

Fundamental Research Corp.

Investment Analysis for Intelligent Investors

April 5, 2019

Gran Colombia Gold Corp. (TSX: GCM / OTCQX: TPRFF) – Record Revenues in 2018

Sector/Industry: Junior Mining

www.grancolombiagold.com

Market Data (as of April 3, 2019)

Current Price	C\$3.52
Fair Value	C\$5.38
Rating*	BUY
Risk*	3
52 Week Range	C\$2.02 - C\$4.67
Shares O/S	48,280,305
Market Cap	C\$169.95 mm
Current Yield	N/A
P/E (2020 forward)	3.6x
P/B	0.6x
YoY Return	46.7%
YoY TSX	-0.1%

*see back of report for rating and risk definitions



- all the figures are in US\$ unless otherwise specified

Highlights

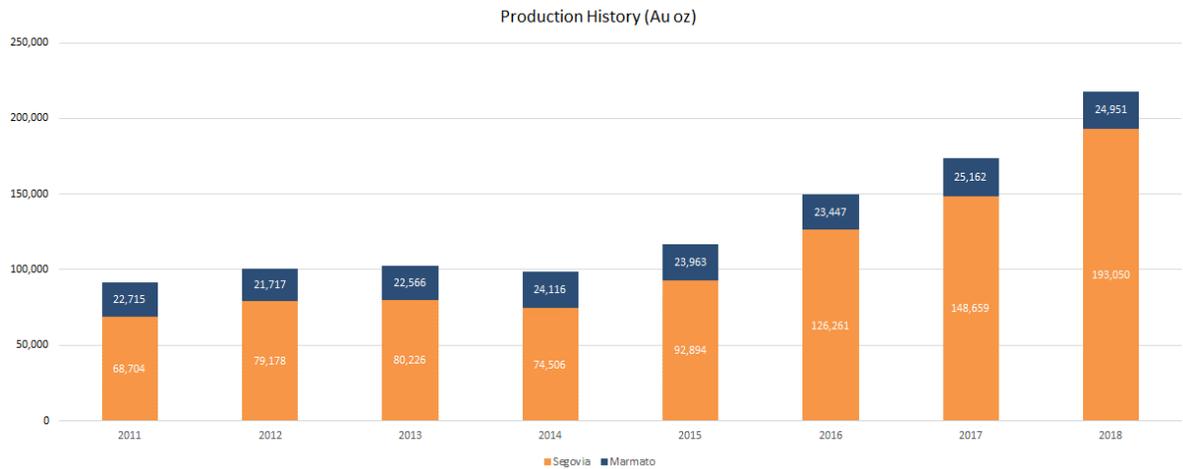
- Gran Colombia Gold (“GCM” “company”) reported record revenues of \$269 million (up 25% YoY) in 2018, just 0.7% short of our forecasted \$270 million.
- Normalized EBT was up 33% YoY to \$64 million (our forecast was \$67 million).
- GCM achieved record production of 218 Koz in 2018, up 25% YoY. Segovia produced 193 Koz (89% of the total production), and Marmato produced 25 Koz (11% of the total).
- Cash cost dropped 6% YoY to \$680 per oz in 2018. Segovia’s cost was down 6% (due to stronger production), and Marmato’s was up 8%, and remains high at over \$1,100 per oz. Management is focused on optimizing Marmato’s cash costs. The company expects to complete a Preliminary Economic Assessment on Marmato by end of the year.
- Management has maintained their guidance for 2019 at 210 Koz to 225 Koz. Our 2019 revenue forecast is \$277 million (previous forecast was \$282 million).
- We estimate the company’s shares are trading at \$857 per oz annual gold production (gold producers’ average – \$4,278), \$22 per oz resources (average – \$245), 0.7x revenues (average – 2.8x), and 1.7x EBITDA (average – 7.9x).

Key Financial Data (FYE - Dec 31)

US\$ millions except EPS	2015	2016	2017	2018	2019E	2020E
Revenues	\$134.95	\$184.07	\$215.37	\$268.53	\$277.14	\$292.27
Net Income	(\$13.09)	\$3.71	\$36.85	(\$3.38)	\$40.57	\$48.00
EPS	(\$0.55)	\$0.30	\$1.81	(\$0.10)	\$0.84	\$0.99
Cash and cash equivalents	\$3.08	\$3.03	\$7.54	\$35.65	\$61.55	\$76.40
Working Capital	(\$127.28)	(\$11.32)	(\$39.55)	\$4.42	\$25.78	\$44.34
LT Debt	\$1.57	\$85.02	\$64.88	\$54.56	\$49.06	\$32.56
ROE	-7.1%	2.2%	18.1%	-1.4%	15.2%	15.4%

Record Production in 2018

GCM achieved record production of 218 Koz in 2018, up 25% YoY. Segovia produced 193 Koz (89% of the total production), and Marmato produced 25 Koz (11% of the total). Both the Segovia and Marmato mines are located on the Middle Cauca Gold Belt near Medellin, Colombia.



