# Condor Gold plc

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**Condor Gold plc**
('Condor', 'Condor Gold' or 'the Company')

## Final Drill Results from Mestiza: including 1.4 m @ 18.5 g/t Gold

Condor Gold (AIM: CNR) is pleased to announce, further to its 30 August 2017 announcement, the final six drill hole results from a 43 drill hole programme on the Mestiza Vein Set ('Mestiza') at the La India Project, Nicaragua. A drill programme of 5,922 metres was completed in August with the initial focus on the Tatiana Vein, one of the four constituent veins at Mestiza, along with the nearby Buenos Aires and Jícaro veins. The objective was to convert the upper part of a historic Soviet mineral resource (2,392,000 tonnes at 10.2 grams per tonne ("g/t") gold for 785,694 ounces of gold) to Canadian NI 43-101 standard however this has now also developed into allowing Condor to better understand the extent of the mineralisation and further resource potential at Mestiza, which is open along strike beyond the Soviet resource. It is now considered that drilling below 200m, as further detailed below, is required to determine the volume of the historic Soviet resource that can be converted to NI 43-101 standard.

**Highlights:**

- 5,922 metres completed, with drilling restricted to the top 200 metres (below ground surface), which demonstrates excellent continuity of the structures, high-grade ore from surface, and open pit potential
- A high-grade oreshoot ('Big Bend') on the Tatiana vein is defined over a strike length of 450 metres and depth of 200 metres. It has mineralised true widths up to 4.6 metres (averaging 2.2 metres over the main mineralised section), in addition to a hanging wall vein up to 6.1 metres true width (averaging 1.0 metre)
- Best results received from the final six drill holes (totalling 850 metres) include:
    - LIDC378 drill width 0.50 metres (true width 0.4 metres) at 17.4 g/t gold and 3.0 g/t silver from 77.30 metres downhole depth.
    - LIDC383 drill width 1.40 metres (true width 1.1 metres) at 18.50 g/t gold and 22.1 g/t silver from 19.60 metre.
- Mapping and trenching continues on the extensions along strike of the constituent veins on Mestiza

**Mark Child, Chairman and CEO comments:**
"The final six drill holes of a 43 drill hole programme, totalling about 6,000 metres, at Mestiza demonstrate high grade gold mineralisation from surface to a depth of up to 200 m beneath surface.

"The discovery of a high-grade oreshoot ('Big Bend') on the Tatiana vein, which has a strike length of 450 metres, an estimated average true width of 2.2 metres and a depth of at least 200 metres, is material to the Project. Additionally, there is potential for a small open pit on the Tatiana vein

that can add high grade gold to the mine plan, reduce the payback period and enhance the project economics.

“On one section line in Big Bend, LIDC383 intersects the vein 20 metres beneath surface and has a drill width of 1.40 metres at 18.50 g/t gold. From previously reported drilling on the same section: LIDC 344 (80 metres beneath surface) has a drill width of 3.30 metres at 28.3 g/t gold; LIDC 358 (160 metres beneath surface) has a drill width of 3.55 metres at 23.3 g/t gold.

“Finally, as Condor has only drilled to a depth of up to 200 metres beneath surface, there is further potential in the lower half of the historic Russian resource, which was up to a depth of approximately 500 metres and remains untested.”

**Background**

The La India Project’s existing NI 43-101-compliant mineral resource includes 9.6 Mt at 3.5 g/t gold for 1,083,000 oz gold in the Indicated mineral resource category and 8.5 Mt at 4.5 g/t gold for 1,231,000 oz gold in the Inferred mineral resource category. This consists of seven separate resources, most of them open along strike and at depth. It includes Mestiza, which hosts a NI 43-101-compliant Inferred mineral resource of 1,490 kt at 7.47 g/t for 333,000 oz gold. Here, Soviet-backed drilling in 1991 led to a Soviet-style mineral resource estimate of 2,392 kt at 10.2 g/t gold for 785,694 oz gold (see RNS dated 22nd May 2017). The bulk of the resources are contained within the Tatiana vein, the largest of the four main veins at Mestiza, which also includes the Buenos Aires and Jicaro veins to the north, and Espinito vein set to the west, of Tatiana.

