

European Gold Conference

April 12-15, 2011



Forward Looking Statements



This presentation includes certain “forward-looking statements” or “forward-looking information”. All statements, other than statements of historical fact, included in this presentation are forward-looking statements that involve risks and uncertainties. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “forecast”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of gold and silver and gold equivalent production and prices, cash and operating costs, results and capital expenditures, mineral reserves and mineral resources and anticipated grades, recovery rates, future financial or operating performance, margins, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of construction, costs and timing of future exploration and reclamation expenses, anticipated 2010 year-end and 2011 results, our ability to fully fund our business model, including our capital and exploration program, internally, anticipated 2010 year-end and 2011 interim and annual gold and silver production and the cash and operating costs associated with the same, the ability to achieve productivity and operational efficiencies, the ability to achieve cash flow margin improvements, the ability to complete further reduction in the open pit stripping ratio, the ability to develop and put into production our exploration targets and the timing of each thereof, the ability to execute on our acquisition strategy, the acquisition of Capital Gold (the “Acquisition”) including whether the completion of the Acquisition will ultimately occur, whether the anticipated synergies of the proposed Acquisition will occur, incorrect assessment of the value of the properties of Capital Gold and failure to obtain the required security holder, regulatory, third party and other approvals and the outcome of any pending litigation related to the Acquisition. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Gammon Gold, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Important factors that could cause actual results to differ materially from Gammon Gold’s expectations include, among others, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined, future prices of gold and silver, known and unknown uncertainties and risks relating to additional funding requirements, reserve and resource estimates, hedging activities, development and operating risks, illegal miners, uninsurable risks, competition, limited mining operations, production risks, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs, restrictions in Gammon Gold’s loan facility, dependence on key employees, possible variations of ore grade or recovery rates, failure of plant, equipment or process to operate as anticipated, accidents and labour disputes as well as those factors discussed in the section entitled “Risk Factors” in Gammon Gold’s Form 40-F/A as filed with the United States Securities and Exchange Commission. Although Gammon Gold has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are not guarantees of future performance. Accordingly, readers should not place undue reliance on forward-looking statements.

Cautionary Note to US Investors Concerning Estimates of Measured, Indicated and Inferred Resources

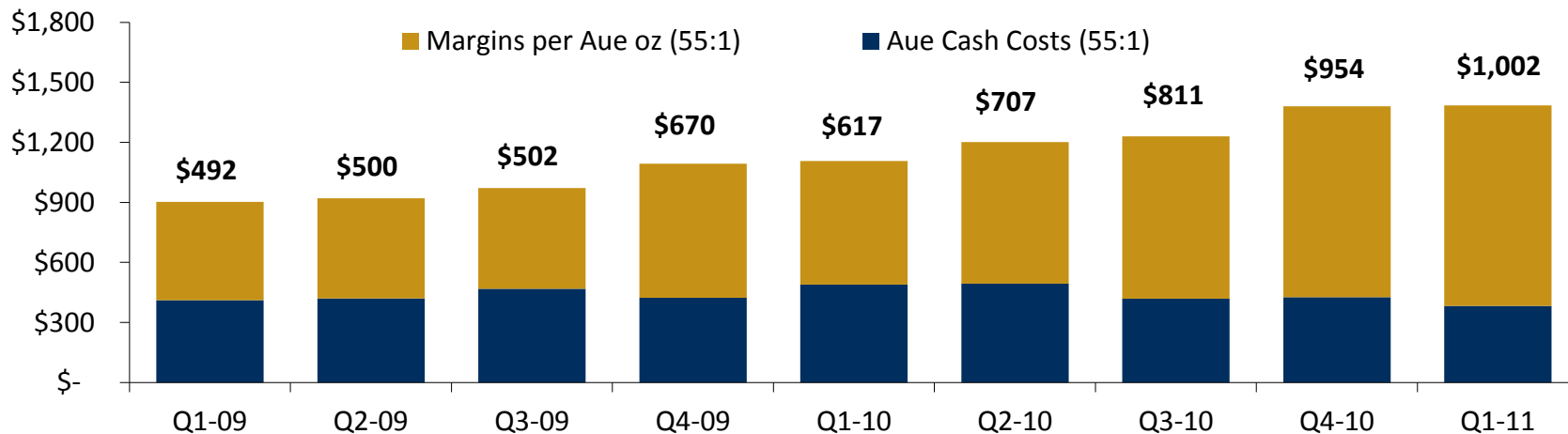
This presentation uses the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognized and required by Canadian regulations, the Securities and Exchange Commission does not recognize them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred mineral Resource exists, or is economically or legally mineable.



- **Strong Production and Costs – In line with plans**
 - 25,882 gold ounces
 - 1,035,174 silver ounces
 - 49,854 gold eq. ounces (realized)
 - Cash costs of \$383 per gold eq. ounce¹
 - Cash position of \$119 million (March 31, 2011)
- **Record OCF**
 - Approx. \$50.0 million
- **Record Quarter of NCF**
 - Approx. \$24.0 million (consecutive increases quarter over quarter)
- **Record Margins**
 - Strong leverage to strong silver price significantly impacts revenue stream
 - Margins of \$1,002 per gold eq. ounce, or 72%
 - Margin of \$1,955 per gold ounce, or 141%

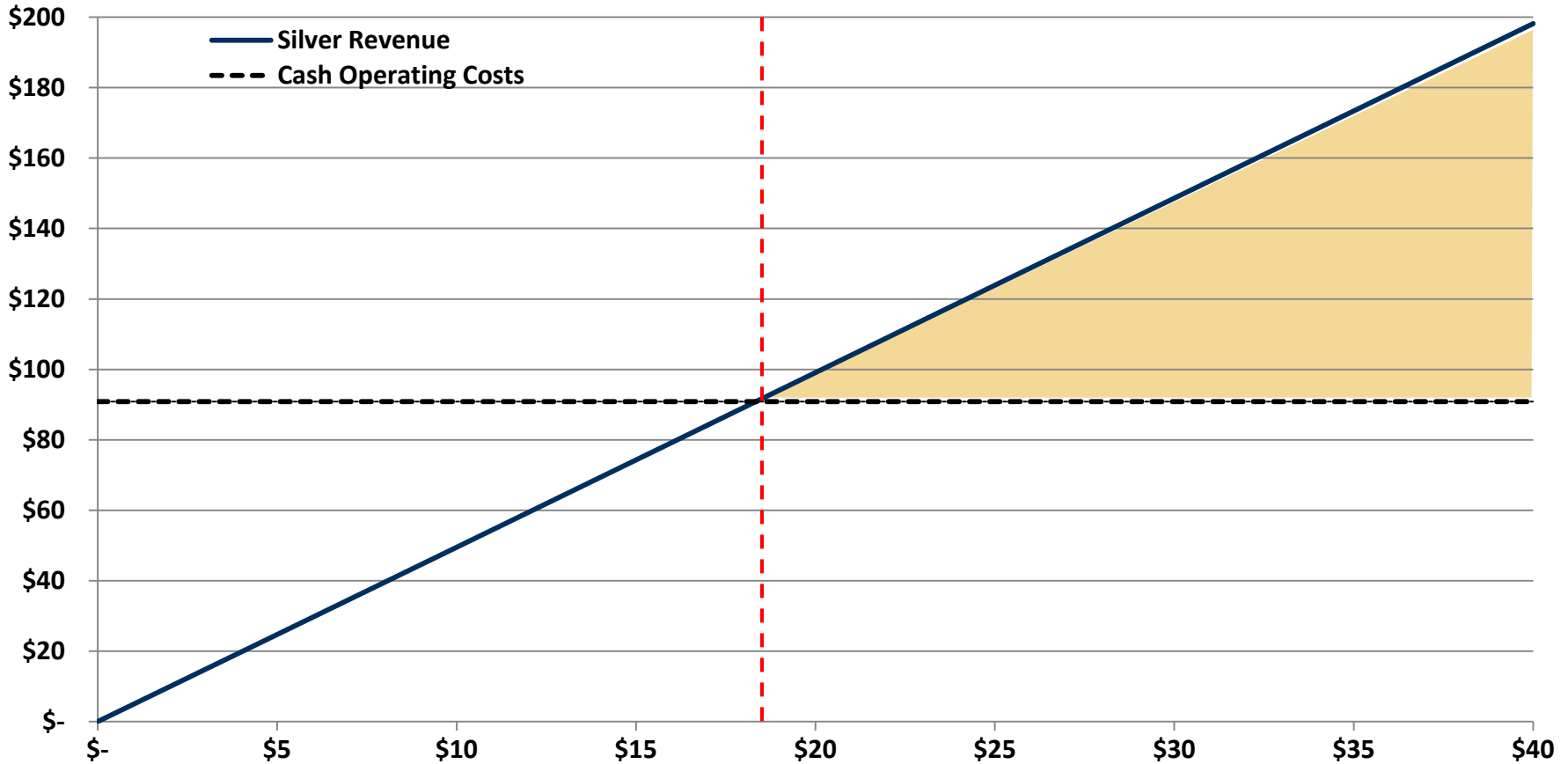
1. Gold equivalent calculated at realized silver to gold ratio of 43:1

