



GCM Mining Announces Second Quarter and First Half 2022 Results

TORONTO, Aug. 11, 2022 -- GCM Mining Corp. (TSX: GCM; OTCQX: TPRFF) announced today the release of its unaudited interim condensed consolidated financial statements ("Financial Statements") and accompanying management's discussion and analysis (MD&A) for the three and six months ended June 30, 2022. All financial figures contained herein are expressed in U.S. dollars ("USD") unless otherwise noted. Non-GAAP financial performance measures in this press release are identified with "NG". For a detailed description of each of the non-GAAP measures used in this press release and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the Company's MD&A.

Second Quarter and First Half 2022 Highlights

- GCM announced on July 25, 2022 that it will merge with Aris Gold Corporation ("Aris") through a plan of arrangement to create a leading Americas gold producer (the "**Aris Merger**"). Under the terms of the Aris Merger, all the outstanding Aris shares not held by GCM will be exchanged at a ratio of 0.5 of a common share of GCM for each common share of Aris. Based on respective share values as of the date of execution of the Arrangement Agreement, on closing, GCM shareholders and Aris shareholders (taking into consideration the 44.3% of Aris currently held by GCM) are expected to own, on a diluted in-the-money basis, approximately 74% and 26% of the combined group, respectively. The no premium transaction will create the top-of-the-class company among junior producers and the largest gold company in Colombia, with diversification in Guyana and Canada. The Aris Merger also brings together teams with unmatched experience in Colombia and extensive project development and mine building expertise. The Aris Merger is subject to GCM and Aris shareholder approval, receipt of all required governmental and regulatory approvals including Toronto Stock Exchange ("TSX") and Colombian anti-trust approvals, and other customary conditions. The shareholder meetings have been set for September 19, 2022 and closing is expected a short time thereafter.
- Subsequent to the announcement of the proposed Aris Merger, **Fitch Ratings** and **S&P Global Ratings** have both affirmed B+ ratings for the Company's Senior Notes due 2026. Fitch Ratings maintained its outlook at Stable while S&P Global Ratings revised its outlook to Positive from Stable. The ratings reflect the view that GCM will have an immediately increased productive asset base with the addition of the Marmato Project, which is currently in production and undergoing an expansion, which will accelerate deleveraging and result in larger scale and cash flow generation without requiring additional funding or compromising its liquidity. With both the Toroparu Project and the expansion of the Marmato Project funded and the combined group generating Free Cash Flow from its producing assets, the combined group following the proposed Aris Merger is expected to maintain a low leverage profile.
- GCM's **gold production** from its Segovia Operations totaled 53,198 ounces in the second quarter of 2022, up 2% over the second quarter last year. For the first half of 2022, gold production was 103,149 ounces compared with 103,684 ounces in the first half last year. In July 2022, Segovia produced 17,951 ounces of gold bringing Segovia's trailing 12 months' total gold production as of the end of July 2022 to 210,975 ounces, up 2% over 2021. With completion of the expansion of the Company's processing plant at Segovia to 2,000 tpd in August 2022, GCM is on track to meet its annual production guidance for 2022 of between 210,000 and 225,000 ounces of gold.
- The new **polymetallic recovery plant** constructed in 2021 at Segovia has been in steady operation through the first half of 2022 and is expected to commence sales of stockpiled zinc and lead concentrates under an offtake contract with an international customer commencing in the third quarter of 2022.
- Consolidated **revenue** amounted to \$101.4 million in the second quarter of 2022, up 5% over the second quarter last year on the strength of the production increase and a 3% increase in realized gold prices, bringing revenue for the first half of 2022 to \$202.7 million, up from \$198.3 million in the first half of 2021 (which included \$5.1 million from Aris prior to the loss of control of Aris on February 4, 2021).
- At the Segovia Operations, **total cash costs**^{NG} averaged \$877 per ounce in the second quarter of 2022, reflecting an increase in the proportion of its quarterly gold production sourced from higher-cost, high-grade small-scale miners, the implementation of annual labor rate increases, an increase in local electricity rates and a temporary shift toward a higher cost electricity source while a transformer at the lower cost electricity source was repaired, and an increase in various activity-based costs such as maintenance programs associated with older underground mine equipment, the semi-annual replacement of the mill liners in June, the delivery of mechanized equipment into the Carla mine and additional headcount required to support these activities. The Company expects that its total cash costs per ounce will decrease in the third quarter of 2022 with electricity sourcing back to normal, the maintenance activities noted above having been completed and the impact of the plant capacity expansion that will reduce fixed costs on a per ounce basis. This brings Segovia's total cash cost for the first half of 2022 to \$847 per ounce compared with \$796 per ounce in the first half last year. Including Marmato, consolidated total cash costs in the first half last year was \$816 per ounce.
- All-in sustaining costs ("AISC")**^{NG} **per ounce sold** for the Segovia Operations increased to \$1,228 in the second quarter of 2022, largely reflecting the increase in total cash costs per ounce. This brings Segovia's AISC to \$1,207 per

