

Fundraise via a Convertible Loan Note and Proposed Open Offer to Raise up to £4.2M

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GODALMING, November 28, 2022 - [Condor Gold plc](#) (AIM:CNR)(TSX:COG) announces it has raised £1 million through the issue of unsecured convertible loan notes (the "Loan Notes") with warrants attached to Galloway Limited ("Galloway"), an 18.7% shareholder, which is wholly owned by Burnbrae Group Limited which is, in turn, wholly owned by Jim Mellon, Condor's Chairman.

Furthermore, Condor intends to launch an open offer providing pre-emptive rights to Qualifying Shareholders to subscribe for 1 new ordinary share of £0.001 each ("New Ordinary Shares") for every 6 ordinary shares held at the record date ("Existing Ordinary Shares") at a subscription price of £0.15 per New Ordinary Share (the "Open Offer"). Closing of the Open Offer is subject to shareholder approval of a sub-division of the Company's ordinary shares and the approval of the Toronto Stock Exchange. The record date for the Open Offer is 1 December 2022. The full timetable will be announced separately in due course. The issue of the Loan Notes and Open Offer, together (the "Fundraise"), will raise up to £4.2 million.

Highlights of the Loan Notes

- £1 million has been received by the Company in cleared funds from Galloway, an 18.7% shareholder, which is wholly owned by Burnbrae Group Limited which is, in turn, wholly owned by Jim Mellon, Condor's Chairman, pursuant to the issue by the Company of the Loan Notes
- The Loan Notes will automatically convert into New Ordinary Shares at £0.15 per New Ordinary Share if at least £1 million is raised under the Open Offer from shareholders other than Galloway
- The Loan Notes have a 17% annual coupon attached, payable in cash or by the issue of further loan notes at Galloway's option
- The Loan Notes are repayable by the Company 12 months after the date of issue assuming they are not converted earlier
- The Loan Notes have a 2.5 for 1 warrant attached e.g. 2.5 warrants will be issued for each share that the principal amount of the Loan Notes may be converted into, resulting in the issue of warrants over 16,666,666 New Ordinary Shares and upon full exercise of the warrants a subscription of £2.5 million
- The warrants have an exercise price of £0.15 and an 18 month term
- The Loan Notes are unsecured
- As a condition of the subscription for Loan Notes, Denham Eke, will be appointed (subject to normal regulatory approvals) to the Condor board as a non-executive director

Highlights of the Open Offer

- Gross proceeds of up to £3.2 million
- 1 New Ordinary Share to be offered to all Qualifying Shareholders on a pre-emptive basis for each 6 Ordinary Shares held
- Open Offer price of £0.15 per New Ordinary Share
- Qualifying shareholders who subscribe for their full entitlements in the Open Offer may also request additional Open Offer shares
- Any basic entitlements in the Open Offer not taken up by Qualifying Shareholders may be placed by the Company at its sole discretion
- A circular containing full details of the terms and conditions of the Open Offer and timetable expected to be published the week commencing 5 December 2022
- Conditional on Shareholder approval of a sub-division of each of the Company's Existing Ordinary Shares of £0.20 into one ordinary share of £0.001 and one deferred share of £0.199.

Jim Mellon, Chairman of Condor Gold commented:

"I am pleased to support the Fundraise with a commitment of £1 million, which the Company has already received. I encourage existing shareholders to take up their pre-emptive rights under the open offer of 1 new share for every 6 shares held. The Company's La India Project is almost construction ready, with the key

permits to construct and operate a mine, a bankable feasibility study completed, a SAG Mill and surface rights purchased. Initial production is targeted at 100,000 oz gold p.a. with an expansion to 150,000 oz gold p.a. The strategy recently announced is for the Company to sell the assets. The fundraise allows the Company to enter a sale phase sufficiently funded".

