

**THIS LETTER AND THE ACCOMPANYING FORM OF ELECTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the contents of this letter, or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended from time to time), if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

**THIS LETTER SHOULD BE READ IN CONJUNCTION WITH THE SCHEME DOCUMENT AND THE ACCOMPANYING FORM OF ELECTION. CAPITALISED TERMS IN THIS LETTER HAVE THE SAME MEANINGS AS IN THE SCHEME DOCUMENT (AS DEFINED BELOW), UNLESS OTHERWISE STATED.**

<b>Metals Exploration plc</b> <i>(registered in England and Wales, number 05098945)</i>	<b>Condor Gold plc</b> <i>(registered in England and Wales, number 05587987)</i>
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**Private and Confidential**

**By Email**

11 December 2024

To: The holders of options ("**Option Holders**") granted under the Condor Gold Share Option Scheme (the "**Option Plan**")

Dear Option Holder

**This letter (the "Letter") is important, requires your immediate attention and should be read carefully. This Letter is sent in accordance with Rule 15 of the City Code on Takeover and Mergers (the "Code") to explain the impact of the Acquisition (as defined below) on your options granted under the Option Plan, to make appropriate proposals to you in respect of such options and summarises the courses of action that are available to you.**

#### **RECOMMENDED OFFER BY METALS EXPLORATION PLC FOR CONDOR GOLD PLC**

As you may be aware, on 4 December 2024, the board of directors of Condor Gold plc ("**Target**") announced that it was pleased to recommend, unanimously, the offer made by Metals Exploration plc ("**Bidco**") for the entire issued and to be issued ordinary share capital of the Target (the "**Acquisition**").

The recommended offer was made by means of a scheme document dated 11 December 2024 (the "**Scheme Document**") that was sent to all Target shareholders and is also available on the Target's websites, together with other documentation relating to the Acquisition, including this Letter, at [www.condorgold.com/content/condor-offer](http://www.condorgold.com/content/condor-offer) and <https://ca.condorgold.com/content/condor-offer> and Bidco's website at

[www.metalsexploration.com/investors/recommended-offer-for-condor-gold-plc/](http://www.metalsexploration.com/investors/recommended-offer-for-condor-gold-plc/). This Letter explains how the Acquisition will affect your options granted under the Option Plan and the actions you can take, but must be read in conjunction with the Scheme Document containing full details of the Acquisition. This Letter describes legal processes and therefore is unavoidably 'technical' in nature.

The Acquisition will be implemented by way of a Court process, known as a scheme of arrangement (the "**Scheme**"). The Scheme is a procedure that requires both the approval of Target shareholders, which will be sought at the shareholder meeting expected to be held on 6 January 2025, and sanction (i.e. approval) of the Scheme by the Court, which is scheduled to take place on 13 January 2025 ("**Court Sanction**"). It is currently expected that the Scheme will then become effective on 15 January 2025 (which is known as the "**Effective Date**" of the Scheme) and from this time Target will be owned by Bidco. Target shareholders will be entitled to receive the offer price comprising 4.0526 new ordinary shares in Bidco and 9.9p in cash (representing 33.0p in aggregate) (the "**Fixed Consideration**") and 1 "Contingent Value Right", for each Target Share they own at the Scheme Record Time (the "**Offer Price**"). The "Contingent Value Right" is a complex instrument which is described in detail in the Scheme Document.

If you exercise any options held by you before the Effective Date (whether pursuant to the proposals set out in this Letter conditional on Court Sanction or unconditionally pursuant to the rules of the Option Plan), the Scheme will include any shares you receive on exercise of those options. If you wish to exercise your options unconditionally pursuant to the rules of the Option Plan, please contact the Target's Company Secretary by email at [REDACTED] in the usual way.

## 1 EFFECT OF THE ACQUISITION ON YOUR OPTIONS

The Acquisition will change the usual treatment of your options. The purpose of this Letter is to explain the effect that the Acquisition will have on the options that you currently hold under the Option Plan (the "**Options**") and to set out the choices available to you in respect of such Options.

Under the terms of the Option Plan, your Options are exercisable to the extent vested on Court Sanction (unless they lapse earlier in accordance with the rules of the Option Plan (the "**Plan Rules**")). In accordance with the Plan Rules, your Options are exercisable as to 50% in the period between 12 months and 24 months from the grant date and as to 100% 24 months after the grant date. For the avoidance of doubt, this Letter serves as notification of the Acquisition in accordance with rule 12 of the Option Plan.

If the Acquisition does not happen for any reason, your Options will continue as normal subject to the Plan Rules and applicable option agreements.

None of your Options are entitled to receive any dividend equivalents.