ounce in the first half of 2022 compared with \$1,110 per ounce in the first half last year. Segovia's AISC for the first half of 2022 reflects the increase in total cash costs per ounce and the \$4.0 million of fees, equivalent to about \$37 per ounce sold, included in G&A expenses in the first half of 2022 related to the Company's ongoing arbitration proceedings with the International Centre for Settlement of Investment Disputes ("ICSID") in respect of its claim against the Republic of Colombia (the "FTA Claim"). Including Marmato, consolidated AISC in the first half last year was \$1,133 per ounce.

- GCM maintained its commitment to its **exploration drilling campaigns** in the first half of 2022, completing a total of approximately 38,000 meters of drilling through its in-mine/near-mine and mine geology programs at its producing mines and another approximately 15,000 meters through its brownfield drilling program at Cristales, Marmajito, Manzanillo and Vera. GCM's press release dated June 27, 2022 reported the continuation of significant high-grade intercepts at its producing Sandra K and El Silencio mines and success in its brownfield drilling campaign on the La Guarida-Cristales Vein System including 48.45 g/t Au and 34.2 g/t Ag over 0.47 meters.
- **Adjusted EBITDA**^{NG} amounted to \$45.9 million for the second quarter of 2022 compared with \$48.0 million in the second quarter last year. For the first half of 2022, adjusted EBITDA amounted to \$91.1 million compared with \$94.3 million in the first half last year. This brings the trailing 12 months' total adjusted EBITDA at the end of June 2022 to \$168.4 million compared with \$171.6 million in 2021.
- **Net cash provided by operating activities** in the second quarter of 2022 increased to \$31.5 million from \$12.8 million in the second quarter last year, benefitting from the receipt of pending VAT refunds from 2021 and lower income tax payments this year. For the first half of 2022, net cash provided by operating activities was \$55.7 million compared with \$26.4 million in the first half last year (which was net of \$10.1 million used by Aris prior to the loss of control in early 2021). This brings the trailing 12 months' net cash provided by operating activities at the end of June 2022 to \$109.9 million, up from \$80.6 million in 2021.
- **Free Cash Flow**^{NG} in the second quarter of 2022 was \$20.5 million compared with negative \$2.8 million in the second quarter last year, benefitting from the improvement in operating cash flow. Similarly, for the first half of 2022, Free Cash Flow improved to \$31.2 million compared with negative \$0.3 million in the first half last year. This brings the trailing 12 months' Free Cash Flow at the end of June 2022 to \$57.7 million, up from \$26.2 million in 2021.
- The Company's **balance sheet** remained strong with a cash position of \$265.5 million at June 30, 2022. GCM used a portion of its cash position in the second quarter of 2022 to fund the acquisition of the \$35.0 million Aris Convertible Debenture due October 12, 2023. The Company also has \$138.0 million of funding available for construction of its Toroparu Project in Guyana through a precious metals stream facility with Wheaton Precious Metals (Caymans) Ltd. ("Wheaton"). Other than scheduled interest payments, the Company has no maturities of its long-term debt in the next 12 months.
