



October 10, 2016

Messrs.

Directorate of Foreign Investment and Services (*Dirección de Inversión Extranjera y Servicios*)
Ministry of Trade, Industry and Tourism of the Republic of Colombia
Calle 28 # 13A - 15, Piso 3
Bogota D.C., Colombia

Ref.: Investment Protection under the Free Trade Agreement between Canada and the Republic of Colombia - Notice of Intent.

Dear Sirs,

Gran Colombia Gold Corp. ("Gran Colombia Gold"), a company incorporated and domiciled in the province of British Columbia, Canada, holds title through its subsidiaries in Colombia, Mineros Nacionales S.A.S. ("Mineros Nacionales"), Minerales Andinos de Occidente S.A. (formerly Compañía Minera de Caldas S.A.) ("Minerales Andinos"), Minera Croesus S.A.S. ("Minera Croesus") and the Colombian branch of the foreign company domiciled in Panama, Zandor Capital S.A. Colombia ("Zandor"), to mining rights in Colombia granted validly and pursuant to Colombian laws. Attached as Appendix 1 is a certificate of existence of Gran Colombia Gold; attached as Appendix 2 is a corporate diagram of Gran Colombia Gold; and attached as Appendix 3 are certificates of existence and legal representation of Mineros Nacionales, Minerales Andinos, Minera Croesus and Zandor (the "Companies").

Gran Colombia Gold, through Mineros Nacionales, Minera Croesus and Minerales Andinos is the titleholder of 105 mining concession contracts, recognition of private mining property, legalization of mining activities, contributions, etc. located in the municipality of Marmato, Department of Caldas, Colombia.

Also, through Zandor, Gran Colombia Gold is the titleholder of the recognition of private mining property No. RPP-140, identified with code EDKE-01 in the National Mining Register, with an area of 2,871.45 hectares and located in the municipalities of Segovia and Remedios, Department of Antioquia, Colombia, in addition to other mining titles in such region.

The mining rights of the Companies are defined as the "Mining Titles". The Mining Titles are listed in "Appendix 4" and copies of the main Mining Titles of Zandor, Mineros Nacionales, Minerales Andinos and Minera Croesus are attached as "Appendix 5". Copies of the remaining Mining Titles can be provided at your request.

In the acquisition and development of its Mining Titles and other assets in Colombia, Gran Colombia Gold (individually, and through its predecessor, Medoro Resources Ltd.) has invested since 2007, around USD 570 million.

Through the Companies, Gran Colombia Gold has produced approximately 120,000 ounces of gold equivalent in 2015 and will produce about 140,000 ounces of gold equivalent this year, making it the largest producer of gold and silver in Colombia. Gran Colombia Gold employs (directly) and contracts with (indirectly) around 5,000 people in Colombia.

An important portion of the areas of the Mining Titles are invaded with more than a hundred illegal mines, where numerous people acting individually, in groups and even through associations or companies, are engaged in illegal mining operations without authorization from the Companies, without any title whatsoever and to the detriment of the rights of Gran Colombia Gold. These individuals and groups: (i) extract minerals without any legal rights; profit from the mining titles granted legitimately and exclusively to the Companies and deplete the mineral reserves to which such Companies have exclusive rights, (ii) perform their mining activities without complying with any labor, fiscal, mining and environmental regulations, creating significant environmental contingencies, evading taxes and violating the fundamental rights of those working in these areas, among others; and (iii) create an environment of economic informality that leads to crime, money laundering, insecurity, etc. Such illegal activity has caused and continues to cause enormous damages to Gran Colombia Gold.