GCM's Portfolio



Source: Company

Segovia's Production up 30% YoY

In 2018, Segovia produced 193 Koz, up 30% YoY. The average grade in 2018 was 17.1 gpt versus 16.2 gpt in 2017. Ore is processed through the Maria Dama process plant (current capacity of 1,200 tpd; with a planned increase to 1,500 tpd by the end of Q2). Marmato's production was down 0.8% YoY to 24,951 oz. Marmato's production has stayed relatively flat since 2002, averaging 23 Koz.

Production Summary

Segovia	2017	2018
Company Mines		
Tonnes Milled	194,143	302,509
TPD	532	829
Grade (gpt)	21.22	19.6
Recovery		
Recovered Gold (oz)	137,339	181,831
Contract Mines		
Tonnes Milled	84,058	67,897
TPD	230	186
Grade (gpt)	4.61	5.7
Recovery		
Recovered Gold (oz)	11,320	11,219
Total		
Tonnes Milled	278,201	370,406
TPD	762	1015
Grade (gpt)	16.20	17.10
Recovery	90.5%	90.0%
Recovered Gold (oz)	148,659	193,050
Company Operated (produced gold)	92%	94%
Contract Miners (produced gold)	8%	6%
Marmato		
Tonnes Milled	366,485	340,052
TPD	1004	932
Grade (gpt)	2.5	2.7
Recovery	86.8%	85.4%
Recovered Gold (oz)	25,162	24,951

Source: Company

Cash Cost at \$680 per oz

Along with strong production growth, GCM was also **successful in lowering its cash cost** by 6% YoY to \$680 per oz in 2018. Gross profit increased 10% YoY to \$559 per oz. As shown below, Segovia’s cost was down 6% (due to stronger production), and Marmato’s was up 8% due to lower production. **Management is focused on optimizing Marmato’s cash costs.**

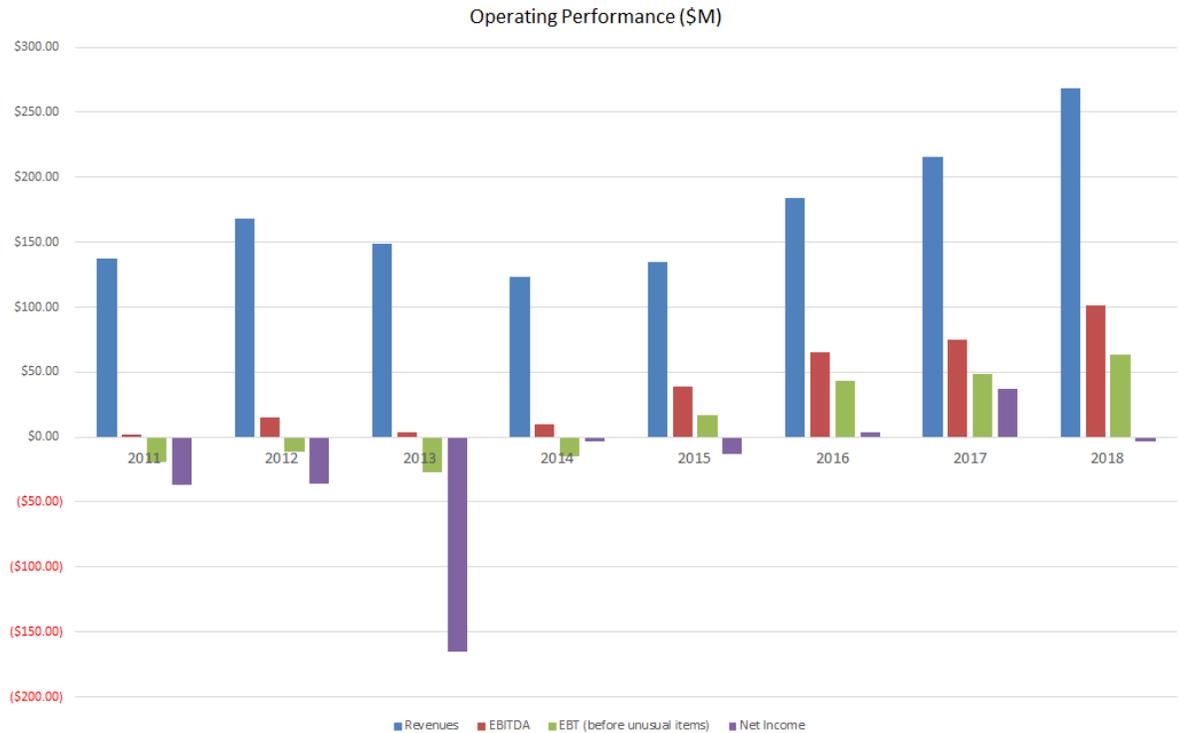
	2016	2017	2018	YoY
Gold Price (per oz)	\$1,218	\$1,226	\$1,239	1%
Cash Cost (per oz) - net of silver revenues	\$706	\$720	\$680	-6%
Gross Profit (Au/oz)	\$512	\$506	\$559	10%
AISC (per oz)	\$850	\$918	\$907	-1%
Cash Cost (\$ per oz)				
Segovia	\$655	\$664	\$623	-6%
Marmato UG	\$981	\$1,049	\$1,129	8%
Average	\$706	\$720	\$680	-6%