- GCM has been making considerable progress at the **Toroparu Project** in Guyana in the first half of 2022 focused on pre-construction activities, preparation of the PFS, finalization of the mining license and selection and engagement of key contractors to be involved in the construction and eventual operation of the project. The Company incurred a total of \$31.0 million of non-sustaining capital expenditures^{NG} in the first half of 2022 at the Toroparu Project. In light of the proposed Aris Merger, it is now expected that the PFS will not be finalized until after the closing of the transaction. The updated application for the mining license was submitted in early 2022 and the Company is continuing to support the approval process for the mining license which it expects to finalize by the fourth quarter of 2022.
- The Company returned a total of \$10.1 million to shareholders in the first half of 2022 with payment of its **monthly dividends** totaling \$7.0 million and the repurchase of approximately 0.8 million shares for cancellation under its Normal Course Issuer Bid ("NCIB") at a cost of \$3.1 million.
- **Income from operations** in the second quarter of 2022 was \$37.8 million, down from \$39.6 million in the second quarter last year largely due to the impact of the increase in Segovia's total cash cost^{NG} per ounce sold on cost of sales, offset partially by a reduction in share-based compensation. For the first half of 2022, the increased level of legal costs associated with the FTA Claim, most of which impacted the first quarter of 2022, and the increased total cash costs per ounce sold in the second quarter of 2022 contributed to a decrease in income from operations to \$73.5 million compared with \$78.7 million in the first half last year.
- The Company reported **net income** of \$39.0 million (\$0.40 per share) in the second quarter of 2022 compared with \$29.8 million (\$0.41 per share) in the second quarter last year. The gain on financial instruments recorded in the second quarter of 2022 more than compensated for the decrease in income from operations, higher finance costs and income taxes, and an increase in the loss from equity accounting in associates, all compared with the second quarter last year. For the first half of 2022, the Company reported net income of \$44.2 million (\$0.45 per share) compared with \$148.1 million (\$2.31 per share) in the first half last year, reflecting the decrease in income from operations, higher finance costs and income taxes, and an increase in the loss from equity accounting in associates compared with the first half last year. Net earnings in the first half of 2021 also included the benefit of a \$56.9 million gain on loss of control of Aris and an \$8.9 million gain on sale of the Zancudo Project, offset partially by \$9.8 million of transaction costs incurred by Aris in connection with the loss of control in early 2021.
- The Company reported **adjusted net income**^{NG} for the second quarter and first half of 2022 of \$14.2 million (\$0.15 per share) and \$29.0 million (\$0.30 per share), respectively, compared with \$23.6 million (\$0.33 per share) and \$45.5 million

(\$0.69 per share), respectively, in the second quarter and first half last year. The decrease in adjusted net income in the second quarter and first half of 2022 compared with the corresponding periods last year largely reflects the decrease in income from operations as noted above together with increase in finance costs and an increase in income tax expense due to the tax rate increase in Colombia effective in 2022.

- GCM published its second annual **sustainability report** in June 2022. The report reflects a focused effort on measuring and disclosing the Company's Environmental, Social and Governance priorities and performance and highlights GCM's initiatives and progress in line with international reporting standards.