**Mestiza Drill Plan**

Condor commenced drilling with one rig on the 23rd March 2017, to test the Soviet drilling and convert the top half of the Soviet mineral resource to Canadian NI 43-101 standard (see RNS dated 31st March 2017). The first batch of assays was reported on the 22nd May 2017. A second rig was introduced and the second batch of assays was reported on the 29th June 2017.

This initial programme finished in August 2017, with the completion of 43 drill holes for 5,922 m in total (see RNS dated 30th August 2017). Table 1 lists the best intercepts above 20 g/t*m (grade x thickness) gold (Au) for the entire drill programme. Results for last six drill holes from LIDC378 to 383 are presented in Table 2. The drill plan (Figure 1) shows the distribution of these holes.

**Table 1: Best Drill Results from the Tatiana vein**

| Prospect | Drill hole ID | From** | To** | Drill Width (m) | True Width (m)* | Au (g/t) | Ag (g/t) | Grade Thick (m x g/t) |
|---|---|---|---|---|---|---|---|---|
| Tatiana | LIDC344 | 76.70 | 80.00 | 3.30 | 2.20 | 28.3 | 38.9 | 93.4 |
| Tatiana | LIDC358 | 160.50 | 164.05 | 3.55 | 2.30 | 23.3 | 66.6 | 82.7 |
| Tatiana | LIDC365 | 142.60 | 146.20 | 3.60 | 3.12 | 13.7 | 13.9 | 49.3 |
| Tatiana | LIDC360 | 40.30 | 43.40 | 3.10 | 2.70 | 14.4 | 29.2 | 44.6 |
| Tatiana | LIDC348 | 91.00 | 93.65 | 2.65 | 1.70 | 12.6 | 21.8 | 33.4 |
| Tatiana | LIDC346 | 83.80 | 86.85 | 3.05 | 2.30 | 6.79 | 14.1 | 20.7 |
| Tatiana | LIDC383 | 18.20 | 19.60 | 1.40 | 1.10 | 18.5 | 22.1 | 25.9 |
| Tatiana | LIDC345 | 129.60 | 133.00 | 3.40 | 2.20 | 6.06 | 21.4 | 20.6 |
| Tatiana | LIDC363 | 145.50 | 152.50 | 7.00 | 6.10 | 2.90 | 0.4 | 20.3 |

* Intercepts calculated above a 0.5 g/t Au cut off. True width is an interpretation based on the current understanding of the veins and may be revised in the future.

** Depth down hole from surface

Drilling with large diameter (PQ) core was a priority because it provided high recoveries and larger sample sizes (see Discussion of Drill Results below). The drill rigs have achieved this, but have

only been able to test the top 200 m. It is now considered that deeper holes are required to fully test the volume of the historic Soviet resource, which extends to approximately 500 m beneath surface. This will require more powerful rigs.

**Drill results for last six drill holes**

New drill results (from holes LIDC378 to 383) are shown in Table 2. The drill plan (Figure 1) shows the distribution of these holes.