Source: Company Data

**2018 Revenues
Just 0.7%
Short of Our
Forecast**

In 2019, the company expects cash costs to be higher than 2018’s \$680 per oz, but lower than \$720 per oz.

The company’s revenues were up 25% YoY to \$269 million, just 0.7% short of our forecasted \$270 million. EBITDA was up 35% YoY to \$101 million (our forecast was \$105 million), and normalized EBT was up 33% YoY to \$64 million (our forecast was \$67 million). Note that our EBITDA calculations are slightly different from the company’s calculations.



Source: Company Data / FRC

The following table shows the margins. In 2018, the company reported gross margins of 44% (our forecast was 45%), EBITDA margins of 38%, and an EBIT margins of 27% (our forecast was 28%) - significantly higher than historic levels and the gold industry averages.

Margins	2011	2012	2013	2014	2015	2016	2017	2018	Gold Industry Average
Gross	21.8%	20.8%	11.2%	16.1%	34.2%	41.4%	40.5%	43.9%	30.2%
EBITDA	1.3%	8.8%	2.4%	8.2%	28.5%	35.6%	34.7%	37.8%	21.2%
EBIT	-11.9%	-1.2%	-8.8%	-4.8%	19.2%	28.8%	26.2%	27.0%	12.6%
EBT	-13.7%	-6.5%	-18.2%	-12.1%	12.8%	23.4%	22.3%	23.8%	
Net	-26.6%	-21.4%	-111.1%	-3.0%	-9.7%	2.0%	17.1%	-1.3%	1.2%

Expenses	2011	2012	2013	2014	2015	2016	2017	2018
G&A Expense / Revenues	11.3%	9.8%	7.6%	5.9%	4.2%	3.8%	3.6%	4.0%
Social Contributions / Revenues	3.2%	2.2%	1.3%	1.4%	1.5%	1.7%	1.9%	1.8%
Stock Based Comp / Revenues	5.9%	0.1%	0.0%	0.6%	0.0%	0.3%	0.3%	0.3%

Source: Company Data / FRC

Despite the strong EBT (normalized) growth, the company posted a net loss of -\$3.38 million (EPS: -\$0.10) in 2018 versus our estimate of -\$1.15 million (EPS: -\$0.02). This was due to \$25 million in charges related to extinguishment of the 2020 and 2024 debentures, and \$8 million of costs related to a \$98 million financing in 2018 (discussed in detail in our initiating report).

Free Cash Flow (“FCF”) was \$41 million in 2018, up 58% YoY.

Cash Flows (\$M)	2011	2012	2013	2014	2015	2016	2017	2018
Funds Flow from Operations	\$1.03	\$5.69	\$1.04	\$6.53	\$30.76	\$49.13	\$54.55	\$79.48
Cash Flow from Operations	(\$14.45)	\$12.98	\$13.54	\$9.75	\$32.95	\$33.27	\$50.53	\$79.74
Cash Flow from Investing	(\$62.09)	(\$49.65)	(\$40.88)	(\$29.57)	(\$12.45)	(\$16.52)	(\$24.60)	(\$38.76)
Cash Flow from Financing	\$74.65	\$15.86	\$27.76	\$19.08	(\$18.08)	(\$17.17)	(\$25.45)	(\$7.50)
FOREX	(\$1.56)	\$1.77	(\$0.11)	(\$0.10)	(\$0.18)	\$0.19	\$0.00	(\$1.11)
Net Change in Cash	(\$3.45)	(\$19.04)	\$0.31	(\$0.84)	\$2.24	(\$0.22)	\$0.49	\$32.37
Free Cash Flows	(\$76.54)	(\$36.67)	(\$27.34)	(\$19.82)	\$20.50	\$16.76	\$25.93	\$40.98

Source: Company Data / FRC

Management estimates CAPEX of \$25-\$30 million (excluding exploration) in 2019 on Segovia (ongoing mine development, mine infrastructure upgrades, etc.) and \$1.5 million on Marmato.

At the end of 2018, the company had \$36 million in cash. Working capital turned positive, and was \$4 million at the end of the year.