Faced with the continued presence of illegal miners in the areas of the Mining Titles, the Companies have made use of all the actions that Colombian law provides for the protection of their rights against the exploitation of their titles by illegal miners, and against the inability to exercise their mining rights in the areas where these illegal miners are located. In that sense and with the objective of preserving and protecting their rights, the Companies have called on the national authorities, departments and regional authorities and autonomos entities, both formally and informally; have filed countless legal actions, including administrative injunctions, rights of petition, constitutional protection actions, and ordinary actions,. However, the Companies have only obtained responses to a minimal percentage of such actions. In the few cases in which a response has been received from the authorities, the majority of the decisions have been favorable to the Companies, declaring the illegality of the activities of the illegal miners, ordering the suspension of their operations and the restitution of the areas to the Companies that legitimately hold title thereto. However, in none of the few cases where the Companies have obtained resolutions protecting their rights and where illegal miners are still located, have such decisions been enforced, despite repeated actions and initiatives by the Companies requesting the competent authorities to comply with such decisions by halting illegal mining operations in the Mining Titles and the restoration of the rights of the Companies to their Mining Titles. In conclusion, despite the legal efforts of Gran Colombia Gold and the Companies to preserve their rights, the inertia of the Colombian authorities in fulfilling their obligations has permitted the continued violation of their rights by the illegal miners.

Gran Colombia Gold has also suffered damages from the violation of its rights by third parties; violations which have not been mitigated and rights which have not been protected, by the Colombian State, as explained in more detail in chapter III of this document.

Gran Colombia Gold, as a Canadian investor in Colombia, enjoys the protections provided by the Free Trade Agreement between Canada and the Republic of Colombia approved by the Congress of Colombia and in force since August 15, 2011 (the "Agreement"). The acts and omissions of the Colombian authorities that have resulted in a lack of protection of the rights of Gran Colombia under the Agreement constitute a violation thereof and lead to the application of the mechanisms for the protection of such rights provided in the Agreement.

Based on the above and the considerations set forth below, Gran Colombia Gold, as a disputing investor of a Party (Canada) to the Agreement, hereby submits to the Republic of Colombia, on its own behalf and on behalf of the Companies,

this notice of intent to submit a claim to arbitration (the "Notice of Intent") pursuant to the terms of Article 821 of the Agreement, as follows:

I. Identification of the Disputing Investor:

Investor's Name: Gran Colombia Gold Corp.

Address: In Canada:
333 Bay Street, Suite 1100
Toronto, Ontario M5H 2R2
Tel.: +1 416 360 4653
Fax: +1 416 360 7783
Attn.: Peter Volk, General Counsel and Secretary
email: pvolk@grancolombiagold.com

In Colombia:
Calle 4 Sur # 43A-195 Oficina: 230 B
Centro Ejecutivo.
Medellín, Antioquia
Tel.: + 57 4 448 5220
Attn.: Lombardo Paredes, CEO
email: lparedes@grancolombiagold.com

II. Issues of fact and law on which the claim is based

The table attached hereto as Appendix 6 describes in detail the legal actions brought by Gran Colombia Gold, through the Companies, for the eviction of illegal miners in the areas of the Mining Titles, as well as the decisions of several authorities and steps taken by the Companies to achieve the execution of such decisions, without success.

Appendix 6 is divided into five parts: (i) legal and administrative actions relating to the "El Cogote" mine in the municipality of Segovia (Antioquia) and located within the RPP-140 mining title held by Zandor; (ii) legal and administrative actions relating to the "Villonza" Mine in the municipality of Marmato (Caldas) and located within the CHG-081 and 014-89M mining titles held by Mineros Nacionales and Minerales Andinos; (iii) legal and administrative actions relating to other invasions of illegal miners in the mining titles held by Zandor located in the municipality of Segovia (Antioquia); (iv) judicial and administrative actions relating to other invasions of illegal miners in the mining titles held by Mineros Nacionales and Minerales Andinos and other subsidiaries of Gran Colombia Gold, located in the municipality of Marmato (Caldas) and; (v) a summary and quantitative analysis of the requests for administrative protection, illustrating how many of them have been decided in Segovia and Marmato.

Also Appendix 6 contains information on specific administrative and judicial actions taken by the Companies, those that were decided and on the steps towards enforcement taken by the Companies in relation to the invasion of illegal mining in the Mining Titles. Such Appendix clearly sets out the defenseless situation of the Companies regarding the violation of their rights and which the Colombian authorities, despite numerous legal actions and initiatives by the Companies, have not managed to mitigate.

