expect that its total cash costs and AISC averages for the full year will remain below \$720 per ounce and \$950 per ounce, respectively.
- The Company reported **adjusted EBITDA<sup>(1)</sup>** of \$23.7 million for the fourth quarter of 2018 bringing the full year 2018 adjusted EBITDA to a total of \$102.4 million, up 36% over 2017, driven by production growth, better realized gold prices and continued efforts to control operating costs.
- **Net cash provided by operating activities** in the fourth quarter of \$23.6 million, up 31% over the fourth quarter of 2017, brought the full year total to \$79.7 million, up 58% over last year driven by 2018's growth in adjusted EBITDA. As a result, the Company's **Free Cash Flow<sup>(1)</sup>** for the full year 2018 increased by 72% over last year to \$44.0 million.
- The Company **successfully transformed its capital structure in 2018**, eliminating the convertible debentures which exposed shareholders to further dilution and providing the Company with greater access to its internally generated free cash flow to explore, expand and modernize its mining operations. In the process, the Company strengthened its balance sheet by reducing its debt to equity ratio, improving its working capital, and increasing its cash and cash equivalents, which stood at \$35.6 million at December 31, 2018.
- Key to the capital structure transformation was the completion of a **\$98 million Offering of Units** at the end of April 2018, comprising 8.25% senior secured gold-linked notes due 2024 (the "Gold Notes") and warrants (the "2024 Warrants"), which facilitated the redemption at par of the remaining 2020 and 2024 Debentures in May 2018 and the return of \$9.6 million of cash held in a sinking fund for the debentures. As of March 27, 2019, the aggregate principal

amount of Gold Notes issued and outstanding has been reduced through quarterly repayments to \$83.4 million, down from total debt of \$140.8 million at the end of 2017.

- In August 2018, the Company **completed the repayment of its 2018 Debentures**, exercising its option to repay the remaining \$32.1 million aggregate principal amount of the 2018 Debentures outstanding, together with accrued interest, entirely with common shares and recovering \$3.5 million of cash held in a sinking fund for these debentures. As of March 27, 2019, the **total issued and outstanding common shares of the Company is 48.3 million** and after inclusion of the 2024 Warrants and in-the-money stock options, the Company's **fully diluted common shares would total approximately 63.0 million**.
- In October 2018, the Company announced that **Fitch Ratings** upgraded it to 'B' from 'B-' with a Stable Outlook citing the foregoing capital structure improvements and the enhanced mine plan at its Segovia Operations focused on cost reductions and high grade ore bodies which are driving cash flow generation as the key factors leading to the upgrade.
- The Company reported **net income** for the fourth quarter of 2018 of \$8.0 million, or \$0.17 per share, compared with \$4.9 million, or \$0.23 per share, in the fourth quarter last year. For the full year 2018, the Company reported a net loss of \$3.4 million, or \$0.10 per share, compared with net income of \$36.8 million, or \$1.81 per share, in 2017. The net loss in 2018 includes \$28.4 million of losses on financial instruments, primarily triggered by the extinguishment of the 2020 and 2024 Debentures in the second quarter, and a \$7.6 million charge for the costs associated with the Offering completed in the second quarter of 2018. The net earnings in 2017 included a reversal of impairment of the Segovia Operations in the amount of \$45.3 million.
- **Adjusted net income<sup>(1)</sup>** for the fourth quarter of 2018 was \$14.3 million, or \$0.30 per share, up from \$9.1 million, or \$0.44 per share, in the fourth quarter last year reflected the favorable impact on income tax expense in the fourth quarter of 2018 arising from the Colombian tax reform measures announced in December 2018 that will see a further reduction in future income tax rates. For the full year, adjusted net income in 2018 increased to \$42.3 million, or \$1.22 per share, compared with \$22.9 million, or \$1.13 per share, in 2017, primarily reflecting the year-over-year improvement in adjusted EBITDA.
- In 2018, the Company completed approximately 26,800 meters of **drilling at the Segovia Operations**, leading to an updated Mineral Resource estimate as of December 31, 2018 with 3.5 million tonnes at a grade of 11.8 g/t totalling 1.3 million ounces of gold in Measured and Indicated Resources, up 7% from last year. Inferred Resources increased to 3.6 million tonnes at a grade of 10.1 g/t totalling 1.2 million ounces of gold, up 4% compared to last year. The Company also reported an updated Mineral Reserve for Segovia with a total of 1.9 million tonnes at an average grade of 11.0 g/t representing 688,000 proven and probable ounces of gold as of December 31, 2018, up 4% compared to last year and replacing what the Company mined in 2018.
- The Company completed approximately 8,200 meters of drilling in 2018 at its **Marmato Project**, outlining two new zones of Deeps-style mineralization and continuing to increase confidence in the geological model as it moves toward completion of technical studies in 2019 for the expansion of underground mining operations.
- In 2018, the Company also announced that drilling carried out by IAMGOLD over the last two years on the Company's **Zancudo Project** has identified a new manto structure in the North Zone and a potential ore shoot on both the Manto Antiguo and Manto Inferior structures in the South Zone, all of which merit further evaluation.
- The Company acquired an approximately 18% equity **investment in Sandspring Resources Ltd.** ("Sandspring") and is assisting this Canadian junior mining company as it moves toward a feasibility study for the multi-million-ounce Toroparu Project in the western Guyana gold district and prepares for the eventual commencement of mining operations at the Chicharron Project located within the Company's mining title at Segovia which it acquired in 2018.
- The Company has recently announced it is ready to re-start its mining project in **Venezuela** as soon as circumstances allow and is currently readying the separate listed special purpose vehicle it intends to use for the purposes of holding, developing and financing its Venezuelan assets and carrying out its Venezuelan investment strategy.

