

Purchase of New SAG Mill from First Majestic Silver Corp

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GODALMING, March 15, 2021 - Condor Gold (AIM:CNR)(TSX:COG) is pleased to announce that it has entered into an agreement to purchase a complete new Semiautogenous Mill ("SAG Mill") package from [First Majestic Silver Corp.](#) ("First Majestic") (FR). The purchase consideration is approximately US\$6.5 million, including US\$3.0 million payable in shares of the Company (the "Consideration Shares"). The SAG Mill package represents a key item of the plant required to bring the Company's La India Project into production. The SAG Mill is estimated by Metso Outotec's technical support group to have a throughput of up to 2,300 tonnes per day ("tpd") or 0.8 million tonnes per annum ("tpa") on a sustained basis, based on the metallurgical characteristics of the ore and mineralised material at Condor's La India Project. Based on internal technical studies and mining dilution studies conducted by SRK Consulting (UK) Limited, initial production is expected to be 80,000 - 100,000 oz gold per annum.

Highlights

- Condor purchases a complete new SAG Mill package for approximately US\$6.5 million
- US\$3.0 million worth of Consideration Shares is to be issued immediately at a price of 50 pence per Consideration Share to First Majestic as part consideration. The balance of approximately US\$3.5 million to be paid in cash over the next 3-4 months
- SAG Mill and parts are 90% ready to be shipped
- 2,300 tpd capacity or 0.8 Mtpa from Stage 1 of production with capacity to be expanded materially after 2 to 3 years of production
- Initial production expected to be 80,000 - 100,000 oz gold per annum
- Reduces order time of this key long lead item by 12 months
- Sizes the SAG Mill and fast tracks the La India Project to production
- Possibility of increasing throughput by 22% to 2,850tpd by installing a larger motor

Mark Child, Chairman and CEO commented:

"The key message is Condor has purchased and sized the mill at 2,300tpd, significantly shortened the mill delivery time, set a trajectory for detailed project design and an accelerated path to production. What's more, Condor has acquired a state of the art, complete new SAG Mill package with warranties, manufactured and supplied by Metso Outotec, the premier manufacturer of grinding mills and entire grinding systems for the global mining industry. Metso Outotec's technical support group has estimated a throughput of 2,300 tpd or 0.8Mtpa on a sustained basis using the existing motor. Increasing the motor size would increase throughput to 2,850 tpd. Initial gold production is expected to be between 80,000 to 100,000 oz gold per annum. The new SAG Mill forms stage 1 of production, the aim is to materially expand production capacity after 2-3 years.

I am also delighted that [First Majestic Silver Corp.](#) has given a vote of confidence to Condor's management team and endorsed a new mine at the fully permitted La India Project by accepting part payment in Condor's shares at 50p. The Board joins me in welcoming them as a shareholder."

Background

First Majestic ordered a complete new SAG Mill package which is now superfluous to their requirements. Condor contacted Metso Outotec www.mogroup.com, who design and manufacture a comprehensive line of grinding mills and entire grinding systems for mining companies around the world, to enquire about ordering a new mill for La India Project. During the discussions, it emerged that First Majestic had ordered a new Mill from Metso Outotec which it no longer required. Condor has subsequently reached a definitive agreement to purchase the new SAG Mill from First Majestic. The warranties for the new Mill will be assigned to Condor. Manufacturing of the SAG Mill and component parts are approximately 90% complete and ready to ship. The

lead time to produce detailed engineering designs for a new purpose built mill is approximately 12-16 weeks. Lead times for the manufacture of a new mill is currently estimated to be approximately 40-45 weeks. Condor's purchase of this new mill from First Majestic reduces the time for delivery of a SAG Mill to La India Project by approximately 12 months.