In addition to the lack of decision of numerous administrative and judicial actions and of the lack of enforcement of the few actions which have in fact been decided, the Colombian authorities have not fulfilled their obligation to protect the rights of the Companies in the events of the so called "strikes", through which groups of illegal miners have blockaded public and private roads, have threatened the employees of the Companies for them not to show up for work and have impeded

with violence and threats the activities of the Companies, especially in the municipalities of Segovia and Remedios (Antioquia). Between the year 2014 and 2016, Zandor has not been able to operate for more than a month, due to the strikes, armed violence, guerrilla activity and criminal bands, threats to employees and contractors of the Companies, blockades, etc. During such events, the political authorities and the police have allowed the activities of the illegals in detriment of the rights of the Companies.

Also, the Companies have been victims of attacks and damages to their facilities without the authorities providing effective protection to such assets or having prosecuted the offenders. For instance, in February 2016 the guerrilla group ELN perpetrated an attack in the machine room of the power plant "Doña Teresa", which construction had been contracted by Zandor to a company called "Proeléctrica". Such event was denounced before all competent authorities and caused damages for over US\$ 9 million, not including damages in terms of lack of access to power, costs, return on investment, subsequent security costs, among many others.

As another example, Zandor owns more than 4,187 hectares of land in the Municipalities of Segovia and Remedios in the Department of Antioquia. In such lands it has tried to promote farming and cattle activities directly and with the communities. However, an important portion of such area has been invaded, have been the theater of many crimes and it has been impossible for Zandor to exercise its property rights. Such company has initiated numerous legal actions against invaders of such land but to date no authority has advanced such procedures or enforced any decisions for vacating the squatters.

In brief, Gran Colombia Gold, through the Companies, has made important investments in Colombia, which integrity has not been protected by the Colombian State.

III. Breached provisions of the Agreement

Through the Companies, Gran Colombia Gold holds mining rights that were validly granted by the Republic of Colombia, as well as other proprietary rights which have been legally acquired. These rights are subject to protection by Colombian law and the Agreement. Upon seeing its mining rights ignored by the illegal miners and its proprietary rights ignored by third-parties, Gran Colombia Gold through the Companies has resorted to the administrative and judicial recourses provided by Colombian law for their protection. However, despite these insistent measures and activities, in most cases the Colombian authorities have omitted to rule on the applications by the Companies, thus violating Gran Colombia Gold's and the Companies' right to fair and equitable treatment and right to full protection and security. Moreover, in the few cases where rulings have been issued by administrative bodies or courts recognizing the rights of the Companies and ordering the eviction of illegal miners and again despite numerous requests from the Companies, the relevant authorities at all levels have failed to enforce the measures necessary for the protection of Gran Colombia Gold's and the Companies' rights, including but not limited to their physical, legal and commercial rights, thus perpetuating the violation of their right to full protection and security under the Agreement. By simply refusing or omitting to take such steps, it is evident that the Republic of Colombia breached the standards of protection, security, legitimate confidence and compliance expectations that is expected by investors such as Gran Colombia Gold and to which such investors have the right to expect from the Colombian State. Moreover, the inaction of the Colombian authorities has led to an indirect expropriation of Gran Colombia Gold's investment. By allowing illegal miners to operate in violation of the regulatory regime applied to and respected by Gran

Colombia Gold, the Republic of Colombia has accorded more favorable treatment to its own investors or to investments of its own investors than it has accorded to the Canadian investor or to the Canadian's investment.

Thus, as a result of the facts described in Section II of this Notice of Intent, Gran Colombia Gold contends that the following provisions of the Agreement have been violated by the Republic of Colombia:

1. Article 805 - Minimum Standard of Treatment: Under this article, the Republic of Colombia, in its capacity as a Party, undertakes to accord to covered investments treatment in accordance with the customary international law minimum standard of treatment of aliens, including "fair and equitable treatment" and "full protection and security". In particular, the Republic of Colombia's obligation to give a "fair and equitable treatment" to covered investments includes the obligation not to deny justice in criminal, civil or administrative proceedings, in accordance with the principle of due process.
2. Article 811 – Expropriation: Under this article, the Republic of Colombia, in its capacity as a Party, undertakes not to expropriate or nationalize a covered investment directly or indirectly through measures having an effect equivalent to expropriation or nationalization, except for certain reasons and under certain parameters specifically defined in the Agreement.
3. Article 803 - National Treatment: Under this article, the Republic of Colombia, in its capacity as a Party, undertakes to accord to investors of the other Party (Canada) and to covered investments treatment no less favorable than that it accords, in like circumstances, respectively to its own investors and to investments of its own investors with respect, among others, to the management, conduct, operation and sale of investments in its territory.