Selected Financial Information

	Second Quarter		First Half	
	2022	2021	2022	2021
Operating data				
Gold produced (ounces) ⁽¹⁾	53,198	52,198	103,149	103,684
Gold sold (ounces)	53,884	52,838	107,529	108,155
Average realized gold price (\$/oz sold) ⁽²⁾	\$ 1,859	\$ 1,797	\$ 1,859	\$ 1,805
Total cash costs (\$/oz sold) ⁽²⁾	877	767	847	816
AISC (\$/oz sold) ⁽²⁾	1,228	1,101	1,207	1,133
Financial data (\$000's, except per share amounts)				
Revenue	\$ 101,371	\$ 96,353	\$ 202,693	\$ 198,272
Adjusted EBITDA ⁽²⁾	45,863	47,995	91,081	94,318
Net income	38,965	29,799	44,203	148,104
Per share - basic	0.40	0.41	0.45	2.31
Per share - diluted	0.15	0.28	0.24	1.47
Adjusted net income ⁽²⁾	14,224	23,556	29,005	45,504
Per share – basic ⁽²⁾	0.15	0.33	0.30	0.69
Per share - diluted ⁽²⁾	0.13	0.28	0.27	0.58
Net cash provided by operating activities	31,525	12,786	55,734	26,403
Free cash flow ⁽²⁾	20,483	(2,834)	31,171	(337)
			June 30, 2022	December 31, 2021
Balance sheet (\$000's):				
Cash and cash equivalents		\$ 265,501	\$ 323,565	
Gold Bullion ⁽³⁾		2,688	4,479	
Senior Notes due 2026 – principal amount outstanding ⁽⁴⁾		300,000	300,000	
Convertible Debentures due 2024 – principal amount outstanding ⁽⁵⁾		CA18,000	CA18,000	

(1) First half 2021 includes production from the Marmato Project up to February 4, 2021, the date of loss of control of Aris.

(2) Refer to "Non-IFRS Measures" in the Company's MD&A.

(3) The Company is maintaining a portion of its liquidity in gold bullion. As at June 30, 2022, the Company had 1,500 ounces in its gold bullion account (December 31, 2021 – 2,500 ounces).

(4) The Senior Notes were issued in August 2021 and are recorded in the Financial Statements at amortized cost. At June 30, 2022, the carrying amount of the Senior Notes outstanding, including accrued interest of \$8.1 million, was \$296.9 million (December 31, 2021 - \$294.8 million, including \$8.1 million of accrued interest).

(5) The Convertible Debentures are recorded in the Financial Statements at fair value. At June 30, 2022, the carrying amount of the Convertible Debentures outstanding was \$14.0 million (December 31, 2021 - \$19.5 million).

Second Quarter and First Half 2022 Results Webcast

As a reminder, GCM Mining will host a conference call and webcast on Friday, August 12, 2022 at 9:00 a.m. Eastern Time to discuss the results.

Webcast and call-in details are as follows:

Live Event link: <https://edge.media-server.com/mmc/p/yswncieo>
Canada/ International Toll: 1 (647) 484-8332 PIN: 19483475#

Canada Toll Free:	1 (866) 455-3403 PIN: 19483475#
United States Toll:	1 (404) 400-0571 PIN: 19483475#
United States Toll Free:	1 (866) 374-5140 PIN: 19483475#
Colombia Toll:	+57 601 485-0348 PIN: 19483475#
Colombia Toll Free:	+57 800 519-0788 PIN: 19483475#
Conference ID:	EV00136622

Participants should note that for the Q&A portion of the webcast, questions must be submitted through the live event webcast portal noted above.

A replay of the webcast will be available at www.gcm-mining.com from Friday, August 12, 2022 until Friday, September 9, 2022.

About GCM Mining Corp.

GCM Mining is a mid-tier gold producer with a proven track record of mine building and operating in Latin America. In Colombia, the Company is the leading high-grade underground gold and silver producer with several mines in operation at its Segovia Operations. Segovia produced 206,389 ounces of gold in 2021. In Guyana, the Company is advancing its fully funded Toroparu Project, one of the largest undeveloped gold/copper projects in the Americas, which is expected to commence production of more than 200,000 ounces of gold annually in 2024. GCM Mining has equity interests in Aris Gold Corporation (~44%; TSX: ARIS; Colombia – Marmato, Soto Norte; Canada - Jubby), Denarius Metals Corp. (~32%; TSX-V: DSLV; Spain – Lomero-Poyatos and Colombia – Guia Antigua, Zancudo) and Western Atlas Resources Inc. (~26%; TSX-V: WA: Nunavut – Meadowbank).

Additional information on GCM Mining can be found on its website at www.gcm-mining.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 the proposed Aris Merger, production guidance, the Toroparu Project construction, mining license and technical studies, and other 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 GCM Mining 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 31, 2022 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 GCM Mining 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.

For Further Information, Contact:

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