

Gran Colombia Gold Reports Second Quarter and First Half 2018 Results; New Capital Structure Reduces Leverage; Trailing 12-Months' Adjusted EBITDA Reaches \$95 Million

TORONTO, Aug. 14, 2018 -- Gran Colombia Gold Corp. (TSX: GCM) announced today the release of its unaudited interim condensed consolidated financial statements and accompanying management's discussion and analysis (MD&A) for the three and six months ended June 30, 2018. All financial figures contained herein are expressed in U.S. dollars ("USD") unless otherwise noted.

Serafino Iacono, Executive Co-Chairman of Gran Colombia, commenting on the Company's results for the first half of 2018, said, "We are very pleased with the outcome of our efforts this year to fix our capital structure, reduce our leverage and strengthen our balance sheet. Our senior debt is now down to \$93 million, about half of what it was two years ago. Our operating success at Segovia, one of the top highest-grade underground gold operations globally, has been a solid engine driving our free cash flow that has enabled us to refinance our convertible debentures and put cash back on our balance sheet rather than in sinking funds. Our first half 2018 operating and financial results reaffirm that we are seeing continuous improvement in production, adjusted EBITDA and free cash flow. We can now step into a new era, one where we use our internally generated cash flows and our high quality assets to take this Company to the next level as a cash generating, mid-size Latin America-focused gold producer."

Second Quarter and First Half 2018 Highlights

- The Company has **successfully transformed its capital structure in 2018**, eliminating the convertible debentures which exposed shareholders to further dilution, and in the process, strengthened its balance sheet by reducing its debt to equity ratio and increasing its cash position, which stood at \$24.9 million at June 30, 2018.
- On April 30, 2018, the Company completed a **\$98 million Offering of Units**, comprising 8.25% senior secured gold-linked notes due 2024 (the "Gold Notes") and warrants (the "2024 Warrants"), to refinance its 2020 and 2024 Debentures, providing the Company with greater access to its internally generated free cash flow to explore, expand and modernize its mining operations, and significantly reducing the potential dilution to the Company's shareholders compared with the previous capital structure. Holders of \$22.9 million aggregate principal amount of 2020 and 2024 Debentures elected to roll their debt into the Offering and the net cash proceeds raised through the Offering of approximately \$67.6 million was more than sufficient to complete the redemption of the remaining 2020 and 2024 Debentures totaling \$63.5 million aggregate principal amount on May 14, 2018. In addition, the \$9.6 million of cash held in the sinking fund for the 2020 and 2024 Debentures was also released to the Company in the second quarter of 2018, helping to bolster its cash position.
- On August 13, 2018, the Company **completed the repayment of its 2018 Debentures**. As the weighted average trading price during the 20-day measurement period prior to maturity on August 11, 2018 ("Maturity") exceeded \$1.95 per share, the Company was able to exercise its option to repay the remaining \$32.1 million aggregate principal amount of the 2018 Debentures outstanding and accrued interest entirely with common shares, increasing the **total issued and outstanding common shares of the Company as of August 13, 2018 to 48.2 million**.
- Following three consecutive quarters with over 50,000 ounces of **gold production**, the Company has **raised its guidance for 2018** and now expects that it will produce over 200,000 ounces of gold this year. Total gold production of 52,906 ounces in the second quarter of 2018, up 15% over the second quarter of 2017, brought the total gold production for the first half of 2018 to 105,578 ounces, up 24% over the first half last year. The Company followed this up with a further 19,296 ounces of gold produced in July 2018. Fueled by continued growth in the Company's high-grade Segovia Operations, the Company's trailing 12-months' total gold production increased to 198,632 ounces as of July 2018, up 14% over the total for 2017 of 173,821 ounces and above the Company's initial guidance range for 2018 of between 182,000 and 193,000 ounces.
- The Company will continue to prioritize its **exploration** and development activities to identify avenues to increase production from its cash-generating, high-grade Segovia Operations. Through the first half of 2018, the Company completed 88 holes representing approximately 56% of the 20,000 meters of drilling planned for Segovia this year with three rigs carrying out resource definition within the underground developments of the Providencia and El Silencio mines and one drill rig operating from surface at Sandra K targeting peripheral extensions to the known vein system. On June 18, 2018, the Company announced multiple high-grade results from the ongoing underground sampling program in the deepest levels of the El Silencio mine and that it had identified a new structure at the El Silencio mine. On August 7, 2018, the Company announced that it will follow up on these results with additional drilling at El Silencio in 2018 to extend the north, middle and south ore-shoots down-plunge with the objective of testing extensions another 200 meters below the currently delineated resource. This drilling program, expected to commence in September, will be a combination of conventional drilling with 50 meter by 50 meter nominal center spacing on the north ore-shoot and directional drilling on the middle and south ore-shoots.
- **Revenue** increased 23% in the second quarter of 2018 over the second quarter last year to \$68.9 million bringing the first half 2018 total revenue to \$133.7 million, up 31% over the first half last year. 2018's revenue has been positively impacted by the increased level of gold production as described above and higher realized gold prices in the first half of 2018 as spot gold prices rose 6% compared with the first half last year.
- The Company continued to hold its **total cash costs** ⁽¹⁾ and **all-in sustaining costs ("AISC")** ⁽¹⁾ in the second quarter