Consolidated Quarterly Margins



Gold / Silver Ratio	55.00	43.00	40.00	36.00
Operating Cash Flow	42,471,827	50,000,000	52,036,482	55,372,846
Percentage change from 55:1	-15.06%	0.00%	4.07%	10.75%
Net Free Cash Flow	16,471,827	24,000,000	26,036,482	29,372,846
Percentage change from 55:1	-31.37%	0.00%	8.49%	22.39%
Cash Cost per Gold Equivalent Ounce	428	383	369	350
Percentage Change from 55:1	11.86%	0.00%	-3.54%	-8.66%

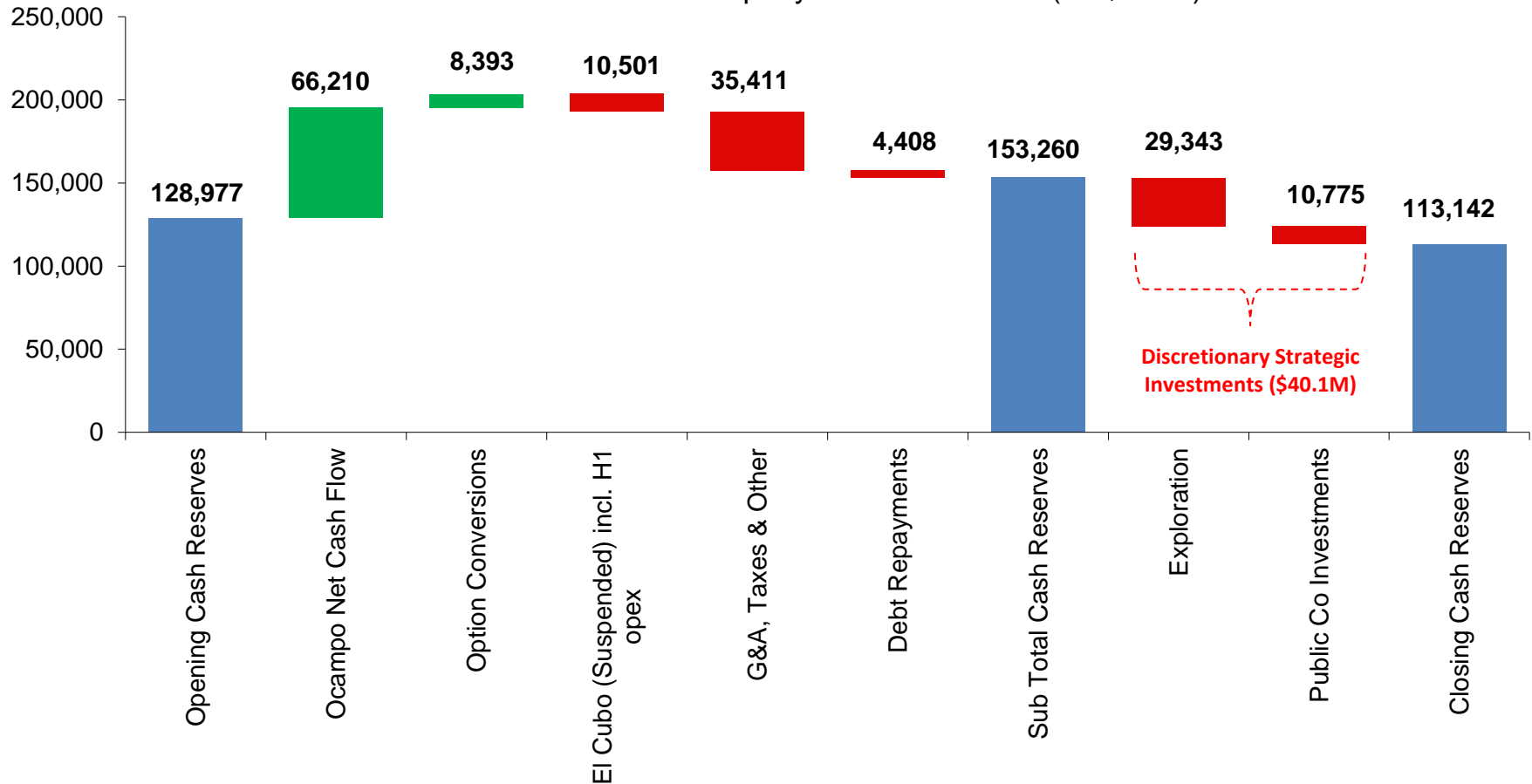
**Breakeven Silver Price =
US\$18.34/oz**



A silver price of ~US\$18/oz would allow Ocampo to breakeven (ignores gold revenues)

Company Wide 2010 Cash Flow Overview

2010 - Company Wide Cash Flow (US\$000's)



- ✓ Exploration Investment: Identified Company Wide Reserves of 0.5MMoz
- ✓ Public Company Investments: Have Increased 93% In Value to US\$20MM



- Ocampo continues to perform
- Reserve additions lengthen mine-life
- El Cubo contributing to production
- Operational optimization at El Chanate
- Exceptional leverage to both gold and silver
- Exploration efforts continue to follow-up on recent success
 - 13 new underground targets and 6 new open pit targets
- Value opportunity in gold and silver

2011 Operational Guidance

Ocampo Mine

Gold Production (ounces)	107,000 to 119,000
Silver Production (ounces)	4,290,000 to 4,730,000
Gold eq. Production(ounces) ¹	185,000 to 205,000
Total Cash Costs per Gold eq. ounce¹	\$425-\$455

El Cubo Mine

Gold Production (ounces)	10,000 to 15,000
Silver Production (ounces)	550,000 to 825,000
Gold eq. Production(ounces) ¹	20,000 to 30,000
Total Cash Costs per Gold eq. ounce¹	\$700-\$730

Consolidated (Ocampo and El Cubo)

Gold Production (ounces)	117,000 to 134,000
Silver Production (ounces)	4,840k to 5,555k
Gold eq. Production(ounces) ¹	205,000 to 235,000
Total Cash Costs per Gold eq. ounce¹	\$455 to \$485

Assumes a gold equivalency ratio of 55:1
Assumes a foreign exchange rate of 12.0 Mexican pesos to one U.S. dollar

2011 Operational Guidance (with El Chanate)

El Chanate Mine (proportional amount allocated*)

