

# Bardoc Gold Initiate a Strategic Review

**Bardoc Gold (ASX: BDC)**

Advised that it has initiated a strategic review of the Company's development strategy for its 3.07 M oz namesake gold project, located 40km north of Kalgoorlie in Western Australia.

The strategic review has been prompted as a result of the rapidly escalating cost environment in the WA resources sector, tightening labour market and other COVID-19 related challenges facing new resource projects.

<b>Bardoc Gold</b>	<b>ASX : BDC</b>
<b>Stage</b>	<b>Exploration</b>
<b>Metals</b>	<b>Gold</b>
<b>Market cap</b>	<b>A\$78 m @ 4.5 c</b>
<b>Location</b>	<b>Kalgoorlie, Western Australia</b>

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### *Comment*

*The words "strategic review" should strike fear into shareholders of any company that utters those words, because it's never good news to follow.*

*As a shareholder myself, this is incredibly disappointing, coming so soon after positive updates from the company.*

*With an offtaker onboard, a decent amount of ounces in the ground, and with exploration potential, this project looked set to go.*

*I am considering selling my holding here as a result of this news.*

## **STRATEGIC REVIEW OF BARDOC GOLD PROJECT**

The Board of **Bardoc Gold (ASX: BDC)** advises that it has initiated a strategic review of the Company's development strategy for its 3.07Moz namesake gold project, located 40km

north of Kalgoorlie in Western Australia.

The strategic review has been prompted as a result of the rapidly escalating cost environment in the WA resources sector, tightening labour market and other COVID-19 related challenges facing new resource projects.

#### Key Points:

- Board initiates a strategic review of the development strategy for the 3.07Moz Bardoc Gold Project.
- The review has been initiated in light of the rapidly escalating cost environment due to rising materials and input costs, the tightening WA labour market and other COVID-19 related supply challenges.
- The review will consider alternative pathways to unlock the considerable value of the Bardoc Gold Project for shareholders given its strategic location, large Resource and Reserve base and strong economics. These pathways include:
  - An increased exploration focus to pursue a number of recently identified opportunities for resource growth and new discoveries;
  - Strategic M&A opportunities; and
  - Other development or production pathways with the potential to monetize the deposits.
- In light of the review, the Board will defer the Final Investment Decision (FID) originally targeted for late 2021 and will continue to focus on in the short term on the ongoing resource expansion drilling program at the cornerstone Zoroastrian Deposit.
- The Company has also made the necessary decision to terminate any expenditure related to predevelopment and project funding activities and will review other corporate overheads and costs across the business.
- The Company remains in a strong financial position with \$10.6 million in cash and no debt.

### Key considerations include:

- The \$55 million increase (31%) in the pre-production capital cost estimate for the project from the Definitive Feasibility Study in March 2021 (\$177 million) to the Cash-Flow Optimisation Study in September 2021 (\$232 million);
- Indications received from key suppliers and contractors since the completion of the Cash-Flow Optimisation Study that cost pressures for new resources projects are likely to continue to worsen over the next 12-18 months as the full impact of rising steel, materials and input costs is factored in for new projects starting construction in the near term;
- Severe tightness in the market for skilled personnel, services and equipment, which has been further exacerbated by COVID-19 related border closures and restrictions on the movement of people and equipment;
- Recent global market volatility and instability, which has impacted investor confidence and also reduced risk appetite amongst major institutional investors – particularly for new-build projects in a rising cost environment.

In light of these factors, the Board of Bardoc has decided that it is in the best interests of shareholders to defer the Final Investment Decision (FID) originally targeted for the end of 2021 and commence a strategic review to identify alternative pathways to unlock the significant value within the Company.

This review is likely to include consideration of strategic M&A and consolidation opportunities, as well as other pathways to monetize the deposit in the near term.

While the review is undertaken, the Board has made the necessary decision to terminate all expenditure related to pre-development and project financing activities and will also review corporate overheads and costs across the business in order to reduce monthly cash burn and maintain the Company's strong balance sheet.

Bardoc Gold has \$10.6 million in cash at bank and no debt.

The results of the strategic review, and any other material developments, will be announced as soon as they come to hand.

## Bardoc Gold Management Comments

*"The decision to undertake this strategic review is a necessary and pragmatic decision which we firmly believe will ultimately deliver positive outcomes for our shareholders."*

*"It has become increasingly clear that the rising cost environment across the WA resource sector has made this a very challenging time for any company to launch a significant new mine development."*

*"The Board is not prepared to expose our shareholders to this level of risk at a very challenging time in the resources cycle, and we are certainly not willing to take on significant amounts of debt and potentially blow our capital structure out to develop a project."*

*"All of that said, we have a unique and highly valuable asset in the Bardoc Gold Project with a Resource of over 3 million ounces, 1 million ounce Reserve, a premium location on the doorstep of Kalgoorlie and exceptional exploration upside which remains to be unlocked."*

*"Our focus as a Board over the next few months will be to continue exploration to grow our Resource and Reserve base while pursuing strategies to crystallise the value of our asset base for shareholders."*

# Bardoc Gold Chairman, Tony Leibowitz

Approved for release by the Board

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