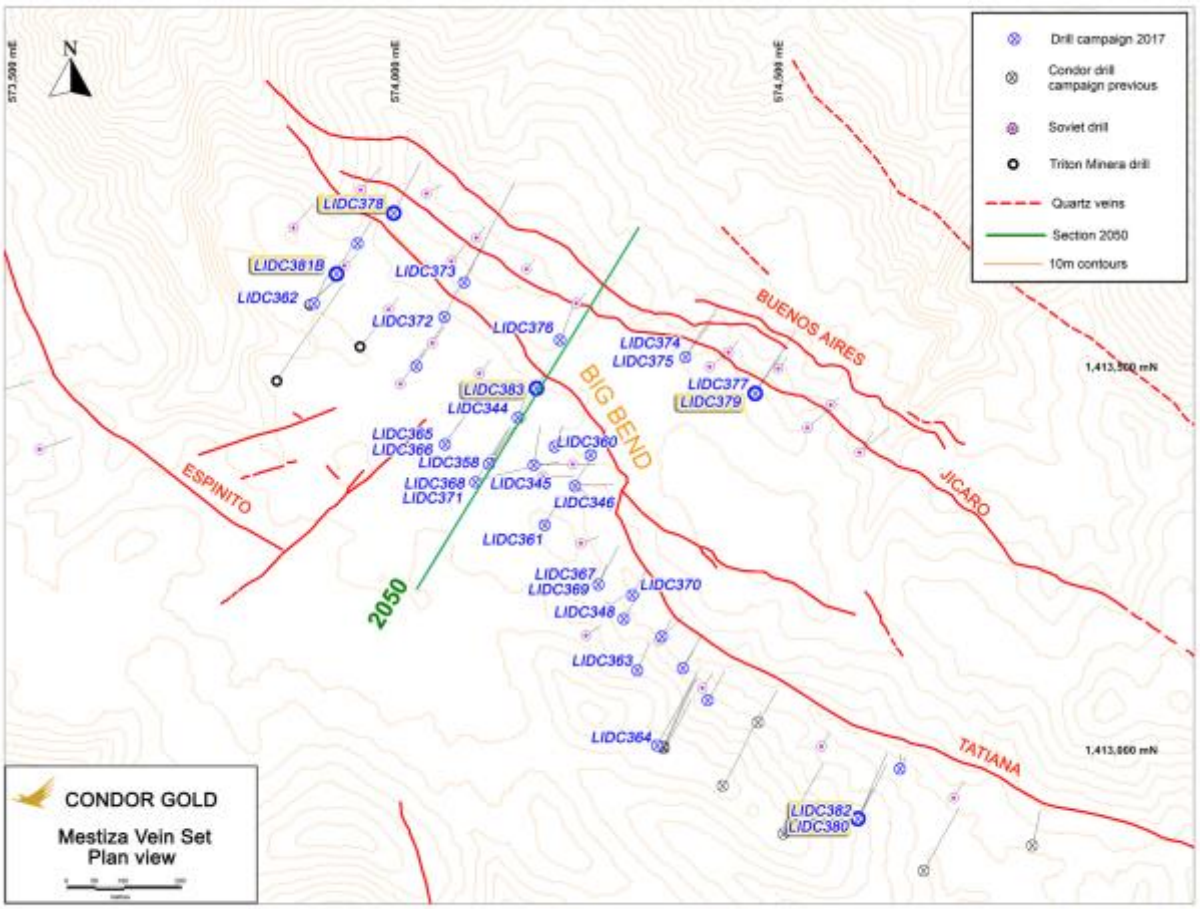
**Table 2: Final 850 m Drill Results from Mestiza Vein Set**

| Prospect | Drill hole ID | From** | To** | Drill Width (m) | True Width (m)* | Au (g/t) | Ag (g/t) | Comment |
|---|---|---|---|---|---|---|---|---|
| Buenos Aires | **LIDC378** | **77.30** | **77.80** | **0.50** | **0.40** | **17.4** | **3.00** | |
| Buenos Aires | LIDC379 | 114.95 | 115.20 | 0.25 | 0.20 | 1.62 | 4.00 | |
| Tatiana | LIDC380 | 146.55 | 151.40 | 4.85 | 3.80 | 1.25 | 11.32 | |
| Tatiana | LIDC381B | 29.40 | 30.50 | 1.10 | 1.00 | 6.84 | 15.77 | |
| Tatiana | LIDC382 | 132.40 | 133.50 | 1.10 | 0.60 | 1.17 | 7.45 | Hanging wall vein |
| | | 228.80 | 232.50 | 3.70 | 1.90 | 0.16 | <2.00 | Main vein |
| Tatiana | **LIDC383** | **18.20** | **19.60** | **1.40** | **1.10** | **18.5** | **22.14** | |

* Intercepts calculated above a 0.5 g/t Au cut off. True width is an interpretation based on the current understanding of the veins and may be revised in the future