Purchase Consideration

The purchase consideration of US\$6,500,208 is to be satisfied as follows:

- US\$3.0 million by the issue to First Majestic of new ordinary shares of [Condor Gold plc](#) at an issue price of 0.50 pence per ordinary share: being 4,304,778 Consideration Shares, which will be admitted to trading on AIM on or around 18 March 2021.
- US\$1,448,570 in cash on completion, being defined as the date of the acquisition agreement.
- US\$2,051, 638 in a deferred cash consideration upon certain milestones including shipment and delivery of the SAG Mill and associated equipment. Payment is expected to be made over the next 3-4 months.

The Consideration Shares will rank pari passu with the existing ordinary shares in the capital of the Company, including the right to receive all dividends and other distributions declared after the date of their issue.

Application has been made for admission of the Consideration Shares to trading on AIM ("Admission"). Following Admission, the Company will have 134,824,179 ordinary shares of 20p each in issue with voting rights and admitted to trading on AIM and this figure may be used by shareholders in the Company as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

The cash component of the purchase consideration will be funded from internal resources. Following the placement raising £4 million in February 2021, Condor had a net cash position of approximately US\$11 million at the end February 2021.

Details of the complete SAG Mill package

The SAG Mill has a mill diameter of 24 feet and an Effective Grinding Length ("EGL") of 18.5 feet and a structural charge mass of 315 metric tonnes. The structural design ball charge is 11% with a structural design load volume of 35%. Specific gravity of the material is 2.55. The structural steel liner mass is 240 metric tonnes; however, with the use of lighter composite liners the weight and corresponding power requirement can be reduced significantly to 120 metric tonnes.

The complete SAG Mill package manufactured and supplied by Metso Outotec includes:

- Mill shell fabricated in 8x90° segments
- Mill heads cast in 4x90° segments with demountable trunnions
- Ductile ring gear and carbonized pinion shaft
- Pinion shaft assembly equipment
- Erection cradles
- Bracket, coupling and guard
- Pinion bearings-2-pad polymer hydrostatic bearings
- Transformer for the mill
- Gear unit, steelguard and fasteners
- Allen Bradley variable speed drive
- Allen Bradley PLC mill local panel
- 3300kW WEG SCIM (motor)
- Bearing housing
- Torque limiter and hubs
- Complete feed assembly. "Rock box" feed chute with replaceable steel wear liners
- Complete discharge assembly. Fabricated discharge cone (no trommel screen) with replaceable rubber wear liners

- Discharge trunnion liner with replaceable rubber wear liners
- Installation materials and some spares
- Trunnion Bearing
- Hydraulic torque wrench kit
- Liner handler
- Howard Marten lubrication systems (trunnion oil lube, reducer/pinion oil lube, gear spray grease lube)

The SAG Mill is paired with a motor with a maximum power rating of 3,300kW. Using a power load of 2,800kW (500kW under the installed power), a 4.5% ball charge, the daily throughput is estimated at 2,300tpd. It is assumed that a pebble crusher will be used in the comminution circuit to provide some additional grinding power and to manage critical size fraction material. The SAG Mill is equipped with a variable speed drive which will allow the mill to operate between 1,500tpd and 2,300tpd. Furthermore, it is possible to increase the daily throughput by increasing the motor size. Preliminary studies have shown that installation of a larger 4,100 kW motor could allow a daily throughput rate to increase by 22% to 2,850tpd, which potentially allows gold production to increase by a similar amount.

Mill Feed and Initial Production Range of 80k to 100k oz gold per annum

Condor has 3 open pits permitted for extraction. The highlights from a RNS dated 6 May 2020 (see announcement for full details) are copied below:

- 1.12 million oz gold open pit Mineral Resources, including Mineral Reserves permitted for extraction and production from 3 open pits
- The permitted La India open pit which hosts 8,377Kt at a grade of 3.1 g/t gold (837,000 oz contained gold) in the Indicated Mineral Resource category and 883Kt at grade of 2.4 g/t gold (68,000 oz contained gold) in the Inferred Mineral Resource category
- The America open pit hosts 114 Kt at a grade of 8.1 g/t gold (30,000 oz contained gold) in the Indicated Mineral Resource category and 677Kt at a grade of 3.1 g/t gold (67,000 oz contained gold) in the Inferred Mineral Resource category
- The permitted Mestiza open pit hosts 92Kt at a grade of 12.1 g/t gold (36,000 oz contained gold) in the Indicated Mineral Resource category and 341Kt at a grade of 7.7 g/t gold (85,000 oz contained gold) in the Inferred Mineral Resource category
- America open pit permitted to deliver robust diluted tonnage of 649Kt at 3.83g/t gold for 80,000 oz gold, complementing the recently permitted Mestiza open pit permitted to deliver mill feed of 600Kt at 5.76 g/t gold for 111,100 oz gold (See RNS 4 March 2020)
- The addition of a third permitted high grade open pit adds flexibility to the mine schedule, potentially improving project economics and extending the life of mine

Condor's strategic planning has included running a number of mining scenarios including a high grade mining scenario for the 3 permitted pits. Mining dilution studies have been completed by SRK Consulting (UK) Limited. See RNS dated 4 March 2020 for full details, one of the highlights is:

- "High grade open pit mining scenario delivers a robust diluted tonnage of 1,637Kt at 4.65g/t gold for diluted head grade of 245,000 oz gold derived from the previously reported Indicated and Inferred Mineral Resources".

Condor currently has 2 drill rigs operating in the La India Starter pits, see RNS dated 9 March 2021 for infill drilling updated and drill results. The circa 3,500 m drill programme is on 25 m x 25 m drill spacing. The La India Starter pits are designed pits. Using a 2.0g/t cut-off grade, the mill feed is estimated at 445Kt at 4.17g/t gold for 59,700 oz gold with a 6.8 to 1 strip ratio. (See RNS for full details).

The purchase of a complete new SAG Mill Package sizes the mill at 2,300tpd or 0.8Mtpa with the existing motor. The installation of a larger 4,100 kW motor could allow a daily throughput rate to increase by 22% to 2,850tpd.

Canadian Securities Considerations

The Consideration Shares will also be listed on the Toronto Stock Exchange ("TSX") and will be subject to a four-month and one-day hold period, expiring on 16 July 2021. The Company has received conditional

Approval from the Toronto Stock Exchange for the issuance of the Consideration Shares and for which the Company is relying on the exemption under Section 602.1 of the TSX Company Manual.

For further information please visit www.condorgold.com or contact:

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About Condor Gold plc:

[Condor Gold plc](#) was admitted to AIM in May 2006 and dual listed on the TSX in January 2018. The Company is a gold exploration and development company with a focus on Nicaragua.

In August 2018, the Company announced that the Ministry of the Environment in Nicaragua had granted the Environmental Permit ("EP") for the development, construction and operation of a processing plant with capacity to process up to 2,800 tonnes per day at its wholly-owned La India gold project ("La India Project"). The EP is considered the master permit for mining operations in Nicaragua. Condor Gold published a Pre-Feasibility Study ("PFS") on the project in December 2014, summarised in the Technical Report, as defined below. The PFS details an open pit gold Mineral Reserve in the Probable category of 6.9 Mt at 3.0 g/t gold for 675,000 oz gold, producing 80,000 oz gold per annum for 7 years. La India Project contains a Mineral Resource of 9,850 Kt at 3.6 g/t gold for 1.14 Moz gold in the Indicated category and 8,479 Kt at 4.3 g/t gold for 1.18 Moz gold in the Inferred category. The Indicated Mineral Resource is inclusive of the Mineral Reserve. A gold price of \$1,500/oz and a cut-off grade of 0.5 g/t and 2.0 g/t gold were assumed for open pit and underground resources, respectively. A cut-off grade of 1.5 g/t gold was furthermore applied within a part of the Inferred Resource. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources will be converted to Mineral Reserves.