Gold Production (ounces)	50,000 to 55,000
Total Cash Costs per Gold ounce	\$485

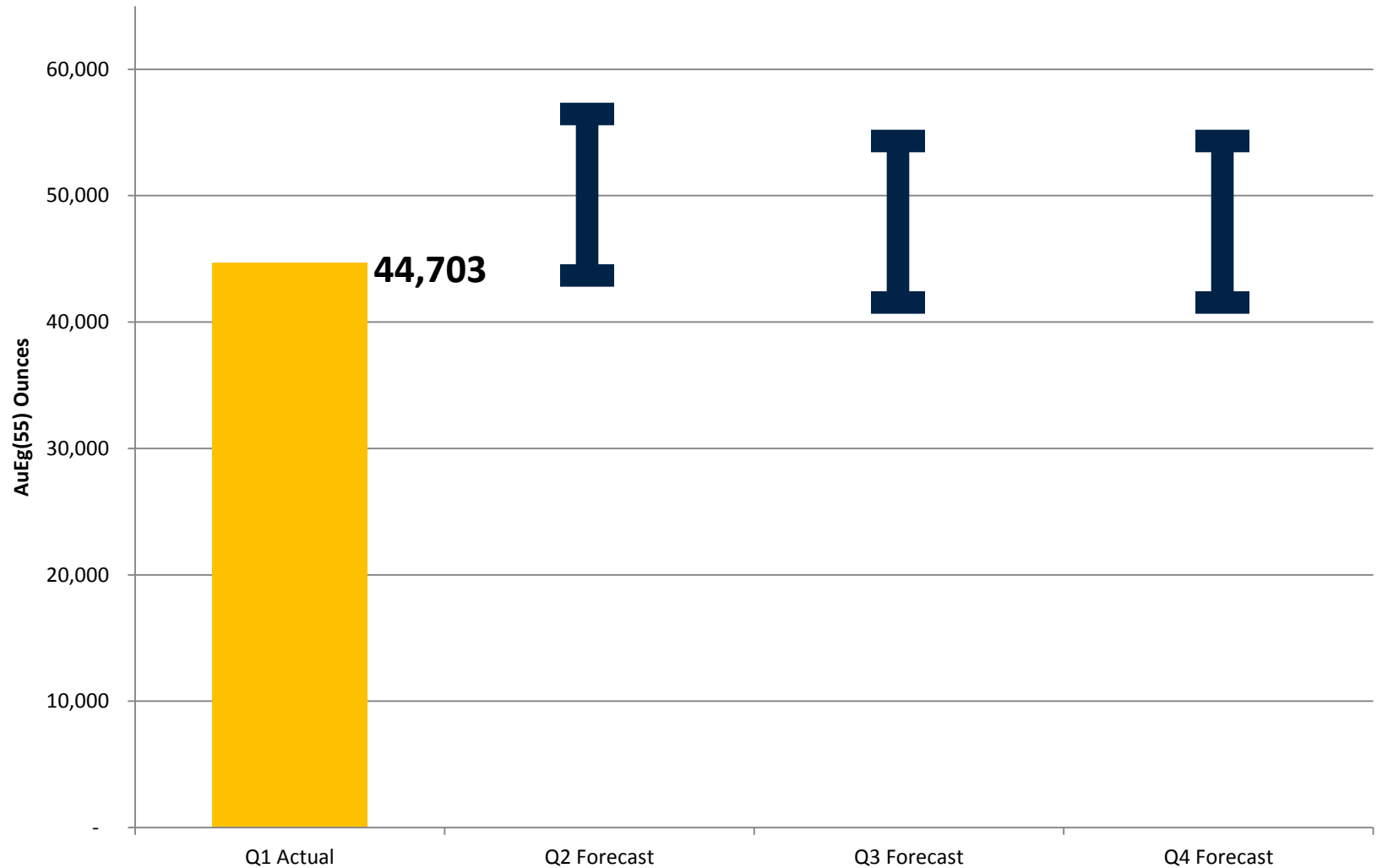
Consolidated (Ocampo, El Cubo and El Chanate)

Gold Production (ounces)	167,000 to 189,000
Silver Production (ounces)	4,840k to 5,555k
Gold Eq. Production (ounces) ¹	255,000 to 290,000
Total Cash Costs per Gold Eq. Ounce¹	\$455-\$485

* Represents production attributable to Gammon of operational guidance issued by Capital Gold for fiscal year 2011

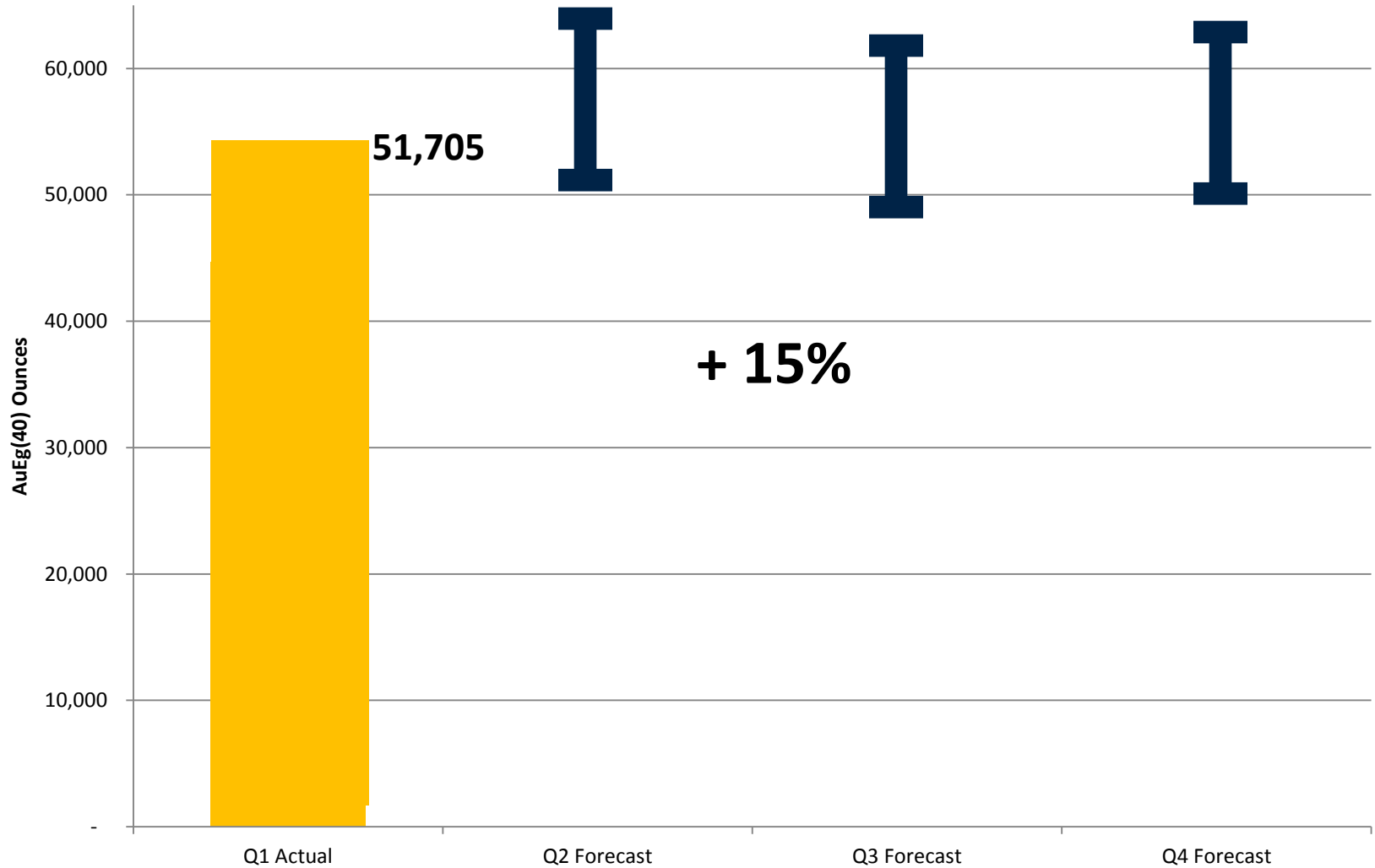
- Q1 company-wide cash costs of \$429 per gold eq. ounce¹
 - At lower end of 2011 guidance

Ocampo 2011 Guidance at 55:1





Ocampo 2011 Guidance at 40:1





- **Development and mining activities anticipated to commence imminently**
- **Processing third quarter**
- **Target 1,800tpd in-situ ore, by Q2 2012**
- **Contract milling of Los Chorros ore**
- **More effective production bonus scheme**
- **Exploration commencing in Q2**





- Guidance issued by Capital Gold
- Agglomeration commissioned
- ROM stockpiles
- Stacking systems
- Pit phasing and stacking rates
- Equipment selection studies
- Re-leaching old pads
- Commencing exploration Q3