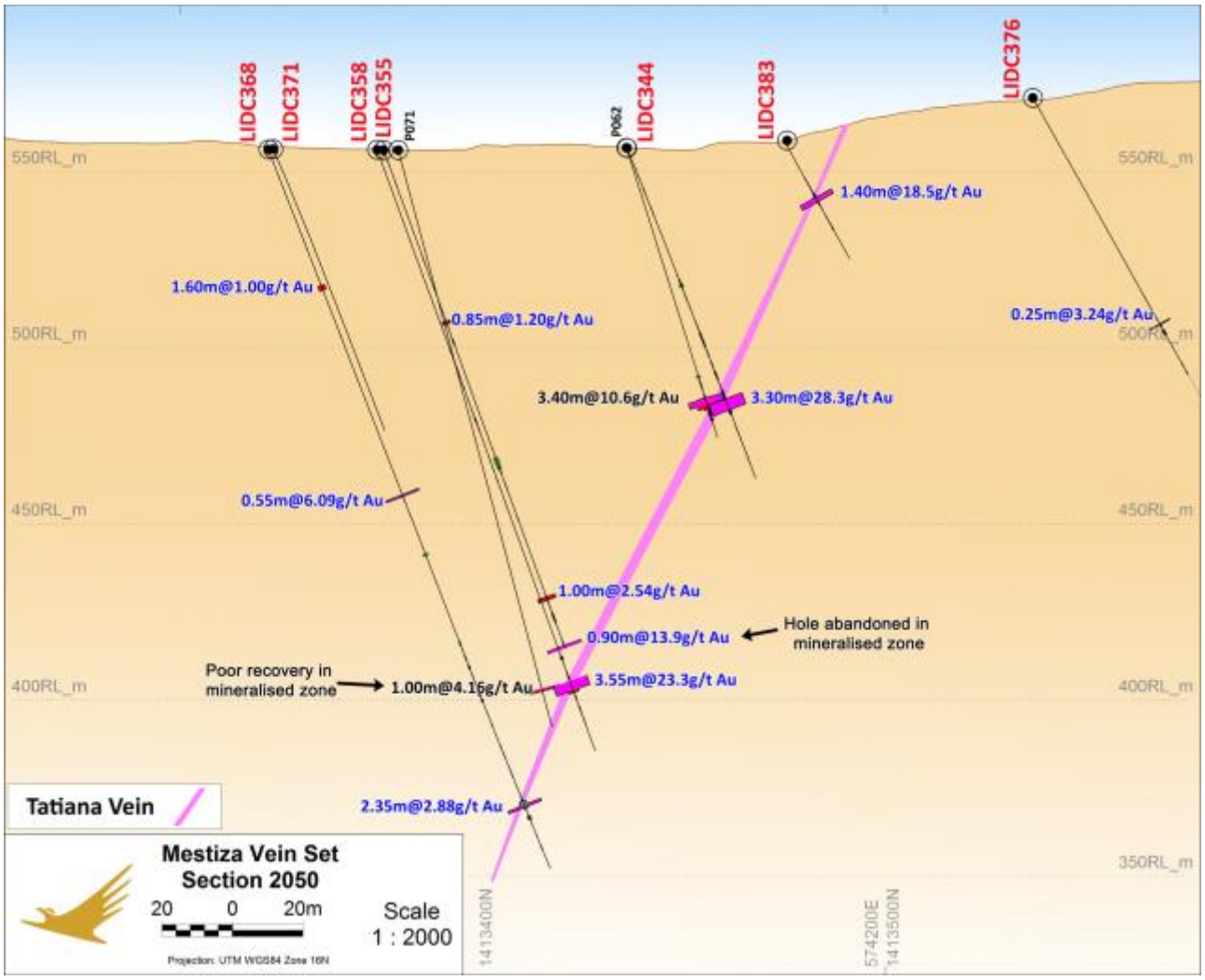
** Depth down hole from surface

**Figure 1 Map of Mestiza Vein Set Showing Four Main Veins**




Green line in Figure 1 above is the section shown in Figure 2

**Figure 2 Cross section 2050 of Tatiana Vein**




Note: The pink line in Figure 2 above represents the Tatiana Vein at Cross Section 2050

**Discussion of Drill Results**

Mineralisation occurs within a 4.0 to 6.0 m-wide mineralised structure cutting a major unit of welded tuff with conspicuous fiamme. The structure consists of:

- An early-stage broad zone of jigsaw and crackle hydrothermal breccia with drusy and comb vein quartz in the matrix. These support angular clasts of weakly silicified wall rock. This phase normally has low gold grade.
- A central high-grade quartz vein, typically 0.5-1.0 m wide, with comb and drusy quartz and minor chalcedony. Textures vary between holes, from massive silica to local colloform, pale green chalcedony with fine streaks of sulphides and leaching textures (moulds after calcite).
- Late fault breccias with vein clasts and hydrothermal breccia in a sooty, black, manganiferous gouge and brick red smectite. These frequently contain high grade gold.

Gold mineralisation is associated with the quartz vein and fault breccia over true widths of up to 3.0 m. The nature of the fault breccia, with variable amounts of gold-mineralised vein clasts in clay gouge, leads to high gold grade variability. Drilling with PQ core is preferred to maximise the sample size.

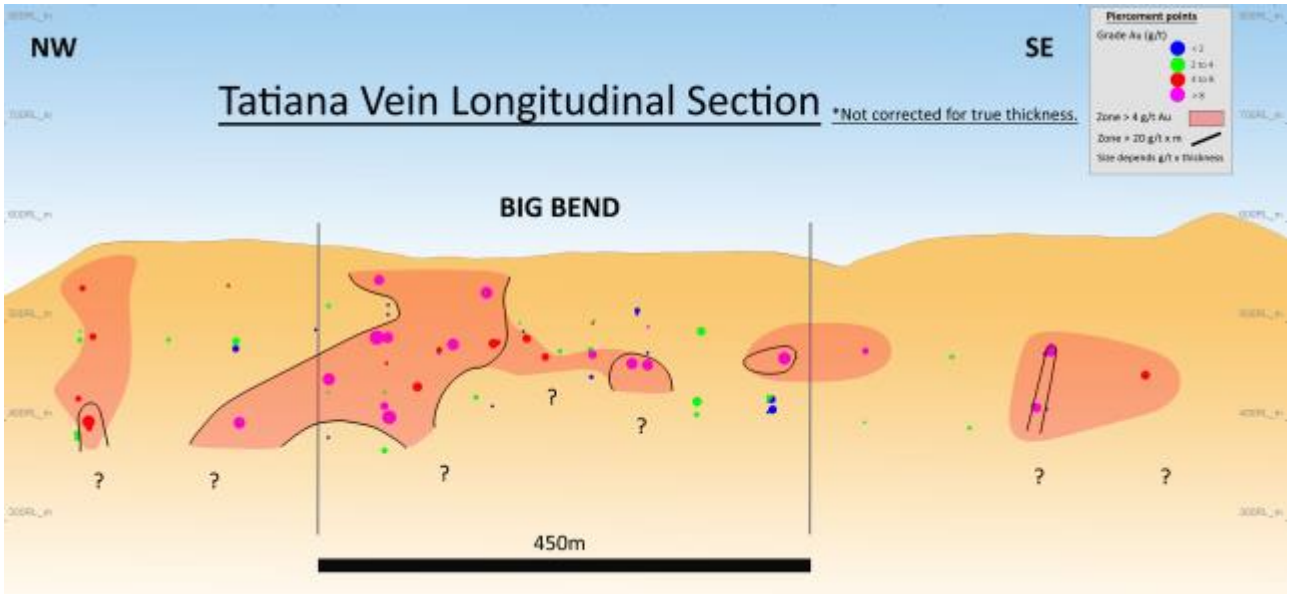
There is also a possible supergene enrichment effect, suggested by increased silver in some deeper holes (e.g. 0.7 m at 356 g/t Ag from 198.1 m in LIDC030B).

A long section of the Tatiana vein (Figure 3) plots the drill hole intercepts where they and intersect the vein. It shows all historic and new drilling. Each point is coloured according to average grade and sized according to the grade x thickness factor, which is the downhole intercept length multiplied by the gold grade. At the local scale, this shows the highly variable nature of mineralisation, with narrow low-grade intersections only metres away from wide high-grade intersections. At the larger scale, the long section shows that the vein is broadly well mineralised and forms high grade shoots separated by intervening areas of low grade where the mineralised zone is thinner.