### Selected Financial Information

	Fourth Quarter		Year		
	2018	2017	2018	2017	2016
<b>Operating data</b>					
Gold produced (ounces)	55,260	51,699	218,001	173,821	149,708
Gold sold (ounces)	56,360	56,100	214,622	173,645	148,962
Average realized gold price (\$/oz sold)	\$ 1,198	\$ 1,252	\$ 1,239	\$ 1,226	\$ 1,218
Total cash costs (\$/oz sold) <sup>(1)</sup>	698	719	680	720	706
All-in sustaining costs (\$/oz sold) <sup>(1)</sup>	929	899	907	918	850
<b>Financial data (\$000's, except per share amounts)</b>					
Revenue	\$ 68,207	\$ 70,938	\$ 268,525	\$ 215,365	\$ 184,074

Adjusted EBITDA <sup>(1)</sup>	23,736	26,758	102,386	75,456	66,044
Net income (loss)	8,038	4,896	(3,379)	36,848	3,709
Per share - basic	0.17	0.23	(0.10)	1.81	0.30
Per share - diluted	0.17	0.11	(0.11)	0.61	0.23
Adjusted net income <sup>(1)</sup>	14,346	9,137	42,327	22,895	15,641
Per share - basic	0.30	0.44	1.22	1.13	1.26
Per share - diluted	0.29	0.11	0.59	0.30	0.24
Net cash provided by operating activities	23,561	17,972	79,741	50,527	33,274
Free cash flow <sup>(1)</sup>	14,444	10,928	44,040	25,560	16,564

December 31,  
2018      2017      2016

#### Balance sheet (\$000's):

Cash and cash equivalents	\$	35,645	\$	3,272	\$	2,783
Cash in trust for Senior Debentures <sup>(2)</sup>		-		11,911		537
Gold Trust Account <sup>(3)</sup>		3,210		-		-
Gold Notes, including current portion – principal amount outstanding <sup>(4)</sup>		88,250		-		-
Senior Debentures, including current portion – principal amount outstanding <sup>(5)</sup>		-		140,811		150,904
Other debt, including current portion		43		439		1,652

#### Notes:

1. Refer to "Non-IFRS Measures" in the Company's MD&A.
2. Represents amounts deposited into sinking funds for the 2018, 2020 and 2024 Debentures (collectively, the "Senior Debentures"), net of amounts used for repurchases and partial redemptions. The remaining cash balances in the sinking funds were returned to the Company after the extinguishment of the Senior Debentures in 2018.
3. Represents physical gold deposited by the Company into a trust account to be used to fund the next quarterly Amortization Payment. At December 31, 2018, there were 2,600 ounces accumulated in the Gold Trust Account.
4. The Gold Notes are recorded in the Financial Statements at fair value. At December 31, 2018, the carrying amount of the Gold Notes outstanding was \$74.1 million.
5. The Senior Debentures were recorded in the Financial Statements at amortized cost and, as such, their carrying amount was at a discount to principal amounts outstanding. At December 31, 2017, the carrying amount of the Senior Debentures outstanding was \$98.7 million.