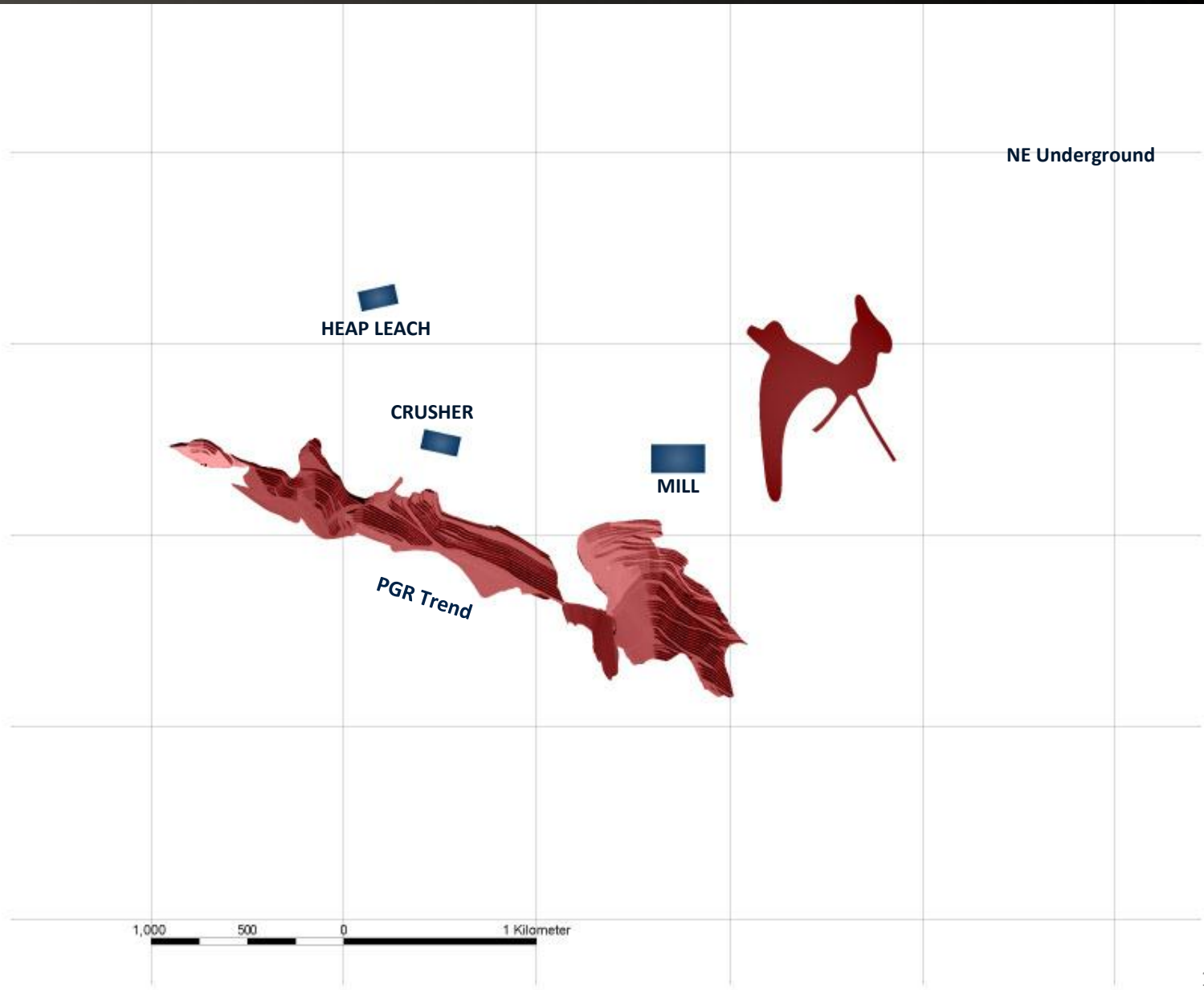
Ocampo

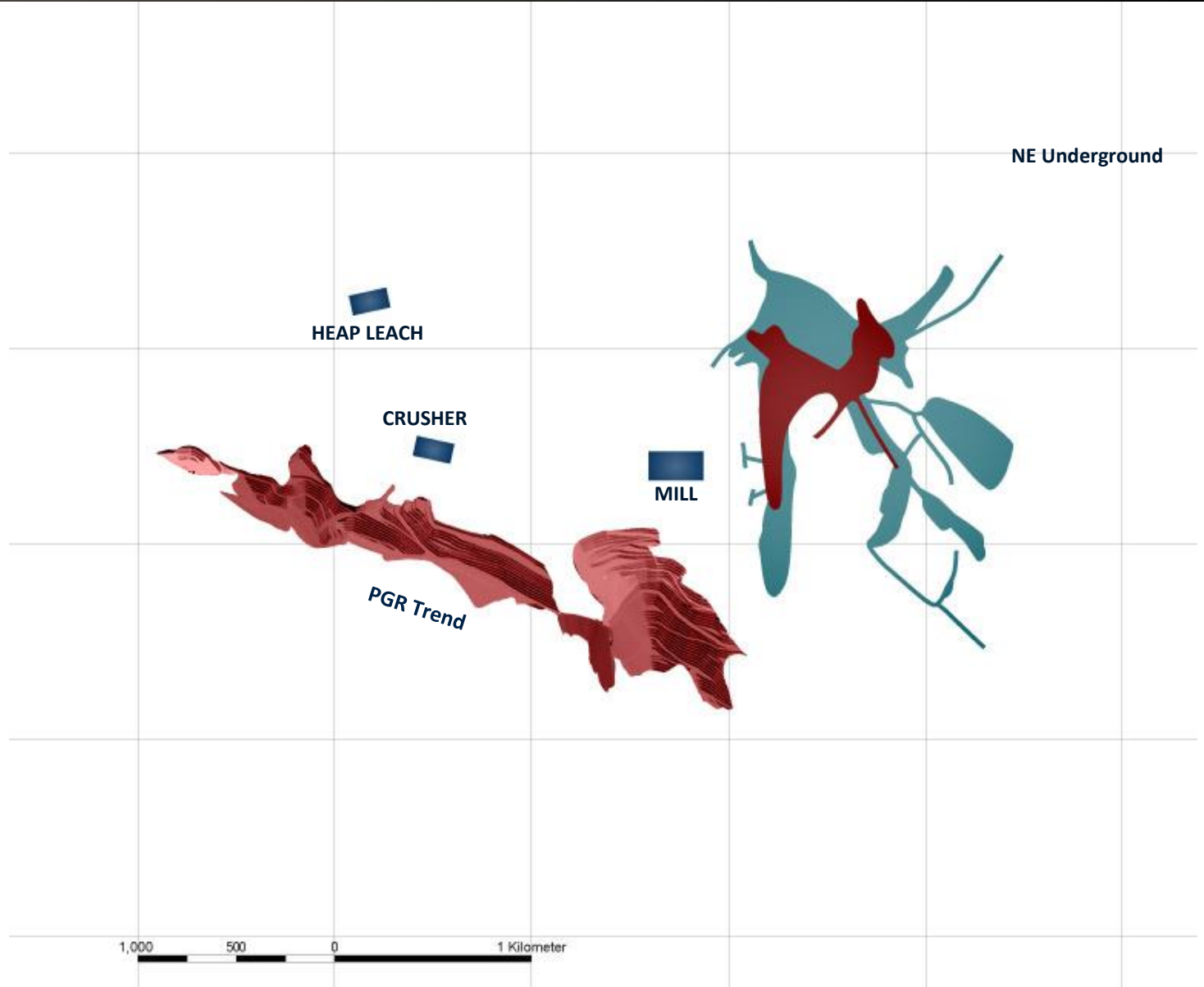
- Drilled 137,392 metres (751 holes) in 2010, \$49 per ounce discovery cost
- Replaced open pit and underground reserve depletion
- Underground
 - Added 280k proven and probable gold eq. ounces¹ before depletion (53% increase)
 - Added 6 new veins to reserves in NE underground
 - Additional reserves at 14 of the 20 known veins
 - Added 6 veins at Santa Eduvigis
 - Added 3 years of mine life at current depletion rates