*Stronger
Balance Sheet*

	2011	2012	2013	2014	2015	2016	2017	2018	Gold Industry Average
Liquidity Analysis (\$M)									
Cash and Equivalents	\$22.69	\$71.28	\$32.25	\$0.77	\$3.08	\$3.03	\$7.54	\$35.65	
Working Capital	\$11.39	\$35.83	(\$14.43)	(\$144.13)	(\$127.28)	(\$11.32)	(\$39.55)	\$4.42	
Current Ratio	1.21	1.39	0.82	0.19	0.14	0.70	0.48	1.07	1.50
Debt / Capital	14.35%	30.67%	41.73%	35.70%	40.31%	32.07%	30.65%	23.17%	41%
LT Debt / Capital	13.21%	27.69%	38.47%	1.18%	0.61%	31.61%	20.06%	17.06%	
EBITDA to Interest	0.7	1.7	0.3	1.1	4.4	6.7	9.0	11.7	
Profitability Analysis									
Return on Avg Assets	-8.0%	-5.2%	-25.3%	-0.7%	-3.1%	1.0%	8.9%	-0.8%	2.1%
Return on Avg Equity	-10.8%	-8.3%	-49.5%	-1.6%	-7.1%	2.2%	18.1%	-1.4%	-0.1%
Return on Average Invested Capital	-3.5%	-0.3%	-2.1%	-1.2%	6.6%	15.3%	14.5%	18.1%	2.7%
Activity Analysis									
Days Inventory Outstanding	40	53	44	44	38	32	34	35	
Days Accounts Receivable	23	41	49	50	36	19	22	19	
Days Accounts Payable	104	134	161	190	182	109	82	66	
Cash Conversion Cycle	-41	-40	-67	-95	-108	-58	-26	-12	

Source: Company Data / FRC

Debt to capital dropped significantly to 23% at the end of 2018, from 31% at the end of 2017. The gold industry average is 41%. **At the end of 2018, the company had \$74 million in debt, which was comprised of 8.25% p.a. senior secured gold-linked notes due in 2024.** These notes were issued in April 2018, when the company issued 97,992 units for \$98 million to retire its 2020 and 2024 convertible debentures ahead of maturity. The principal outstanding on these notes was \$88 million at the end of 2018.

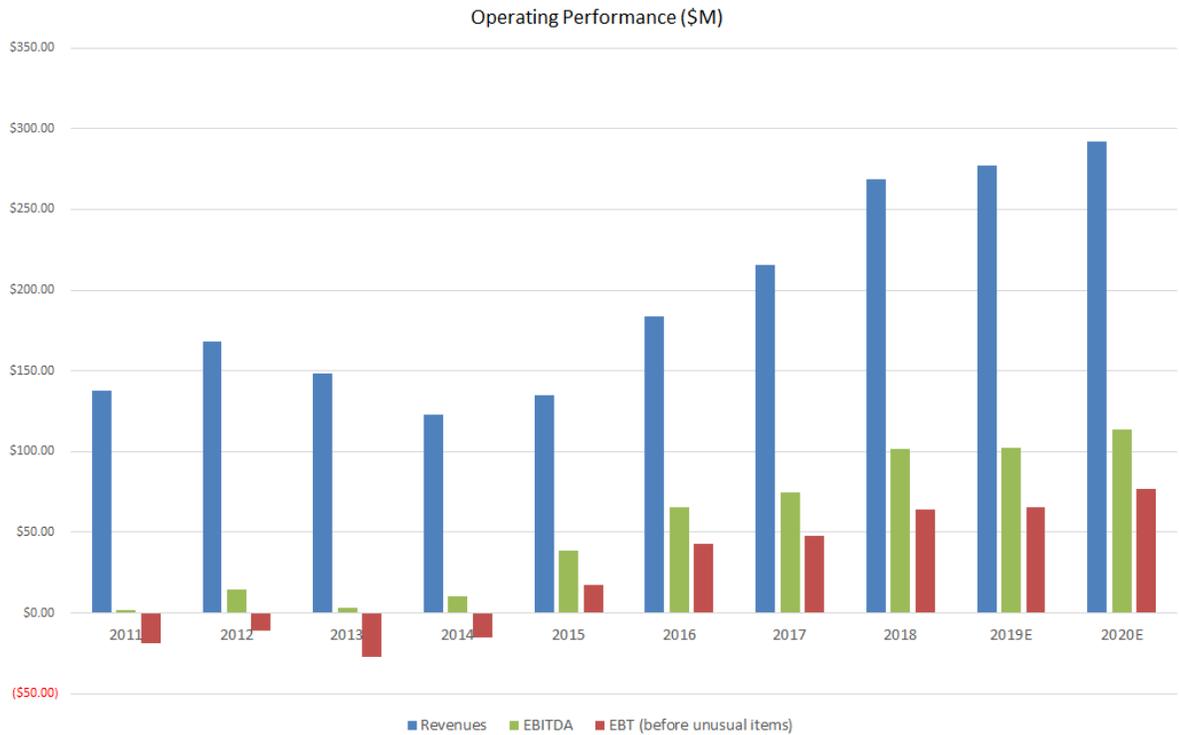
On April 4, 2019, the company raised C\$20 million through 8% p.a. convertible unsecured debentures due 2024 (conversion price of C\$4.75 per share). Insiders subscribed for C\$1.95 million. This is highly encouraging as we estimate that management / board also holds 5% of the total outstanding shares, 10% of the gold notes, and 6.5% of the outstanding warrants, aligning their interest with investors.

