



CARDERO RESOURCE CORP.

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Cardero Enters into Letter Agreement to Merge with World Copper Ltd.

Vancouver, British Columbia - Cardero Resource Corp. (“Cardero” or the “Company”) (TSXV: CDU, Frankfurt: CR5), is pleased to announce that it has entered a letter agreement with World Copper Ltd. (“WCU”) dated April 13, 2021 (the “**Letter Agreement**”) to combine the businesses of the two companies (the “**Proposed Transaction**”). Completion of the Proposed Transaction is subject to board approvals by both companies and shareholder approval for Cardero, and the satisfaction of certain other conditions discussed below.

Under the terms of the Proposed Transaction, WCU would acquire all of the outstanding common shares of Cardero in consideration of the issuance of common shares of WCU such that upon the completion of the Proposed Transaction, the number of WCU shares held by former shareholders of Cardero, on a non-diluted basis, will be 40% with the remaining 60% held by the existing shareholders of WCU.

Cardero’s principal asset is the 100%-owned Zonia copper oxide project (“Zonia”) located in central Arizona. A preliminary economic assessment for the Zonia was completed by as prepared by Global Resource Engineering Ltd. (“GRE”) of Denver, Colorado) in 2018. WCU’s principal assets are the Escalones and Cristal copper projects located in Chile.

Summary of the Transaction

It is anticipated that the Proposed Transaction will be completed by way of a plan of arrangement or such other structure to be determined in a manner that is mutually agreeable from a tax perspective to both Cardero and WCU shareholders, likely resulting in Cardero becoming a wholly-owned subsidiary of WCU at closing. Prior to the completion of the Proposed Transaction, Cardero will effect a voluntary delisting of its shares from the TSX Venture Exchange (“**TSXV**”).

As certain members of the Cardero board are also members of the board or management of WCU or control persons of WCU, Cardero has appointed a special committee to review the Proposed Transaction and make recommendations to the Cardero board. Cardero has also engaged a third party advisor to prepare a fairness opinion in relation to the Proposed Transaction.

Following completion of the Proposed Transaction, outstanding warrants to acquire common shares of Cardero will be exercisable to acquire common shares of WCU on the basis of the above common share exchange ratio. All outstanding and unexercised options of Cardero will be cancelled.

Under the terms of the Letter Agreement, Cardero will have the right to appoint two members to the board of the merged entity.

The Proposed Transaction is conditional upon a number of items, including without limitation, the approval of the board of directors of each party, the execution of a definitive agreement (the “**Definitive Agreement**”) reflecting the terms set out in the Letter Agreement, the approval of the Cardero shareholders, as more particularly described below, at a meeting to be held as soon as practicable following execution of

the Definitive Agreement, Cardero having not more than \$300,000 in outstanding accounts payable and accrued liabilities, excluding loans made by entities controlled by director Robert Kopple (the “**Kopple Entities**”), in addition to other customary closing conditions, including receipt of court and all regulatory and TSXV approvals.

In addition, in connection with the completion of the Proposed Transaction, WCU is to complete a financing of not less than \$10 million for the merged entity (the “**WCU Financing**”), which financing is not to impact the ratios set forth above.

Finally, prior to the completion of the Proposed Transaction and following the voluntary delisting of Cardero from the TSXV, Cardero and the Kopple Entities will enter into certain agreements for the extension of the maturity and restructuring of \$2,329,163 in loans (the “**CDU Loans**”) and \$1,019,836 (the “**CDU Dividend**”) dividends payable by Cardero to the Kopple Entities (the “**Loan Restructuring**”) which loans and dividends will be assumed by WCU upon completion of the Proposed Transaction.

More particularly the Loan Restructuring will comprise the following elements:

- (a) the maturity date of such portion of the CDU Loans as become due in 2021 (approximately \$1,677,771) will be extended such that 50% of total amount will be extended by two years and the remaining 50% will be extended by three years. The portion of the CDU Loans maturing in 2022, being approximately \$651,392, will not be extended;
- (b) 50% of the CDU Dividend will be payable in 2023 and the remainder in 2024 (to be concurrent with the extensions to the CDU Loans above);
- (c) The outstanding amounts under the CDU Loans and the CDU Dividend will accrue interest at 8% per annum, payable upon maturity, shall be unsecured and shall be repayable, in whole or in part at any time without penalty or bonus;
- (d) An aggregate of 19,869,809 share purchase warrants currently held by the Kopple Entities and issued in connection with the CDU Loans will be cancelled and 53,952,124 new warrants exercisable at a price of \$0.05 per share until the earlier of 12 months following issuance or the completion of the WCU Financing.

As the Kopple Entities are owned and controlled by Robert Koppel, who is a director and a control person of Cardero, the Loan Restructuring is a ‘related party transaction’ as such term is defined in Multilateral Instrument 61-101 *Protection of Minority Securityholders in Special Transactions* (“**MI 61-101**”) and will require the approval of a majority of the minority shareholders, excluding the votes of the Kopple Entities. Cardero anticipates relying on an exemption to the formal valuation requirement as set forth in Section 5.5(b) of MI 61-101, as Cardero is not listed in the TSX, NYSE, NASDAQ or any stock exchange outside of Canada.

