



GRANCOLOMBIAGOLD

The leading high-grade gold producer in Colombia

Q2-2016 Results

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RESULTS

Highlights

2 nd Quarter			1 st Half	
2016	2015		2016	2015
38,229	28,495	Gold production (ozs)	69,718	52,468
38,902	26,523	Gold sales (ozs)	68,588	51,855
\$1,216	\$1,163	Realized gold price (\$/oz)	\$1,185	\$1,177
\$680	\$779	Cash cost (\$/oz)	\$682	\$801
\$811	\$904	AISC (\$/oz)	\$802	\$921
\$48.0M	\$31.3M	Revenue	\$82.5M	\$61.9M
\$18.3M	\$8.0M	Adjusted EBITDA ⁽¹⁾	\$29.9M	\$15.2M
\$3.9M	\$1.7M	Adjusted net income (loss) ⁽¹⁾	\$4.1M	(\$0.2M)
\$0.03	\$0.07	Per share	\$0.04	(\$0.01)

RESULTS

Production

2 nd Quarter			1 st Half	
2016	2015		2016	2015
		Gold (ozs)		
		Segovia		
7,962	3,114	Company-operated	13,051	5,431
<u>23,922</u>	<u>19,436</u>	Contract miners	<u>44,832</u>	<u>35,647</u>
31,884	22,550		57,883	41,078
<u>6,345</u>	<u>5,945</u>	Marmato	<u>11,835</u>	<u>11,390</u>
<u>38,229</u>	<u>28,495</u>	Total Company	<u>69,718</u>	<u>52,468</u>
43,608	32,949	Silver (ozs)	82,034	58,294

Segovia

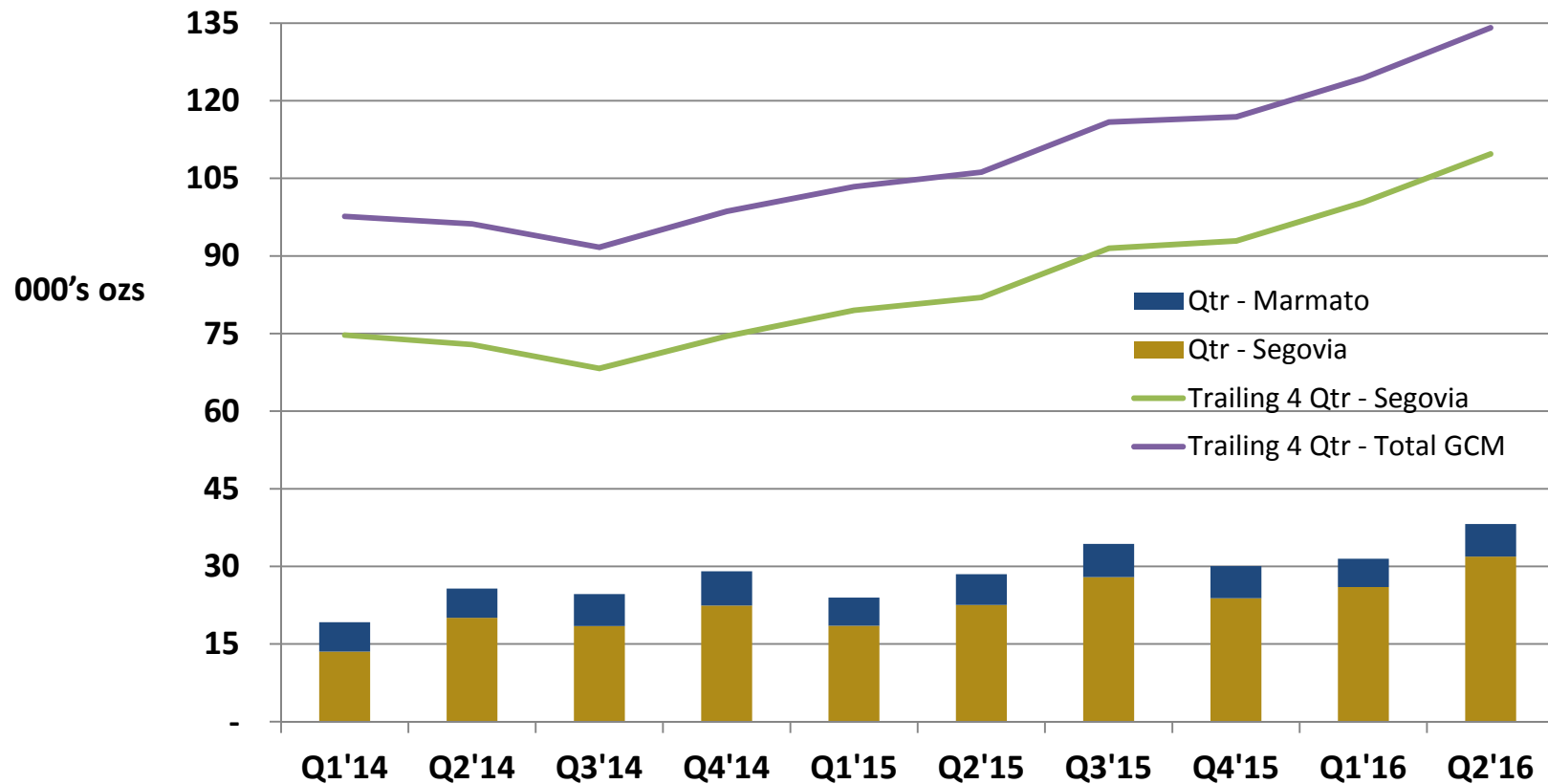
- H1-2016 up 41% over H1-2015....increased daily tonnes processed in H1-2016 by 45% to an average of 751 tpd with head grades averaging 13.3 g/t...H1-2016 aided by improved recovery of Company-operated gold from mill circuit...produced 11,731 ozs in July 2016.