#### Segovia Operations

At the Segovia Operations, gold production in the fourth quarter of 2018 amounted to 48,809 ounces, bringing the total for 2018 to 193,050 ounces, up 30% over 2017 fuelled by continuing growth in the Company's three operating mines. The Company processed an average of 1,015 tonnes per day ("tpd") in the 2018, up 33% from last year, with an overall average head grade of 17.1 g/t, benefitting from the 70% growth in production from its high-grade Providencia mine in 2018. With a total of 35,416 ounces of gold already produced in the first two months of 2019, the Company expects that the Segovia Operations' will produce between 186,000 and 199,000 ounces of gold for the full year.

Total cash costs per ounce of \$635 per ounce in the fourth quarter of 2018 brought the average for the full year 2018 to \$623 per ounce, down from \$664 per ounce last year. Overall, the increased production level at Segovia in 2018 continued to have a positive impact reducing fixed operating costs on a per ounce basis compared with 2017. The Company expects that Segovia's total cash costs will remain below \$700 per ounce in 2019.

The Company's AISC of \$907 per ounce for 2018 included \$31.2 million of sustaining capital expenditures attributable to the Segovia Operations, equivalent to \$146 per ounce sold, the major components of which included (i) \$6.2 million for exploration (including approximately 26,800 meters of the 2018 drilling program) and \$9.0 million for mine development, (ii) \$8.2 million for the mines including underground equipment and ventilation improvements at the El Silencio mine, completion of a ventilation shaft and further infrastructure upgrades at the Providencia mine, and underground equipment and infrastructure improvements at the Sandra K mine, (iii) \$5.7 million for further upgrades of equipment in the Maria Dama plant and laboratory together with costs associated with tailings storage facilities, including a new filter press and the project to construct the new El Chocho tailings storage facility, (iv) \$0.8 million related to the 44kV connection at the mines and (v) \$1.3 million associated with upgrades to minesite buildings and facilities, IT infrastructure and security.

#### Marmato Operations

Better head grades helped the Company's Marmato mine increase its production in the second half of 2018. For the fourth quarter of 2018, Marmato produced 6,451 ounces of gold bringing the total for 2018 to 24,951 ounces, almost on par with 2017. Since coming into the Company in 2011, the Marmato mine has been a very steady producer and the Company expects that 2019's annual gold production from Marmato will range between 24,000 and 26,000 ounces.

Total cash costs per ounce increased to an average of \$1,132 per ounce in 2018 compared with \$1,049 per ounce in 2017. The Company expects the mine's total cash cost per ounce will decrease to below \$1,100 per ounce in 2019.

The Company's AISC of \$907 per ounce for 2018 included \$4.5 million of sustaining capital expenditures attributable to Marmato, equivalent to \$21 per ounce sold, the major components of which included (i) \$2.2 million for mine infrastructure and equipment, processing plant upgrades, tailings storage facility upgrades, security, and health and safety initiatives and (ii) \$2.3 million to advance the evaluation of the opportunity to expand underground mining operations, including \$2.2 million incurred in connection with the 2018 drilling program which commenced in June and comprised approximately 8,200 meters and \$0.1 million for technical studies.

## **Outlook**

The Company started off 2019 with a total of 39,276 ounces of gold production in the first two months and expects to produce a total of 210,000 to 225,000 ounces of gold for the full year compared with the 218,001 ounces produced in 2018.

