GRAN COLOMBIA GOLD CORP.

FOR THE YEAR ENDED DECEMBER 31, 2010

ANNUAL INFORMATION FORM

DATED: MARCH 31, 2011

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GLOSSARY OF TERMS

Except as otherwise defined herein, the following terms used but not otherwise defined in this Annual Information Form have the meanings set out below. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "**contro**l" and any derivation thereof means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies, business or affairs of a Person whether through the ownership of voting securities or otherwise.

"**Ag**" means silver.

"**Agent**" means GMP Securities L.P.

"**Annual Information Form**" means this Annual Information Form dated March 31, 2011 in respect of the fiscal year ended December 31, 2010.

"**Associate**" when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of such issuer; (b) any partner of the Person; (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; or (d) in the case of a Person who is an individual, (i) that Person's spouse or child, or (ii) any relative of that Person or of his spouse who has the same residence as that Person.

"**Au**" means gold.

"**BCBCA**" means the British Columbia *Business Corporations Act*.

"**Blue Pacific**" means Blue Pacific Assets Corp.

"**Board**" means the board of directors of the Company.

"**BVC**" means the Bogota Stock Exchange.

"**Carla**" means Carla Resources, S.A.

"**CDI**" means Consorcio de Inversionistas CDI, S.A.

"**CIIGSA**" means Comercializadora Internacional de Metales Preciosos y Metales Comunes Inversiones Generales S.A. CIIGSA.

"**Common Shares**" means the common shares in the capital of the Company.

"**Common Share Consolidation**" means the consolidation of the Common Shares on a one-for-four basis effective November 11, 2010.

"**Company**" or "**Gran Colombia Gold**" means Gran Colombia Gold Corp.

"Compensation Options" means the First Gran Colombia Private Placement Options and the Second Gran Colombia Private Placement Options.

"**Concepción Project**" means the exploration project comprised of 4 mining concession contracts and applications with a total area of 3,534.694 ha or 35.3 km^2 located in the Municipalities of Concepción, San Vicente, El Peñol and Barbosa, Department of Antioquia, Republic of Colombia at approximately 6° 21'N, 75° 16' W as more fully described in the Concepción Technical Report.

"**Concepción Technical Report**" means the NI 43-101 compliant report with respect to the Concepción Project prepared by Stewart D. Redwood, dated May 31, 2010.

"**COP**" means Colombian pesos.

"**Delegated Authority**" has the meaning given to such term under the heading entitled "Audit Committee Information – Pre-Approval Policies and Procedures".

"**deposit**" means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as mineral resources, a commercially mineable ore body or as containing mineral reserves, until final legal, technical, and economic factors have been resolved.

"**El Zancudo Project**" means the exploration project located in the Municipalities of Titiribi, Angelopolis and Armenia, Department of Antioquia, Republic of Colombia at 6° 04' 30" N – 75° 47' 26" W as more particularly described in the El Zancudo Technical Report.

"**El Zancudo Technical Report**" means the NI 43-101 compliant report with respect to the El Zancudo Project prepared by Stewart D. Redwood, dated April 6, 2010.

"**Employment Agreements**" has the meaning given to such term under the heading entitled "Interest of Management and Others in Material Transactions – Employment Contracts."

"**FGM**" means Frontino Gold Mines Ltd.

"**First Gran Colombia Private Placement**" means the brokered private placement financing of Gran Colombia Panama completed on April 27, 2010 pursuant to which 22,500,000 Gran Colombia Panama Shares were issued at a purchase price of $1.00 per share for gross proceeds of $22,500,000.

"**First Gran Colombia Private Placement Compensation Options**" means the 1,350,000 options granted to the Agent in connection with the First Gran Colombia Private Placement, each such option being exercisable to acquire one Common Share until April 27, 2012 at a price of $1.00 per Common Share.

"**Frontino Acquisition**" means the acquisition whereby Gran Colombia Panama, through Zandor, Colombian branch, acquired all of the assets of FGM.

"**Frontino Acquisition Agreement**" means the acquisition agreement entered into between Gran Colombia Panama, Medoro and Zandor dated March 29, 2010 in connection with the acquisition of the assets of FGM.

"**g/t**" means grams per metric tonne.

“**Gran Colombia Amalgamation**” means the three-cornered amalgamation under the Panamanian Law of Corporations pursuant to which Gran Colombia Panama amalgamated with Panama Newco to form Panama Amalco, resulting in Panama Amalco being a wholly-owned subsidiary of Old GCM.

“**Gran Colombia Listing Date**” means August 24, 2010.

“**Gran Colombia Mine**” has the meaning given to such term under the heading entitled “General Development of the Business – Historical Overview – August 2010 - Present – Acquisition of 95% Interest in Zandor”.

“**Gran Colombia Panama**” means Gran Colombia Gold, S.A., a wholly-owned subsidiary of the Company.

“**Gran Colombia Panama Shares**” means common shares in the capital of Gran Colombia Panama.

“**Gran Colombia Project**” means the mining rights comprised of one private mining property and two exploration licenses with a total area of 2,907 ha, located in the municipalities of Segovia and Remedios, Department of Antioquia as more fully described in the Gran Colombia Technical Report.

“**Gran Colombia Technical Report**” means the NI 43-101 compliant report with respect to the Gran Colombia Project authored by Scott E. Wilson and Stewart D. Redwood, dated June 9, 2010.

“**Gran Colombia Transaction**” has the meaning given to such term under the heading entitled “Information Concerning the Company – Name, Address and Incorporation”.

“**Gran Colombia Unit**” means a unit issued in connection with the Second Gran Colombia Private Placement in exchange for a subscription receipt of Gran Colombia Panama, each such unit being comprised of one whole Common Share and one half of one Warrant.

“**ha**” means hectares.

“**HMZ Metals**” means HMZ Metals Inc.

“**Indicated Mineral Resource**” means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“**Inferred Mineral Resource**” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“**ISS**” means the Colombian Social Security Institute.

"**Joint Venture Agreement**" has the meaning given to such term under the heading entitled "General Development of the Business – Acquisition of 95% Interest in Zandor".

"**Mazamorras Project**" means the exploration project located at 1.49°N and 77.15°W southwest of the Republic of Colombia, some 32 km (straight line) north-northwest from San Juan de Pasto, the capital city of the Department of Nariño, and some 488 km (straight line) south-southeast from the Colombian capital Bogotá consisting of four concession areas comprising a total area of 3293.60 ha, as more fully described in the Mazamorras Technical Report.

"**Mazamorras Technical Report**" means the NI 43-101 compliant report with respect to the Mazamorras Project prepared by SRK ES, dated May, 2010.

"MCTO" means management cease trade order.

"**Medoro**" means Medoro Resources Ltd., a corporation existing under the laws of the Yukon Territory.

"**mineral resource**" means a concentration or occurrence of diamonds, natural, solid inorganic material, or natural fossilized organic material including base and precious metals, coal and industrial minerals, in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The terms "mineral resource", "measured mineral resource", "Indicated Mineral Resource", "Inferred Mineral Resource" used in this Annual Information Form are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "**CIM**") Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on December 11, 2005. While the terms "mineral resource", "indicated mineral resource", and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined terms under standards in the United States.

"**Mineros Nacionales**" means Mineros Nacionales, S.A.

"m" means metres.

"**mm**" means millimeters.

"**Moz**" means million ounces.

"**NEX**" means the NEX trading board of the TSXV.

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

"**Old GCM**" means Tapestry Resource Corp., a predecessor corporation to Gran Colombia that existed under the BCBCA.

"**Old GCM Shares**" means common shares in the capital of Old GCM.

"**Old GCM Warrants**" means warrants issued by Old GCM on March 19, 2010 in connection with a non-brokered private placement of 5,000,000 units at a price of $0.30 each for gross proceeds of $1,500,000. For further information see the heading entitled "General Development of the Business – Old GCM Warrants."

“**Option**” means an option granted by the Company to purchase Common Shares pursuant to the Company’s Option Plan.

“**Option Plan**” means the option plan of the Company dated August 6, 2010.

“**Ordinary Kriging**” means a geostatistical approach to modeling. Instead of weighting nearby data points by some power of their inverted distance, Ordinary Kriging relies on the spatial correlation of the data to determine the weighting values. This is a more rigorous approach to modeling, as correlation between data points determines the estimated value at an unsampled point.

“**Panama Amalco**” means the corporation resulting from the amalgamation of Gran Colombia Panama and Panama Newco pursuant to the Gran Colombia Amalgamation.

“**Panama Newco**” means Masteri Inc., the wholly-owned subsidiary of Old GCM incorporated under the Panamanian Law of Corporations for the purposes of completing the Gran Colombia Amalgamation.

“**PDVSA**” means Petróleos de Venezuela.

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, governmental authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

“Preferred Shares” means the preferred shares in the capital of the Company.

“**Principal Amount**” has the meaning given to such term under the heading entitled “General Development of the Business – Acquisition of 95% Interest in Zandor”.

“**Projects**” means the Gran Colombia Project, the El Zancudo Project, the Mazamorras Project, the Concepción Project and the Segovia Project.

“**Providencia**” means Compañía de Minas Providencia, S.A.

“**Providencia Gold**” means Providencia Gold Corp., a company in which the Company holds an 80% equity interest.

“**QA/QC**” has the meaning given to such term under the heading entitled “Properties – Gran Colombia Project”.

“**RTO**” has the meaning given to such term under the heading entitled “Information Concerning the Company – Name, Address and Incorporation”.

“**Sabaletas**” has the meaning given to such term under the heading entitled “Properties – El Zancudo Project”.

“**Second Gran Colombia Private Placement**” means the $275,000,000 brokered private placement financing of Gran Colombia Panama by way of subscription receipts sold at a price of $1.60 per subscription receipt, pursuant to which each subscription receipt will be exchanged, for no additional consideration and without any further action by the holder thereof, into one Gran Colombia Unit immediately prior to the completion of the Frontino Acquisition, comprised of one Common Share and one-half of one Warrant.

"**Second Gran Colombia Private Placement Compensation Options**" means the 10,312,500 non-transferrable options granted to the Agent in connection with the Second Gran Colombia Private Placement, with each such option being exercisable to acquire one Gran Colombia Unit at any time prior to 5:00 p.m. (Toronto time) on the earlier of the date that is: (i) immediately prior to the date each such option is exchanged for an Old GCM option in connection with the Gran Colombia Amalgamation; and (ii) 24 months following the Gran Colombia Listing Date at a price of $1.60 per Gran Colombia Unit.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Segovia Project**" means the gold exploration project comprised of 16 gold concession contracts and applications comprising an area of approximately 6,000 ha located in the municipalities of Remedios and Segovia at approximately 7°04' N, 74°43' W in the Department of Antioquia, Colombia as more fully described in the Segovia Technical Report.

"**Segovia Technical Report**" means the NI 43-101 compliant report with respect to the Segovia Project prepared by SRK ES, dated June 18, 2010.

"**SEWC**" means Scott E. Wilson Consulting Inc.

"**SGS**" means SGS del Perú S.A.C.

"**SRK ES**" means SRK Exploration Services Ltd.

"**Technical Reports**" means, collectively, the El Zancudo Technical Report, the Gran Colombia Technical Report, the Mazamorras Technical Report, the Concepción Technical Report and the Segovia Technical Report.

"**tpd**" means tonnes per day.

"**TSX**" means the Toronto Stock Exchange.

"**TSXV**" means the TSX Venture Exchange.

"ValGold Resources" means ValGold Resources Ltd.

"**Warrant**" means a warrant of the Company listed for trading on the TSX.

"**Warrant Consolidation**" means consolidation of the Warrants on a one-for-four basis effective December 1, 2010.

"**Zancudo Gold**" means Zancudo Gold Corp., an indirect, wholly-owned subsidiary of the Company.

"**Zandor**" means Zandor Capital S.A., the Panamanian joint venture company used by Gran Colombia and Medoro as a vehicle for completing the Frontino Acquisition.

FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained or incorporated by reference in this Annual Information Form including, but not limited to, any information as to the future financial or operating performance of Gran Colombia Gold, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, including the provisions of the

Securities Act (Ontario) and are based on expectations, estimates and projections as of the date of this Annual Information Form. Forward-looking statements include, without limitation, possible events, statements with respect to possible events, the future price of gold and silver, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, expected capital expenditures, costs and timing of the development of new deposits, success of exploration, development and mining activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "targets", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will be taken", "occur" or "be achieved" and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Gran Colombia Gold contained or incorporated by reference in this Annual Information Form, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in the Company's most recently filed Management's Discussion and Analysis, or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (2) permitting, development, operations, expansion at the Projects (including, without limitation, land acquisitions for and permitting and construction of the new tailings facility) being consistent with our current expectations; (3) political developments in any jurisdiction in which the Company operates being consistent with its current expectations; (4) the viability, permitting and development of the Gran Colombia Project, including, without limitation, the metallurgy and processing of its ore, being consistent with our current expectations; (5) the exchange rate between the Canadian dollar, COP and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold and silver; (7) prices for natural gas, fuel oil, electricity and other key supplies remaining consistent with current levels; (8) production and cost of sales forecasts meeting expectations; (9) the accuracy of our current mineral reserve and mineral resource estimates; and (10) labour and materials costs increasing on a basis consistent with the Company's current expectations.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (such as diesel fuel and electricity); changes in interest rates or gold or silver lease rates that could impact the mark-to-market value of outstanding derivative instruments and ongoing payments/receipts under any interest rate swaps and variable rate debt obligations; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia, the United States, or other countries in which we do business or may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with mining or development activities; employee relations; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. 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. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this Annual Information Form are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risks and Uncertainties" section of the Company's most recently filed Management's Discussion and Analysis. These factors are not intended to represent a complete list of the factors that could affect the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

GENERAL MATTERS

In this Annual Information Form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars.

The industry and other statistical data presented in this Annual Information Form, except where otherwise noted, have been compiled from sources and participants which, although not independently verified by the Company, are considered by the Company to be reliable sources of information. References in this Annual Information Form to research reports or articles should not be construed as depicting the complete findings of the entire referenced report or article and such report or article is expressly not incorporated by reference into this Annual Information.