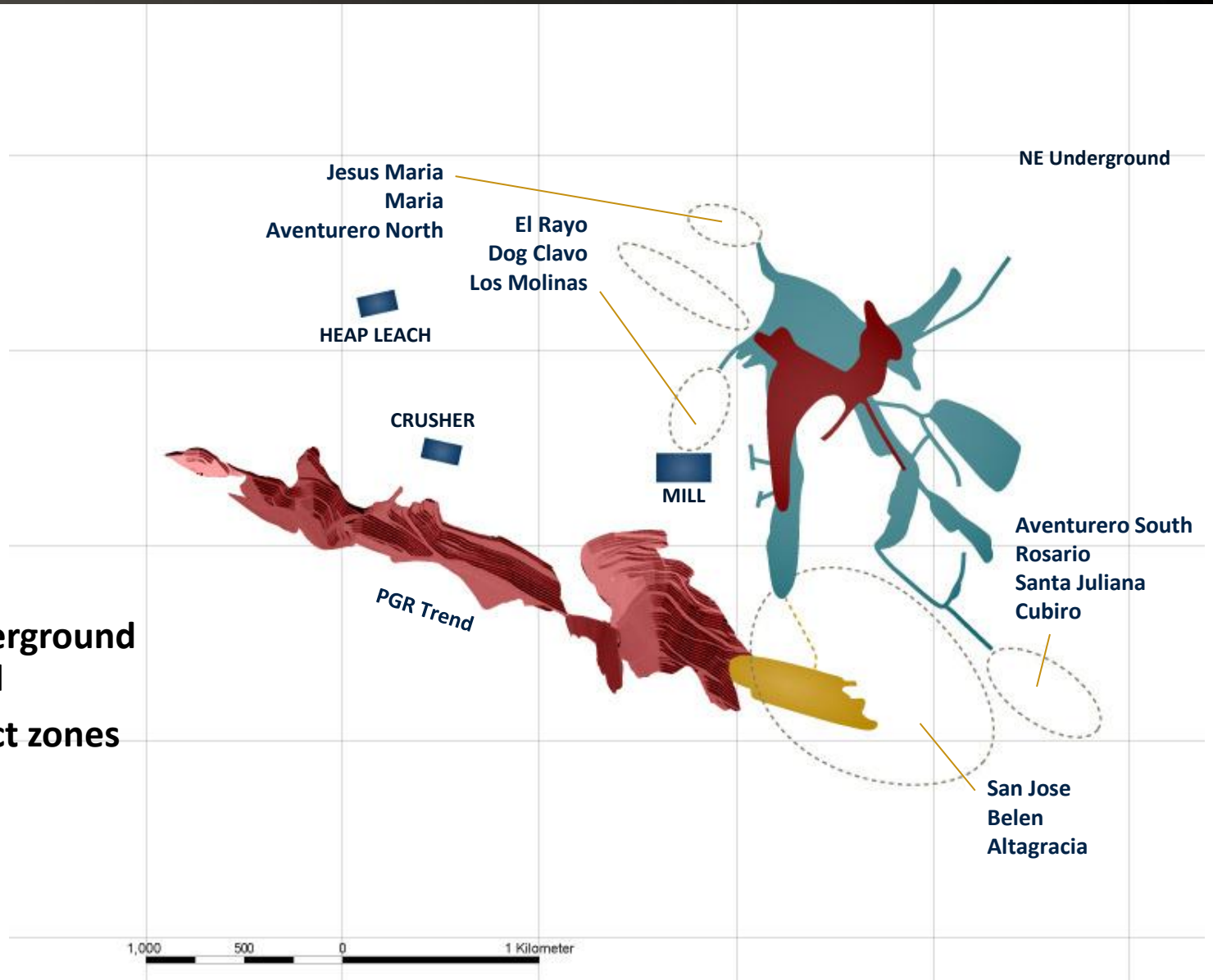
El Cubo

- Added 61k proven and probable gold eq. ounces before depletion (11% increase)
- Added Dolores and Capulin to M&I Resources
 - will be categorized as Reserves by mid-year