A geological model has been developed which correlates high grade gold mineralisation with bends in the vein (see 'Big Bend' in Figure 1). These bends created more open space, allowing more hydrothermal fluid circulation, resulting in higher grade. Big Bend, which appears to pitch steeply west, has a strike of approximately 450 m.

The deepest drill holes, about 200 m below surface, intersected lower grades and/or narrower veins. This may reflect pinching of the vein or the base of the oxide zone and supergene enrichment. However, this has only been tested in two holes at the western end of Big Bend: LIDC361, which returned a disappointing 0.25 m at 1.05 g/t Au, intersected a 3.35 m-wide (downhole) vein and fault breccia zone in HQ core. Deeper drilling is needed to test the extension of the high-grade zone.

**Figure 3 Long Section of Tatiana Indicating a High Grade Ore Shoot**




**Mapping at Mestiza**

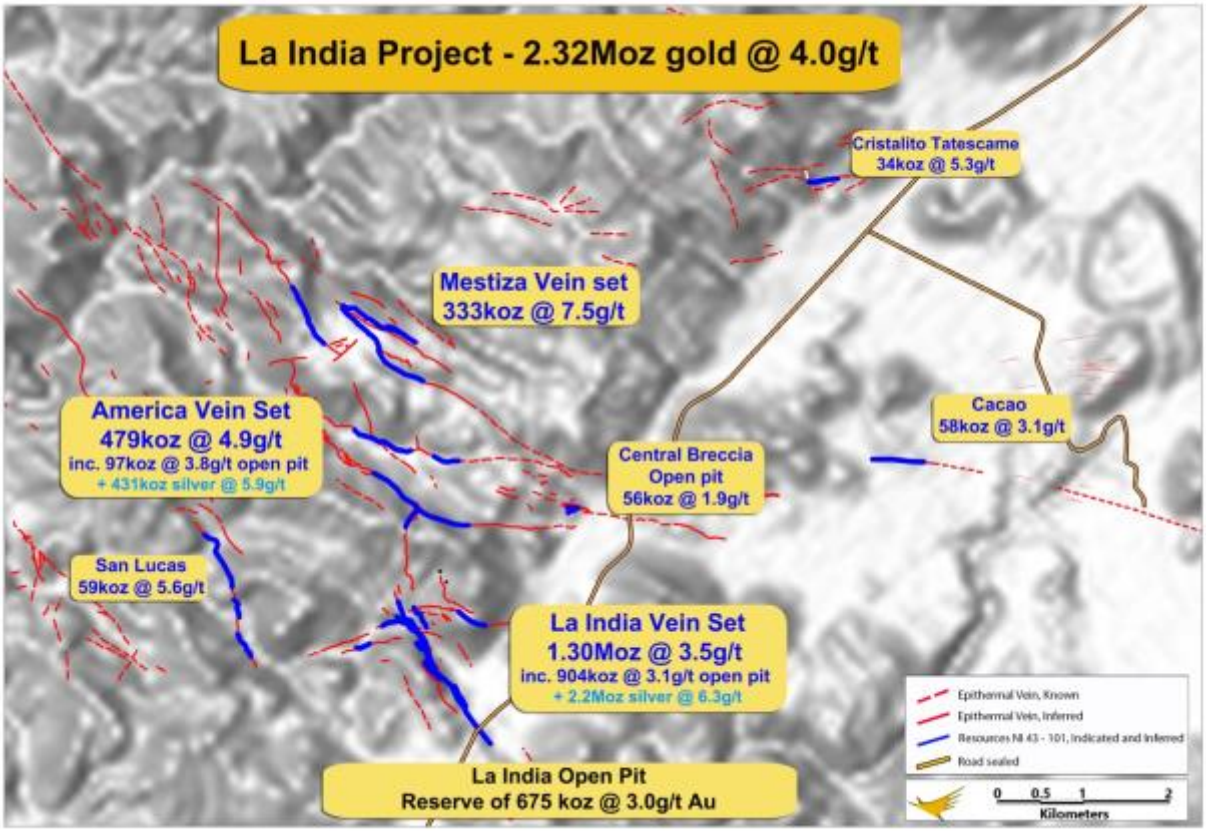
Detailed mapping was initiated at Mestiza to better understand the geometry of the veins and identify new bends that may merit drill testing. Mapping has traced epithermal quartz veins over a strike length of at least 3.5 km at Mestiza. The Tatiana, Jícaro and Buenos Aires veins coalesce in the northwest and seem to combine into a northwest-striking vein. There is also a newly discovered, parallel vein, the Tortuga Vein, which assayed up to 6.1 g/t Au in a mullock sample. Historic sampling of the northwestern extension of all these veins includes 47.7 g/t Au over 0.2 m, at 450 m along strike from the westernmost Tatiana vein exposures.