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To Convert from Imperial	**To Metric**	**Multiply by**
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/tonne	34.2857

Imperial Measurement	**Metric**
1 mile =	1.609 kilometres
1 yard =	0.9144 metre
1 acre =	0.405 hectare
2,204 pounds =	1 tonne (metric)
2,000 pounds/1 short ton =	0.907 tonnes
1 ounce (troy)/ton =	34.2857 grams/tonne

Special Note to Reader

Please note that all references in this Annual Information Form to Common Shares, Options, Warrants and other securities as applicable, even those that pre-date the Common Share Consolidation and Warrant Consolidation, as applicable, are stated on a post-consolidation basis.

Incorporation by Reference

The following technical reports, prepared and filed in accordance with NI 43-101, are incorporated by reference into, and form part of, this Annual Information Form:

1. the Segovia Technical Report;
2. the Concepción Technical Report;
3. the El Zancudo Technical Report;
4. the Gran Colombia Technical Report; and
5. the Mazamorras Technical Report.

These documents have been filed on, and may be accessed under the Company's profile on SEDAR at www.sedar.com.

EXCHANGE RATE INFORMATION

United States Exchange Rate Information

The following table sets out: (1) the rate of exchange for one Canadian dollar in U.S. dollars in effect at the end of each of the periods set out immediately below; (2) the high and low rate of exchange during those periods; and (3) the average rate of exchange for those periods, each based on the noon spot rate as published on the Bank of Canada's website. On March 31, 2011 the noon nominal rate for one Canadian dollar in U.S. dollars as published by the Bank of Canada was $1.00 = US$1.029.

	High	**Low**	**Average**	**End of Period**
Years ended December 31				
2010	1.0745	0.9946	1.0303	1.0054
2009	0.9755	0.7653	0.8757	0.9555
2008	1.0289	0.7688	0.9381	0.8166

Colombia Exchange Rate Information

The following table sets out: (1) the rate of exchange for one Canadian dollar in COP in effect at the end of each of the periods set out immediately below; (2) the high and low rate of exchange during those periods; and (3) the average rate of exchange for those periods, each based on the noon spot rate as published on the Bank of Canada's website. On March 31, 2011 the noon nominal rate for one Canadian dollar in COP as published by the Bank of Canada was $1.00 = COP 1,923.0436.

	High	**Low**	**Average**	**End of Period**
Years ended December 31				
2010	1,960,7843	1,709.1017	1,840.5673	1,930.5019
2009	2,079.0021	1,763.6684	1,883.2392	1,956.9472
2008	2,096.4361	1,618.1230	1,836.9623	1,834.8624

INFORMATION CONCERNING THE COMPANY

Name, Address and Incorporation

The full corporate name of the Company is Gran Colombia Gold Corp. The head office of the Company is located at 333 Bay Street, Suite 1100, Toronto, Ontario M5H 2R2 and its registered office is located at 1188 West Georgia Street, Suite 650, Vancouver, British Columbia, V6E 4A2. The Company also has offices in Bogotá, Colombia.

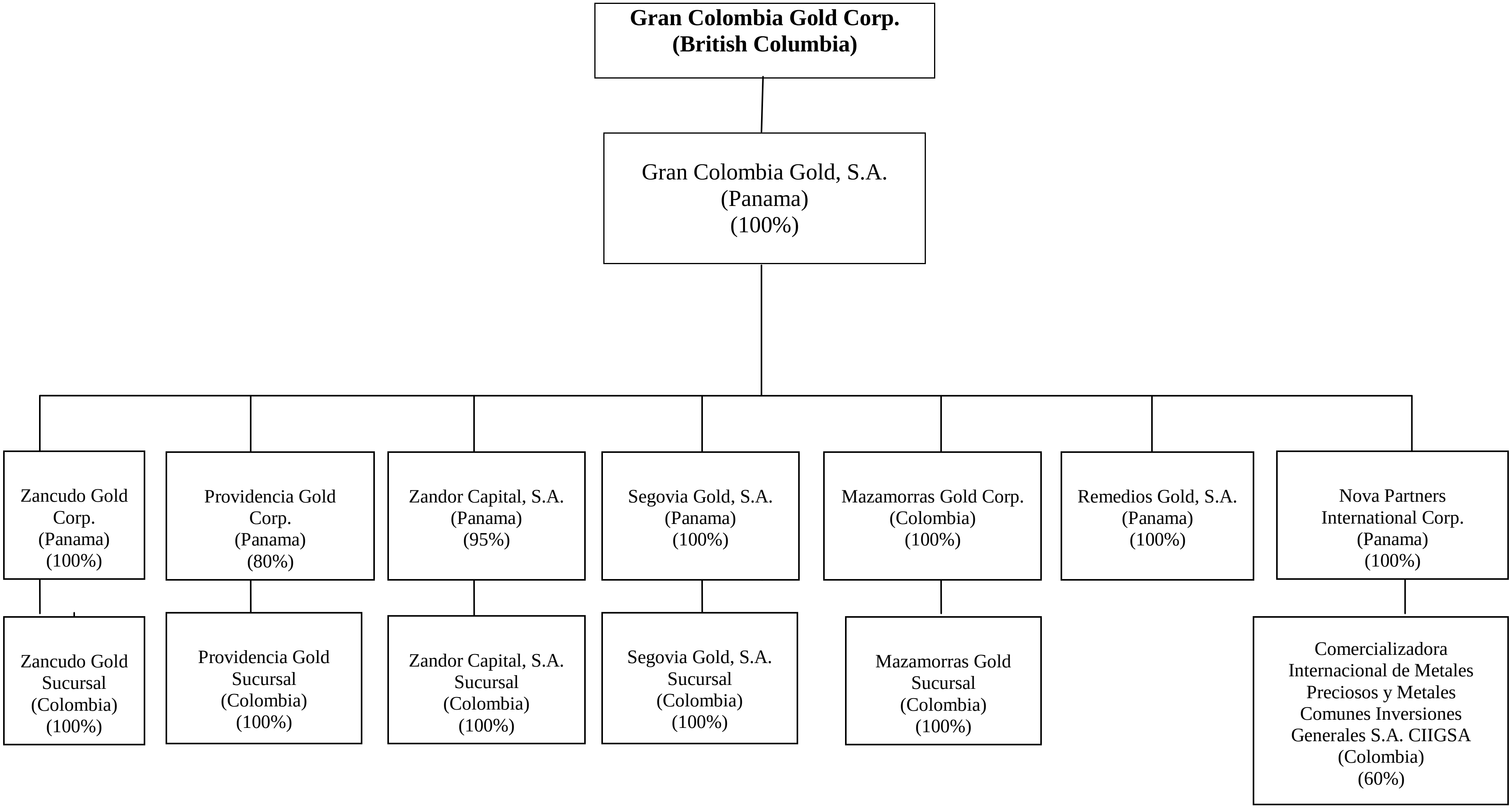
The Company was incorporated pursuant to the provisions of the British Columbia Company Act on May 27, 1982 under the name "Impala Resources Ltd." On August 26, 1987, Impala Resources Ltd. changed its name to "International Impala Resources Ltd." On November 13, 1992, International Impala Resources Ltd. changed its name to "Tapestry Ventures Ltd." On December 22, 2004, Tapestry Ventures Ltd. changed its name to "Tapestry Resource Corp." ("**Old GCM**").

On June 30, 2010, Old GCM announced that it had entered into an agreement to complete the arm's length reverse takeover transaction (the **"RTO**") pursuant to which Old GCM acquired all of the issued and outstanding securities of Gran Colombia Panama by way of a three-cornered amalgamation in exchange for the issuance of common shares in the capital of Old GCM (collectively, the "**Gran Colombia Transaction**"). Under the terms of the Gran Colombia Transaction, each Gran Colombia Panama shareholder received one Common Share for every common share in the capital of Gran Colombia Panama held, each holder of a warrant of Gran Colombia Panama received one warrant of the Company for every Gran Colombia Panama warrant held, each holder of a First Gran Colombia Private Placement Compensation Option received one Option for every First Gran Colombia Private Placement Compensation Option held, and each holder of a Second Gran Colombia Private Placement Compensation Option received Option for every Second Gran Colombia Private Placement Compensation Option held.

After completion of the Gran Colombia Transaction, an aggregate of 211,187,634 Common Shares were issued and outstanding, or 329,568,877 Common Shares on a fully-diluted basis. The former Old GCM shareholders owned 8,062,629 Common Shares, or approximately 3.82% of the issued and outstanding Common Shares at that time. Pursuant to the Gran Colombia Transaction, the Gran Colombia Panama shareholders were issued 203,125,000 Common Shares or approximately 96.18% of the issued and outstanding Common Shares.

Intercorporate Relationships

The following chart illustrates the principal subsidiaries of the Company, together with the jurisdiction of incorporation of each company and the percentage of voting securities beneficially owned or over which control or direction is exercised, directly or indirectly, by the Company as at the date hereof:


Gran Colombia Gold Corp. (British Columbia)
Gran Colombia Gold, S.A. (Panama) (100%)
Zancudo Gold Corp. (Panama) (100%)
Providencia Gold Corp. (Panama) (80%)
Zandor Capital, S.A. (Panama) (95%)
Segovia Gold, S.A. (Panama) (100%)
Mazamorras Gold Corp. (Colombia) (100%)
Remedios Gold, S.A. (Panama) (100%)
Nova Partners International Corp. (Panama) (100%)
Zancudo Gold Sucursal (Colombia) (100%)
Providencia Gold Sucursal (Colombia) (100%)
Zandor Capital, S.A. Sucursal (Colombia) (100%)
Segovia Gold, S.A. Sucursal (Colombia) (100%)
Mazamorras Gold Sucursal (Colombia) (100%)
Comercializadora Internacional de Metales Preciosos y Metales Comunes Inversiones Generales S.A. CIIGSA (Colombia) (60%)

GENERAL DEVELOPMENT OF THE BUSINESS

Historical Overview

Inception to August 2010

Since the date the Old GCM Shares commenced trading on the Vancouver Stock Exchange, Old GCM carried out the business of exploration of minerals until being deemed inactive on June 26, 2002. On August 18, 2003, the Old GCM Shares were transferred to the NEX.

On June 30, 2010, Old GCM announced that it had entered into an agreement to complete the RTO pursuant to the Gran Colombia Transaction. The RTO closed on August 19, 2010, and trading of the Common Shares and Warrants on the TSXV commenced on August 24, 2010 under the symbols "GCM" and "GCM.WT", respectively.

August 2010 – Present

RTO

On August 19, 2010, the Company completed the RTO. Immediately prior to the completion of the RTO, the Company changed its name from "Tapestry Resource Corp." to "Gran Colombia Gold Corp."

Effective April 27, 2010, Gran Colombia Panama completed the First Gran Colombia Private Placement pursuant to which it issued 22,500,000 Gran Colombia Panama Shares for aggregate gross proceeds of $22,500,000. In connection with the First Gran Colombia Private Placement, Gran Colombia Panama granted 1,350,000 First Gran Colombia Private Placement Compensation Options to the Agent.

On July 27, 2010, Gran Colombia Panama completed the Second Gran Colombia Private Placement, pursuant to which an aggregate of $275,000,000 were raised. Gran Colombia Panama paid to the Agent a cash commission equal to 6% of the gross proceeds of the Second Gran Colombia Private Placement upon release of the proceeds from escrow. In addition, as additional compensation in connection with the Second Gran Colombia Private Placement, Gran Colombia Panama also granted 10,312,500 Second Gran Colombia Private Placement Compensation Options to the Agent.

Under the terms of the Gran Colombia Transaction, each Gran Colombia Panama shareholder received one Common Share for every Gran Colombia Panama Share held, each holder of a warrant of Gran Colombia Panama received one Warrant for every Gran Colombia Panama warrant held, each holder of a First Gran Colombia Private Placement Compensation Option received one Option for every First Gran Colombia Private Placement Compensation Option held, and each holder of a Second Gran Colombia Private Placement Compensation Option received Option for every Second Gran Colombia Private Placement Compensation Option held.

Following the completion of the RTO, the Common Shares and Warrants were listed and began trading on the TSXV under the symbol "GCM" and "GCM.WT", respectively.

Acquisition of 95% Interest in Zandor

On August 17, 2010, Gran Colombia Panama loaned COP 372,500,000,000 (the "**Principal Amount**") to Zandor, a wholly-owned Panamanian subsidiary of Medoro pursuant to a convertible promissory note (the "**Convertible Note**"). The Principal Amount comprised COP 365,000,000,000 (approximately US$ 201.7 million) of cash advanced on August 17, 2010 from the proceeds of the Second Gran Colombia Private Placement and COP7,500,000,000 (approximately US$3.9 million) relating to half of the COP15,000,000,000 deposit already paid by Medoro.

On August 18, 2010, Zandor used these funds to complete the acquisition of all of the assets of FGM (the "**Gran Colombia Mine**", formerly referred to as the Frontino mine).

On August 19, 2010, the Principal Amount was converted into such number of shares in the capital of Zandor that resulted in Gran Colombia Panama holding a 95% equity interest in Zandor with Medoro retaining a 5% equity interest in Zandor. Concurrently with the conversion of the Convertible Note, Gran Colombia Panama, Medoro and Zandor entered into an Exploration, Development and Mine Operating Agreement and Shareholders' Venture Agreement (the "**Joint Venture Agreement**") setting out the parties' rights and obligations with respect to their ownership in the shares in the capital of Zandor. The Joint Venture Agreement includes, among other provisions, the back-in right pursuant to which Medoro has the right to increase to a 50% equity interest in Zandor within one year by paying 50% of all costs, including acquisition costs, capital costs and the $3 million success fee paid by Gran Colombia Panama, from the date of closing of the acquisition up to the date of the exercise of such option, plus a premium of 25% of such costs. For further information see the heading entitled "Directs and Officers – Related Party Transactions".