The Loan Restructuring is distinct from the loan extensions announced by Cardero on December 11, 2020. Those loans were extended to November 13, 2021 as announced, but Cardero has not proceeded with the issuance of any of the bonus warrants then announced.

The Proposed Transaction requires the favourable vote of 66 2/3% of the votes cast by Cardero shareholders, as well as a majority of the minority shareholders, excluding the votes of the Kopple Entities in accordance with MI 61-101 as the Proposed Transaction will constitute a ‘business combination’ as such term is defined in MI 61-101 as a result of the ‘collateral benefit’ to be received by the Kopple Entities relating to the Loan Extension. The voluntary delisting of Cardero will also require the approval of a majority of the minority shareholders in accordance with the policies of the TSXV.

Full details of the Proposed Transaction will be included in the Definitive Agreement and Cardero's information circular to be filed with the regulatory authorities and provided to Cardero shareholders. Cardero anticipates utilizing notice and access in connection with the distribution of the meeting materials and intends to set a meeting date for the Proposed Transaction in mid to late June, 2021 subject to the execution of the Definitive Agreement.

Subject to the execution of the Definitive Agreement and satisfaction of all closing conditions, the Proposed Transaction is expected to be completed in Q3 2021. There can be no assurances that any transaction relating to the Proposed Transaction or otherwise will result, or as to the final definitive terms thereof.

Transaction Benefits

Cardero believes that the Proposed Transaction will result in numerous benefits to the shareholders of the Company, including:

- Exposure to a more diversified copper exploration portfolio in the Americas;
- Combined entity will likely increase shareholder liquidity, trading and capital markets exposure;
- Anticipated cost savings from consolidating operations; and
- Commitment to \$10 million financing into WCU by the time of closing the Proposed Transaction

Additional Information

Additional information about Cardero Resource Corp. and World Copper Ltd. is available by visiting Cardero's website at www.cardero.com or WCU's website at www.worldcopperltd.com or under their profiles on SEDAR at www.sedar.com.

This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell shares or a solicitation of a proxy.

ABOUT CARDERO RESOURCE CORP.

Cardero Resource Corp., headquartered in Vancouver, is a resource company focused on building a minerals exploration and development company. Cardero has exercised the exclusive option to acquire a 100% interest in the Zonia Copper Oxide Project, located in Arizona. Zonia is a near-surface copper-oxide resource and a brownfields site having already been mined in the late 1960s and '70s. The Project has been significantly de-risked with almost 700 drill holes completed to date and with substantial amounts of detailed engineering completed. The estimated resource (NI43-101 as amended and dated October, 2017) is located entirely on private land. Cardero completed a Preliminary Economic Assessment ("PEA") published in April 2018 which outlines a mine plan and a chosen development route that will allow permitting to be done on private land thereby reducing the time line for permitting. Engineering at Zonia is more advanced than a typical project at this stage of development and it is reasonable to assume that the Project could go straight to Feasibility from PEA. The deposit is amenable to truck and shovel open pit mining and copper recovery via leaching and SX-EW processing to copper cathode. Cardero's plan going forward is to complete a Feasibility Report and permitting of the Project within 3 to 4 year time line from start.

Detailed information is available at the Company's web site at www.cardero.com.

On Behalf of the Board of Directors of
CARDERO RESOURCE CORP.

“Stuart R. Ross” (signed)

Stuart R. Ross, CEO and President

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Cautionary Note Regarding Forward-Looking Statements

Forward Looking Information: This press release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. All statements other than statements of present or historical fact are forward-looking statements, including statements with respect to the Letter Agreement and the likelihood that the Definitive Agreement will be entered into and that Proposed Transaction will be consummated on the terms and timeline provided herein or at all, the benefits of the Proposed Transaction to Cardero and the receipt of all required approvals including without limitation the companies shareholders and applicable regulatory authorities and applicable stock exchanges. Forward-looking statements include words or expressions such as “proposed”, “will”, “subject to”, “near future”, “in the event”, “would”, “expect”, “prepared to” and other similar words or expressions. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include general business, economic, competitive, political and social uncertainties; the state of capital markets; risks relating to (i) the preliminary nature of the Letter Agreement, (ii) the ability of the parties to satisfy the conditions precedent to the execution of any Definitive Agreement or to ultimately agree on definitive terms, (iii) the impact on the respective businesses, operations and financial condition of Cardero and WCU resulting from the announcement of the Proposed Transaction and/or the failure to enter into the Definitive Agreement or to complete the Proposed Transaction on terms described or at all, (iv) a third party competing bid materializing prior to the effective date of any Definitive Agreement or the completion of the Proposed Transaction, (v) delay or failure to receive board, shareholder regulatory or court approvals, where applicable, or any other conditions precedent to the completion of the Proposed Transaction, (vi) unforeseen challenges in integrating the businesses of Cardero and WCU, (vii) failure to realize the anticipated benefits of the Proposed Transaction, (viii) other unforeseen events, developments, or factors causing any of the aforesaid expectations, assumptions, and other factors ultimately being inaccurate or irrelevant, including any escalation in the severity of the COVID-19 pandemic; and other risks described in Cardero's and WCU's documents filed with Canadian securities regulatory authorities. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law..

This press release is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.