

# Gran Colombia Announces Letter of Intent to Spin Out Its Zancudo Project

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TORONTO, Sept. 24, 2020 - [Gran Colombia Gold Corp.](#) (TSX: GCM; OTCQX: TPRFF) announced today that it has entered into a letter of intent (the "LOI") dated effective September 23, 2020 with ESV Resources Ltd. ("ESV") (TSXV: ESV.H) to spin out its interest in the Zancudo Project to ESV. Gran Colombia will also subscribe for CA\$3,000,000 of subscription receipts in a non-brokered private placement being completed concurrently by ESV as described further below.

Serafino Iacono, Executive Chairman of Gran Colombia, commenting on the news stated, "In light of the bullish outlook for silver, we see the acquisition of an investment in ESV as a tremendous opportunity to participate in a new vehicle that is turning its attention to becoming a silver focused company looking to offer its shareholders exposure and leverage to the precious metal. We also see the spin out of our interest in the Zancudo Project as an opportunity to create value for our shareholders in this undervalued silver-gold asset. We will be providing in-country operational expertise to ESV to advance their projects in Colombia, including an exploration program planned for the Guia Antigua Project following completion of the transactions and financing by ESV."

## *Zancudo Project Spin Out*

The Zancudo Project consists of a 1,052-hectare mining concession area located in the Titiribi mining district in Antioquia, Colombia, about 27 kilometers southwest of Medellin. Zancudo comprises a historical silver-gold mine (the Independencia Mine) located in the Middle Cauca Gold Belt. Gran Colombia acquired Zancudo in 2010 and completed a 14,000 meter drilling program carried out in 2011 and 2012.

In March 2017, Gran Colombia signed an option agreement with IAMGOLD Corp. ("IAMGOLD") for the exploration and potential purchase of an interest by IAMGOLD in Zancudo. Under the agreement, IAMGOLD was granted an option to acquire an initial undivided 65% interest (the "First Option") in Zancudo by incurring an aggregate of US\$10 million of mineral exploration expenditures over a six-year period, subject to meeting specified annual work commitments during this period. From 2017 through 2019, IAMGOLD has completed a total of approximately 16,224 meters of drilling at Zancudo and has incurred over US\$4 million of its exploration commitment. However, due to COVID-19, IAMGOLD has suspended its drilling program thus far in 2020. IAMGOLD was also granted an additional option (the "Second Option") to acquire a further 5% undivided interest, for an aggregate 70% undivided interest in Zancudo, by completing a feasibility study within three years after exercising the First Option. Upon exercise of the First Option or the Second Option, as the case may be, the parties will form a joint venture to hold Zancudo, to advance the exploration and, if feasible, to advance the development and mining of any commercially exploitable ore body.

Under the terms of the spin out transaction, ESV will issue 27,000,000 common shares to Gran Colombia in exchange for its interest in the Zancudo Project. In addition to any escrow restrictions imposed by the policies of the TSX Venture Exchange ("TSXV"), all common shares issued to Gran Colombia will be subject to a voluntary pooling arrangement from which one-quarter of the shares will be released on each of December 28, 2020, March 27, 2021, June 27, 2021 and September 27, 2021. ESV has also agreed to be bound by the terms of the option agreement with IAMGOLD.

## *ESV Private Placement*

ESV has announced that it has also signed a letter of intent with 1255269 B.C. Ltd. (the "Guia Antigua Vendor"), a company not related to Gran Colombia or any insiders of Gran Colombia, to concurrently acquire all of the outstanding share capital of the Guia Antigua Vendor. The Guia Antigua Vendor owns the Guia Antigua Project (the "Guia Antigua Transaction") which encompasses

the exploration, development and mining rights to a 386-hectare area located in the eastern part of Gran Colombia's Segovia mining title focused on the high-grade silver-gold Gu?a Antigua vein which falls outside the areas associated with Gran Colombia's mining operations and exploration activities.

As a condition to completing the acquisitions of both the Zancudo and Guia Antigua Projects, ESV has announced that it intends to complete a non-brokered private placement financing (the "Concurrent Financing") to raise up to \$7,000,000 through the issuance of up to 15,555,000 subscription receipts of the Guia Antigua Vendor at a price of CA\$0.45 per subscription receipt. Gran Colombia intends to subscribe for CA\$3,000,000 of the Concurrent Financing.

The proceeds of the Concurrent Financing will be held in escrow, pending ESV receiving all applicable regulatory approvals and completing the Guia Antigua Transaction. Upon satisfaction of the escrow conditions, immediately prior to completion of the Guia Antigua Transaction, each subscription receipt will automatically convert into one common share of the Guia Antigua Vendor for no additional consideration and will be exchanged for common shares of ESV on a one-for-one basis. If the Guia Antigua Transaction is not completed on or before December 31, 2020, the proceeds of the Concurrent Financing will be returned to the subscribers.

It is anticipated that ESV will change its name to "Denarius Silver Corp." in connection with the completion of the aforementioned acquisitions and Concurrent Financing. In addition, Gran Colombia will become a new "control person" of ESV and have two nominees on the reconstituted board of directors of ESV following the transactions. If required by the policies of the TSXV, ESV will obtain shareholder approval for the creation of a new control person by way of written consent of the majority of the outstanding common shares of ESV prior to completion of the acquisition transactions.

#### About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its high-grade Segovia Operations. Gran Colombia owns approximately 57.5% of Caldas Gold Corp. (TSX-V: CGC; OTCQX: ALLXF), a Canadian mining company currently advancing a major expansion and modernization of its underground mining operations at its Marmato Project in Colombia. Gran Colombia's project pipeline includes its Zancudo Project in Colombia together with an approximately 20% equity interest in Gold X Mining Corp. (TSXV: GLDX) (Guyana "Toroparu") and an approximately 26% equity interest in [Western Atlas Resources Inc.](#) ("Western Atlas") (TSX-V: WA) (Nunavut "Meadowbank").

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

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

*This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to anticipated business plans or strategies. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 30, 2020 which is available for view on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements contained herein are made as of the date of this press release and Gran Colombia disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on*

*forward-looking statements.*

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