Marmato

- H1-2016 up 4% over H1-2015... increased daily tonnes processed in H1-2016 by ~14% to an average of 903 tpd; head grades and mill recovery each tracking ~5% below H1-2015 levels...produced 1,852 ozs in July 2016.

RESULTS

Total Gold Production



Over the last 7 quarters, GCM has realized **growth in its Trailing 4 Quarters total gold production** driven by growth from the Segovia Operations. Marmato has been steady.

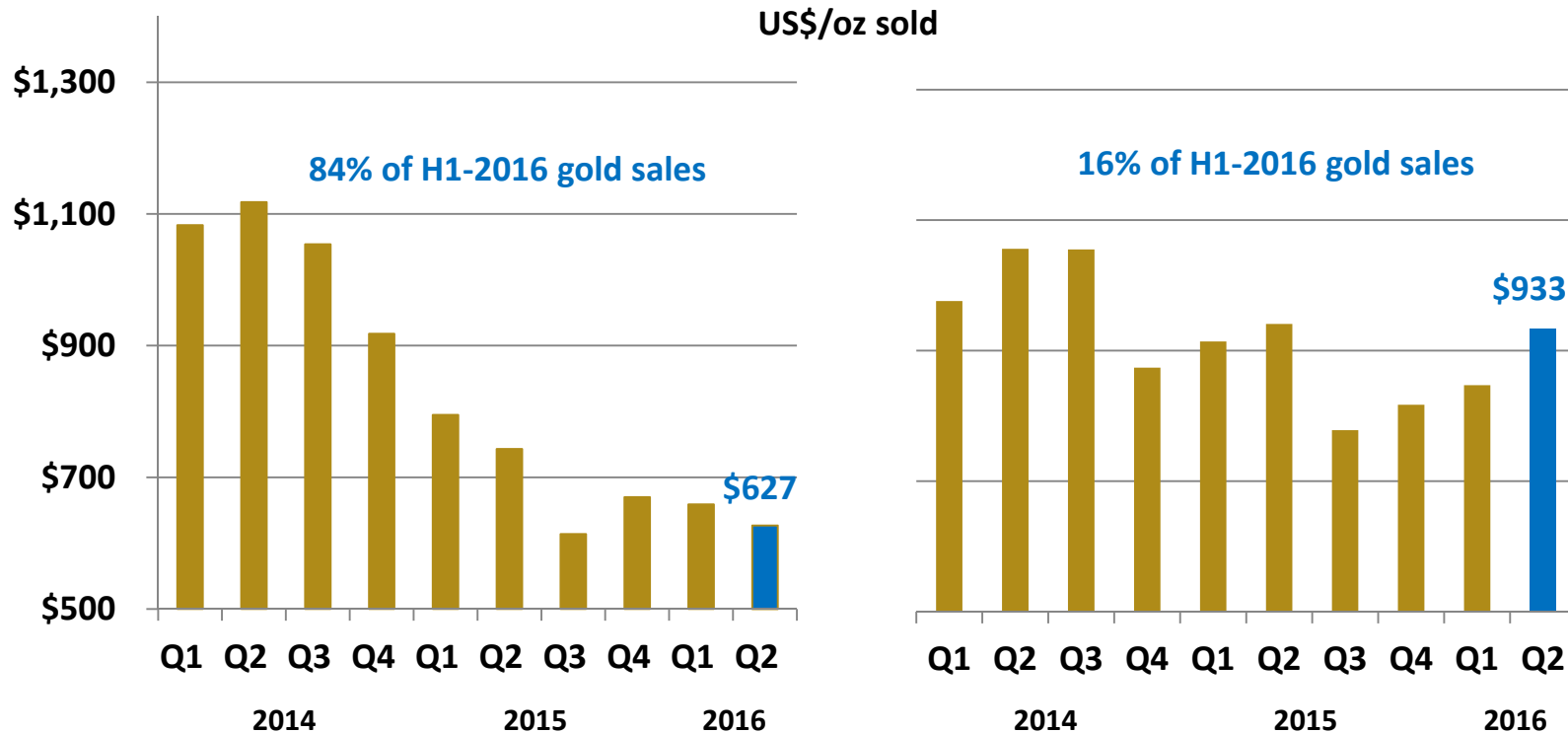
Increasing 2016 annual gold production guidance to **135,000-145,000** ounces.