and first half of 2018 within its guidance range. For the second quarter of 2018, total cash costs and AISC averaged \$696 per ounce and \$913 per ounce, respectively, bringing the first half 2018 averages to \$683 per ounce and \$905 per ounce, respectively. For 2018, the Company continues to expect that its total cash costs and AISC averages for the full year will remain below \$735 per ounce and \$950 per ounce, respectively.

- For the third consecutive quarter, the Company reported **adjusted EBITDA** ⁽¹⁾ in excess of \$26 million. The trailing 12-months adjusted EBITDA at the end of June 2018 stood at \$94.6 million, up 25% over 2017's adjusted EBITDA of \$75.5 million, driven by production growth, better realized gold prices and continued efforts to control total cash costs per ounce. Adjusted EBITDA for the second quarter of 2018 increased to \$26.5 million compared with \$21.3 million in the second quarter of 2017, bringing the first half 2018 adjusted EBITDA to a total of \$53.9 million, up 55% over the first half last year.
- The Company generated \$11.2 million of **Excess Cash Flow** ⁽¹⁾ in the second quarter of 2018, up from \$2.6 million in the first quarter this year which included a heavier burden of income tax payments in Colombia. This brings the total Excess Cash Flow generated during the first half of 2018 to \$13.8 million, more than double the amount generated during the first half of 2017, fueled by the improvement in adjusted EBITDA.
- The Company reported a **net loss** for the second quarter of 2018 of \$30.7 million, or \$1.09 per share, compared with net income of \$33.8 million, or \$1.65 per share, in the second quarter last year. For the first half of 2018, the Company reported a net loss of \$25.4 million, or \$1.02 per share, compared with net income of \$33.0 million or \$1.64 per share, in the first half last year. The net losses reported for 2018 include \$26.4 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 the second quarter and first half of 2017 included a reversal of impairment of the Segovia Operations in the amount of \$45.3 million.
- **Adjusted net income** ⁽¹⁾ for the second quarter of 2018 was \$8.2 million, or \$0.29 per share, up from \$6.8 million, or \$0.33 per share, in the second quarter last year, bringing the adjusted net income for the first half of 2018 to \$18.1 million, or \$0.72 per share, compared with \$9.9 million, or \$0.50 per share, in the first half last year. The year-over-year improvement in adjusted EBITDA was the primary driver behind the improved adjusted net earnings in 2018.
- On July 26, 2018, the Company completed the acquisition of an approximately 15% investment in **Sandspring Resources** Ltd. ("Sandspring"), a Canadian junior mining company currently moving toward a feasibility study for the multi-million-ounce Toroparu Project in the emerging western Guyana gold district. Sandspring concurrently completed the acquisition of a 100% interest in the Chicharron Project located within the Company's mining title at Segovia.

1. Refer to "Non-IFRS Measures" in the Company's MD&A

Financial and Operating Summary

A summary of the financial and operating results for the second quarter and First Half of 2018 and 2017 is as follows:

	Second Quarter		First Half	
	2018	2017	2018	2017
Operating data				
Gold produced (ounces)	52,906	46,075	105,578	85,083
Gold sold (ounces)	53,051	45,179	102,661	83,613
Average realized gold price (\$/oz sold)	\$ 1,286	\$ 1,225	\$ 1,290	\$ 1,201
Total cash costs (\$/oz sold) ⁽¹⁾	696	676	683	709
All-in sustaining costs (\$/oz sold) ⁽¹⁾	913	884	905	910
Financial data (\$000's, except per share amounts)				
Revenue	\$ 68,927	\$ 55,973	\$ 133,713	\$ 101,690
Adjusted EBITDA ⁽¹⁾	26,506	21,263	53,949	34,854
Net (loss) income	(30,742)	33,783	(25,390)	32,999
Per share - basic	(1.09)	1.65	(1.02)	1.64
Per share - diluted	(1.09)	0.39	(1.02)	0.44
Adjusted net income ⁽¹⁾	8,205	6,839	18,051	9,923
Per share - basic	0.29	0.33	0.72	0.50
Per share - diluted	0.13	0.08	0.25	0.13
Excess Cash Flow ⁽¹⁾	11,208	3,228	13,762	5,504
			June 30, 2018	December 31, 2017