## 2 CHOICES IN RESPECT OF YOUR OPTIONS

For reasons explained further below, it is important that you take the appropriate course of action as soon as possible and by no later than 6.00 p.m. (UK time) on 12 January 2025. In particular, your Options will only be exercisable for a limited period of time under the Plan Rules and will lapse and become worthless if you take no action.

If you hold more than one Option, you may make a different choice in relation to each Option you hold. Before deciding what action you should take, you should carefully read this Letter. If you are in any doubt about your tax position, you should consult an appropriate independent professional tax adviser without delay.

You have the following choices in relation to your outstanding Options:

**CHOICE A: AGREE TO CANCEL YOUR OPTIONS IN CONSIDERATION OF BIDCO GRANTING YOU REPLACEMENT OPTIONS ON THE SAME TERMS.**

You can elect to cancel each of the Options granted to you under the Option Plan in exchange for the grant of replacement options in Bidco subject to the terms of the Metals Exploration Share Option Plan (the "**Metals Share Option Plan**") (the "**Metals Share Options**").

A replacement Metals Share Option will be granted over the number of shares in Bidco ("**Metals Share(s)**") equal to the number of shares in Target ("**Target Share(s)**") subject to the original Option multiplied by 5.7894, being the exchange ratio derived from the total value of the Fixed Consideration. The exercise price per Metals Share will be equal to the exercise price per Target Share under the original Option divided by 5.7894. The intent of this proposal is to preserve the economic value of your Options by issuing new options granted by Bidco with equivalent terms of the basis of the Fixed Consideration of the Acquisition.

Fractional entitlements to new Metals Share Options will be rounded down to the nearest integral number.

The Metals Share Options will be granted following Court Sanction. You will receive a certificate confirming your holding of Metals Share Options (where relevant) as soon as practicable following such date.

The Metals Share Options will continue on terms that are the same as the Plan Rules modified only in the following ways:

- (a) as necessary to reflect that the Metals Share Options are over Metals Shares; and
- (b) so that the Metals Share Options will not lapse if you cease to hold office or employment with the Target or its subsidiaries ("**Target Group**") or cease to provide services to the Target Group within 12 months of the Effective Date (and will otherwise lapse and be exercisable in accordance with the Plan Rules).

Bidco intends to establish a cashless exercise facility to allow employees to more easily exercise their Metals Share Options in the future.

Please note that, if you choose Choice A, you will not "lose" invested Options as these will in effect be converted into unvested Metals Share Options which may become

vested and exercisable at a later date in accordance with the terms of the Metals Share Option Plan.

**CHOICE B: APPLY NOW TO EXERCISE YOUR OPTIONS CONDITIONAL ON COURT SANCTION.**

Alternatively, you can elect to exercise any Options granted to you under the Option Plan conditional on Court Sanction (unless they lapse earlier in accordance with the Plan Rules). You should, however, consider your own personal circumstances, including your own tax position, in consultation with your financial and/or tax advisors, when deciding whether to exercise your Options.

If you select **Choice B**, Condor Gold's Remuneration Committee intends (in accordance with the Plan Rules) to waive the requirement under the Option Plan for Options to only become exercisable in full after 24 months from the grant date such that your Options will be exercisable in full conditional on Court Sanction (irrespective of whether the Options are fully vested as at that date).

Please note that, if you exercise any of your Options with an exercise price greater than the Offer Price per Target Share, you will not be "in the money" (i.e. you will not generate a profit). However, if you wish to exercise your Options conditional on Court Sanction, please email the Target's Company Secretary at [REDACTED], so that you can be provided with an exercise notice.

In selecting **Choice B**, your Options will be exercised on Court Sanction and the Target Shares that you acquire will be automatically acquired by Bidco and you will receive the Offer Price per Target Share. You will receive your consideration as soon as reasonably practicable after the Effective Date. The new ordinary shares in Bidco which form part of the consideration will be issued in certificated form. You will also receive Contingent Value Rights in certificated registered form. If you are an employee of the Target Group, it is expected that payment of your cash consideration will be made to you on the next monthly payroll after the Effective Date (or as soon as reasonably practicable thereafter) and the money will be paid into your usual salary bank account via payroll.

Please note that if you select to exercise your Options conditional on Court Sanction (**Choice B**), you will be required to pay the exercise price of your Options (together with any income tax and social security contributions arising on the exercise of your Options, or equivalent taxes in other jurisdictions) to Target by personal cheque or bank transfer (or such other payment method as approved by the Remuneration Committee of Target) before your exercise will be accepted.

Fractional entitlements to new Bidco shares for each Target shareholder will be rounded down to the nearest integral number.

