



JANUARY 2018 – LETTER TO SHAREHOLDERS

Condor Resources Inc. is pleased to provide a summary of 2017 and an overview of its plans and goals for 2018.

In early 2017 we completed a C\$1.0 million hybrid financing with Sandstorm Gold Ltd., comprised of an equal mix of traditional equity financing, and a royalty sale that involved nine of our projects. Our objective was to minimize our capital dilution, and increase our credibility by the addition of a significant industry shareholder.

In addition to the Sandstorm financing, during 2017 we received US\$225,000 in payments from our partners on four separate projects. At the end of November 2017, working capital was over \$600,000, a significant improvement from November 2016.

In February we signed a letter of intent on our Soledad project, whereby Chakana Resources can earn a 100% interest, subject to our 2% NSR, by payment to Condor of 500,000 Chakana shares and US\$5.375m in cash. They commenced an aggressive 16,660m drill program in August, and by year end had completed approximately 7,700m in 27 drillholes. Chakana have completed their go-public process, and we anticipate a steady stream of drill results throughout 2018.

In May we concluded an agreement with Compañía Minera Virgen de la Merced on our Ocros project, whereby Minera Virgen may earn up to a 70% interest by payment of US\$550,000 in cash, and completion of 10,000m of diamond drilling. Minera Virgen had completed two holes (1,438m) by year end, and are now drilling their third hole. We plan to release results on the Ocros project in batches throughout 2018.

We acquired the Andrea epithermal gold project by staking, and released results from our initial reconnaissance and sampling efforts in June. We were encouraged by the potential of this project, and have since increased the area to 22 sq km by staking and public auction. Andrea is owned 100%.

Dr. Jeffrey W. Hedenquist's report on our Pucamayo epithermal gold project was received in July, and we will use his insights in planning our 2018 maiden drill program at Pucamayo East. The report supports our geological interpretation of the project, and affirmed our decision to advance Pucamayo internally.

Minera Casapalca, our partner on our Chavin project, received their drill permit in October, and are expected to commence their drill program in early 2018.

A sampling and reconnaissance program at our Huinac Punta project in October produced high grade silver results – up to 4,115 g/t – associated with an 800m long skarn or carbonate replacement type setting. We did not release these results until January 2018, as we quietly acquired adjacent concessions to the north.



In late December, the Peruvian government published the anticipated regulation changes for early stage exploration programs and we understand these changes will take effect February 7, 2018. For Condor, our previously expired drill permit at Pucamayo East will be automatically extended to March 5, 2021, with an option to extend for a further 2 years.

As we enter 2018, there are a number of ongoing and planned exploration programs that we expect will generate a steady flow of results and news. Principal amongst these are:

- A maiden drill program at our Pucamayo East project. Pucamayo East is a permitted, target rich, high sulphidation epithermal project, and we anticipate the Phase I drilling to consist of up to eight diamond drill holes, averaging 300m per hole.
- Further exploration work at our wholly owned Huiñac Punta and Andrea projects. Initial sample results from Huiñac Punta – see our news release of January 9th – were very encouraging, and follow up work is a priority. We have started the process to obtain drill permits for both these projects.
- Ongoing drill results from our Soledad project. Chakana had completed 27 drillholes by the end of 2017, and to January 30th had reported results for the first five. We expect their drill program will continue throughout the first half of 2018.
- Minera Virgen are slowly but methodically advancing their drill program at Ocos, and assuming their third hole is 700m, there will be 2,100m of drill core results to be released in the first quarter of 2018.
- Minera Casapalca will be starting their drill program at our Chavin project early this year. We will advise on scope and timing when further details are provided, and anticipate results in the first half of 2018.

Our team at Condor Peru, led by Ever Marquez, is always on the search for new and exciting projects. Ever was credited by Newmont for the discovery of the Breapampa gold project, and was responsible for our acquisition of the Soledad project - which we expect will have an inferred resource estimate within the year. His reputation brings a steady flow of inquiries and visits from both Peruvian and international companies looking for projects in Peru.

Condor President and CEO, Lyle Davis, noted: “When I was given the CEO opportunity in 2013 our mantra became ‘do more with less’. I am proud to say we made it through the long downturn in the market without consolidating our share structure, or aggressive share dilution. Condor is entering 2018 with active partner funded drill programs, an exciting project we will be drilling ourselves, and a portfolio of properties with significant exploration upside. On behalf of Condor, I want to thank our shareholders for their support. We at Condor are very much looking forward to an exciting 2018”.