IV. Relief sought and the approximate amount of damages subject to claim

Should this claim proceed to arbitration, Gran Colombia Gold will seek monetary compensation from the Republic of Colombia to repair the damage caused to Gran Colombia Gold and the Companies as a result of its unlawful conduct.

Such damages have been accumulated since the entry into force of the Agreement and are continuing, until the decisions and orders described above are fully and completely enforced and the Companies have been restituted the full operations of their mining titles without interference.

Damages include, but are not limited to, the income lost deriving from the mineral resources illegally exploited by the invading miners; the loss of income from agricultural and farming assets which have been illegally exploited by squatters in the lands of the Companies; maintenance costs and taxes for assets to which the Companies have no access; loss of income from forced suspension of activities due to the "strikes" and threats and illegal violence; direct damages to infrastructure of the Companies; opportunity costs deriving from the impossibility of financing projects under the Mining Titles in more favorable times than the present; costs of security incurred by the Companies to preserve their rights in concrete situations and in the absence of State action and protection, claims and administrative resources deriving from the continued presence of illegal miners in the areas of the Mining Titles; environmental recovery costs involved in the regularization and environmental adaptation of areas

intervened by the illegal miners and squatters or affected by their activities against the Companies or in their properties.

The approximate amount of damages to date are estimated at no less than seven hundred million dollars of the United States of America (US\$700,000,000).

Gran Colombia Gold hereby notifies the Republic of Colombia that unless it complies with its obligations under the Agreement, and puts an end to the illegal occupation of the Mining Titles, Gran Colombia Gold and the Companies' damages will continue to accrue and, as such, the amount of damages claimed will likely be greater than the above-mentioned estimate.

V. Application

As a result of the above and in order to comply with the provisions of the Agreement, Gran Colombia Gold: (i) formally notifies the Republic of Colombia of the existence of a claim for breaches of Articles 803, 805 and 811 of the Agreement in consequence of which Gran Colombia Gold and the Companies have suffered loss or damage, all in accordance with the provisions of Article 819(a) and 820(1)(a) of the Agreement; (ii) for greater certainty, specifies that this notification constitutes the Notice of Intent provided in Article 821(2)(c) of the Agreement; and (iii) confirms its and the Companies' consent to the submission of this claim to arbitration in accordance with Section B of Chapter Eight of the Agreement, and in particular with Article 823 thereof. Gran Colombia Gold expresses its intention to achieve an amicable settlement between the parties within the period provided for in Article 821(1) of the Agreement and which starts with the receipt of this Notice of Intent, and is at the entire disposal of the Direction of Foreign Investment of the Ministry to initiate such process.

In any event, this communication shall not be construed as a waiver by Gran Colombia Gold or by the Companies to enforce their rights under the contractual provisions, internal and international rules of law or applicable international treaties. In this sense, Gran Colombia Gold expressly reserves all its and the Companies' rights under such instruments, including the resort to any available remedies.

For purposes of providing notifications under this process, please contact us in writing at the addresses mentioned in Section I of this communication.

In accordance with Article 821(1) of the Agreement and in an attempt to settle this claim amicably, Gran Colombia invites the Republic of Colombia to consultations and negotiations within 30 days of the submission of this Notice of Intent.

Truly Yours,

Lombardo Paredes Arenas
CEO of **Gran Colombia Gold Corp.**
Legal Representative of: **Zandor Capital S.A. Colombia**
Mineros Nacionales S.A.S.
Minerales Andinos de Occidente S.A.
Minera Croesus S.A.S.