On September 7, 2010, the Company announced that it had completed all the steps required to take management and operational control of the mining assets of FGM. This followed a two-week mine transition period set out for the liquidation and payment of severance of all former employees of FGM, for the training of personnel and for handing over of the operations to the Company. During the mine transition period, no mining operations took place and the Company incurred costs of approximately US$ 1.2 million, including those incurred through a vision care program offered to employees during this period as part of the Company's commitment to social initiatives. Mining operations resumed on September 6, 2010 in all three acquired underground mining areas (El Silencio, Providencia and Sandra K) located within the Gran Colombia Mine.

Pursuant to the terms of the Frontino Acquisition Agreement, the liquidator responsible for the sale of the FGM assets was required to use the proceeds from the disposition of the FGM assets, which were held in an interest-bearing trust account, to fund unpaid and accrued pension liabilities estimated to amount to approximately COP 380,000,000,000. The assignment of these pension obligations to the ISS, a governmental entity responsible for the administration and payment of the pension obligations, was completed on March 11, 2011. On that date, the trust agent transferred COP 364,922,530,792 to the ISS and the balance of the funds in the trust account will be used by the liquidator to settle other liabilities of FGM incurred prior to the Frontino Acquisition. The ISS has assumed responsibility for the administration and payment of all remaining pension obligations to the former employees of FGM, and Zandor has no further obligations in respect of these pensions. According to an amendment of the Frontino Acquisition Agreement, if assignment of pension obligations to the ISS was not completed by the second month after the closing date of such acquisition, Zandor would fund monthly pension payments to pensioners of FGM, until assignment of such pension obligations to the ISS. In November and December 2010, Zandor advanced additional funds from its own cash balances (funded by way of "Participant Loans" (as defined in the Joint Venture Agreement) from Gran Colombia Panama) in the amount of COP 3,944,702,932 (approximately US$2.1 million) to fund monthly pension payments while the assignment of the pensions to the ISS was in process. 70% of these amounts are recoverable by Zandor as a "social contribution obligation", which is effectively a royalty on production pursuant to the Frontino Acquisition Agreement.

In addition, pursuant to the Frontino Acquisition Agreement, Zandor is obligated to make monthly health contribution payments to the pensioners of FGM. The Company is responsible for paying approximately COP 165,000,000 or approximately US$87,000 per month in respect of these remaining obligations.

Common Share Consolidation

Effective November 11, 2010, the Company consolidated its issued and outstanding Common Shares on a one-for-four basis after receiving the requisite Board, regulatory and shareholder approvals.

Warrant Consolidation

Effective December 1, 2010, the Company consolidated its issued and outstanding Warrants on a one-for-four basis after receiving the requisite Board and regulatory approvals.

CIIGSA

On December 2, 2010, Gran Colombia Panama signed an agreement to acquire all of the shares of Nova Partners International Corp., a Panamanian company which owned a 60% equity interest in CIIGSA. This acquisition, which was completed at the end of December 2010, provides the Company with a controlling interest in a fully permitted precious metals refining and smelting facility in Medellin, Colombia.

TSX Graduation

On December 22, 2010, the Company announced the final approval by the TSX to be delisted from the TSXV and to list the Common Shares and Warrants on the TSX. Trading commenced as of the opening of the TSX on December 22, 2010 under the symbols "GCM" and "GCM.WT", respectively.

Old GCM Warrants

On March 19, 2010, Old GCM completed a non-brokered private placement of units that included non-transferable warrants of Old GCM. Each such warrant entitled the holder to purchase one-quarter of a Common Share at an exercise price of $0.10 until March 19, 2011. Upon completion of the Gran Colombia Transaction, there were 22,000,000 Old GCM warrants issued and outstanding. As of the date hereof, all Old GCM warrants have been exercised and there are no Old GCM warrants outstanding.

Subsequent Developments

BVC Listing

The Company is in the process of listing its Common Shares on the BVC and management anticipates that such securities will be listed on the BVC in the second quarter of 2011.

2011

The Company's focus in 2011 will be to continue to look for value adding gold assets in Colombia while exploring and developing the Projects, and improve efficiencies at its underground mine located on the Gran Colombia Project to increase revenue. Other areas of focus for 2011 include: (i) the completion of a pre-feasibility study with the goal of establishing NI 43-101 compliant mineral reserves at the underground mine at the Gran Colombia Property; (ii) increase annual gold production to 100,000 ounces; (iii) increase the Company's milling capacity to 1,000 tpd; (iv) upgrade the Company's mining infrastructure; (v) conduct a 30,000 m diamond drilling exploration program; and (vi) commence exploration drilling at the Concepción Project and the Mazamorras Project.

Significant Acquisitions or Dispositions

The Company has not completed any significant acquisitions or dispositions during the financial year ended December 31, 2010 for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

Summary

The Company is a Canadian-based gold and silver exploration and development company focused on acquiring, developing and operating properties of merit in Colombia. The Company holds 95% of the former FGM gold and silver assets, including the largest underground gold and silver mining operation in Colombia. It also owns four other exploration projects in Colombia for total exploration acreage of approximately 21,400 ha. The Company is committed to implementing its exploration and development strategy with a comprehensive environment, safety and community program, meeting international standards of best practice.

Production

The Company's principal product is gold. In addition to gold, the Company also produces silver. The Company has been selling its gold and silver production to CIIGSA since the resumption of mining operations at the Gran Colombia Mine in September 2010. CIIGSA simultaneously sells the precious metals to international buyers. CIIGSA currently does not enter into any derivative financial instruments in respect of these sales activities.

For the period from incorporation on January 4, 2010 to December 31, 2010, the Company produced 14,509 ounces of gold, including 1,187 ounces produced by small (contract) miners at the Gran Colombia Mine. During the same period in 2010, the Company sold 14,071 ounces of gold at an average realized price of US$1,385 per ounce. Total cash cost (on a by-product basis) averaged US$1,295 per ounce of gold sold and total production cost, including depreciation and depletion, averaged US$1,537 per ounce of gold sold.

The Company's 2011 gold production is targeted at approximately 100,000 ounces. The Company is implementing a number of initiatives in 2011 that, together with the increase in gold production, are expected to reduce its total cash cost per ounce of gold sold to the US$ 600 per ounce level by the end of 2011.

For further information see the headings entitled "Forward-Looking Information" and "Risk Factors".

Exploration

The Company has interests in four exploration properties in Colombia, which were acquired during 2010. In 2010, exploration activities commenced at the El Zancudo Project, the Segovia Project, the Concepción Project and the Mazamorras Project. The Company's total exploration spending for 2010 was US$2.5 million.

Specialized Skill and Knowledge

Operations in the gold exploration and development industry mean that the Company requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development, and operations, the Company requires the expertise of drilling engineers, exploration geophysicists and geologists and employs, directly and indirectly, such persons. The Company has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so. Further information is provided under the heading entitled "Shortage of Experienced Personnel and Equipment."

Competitive Conditions

The precious metal mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mineral properties. The ability of the Company to acquire precious metal mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for precious metal development or mineral exploration. Although there is currently a high level of acquisition activity in Colombia, the Company is well positioned in Colombia due to its successful acquisition of the Projects. Further information is provided under the heading entitled "Risk Factors - Competition".

Employees

As at the date hereof, the Company had six employees at its head office in Toronto, Canada, and approximately 1,874 employees in Colombia.

Foreign Operations

The Company's material property interests are located in Colombia. The Company's activities in foreign jurisdictions may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. The risks created by this potential political and economic instability include, but are not limited to: military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in exploration or investment policies or shifts in political attitude in such jurisdictions may adversely affect the Company's business. Mineral exploration and mining activities may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted. Further information is provided under the heading entitled "Risk Factors".

Business Cycles

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. The Company's operations are related and sensitive to the market price of gold and, to a lesser degree to other metal prices such as silver. Metal prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases, production, global or regional political, economic or financial situations and other factors beyond the control of the Company. Further information is provided under the heading entitled "Risk Factors – Metal Price Volatility".

Environmental Protection

The mining industry in Colombia is subject to environmental laws and regulations under varied governmental legislation. Compliance with such obligations and requirements can mean significant expenditures and/or may constrain the Company's operations in the country. Breach of environmental obligations could lead to suspension or revocation of requisite environmental licenses and permits, civil liability for damages caused and the possible fines and penalties, all of which may significantly and negatively impact the Company's position and competitiveness. Further information is provided under the heading entitled "Risk Factors – Changes to Environmental Laws".

Social or Environmental Policies

The Company has established guidelines and management systems to comply with the laws and regulations of Colombia. The Company has dedicated employees responsible for all matters affecting the environment and local municipalities. While the Company endeavours to meet all of its environmental obligations, it cannot guarantee that it has and will be in compliance at all times. Nonetheless, management believes that operations are in substantial compliance with all material Colombian environmental laws and regulations.

RISK FACTORS

The business and operations of the Company will be subject to a number of risks. The Company considers the risks set out below to be the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be material and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Metal Price Volatility

The Company's business is strongly affected by the world market price of gold and silver. If the world market price of gold or silver were to drop and the prices realized by the Company on gold or silver sales were to decrease significantly and remain at such a level for any substantial period, the Company's profitability and cash flow would be negatively affected.

Gold and silver prices can be subject to volatile price movements, which can be material and can occur over short periods of time and are affected by numerous factors, all of which are beyond the Company's control. Industry factors that may affect the price of gold include: industrial and jewellery demand; the level of demand for gold as an investment; central bank lending, sales and purchases of gold; speculative trading; and costs of and levels of global gold production by producers of gold. Gold prices may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other currencies; interest rates; and global or regional, political or economic uncertainties.

Depending on the market price of gold, the Company may determine that it is not economically feasible to continue commercial production at some or all of its operations or the development of some or all of the Projects, as applicable, which could have an adverse impact on the Company's financial performance and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration activities, with the result that depleted reserves are not replaced. In addition, the market value of the Company's gold inventory may be reduced and existing reserves may be reduced to the extent that ore cannot be mined and processed economically at the prevailing prices.

Operating History in Colombia

Although the Company has a limited operating history in Colombia upon which an evaluation of its future success or failure can be made, the Company retained most of the employees and management teams of FGM, and has hired qualified consultants with extensive experience in mining operations in Colombia. The Company has earned revenues from its current Colombian operations but there can be no guarantees that revenues or profits will be earned from Colombian operations in the future.

History of Losses and No Immediate Foreseeable Earnings

The Company has a history of losses and there can be no assurance that it will ever be profitable. Although the Gran Colombia Project is in operation, the Company expects to continue to incur losses unless and until such time as it develops and commences larger scale mining at the Gran Colombia Project or it develops and commences mining operations at the other Projects. The development of the Projects will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with any strategic partners, if any. There can be no assurance that the Company will ever achieve profitability.

Current Global Markets and Economic Conditions

Current global financial conditions have been characterized by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted.

To the extent the Company relies on the capital markets for necessary capital expenditures, the businesses, financial condition and operations of the Company could be adversely affected by: (i) continued disruption and volatility in financial markets; (ii) continued capital and liquidity concerns regarding financial institutions generally and hindering the Company's counterparties specifically; (iii) limitations resulting from governmental action in an effort to stabilize or provide additional regulation of the financial system; or (iv) recessionary conditions that are deeper or last longer than currently anticipated.

Exploration, Development and Operations

Exploration and development of mineral deposits involves a high degree of risk which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing properties. Although the mineral resource figures set out herein have been carefully prepared and reviewed or verified by an independent qualified person, these amounts are estimates only and no assurance can be given that an identified mineral resource will ever become a mineral reserve or in any way qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: deposit size, grade, unusual or unexpected geological formations and metallurgy; proximity to infrastructure; metal prices which are highly cyclical; environmental factors; unforeseen technical difficulties; work interruptions; and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted.

The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold and silver, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although appropriate precautions to mitigate these risks are taken, operations are subject to hazards such as equipment failure or failure of structures which may result in environmental pollution and consequent liability. Even though the Company intends to obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Risks with Title to Mineral Properties

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company is continuously in the process of establishing the certainty of the title of mineral concessions which it holds either directly or through its equity interest in its subsidiaries or will be seeking to consolidate those titles through a government-sanctioned process. The Company cannot give any assurance that title to properties it acquired individually or through historical share acquisitions will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. For example, there is a risk that the Colombian government may, in the future, grant additional titles in excess of the Company's expectations to small miners currently illegally mining on the Company's properties or the Company may be unable to convince currently illegal miners to vacate the Company's properties.

Mining Risks and Insurance Risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, labour force disruptions, civil strife, unavailability of materials and equipment, weather conditions, pit wall failures, rock bursts, cave-ins, flooding, seismic activity, water conditions and gold bullion losses, most of which are beyond the

Company's control. These risks and hazards could result in: (i) damage to, or destruction of, mineral properties or producing facilities; personal injury or death; environmental damage; (ii) delays in mining; and (iii) monetary losses and possible legal liability. As a result, production may fall below historic or estimated levels and the Company may incur significant costs or experience significant delays that could have a material adverse effect on the Company's financial performance, liquidity and results of operation.

The Company maintains insurance to cover some of these risks and hazards. The insurance is maintained in amounts that are believed to be reasonable depending on the circumstances surrounding each identified risk. No assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums, or that the Company will maintain such insurance. The Company's property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards. In addition, the Company does not have coverage for certain environmental losses and other risks, as such coverage cannot be purchased at a commercially reasonable cost. The lack of, or insufficiency of, insurance coverage could adversely affect the Company's cash flow and overall profitability.

Regulatory Approvals

The operations of the Company and the exploration agreements into which it has entered require approvals, licenses and permits from various regulatory authorities, governmental and otherwise (including project specific governmental decrees) that are by no means guaranteed. The Company believes that it holds or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of its main projects and, to the extent that they have already been granted, believes it is presently complying in all material respects with the terms of such approvals, licenses and permits. However, such approvals, licenses and permits are subject to change in various circumstances and further project-specific governmental decrees and/or legislative enactments may be required. There can be no guarantee that the Company will be able to obtain or maintain all necessary approvals, licenses and permits that may be required and/or that all project-specific governmental decrees and/or required legislative enactments will be forthcoming to explore and develop the properties on which it has exploration rights, commence construction or operation of mining facilities or to maintain continued operations that economically justify the costs involved.

