



28 January 2019

Condor Gold plc
(“Condor Gold” or the “Company”)

Mineral Resource Update on La India Project, Nicaragua, *including* initial declaration of new open pit mineral resource at Mestiza

Condor Gold (AIM: CNR; TSX: COG) is pleased to announce the results of an updated Mineral Resource Estimate (the “MRE”) on its 100% owned La India Project in Nicaragua. The MRE as at 25 January 2019 is 9.85 million tonnes (“M tonnes” or “Mt”) at 3.6 g/t gold for 1,140,000 oz gold in the Indicated category and 8.48M tonnes at 4.3g/t gold for 1,179,000 oz gold in the Inferred category.

The MRE was prepared by SRK Consulting (UK) Limited (“SRK”) and uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014).

Highlights of Mineral Resource Estimate

- Total Indicated Mineral Resources of 9.85Mt at a grade of 3.6 g/t gold, for a total contained ounces of 1,140,000oz gold
- Total Inferred Mineral Resources of 8.48Mt at a grade of 4.3 g/t gold, for a total contained ounces of 1,179,000 oz gold
- Total open pit Mineral Resource of 8.58Mt at a grade of 3.3 g/t gold, for 902,000 oz gold in the Indicated category and 3.01Mt at a grade of 3.0 g/t gold, for 290,000 oz gold in the Inferred category
- New open pit Mineral Resource on Mestiza of 92Kt at a grade of 12.1 g/t (36,000 oz contained gold) in the Indicated category and 341Kt at a grade of 7.7 g/t gold (85,000 oz contained gold) in the Inferred category
- Total underground Mineral Resources of 1.27Mt at a grade of 5.8 g/t gold, for 238,000 oz gold in the Indicated category and 5.47Mt at a grade of 5.1 g/t gold, for 889,000 oz gold in the Inferred category

Mark Child, Chairman and Chief Executive Officer of Condor Gold, commented:

“The Mineral Resource update on La India Project totals 9.85M tonnes at 3.6 g/t gold for 1,140,000 oz gold in the Indicated category and 8.48M tonnes at 4.3g/t gold for 1,179,000 oz gold in the Inferred category and is a timely reminder of the high grade nature of this gold deposit. The Mineral Resource update includes 8,222m drilling completed since the previous Mineral Resource update in September 2014. The higher level of confidence, the Indicated category of Mineral Resource, has increased by 57 Koz.

Most importantly, the drilling has proved two new satellite open pit resources. Of note is the new open pit Mineral Resource on Mestiza of 92Kt at a grade of 12.1 g/t for 36,000 oz contained gold in the Indicated category and 341Kt at a grade of 7.7 g/t gold for 85,000 oz contained gold in the Inferred category. The four satellite open pits outside the main, permitted La India open pit have combined open pit resources of 206Kt at 9.9g/t gold for 66,000 oz gold in the Indicated category and 2,127Kt at 3.23g/t gold for 221,000 oz gold in the Inferred category. The Company will conduct mining studies to determine the possibility of adding the contained gold within the satellite pits to a mine schedule to supplement the ore feed from the permitted La India open pit to the processing plant. This has the possibility to either increase annual production and/or extend the life of mine.”

Summary of Updated Mineral Resource Estimate

The MRE includes an additional 8,222m drilling since September 2014 and is 9,850kt at 3.6 g/t gold for 1,140Koz gold in the Indicated category and 8,479Kt at 4.3g/t gold for 1,179Koz gold in the Inferred category (see Table 1 below). This compares to the Mineral Resource estimate on 30 September 2014 which reported 9,557kt at 3.5g/t gold for 1,083Koz gold in the Indicated category and 8,526kt at 4.5g/t gold for 1,231Koz gold in the Inferred category.