Background to the Fundraise

The Company has successfully secured financing of £1 million to provide working capital and cover short term overheads. It is providing pre-emptive rights to all Qualifying Shareholders via an open offer of 1 new share for every 6 shares held, subject to shareholder approval of a subdivision of the Company's current shares, allowing shareholders to participate in the financing of the Company to raise an up to an additional £3.2 million. The equity markets have been difficult of late and the impact of US Sanctions as notified on 27 October 2022 has delayed financing. A prior offer of equity financing was subsequently withdrawn whilst the Company rejected a secured debt facility. The Company has spoken with its Broker for several weeks and concluded that the fairest and best way to finance the Company's operations is via existing shareholders. The Company's short term funding requirement is circa £500k to £700k over the next two months which is met by the issue of the Loan Notes. The Company expects the Fundraise, assuming at least £1 million is raised through the Open Offer, to fund the Company through the sales process as announced on 22 November 2022.

Use of Proceeds

The net proceeds of the Fundraise after expenses will principally be used by the Company to finance working capital requirements at the operations in Nicaragua, including keeping the concessions and permits in good standing, to pay the balance of US\$300k for the SAG Mill, to re-register land title and for head office expenses.

The Loan Notes

The key terms of the Loan Notes are as follows:

- £1 million has been received by the Company in cleared funds from Galloway, an 18.7% shareholder which is wholly owned by Burnbrae Group Limited which is, in turn, wholly owned by Jim Mellon, Condor's Chairman, by way of subscription for the Loan Notes.
- The Loan Notes may be converted into Ordinary Shares at any time at the option of the Noteholder
- The Loan Notes will automatically convert into New Ordinary Shares at £0.15 per New Ordinary Share if at least £1 million is raised under the Open Offer from shareholders other than Galloway
- The Loan Notes have a 17% annual coupon, which is payable in cash or by the issue of additional loan notes, at the option of the loan note holder
- The Loan Notes are repayable by the Company 12 months after the date of issue (assuming they are not converted) and become immediately repayable if the Sub-Division does not complete by 31 January 2023
- The Loan Notes have a 2.5 for 1 warrant attached e.g. 2.5 warrants will be issued for each share that the principal amount of the Loan Notes may be converted into, resulting in the issue of a warrant over 16,666,666 New Ordinary Shares and, upon exercise, raising £2.5 million
- The warrants have an exercise price of £0.15 and an 18 month term
- The Loan Notes are unsecured
- The warrants cannot be exercised so as to result in Galloway and Jim Mellon's interest in the Company exceeding 29.9%

The issue of the Loan Notes is a related party transaction under the AIM Rules given Galloway currently holds 18.7% of the Company issued ordinary shares and is wholly owned by Burnbrae Group Limited which is, in turn, wholly owned by Jim Mellon, Condor's Chairman. Accordingly, the independent directors, being the Board excluding Jim Mellon, having consulted with the Company's Nominated Adviser, consider the terms of the Loan Notes fair and reasonable insofar as shareholders are concerned. In forming this view the independent directors have noted the following:

- the financial position of the Company as noted above. The Company has short term funding needs amounting to £500k to £700k over the next 2 months which the Loan Notes will meet;
- the unsecured nature of the Loan Notes; and

- the Open Offer which will allow Qualifying Shareholders to subscribe on a pre-emptive basis for New Ordinary Shares at the same fixed price as the Loan Notes convert and at which the warrants are exercisable.

Open Offer

The Company considers it important that Shareholders have an opportunity (where it is practicable for them to do so) to subscribe for New Ordinary Shares on the same terms as Galloway has subscribed for the Loan Notes but excluding any entitlement to warrants and accordingly the Company is making the Open Offer to Qualifying Shareholders, noting that some overseas shareholders may not be able to participate in the open offer for regulatory reasons. Galloway has also indicated that it does not intend to subscribe for its entitlement under the Open Offer.

The Company will undertake an Open Offer to allow shareholders to subscribe for New Ordinary Shares up to an aggregate of £3.2 million at £0.15 per share and will issue a circular (the "Circular") containing further details and the terms and conditions of the Open Offer.

