

Golconda Gold Ltd. Reviews 2022: A Transformative Year

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TORONTO, Jan. 11, 2023 - [Golconda Gold Ltd.](#) ("Golconda Gold" or the "Company") (TSX-V: GG; OTCQB: GGGOF) continued its progression in 2022 to meet its goal of becoming a long-life and low-cost operation that can produce positive returns for investors across commodity cycles.

1. Produced 9,979 ounces of gold at Galaxy in 2022⁽¹⁾, a 20% increase on 2021 production demonstrating the progress made on unlocking the significant value contained in the Galaxy resource. Despite the operational challenges encountered during the year associated with unprecedented rainfall and resultant flooding and lower than budgeted equipment availabilities, Galaxy still delivered significant production growth year on year.

2. Completed the sale of Mupane Gold Mining Proprietary Limited ("Mupane") to Hawks Mining Company Proprietary Limited. The completion of the sale removed US\$17.3 million of liabilities from the Company's balance sheet. Mupane had been the cornerstone of the Company for the previous 11 years but was at a point where it needed to transition to be a smaller producer and required significant capital investment. The sale of Mupane has transformed the Company's balance sheet and freed up capital and management time to invest in both Galaxy and Summit which are expected to provide a greater return on capital⁽²⁾.

3. Signed and commenced deliveries under a new offtake agreement for the Galaxy operation with Ocean Partners UK Limited and an associated unsecured US\$3 million revolving finance facility. The new offtake agreement incorporates a higher payable percentage for the gold content in the Company's concentrate. For example, at a production level of 25,000 ounces per annum at US\$1,800 per ounce gold price generates US\$1.4 million more revenue when compared with the Company's previous offtake agreement.

4. Repayment of the Barak US\$5 million secured facility. Coupled with the sale of Mupane this has created a much-improved balance sheet that the Company can leverage to finance expansion at Galaxy and the restart of Summit⁽²⁾.

5. Produced an updated Preliminary Economic Assessment of the Summit Mine and Banner Mill in New Mexico⁽³⁾. Based on a gold price of US\$1,850 and silver price of US\$22 per ounce the assessment showed the following results:

- A 7-year mine life;
- Average annual production of:
 - 9,500 ounces of gold
 - 444,000 ounces of silver
 - 14,700 ounces of gold equivalent production;
- Life-of-mine capital cost of US\$13.4 million;
- Peak funding requirement of US\$8.2 million;
- Project payback in 26 months;
- Pre-tax NPV (5%) of US\$66.4 million; and
- All-in sustaining cash cost of US\$864 per ounce of gold.

6. Mining of the total footprint of the Galaxy Ore Body at 22 level generated 29% more ounces than forecasted⁽⁴⁾. It was expected, from the mine plan included in the Galaxy Technical Report (as defined below), that the Company would mine 12,342 tonnes to complete the footprint at a grade of 2.66 grams per tonne ("g/t"), with a cut-off grade of 1.4 g/t, for 1,056 ounces. The Company actually mined 11,874 tonnes at a grade of 3.56 g/t for 1,359 ounces, an increase of 33.8% on grade and 28.7% in ounces. The total Galaxy measured and indicated resource according to the Galaxy Technical Report, was approximately 3.0 million tonnes at 2.64 g/t containing 254,241 ounces as of December 31, 2021.

7. Renamed the Company to Golconda Gold. The new name more accurately represents the Company going forward following the disposal of Mupane and the transformation of the Company's balance sheet. The

Company believes the new name will make it clear to current and future stakeholders that the Company is concentrating on progressing both Galaxy and the Summit Mine and Banner Mill and unlocking their inherent value.

Nicholas Brodie, CEO of Golconda Gold, commented "As a Company we have been clear in our overriding goal of becoming a long-life and low-cost operator and we continue to ensure that this is core to our decision-making process. We reached the end of 2022 having made some giant strides towards reaching our goals. To transform our balance sheet, increase our revenue, repay all our secured debt removing the security over our assets, provide a very positive economic outlook for Summit and outperform the modelled resource at Galaxy has given us a tremendous platform to start 2023 on. We intend to keep travelling in the same direction and hope that 2023 will be as full of important, transformational steps to achieving our goals (2)."

About Golconda Gold

Golconda Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements in South Africa and New Mexico. Golconda Gold is a public company and its shares are quoted on the TSX Venture Exchange under the symbol "GG" and the OTCQB under the symbol "GGGOF". Golconda Gold's management team is comprised of senior mining professionals with extensive experience in managing mining and processing operations and large-scale exploration programmes. Golconda Gold is committed to operating at world-class standards and is focused on the safety of its employees, respecting the environment, and contributing to the communities in which it operates.

Notes:

(1) All information herein is subject to change based on the reported audited annual financial results, expected to be reported no later than May 1, 2023.

(2) This is forward-looking information and is based on a number of assumptions. See "Cautionary Notes".

(3) The PEA is an update of the economic model provided by Waterton Precious Metals Fund II Cayman, the previous owner of Summit, to the Company with an effective date of September 17, 2014, which was included in the "Technical Report, Preliminary Economic Assessment, Summit Gold-Silver Project, Grant and Hidalgo Counties, New Mexico", prepared by Douglas F. Irving, P.E., Susan C. Bird, P.Eng., and Tracey D. Meintjes, P. Eng. of Chapman, Wood and Griswold, Inc. in Albuquerque, New Mexico. The PEA has been updated by the creation of a new mine plan, updated costings, revised off-take terms and updated metal prices. The updated PEA is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the updated PEA will be realized. Please see the Company's press release dated June 27, 2022 for further details.

(4) The deposits at the Galaxy mine are supported by a technical report entitled "NI 43-101 Technical Report on the Galaxy Gold Mine, South Africa" which was issued on July 3, 2020 (the "Galaxy Technical Report"), with an effective date of June 29, 2020, a copy of which is available under the Company's profile on www.sedar.com. The Galaxy Technical Report was prepared by Minxcon (Pty) Ltd and approved by Mr. Uwe Engelmann, BSc (Zoo. & Bot.), BSc Hons (Geol.) Pr.Sci.Nat., MGSSA, and Mr. Daniel (Daan) van Heerden, B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng., FSAIMM, AMMSA, both "qualified persons" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), and independent of the Company for the purposes of NI 43-101. The preliminary economic assessment ("PEA") supported by the Galaxy Technical Report is preliminary in nature as the resources included in the PEA are comprised 54% of inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

Cautionary Notes

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company's ability to provide a greater return on capital at Galaxy and Summit, the Company's ability to finance an expansion at Galaxy and the restart of Summit, and the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or

similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in South Africa and New Mexico; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in South Africa and New Mexico; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; the ability of the communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial implications of COVID-19 to the Company; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; risks related to restarting production; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; and litigation risk. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

Information of a technical and scientific nature that forms the basis of the disclosure in the press release has been prepared and approved by Kevin Crossling Pr. Sci. Nat., MAusIMM. and former Business Development Manager for Golconda Gold, and a "qualified person" as defined by NI 43-101. Mr. Crossling has verified the technical and scientific data disclosed herein and has conducted appropriate verification on the underlying data.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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