Changes in Legislation

The mining industry in Colombia is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations which are evolving in Colombia, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new properties.

Labour Matters and Employee Relations

To date, the Company has not experienced any material work stoppages at its facilities at any of the Projects, nor has it experienced any disputes with unions that have had a material effect on the Company's operations. However, if future disputes with labour unions should arise, they may not be resolved without significant work stoppages or delays, which could have an adverse effect on the Company's revenues and the output of each Project.

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees and minimizing employee turnover. A prolonged labour disruption at any of its material properties could have a material adverse impact on its operations as a whole.

Economic and Political Factors in Colombia

Although Colombia has a long-standing tradition respecting the rule of law, which has been bolstered in recent years by the present and former government's policies and programs, no assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Colombia. The Company's property interests and proposed exploration activities in Colombia are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, and changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. Colombia is home to South America's largest and longest running insurgency. While the situation has improved dramatically in recent years, there can be no guarantee that the situation will not again deteriorate. Any increase in kidnapping and/or terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations. Additionally, the perception that matters have not improved in Colombia may hinder the Company's ability to access capital in a timely or cost effective manner. Any changes in regulations or shifts in political attitudes are beyond the Company's control and may adversely affect the Company's business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income and/or mining taxes, expropriation of property, environmental legislation and mine and/or site safety.

Presidential elections for the 2010-2014 term were held in Colombia on May 30, 2010 (first round) and June 20, 2010 (second round, since no one candidate reached 50% of the vote in the first round). The elected president, Mr. Juan Manuel Santos, took office on August 7, 2010 and it is anticipated that the current government will not materially change polices regarding resource development and investment policies in a way that could adversely affect the Company's business.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Company's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

Changes to Environmental Laws

The Company's operations are subject to the extensive environmental risks inherent in the gold and silver mining industry. The current or future operations of the Company, including development activities, commencement of production on its properties, potential mining and processing operations and exploration activities require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Existing and possible future environmental legislation, regulations and actions could cause significant additional expense, capital expenditures, restrictions and delays in the activities of the Company. Although the Company believes that it is in substantial compliance in all material respects with applicable material environmental laws and regulations, there are certain risks inherent in its activities such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability. In addition, the Company cannot assure that the illegal miners operating on its properties are in compliance with applicable environmental laws and regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Asset Retirement Obligation

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. The Canadian Institute of Chartered Accountants Handbook Section 3110, Asset Retirement Obligations, addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and for the associated asset retirement costs. In connection with the Frontino Acquisition, the Company is currently finalizing the requirements for an environmental management and reclamation plan at the Gran Colombia Mine. At December 31, 2010, the costs associated with this plan had not yet been determined and as such, an asset retirement obligation has not yet been recorded. Once these costs are determinable, the Company will record the asset retirement obligation.

Shortage of Experienced Personnel and Equipment

The ability to identify, negotiate and consummate transactions that will benefit the Company is dependent upon the efforts of the Company's management team. The loss of the services of any member of management could have a material adverse effect on the Company. The Company's future drilling activities may require significant investment in additional personnel and capital equipment. Given the current shortage of equipment and experienced personnel within the mining industry, there can be no assurance that the Company will be able to acquire the necessary resources to successfully implement its business plan.

Furthermore, while the Company has a full-time Chief Executive Officer, certain of the directors and officers of the Company are directors and officers of other reporting issuers and, as such, will devote only a portion of their time to the affairs of the Company.

Potential Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Possible Volatility of Stock Price

The market price of the Common Shares and Warrants can be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, changes in financial estimates by securities analysts, general market conditions, the issuance of Common Shares in connection with acquisitions made by the Company or otherwise, and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Common Shares and Warrants.

Repatriation of Earnings Risk

There are currently no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from Colombia will not be imposed in the future.

Financing Risks

Additional funding may be required to complete the funding of the proposed or future exploration and operational programs on the interests in the Projects and to conduct any other exploration programs. There is no assurance that any such funds will be available. Failure to obtain additional financing, if required, on a timely basis, could cause the Company to reduce or delay its proposed operations.

The majority of sources of funds currently available to the Company for its acquisition and development projects are in large portion derived from the issuance of equity. While the Company has been successful in the past in obtaining equity financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Enforcement of Civil Liabilities

Substantially all of the Company's assets are located outside of Canada and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the Company's directors and officers residing outside of Canada.

Dividends

Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Board may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Joint Ventures

The Company may enter into joint ventures in the future. Any failure of a joint venture partner to meet its obligations to the Company or third parties, or any disputes with respect to the parties' respective rights and obligations could have a material adverse effect on such joint ventures. In addition, the Company may be unable to exert influence over strategic decisions made in respect of properties that are the subject of such joint ventures.

Currency Risk

The Company reports its financial results and maintains its accounts in U.S. dollars and the markets for gold and silver are principally denominated in U.S. dollars. The Company's operations in Colombia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. Colombia has a free and unrestricted supply and demand market. The Company is exposed to foreign exchange risk from the exchange rate of COP relative to the Canadian and U.S. dollars. Foreign exchange risk is mainly derived from assets and liabilities stated in COP. The Company limits its foreign exchange risk by the acquisition of short-term financial instruments and, when possible, minimizes its COP monetary asset positions.

Exercise of Back-in Right

If Medoro chooses to exercise its back-in right in respect of Zandor, as described elsewhere in this Annual Information Form, such exercise could be material to the Company's consolidated financial condition and results of operations.

PROPERTIES

The following is an overview on the Projects as set out in the summary of each Technical Report, which is incorporated by reference into this Annual Information Form. The Technical Reports may be accessed through the Company's website at www.grancolombiagold.com or thought its profile on SEDAR at www.sedar.com.

Gran Colombia Project

Summary

SEWC was retained by Medoro, Gran Colombia Panama and Old GCM, to prepare the Gran Colombia Technical Report on FGM, which is located in Antioquia Colombia near the municipality of Segovia. The Gran Colombia Technical Report conforms to NI 43-101.

FGM

FGM owned a substantial land position which contained several underground mines that have been in continuous production for more than 150 years. The major assets and facilities associated with FGM were:

- an Indicated Mineral Resource (including Probable Mineral Reserves) estimated to contain 315,000 tonnes grading 13.1 g/t Au and containing 132,000 ounces of gold at a cut-off grade of 7.1 g/t Au;
- an Inferred Mineral Resource estimated to contain 914,000 tonnes grading 15.4 g/t Au and containing 453,000 ounces of gold at a cut-off grade of 6.5 g/t Au;
- Probable Mineral Reserves of 210,000 tonnes grading 13.3 g/t Au and containing 90,000 ounces of gold at a cut-off grade of 7.1 g/t Au;
- three operating and producing underground mines;
- an operating mill that is processing approximately 400 tonnes of ore per day;
- a contiguous land position of 2,800 hectares;
- 8 farms and 165 other land lots; and
- 3 hydroelectric power generation plants.

FGM also benefited from easy access by paved roads and the availability of services and personnel in the towns of Segovia and Remedios.

Interpretations and Conclusions

In SEWC's opinion, the Company should continue work to advance the Gran Colombia Project through underground and surface drilling to better define the Mineral Resources at the Gran Colombia Project. SEWC considers the Gran Colombia Project block model to be valid, reasonable, and appropriate for supporting the Mineral Resource estimate. A main limitation to resource classification is the lack of closely spaced drilling resulting in a lack of perceived continuity required for quantifying any more than approximately one and one half years of production. Additional target drilling should allow the upgrade and expansion of the Mineral Resources.

In SEWC's opinion, the FGM sampling method and approach did not meet industry standards. The channel sampling methods, sample sizes and inconsistent sampling techniques observed by the authors all need improvement.

In SEWC's opinion, due to observed QA/QC issues, the overall FGM sample preparation, analysis and security protocols fall short of industry standards and recommendations have been made for improvements.

In SEWC's opinion, the grade estimation techniques used for this report, are sufficient to classify Mineral Resources as Indicated Mineral Resources and Inferred Mineral Resources in compliance with NI43-101. Due to the uncertainty with the FGM sampling methods and laboratory procedures, SEWC recommended that no Mineral Resources be classified as Measured Mineral Resources until procedural improvements are made with sampling methods and laboratory QA/QC procedures.

Geology and Mineralization

Gold mineralization is hosted by a series of quartz veins hosted by granodiorites of the Segovia Batholith. The veins dip at about 30° to the east or north-east. There are also a number of steeply dipping quartz veins with a N40W trend in the west part of the concession.

The geological history is as follows:

1. Intrusion of granodiorite into older metamorphic units.
2. Development of low angle fault system.
3. Intrusion of basic porphyry dikes along the low angle faults.
4. Formation of quartz-sulfide veins along the low angle faults.
5. Late stage high angle reverse fault movement causes off-sets of the quartz veins.

The veins are formed of quartz with minor calcite with coarse grained sulfides comprising pyrite, galena and sphalerite. There are 27 principal known veins with a total strike length of about 47.2 km, and the Company currently operates mines on three of these veins at El Silencio, Providencia and Sandra K, with a total strike length of 5.7 km. The most extensively developed vein is El Silencio, which has been mined to a depth of 815 m vertically and 1,600 m inclined length at a 30° dip on 43 levels, over about 2,100 m strike length. The average vein width is 0.95 m, with a maximum of 9.00 m.

Indicated Resources

The June 9, 2010 Indicated Mineral Resources (including reserves) is reported at a 7.1 g/t Au cut-off grade (Table 1.1).

Table 1.1 Gran Colombia Project Indicated Mineral Resource

June 9, 2010 Indicated Mineral Resources (inclusive of reserves)				
Cut off g/t	Type	Tonnes x 1,000	Grade g/t	Ounces x 1,000
7.1	Gold	315	13.1	132

Inferred Mineral Resources

The June 9, 2010 Inferred Mineral Resources is reported at a 6.5 g/t Au cut-off grade (Table 1.2).

Table 1.2 Gran Colombia Project Inferred Mineral Resources

June 9, 2010 Indicated Inferred Resource				
Cut off g/t	Type	Tonnes x 1,000	Grade g/t	Ounces x 1,000
6.5	Gold	914	15.4	453

Probable Mineral Reserves

Probable Mineral Reserves represent a portion of the Indicated Mineral Resource that will be profitably mined at the Gran Colombia Project. The June 9, 2010 Probable Mineral Reserve is reported at a 7.1 g/t Au cut-off grade (Table 1.3). Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 1.3 Gran Colombia Project Probable Mineral Reserves

June 9, 2010 Probable Mineral Reserves				
Cut off g/t	Type	Tonnes x 1,000	Grade g/t	Ounces x 1,000
7.1	Gold	210	13.3	90

El Zancudo Project

Property Description and Location

The El Zancudo Project is located in the Municipalities of Titiribi, Angelopolis and Armenia, Department of Antioquia, Republic of Colombia at 6° 04' 30" N – 75° 47' 26" W. Gran Colombia Panama agreed to the assignment and sale-purchase of the mining concessions comprising the El Zancudo Project through an agreement signed with CDI, a privately-owned Colombian company, dated January 29, 2010, whereby CDI assigned the mining concession contracts, exploration license, requests for mining concessions and all assets associated with these to Gran Colombia Panama or an affiliate or subsidiary of Gran Colombia Panama. The closing date of the agreement was April 30, 2010. The purchase price was US$15 million, payable in four tranches.

CDI owns or controls, directly or indirectly, eight adjoining mining concession contracts and applications at El Zancudo with a total area of 6,001.595 hectares (ha), or 60.0 square kilometers. Six of the concessions have contracts which are registered in the National Mining Registry, with a total area of 2,619.4450 ha. Another concession, mining concession No. 5849, has a signed contract and is at the National Mining Registry awaiting registration. The eighth, Exploration License No. 4985, is an expired exploration license for which application for a concession contract has been submitted and awaits approval.

CDI has a contract with Sabaletas granting Sabaletas the right to recover gold and silver from scoria at the locality of Sitio Viejo, located on mining concession contract No. 5521. The scoria is glassy slag in dumps from historical roasting operations carried out to recover gold and silver. As consideration for the rights granted by CDI to Sabaletas, CDI is entitled to a monthly payment in cash equal to a percentage of the value of the sales of the marketable minerals in the relevant month. The percentages 6.5% when the tenor of the gold in the reprocessed scoria is less that 6.5 g/t, and 7.0% when the tenor of the gold in the reprocessed scoria is equal to or greater than 6.5 g/t. Sabaletas made an advance payment to CDI of COP 900,000,000, equivalent to about US$ 465,838, from which there is a schedule of deductions from the monthly payments.

History

Mining has been carried out in the El Zancudo Project since 1793. The most important companies were the Sociedad de El Zancudo, formed in 1848, and the Sociedad de Otra-Mina. The peak production period was from 1885 to 1930. Gold was recovered from the ore by roasters from 1851. The El Zancudo Project was closed in 1945 and subsequent production has been on a small scale. The Sociedad de El Zancudo reported production of 4,157.89 kg (129,325 ounces) of gold and 30,818.81 kg (958,570 ounces) of silver from 284,370 tonnes of ore in the 11 year period between 1912 and 1922. Total production from the Titiribi district has been estimated at between 48,230 kg and 64,300 kg (1.5 to 2.0 Moz) of gold equivalent.

Since 1985, several studies have been made to extract gold and silver from the slag dumps at Sitio Viejo. These have historical proven and probable reserve of 574,000 tonnes grading 4.40 g/t gold and 222.25 g/t silver (Flores, 1991). These reserves should be considered as historical data only and are not compliant with the current CIM standards and definitions required by the NI 43-101.