The key terms of the Open Offer are:

- Gross proceeds of up to £3.2 million
- 1 New Ordinary Share offered to all existing shareholders (other than some overseas shareholders) on a pre-emptive basis for each 6 Ordinary Shares held
- Open Offer price of £0.15 per New Ordinary Share
- Qualifying shareholders who subscribe for their full entitlements in the Open Offer may also request additional Open Offer shares
- Any basic entitlements in the Open Offer not taken up by Qualifying Shareholders may be placed by the Company at its sole discretion
- Circular and timetable expected to be published the week commencing 5 December 2022
- Conditional on Shareholder approval of a sub-division of each of the Company's Existing Ordinary Shares of £0.20 each into one ordinary share of £0.001 and one deferred share of £0.199

The Circular will also include a notice of an extraordinary general meeting (the "EGM") that will set out a resolution seeking Shareholder approval for a sub-division of each Existing Ordinary Share into one New Ordinary Share of £0.001 and one deferred share of £0.199. The Deferred Shares shall have no rights to vote or participate in distributions or on a winding up of the Company.

Appointment of Denham Eke as Non Executive Director

As a condition of the subscription by Galloway for the Loan Notes, Denham Eke, the sole director of Galloway, is to be appointed to the Company's Board as a Non Executive Director following the completion of normal regulatory checks and filings. Denham Eke began his career in stockbroking before moving into corporate planning for a major UK insurance broker. He is a director of many years' standing of both public and private companies involved in the mining, leisure, manufacturing and financial services sectors. Denham is the Managing Director of Burnbrae Group Limited, Galloway Limited and also Executive Vice Chairman of AIM traded Manx Financial Group Plc, Finance Director of Agronomics Limited (AIM: ANIC) and Bradda Head Lithium Ltd and Chairman of Webis Holdings Plc (AIM: WEB).

The Company's Principal Assets

The Company's principal asset is La India Project, Nicaragua, which comprises of a large, highly prospective land package of 588 sq km comprising of 12 contiguous and adjacent concessions. La India Project hosts a high grade Mineral Resource Estimate of 9,672 kt at 3.5g/t gold for 1,088,000 oz gold in the indicated mineral resource category and 8,642 kt at 4.3 g/t gold for 1,190,000 oz gold in the inferred mineral resource category. The open pit Mineral Resource Estimate is 8,693 kt at 3.2 g/t gold for 893,000 oz gold in the indicated mineral resource category and 3,026 kt at 3.0 g/t gold for 291,000 oz gold in the inferred mineral resource category. Total underground Mineral Resource Estimate is 979 kt at 6.2 g/t gold for 194,000 oz gold in the indicated mineral resource category and 5,615 kt at 5.0 g/t gold for 898,000 oz gold in the inferred mineral resource category.

Other assets include approximately 1,000 hectares of land purchased for the mine site infrastructure for circa US\$4.2 million and a new SAG Mill package purchased for US\$6.5 million.

Condor has filed a feasibility Study (the "2022 FS") titled "Condor Gold Technical Report on the La India Gold Project, Nicaragua, 2022" and dated October 25, 2022, which was completed on La India vein set open pit only, which has a Mineral Resource Estimate of 8,487 kt at 3.0g/t gold in for 827,000 oz gold in the indicated mineral resource category and 893 Kt at 2.4 g/t gold for 69,000 oz gold in the inferred mineral resource category.

The 2022 FS produced a Probable Mineral Reserve of 7.3Mt at 2.56g/t gold for 602,000 oz gold. Production averages 81,545 oz gold per annum for the first 6 years of an 8.4 year mine life. Low initial capital requirement of US\$105.5 million (including contingency and EPCM contract) and low average Life of Mine All-in Sustaining Cash costs (AISC) at US\$1,039 per oz gold.

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.