Stock Options and Warrants: The company currently has 2.6 million options (weighted average exercise price of C\$3.26) and 12.15 million warrants (weighted average exercise price of C\$2.21) outstanding. **Currently, all the options and warrants are in the money, implying the company can raise up to C\$34 million if exercised.**

Management has maintained their guidance for 2019 of 186 Koz to 199 Koz at Segovia, and 24 Koz to 26 Koz at Marmato, for a total of 210 Koz to 225 Koz in 2019. The following chart shows our revenue, EBITDA and EBIT forecasts. **Our 2019 forecast is \$277 million (previously \$282 million), which is based on gold sales of 215 Koz and an average price of \$1,275 per oz.** We were previously using \$1,300 per oz. Our 2020 forecast (which we are introducing in this report) is \$292 million from gold sales of 222.5 Koz, and a gold price of \$1,300 per oz.

Can Raise C\$34M if in-the-money warrants are exercised

Forecasts



Source: FRC

We are adjusting our 2019 net profit estimate from \$46 million (EPS: \$0.95) to \$41 million (EPS: \$0.84). Our 2020 estimate is net profit of \$48 million (EPS: \$0.99).

At the end of 2018, Segovia had 0.69 Moz (11 gpt) gold reserves (up 4.3% YoY), with a grade of 11 gpt (down 11.1% YoY). However, we were pleased to see that the contained ounce and grade of the resource base increased. At the end of 2018, Segovia had 1.33 Moz measured and indicated (up 6.6% YoY), and 1.16 Moz inferred (up 4.5% YoY). Marmato's resource dropped slightly as shown below.

	31-Dec-17			31-Dec-18			YoY Change (Oz)	YoY Change (Grade)
	Tonnes (Kt)	Grade (g/t)	Au (Koz)	Tonnes (Kt)	Grade (g/t)	Au (Koz)		
Segovia								
Proven + Probable	1,660	12.4	660	1,941	11.0	688	4.3%	-11.1%
Measured	213	21.3	146	218	20.0	140	-4.1%	-6.1%
Indicated	3,189	10.7	1,100	3,289	11.2	1,187	7.9%	4.7%
M&I	3,402	11.4	1,245	3,507	11.8	1,327	6.6%	3.5%
Inferred	3,420	10.1	1,107	3,562	10.1	1,157	4.5%	0.0%

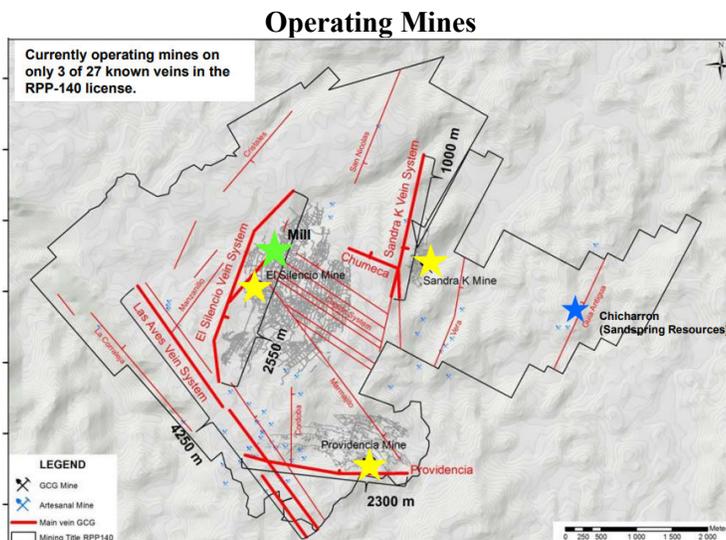
Exploration

Marmato	31-Dec-17			31-Dec-18			YoY Change
	Tonnes	Au Grade	Au	Tonnes	Au Grade	Au	
	(Mt)	(g/t)	(Koz)	(Mt)	(g/t)	(Koz)	
Measured	3	4.8	388	2.2	5.2	359	-7.5%
Indicated	38	2.8	3,485	38.5	2.8	3,485	0.0%
M&I	41	2.9	3,872	40.7	2.9	3,844	-0.7%
Inferred	52	2.5	4,194	52.0	2.5	4,194	0.0%

Source: Company

The company expects to complete a PEA on Marmato by end of the year.