CDI acquired the El Zancudo Project in 1993 with the objective of producing gold and silver from the scoria and from underground vein mining. CDI built a pilot plant at Sitio Viejo to treat the scoria in 1994. They have rehabilitated the Independencia Mine, La Matilde Mine, and El Castaño Mine, and built a treatment plant at the Independencia Mine with capacity of 120 tpd to concentrate ore by gravimetry and flotation. Concentrates were roasted and trucked to the pilot plant at Sitio Viejo for cyanidation. CDI state that the plant was never fully operational due to low metal prices and debt problems. The mine and two plants are kept on care and maintenance by CDI.

Sabaletas started operation of a plant to recover gold and silver from the re-treatment of scoria in August 2009 under contract from CDI. The plant has a capacity to treat 6,000 tonnes per month by crushing and grinding followed by agitated cyanide leach and Merrill Crowe precipitation using zinc powder. In January 2010, the plant processed 5,600 tonnes of scoria and recovered 17,600 grams (about 565.8 ounces) of gold with a recovery of 65% gold, and 388 kg (about 12,474 ounces) of silver with a recovery of 51% silver. The head grade is stated by Sabaletas to be 4 to 5 g/t gold.

Geology and Mineralization

The El Zancudo deposit is located on the western side of the Central Cordillera of the Colombian Andes which is separated from the Western Cordillera to the west by the River Cauca. The El Zancudo deposit lies within the Romeral terrane, an oceanic terrane comprising metamorphosed mafic to ultramafic complexes, ophiolite sequences and oceanic sediments of probable Late Jurassic to Early Cretaceous age. The Romeral terrane is partially covered by continental sediments of the Oligocene to Lower Miocene age Amagá Formation, comprising gray to green colored conglomerates, sandstones, shales and coal seams. The Titiribi-El Zancudo porphyry of Late Miocene age intrudes the Arquia Complex schists and Amagá Formation sedimentary rocks. Gold mineralization is related to the emplacement of the porphyry stocks.

The host rocks to gold mineralization are schists of the Arquia Complex, sedimentary rocks of the Amagá Formation, and the Late Miocene andesite porphyry intrusions. The sediments have been folded into several synclines cut by high angle reverse faults with strike of N10W to N20W, and a steep dip of 50 to 70° east. Veining in the Independencia Mine is also controlled by the reverse faults.

The known mineralization is gold-silver veins of the epithermal to mesothermal, intermediate sulfidation type. Mineralization occurs in multiple veins which have been exploited over a strike length of more than 3,500 m. The average vein width is 0.35 m, and varies up to 0.50 to 0.80 m. The known vertical extent of mineralization is at least 900 m. Gold mineralization occurs in two zones at El Zancudo Project, the Upper Zone and the Lower Zone. Mineralization in the Upper Zone occurs in flat-lying veins and disseminations in conglomerates and sandstones at or near the base of the sediment sequence at and above the unconformity with the underlying schists. Mineralization in the Lower Zone is hosted by N-S striking, steeply-dipping veins in green schists and accessed by several long cross-cuts.

The minerals, in order of abundance, are pyrite, galena, arsenopyrite, sphalerite, silver-sulfosalts, bournonite, boulangerite and jamesonite, with minor chalcopyrite, pyrrhotite, native gold or electrum, and native silver. The gangue minerals are quartz, calcite and clay minerals. The clay minerals identified are kaolinite, muscovite and sericite. Wall rock alteration is sericite, carbonate and disseminated sulfides.

Exploration, Drilling and Sampling

Despite a long history of gold and silver mining, the El Zancudo Project deposit has not been systematically explored. CDI's focus was to develop gold and silver production from the scoria dumps and from the Independencia Mine. As a consequence, very little exploration was carried out by CDI. The limited programs of exploration carried out by CDI were mainly surface geological mapping, and also surveying and channel sampling of veins in the Independencia Mine workings. CDI carried out programs of diamond drilling at the Independencia Mine in 1999 and 2002-03 for a total of 998.2 m in 6 holes.

CDI assayed samples from veins for gold and silver at a local laboratory understood to be in Medellin and to be uncertified. The sample preparation and analysis methods are not known, and no QA/QC program was carried out.

Data Verification

The author of the El Zancudo Technical Report verified the data used upon in the El Zancudo Technical Report by visiting the property and confirming the geology and mineralization, and by carrying out independent check sampling. Nine check samples were taken and analyzed at SGS Peru. The results the presence of high grades of gold and silver in the veins at the Independencia Mine and in the slag at Sitio Viejo, with gold grades up to 36.0 g/t over 0.25 m and grades up to 2,147 g/t over 0.25 m.

Mineral Processing and Metallurgical Testing

The gold in the sulfide ore at the El Zancudo Project is refractory due to the very fine grained gold size and encapsulation in pyrite, arsenopyrite and other sulfides. There are three ore treatment plants on the project, two of which are owned by CDI and are inactive, and the third is owned by Sabaletas and is actively re-processing scoria to recover gold and silver. CDI has a 20 tpd pilot plant at Sitio Viejo with agitated cyanide leach tanks. CDI also has 120 tpd plant at the Independencia Mine which has crushing, milling and flotation to produce a sulfide concentrate, which was then processed at the Sitio Viejo pilot plant to extract gold and silver by re-grinding, agitated cyanide leach, and Merrill Crowe precipitation with zinc. CDI state that neither of these plants has ever operated on a commercial basis.

The Sabaletas plant is located at Sitio Viejo and recovers gold and silver from the re-treatment of scoria under contract from CDI. It has been in operation since August 2009. The plant has a capacity to treat 6,000 tonnes per month by crushing, grinding, agitated cyanide tanks and Merrill Crowe precipitation.

Mineral Resource and Mineral Reserve Estimates

There are no mineral resource and mineral reserve estimates for the property that are compliant with the current CIM standards and definitions required by the NI 43-101.

Mazamorras Project

Old GCM commissioned SRK ESto review the Mazamorras Cu-Au-Mo project in the Department of Nariño, Republic of Colombia. Old GCM had an agreement in place with the licence holders for the 100% transfer of title on May 20, 2010 supported by a payment schedule to November 20, 2012. The review of the Mazamorras Project was in support of fund raising for exploration work and formed part of a listing application on the TSX.

The Mazamorras Technical Report serves to document, summarise and comment upon the historical exploration at the Mazmaorras Project, Old GCM's exploration, as well as SRK ES' own sampling programme and results. It also includes SRK ES' interpretation and recommendations for future exploration work.

Property Description and Location

The Mazamorras Project is located at 1.49^{o}N and 77.15^{o}W in a small rural area in the southwest of Colombia, some 32 km (straight line) north-northwest from San Juan de Pasto, the capital city of the Department of Nariño, and some 488 km (straight line) south-southeast from the Colombian capital Bogotá. The Mazamorras Project is readily accessible via road for about 50 km from San Juan de Pasto to "El Empate" and then via local dry weather roads some 8.6 km to the concession boundary for a total of about two hours drive.

History

There are limited historical artisanal workings in the area for both gold and copper. Gold production is predominantly alluvial. No production records are available.

Historical exploration work at the Mazamorras Project commenced in 1998 comprising rock chip sampling, limited soil sampling, and mapping at a scale of 1:10000.

Geology and Mineralization

Old GCM's exploration work at the Mazamorras Project comprises limited surficial rock chip sampling in February 2010.

The Mazamorras Project is situated in the convergence zone of the three Cordilleras of the Colombian Andes, known as the Colombian Massif. The concession area contains a propylitic-phyllic-potassic-silicic 8 x 2.5 km alteration belt localised along the Mazamorras fault oriented north-northwest to south-southeast. At least three mineralised porphyry bodies of the Tertiary Igneous Complex have been identified within the belt. Two of these bodies in the north and the centre of the Mazamorras Project, with outcropping areas of approximately 2 km^2 and 1 km^2 respectively have been sampled. Sampling has been restricted to available exposures, predominantly along stream beds. Potential epithermal-related mineralization styles remain largely unstudied.

Mineralization occurs as disseminations and disseminated aggregates with fine discontinuous pyrite stockworks and rare quartz-pyrite veinlets. Vein systems appear controlled by the predominant north-northwest to south-southeast trending Mazamorras fault zone and epithermal-style mineralization is interpreted as hosted by parallel to subparallel shear zones. Predominant copper-bearing minerals include, in decreasing order: chalcocite, bornite, covellite, trace chalcopyrite and cuprite. Sulphides are dominantly pyrite, and rare sphalerite and molybdenite have been observed independently in quartz veinlets in association with pyrite.

SRK ES' work presented was conducted by Karen Volp MAusIMM (110234) who completed a site visit to the project between the March 9th and 11th March 2010 and is the Qualified Person for the Mazamorras Technical Report. During the site visit, SRK ES undertook verification sampling of historical rock chip sampling in addition to new independent sampling of the main mineralised trends.

Exploration, Drilling and Sampling

SRK ES considers that the Mazamorras Project is a very early stage exploration project that contains at least two Cu-Au-Mo mineralised porphyry systems and several Au-Ag occurrences to which limited modern surface exploration and techniques have been applied. There is therefore potential for the discovery of economic Cu-Au±Mo porphyry-style and Au-Ag epithermal-style mineralization.

Copper, Au and Mo grades for all Tertiary Igneous Complex rock chip samples provide average Cu grades of 0.11%, average Au grades of 0.09 ppm and average Mo grades of 0.003%. The SRK ES geochemical study suggests that the mineralising porphyry may lie at depth.

On the basis of the data available to SRK ES at the time the Mazamorras Technical Report was drafted, SRK ES considered the Mazamorras Project may be characterized as a porphyry-epithermal system comprising porphyry Cu-Au mineralization overlain by low-sulphidation epithermal mineralization and may be similar in deposit style to the Porgera deposit, Papua New Guinea. At the time of the Mazamorras Technical Report, there was insufficient data upon which to make any comment with respect to tonnage or grade.

SRK ES considers that a focussed exploration programme based on the acquisition and interpretation of airborne geophysical and ground geophysical data and satellite imagery followed by pioneer drilling is appropriate and justified by the exploration results to date. SRK ES has proposed an exploration programme and schedule for the next phase of exploration work with an estimated completion in approximately 12-15 months with a budget (excluding administration, consumables, and social and environmental studies) of at least approximately US$640,000 and an expected budget of approximately US$1,050,000.

SRK ES concluded that further exploration is warranted at the Mazamorras Project, particularly to determine the potential for economic gold mineralization and for economic supergene copper mineralization.

Concepción Project

Property Description and Location

The Concepción Project is located in the Municipalities of Concepción, San Vicente, El Peñol and Barbosa, Department of Antioquia (Antioquia), Republic of Colombia. It is approximately 36 km NE of the city of Medellin, the capital of Antioquia. The latitude and longitude of the property is approximately 6° 21'N, 75° 16' W and the altitude is between 1,950 and 2,350 m.

The Concepción Project comprises four mining concession contracts and applications with a total area of 3,534.694 ha or 35.3 km^2. One concession has a signed contract (No. 6352, area 1,309.38 ha), one has a concession contract awaiting signature by the mining authority (area 26.414 ha), and the others are mining requests.

History

Placer and vein gold mining has taken place in the Concepción Project area since the mid 17th century and was significant in the 18th century, leading to the Spanish settlement of the area. Over 33 old gold mines are listed in a recent inventory of the Concepción district. Mining declined in importance in the late 19th century, but has continued on a small scale up to the present day. The San Pedro, or Los Churumbelos Mine, was mined until 1997, and the Criaderos mine until recently, both located in the Concepción Project. The San Pedro mine is reported to have mined a head grade of 16 g/t gold for twenty years. There is no record of the historical production from this mine or the Concepción district.

Providencia has explored the Concepción Project since 2005. All of the exploration work has been carried out on Concession Contract No. 6352. The exploration has been reconnaissance in nature. No exploration work has been carried out on Mining Request No. 6628. Mineros drilled 9 holes totaling 1,087.76 m at the San Pedro mine in 2006-07 for due diligence for a possible acquisition.

Geology and Mineralization

The Concepción Project is located in the Central Cordillera of the Colombian Andes. The regional geology comprises metamorphic rocks of the Cajamarca Complex of Paleozoic age, intruded by the Antioquia Batholith of Upper Cretaceous age. Concession Contract No. 6352 is mostly underlain by schists which are mainly graphitic schists and also include a sequence of mineralized calc-silicate schists at the San Pedro. A single dike of hornblende andesite has been observed.

The main deposit types present in the Concepción Project are mesothermal quartz veins with gold that are related to oxidized intrusions, and are described by the oxidized intrusion-related gold vein model (Sillitoe, 1991). The mineralization formed from hydrothermal fluids related to the Antioquia Batholith, and forms veins in the batholith and surrounding schists. The quartz veins are sulfide-poor. In contrast, sulfide-rich quartz veins are present at the San Pedro mine and adjacent areas, which are hosted by calc-silicate schists. The calc-silicate schist wall rocks also have sulfides and contain lower grade gold mineralization. These veins are also considered to be mesothermal veins related to oxidized intrusions. Small deposits of placer gold derived from the quartz veins are also present.

The Company's target is veins with high grade gold mineralization suitable for small, high grade underground mine operations. The project also has potential for bulk mineable, low grade gold deposits, similar to the Gramalote deposit located 42 km NE of Concepción, which has 2.4 Moz of gold grading 1.0 g/t.

There are two types of gold mineralization in concession contract No. 6352 hosted by quartz veins and by calc-silicate-hosted quartz-sulfide veins. Quartz veins are widespread in the southern part of concession contract no. 6352 which was visited by the author. Gold can be panned from some of the veins and check sampling by the author returned up to 22.38 g/t Au in a quartz vein. Gold mineralization in quartz-sulfide veins in calc-silicate schists at the San Pedro mine has grades in check samples up to 74.25 g/t Au and 55 g/t Ag. The wall rock calc-silicate schist is also mineralized.

Exploration, Drilling and Sampling

Providencia carried out reconnaissance exploration work on concession contract no. 6352 since 2005. The exploration work has included literature search; photo-interpretation and structural analysis; geological field reconnaissance; petrography; analysis of vein samples (110 total from two sampling programs). The exploration work has identified structural and vein targets and made recommendations for follow up exploration.