RESULTS

Total Cash Cost Per Ounce

Segovia

Marmato

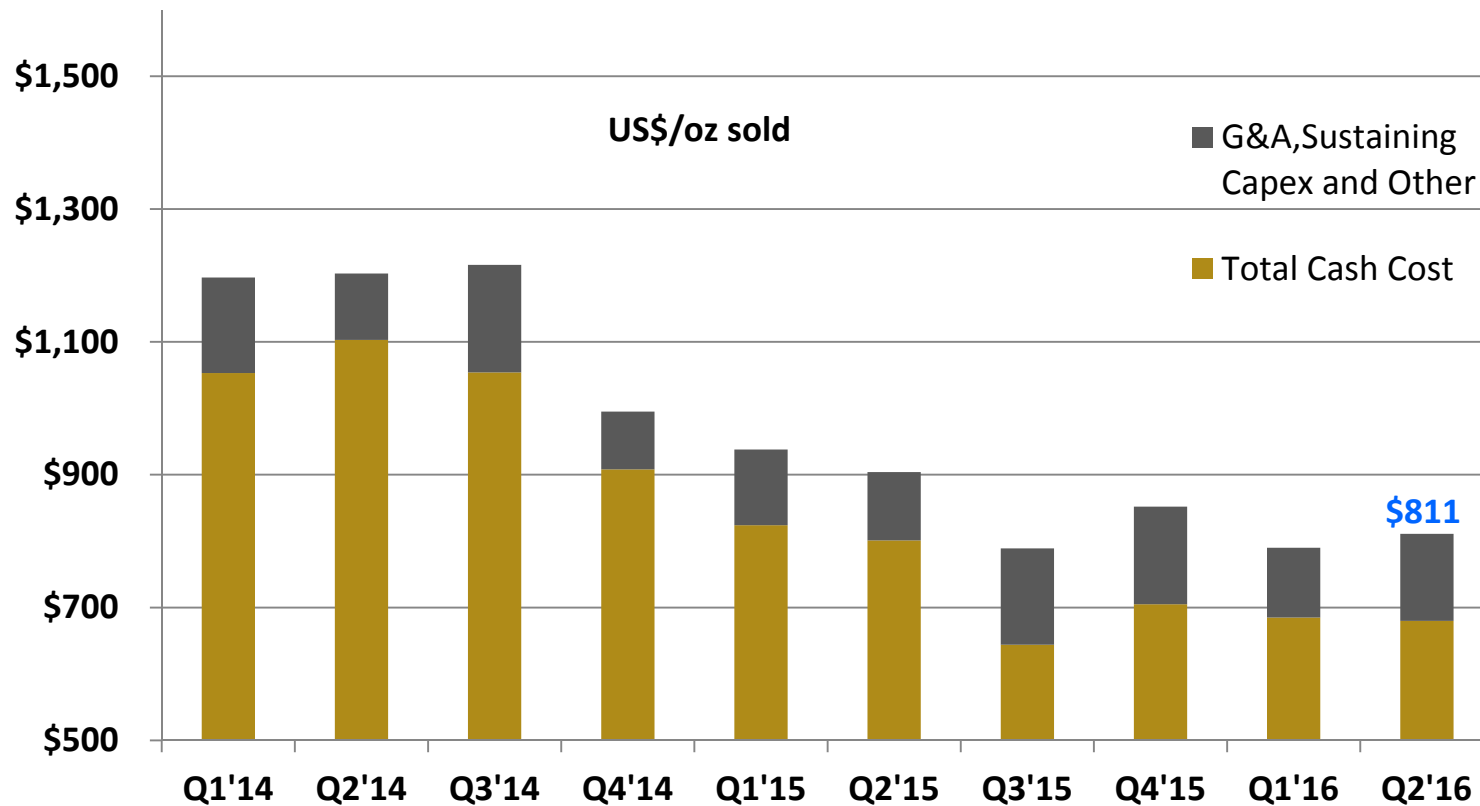


Q2-2016 total cash cost for the Company of **\$680/oz** brings the H1-2016 average to \$682/oz, down 15% from H1-2015, benefitting from:

- Principal source of Gran Colombia's gold production is the high-grade resources at Segovia where the Company has cut costs and optimized its operating cost structure in the last couple of years; fixed costs on a per ounce have decreased as a result of increased production in H1-2016.
- Devaluation of the Colombian peso in H2-2015 positively impacted US\$ equivalent costs in H1-2016 vs H1-2015.

RESULTS

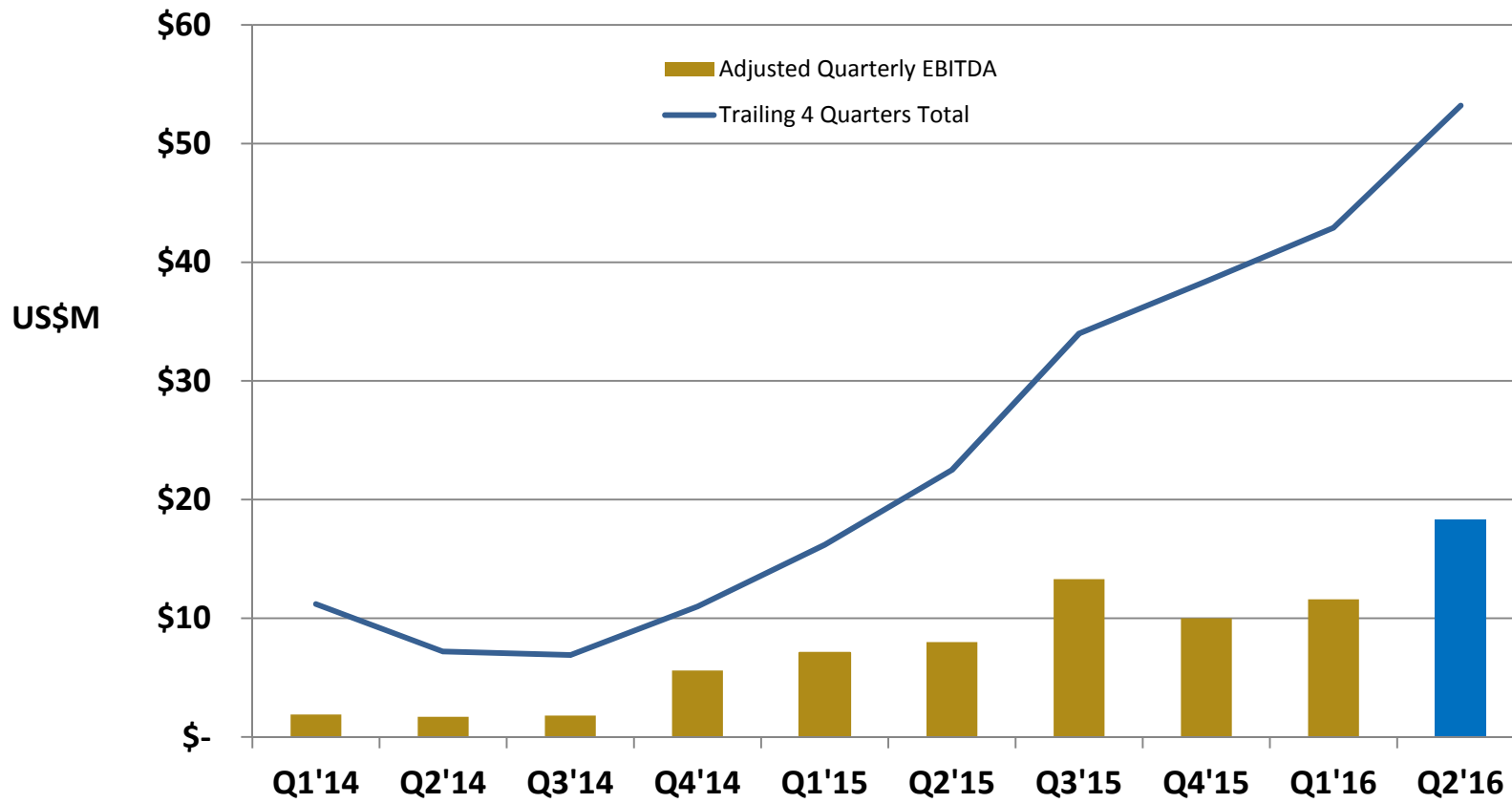
All-In Sustaining Costs



Reductions in total cash costs and G&A have been the key to success in reducing AISC to the current level. Anticipate 2016 full year average AISC of \$850 to \$950, reflecting expected increase in Segovia capex in H2-2016.