Environmental Permits were granted in April and May 2020 for the Mestiza and America open pits respectively, both located close to La India. The Mestiza open pit hosts 92 Kt at a grade of 12.1 g/t gold (36,000 oz contained gold) in the Indicated Mineral Resource category and 341 Kt at a grade of 7.7 g/t gold (85,000 oz contained gold) in the Inferred Mineral Resource category. The America open pit hosts 114 Kt at a grade of 8.1 g/t gold (30,000 oz) in the Indicated Mineral Resource category and 677 Kt at a grade of 3.1 g/t gold (67,000 oz) in the Inferred Mineral Resource category. Following the permitting of the Mestiza and America open pits, together with the La India open pit Condor has 1.12 Moz gold open pit Mineral Resources permitted for extraction, inclusive of a Mineral Reserve of 6.9 Mt at 3.0 g/t gold for 675,000 oz gold.

Disclaimer

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

Qualified Persons

The Mineral Resource Estimate has been completed by Ben Parsons, a Principal Consultant (Resource Geology) with SRK Consulting (U.S.), Inc, who is a Member of the Australian Institute of Mining and Metallurgy, MAusIMM(CP). He has some nineteen years' experience in the exploration, definition and mining of precious and base metals. Ben Parsons is a full-time employee of SRK Consulting (U.S.), Inc, an independent consultancy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the type of activity which he is undertaking to qualify as a "qualified person" as defined under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators and as required by the June 2009 Edition of the AIM Note for Mining and Oil & Gas Companies. Ben Parsons consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

The technical and scientific information in this press release has been reviewed, verified and approved by Gerald D. Crawford, P.E., who is a "qualified person" as defined by NI 43-101 and is the Chief Technical Officer of [Condor Gold plc](#)

The technical and scientific information in this press release has been reviewed, verified and approved by Andrew Cheatle, P.Geo., who is a "qualified person" as defined by NI 43-101.

Technical Information

Certain disclosure contained in this news release of a scientific or technical nature has been summarised or extracted from the technical report entitled "Technical Report on the La India Gold Project, Nicaragua, December 2014", dated November 13, 2017 with an effective date of December 21, 2014 (the "Technical Report"), prepared in accordance with NI 43-101. The Technical Report was prepared by or under the supervision of Tim Lucks, Principal Consultant (Geology & Project Management), Gabor Bacsfalusi, Principal Consultant (Mining), Benjamin Parsons, Principal Consultant (Resource Geology), each of SRK Consulting (UK) Limited, and Neil Lincoln of Lycopodium Minerals Canada Ltd., each of whom is an independent "qualified person" as defined by NI 43-101.

Forward Looking Statements

All statements in this press release, other than statements of historical fact, are 'forward-looking information' with respect to the Company within the meaning of applicable securities laws, including statements with respect to: the purchase of equipment and future production rates, and the incorporation of same into any mining production schedule, future development and production plans at La India Project. Forward-looking information is often, but not always, identified by the use of words such as: "seek", "anticipate", "plan", "continue", "strategies", "estimate", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", "could", "might", "will" and similar expressions. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future currency exchange and interest rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; the receipt of required permits; royalty rates; future tax rates; future operating costs; availability of future sources of funding; ability to obtain financing and assumptions underlying estimates related to adjusted funds from operations. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Such forward-looking information involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, risks related to: mineral exploration, development and operating risks; estimation of mineralisation, resources and reserves; environmental, health and safety regulations of the resource industry; competitive conditions; operational risks; liquidity and financing risks; funding risk; exploration costs; uninsurable risks; conflicts of interest; risks of operating in Nicaragua; government policy changes; ownership risks; permitting and licencing risks; artisanal miners and community relations; difficulty in enforcement of judgments; market conditions; stress in the global economy; current global financial condition; exchange rate and currency risks; commodity prices; reliance on key personnel; dilution risk; payment of dividends; as well as those factors

discussed under the heading "Risk Factors" in the Company's annual information form for the fiscal year ended December 31, 2019 dated March 31, 2020 and available under the Company's SEDAR profile at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.

SOURCE: [Condor Gold plc](#)

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