The Company has already commenced a 20,000 meters drilling campaign in 2019 at its Segovia Operations focused on step-out drilling at Providencia and Sandra K, deep zone drilling to extend El Silencio another 200 meters below its currently delineated mineral resource, and brownfield drilling on the Cogote vein system. Using the net proceeds from the recently announced CA\$20 million bought deal private placement which is expected to close on or about April 2, 2019, the Company will accelerate its ongoing exploration programs at Segovia, including technical and other studies to be carried out over the next approximately six months to identify and prioritize drilling targets followed by a drilling campaign, over and above what is already planned by the Company in 2019 and 2020. The objective of the drilling program is to increase mineral reserves for future production growth and to extend the mine life of the Segovia Operations.

Capital investment in 2019 at the Segovia Operations, expected to total approximately \$25-\$30 million (excluding exploration) in 2019, will continue to focus on ongoing mine development at its Providencia, El Silencio and Sandra K mines, along with ongoing investments in mine infrastructure upgrades, ventilation, health, safety and environmental initiatives, mine equipment and further expansion of the El Chocho tailings storage facility, including commissioning of a filter press. Sustaining capital expenditures at the Marmato mine and processing plant in 2019 are expected to be about \$1.5 million. As the Company advances its evaluation of the underground mine expansion opportunity at Marmato toward the completion of a NI 43-101 compliant technical report before the end of the year, it expects to spend approximately \$2 million in 2019, including another 8,000 meters of drilling to extend the Deeps Zone further along strike and to test the high-grade core of the Deeps Zone up to 600m asl.

The Company's total cash cost averaged \$680 per ounce sold in 2018. In 2019, the Company expects that its total cash cost may increase slightly but continuing to average less than \$720 per ounce sold for the full year. The Company entered into a new refining contract in January 2019 with more favorable terms than its previous contract. Expected savings in refining costs of up to \$20 per ounce will enhance the Company's realized selling price for its gold and help to mitigate some of the impact of any potential increases in its total cash costs on adjusted EBITDA and operating cash flow. The Company also expects that with its planned capital investment program in 2019, including the ongoing exploration activities at Segovia and execution of the drilling program and technical studies at Marmato, its AISC for the full year may increase from 2018's full year AISC average of \$907 per ounce but will remain below \$950 per ounce.

## **Executive Title Changes**

In recognition of the evolution of the roles that each of the Company's Executive Co-Chairmen fulfill in the operations of the Company, the Board is pleased to announce that, effective today, Serafino Iacono will become Executive Chairman and Miguel de la Campa will become Vice Chairman. Messrs. Iacono and de la Campa remain fully committed to the success of Gran Colombia, which they co-founded in 2010, and feel that the change in their titles will ensure the market has a clear understanding of their respective roles.

## **Fourth Quarter and Year End 2018 Results Webcast**

As a reminder, Gran Colombia will host a conference call and webcast on Thursday, March 28, 2019 at 9:30 a.m. Eastern Time to discuss the results. Webcast and call-in details are as follows:

Live Event link:	<a href="https://edge.media-server.com/m6/p/hvovr2pv">https://edge.media-server.com/m6/p/hvovr2pv</a>
International:	1 (514) 841-2157
North America Toll Free:	1 (866) 215-5508
Colombia Toll Free:	01 800 9 156 924
Conference ID:	48386764

A replay of the webcast will be available at [www.grancolombiagold.com](http://www.grancolombiagold.com) from Thursday, March 28, 2019 until Friday, April 26, 2019.

## **About Gran Colombia Gold Corp.**

Gran Colombia is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its Segovia and Marmato Operations. Gran Colombia is continuing to focus on exploration, expansion and modernization activities at its high-grade Segovia Operations.

Additional information on Gran Colombia can be found on its website at [www.grancolombiagold.com](http://www.grancolombiagold.com) and by reviewing its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Cautionary Statement on Forward-Looking Information:**

*This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to production guidance and anticipated business plans or strategies. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 27, 2019 which is available for view on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements contained herein are made as of the date of this press release and Gran Colombia disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*

**For Further Information, Contact:**

Mike Davies  
Chief Financial Officer  
(416) 360-4653  
[investorrelations@grancolombiagold.com](mailto:investorrelations@grancolombiagold.com)