The 2021 PEA considered the expanded Project inclusive of the exploitation of the Mineral Resources associated to the La India, Mestiza, America and Central Breccia deposits. The strategic study covers two scenarios: Scenario A, in which the mining is undertaken from four open pits, termed La India, America, Mestiza and Central Breccia Zone ("CBZ"), which targets a plant feed rate of 1.225 million tonnes per annum ("Mtpa"); and Scenario B, where the mining is extended to include three underground operations at La India, America and Mestiza, in which the processing rate is increased to 1.4 Mtpa. The 2021 PEA Scenario B presented a post-tax, post upfront capital expenditure NPV of US\$418 million, with an IRR of 54% and 12 month pay-back period, assuming a US\$1,700 Per oz gold price, with average annual production of 150,000 oz gold per annum for the initial 9 years of gold production. The open pit mine schedules were optimised from designed pits, bringing higher grade gold forward resulting in average annual production of 157,000 oz gold in the first 2 years from open pit material and underground mining funded out of cashflow. The 2021 PEA Scenario A presented a post-tax, post upfront capital expenditure NPV of US\$302 million, with an IRR of 58% and 12 month pay-back period, assuming a US\$1,700 per oz gold price, with average annual production of approximately 120,000 oz gold per annum for the initial 6 years of gold production. The Mineral Resource estimate and associated Preliminary Economic Assessment contained in the 2021 PEA are considered a historical estimate within the meaning of NI 43-101, a qualified person has not done sufficient

work to classify such historical estimate as current, and the Company is not treating the historical Mineral Resource estimate and associated studies as current, and the reader is cautioned not to rely upon this data as such. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Company believes that the historical Mineral Resource estimate and Preliminary Economic assessment is relevant to the continuing development of the La India Project.

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 has purchased a new SAG Mill, which has mainly arrived in Nicaragua. Site clearance and preparation is at an advanced stage.

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 M oz gold open pit Mineral Resources permitted for extraction.

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.

TSX Matters

For the purposes of TSX approvals in connection with the issuance of the Loan Notes and the warrants, the Company is relying on the exemption set forth in Section 602.1 of the TSX Company Manual, which provides that the TSX will not apply its standards to certain transactions involving "eligible interlisted issuers" such as Condor whose shares are also listed on a recognized exchange such as AIM.

Qualified Persons

The technical and scientific information in this press release has been reviewed, verified and approved by Andrew Cheatle, P.Geo., a director of [Condor Gold plc](#), and Gerald D. Crawford, P.E., the Chief Technical Officer of [Condor Gold plc](#), each of whom 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 reviewed by the Qualified Persons responsible for their respective components of the 2022 FS as defined below:

- On behalf of SRK: Dr Tim Lucks of SRK Consulting (UK) Limited, Mr Fernando Rodrigues and Mr Ben Parsons of SRK Consulting (U.S.) Inc., Mr Parsons assumes responsibility for the Mineral Resource Estimate, Mr Fernando Rodrigues for the Mineral Reserve estimate and the open pit mining study and production schedule, and Dr Lucks for the oversight of the remaining SRK technical disciplines.
- On behalf of Hanlon: Mike Rockandel for the Process design and Project Infrastructure and corresponding operating and capital costs.
- On Behalf of Tierra Group: Justin Knudsen P.E. for the tailings waste management and La Simona water attenuation structure design.

Important Notice(s)

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 Fundraising, including the open offer and the potential conversion of the Loan Notes; the timing of the subdivision of the Company's existing ordinary shares and the meeting of shareholders to approve such subdivision; future development and production plans, projected capital and operating costs, mine life and production rates, metal or mineral recovery estimates, Mineral Resource, Mineral Reserve estimates at the La India Project, the potential to convert Mineral Resources into Mineral Reserves; and the Company's strategic plans and ongoing sales process. 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 and resources; 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, 2021 dated March 29, 2022 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.

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SOURCE: [Condor Gold plc](#)

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