Gran Colombia Gold to Acquire Approximately 15% Interest in Sandspring Resources Ltd.

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TORONTO, June 12, 2018 (GLOBE NEWSWIRE) -- Gran Colombia Gold Corp. (TSX:GCM) announced today that it has entered into a letter of intent (“LOI”) with Sandspring Resources Ltd. (TSX-V:SSP) (OTCQX:SSPXF) (“Sandspring”) pursuant to which it intends to acquire an approximately 15% equity interest in Sandspring (the “Transaction”). This investment in Sandspring will be made by way of the acquisition by Sandspring of the Company’s 30% carried participating interest in the Guia Antigua Mine (the “Project”) in Segovia and a concurrent CA$4.0 million subscription by the Company into Sandspring’s proposed non-brokered private placement as described further below. Gran Colombia will also be entitled to appoint one member to the Board of Directors of Sandspring.

Sandspring is a Canadian junior mining company currently moving toward a feasibility study for the multi-million-ounce Toroparu Project in the emerging western Guyana gold district. A prefeasibility study completed in May 2013 (NI 43-101 Technical Report, Prefeasibility Study, Toroparu Gold Project, Upper Puruni River Area, Guyana, dated May 24, 2013 completed by SRK Consulting (U.S.), Inc., available at www.sedar.com) outlined the design of an open-pit mine producing more than 200,000 ounces of gold annually over an initial 16-year mine life. Sandspring and Wheaton Precious Metals (formerly known as Silver Wheaton) have entered into a gold and silver purchase agreement for the Toroparu Project.

Serafino Iacono, Executive Co-Chairman of Gran Colombia, commented, “The acquisition of an interest in Sandspring represents our first foray to diversify our project exposure outside of Colombia and allows us to leverage our previous experience in the Venezuelan Guyana Shield greenstone belt. The Toroparu Project is considered to be one of the largest undeveloped gold deposits in South America held by independent juniors. The Transaction also allows us to bring in a new partner to proceed with and accelerate the exploration, development and operation of the Guia Antigua Mine, a past producer in our Segovia mining title which is under joint venture with another party and has shown encouraging results through our recent channel sampling program.”

Pursuant to the LOI, Sandspring will issue 15,000,000 common shares to Gran Colombia to acquire our 30% carried interest in an unincorporated joint venture arrangement (the “Joint Venture”) with Industrias Argentum, S.A.S. (“Argentum”), a Colombian company which holds the remaining 70% participating interest and is the operator of the Joint Venture. The Joint Venture comprises the exploration, development and mining rights to a 386-hectare area (the “Project Area”) within the Company’s mining title in the Segovia-Remedios mining district in Antioquia, Colombia. The Project Area will continue to be held by Gran Colombia and lies outside of the areas of Gran Colombia’s principal mining operations in the Segovia area. The Guia Antigua vein that is the current focus of the Project appears to be similar in geology, structure, vein style and mineralogy to other veins in the Segovia mining district.

Sandspring has also entered into a separate letter of intent to acquire the 70% participating interest in the Joint Venture held by Argentum and is not obligated to complete either transaction unless, upon completion, it acquires one-hundred percent (100%) control of the Project, which is commonly referred to as the “Chicharron Project”.

The Project is the subject of a Technical Report (the “Chicharron Report”), with an effective date of 14, May 2018, entitled NI 43-101 Technical Report for the Chicharron Gold-Silver Project, Segovia, Department of Antioquia, Colombia” by Dr. Stewart D. Redwood. The Chicharron Report notes that historical mining operations at the Guia Antigua Mine, located in the Project Area, focused on the Guia Antigua gold-silver vein. As also noted in the Chicharron Report, 1,056 channel samples were collected by the previous operator of the Guia Antigua Mine between 2011 and 2016 and reported average grades of 521.6 g/t of silver and 8.08 g/t of gold however the original data is not available and the data cannot be verified. The Chicharron Report also notes that in April 2018, Gran Colombia carried out systematic check channel sampling of the Guia Antigua mine, with 155 samples in 32 vertical channels. These confirm high grades with individual sample values up to 133.7 g/t gold and 10,381 g/t silver. These are accompanied by up to 10.31% lead, 3.58% zinc and 1.48% arsenic, a potentially deleterious element. The highest length-weighted channel sample grade for gold is 60.1 g/t and 1,392.1 g/t silver over 2.04 m, and for silver is 17.2 g/t gold and 3,635.0 g/t silver over 0.60 m. The length-weighted average of all channel samples is 7.6 g/t gold and 335.1 g/t silver. The Chicharron Report concludes that the Chicharron Project warrants further exploration with a suggested program to test the continuation of the Guia Antigua vein at depth and along strike. The Chicharron Report notes that there has not been any drilling at the Chicharron Project and that there is no declared resource.

Sandspring has also announced that it intends to conduct a non-brokered private placement of up to 36,000,000 units (each, a “Unit”) at a price CA$0.25 per Unit, of which Gran Colombia has agreed to subscribe for 16,000,000 Units. Each “Unit” consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at CA$0.40 for a period of sixty (60) months.

Sandspring intends to use the net proceeds of the placement to provide the working capital needed to complete their acquisition of the Project (approximately CA$1.5 million), to develop and advance an exploration program for the Chicharron Project (approximately CA$0.5 million), maintenance of property position for the Chicharron Project (CA$0.65 million), complete the final feasibility study for both the Toroparu Project (approximately CA$2.25 million) and the run-of-river hydroelectric project on the Kurupung River approximately 50 kilometers southwest of Toroparu (approximately CA$1.25 million), local partner payment and land rentals (approximately CA$1.5 million) and for general corporate and working capital purposes (approximately CA$1.2 million).

Completion of the Transaction is subject to a number of conditions, including the completion of due diligence, the negotiation of definitive documentation, completion of the private placement and the receipt by Sandspring of the approval of the TSX Venture Exchange. The Transaction cannot be completed until these conditions are satisfied, and there can be no assurance that the Transaction will be completed in a timely fashion, or at all. All securities issued by Sandspring in connection with the Transaction and the private placement will be subject to a four-month-and-one-day statutory hold period.

About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based gold and silver exploration, development and production company with its primary focus in Colombia. Gran Colombia is currently the largest underground gold and silver producer in Colombia with several underground mines in operation at its Segovia and Marmato Operations. Gran Colombia is continuing to focus on exploration, expansion and modernization activities at its high-grade Segovia Operations.

Additional information on Gran Colombia can be found on its website at www.grancolombiagold.com and by reviewing its profile on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information:

This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to production guidance and anticipated business plans or strategies. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 27, 2018, which is available for view on SEDAR at www.sedar.com. Forward-looking statements contained herein are made as of the date of this press release and Gran Colombia disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, *circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*

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