

Tolima Gold Inc.

TSX VENTURE : [TOM](#)

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Tolima Gold Inc. Provides Production and Capital Investment Update

TORONTO, ONTARIO--(Marketwire - June 27, 2012) - Tolima Gold Inc. ("Tolima" or the "Company") (TSX VENTURE:TOM) provides an update on production from its mine assets and on increase in capacity of its processing plant asset in the Segovia/Remedios mining district of Antioquia, Colombia.

In furtherance of its ongoing drilling program and the channel and bulk sampling of the vein systems and stockpiles of material identified with the dewatering of the old La Bartola gold mine, as well as the development work carried out in the San Pablo gold mine, both located within the area of the Company's Remedios project, Tolima is now accelerating its production expansion plan for such project.

The San Pablo processing plant, located within the San Pablo concession (the "**Plant**"), has now been in operation for 6 months, mainly processing low grade material provided by third parties. This has allowed the Company to streamline the processing circuit and to prepare the plant to efficiently process material from the La Bartola and San Pablo mines. The San Pablo mine is right next to the Plant and the La Bartola mine is located approximately 500 meters from the Plant.

The Plant has a current installed processing capacity of 100 tons per day (tpd) and has been operating to date at an average rate of 77 tpd. Production from the La Bartola and San Pablo mines is expected to feed the Plant at its current capacity by July 2012. By that time, all processing contracts for material supplied by third parties will be completed.

As dewatering and rehabilitation of The La Bartola mine has advanced, material extraction began in May 2012. At the same time, development work on the San Pablo mine is being completed, with material being stockpiled since May 2012 as well. Material from the Company's mines is expected to be of higher grade than the third party material currently being processed.

As production of the Company's mines ramps up, a capital investment program to increase processing capacity of the Plant is under way. It includes installing and bringing on line two Denver ball mills (6' x 3') to bring the processing capacity of the plant to 300 tpd. All other components of the Plant are already rigged for such production volume.

With such investment, the Company expects to be processing approximately 150 tpd by the end of 2012, 200 tpd by the end of the first quarter of 2013, and 300 tpd by the end of third quarter of 2013. This capacity increase will result in an acceleration of the Company's original investments plans, which

originally called for a 300 tpd of processing capacity at the Plant by 2014. This capacity increase will require an investment of approximately USD\$400,000 over the next year. This investment is expected to be financed with the cash flow generated from the plant operation and with the company's current cash. Jaime Lopez, CEO of Tolima, stated: "we are very excited with the short term production and cash flow potential of our La Bartola and San Pablo mines. In times of complicated market conditions for raising additional capital, such production will allow the Company to continue funding its aggressive exploration plans in its Ancal, Nortol and Remedios projects in the short to mid-term. Also, these mines are an outstanding platform for exploration of our Remedios properties in our quest to identify significant gold occurrences".

Information Concerning Tolima

Tolima is a gold exploration and development company with contractual interests in gold properties in Colombia. Tolima's properties include the Remedios Project, located in the Remedios/Segovia mining district in the Antioquia Department of Colombia, with over 12,000 hectares of exploration ground, several exploration targets, two old mines being rehabilitated (the San Pablo and La Bartola mines) and a gold processing and recovery plant located in the area of the San Pablo mine with capacity of approximately 100 tons per day; the Marmato Project, located in the Marmato/Caramanta district in the Caldas and Antioquia Departments of Colombia, including more than 28,000 hectares of exploration ground; and the Nortol project, located in the Tolima Department of Colombia, including more than 40,000 hectares of exploration ground and the "Papayo" mine, which is also being rehabilitated. Tolima is continuing to explore opportunities for the acquisition of additional mining interests in prospective mining districts in Colombia.

Cautionary Statements

The ownership interest in some of the Company's mining properties derive from applications for concessions or mining titles beneficially held, which are subject to formal assignment to the Company's operating subsidiaries. Such applications and assignments are subject to review by the relevant mining authority in order to confirm current compliance with the terms of each mining property and meeting with certain legal, financial and technical criteria; and to registration before the National Mining Registry of Colombia. There is no certainty as to if or when issuance of mining titles from applications or formal registration of assignments will be achieved.

Forward-looking statements

This news release contains certain "forward looking statements" including, for example, the ability of Tolima to achieve formal assignment and registration of its mining properties, the ability to achieve capital investment and production

objectives and the ability to carry out exploration or mining activities. Such forward-looking statements involve risks and uncertainties, both known and unknown. The results or events depicted in these forward-looking statements may differ materially from actual results or events. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding and are implicit in, among other things: receipt of government and third party approvals in respect of transferring assets; outcomes of capital investment and production initiatives; the state of the capital markets; tax issues associated with doing business internationally; the ability to successfully manage the political and economic risks inherent in pursuing mineral exploration opportunities in Colombia; and the ability to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop the business. Any forward-looking statement speaks only as of the date of this news release and, except as may be required by applicable securities laws, Tolima does not intend, and disclaims any duty or obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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