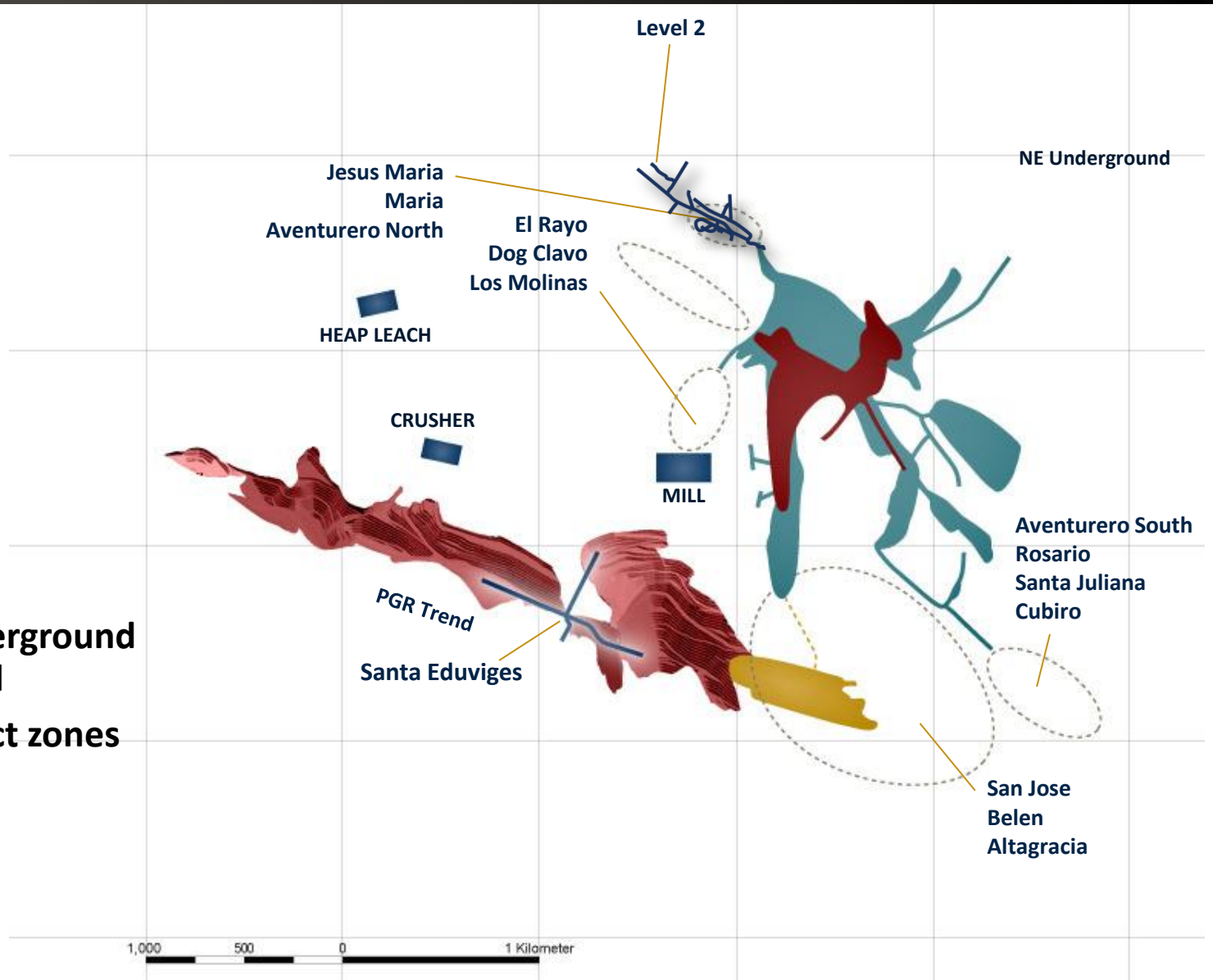
1. Gold equivalent ounces at 61.75:1



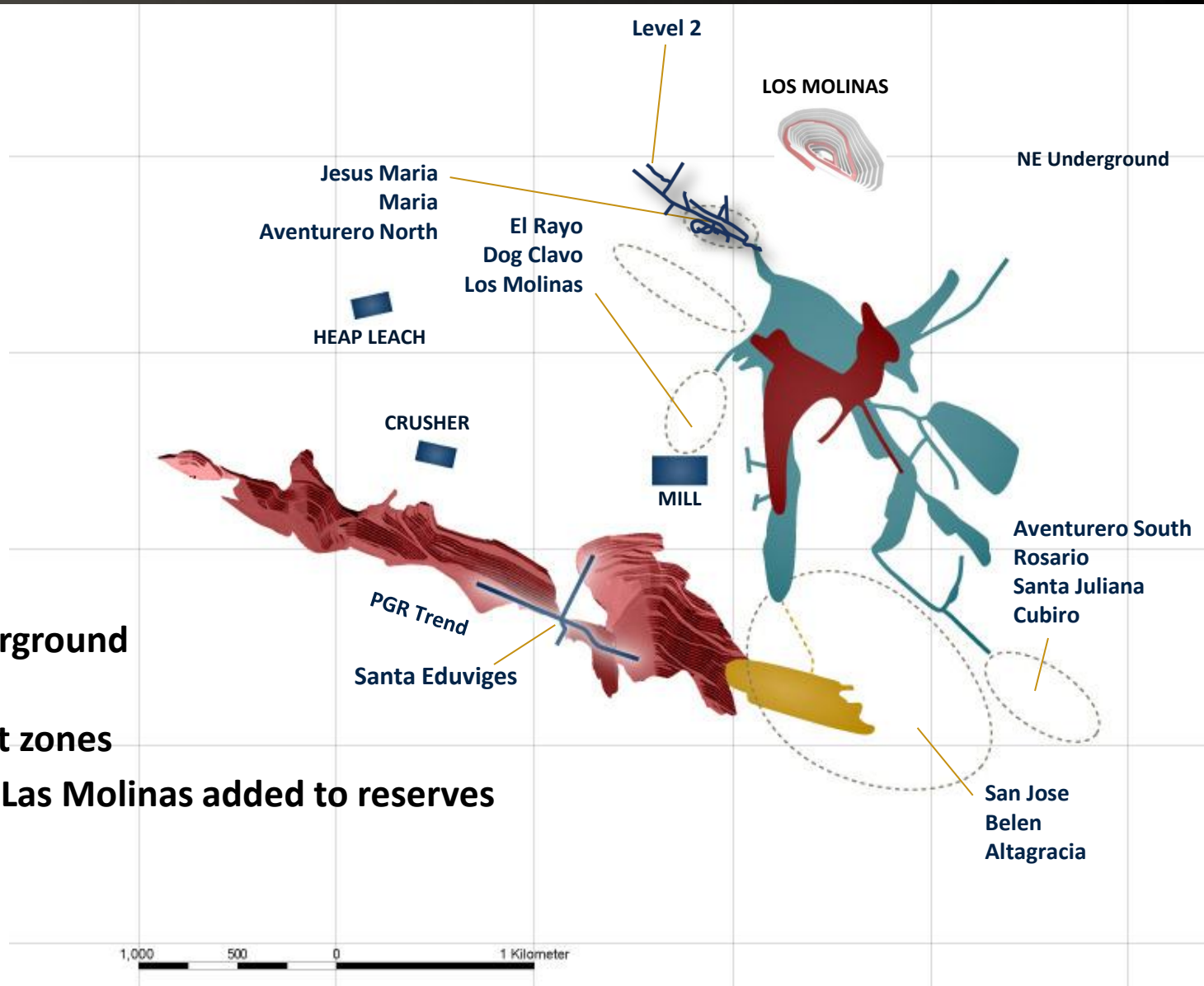




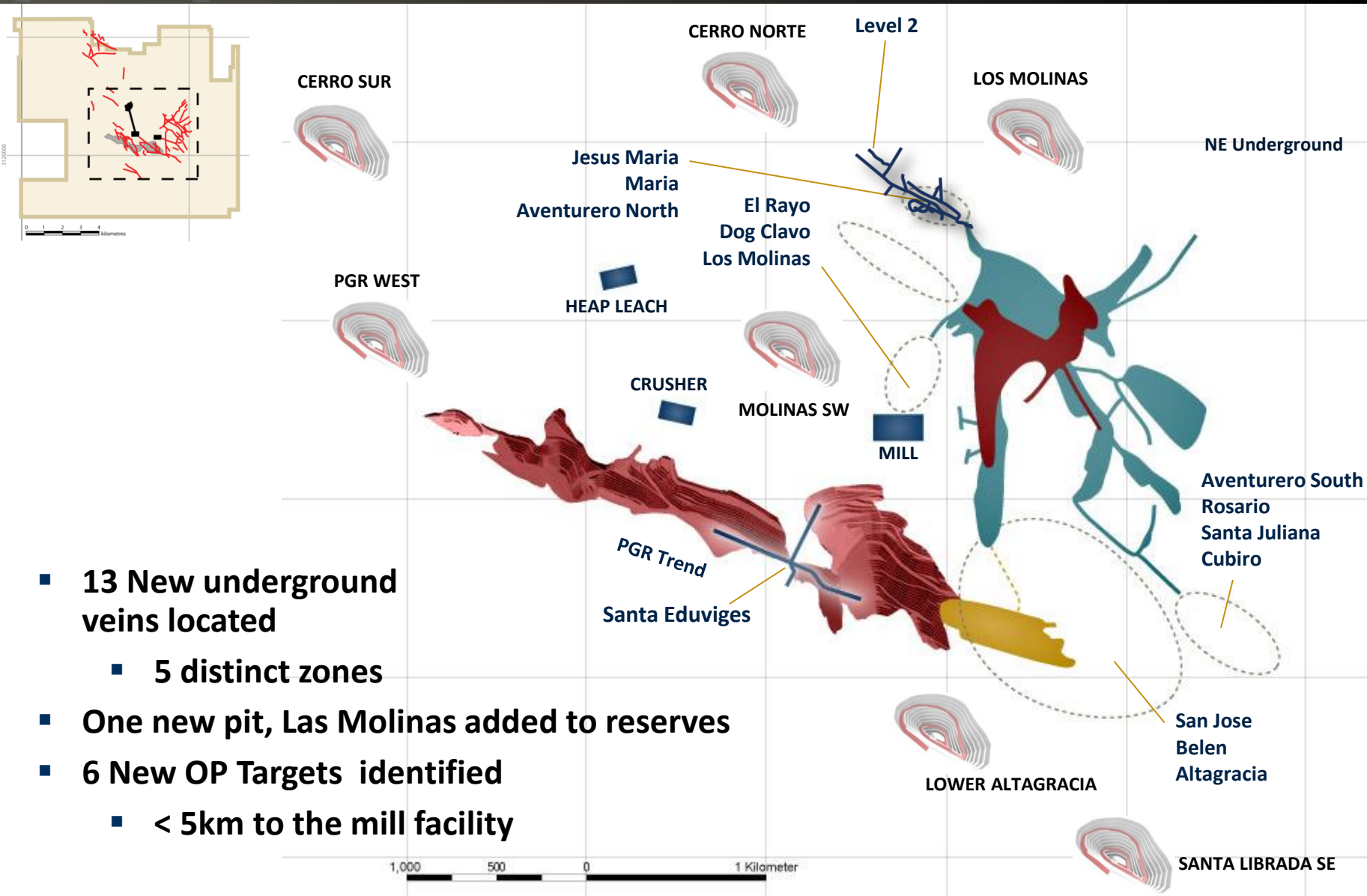
- **13 New underground veins located**
 - **5 distinct zones**



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- **One new pit, Las Molinas added to reserves**



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 - **5 distinct zones**
- **One new pit, Las Molinas added to reserves**
- **6 New OP Targets identified**
 - **< 5km to the mill facility**