Providencia is currently carrying out a program of underground exploration with excavation of a winze or inclined shaft in the district of San Pedro Alto planned to intersect a quartz vein. It was at 72 m depth by 1 May 2010 but had not cut a vein yet. Providencia is also currently carrying out a program of prospection and trenching in the southern part of concession contract no. 6352 which has identified numerous quartz veins in outcrop and in overgrown small mine workings, some of which have shown with visible gold by panning and up to 22.38 g/t Au in check sampling.

Mineros Nacionales drilled 9 diamond holes for 1,087.76 m at the San Pedro Mine in 2006-07. Three assays are reported of 11.33 g/t, 11.38 g/t and 33.00 g/t gold but it appears that samples were only taken of veins or visible mineralization and the whole core length was not analyzed. No other information has been supplied about the drilling.

The Providencia and Mineros Nacionales drilling samples were assayed for Au and Ag at the Mineros Nacionales mine laboratory at the Marmato Mine, Caldas. Later samples were analyzed by SGS in El Callao, Peru. Providencia did not carry out any QA-QC for the sampling programs.

The exploration work carried out by Providencia has not been carried out to CIM standards. It is recommended that future exploration work including sample collection, QA-QC, assaying and certification of assays be carried out in accordance with currently accepted best practice standards of the mining industry.

Data Verification

The author of the Concepción Project has verified the data used in this report by visiting the property and confirming the geology and mineralization, and by carrying out independent check sampling. The check samples were analyzed by SGS in Peru. The check samples report grades up to 74.25 g/t gold, 55.0 g/t silver, 8,903 ppm (0.89%) arsenic, and 1,793 ppm (0.18%) lead. The check samples indicate the presence of high grades of gold and silver in some samples from quartz veins and mineralized calc-silicate schist on concession contract no. 6352 and mining request no. LC1-08031.

Mineral Resource and Mineral Reserve Estimates

There are no mineral resource and mineral reserve estimates for the property that are compliant with the current CIM standards and definitions required by the NI 43-101.

Segovia Project

The Segovia Project comprises SRK ES independent technical report, written to be compliant with NI 43-101, on the Gold exploration assets of Carla located in the municipalities of Remedios and Segovia at approximately 7°04' N, 74°43' W some 200 km north east of Medellin, the Department capital of Antioquia, Colombia. The assets comprise some 16 exploration or mining licences, Carla has options on a further 3 licences.

SRK ES was commissioned by Old GCM, who had an option agreement in place with Carla for the acquisition of the licences. The agreement is subject to a purchase price of US$15,000,000 payable over 18 months as follows:

- US$1,000,000 which has already been paid, of which US$750,000 are refundable, upon completion of due diligence;
- US$4,000,000 by July 05, 2010, which has been paid;
- US$5,000,000 by February 05, 2011; and
- US$5,000,000 by October 05, 2011.

The assets are located in the foothills of the Cordillera Central of the Colombian Andes and the topography is rugged, comprising a deeply dissected terrain with steep sided valleys. Access to individual licences can be poor.

The climate of the area is humid tropical with an average temperature of 24ºC with wet and dry seasons, the dry season lasting between December and April.

Geologically the assets are located, for the most part, within the Segovia Batholith, a Granodiorite massif which is bounded by the north south trending Otu and Nus faults to the west and east respectively. Diabasic and Andesitic dykes intrude the Granodiorite. Known mineralization is associated with quartz veins which have two main preferred orientations.

The Segovia Remedios district has a long history of gold mining related to quartz vein mineralization, the adjacent Gran Colombia Mine has been operational since 1852 to the current, during which time it has produced in excess of 5 million ounces of gold.

A number of small scale or artisanal mining operations exist on, or adjacent to, the Carla assets, these are in general poorly developed with adits and levels developed down dip or along the strike of individual quartz veins. The mines have limited facilities for processing ore which range from hand selection to gravity beneficiation. Further processing of selected or beneficiated ore is carried out by local third party processors who charge at the equivalent of 3 g/t as a consequence mine operators are very selective and lower grade ore is excluded.

Previous exploration on the assets has been limited to geological mapping, aerial photo and satellite image interpretation, exploration tunnels, shafts and adits exploring for and following the strike of quartz veins and SRK ES was able to observe evidence of many such workings during its visit. Previous exploration, however, has not been systematic. Carla had also completed programmes of sampling and chemical analyses. SRK ES was also able to take a number of samples for analysis including duplicates of two Carla channel sample locations.

SRK ES considers that mineralization within the Carla licences comprises multiple stage mesothermal quartz vein hosted gold silver occurrences and that the mesothermal system is controlled by regional structural events.

The gold mineralization is hosted in quartz veins varying from a few centimetres to more than three metres in thickness, with an average of one metre and with dips varying from 30° to vertical. The currently active artisanal mines have targeted the mineralised structure both down dip and along strike with an average down dip gradient of 35°. The host rock is largely unaltered coarse granodiorite with occasional local variations of diorite, quartz diorite, and tonalite. The gangue material of the veins is quartz with subordinate calcite recorded in a number of localities. Accessory minerals present are pyrite, sphalerite, galena, chalcopyrite, bornite, magnetite, and traces of molybdenite. SRK ES concludes that the Carla licences contain projects of merit. The projects themselves are however at a relatively early stage. While the observed mineralised veins have not, to date, been demonstrated or sampled at depth and the maximum depth of exposure across the Carla licences is currently only around 80 m (down dip), there is geological evidence that the observed surface mineralization does continue at depth. The presence of an epithermal system suggests that the present surface reflects the upper levels of an epithermal/ mesothermal system and current activity at the adjacent Gran Colombia Mine suggests that economic mineralization may continue to depth. SRK ES recommends a systematic exploration programme is carried out to modern international standards in order to facilitate resource /reserve reporting at later stage to include:

- Phase 1a Geophysical surveys
- Phase 1b Core drilling programme

A "gradient array" IP survey is recommended as the first phase of exploration. This would produce data that shows variations in chargeability in plan view, which can then be interpreted and incorporated into a GIS database and overlain onto site plans and other data. The distribution of sulphide-bearing materials, potentially including the traces of sulphide-bearing veins, could be mapped and anomalous areas or possible vein intersections may be identified. Anomalous areas should also be further investigated with IP profiles with data acquired using the dipole-dipole array. These would provide cross-sectional images of variations in chargeability and resistivity, and could therefore be used to obtain depth information for target features. This would further aid the design of a trenching or drilling programme.

A ground-based magnetic survey should also be undertaken as part of the first phase. The data can be acquired relatively quickly and can be presented in plan format overlain onto site plans and other data for interpretation alongside the IP data. In this case, although mineralised areas may not be magnetically anomalous themselves, the data may be of value in gaining a fuller understanding of the structural geology and its control on mineralization. Indeed it may be that the host granitic rocks have a higher magnetic signature.

Both types of geophysical survey are relatively inexpensive and can be performed quickly. If required, the survey areas can be easily expanded beyond the main areas of interest in order to provide information on a more regional scale.

As stated the aim of this proposed geophysical exploration is the production of a number of priority surface drilling targets. SRK ES recommend that a minimum of 3000 m of drilling be completed over the Gran Colombia Mine area as part of this core drilling phase and a cost estimate for this programme is given in Table 1.4 below. SRK ES also suggest, as part of this initial phase, the construction of a cross-cut, at Gran Colombia, into the footwall or hanging wall of the vein for the purpose of drilling a series of underground core holes to assess the strike extent, but more importantly the down dip extension of the vein and its grade variations.

Following completion of the initial drilling programme above and a period of review of its results a further phase core drilling exploration, could be undertaken. SRK ES understand that the Company aims to increase the rate of their exploration following this review and during this further phase. As this phase will be contingent upon the results of the previous programme SRK ES has not given a cost estimate for the work at this time.

The likely costs for these two phases of exploration are given in Table 1.4

Table 1.4 Provisional recommended exploration costs

Work Phase	Activity	Estimated Cost (USD)
Phase Ia	Ground Geophysics (IP + magnetics), trenching, surface assays (~7 km combined total strike length of veins)	50,000
Phase Ib	Surface Drilling (including access, assays, etc.) minimum 3000 m	625,000
	Underground development - Gran Colombia (500m)	350,000
	Underground Drilling (NQ/BQ 1000m from 15 holes including logging and assaying)	150,000
	Subtotal:	1,175,000
	Total including 15% contingency:	1,351,250

Ongoing development at Gran Colombia Mine will provide partially or fully self funded exploration – but attention must be paid to health and safety standards at mine and environmental standards particularly water management and tailings disposal.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value. As at March 31, 2011 there are 216,826,384 Common Shares issued and outstanding as fully paid and non-assessable.

As at March 31, 2011, no Preferred Shares of the Company are outstanding or have been issued.

As at March 31, 2011, there are 85,937,493 Warrants issued and outstanding.

Common Shares

Subject to the rights of the holders of Preferred Shares, the holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per Common Share at meetings of the Shareholders and upon liquidation, dissolution or winding-up, to share equally in such assets of the Company as are distributable to the holders of Common Shares.

Preferred Shares

The Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Company is liquidated, dissolved or wound-up, rank prior to the Common Shares. The Board has the authority to issue Preferred Shares in series and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights, of each series without any further vote or action by shareholders. The holders of Preferred Shares do not have pre-emptive rights to subscribe for any issue of securities of the Company. At this time, the Company has no plans to issue any Preferred Shares.

Warrants

The following table describes the outstanding warrants of the Company as at March 31, 2011:

Number of Warrants Outstanding and Exercisable	Exercise Price	Expiry Date
85,937,493 (1)	$2.60(2)	August 24, 2015

Notes:

(1) The Warrants were issued in respect of the private placement of 171,875,000 subscription receipts on July 27, 2010, which were automatically exchanged into Gran Colombia Units consisting of one Common Share and one-half of one Warrant upon the closing of the RTO.

(2) Effective December 1, 2010, and in conjunction with the Common Share Consolidation, the Company consolidated the Warrants on a one-for-four basis, with the result that each consolidated Warrant now entitles its holder to acquire one Common Share at a price of $2.60.

Compensation Options

The following table summarizes information concerning outstanding and exercisable Compensation Options of the Company as at December 31, 2010:

Number of Compensation Options Outstanding and Exercisable	Exercise Price	Expiry Date
1,350,000 (1)	$1.00 (2)	April 27, 2012
10,312,500(1)	$1.60(3)	August 24, 2012

Notes:

(1) The Compensation Options were issued to the Agent as partial consideration for its services in connection with the First Gran Colombia Private Placement and the Second Gran Colombia Private Placement. See the heading entitled "General Development of the Business – Historical Overview – August 2010 - Present – Common Share Consolidation."

(2) As a result of the Common Share Consolidation, the exercise price of the First Gran Colombia Private Placement Compensation Options was automatically adjusted to reflect the one-for-four consolidation.

(3) As a result of the Common Share Consolidation, the exercise price of the Second Gran Colombia Private Placement Compensation Options was automatically adjusted to reflect the one-for-four consolidation.

DIVIDENDS

Since the completion of the RTO on August 19, 2010, the Company has not paid any dividends. Other than pursuant to the TSX's policies and the BCBCA, there are no restrictions on the Company that would prevent it from paying a dividend. However, the Company does not currently have a dividend distribution policy in place.

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Common Shares are listed on the TSX under the trading symbol "GCM". The closing price of the Common Shares on the TSX on March 31, 2011 was $1.76.

The following table sets out the high and low trading of the Common Shares for the periods indicated, as reported by the TSX, the TSXV and the NEX.

Period (2010)	High	Low	Trading Volume
December 22-31 (TSX) [(1)]	$2.35	$2.06	1,401,405
December 1-21	$2.49	$1.95	15,121,210
November	$2.04	$1.45	22,162,153
October	$1.62	$1.16	25,690,578
September	$1.40	$1.18	14,771,179
August[(2)]	$1.48	$1.20	10,452,944
July	$ -	$ -	n/a
June	$2.32	$0.58	4,780
May	$2.56	$2.40	1,241
April	$3.00	$2.32	4,748
March	$2.32	$2.00	2.250
February	$2.28	$1.60	9,144
January	$2.40	$1.80	6,150

Notes:

(1) The Common Shares commenced trading on the TSX on December 22, 2010.

(2) The Common Shares commenced trading on the TSXV on August 24, 2010.

Warrants

The Warrants are listed on the TSX under the trading symbol "GCM.WT". The closing price of the Warrants on the TSX on March 31, 2011 was $0.82.

The following table sets out the high and low trading of the Warrants for the periods indicated, as reported by the TSX. The Warrants commenced trading on the TSXV on August 24, 2010 and as a result there is no trading history prior to August, 2010.

Period (2010)	High	Low	Trading Volume
December 22-31 (TSX) [(1)]	$1.04	$0.87	63,425
December	$1.10	$0.65	2,480,656
November	$0.96	$0.64	5,689,625
October	$0.88	$0.52	13,777,669
September	$0.58	$0.48	2,936,538
August[(2)]	$0.62	$0.40	244,838

Notes:

(1) The Warrants commenced trading on the TSX on December 22, 2010.

(2) The Warrants commenced trading on the TSXV on August 24, 2010.

Prior Sales

There are no securities of the Company that were issued but not listed on a marketplace during the most recently completed financial year of the Company and up to the date hereof, other than the following:

Date of Grant	Type of Security	Number of Securities	Exercise/Conversion Price	Expiry Date
July 26, 2010	Old GCM Warrants	5,500,000	$0.40	March 19, 2011
August 20, 2010	Options	10,125,000	$1.60	August 20, 2015

October 14, 2010	Options	125,500	$1.60	August 20, 2015
January 19, 2011	Options	150,000	$1.83	January 19, 2016
January 27, 2011	Options	350,000	$1.76	January 27, 2016

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

The following table sets forth the number of Common Shares held in escrow or subject to a restriction on transfer as of the date hereof.