Segovia’s mining operation includes the El Silencio, Providencia and Sandra K underground mines – which are three of the known 27 veins in the project area. In addition, the company also operates the Carla underground mine, which is located 10 km south. In 2018, the company completed 27,000 m of infill and step-out drilling, which identified a new structure at the Sandra K mine, and improved confidence in the existing resource. In addition, step-out drilling at the Cristales vein (one of the 24 under-explored veins) returned encouraging results from one hole: 7.58 g/t Au with 39.2 g/t Ag over 0.51 meters. The company has started a new 20,000 m drill program in 2019, which is focused more on step-out drilling at El Silencio, Providencia and Sandra K, along with brownfield drilling on the Cogote vein system as GCM increasingly shifts its attention toward the blue-sky potential within its Segovia mining title.



Source: Company

At Marmato, in 2018, the company conducted an infill drill program (20 holes totaling 7,200 m) focused on the upper part of the Deeps zone. The program identified two new zones of Deeps-style mineralization, extended known mineralization by over 300 m below the deepest level of the existing mine over a strike of 450 m. In 2019, the company is planning 15 holes totaling 8,000 m to extend the Deeps Zone further along strike and to upgrade a

Valuation and Rating

portion of the inferred resource for the upcoming PEA.

As shown below, GCM’s shares are trading significantly below all of the industry average metrics.

Gold Producers	EV / Annual Production \$/oz	EV / Resources \$/oz	EV / R	EV / EBITDA	P / B	Debt / EBITDA
Barrick	\$6,517	\$284	4.10	9.50	2.10	1.70
Newmont	\$4,009	\$507	2.90	7.70	1.80	1.60
Polyus	\$6,490	\$105	5.30	8.50	n/a	2.80
Goldcorp	\$5,618	\$293	4.30	n/a	1.00	2.80
Agnico Eagle	\$6,700	\$488	5.20	15.20	2.20	2.20
AngloGold	\$1,890	\$39	1.80	5.70	2.00	1.50
Kinross Gold	\$8,610	\$171	1.70	5.80	0.90	1.60
Gold Fields	\$2,367	\$871	1.90	5.00	1.20	1.50
Yamana	\$3,948	\$236	2.30	6.60	0.60	3.30
Sibanye	\$2,924	\$48	1.10	7.10	n/a	3.20
B2Gold	\$3,317	\$175	2.60	5.40	1.70	1.40
Alamos	\$3,382	\$171	2.60	8.20	0.70	0.00
Harmony	\$1,049	\$12	0.80	4.50	0.50	1.40
Eldorado Gold	\$3,073	\$28	2.30	13.00	0.20	9.80
Average	\$4,278	\$245	2.78	7.86	1.24	2.49
Min	\$1,049	\$12	0.80	4.50	0.20	0.00
Max	\$8,610	\$871	5.30	15.20	2.20	9.80
Gran Colombia	\$857	\$22	0.65	1.72	0.59	0.69

Source: S&P Capital IQ / FRC

As we slightly lowered our near-term EPS forecasts, we are adjusting our fair value estimate from C\$5.62 to C\$5.38 per share. For conservatism, we are not assigning any value on Zancudo.

Valuation Summary	\$ per Share
Segovia	\$3.95
Marmato	\$1.18
Zancudo	-
Investment in Sandspring Resources	\$0.12
Working Capital, net of Debt	-\$1.20
Fair Value Estimate (\$)	\$4.05
Fair Value Estimate (C\$) - 1.33x C\$/US\$	\$5.38

Source: FRC

We are maintaining our BUY rating on GCM shares. We have identified the following key catalysts:

Risks

- Increase production to 250 Koz in the next two years
- Continued cost reduction
- Drilling at Segovia and Marmato
- PEA on Marmato by the end of 2019
- IAMGOLD's drilling at Zancudo
- Developments by Sandspring

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The value of the company is dependent on gold prices.
- Ability to ramp up production.
- Like most producers, the company holds debt.
- The gold notes are exposed to gold prices.
- Geopolitical risks
- Potential for recurring problems from illegal miners in the area.
- Exploration success.
- The PEA on Marmato may not produce favorable results.
- Foreign exchange risks.

We rate GCM shares a Risk of 3 (Average).