Balance sheet (\$000's):

Cash and cash equivalents	\$ 24,915	\$ 3,272
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Cash in trust for Senior Debentures ⁽²⁾	3,530	11,911
Gold Notes, including current portion, net of gold in Gold Trust Account ⁽³⁾	78,235	-
Senior Debentures, including current portion ⁽⁴⁾	31,870	98,713
Other debt, including current portion	299	439

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 \$3.5 million balance as of June 30, 2018 was returned to the Company on August 13, 2018 following full repayment of the remaining 2018 Debentures at Maturity with common shares.
3. Represents carrying amounts, which are at a discount to principal amounts, for the Gold Notes. At June 30, 2018, the principal amount of the Gold Notes outstanding was \$98.0 million and the Gold Trust Account included \$3.8 million of physical gold used toward the \$4.9 million quarterly Amortizing Payment completed on July 31, 2018.
4. Represents carrying amounts, which are at a discount to principal amounts, for the Senior Debentures. At June 30, 2018, only the 2018 Debentures were outstanding and the aggregate principal amount was \$33.6 million. The 2018 Debentures were fully repaid at Maturity on August 13, 2018. At December 31, 2017, the aggregate principal amounts of the 2018, 2020 and 2024 Debentures outstanding were \$45.2 million, \$48.7 million and \$47.0 million, respectively. The remaining 2020 and 2024 Debentures were fully redeemed in the second quarter of 2018.

Segovia Operations

At the Segovia Operations, gold production in the second quarter of 2018 amounted to 47,071 ounces, bringing the total for the first half of 2018 to 93,543 ounces, up 28% compared to the first half of 2017. This brings Segovia’s trailing 12-months’ total gold production as of June 2018 to 169,206 ounces, up 14% from 2017 fuelled by continuing growth in the Company’s three mines which represented 95% of Segovia’s first half 2018 and trailing 12-months’ total gold production. The Company processed an average of 972 tonnes per day (“tpd”) in the first half of 2018 with an overall average head grade of 16.7 g/t, continuing to benefit from growth in production from its high-grade Providencia mine. In July 2018, Segovia’s gold production amounted to 17,164 ounces. Based on its performance to-date, the Company now expects that the Segovia Operations’ annual gold production will surpass 175,000 ounces for 2018.

The increased production level at the Segovia Operations in 2018 continues to have a positive impact on total cash costs, reducing fixed operating costs on a per ounce basis compared with 2017. Segovia’s total cash costs per ounce averaged \$620 in the first half of 2018 compared with \$652 in the first half last year. The Company continues to expect that Segovia’s total cash costs will remain below \$700 per ounce in 2018.

The Company’s AISC of \$905 per ounce for the first half of 2018 included \$16.9 million of sustaining capital expenditures, equivalent to \$165 per ounce sold (\$15 per ounce higher than the first half of 2017), the major components of which included (i) \$7.7 million for exploration and mine development at Segovia, including 11,186 meters of the 2018 drilling program, (ii) \$4.9 million for the Segovia mines including underground equipment and ventilation improvements at the El Silencio mine and completion of a ventilation shaft and further infrastructure upgrades at the Providencia mine, (iii) \$2.3 million for further upgrades of equipment in the Maria Dama plant and laboratory at Segovia together with costs associated with 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 Segovia mines, and (v) \$1.1 million at the Marmato Operations, including \$0.5 million for technical studies and the first 164 meters of the 2018 drilling program which commenced in June 2018 and \$0.6 million of expenditures related to the existing mine and plant.

Marmato Operations

The Company’s Marmato mine produced 5,835 ounces of gold in the second quarter of 2018, bringing the total for the first half of 2018 to 12,035 ounces, on par with the first half of 2017. In April 2018, the grades at the Marmato mine dropped to about 2.2 g/t, having an adverse impact of total cash costs per ounce. To improve the situation, mine management increased the cut-off grades for material being mined and in June 2018, head grades improved to just over 3 g/t, reducing tonnes processed in the month to an average of 832 tpd and the average for the second quarter of 2018 fell to 919 tpd. As of June 2018, Marmato’s trailing 12-months’ total gold production amounted to 25,110 ounces, on par with 2017’s annual production and within the Company’s guidance range for 2018 of between 24,000 and 26,000 ounces. Tonnes processed in July 2018 averaged 890 tpd at an average head grade of 2.9 g/t resulting in gold production of 2,132 ounces for the month.