Designation of Class	Number of Common Shares held in Escrow	Percentage of Total Common Shares
Common Shares	17,371,666(1)(2)	8.01%

Notes:

(1) On completion of the RTO an aggregate of 6,469,165 Common Shares held by principals of the Company and certain other shareholders were deposited into escrow with Equity Financial Trust Company, as escrow agent, pursuant to a Tier 1 Value Security Escrow Agreement (the "**Value Security Escrow Agreement**") as required by Policy 5.4 of the TSXV. As of the date hereof, an aggregate of 3,234,583 Common Shares have been released from escrow under the terms of the Value Security Escrow Agreement. Of the 3,234,583 Common Shares remaining in escrow, 1,617,291 will be released on August 23, 2011 and the remaining 1,617,291 will be released on February 23, 2012.

(2) On completion of the RTO, 2,770,835 Common Shares were made subject to a TSXV hold period of one year, with such hold period expiring with respect to 20% of such Common Shares on receipt of the final exchange bulletin in respect of the RTO and expiring in respect of a further 20% of such Common Shares every three months thereafter. As of the date hereof, the hold period has expired in respect of an aggregate of 1,662,501 Common Shares. The hold period will expire in respect of 554,167 Common Shares on May 23, 2011 and in respect of the remaining 554,167 Common Shares on August 23, 2011.

DIRECTORS AND OFFICERS

As of March 31, 2011, the directors and executive officers of the Company (as a group) owned, or exerted direction or control over, directly or indirectly, a total of 6,090,125 Common Shares, representing approximately 2.81% of the Company's total issued and outstanding Common Shares on a non-fully diluted basis.

Information is given below with respect to each of the current directors and executive officers of the Company. The term of office of each director expires at the June 1, 2011 annual meeting of shareholders of the Company.

The following table sets forth the name, municipality of residence of each director and executive officer of the Company, as well as such individual's position within the Company, principal occupation within the five preceding years and number of Common Shares beneficially owned by each such director or executive officer. Information as to residence, principal occupation and Common shares owned is based upon information furnished by the person concerned and is as at the date of this Annual Information Form.

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships	Common Shares Owned(1)
Serafino Iacono(2) Caracas, Venezuela Executive Co-Chairman, Director	August 6, 2010	Co-Chairman of the board of Pacific Rubiales Energy Corp. since January 23, 2008; Co-Chairman of the board of Pacific Stratus Energy Corp. from August 21, 2006 to January 23, 2008; Chief Executive Officer of Bolivar Gold Ltd., a gold producer, from February 2003 to February 2006. Mr. Iacono is also a director of Pacific Rubiales Energy Corp., Medoro Resources Ltd. and Pacific Coal Resources Ltd.	2,690,541
Miguel de la Campa(2) Caracas, Venezuela Executive Co-Chairman, Director	August 6, 2010	Co-Chairman of the board of Pacific Rubiales Energy Corp. since January 23, 2008; Co-Chairman of the board of Pacific Stratus Energy Corp. from August 21, 2006 to January 23, 2008; President and Chief Operating Officer of Bolivar Gold Ltd., a gold producer, from February 2003 to February 2006. Mr. de la Campa is also a director of Pacific Rubiales Energy Corp., Medoro Resources Ltd. and Pacific Coal Resources Ltd.	2,235,417
Maria Consuelo Araujo(2) Bogota, Colombia Chief Executive Officer, Director	August 6, 2010	Ms. Araujo served as Minister of Foreign Affairs in Colombia from August, 2006 to February, 2007 and as Minister of Culture in Colombia from August, 2002 to February, 2006. Since February, 2007 she has been the General Manager of MCA Consulting.	28,750
Ronald Pantin(3)(4) Caracas, Venezuela Director	August 6, 2010	Chief Executive Officer of Pacific Rubiales Energy Corp. since May 2007. President of Enron Venezuela from May 2000 to March 2002. Mr. Pantin is also a director of Pacific Rubiales Energy Corp. and Pacific Coal Resources Ltd.	112,500
José Francisco Arata(2)(4) Caracas, Venezuela Director	August 6, 2010	President of Pacific Rubiales Energy Corp. since January 23, 2008; Chief Executive Officer and director of Pacific Stratus from August 21, 2006 to January 23, 2008; and Executive Vice President, Exploration of Bolivar Gold Ltd. from July 1997 to February 2006. Mr. Arata is also a director of Pacific Rubiales Energy Corp. and Pacific Coal Resources Ltd.	666,667
Ricardo Lozano(4) Bogota, Colombia Director	August 6, 2010	Mr. Lozano is the Managing Director of Dominion Estrategia Empresarial in Bogota, and is a former director for the Madrid and Ecuador offices of Proexport Colombia, a former partner with the law firm Lozano Lozano & Abogados Asociados, a former deputy minister of the Colombian Ministry of the Interior and Justice, and the former First Secretary in charge of consular functions of Colombia to the Canadian Government. He is a member of the board of directors of Empresa de Acueducto y Alcantarillado de Bogota, and alternate board member for Empresa de Energia de Cundinamarca and a former board member of the District Institute of Tourism. Mr. Lozano is a Public Law Administrative Specialist and an Attorney from the Colegio Mayor de Nuestra Senora del Rosario in Bogota.	Nil
Jorge Neher Bogota, Colombia Director	August 6, 2010	Mr. Neher has been a partner of MacLeod Dixon LLP, an international law firm, since 2003.	81,250

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships	Common Shares Owned[1]
Stephen Wilkinson[3] Vancouver, British Columbia Canada Director	August 6, 2010	Mr. Wilkinson is a mining executive, corporate director and business consultant based in North Vancouver, British Columbia. Since September 2002, he has served as President, Chief Executive Officer and Director of ValGold Resources Ltd., an international mining development company. Mr. Wilkinson was President, Chief Executive Officer and Director of Northern Orion Explorations Ltd. for the period of 1999 to 2002. From 1996 to 1999, he was the Vancouver-based mining analyst for RBC Dominion Securities Inc. responsible for small capitalization gold and base metal companies.	Nil
Robert Hines[3] Toronto, Ontario, Canada Director	August 6, 2010	Mr. Hines has been the Managing Partner, Canada with CTPartners, an executive search firm since March 2010. Mr. Hines joined CTPartners from Heidrick & Struggles where he held a number of senior leadership roles from July 2004 to March 2010, most recently as Managing Partner, Global Operations where he was responsible for oversight of regional operations in Asia Pacific, Europe, the Middle East, Latin America and North America. Before joining the executive search industry; Mr. Hines held a number of senior positions in investment banking including: Managing Director, Co-Head of Mergers & Acquisitions, CIBC World Markets; President & Chief Executive Officer, Credit Suisse Canada; Executive Vice President, Head of Investment Banking, Midland Walwyn Inc.; and Vice-Chairman, Merrill Lynch Canada. Mr. Hines is a member of the Independent Review Committee of the Mackenzie Financial Corporation mutual funds; the International Advisory Council of The Schulich School of Business at York University and the Advisory Board of True Blue Connect Inc.	25,000
José Oro Bogota, Colombia Chief Operating Officer	N/A	Mr. Oro was the Country Manager, Colombia for Galway Resources Inc. from March 2006 to April 2010. Prior to this position, he was a Vice President of Kirkland Lake Gold, Inc. from February 2000 to March 2006. Mr. Oro has over 35 years working in several different continents across the metal and mineral spectrum. Mr. Oro is the former Director of the Mining and Geology Department of Cuba. In addition to working with junior and senior mining companies, Mr. Oro worked in the Latin American Resource Sector for Coopers and Lybrand LLC. Mr. Oro received post graduate degrees in Remote Sensing and Geological Exploration in the Netherlands and Russia.	30,000
Michael Davies Burlington, Ontario, Canada Chief Financial Officer	N/A	Mr. Davies is a Chartered Accountant (Ontario) and has a Bachelor of Commerce degree from the University of Toronto. Over the last twenty years he has gained extensive international and public company experience in financial management, strategic planning and external reporting. Mr. Davies has been the Chief Financial Officer of Alange Energy Corp. since July 13, 2009, and from September 2004 to April 2007, Mr. Davies served as the Vice President, Finance for The Clorox Company of Canada. His diverse background also includes senior finance roles with several public companies, including LAC Minerals, IMAX Corporation, Amtelecom Communications, Energentia Resources, Pamour Inc. and Giant Yellowknife Mines.	71,875

Name, Municipality of Residence and Current Position with the Company	Director Since	Present Principal Occupation or Employment (including all officer position currently held with the Company), Principal Occupation or Employment for the Past Five Years or more, and Other Current Public Directorships	Common Shares Owned[(1)]
Peter Volk Toronto, Ontario Canada General Counsel and Secretary	N/A	General Counsel and Secretary of the Company since January 23, 2008; Former General Counsel and Secretary of Pacific Stratus from October 26, 2004 to January 23, 2008; General Counsel and Secretary of Bolivar Gold Corp., a gold producer, from July 1997 to February 2006.	148,125

Notes:

(1) Common Shares beneficially owned, or controlled or directed, directly or indirectly, or over which control or direction is exercised.
(2) Member of the Executive Committee.
(3) Member of the Audit Committee.
(4) Member of the Compensation, Corporate Governance and Nominating Committee.

Corporate Cease Trade Orders

Except as disclosed immediately below, no director or executive officer of the Company, is, or within the ten years prior to the date hereof, has been a director, chief executive officer or chief financial officer of any company (including Gran Colombia Gold) that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days, while such director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the company being the subject of such order, or that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer in the company being the subject of such order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of the subject company.

Stephen Wilkinson is a director of HMZ Metals, which applied for and was granted a MCTO in connection with the late filing of interim financial statements for the period ended June 30, 2005. The MCTO was put into effect August 24, 2005 and revoked pursuant to a revocation order dated October 21, 2005. An MCTO was again invoked on April 9, 2008 and remained in force until May 30, 2008. HMZ received a general cease trade order from the Ontario Securities Commission effective May 1, 2009 for failure to file the audited annual financial statements for the year ended December 31, 2008 and the management's discussion and analysis relating to these audited financial statements.

Mr. Wilkinson is also an officer and director of ValGold Resources, which applied for and was granted a MCTO in connection with the late filing of audited financial statements for the period ended July 30, 2008. The MCTO was put into effect December 9, 2008 and revoked on January 26, 2009. In connection with the late filing of audited financial statements for the period ended July 30, 2009, ValGold Resources applied for but was not granted a MCTO on November 30, 2009. Cease trade orders were issued by the British Columbia and Ontario Securities Commissions on December 7, 2009 and December 9, 2009, respectively. ValGold Resources reported that the cease trade orders were fully revoked by December 23, 2009.

Corporate Bankruptcies

No director or executive officer, or a shareholder holding a sufficient number of securities in the capital of the Company to affect materially the control of the Company, is or within ten years prior to the date hereof, has been a director or executive officer of any company (including Gran Colombia Gold), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors or officers of the Company may be subject in connection with the operations of the Company. All of the directors and officers are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Company. Accordingly, situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In accordance with the laws of the province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Currently, Messrs. Iacono, de la Campa and Volk are directors and/or officers of Medoro, which has an interest in Zandor. For further information see the heading entitled "General Development of the Business – Acquisition of 95% Interest in Zandor" and "Risk Factors – Exercise of Back-in Right".

Related Party Transactions

The following sets out the related party transactions entered into by the Company during 2010:

- In February 2010, the Company received proceeds of US$1.0 million through two unsecured promissory notes payable bearing interest at 12% per annum payable at maturity. A US$0.5 million promissory note payable to Blue Pacific was immediately repaid following the completion of the First Gran Colombia Private Placement. Three directors of the Company indirectly control, or provide investment advice to the holders of, 67.2% of the shares of Blue Pacific. The second US$0.5 million promissory note payable to Knottsville Capital, S.A., a shareholder of the Company, was repaid in November 2010.

- The Company paid a success fee of US$3 million subsequent to closing of the Frontino Acquisition to a company controlled by Mr. Iacono, an Executive Co-Chairman and director of the Company, in recognition of services rendered in negotiating and completing the Frontino Acquisition.

LEGAL PROCEEDINGS

From time to time, the Company is the subject of litigation arising out of the Company's operations. Damages claimed under such litigation may be material or may be indeterminate and the outcome of such litigation may materially impact the Company's financial condition or results of operations. While the Company assesses the merits of each lawsuit and defends itself accordingly, the Company may be required to incur significant expenses or devote significant resources to defend itself against such litigation. These claims (if any) are not currently expected to have a material impact on the Company's financial position.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no director or executive officer of the Company or any shareholder beneficially owning or controlling, directly or indirectly, more than 10% of the issued and outstanding Common Shares, or another of their respective associates or affiliates, has any material interest in any transactions or any proposed transactions which has materially affected or will materially affect the Company or any of its subsidiaries.

Employment Contracts

The Company is in the process of negotiating employment contracts with the officers of the Company (the "**Employment Agreements**") and expects to have agreements in place with these officers in the second quarter of 2011.

The Employment Agreements will provide for termination payments in certain circumstances. An amount equal to two times the officer's annual salary is payable in the event that the officer is terminated without cause, and each officer is entitled to terminate his employment with the Company and receive a payment in an amount equal to three times the officer's annual salary if: (a) there is a "change of control" of the Company; and (b) a specified "trigger event" occurs within one year of the change of control. The officer will have a period of 120 days from the occurrence of the trigger event to exercise his termination right under the Employment Agreement.

A "change of control" under the Employment Agreements will include the occurrence of any of the following events: (a) the acquisition of a 50% voting interest in the Company by a shareholder of the

Company; (b) the completion of a consolidation, merger, amalgamation or statutory arrangement between the Company and another person (other than a subsidiary of the Company) pursuant to which all or part of the outstanding voting shares of the Company are changed in any way, reclassified or converted into, exchanged or otherwise acquired for shares or other securities of the Company or any other person or for cash or any other property; (c) the sale by the Company of property or assets, (i) aggregating more than 50% of the consolidated assets of the Company and its subsidiaries as at the end of the most recently completed financial year of the Company, or (ii) which during the most recently completed financial year of the Company generated, or during the then current financial year of the Company are expected to generate, more than 50% of the consolidated operating income or cash flow of the Company, to any other person or persons (other than the Company or one or more of its subsidiaries); and (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or a succession of meetings occurring within six months of each other, whereby individuals who were members of the Board immediately prior to such meeting or succession of meetings, as applicable, cease to constitute a majority of the Board.

