

25 February 2021



Conroy Gold and Natural Resources plc
("Conroy Gold" or "the Company")

UPDATE ON PROPOSALS FOR JOINT VENTURE PARTNERSHIP

- **Approach by Demir Export A.S. proposing Joint Venture Partnership**
- **Letter of intent signed with Demir Export**
- **Discussions with Anglo Asian Mining plc ended**
- **Demir Export to expend in work commitments (except Demir Export in-house costs, Operator fees and Minimum Regulatory Work Commitments) of €4.5 million to earn-in 25% option in the project in first phase of earn-in period**
- **Demir Export to expend in work commitments (except Demir Export in-house costs, Operator fees and Minimum Regulatory Work Commitments) of an additional €4.5 million to earn an additional 15% option in second phase of earn-in period, again in the project**
- **Expenditure by Demir Export of the additional funds required to reach construction-ready status to earn-in an additional 17.5% option in third phase of the earn-in period of a given development thus increasing Demir Export's holding to a total of 57.5% in that development**
- **At construction-ready status at Clontibret and /or other developments, Conroy Gold to retain 42.5% interest with various options including a "Carry Loan" on capital expenditure to commercial production whilst still retaining 25% interest**
- **Under the terms of the letter of intent, Demir Export to make cash payment of €1 million to Conroy Gold on final approval of the definitive agreement**

Conroy Gold and Natural Resources plc (AIM: CGNR), the gold exploration and development company focused on Ireland and Finland, is pleased to announce that it has, on 25 February 2021, signed a Letter of Intent ("LOI") with Demir Export A.S. ("**Demir Export**") for a proposed joint venture on an earn-in basis over the twelve licences held by Conroy Gold along its 65km district scale gold trend in the Longford-Down Massif in Ireland.

Demir Export is a long established mining company with interests in iron, coal, gold and base metals, including zinc and copper, in Turkey (Demir is the Turkish for iron), and has a strong in-house technical team with mining and exploration expertise. It brings over 60 years of mine operating experience to bear on the

project and places a strong emphasis on the adoption of international environmental, and health and safety management standards.

Demir Export belongs to the Koç Family who also own the largest industrial conglomerate in Turkey, a Fortune Global 500 Company and Turkey's leading investment holding company.

In conjunction with the signing of the LOI with Demir Export, the Company has today terminated discussions with Anglo Asian Mining plc ("**Anglo Asian**") in respect of the previously announced proposed joint venture agreement. Details of the heads of terms signed on a proposed joint venture with Anglo Asian were announced by the Company on 21 July 2020.

The Company's eight gold exploration licences in Finland and one other licence owned by Conroy Gold in Ireland are not subject to the proposed joint venture partnership with Demir Export and will remain 100% owned by Conroy Gold. Demir Export has been granted a right of first refusal over these other licences in connection with any potential joint venture arrangements until 31 December 2021.

The Joint Venture Project

The primary focus of the joint venture project (the "**Demir Export JV**" or "**Project Inis**") is the development of the gold deposit in the Clontibret licence to construction ready status and bringing it into operation as a gold mine. The parties further aim is to have the other licences given the same status one after the other, hence providing a foundation for a long-term relationship between the parties.

The parties will carry on discussions for the transaction on an exclusive basis and it is acknowledged by both Conroy Gold and Demir Export that time shall be of the essence in finalising a definitive agreement between the parties.

Key Terms

The LOI sets out the key commercial terms and conditions that Conroy Gold and Demir Export have negotiated and agreed on in relation to the Demir Export JV. The document addresses in detail the key terms and proposed structure of the earn-in together with setting out the respective responsibilities of the parties in relation to operatorship and the functions of the Joint Management Committee. Investment by Demir Export will be directly into special purpose companies holding each licence or group of licences.

Demir Export will make a cash payment of €1 million to the Company upon final approval of the Definitive Agreement in recognition of prior work carried out in relation to the project.

The Earn-in Period will be divided into three phases:

For phase 1: expenditure by Demir Export in work commitments (except Demir Export in-house costs, Operator fees and Minimum Regulatory Work Commitments) of €4.5 million will earn a 25% interest in the project.

For phase 2: expenditure by Demir Export in work commitments (except Demir Export in-house costs, Operator fees and Minimum Regulatory Work Commitments) of €4.5 million will earn an additional 15%.

For phase 3: expenditure by Demir Export of the additional funds required to reach declaration of construction-ready status (i.e. a bankable feasibility study or equivalent) - for Clontibret and/or other mine developments will earn an additional 17.5% interest thus increasing Demir Export's holding to a total of 57.5% in the development(s).

Conroy Gold, after construction ready status is achieved, may either retain its 42.5% interest in Clontibret and /or other mine developments by participating pro rata in the expenditures for mine construction, or avail itself of a number of options including diluting its interest or being carried for the expenditures through to commercial production with a "Carry Loan" for a 25% interest with pay back on 50% or greater portion of the net profits due to Conroy Gold within a maximum payback period of six years.

It is envisaged that initially the licences in the Demir Export JV may be divided into three Licence Groups, namely the Clontibret Licence, the two Northern Ireland Licences, and the remaining nine licences in the Republic of Ireland, with separate jointly owned companies, the Joint Venture Companies, owning the Licences or Licence Groups.

A Joint Management Committee (the "JMC") will be set up to oversee, plan and execute the various plans, in the work programme of Demir Export JV. The JMC will be comprised of four members, two from each party, but with a Demir Export representative having a casting vote, with appropriate minority protection rights. It is anticipated that Conroy Gold will be appointed as operator for an initial two year period after which the matter of operatorship will be reviewed.

The Demir Export JV remains subject to, *inter alia*, the completion of due diligence and the entering into of definitive documentation including the final joint venture agreement. In addition, the proposed joint venture, should it proceed on the basis anticipated under the LOI, will be subject to the Company seeking shareholder approval as it would be classified as a fundamental change of business pursuant to Rule 15 of the AIM Rules for Companies. For the avoidance of doubt, Conroy Gold would, on completion, continue to be classified as an operating company and not a cash shell pursuant to AIM Rule 15. Furthermore, the proposed joint venture will be subject to any other relevant Stock Exchange requirements, and to government or any other regulatory approvals. As such there can be no guarantee that the proposed joint venture will complete nor as to the final terms or timing of the Demir Export JV however that it is agreed between the parties that the terms of the LOI will form the basis for the definitive agreement.

Professor Richard Conroy, Chairman, commented:

"My colleagues and I look forward very much to working with the Demir Export team on the joint venture partnership-Project Inis, and building the foundations for a long term, successful relationship. The comprehensive nature of this Letter of Intent should facilitate us progressing through the next stage of the transaction.

Demir Export has the mining expertise and the financial resources not only to bring the Clontibret gold deposit to construction ready status and into operation as a mine, but also to advance the significant gold potential of the other licences along the gold trend to the same status."

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