The 8,222m of additional drilling, and the updated part of the Mineral Resource, are in three areas at the core of the La India Project, all of which now contain open pit Mineral Resources reported within an optimized Whittle pit shell, applying parameters considered in line with the criteria of reporting Mineral Resources with reasonable potential for economic extraction (See Table 2 below):

- 5,895m of infill drilling for a total of 42 drill holes on the Mestiza Vein Set has converted Inferred Mineral Resource to the Indicated category and delineated a maiden open pit Mineral Resource of 92kt at 12.1g/t gold for 36,000 oz gold in the Indicated category and 341kt at 7.7 g/t gold in the Inferred category. The Mestiza Vein Set also hosts an underground Mineral Resource of 118kt at 5.5g/t gold in the Indicated category and 984kt at 5.3 g/t gold for 169,000 oz gold in the Inferred category
- 1,607m of drilling for a total of 5 drill holes on the La India Vein Set extended the Mineral Resource at depth and increased the underground Mineral Resource associated with the mineralized southern ore shoot. There was no drilling within the volume associated to the La India open pit Mineral Resource. The La India Vein Set hosts an open pit Mineral Resource of 8,377kt at 3.1g/t gold for 837Koz gold in the Indicated category and 887kt at 2.4 g/t gold for 69,000oz gold in the Inferred category and an underground Mineral Resource estimate of 678kt at 4.9g/t gold for 107Koz gold in the Indicated category and 1718kt at 5.6 g/t gold for 309,000 oz gold in the Inferred category.
- 719m of follow-up drilling for a total of 4 drill holes on El Cacao successfully confirmed the presence of a wide structure in drill hole CCDC025 of 17.1m at 1.74g/t gold (see the release dated 17 January 2017) and defined an open pit Mineral Resource of 188kt at 2.3g/t gold for 14,000 oz gold in the Inferred category

and underground Mineral Resource of 474kt at 3.0g/t gold for 46,000 oz gold in the Inferred category.

The MRE does not show a material change in the number of ounces of gold reported, being 1,140 Koz in the Indicated category and 1,179 Koz in the Inferred category. Notwithstanding the above, the MRE reports an increase of 57 Koz in the number of gold ounces in the Indicated category, an 40 Koz increase in the open pit Mineral Resources reported in the Indicated category, and a 56 Koz increase in the open pit Mineral Resources in the Inferred category.

The MRE continues to demonstrate that there is potential to enhance the La India Project with additional material conducive to open pit mining methods. In addition to the main La India open pit there are now four satellite pits that have the potential to act as feeder pits, to provide mineralized material to the permitted plant, and to supplement feed from the main La India open pit. These satellite pits (Mestiza, America, Central Breccia and Cacao) in aggregate represent 206 Kt at 9.9 g/t Au for 66,000 oz in the Indicated category and 2,127Kt at 3.2g/t gold for 221,000 oz in the Inferred category.

Given that there has been no material change to the La India open pit Mineral Resource estimate, the Mineral Reserve referenced in the 2014 Pre-Feasibility study will not be materially impacted by this update. It is the Company's intention to continue to evaluate the mining strategy for the La India deposit as it progresses towards an infill drill programme and subsequent Feasibility study.

Table 1

Summary of SRK Mineral Resource Estimate Statement as of 25 January 2019 with sub-totals for the Mineral Resource Estimate in the Indicated and Inferred categories

SRK MINERAL RESOURCE STATEMENT as of 25 January 2019 (4),(5),(6)								
Category	Area Name	Vein Name	Cut-Off	gold			Silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz) (7)
Indicated	Grand total	All veins	0.5g/t (OP) (1)	8,583	3.3	902	5.6	1,535
			2.0 g/t (UG) (2)	1,267	5.8	238	8.5	345
		Subtotal Indicated			9,850	3.6	1,140	5.9
Inferred	Grand total	All veins	0.5g/t (OP) (1)	3,014	3.0	290	6.0	341
			2.0 g/t (UG) (2)	3,714	5.1	609	9.6	860
		1.5 g/t (3)	1,751	5.0	280			
		Subtotal Inferred			8,479	4.3	1,179	8.2

(1) The methods applied to conducting the geological modelling and estimation have not changed from those described in the Technical Report. The La India, America, Central Breccia, Mestiza and Cacao pits are amenable to open pit mining and the Mineral Resource Estimates are constrained within Whittle optimised pits, which SRK based on the following parameters: A gold price of USD1,500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK projects. Metallurgical recovery assumptions are between 91-96% for gold, based on testwork conducted to date. Marginal costs of USD19.36/t for processing, USD5.69/t G&A and USD2.35/t for mining, slope angles defined by the Company Geotechnical study which range from angle 40 - 48°, a haul cost of USD1.25/t was added to the Mestiza ore tonnes to consider transportation to the processing plant.