**CHOICE C: DO NOTHING.**

If you do nothing, your Options will lapse and cease to be of any value on the date of the Court Sanction (or, if earlier, the date that they lapse under the Option Plan).

### **3 IMPACT OF LEAVING EMPLOYMENT WITH TARGET PRIOR TO COURT SANCTION**

If you leave employment or office with the Target Group or cease to provide services to the Target Group before the date of the Court Sanction, the leaver provisions under the Plan Rules will apply in the normal way. This means that your Option cannot be exercised later than 30 days after you cease to hold employment with the Target Group or cease to provide services to the Target Group. Please note that if your Option is not capable of being exercised on Court Sanction, any **Choice A or B** instructions you have made will not take effect in respect of those Options.

### **4 TAXATION CONSEQUENCES**

**If you are in any doubt as to your personal tax position in respect of the proposals set out in this letter, you should consult an appropriate professional adviser without delay.**

If you select Choice B and participate in the Scheme, please consider Part 8 (United Kingdom Taxation) of the Scheme Document.

### **5 ACTION TO BE TAKEN**

#### ***(a) If you wish to select Choice A***

You need to complete the enclosed Form of Election and return it via email to the Target's Company Secretary, email address: [REDACTED] or alternatively you may send the Form of Election to the Company Secretary at the Target's registered office address: 7/8 Innovation Place, Douglas Drive, Godalming, Surrey GU7 1JX **as soon as possible and in any event so as to be received by no later than 6.00 p.m. UK time on 12 January 2025** (the "**Closing Date**"). The cancellation and replacement of your Options will not take effect until Court Sanction.

Please read the explanatory notes and the Terms and Conditions carefully before you complete the Form of Election. These notes tell you how to complete the Form of Election and to cancel and replace the Options with Metals Share Options.

#### ***(b) If you wish to select Choice B***

You should **not** complete or return the enclosed Form of Election, but instead contact the Company Secretary at the Target (by email: [REDACTED]) without delay, who will supply you with a standard notice of exercise.

#### ***(c) If you take no action***

If you take no action, you will not be able to exercise or cancel and replace your Options and your Options will lapse and become worthless following Court Sanction (or, if earlier, the date that they lapse under the Option Plan).

## 6 PROPOSALS: RECOMMENDATION

The directors of Target recommend that Option Holders select Choice A in respect of their Options if your Option is 'underwater' (i.e. the relevant Option has an exercise price in excess of the Offer Price per Target Share), however if your Option is in-the-money (i.e. the relevant Option has an exercise price lower than the Offer Price), you may also consider instead pursuing Choice B. You should, however, consider your own personal circumstances, including your own tax position, in consultation with your financial and/or tax advisors, when deciding which choice to take in respect of your Options. The directors of Target, who have been so advised by Beaumont Cornish Limited ("**Beaumont Cornish**"), as to the financial terms of the proposals, consider the terms of the proposals set out in this Letter to be fair and reasonable in the context of the Acquisition as a whole. In providing its advice to the directors of Target, Beaumont Cornish has taken into account the commercial assessments of the directors of Target. Beaumont Cornish is providing independent financial advice to the directors of Target for the purposes of the City Code on Takeover and Mergers.

## 7 SPECIAL CONSIDERATIONS FOR PDMRS OR INSIDERS

If the Target's Share Dealing Code applies to you, you must obtain permission to exercise your Options before you submit any instruction. You can seek permission to deal by following the process set out in the Target's Share Dealing Code. However, unless exceptional circumstances exist, it is unlikely that you will be granted permission to deal while you are an insider or, if you are a PDMR or a closely associated person of a PDMR, during a closed period.

## 8 GENERAL

If you have any queries in relation to this Letter or how to complete the Form of Election you should contact the Company Secretary of the Target (by email: [REDACTED]) without delay. Please note that the Company Secretary will not be able to advise you on the course of action that you should take in relation to your Options and cannot give you investment or tax advice.

Nothing in this Letter constitutes financial advice to any holder of shares or shares options in Target or Bidco.

If there is a conflict between the information in this Letter or the Plan Rules or any relevant legislation, the Plan Rules and legislation will prevail.


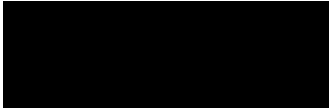
By making an election as set out in this Letter, you agree to the Terms and Conditions set out in the Schedule to this Letter.

**You are reminded that if you fail to take any action, your Options will lapse and cease to be of any value.**

**Please also note that nothing in this Letter is intended nor should it be taken as any advice as to any course of action you should take. If you are in any doubt as to the action you should now take, you should seek your own financial advice from an appropriate independent professional adviser who (where relevant) is duly authorised and appropriately regulated under the Financial Services and Markets Act 2000 (as**

amended from time to time), or an appropriately authorised financial adviser if you are outside the UK.