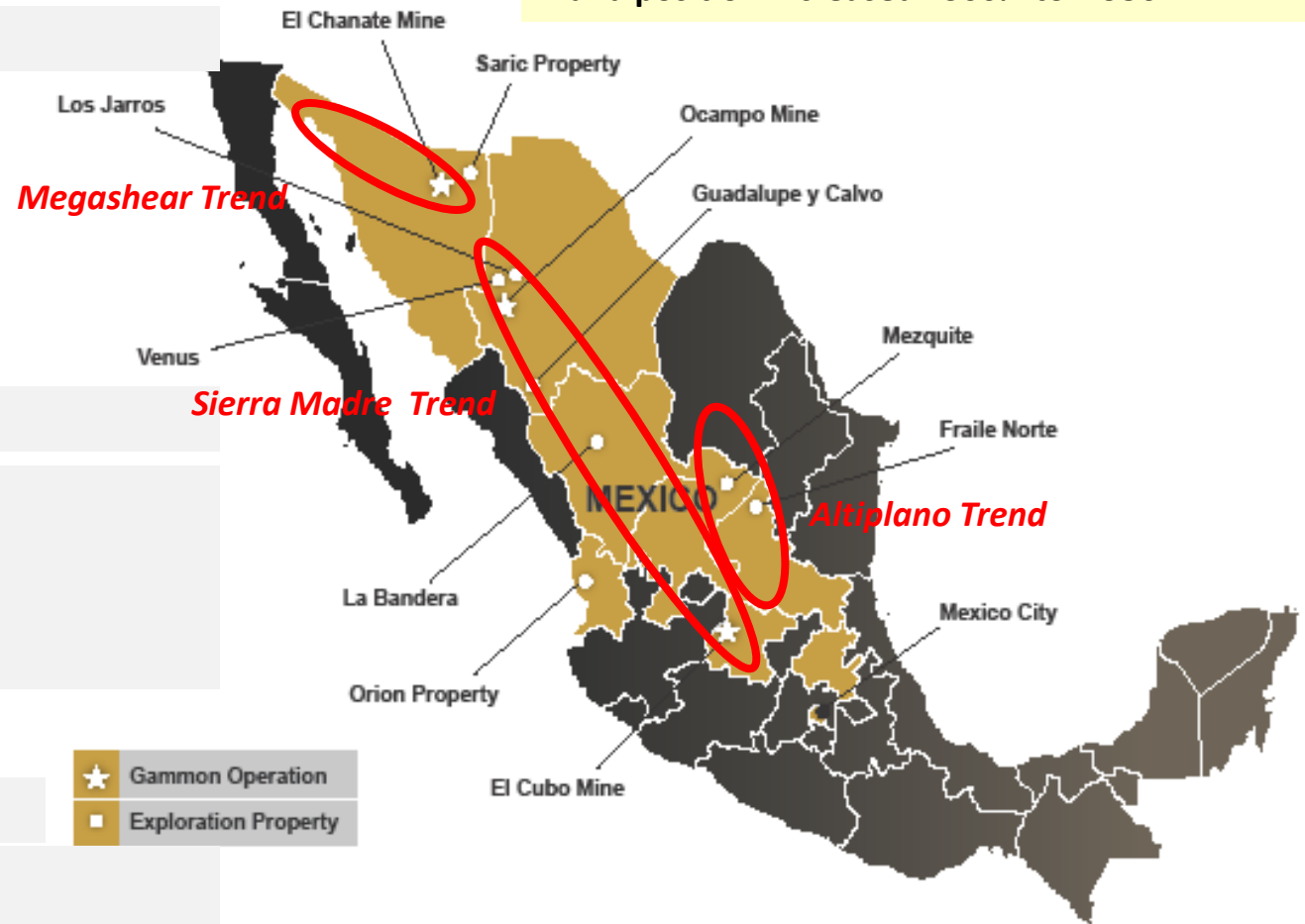
2010 EXPLORATION PROGRAM RESULTS



Ocampo	15,304 Ha
Chanate	3,544 Ha
El Cubo	8,088 Ha owned / 5,999 leased
Orion	114,308 Ha

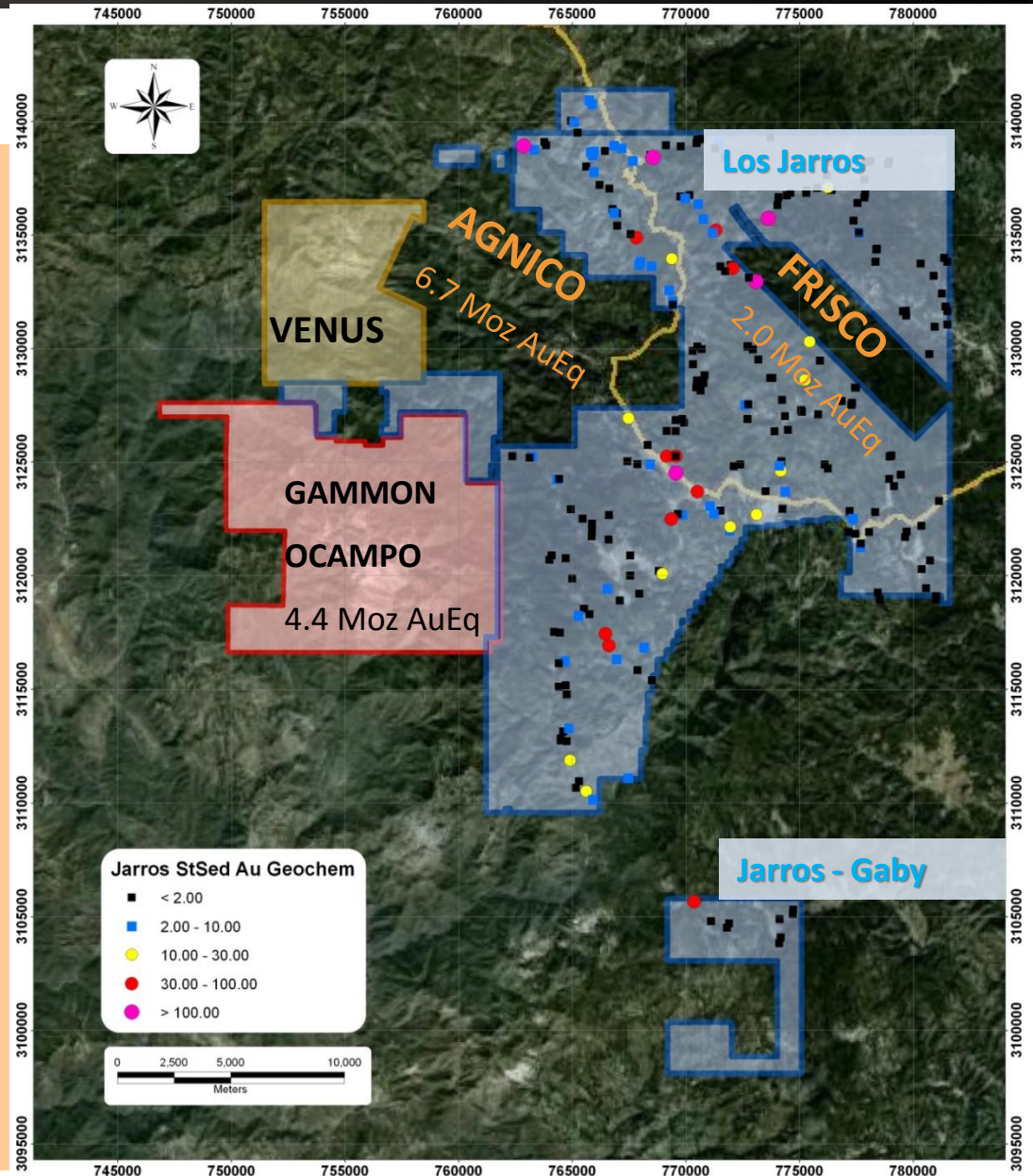
- 459,000 oz AuEq NEW RESERVES
- 11 Active Mines and Exploration Projects
- 183.1 km Drilled 2010
- Gammon well-placed in 3 Major Producing Belts
- Land position increased >300% to 2956 km²

Guadalupe y Calvo	54,853 Ha
Venus	4,574 Ha
Los Jarros	43,255 Ha
Saric	4,022 Ha
Mezquite	460 Ha
Fraile N	19,157 Ha
La Bandera	20,827 Ha
Chinipas	1242 Ha





- Gammon has three strategic option contracts over Venus & Jarros Properties
- 63,133- hectare land position surrounds three mineral camps with combined >13 Moz AuEq¹ resources
- Currently drilling Ocampo & Venus
- Completed one stage drilling Jarros, presently mapping + geochem
- Work to date has identified four drill targets outside Ocampo



(1) Using a gold equivalency ratio of 55:1



- Combination of Gammon mapping and compilation of public information shows this is a very large LS Epithermal District
- 126 km lineal veining mapped to date, and > 30% of district covered by post-mineral rocks
- Comparison to major Mexico LS Epithermal Districts:

District	Moz AuEq ⁽⁵⁵⁾ Historic Prod + Resources	Lineal Km Veins	Vertical Interval Ore
Ocampo-Venus-PA-Concheno	13.6	126	600m
Pachuca – El Chico	29.9	162	600m
Guanajuato	27.8	84	650m
Tayoltita – San Dimas	23.6	55	600m
El Oro - Tlapujahua	7.8	34	400m
Guanacevi	9.0	35	1000m