Rock chip sampling and trenching has commenced on the northwest extensions of veins within the enlarged Mestiza vein set, to generate drill targets.

**Mestiza in the context of La India**
Mestiza is significant for five reasons:

1. It already hosts a NI 43-101-compliant Inferred mineral resource of 1,490 kt at 7.47 g/t; 333,000 oz gold. However, a Soviet mineral resource of 2,392 kt at 10.2 g/t gold for 785,694 oz gold was previously defined and an opportunity exists to upgrade the former. This is excluded from the current Pre-Feasibility Study ("PFS") and Preliminary Economic Assessment ("PEA") at La India.
2. The PEA (December 2014) has an open pit and underground mining scenario using a 1.6 Mtpa processing plant recovering 1,203 koz gold over the life of mine, with the first five years production averaging 138,000 oz gold pa.
3. The January 2016 Whittle Enterprise Optimisation to NPV of the above PEA materially increased the recovered gold and project economics. Using the same 1.6 Mtpa processing plant, recovered gold increased to 1,437 koz gold over the life of mine, with the first five years of production averaging 165,000 oz gold pa.
4. All production scenarios exclude Mestiza, which is in close proximity to La India (See Figure 4). There is excellent potential to bring high grade gold from Mestiza into a future mine plan, feeding a centralised processing plant.
5. Importantly, Mestiza hosts a shallow, high-grade, oxidised resource. This is currently viewed as a combined open pit-underground mining target. The average drill depth is 112 m for the 6,000 m resource conversion drilling programme. The existing resource is open along strike in both directions and at depth. Its shallow, high grade nature suggests it could be added early on to the mine plan, enhancing the production profile and economics of the project.

**Figure 4 Location of the seven resources that comprise the La India Project**




***Competent Person's Declaration***

The information in this announcement that relates to the mineral potential, geology, exploration results and database is based on information compiled, and reviewed, by Mr Peter Flindell, Member of the Australian Institute of Geoscientists, Member of the Australasian Institute of Mining and Metallurgy and Member of the Society of Economic Geologists. Mr Flindell is a geologist with over thirty years of experience in the exploration of precious metal mineral resources. Mr Flindell is a non-executive director on the Board of Condor Gold plc who also provides technical leadership to the technical team in Nicaragua and has considerable experience in epithermal mineralisation, the type of deposit under consideration, and sufficient experience in the type of activity that he is undertaking to qualify as a 'Competent Person' as defined in the June 2009 Edition of the AIM Note for Mining and Oil & Gas Companies. Mr Flindell 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.

**Technical Glossary**

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| Assay | The laboratory test conducted to determine the proportion of a mineral within a rock or other material. Usually reported as parts per million which is equivalent to grams of the mineral (i.e. gold) per tonne of rock |
| Ag | Silver |
| Au | Gold |
| breccias | A fragmental rock, composed of rounded to angular broken rock fragments held together by a mineral cement or in a fine-grained matrix. They can be formed by igneous, tectonic, |