APPENDIX

Income Statement										
US\$ millions except EPS	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E
Revenues	\$137.71	\$168.24	\$148.53	\$123.03	\$134.95	\$184.07	\$215.37	\$268.53	\$277.14	\$292.27
Other Revenue										
Total Revenue	\$137.71	\$168.24	\$148.53	\$123.03	\$134.95	\$184.07	\$215.37	\$268.53	\$277.14	\$292.27
Cost Of Goods Sold	\$107.73	\$133.18	\$131.83	\$103.19	\$88.84	\$107.79	\$128.14	\$150.76	\$157.55	\$160.75
Gross Profit	\$29.98	\$35.06	\$16.70	\$19.84	\$46.11	\$76.28	\$87.23	\$117.77	\$119.59	\$131.52
G&A	\$15.58	\$16.50	\$11.23	\$7.32	\$5.70	\$7.08	\$7.67	\$10.64	\$11.17	\$11.45
Social Contributions	\$4.47	\$3.67	\$1.94	\$1.68	\$1.99	\$3.16	\$4.10	\$4.86	\$5.32	\$5.46
SBC	\$8.17	\$0.11	\$0.01	\$0.79		\$0.55	\$0.63	\$0.90	\$0.95	\$0.97
Total	\$28.22	\$20.27	\$13.17	\$9.79	\$7.69	\$10.79	\$12.41	\$16.40	\$17.44	\$17.88
EBITDA	\$1.77	\$14.79	\$3.53	\$10.05	\$38.42	\$65.50	\$74.82	\$101.37	\$102.16	\$113.64
Depreciation & Amort.	\$18.13	\$16.86	\$16.62	\$15.93	\$12.50	\$12.56	\$18.42	\$28.90	\$30.34	\$31.10
EBIT	-\$16.36	-\$2.07	-\$13.09	-\$5.89	\$25.93	\$52.93	\$56.41	\$72.48	\$71.82	\$82.54
Interest	-\$2.56	-\$8.82	-\$13.93	-\$9.05	-\$8.71	-\$9.83	-\$8.28	-\$8.65	-\$6.11	-\$5.66
EBT (before unusual items)	-\$18.91	-\$10.89	-\$27.01	-\$14.93	\$17.22	\$43.11	\$48.13	\$63.82	\$65.71	\$76.89
Finance Cost	-\$7.31	-\$10.15	-\$2.47	-\$2.33	-\$4.07	-\$22.70	-\$23.73	-\$20.52		
Unusual / Non-Recurring	-\$5.48	-\$18.14	-\$149.75	\$26.63	-\$18.61	-\$1.86	\$44.04	-\$26.01		
EBT	-\$31.71	-\$39.18	-\$179.23	\$9.37	-\$5.46	\$18.55	\$68.44	\$17.29	\$65.71	\$76.89
Income Tax	\$4.95	-\$3.25	-\$14.22	\$13.02	\$7.63	\$14.84	\$31.59	\$20.67	\$25.14	\$28.89
Net Income	-\$36.66	-\$35.92	-\$165.01	-\$3.65	-\$13.09	\$3.71	\$36.85	-\$3.38	\$40.57	\$48.00
Basic EPS	-\$0.12	-\$2.35	-\$10.80	-\$0.17	-\$0.55	\$0.30	\$1.81	-\$0.10	\$0.84	\$0.99