2011 Plan



- **Mine Exploration**
- **32,935 Ha**
- **\$29-32 MM = 71%**
- **171,000m DDH**

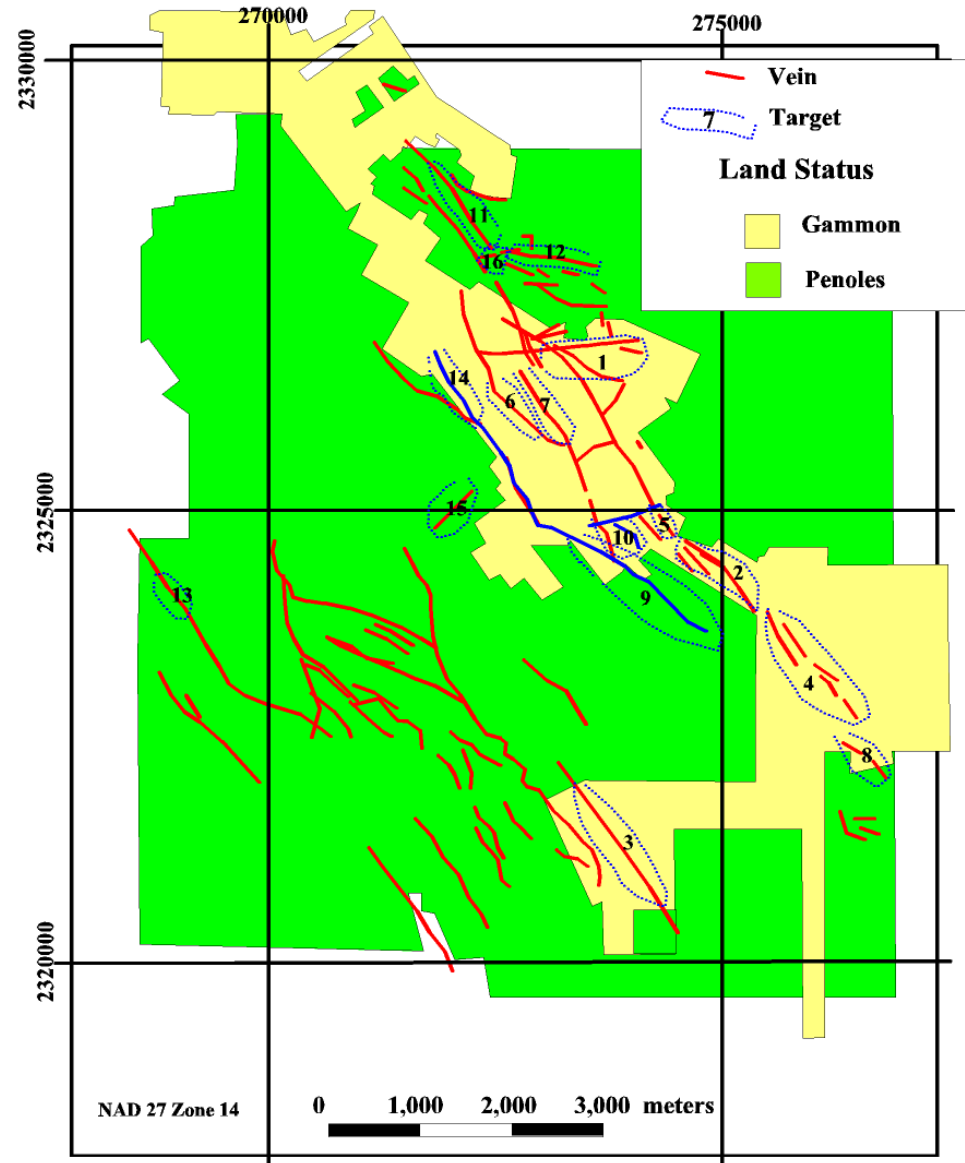
- **Scoping / Pre-Feas**
- **169,161 Ha**
- **\$4-5 MM = 11%**
- **15,000m DDH**

- **Discovery Explor**
- **93,537 Ha**
- **\$7-8 MM = 18%**
- **19,000m DDH**

- **Total Spend**
- **\$40 - \$45MM**



- New Discovery Dolores – Capulin added 42,000 oz AuEq M&I Resources
- New Discovery at Puertocito 10 of 20 holes show > 2.00 gpt AuEq indicating 600m long vein discovery
- Two of four holes drilled in Villalpando Sur showed > 2.00 gpt AuEq indicating new discovery and district OPEN TO SOUTH
- Cebolletas drilling confirmed good grades in Cedros and OPEN to SOUTH
- Untested Targets: Cabrestantes, El Cubo Fault





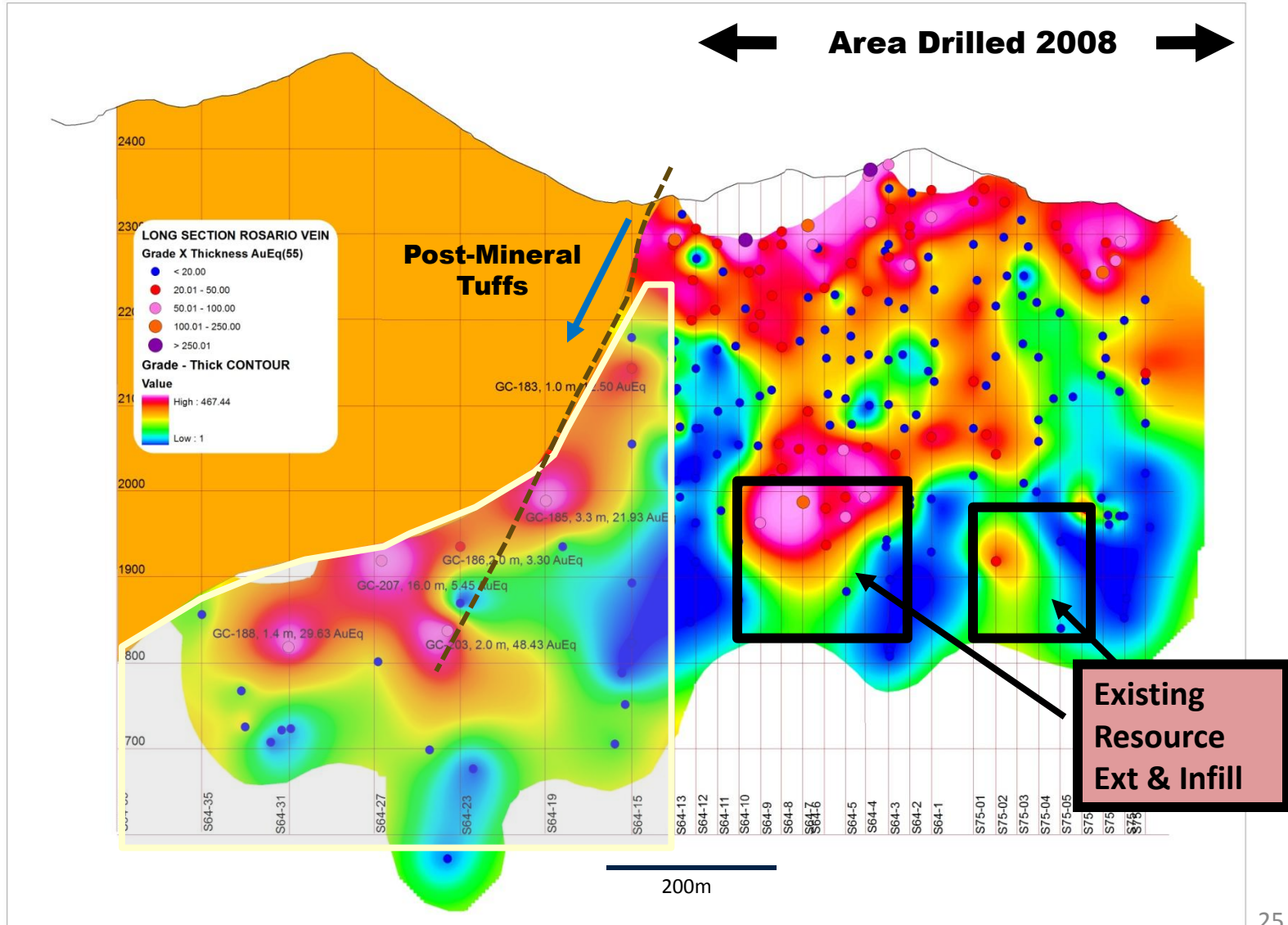
Grade x Thickness Rosario Vein

22.5 km new drilling 2010 to 1-Mar, 2011

Total Project 74.2 km Gammon core drilling

2010 – 2011 program discovered new Rosario NW Extension beneath post mineral tuffs

Updating PEA with New NW Rosario Zone



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