Yours faithfully

<p><i>Director</i></p>  <p><b>For and on behalf of Bidco</b></p>	<p><i>Director</i></p>  <p><b>For and on behalf of Target</b></p>
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## NOTES

- (a) The Target Directors, whose names are listed in paragraph 2(a) of Part 7 of the Scheme Document, accept responsibility for the information contained in this Letter (including any expressions of opinion), other than that listed in note (b) below which the Bidco Directors accept responsibility. To the best of the knowledge and belief of the Target Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Bidco Directors, whose names are listed in paragraph 2(b) of Part 7 of the Scheme Document, accept responsibility for the information contained in this Letter (including any expressions of opinion) relating to the Acquisition and the proposals relating to Bidco and the Bidco Directors. To the best of the knowledge and belief of such persons (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) Beaumont Cornish Limited ("**Beaumont Cornish**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser to Target and for no one else in connection with the matters referred to in this Letter and will not be responsible to anyone other than Target for providing the protections afforded to clients of Beaumont Cornish, nor for providing advice in relation to the Acquisition of Target or any other matters described in this Letter. Neither Beaumont Cornish nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Beaumont Cornish in connection with this Letter, any statement contained in this Letter, the Acquisition of Target or otherwise. No representation or warranty, express or implied, is made by Beaumont Cornish as to the contents of this Letter.

Beaumont Cornish has given and not withdrawn its written consent to the issue of this Letter, with the inclusion of the references to its name in the form and context in which it appears.



## **SCHEDULE - TERM AND CONDITIONS**

These terms and conditions are important: they apply both to this Letter and the Form of Election. You should read these terms and conditions carefully before submitting the Form of Election. You should keep a copy of these terms and conditions for future reference.

### **Submitting the Form of Election**

- 1 The Form of Election will be of no effect unless it is submitted in accordance with the instructions set out in the Form of Election by 6.00 p.m. UK time on 12 January 2025.

### **Exercising your Options using the Form of Election**

- 2 The enclosed Form of Election, including the notes and instructions on it, shall be deemed an integral part of electing to cancel and replace your Options with Metals Share Options if you select Choice A.
- 3 By submitting the enclosed Form of Election, you confirm that you have had the opportunity to review the Scheme Document (which is available on the Target website at [www.condorgold.com/content/condor-offer](http://www.condorgold.com/content/condor-offer) and <https://ca.condorgold.com/content/condor-offer>), this Letter and the Form of Election, and that you have read and irrevocably agree to their respective terms and conditions.
- 4 The choice you select in your Form of Election will take effect if the Acquisition is successful in accordance with the terms of this Letter and the terms of the Acquisition.
- 5 If the Acquisition does not happen for any reason, the Form of Election will have no effect.
- 6 Accidental omission to despatch this Letter to, or failure to receive the same by, any Option Holder shall not invalidate the election in any way.
- 7 The Letter and acceptances and elections in respect of it shall be governed by and construed in accordance with English Law.
- 8 All acceptances and elections in respect of the proposals set out in this Letter will be irrevocable and cannot be subsequently revoked.
- 9 Copies of the Plan Rules are available to you on request from the Target's Company Secretary (by email: [REDACTED]).
- 10 Your Options are governed by the Plan Rules under which they were granted and the applicable legislation. If there is any inconsistency between the Plan Rules and applicable legislation and this Letter and the Form of Election, the Plan Rules and such legislation will prevail.

### **Investment decision and taxation**

- 11 The choice you make in respect of the proposals set out in this Letter is a personal decision, and if you are in any doubt as to the decision you should take, you are recommended to consult an independent financial adviser who is authorised under the Financial Services and Markets Act 2000. For legal reasons, neither Target nor Bidco

can give you investment or tax advice (nor any of their respective employees, officers or agents) can give any legal, financial or tax advice.

- 12 By submitting the Form of Election, you confirm that you have not relied on any investment, tax or other advice from Target nor Bidco nor any member of their respective groups of companies, or any employees, officers or agents thereof.

### **General**

- 13 Neither the Target, nor Bidco (nor any member of their respective groups of companies, nor any of their employees, officers or agents) can be held responsible for any failure in the delivery of the Form of Election or any other document or any consequential loss.
- 14 If you have left or leave employment with Target, your Options may lapse before the Acquisition occurs.
- 15 The Form of Election will be of no effect in respect of Options which have lapsed.
- 16 The information collected in the Form of Election will be used for data processing for which Target is responsible and will be transmitted to any person(s) who require such information for the purposes of carrying out your instructions, and such persons will include Target and Bidco.