A "trigger event" under the Employment Agreements prior to their amendment included the occurrence of any of the following events: (i) a change (other than a promotion) in the officer's position or duties, responsibilities, title or office with the Company; (ii) a reduction in the officer's salary, benefits or any other form of remuneration; (iii) a failure by the Company to continue in effect any benefit, bonus, profit sharing, incentive, remuneration or compensation plan, stock ownership or purchase plan, pension plan or retirement plan in which the officer is participating or entitled to participate; (iv) a change in the municipality in which the officer is regularly required to carry out the terms of his employment; (v) a failure by the Company to maintain the officer's prior paid vacation entitlement; (vi) the Company or its subsidiaries taking any action to deprive the officer of any material fringe benefit (not previously listed); (vii) there is a material breach by the Company of any provision of the Employment Agreement; (viii) the officer determines in good faith that the officer's status in the Company is diminished or the officer is being effectively prevented from carrying out his duties or responsibilities; (ix) the successor, if any, fails to effectively assume the Company's obligations under the Employment Agreement; or (x) any two of Serafino Iacono, Miguel de la Campa, Ronald Pantin and José Francisco Arata cease to be directors of the Company.

Other than pursuant to the Employment Agreements, there will be no compensatory plan, contract or arrangement where an officer is entitled to receive more than $100,000 from the Company or its subsidiaries, including periodic payments or installments, in the event of (a) the resignation, retirement or any other termination of the officer's employment with the Company or its subsidiaries; (b) a change of control of the Company or any of its subsidiaries; or (c) a change in the officer's responsibilities following a change in control.

TRANSFER AGENT AND REGISTRAR

Equity Financial Trust Company, 200 University Ave., Suite 400, Toronto, Ontario, M5H 4H1, is the transfer agent and registrar for the Common Shares and Warrants.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business not otherwise required to be disclosed, that have been entered into by the Company within the most recently completed fiscal year or before the most recently completed fiscal year but still in effect:

(a) the Frontino Acquisition Agreement entered into between Gran Colombia Panama, Medoro and Zandor dated March 29, 2010 in connection with the acquisition of the assets of FGM (for further information see the heading entitled "General Development of the Business – Acquisition of 95% Interest in Zandor");

(b) the acquisition agreement entered into between Old GCM and Gran Colombia Panama effective July 26, 2010 in connection with the RTO whereby Old GCM acquired all of the issued and outstanding securities in the capital of Gran Colombia Panama pursuant to the Gran Colombia Amalgamation; and

(c) the amalgamation agreement entered into between Panama Newco and Gran Colombia Panama dated August 19, 2010 in connection with the Gran Colombia Amalgamation (for further information see the heading entitled "Information Concerning the Company – Name, Address and Incorporation").

INTERESTS OF EXPERTS

The auditors of the Company are KPMG LLP, Chartered Accounts, Toronto, Ontario, Canada. KPMG LLP are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. KPMG LLP were first appointed auditors of the Company on August 20, 2010. No director, officer, or employee of KPMG LLP is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any Associate or Affiliate of the Company.

SRK ES prepared the Mazamorras Technical Report and Segovia Technical Report. Scott E. Wilson and Stewart D. Redwood authored the Gran Colombia Technical Report. Stewart D. Redwood authored the El Zancudo Technical Report and the Concepción Technical Report. To management's knowledge, as of the date hereof, the authors of the Technical Reports do not have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company. No director, officer, or employee of SRK ES or SEWC is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any Associate or Affiliate of the Company.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The full text of the Company's Audit Committee Charter is appended hereto as Appendix "A".

Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee is comprised of three directors of the Company, Ronald Pantin, Stephen Wilkinson and Robert Hines. All of the members of the audit committee are independent and financially literate for purposes of National Instrument 52-110 – *Audit Committees*. Each has a minimum of 30 years' business experience and each has held or currently holds executive positions that required oversight and understanding of the accounting principles underlying the preparation of the Company's financial statements and is aware of the internal controls and other procedures necessary for financial control and reporting.

Mr. Pantin is the Chief Executive Officer and a director of Pacific Rubiales Energy Corp. Mr. Pantin worked in the Venezuelan oil industry for twenty-three years prior to his appointment as Chief Executive Officer of Pacific Rubiales Energy Corp. in 2007. Mr. Pantin held a number of senior positions within PDVSA, including Vice President of Corpoven, Vice President of PDVSA E&P, President of CVP, President of PDVSA Exploration, President of PDVSA Services, and executive Vice President of PDVSA Oil & Gas. Immediately after PDVSA, Mr. Pantin joined Enron Venezuela as its President. Mr. Pantin holds two bachelors of science degrees in petroleum engineering and Management Science from Mississippi State University with the highest distinction in the year 1975 and two masters of science degrees in Petroleum Engineering and Industrial Engineering from the Stanford University in 1977. Mr. Pantin is a director for several international companies in the energy and mining sector. He has also been honoured with several international awards, which include: Latin Trade, Pioneering CEO of the year 2010, SPE Leadership, growth and performance Colombia SPE 2010, SPE Young Professional Colombia 2009. Mr. Pantin is also a director of Pacific Coal Resources Ltd., Petroamerica Oil Corp. and P1 Energy Corporation.

Mr. Wilkinson is a mining executive, corporate director and business consultant based in North Vancouver, British Columbia. Since September 2002, he has served as President, Chief Executive Officer and director of ValGold Resources, an international mining development company. Mr. Wilkinson was President, Chief Executive Officer and Director of Northern Orion Explorations Ltd. for the period of 1999 to 2002. From 1996 to 1999, he was the Vancouver-based mining analyst for RBC Dominion Securities Inc. responsible for small capitalization gold and base metal companies. Mr. Wilkinson has extensive experience in the mining and finance industries having served as an officer and director of several private and public companies, supplemented over the past three decades by experience working for mining companies and government agencies. Mr. Wilkinson has a Bachelor of Science from the University of Western Ontario (Geology, 1976), a Master of Science from Carleton University in Ottawa, Ontario (Geology, 1983) and an M.B.A. from Clarkson University in Potsdam, New York (1995).

Mr. Hines is Managing Partner, Canada with CTPartners, an executive search firm. Mr. Hines joined CTPartners from Heidrick & Struggles where he held a number of senior leadership roles, most recently as Managing Partner, Global Operations where he was responsible for oversight of regional operations in Asia Pacific, Europe, the Middle East, Latin America and North America. Before joining the executive search industry, Mr. Hines held a number of senior positions in investment banking including: Managing Director, Co-Head of Mergers & Acquisitions, CIBC World Markets; President & Chief Executive Officer, Credit Suisse Canada; Executive Vice President, Head of Investment Banking, Midland Walwyn Inc.; and Vice-Chairman, Merrill Lynch Canada. Mr. Hines is a member of the Independent Review Committee of the Mackenzie Financial Corporation mutual funds; the International Advisory Council of The Schulich School of Business at York University; and the Advisory Board of True Blue Connect Inc.

Audit Committee Oversight

The Audit Committee is mandated to monitor audit functions, the preparation of financial statements, review press releases on financial results, review other regulatory documents as required, and meet with outside auditors independently of management.

Since January 1, 2010, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

Pre-Approval Policies and Procedures

The Company has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services by KPMG LLP. The Audit Committee has established a budget for the provision of a specified list of audit and permitted non-audit services that the Audit Committee believes to be typical, recurring or otherwise likely to be provided by KPMG LLP. The budget generally covers the period between the adoption of the budget and the next meeting of the Audit Committee, but at the option of the Audit Committee it may cover a longer or shorter period. The list of services is sufficiently detailed as to the particular services to be provided to ensure that: (i) the Audit Committee knows precisely what services it is being asked to pre-approve; and (ii) it is not necessary for any member of management to make a judgment as to whether a proposed service fits within the pre-approved services.

Subject to the next paragraph, the Audit Committee has delegated authority to the Chair of the Audit Committee (or if the Chair is unavailable, any other member of the Audit Committee) to pre-approve the provision of permitted services by KPMG LLP which have not otherwise been pre-approved by the Audit Committee, including the fees and terms of the proposed services ("**Delegated Authority**"). All pre-approvals granted pursuant to Delegated Authority must be presented by the member(s) who granted the pre-approvals to the full Audit Committee at its next meeting.

All proposed services, or the fees payable in connection with such services, that have not already been pre-approved must be pre-approved by either the Audit Committee or pursuant to Delegated Authority. Prohibited services may not be pre-approved by the Audit Committee or pursuant to Delegated Authority.

External Auditor Service Fees (By Category)

The following are the aggregate fees incurred by the Company for services provided by its external auditors during fiscal 2010:

		2010[(1)]
1.	Audit Fees	US$156,000
2.	Audit Related Fees[(2)]	US$102,000
3.	Tax Fees[(3)]	US$49,000
4.	All Other Fees[(4)]	-
Total		US$307,000

Note:

(1) No fees were incurred by the Company for services by its external auditors during fiscal 2009.
(2) Includes fees related to interim reviews, notwithstanding when the fees were billed or when the services were rendered.
(3) Includes fees for services rendered from January through December of the fiscal year, notwithstanding when the fees were billed.
(4) These fees were payable in connection with the Company's August 2010 Filing Statement and BVC listing process.

ADDITIONAL INFORMATION

Additional financial information is provided in the audited annual financial statements and Management's Discussion and Analysis for the year ended December 31, 2010 and the unaudited interim financial statements. This information and other pertinent information regarding the Company can be found under the Company's profile on SEDAR on www.sedar.com.

APPENIDX "A"

AUDIT COMMITTEE CHARTER
(Initially adopted by the Board of Directors on September 23, 2010)

GRAN COLOMBIA GOLD CORP.
(the "Corporation")

A. PURPOSE

The overall purpose of the Audit Committee (the "**Committee**") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and related financial information, and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the committee will maintain effective working relationships with the board of directors of the Corporation (the "**Board**"), management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board, each of which shall be an independent director.

2. All of the members of the Committee shall be "financially literate".

3. At least one member of the Committee shall have accounting or related financial management experience.

4. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next annual general meeting of the shareholders after his/her election.

5. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.

6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and to hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

7. The Committee shall have full and unrestricted access to such officers, employees and personnel of the Corporation and to the Corporation's external and internal auditors, and to such information,

books, records and facilities of the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

8. The Committee shall have the authority to:

    a) engage independent counsel and other advisors as it determines necessary to carry out its duties and to request any officer or employee of the Corporation or the Corporation's external counsel or auditors to attend a meeting of the Committee;

    b) set and pay the compensation for any advisors employed by the Committee; and

    c) designate members of the Committee the authority to grant appropriate pre-approvals required in respect of non-audit services performed by the auditors and the decisions of any member to whom authority is delegated to pre-approve an activity shall be presented to the Committee at its first scheduled meeting following such pre-approval.

9. Meetings of the Committee shall be conducted as follows:

    a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

    b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;

    c) the Committee has the right to determine who shall and shall not be present at any time during a meeting. Management representatives may be invited to attend meetings, provided that the Committee shall hold separate, regularly scheduled meetings at which members of management are not present; and

    d) the proceedings of all meetings shall be minuted.

10. Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and the accuracy of the information provided to the Corporation by such other persons or organizations.

11. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

12. The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:

    a) assist the Board in discharging its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;

    b) establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;

    c) ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

    d) report its deliberations and discussions regularly to the Board, including reporting on the fulfilment of its duties and responsibilities.

2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

    a) review the independence and performance of the external auditors and annually recommend to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation;

    b) review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

    c) review the audit plan of the external auditors prior to the commencement of the audit;

    d) approve in advance provision by the external auditors of services other than auditing to the Corporation or any of its subsidiaries;

    e) annually review and discuss all significant relationships the external auditors have with the Corporation that could impair the external auditors' independence;

    f) review with the external auditors, upon completion of their audit:

        i. contents of their report;
        ii. scope and quality of the audit work performed;
        iii. adequacy of the Corporation's financial and auditing personnel;
        iv. co-operation received from the Corporation's personnel during the audit;
        v. internal resources used;
        vi. significant transactions outside of the normal business of the Corporation;
        vii. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
        viii. the non-audit services provided by the external auditors;

g) discuss with the external auditors the quality and the acceptability of the Corporation's accounting principles;

h) implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and

i) oversee the work of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:

a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;

b) review and discuss with the Chief Corporate Auditor (**the "CCA"**) the CCA's annual risk assessment of the adequacy and effectiveness of the Corporation's internal control process, the CCA's report to the Committee on the results of the annual audit plan and the status of the audit issues, and the CCA's recommendations regarding improvements to the Corporation's controls and processes;

c) review and approve the internal audit plan;

d) review significant internal audit findings and recommendations, and management's response thereto; and

e) annually review with the Corporation's legal counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

5. The Committee is also charged with the responsibility to:

a) review the Corporation's quarterly financial statements and related financial information, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto before such information is publicly disclosed;

b) review and approve the financial sections of:

i. the annual report to shareholders;
ii. the annual information form, if required;
iii. annual and interim management's discussion and analysis;
iv. prospectuses;
v. news releases discussing financial results of the Corporation; and
vi. other public reports of a financial nature requiring approval by the Board,

and report to the Board with respect thereto before such information is publicly disclosed;

c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in item 5(b) above, and periodically assess the adequacy of such procedures;

d) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

e) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

f) review and report on the integrity of the Corporation's consolidated financial statements;

g) establish procedures for:

i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

h) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

i) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

j) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;

k) review annually and recommend updates to this Charter of the Committee and receive approval of changes from the Board;

l) review the minutes of any audit committee of subsidiary companies of the Corporation; and

m) perform other functions consistent with this Charter, the Corporation's articles and governing law, as the Committee or the Board deems necessary or appropriate.

6. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Corporation's external auditors.

D. CURRENCY OF CHARTER

This charter was last revised and approved by the Board on September 23, 2010