



Year End Message to Shareholders

From the desk of Frank Baša, President and CEO

The Granada property was further developed in 2018 with drilling at the Genesis target and trenching at Aukeko. A renewed resource was completed and the third of four dividend distributions with warrants in the money provided a robust double-digit dividend rate to shareholders of record in the first quarter.

The early assay results from Genesis were extremely encouraging at 5.07 g/t gold over 11 metres in hole GR 18-03 plus visible gold in GR 18-04 with 13.21 g/t gold over 1.5 metres including 37.2 g/t gold over a half metre. Management is excited about future prospects at Genesis with more results from this new zone to come. Earlier in the year trenching at Aukeko assayed 8.49 g/t gold over 0.5 metres prior to focussing on the Genesis target in the second half of the year.

The new 2018 Pit constrained gold resource came in at 464,000 ounces Measured @ 1.13 g/t Au plus 349,000 ounces Indicated @ 1.13 g/t Au (cut-off 0.40 g/t) for 813,000 ounces M&I @ 1.13 g/t Au and 455,000 ounces Inferred @ 2.04 g/t Au. The full report is expected to further expand the resource numbers once the underground gold is added in.

Granada is fully permitted for mining the near surface open-pit 4.2 g/t gold outlined in the 2014 PFS with ore stockpiled, ready to go. The company is also closing in on a deal with acceptable terms for the purchase of a mill to install at the Castle Mine site to process the 75,000 ounces of high-grade near surface gold. At the same time, discussions with local mills are also underway due to a renewed interest and apparent willingness to accept the entire amount of ore for processing. A new custom milling agreement would create cash flow in 2019.

As a long time proponent of gold as sound money my resolve to get ounces out of the ground at Granada is as strong as ever. I have personally been working on a number of strategic initiatives that would be potential game changers for Granada Gold.

I would like to thank all shareholders for their continued support and wish everyone the best of the season and look forward to a prosperous new year ahead.

Frank J. Baša
CEO and Chairman
Granada Gold Mine