Total cash costs per ounce at Marmato increased to an average of \$1,176 per ounce in the first half of 2018 compared with \$1,061 per ounce in the first half of 2017, reflecting the impact on production of the lower head grades in the early part of the second quarter of 2018 as noted above. By raising the cut-off grade, mine management successfully brought the mine’s total cash cost per ounce back down below \$1,100 per ounce by June 2018.

Outlook

The Company produced a total of 105,578 ounces of gold production in the first half of 2018 and another 19,296 ounces in July 2018. The Company has raised its guidance for 2018 and now expects that it will produce over 200,000 ounces of gold for the full year compared with the 173,821 ounces produced in 2017. Production growth will continue to be fuelled by the Company’s mines at its high-grade Segovia Operations which are expected to produce more than 175,000 ounces in 2018.

With the initiatives in 2018 to simplify the Company's capital structure and strengthen its balance sheet now complete, the Company's focus will center on taking its Segovia Operations to the next level. Capital investment in 2018 at the Segovia Operations amounted to \$15.6 million in the first half of 2018 and is expected to total close to \$30 million this year. Emphasis will continue to focus on exploration, including the additional \$2.3 million of drilling announced in early August at the deepest levels of the El Silencio mine, and ongoing mine development at its Providencia and El Silencio mines. Mine development has also commenced to expand production operations at the Sandra K mine in the second half of 2018. Capital spending at Segovia in 2018 also includes ongoing investments in mine infrastructure upgrades, ventilation, health, safety and environmental initiatives, mine equipment and expansion of tailings storage facilities at El Chocho.

At Marmato, the Company completed a conceptual study in 2017 to consider the potential for underground mining operations combining the existing operating mine with the new mineralization identified below the existing mine ("Deeps"). In 2018, the Company is following up with further technical studies and, in mid-June, commenced a drilling program of up to 10,000 meters to gather additional data related to the Deeps mineralization to support the technical studies. These efforts are intended to provide further analysis of the underground mine expansion opportunity at Marmato, leading toward the expected completion of a preliminary economic assessment in early 2019.

The Company's total cash cost averaged \$683 per ounce sold in the first half of 2018 and the Company continues to expect that its total cash cost will average less than \$735 per ounce sold for the full year. The Company also continues to expect that its AISC for the full year will remain below \$950 per ounce.

The Company generated \$13.8 million of Excess Cash Flow in the first half of 2018. Spot gold prices, which averaged \$1,318 per ounce in the first half of 2018, have dropped thus far in the first half of the third quarter to a range from \$1,262 to as low as \$1,209 per ounce, averaging about \$1,233 per ounce. If gold prices remain at this level throughout the back half of 2018, the Company expects that it will continue to generate positive Excess Cash Flow, but it will be at a reduced level compared with the first half of this year.

The Company is continuing to deposit 1,300 ounces on a monthly basis in 2018 into the Gold Trust Account as required for the Gold Notes. The next scheduled quarterly principal repayment will take place on October 31, 2018 and the Company has a put option contract in place at \$1,250 per ounce to protect the guaranteed floor price for this repayment. The Company is continuing to review its strategy to hedge quarterly repayments beyond 2018 on a commercially reasonable basis.

Webcast

As a reminder, Gran Colombia will host a conference call and webcast on Wednesday August 15, 2018 at 9:30 a.m. Eastern Time to discuss the results.

Webcast and call-in details are as follows:

Live Event link:	https://edge.media-server.com/m6/p/5sygmz4u
International:	1 (514) 841-2157
North America Toll Free:	1 (866) 215-5508
Colombia Toll Free:	01 800 9 156 924
Conference ID:	47275629

A replay of the webcast will be available at www.grancolombiagold.com from Wednesday, August 15, 2018 until Friday, September 14, 2018.

About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based gold and silver exploration, development and production company with its primary focus in Colombia. Gran Colombia is currently the largest underground gold and silver producer in Colombia with several underground mines in operation at its Segovia and Marmato Operations. Gran Colombia is continuing its 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 and by reviewing its profile on SEDAR at 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 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, 2018, which is available for view on SEDAR at 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.

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