(2) Underground Mineral Resources beneath the open pit are reported at a cut-off grade of 2.0 g/t over a minimum width of 1.0m. Cut-off grades are based on a price of USD1,500 per ounce of gold and gold recoveries of 91 percent for resources, costs of USD19.36/t for processing, USD4.5/t G&A and USD50.0/t for mining, without considering revenues from other metals.

(3) Mineral Resources as previously quoted by SRK (22 December 2011) are reported at a cut-off grade of 1.5 g/t, and have not been updated as part of the current study due to no further detailed exploration.

(4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material. All composites have been capped where appropriate. The concession is wholly owned by and exploration is operated by Condor Gold plc.

(5) The MRE uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014) (the "CIM Standards").

(6) SRK completed a site inspection to the deposit by Mr Benjamin Parsons, MSc (MAusIMM(CP), Membership Number 222568, a "qualified person" as defined by NI 43-101.

(7) Back calculated Inferred silver grade based on a total tonnage of 4569 Kt as no silver estimates for Teresa, Central Breccia, Arizona, Auga Caliente, Guapinol, San Lucas, Cristalito-Tatescame or El Cacao.

Table 2

Summary of Mineral Resource Estimate Statement as of 25 January 2019 for the Indicated and Inferred Categories split per vein

SRK MINERAL RESOURCE STATEMENT SPLIT PER VEIN as of 25 January 2019 (4),(5),(6)								
Category	Area Name	Vein Name	Cut-Off	gold			silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)
Indicated	La India veinset	La India/ California ⁽¹⁾	0.5 g/t (OP)	8,377	3.1	837	5.4	1,459
		La India/ California ⁽²⁾	2.0 g/t (UG)	678	4.9	107	10.6	231
	America veinset	America Mine ⁽¹⁾	0.5 g/t (OP)	114	8.1	30	4.9	18
		America Mine ⁽²⁾	2.0 g/t (UG)	470	7.3	110	4.7	71
	Mestiza veinset	Tatiana	0.5 g/t (OP)	92	12.1	36	19.5	57
		Tatiana	2.0 g/t (UG)	118	5.5	21	11.3	43
Inferred	La India veinset	La India/ California ⁽¹⁾	0.5 g/t (OP)	883	2.4	68	4.4	124
		Teresa ⁽³⁾	0.5 g/t (OP)	3	6.5	1		
		La India/ California ⁽²⁾	2.0 g/t (UG)	1,165	5.6	209	12.4	464
		Teresa ⁽²⁾	2.0 g/t (UG)	82	11.0	29		
		Arizona ⁽³⁾	1.5 g/t	430	4.2	58		
		Agua Caliente ⁽³⁾	1.5 g/t	40	9.0	13		
	America veinset	America Mine ⁽¹⁾	0.5 g/t (OP)	677	3.1	67	5.5	120
		America Mine ⁽²⁾	2.0 g/t (UG)	1,008	4.8	156	6.8	221
		Guapinol ⁽³⁾	1.5 g/t	751	4.8	116		
	Mestiza veinset	Tatiana ⁽¹⁾	0.5 g/t (OP)	220	6.6	47	13.6	97
		Tatiana ⁽²⁾	2.0 g/t (UG)	615	3.9	77	8.8	174
		Buenos Aires ⁽¹⁾	0.5 g/t (OP)	120	9.8	38		
		Buenos Aires ⁽²⁾	2.0 g/t (UG)	188	7.1	43		
		Espenito ⁽²⁾	2.0 g/t (UG)	181	8.4	49		
	Central Breccia	Central Breccia ⁽¹⁾	0.5 g/t (OP)	922	1.9	56		
	San Lucas	San Lucas ⁽³⁾	1.5 g/t	330	5.6	59		
Cristalito-Tatescame	Cristalito-Tatescame ⁽³⁾	1.5 g/t	200	5.3	34			
El Cacao	El Cacao ⁽¹⁾	0.5 g/t (OP)	188	2.3	14			