Balance Sheet										
US\$ millions	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E
ASSETS										
Cash and Equivalents	\$22.69	\$71.28	\$32.25	\$0.77	\$3.08	\$3.03	\$7.54	\$35.65	\$61.55	\$76.40
Accounts Receivable	\$12.85	\$24.78	\$15.48	\$18.45	\$7.91	\$11.35	\$14.41	\$13.50	\$15.24	\$16.07
Inventory	\$20.91	\$17.62	\$14.15	\$10.81	\$7.80	\$10.83	\$12.93	\$15.84	\$14.97	\$15.27
Prepaid Exp./ Others	\$8.26	\$13.94	\$2.89	\$3.90	\$1.33	\$1.68	\$2.01	\$4.74	\$2.77	\$2.92
Total Current Assets	\$64.71	\$127.62	\$64.75	\$33.93	\$20.13	\$26.89	\$36.89	\$69.72	\$94.53	\$110.67
Cash in Trust		\$14.96	\$1.14	\$0.72	\$0.31	\$1.26	\$8.41	\$0.73	\$0.73	\$0.73
Accounts Receivable					\$0.80	\$0.70				
Mining Interests	\$556.84	\$620.24	\$472.23	\$428.54	\$350.69	\$349.00	\$404.58	\$373.24	\$387.90	\$401.80
Deferred Tax Assets					\$6.40	\$3.27				
Available for Sale / Others	\$6.99	\$3.00	\$0.55	\$0.02	\$0.02	\$0.04	\$0.12	\$6.17	\$6.17	\$6.17
Total Assets	\$628.53	\$765.81	\$538.66	\$463.21	\$378.34	\$381.15	\$449.99	\$449.85	\$489.32	\$519.37
LIABILITIES										
Accounts Payable	\$37.37	\$60.31	\$55.70	\$51.68	\$36.83	\$27.60	\$29.80	\$24.86	\$28.36	\$28.93
Debt	\$5.80	\$18.32	\$13.50	\$116.33	\$102.18	\$1.23	\$34.27	\$19.54	\$19.50	\$16.50
Provisions			\$2.10	\$1.37	\$1.83	\$3.32	\$4.00	\$2.85	\$2.85	\$2.85
Income Tax / Others	\$10.15	\$13.16	\$7.88	\$8.68	\$6.56	\$6.05	\$8.37	\$18.04	\$18.04	\$18.04
Total Current Liabilities	\$53.32	\$91.79	\$79.18	\$178.06	\$147.41	\$38.21	\$76.44	\$65.30	\$68.75	\$66.32
Debt	\$67.65	\$170.13	\$159.02	\$3.97	\$1.57	\$85.02	\$64.88	\$54.56	\$35.06	\$18.56
Debentures									\$14.00	\$14.00
Provisions / Others	\$19.89	\$34.81	\$39.44	\$34.38	\$25.49	\$25.31	\$24.80	\$38.12	\$38.12	\$38.12
Income Tax	\$49.12	\$43.00	\$20.15	\$30.10	\$50.27	\$49.92	\$59.50	\$46.21	\$46.21	\$46.21
Total Liabilities	\$189.98	\$339.74	\$297.79	\$246.50	\$224.73	\$198.46	\$225.63	\$204.18	\$202.13	\$183.21
Share Capital	\$514.04	\$537.48	\$517.57	\$497.06	\$447.51	\$472.88	\$485.23	\$509.93	\$509.93	\$509.93
Retained Earnings/Deficit	-\$76.24	-\$112.41	-\$277.57	-\$280.88	-\$293.90	-\$290.19	-\$260.87	-\$264.25	-\$222.73	-\$173.77
Non-Controlling Interest	\$0.75	\$1.00	\$0.87	\$0.53						
Total Common Equity	\$438.55	\$426.07	\$240.87	\$216.71	\$153.61	\$182.69	\$224.36	\$245.68	\$287.19	\$336.16
Total Liabilities And Equity	\$628.53	\$765.81	\$538.66	\$463.21	\$378.34	\$381.15	\$449.99	\$449.85	\$489.32	\$519.37

Cash Flow										
US\$ millions	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E
Net Income	-\$36.66	-\$35.92	-\$165.01	-\$3.65	-\$13.09	\$3.71	\$36.85	-\$3.38	\$40.57	\$48.00
Depreciation & Amort.	\$18.28	\$16.86	\$16.62	\$15.93	\$12.50	\$12.56	\$18.42	\$28.90	\$30.34	\$31.10
SBC	\$8.17	\$0.11	\$0.01	\$0.79		\$0.55	\$0.63	\$0.90	\$0.95	\$0.97
Others	\$11.24	\$24.65	\$149.43	-\$6.54	\$31.35	\$32.31	-\$1.35	\$53.06	0	0
Working Capital	-\$15.48	\$7.29	\$12.49	\$3.22	\$2.19	-\$15.86	-\$4.02	\$0.26	\$4.59	-\$0.71
Cash from Ops.	-\$14.45	\$12.98	\$13.54	\$9.75	\$32.95	\$33.27	\$50.53	\$79.74	\$76.44	\$79.36
Mining Interests / Others	-\$62.09	-\$50.13	-\$40.88	-\$29.88	-\$12.65	-\$16.71	-\$24.97	-\$39.57	-\$45.00	-\$45.00
Sale		\$0.48		\$0.31	\$0.20	\$0.19	\$0.37	\$0.80		
Cash from Investing	-\$62.09	-\$49.65	-\$40.88	-\$29.57	-\$12.45	-\$16.52	-\$24.60	-\$38.76	-\$45.00	-\$45.00
Debt	\$77.70	\$15.86	\$27.76	\$5.50	-\$18.39	-\$16.79	-\$25.41	-\$7.56	-\$19.54	-\$19.50
Equity	-\$3.05			\$13.33				\$0.09		
Other				\$0.25	\$0.31	-\$0.37	-\$0.04	-\$0.03	\$14.00	
Cash from Financing	\$74.65	\$15.86	\$27.76	\$19.08	-\$18.08	-\$17.17	-\$25.45	-\$7.50	-\$5.54	-\$19.50
FOREX	-\$1.56	\$1.77	-\$0.11	-\$0.10	-\$0.18	\$0.19	\$0.00	-\$1.11		
Net Change in Cash	-\$3.45	-\$19.04	\$0.31	-\$0.84	\$2.24	-\$0.22	\$0.49	\$32.37	\$25.90	\$14.86

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company’s capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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