



## ***Gold-Linked Notes – Frequently Asked Questions***

This document provides a summary of *Frequently Asked Questions* in respect of the **Senior Secured Gold-Linked Notes due 2024** (the “Notes”) issued under the Trust Indenture dated as of April 30, 2018 (the “Trust Indenture”) between Gran Colombia Gold Corp. (the “Company”) (as issuer), the Guarantors named on the signature pages thereto and trustee TSX Trust Company (as “Trustee”) relating to the issuance of the Notes. The information contained in this document is of a summary nature, and as such, is qualified in its entirety by the more detailed information contained in the Debenture Indenture, a copy of which is available on SEDAR and on the Company’s website at [www.grancolombiagold.com](http://www.grancolombiagold.com).

### **1. What currency are the Notes denominated in?**

The Notes are denominated in U.S. dollars.

### **2. What denominations are the Notes available in?**

The Notes are issuable only in denominations of US\$1.00 and integral multiples thereof.

### **3. Where do the Notes trade?**

The Notes are listed for trading on the Toronto Stock Exchange under the symbol GCM.NT.U.

### **4. Are the Notes secured?**

Yes, the Notes are senior secured indebtedness of the Company. The ranking of, and security for, the Notes are as set out in Article 13 of the Trust Indenture. The covenants and events of default are as set out in Articles 5 and 6 of the Trust Indenture. The Notes are guaranteed by certain subsidiaries of the Company.

### **5. What is the interest rate on the Notes and when is interest paid?**

Interest is paid in cash at a rate of 8.25% per annum.

Interest is paid monthly in arrears on the last day of each month (each, an “Interest Payment Date”). Interest is payable on each Interest Payment Date to holders of record at the close of business on the fifth business day immediately preceding each Interest Payment Date. If the date for payment of any amount of interest is not a Business Day, then payment will be made on the next Business Day and the holders of the Notes will not be entitled to any further interest or other payment in respect of the delay.

### **6. How are the interest payments calculated?**

Interest on the Notes will be paid in equal monthly amounts; provided that for any Interest Period that is shorter than a full monthly interest period, interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed in that period.

## 7. When do the Notes mature?

The Notes mature on April 30, 2024 (“Maturity Date”).

## 8. How will the Notes be repaid?

On a monthly basis, as per the terms of the Trust Indenture, the Company will deposit a prescribed amount of gold into a trust account (the “Gold Trust Account”) to be used to fund the quarterly Amortization Payments, as defined below. On March 31, 2020, the Company completed an early redemption of the Notes, reducing the aggregate principal amount outstanding by 30% to US\$44,712,500 and then on April 30, 2020, completed the next quarterly amortization in the amount of US\$3,412,500 bringing the aggregate principal amount outstanding as of April 30, 2020 to US\$41,300,000.

The schedule below sets out the number of ounces of gold to be deposited by the Company into the Gold Trust Account and the amortization of the remaining aggregate principal amount of the Notes outstanding:

	<u>Ounces</u>	<u>Principal Amortization</u> <sup>(1)</sup>
May 2020 to April 2021:	9,240	US\$11,550,000
May 2021 to April 2022:	8,400	US\$10,500,000
May 2022 to April 2023:	8,400	US\$10,500,000
May 2023 to April 2024:	<u>7,000</u>	<u>US\$8,750,000</u>
Total:	33,040	US\$41,300,000

(1) Based on US\$1,250 per ounce floor price.

Each quarter ending January 31, April 30, July 31 and October 31, the Company will amortize the principal amount of the Notes by selling the physical gold in the Gold Trust Account. The amount of the quarterly payments to Holders will be determined by reference to the London P.M. gold fix on the 15<sup>th</sup> day of January, April, July and October, as applicable, subject to a guaranteed floor price of US\$1,250 per ounce (the “Floor Price”). The amount of the principal reduction (the “Amortization Payment”) each quarter will be based on the number of gold ounces and the Floor Price. The excess amount of the London P.M. gold fix per ounce over the Floor Price (the Gold Premium”) will be paid to holders as additional premium and will not be applied to amortization of the principal amount of the Notes. Total quarterly payments to Holders will represent the sum of the Amortization Payment and the Gold Premium.

Each Amortization Payment will reduce the aggregate number of Notes outstanding (in \$1 increments with any necessary rounding as reasonably determined by the Issuer). For certainty, the quarterly Amortization Payments will not result in a decrease in the principal amount of each \$1 increment of Notes, but will instead result in the decrease of the total number of Notes outstanding.

## 9. Have the Notes been rated?

Yes, Fitch Ratings has assigned a rating of “B” to Gran Colombia with a Rating Outlook of Stable. Additional information with respect to this rating may be found at [www.fitchratings.com](http://www.fitchratings.com).

## **10. What happens if there is a Change of Control of the Company?**

As outlined in Article 5.15 of the Trust Indenture, if a change of control occurs through a sale to an unaffiliated third party, the Company will be required to make an offer to each holder to purchase the Notes on the basis of 101% of the principal amount of the Notes plus accrued and unpaid interest.

## **11. Can the Company redeem the Notes?**

Yes, as outlined in Article 4.1 of the Trust Indenture, the Company has certain optional redemption provisions to redeem the Notes for cash in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice.

At any time prior to April 30, 2021, on one or more occasions and in whole or in part, the Company may redeem the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined in the Trust Indenture) and accrued and unpaid interest, if any.

Commencing April 30, 2021, the Company may redeem the Notes in whole or in part at redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, to but excluding the Redemption Date, if redeemed during the twelve-month period beginning on April 30 of the years indicated below (subject to the rights of Holders on the relevant Record Date to receive interest on the relevant Interest Payment Date):

<u>Year</u>	<u>Percentage</u>
2021	104.13%
2022	102.07%
2023 and thereafter	100.00%

## **12. What if I have other questions?**

If you have any questions regarding the Notes, please contact:

TSX Trust Company  
1-866-393-4891 (North American toll free)  
416-342-1091 (outside North America)

Or

You can send an e-mail to the Company at [investorrelations@grancolombiagold.com](mailto:investorrelations@grancolombiagold.com).