RESULTS

Adjusted EBITDA ⁽¹⁾



Improved production together with **reductions in total cash costs** and **G&A** have been the key to our success in increasing quarterly EBITDA since Q4-2014.

RESULTS

Excess Cash Flow

In US\$000's	Q2-2016	H1-2016
Adjusted EBITDA as reported	\$18,299	\$29,885
Repayment of local long-term debt and increase in cash in trust for debt service	(396)	(830)
Interest paid, net of finance income	(2,363)	(4,554)
Debt restructuring costs paid	(315)	(1,714)
Capital, development and exploration expenditures	(3,809)	(5,870)
Payments for Marmato titles and compensation agreements	(415)	(641)
Equity, wealth and income tax payments, net of income tax refund	(3,195)	(4,623)
Frontino health plan payments	(189)	(414)
Segovia environmental discharge fees paid	(376)	(692)
Changes in non-cash working capital	(4,965)	(8,248)
Excess Cash Flow *	\$2,276	\$2,299
2018 Debentures sinking fund deposits (25%)	\$569	\$575
2020 Debentures sinking fund deposits (75%)	\$1,707	\$1,724

RESULTS

Balance Sheet

	June 2016	December 2015
Adjusted working capital deficit *		
Cash	\$3.0M	\$3.0M
Accounts receivable	\$9.5M	\$6.2M
Accounts payable and accrued liabilities	(\$21.5M)	(\$25.3M)
Equity and wealth taxes payable	(\$6.4M)	(\$5.5M)
Mining titles and compensation agreements payable	(\$11.6M)	(\$11.5M)
Inventories and other items, net	\$2.3M	\$8.0M
	(\$24.7M)	(\$25.1M)
Total short and long-term debt		
Local debt, net of cash in trust	\$2.3M	\$2.9M
2018 and 2020 Debentures **	\$82.6M	-
Cash in trust for 2018 and 2020 Debentures	(\$2.3M)	-
Gold and Silver Notes ***	-	\$100.7M
	\$82.6M	\$103.6M

RESULTS

Capital Structure

	TSX Symbol	Exercise Price	12-31-2015	01-20-2016 Exchange Date	08-11-2016	Fully Diluted Shares
Common shares	GCM		23.7M	113.6M	252.9M	252.9M
2018 Debentures *	GCM.DB.U	US\$0.13	N/A **	\$71.2M	\$53.7M	413.3M
2020 Debentures *	GCM.DB.V	US\$0.13	N/A ***	\$104.0M	\$103.1M	793.2M
						1,459.4M
Warrants	GCM.WT.A Unlisted	CA\$3.25 CA\$18.75	4.2M 1.0M	4.2M 1.0M	4.2M 1.0M	
Options		CA\$0.17 to CA\$18.25	0.9M	0.9M	12.7M	

Gran Colombia launched **Normal Course Issuer Bids** on July 21, 2016 to repurchase the **2018 and 2020 Debentures** on the open market for cancellation.

* Amounts shown above for the Senior Convertible Debentures are at Face Value.

** Replaced the US\$78.6M Silver Notes due 2018.

*** Replaced the US\$100M Gold Notes due 2017.

2016 OUTLOOK

Increasing Production Guidance

Priorities


1. Monthly interest payments on 2018 and 2020 Debentures.
2. Continue implementation of optimized mine plan at Segovia:
 - Primary focus on development and mechanization at Providencia;
 - Secondary focus on development and mechanization at El Silencio; and,
 - 10,000m drilling program at Segovia to be completed by end of year.
3. Improve balance sheet by reducing the working capital deficit.
4. Excess free cash flow → sinking funds for 2018/2020 Debentures → NCIBs.


2016 Annual Targets

	Prior Guidance	H1-2016 Actual	Current Guidance
Gold production (ozs)	120,000 - 138,000	69,718 ⁽¹⁾	135,000 – 145,000
Cash cost/oz sold	\$700 - \$750	\$682	\$ 700 - \$750
AISC/oz sold	\$850 - \$950	\$802	\$850 - \$950

⁽¹⁾ Actual = 83,301 ozs at end of July 2016



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