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| | sedimentary or hydrothermal processes. |
| C1 | C1 reserves are broadly equivalent to JORC indicated resources and have been estimated by a sparse grid of trenches, drill holes or underground workings. The quality and properties of the deposit are known tentatively by analyses and by analogy with known deposits of the same type. The general conditions for exploitation are partially known |
| C2 | C2 reserves are broadly equivalent to JORC inferred resources and have been extrapolated from limited data, probably only a single hole |
| Chalcedony | A variety of quartz formed by microscopic or submicroscopic crystals. In an epithermal environment, chalcedony is formed in low temperature and pressure conditions high in the system. |
| Colloform banded | A texture found in fine grained quartz (chalcedony) veins where crystals have grown in a radiating and concentric manner form a vein centreline to give a finely banded appearance |
| Comb quartz | A quartz vein texture describing masses of parallel long, thin crystals growing inwards from the vein margins produce a texture like that of a comb. |
| Drusy quartz | A coating of fine quartz crystals on a rock fracture surface, which may be an open space in the vein. |
| Fiamme | Fragments of volcanic ejecta, often pumice, that have been flattened by compaction to form flame-like shapes |
| Geochemistry | The study of the elements and their interaction as minerals to makeup rocks and soils |
| Geophysics | The measurement and interpretation of the earth's physical parameters using non-invasive methods such as measuring the gravity, magnetic susceptibility, electrical conductivity, seismic response and natural radioactive emissions. |
| Hydrothermal | Hot water circulation often caused by heating of groundwater by near surface magmas and often occurring in association with volcanic activity. Hydrothermal waters can contain significant concentrations of dissolved minerals. |
| Kt | Thousand tonnes |
| Mineral Reserve | 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. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. |
| Mineral Resource | A concentration or occurrence of material of economic interest in or on the Earth's crust in such a form, quality, and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological knowledge, or interpreted from a well constrained and portrayed geological model. |
| NI 43-101 | Canadian National Instrument 43-101 a common standard for reporting of identified mineral resources and ore reserves |
| Phreatic breccias | Fragmental rocks formed near the Earth's surface by the interaction of hot rock and cold water, or vice versa. Commonly occur at the top of mineralized epithermal gold systems. |
| Rock chip | A sample of rock collected for analysis, from one or several close spaced sample points at a location. Unless otherwise stated, this type of sample is not representative of the variation in grade across the width of an ore or mineralised body and the assay results cannot be used in a Mineral Resource Estimation |
| Soviet Classification | The former Soviet system for classification of reserves and resources, developed in 1960 and revised in 1981, which divides mineral concentrations into seven categories of three major groups, based on the level of exploration performed: explored reserves (A, B, C1), evaluated reserves (C2) and prognostic resources (P1, P2, P3) |
| Soviet GKZ | The former Soviet State Commission for Mineral Reserves. |
| Stockwork | Multiple connected veins with more than one orientation, typically consisting of millimetre to centimetre thick fracture-fill veins and veinlets. |
| Strike length | The longest horizontal dimension of an ore body or zone of mineralisation. |
| Vein | A sheet-like body of crystallised minerals within a rock, generally forming in a discontinuity or crack between two rock masses. Economic concentrations of gold are often contained within vein minerals. |
| Welded tuff | A fragmental volcanic rock formed by sufficiently hot volcanic ejecta that the fragments weld together |
| Zeolite veinlets | Zeolites are hydrated aluminosilicates found in gas bubbles within basalts and in |

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| | geothermal districts. They also found in the upper parts of gold-bearing epithermal systems. |

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**About Condor Gold plc:**

Condor Gold plc was admitted to AIM on 31st May 2006. The Company is a gold exploration and development company with a focus on Central America.

Condor completed a Pre-Feasibility Study ("PFS") and two Preliminary Economic Assessments ("PEA") on its wholly owned La India Project in Nicaragua in December 2014. The PFS details an open pit gold mineral reserve 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. The PEA for the open pit only scenario details 100,000 oz gold production per annum for eight years whereas the PEA for a combination of open pit and underground details 140,000 oz gold production per annum for eight years. La India Project contains a total attributable mineral resource of 18.08 Mt at 4.0 g/t for 2.31 million oz gold and 2.68 million oz silver at 6.2 g/t to the CIM Code.

The resource calculations are compiled by independent geologists SRK Consulting (UK) Limited.

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