	El Cacao ⁽²⁾	2.0 g/t (UG)	474	3.0	46
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(1) The methods applied to conducting the geological modelling and estimation have not changed from those described in the Technical Report. The La India, America, Central Breccia, Mestiza and Cacao pits are amenable to open pit mining and the Mineral Resource Estimates are constrained within Whittle optimised pits, which SRK based on the following parameters: A Gold price of USD1,500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK projects. Metallurgical recovery assumptions are between 91-96% for gold, based on testwork conducted to date. Marginal costs of USD19.36/t for processing, USD5.69/t G&A and USD2.35/t for mining, slope angles defined by the Company Geotechnical study which range from angle 40 - 48°, a haul cost of USD1.25/t was added to the Mestiza ore tonnes to consider transportation to the processing plant.

(2) Underground Mineral Resources beneath the open pit are reported at a cut-off grade of 2.0 g/t over a minimum width of 1.0m. Cut-off grades are based on a price of USD1,500 per ounce of gold and gold recoveries of 91 percent for resources, costs of USD19.36/t for processing, USD4.55/t G&A and USD50.0/t for mining, without considering revenues from other metals.

(3) Mineral Resources as previously quoted by SRK (22 December 2011) are reported at a cut-off grade of 1.5 g/t, and have not been updated as part of the current study due to no further detailed exploration.

(4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material. All composites have been capped where appropriate. The concession is wholly owned by and exploration is operated by Condor Gold plc.

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(6) SRK completed a site inspection to the deposit by Mr Benjamin Parsons, MSc (MAusIMM(CP), Membership Number 222568, a "qualified person" as defined by NI 43-101.

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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 Company 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 to be the master permit for mining operations in Nicaragua. Condor Gold published a Pre-Feasibility Study (“PFS”) on La India Project in December 2014, as 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 seven years. La India Project contains a Mineral Resource (as presented above) in the Indicated category of 9,850Kt at 3.6 g/t gold for 1,140Koz gold in the Indicated category and 8,479Kt at 4.3g/t gold for 1,179Koz gold in the Inferred category. The Indicated Mineral Resource is inclusive of the Mineral Reserve.

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). Ben Parsons has some eighteen years' experience in the exploration, definition and mining of precious and base metal Mineral Resources. 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 by NI 43-101 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 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 Mineral Resources, Mineral Reserves and future production rates and plans at the 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, 2017 dated March 29, 2018, 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.

Technical Glossary

Mineral Resource

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors. The phrase 'reasonable prospects for eventual economic extraction' implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. The Qualified Person should consider and clearly state the basis for determining that the material has reasonable prospects for eventual economic extraction. Assumptions should include estimates of cutoff grade and geological continuity at the selected cut-off, metallurgical recovery, smelter payments, commodity price or product value, mining and processing method and mining, processing and general and administrative costs. The Qualified Person should state if the assessment is based on any direct evidence and testing.

Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre- Feasibility

or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.

There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report an Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve. Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

Mineral Reserve

Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project

after taking account of all relevant Modifying Factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term 'Mineral Reserve' need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

'Reference point' refers to the mining or process point at which the Qualified Person prepares a Mineral Reserve. For example, most metal deposits disclose mineral reserves with a "mill feed" reference point. In these cases, reserves are reported as mined ore delivered to the plant and do not include reductions attributed to anticipated plant losses. In contrast, coal reserves have traditionally been reported as tonnes of "clean coal". In this coal example, reserves are reported as a "saleable product" reference point and include reductions for plant yield (recovery). The Qualified Person must clearly state the 'reference point' used in the Mineral Reserve estimate.

Probable Mineral Reserve

A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

The Qualified Person(s) may elect, to convert Measured Mineral Resources to Probable Mineral Reserves if the confidence in the Modifying Factors is lower than that applied to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

Pre-Feasibility Study (Preliminary Feasibility Study)

The CIM Definition Standards requires the completion of a Pre-Feasibility Study as the minimum prerequisite for the conversion of Mineral Resources to Mineral Reserves.

A Pre-Feasibility Study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.