

Condor Gold – Termination of Strategic Review and Sale Process

Condor Gold {AIM: CNR} has announced that it has terminated, with immediate effect, its strategic review incorporating a formal sale process as defined by The Takeover Code.

Shareholders are now considering what the next step is going to be, as their cash in hand is approaching the level where a placing will be required before too much longer.

Comment

For a well run company the last few months at Condor are a period to forget.

It is never a good idea for a junior company to announce a “strategic review”, because it’s interpreted as bad news (and usually is!) and a sign that previous decisions have failed, and the board is searching for a new way forward.

Once it had been announced, Condor also announced a formal sale process had started, again, in my opinion, not a good idea, and another announcement that is not normally well received by the market.

It came as no surprise to me that the shareprice fell afterwards, although the depth and speed seem well overdone, given this is a good project in a safe jurisdiction, with high grade gold at low production costs.

The problem is, of course, the capex required to build the mine and in the current market environment, Mark Child can see that it will be a huge ask and someone with deeper pockets

would be more capable of doing it.

Today the company terminated the sale process, and once again sent the wrong signal to the market, as it appears that nobody is currently interested in purchasing the project, and this may well spook some investors into selling, putting further downward pressure on the price.

Mark Child is between a rock and a hard place here, and the market is effecting adversely what in normal times would be a good project, that would be backed by the institutions, and a mine would be built.

I fear potential predators are sitting and watching the Condor shareprice slide, looking for an opportunity.

Any dilution at this level or lower would be extremely tough on existing loyal shareholders.

It is difficult to see what Mark Child can do to reverse the slide, he is fighting a reluctant market, and recent announcements have compounded his problems. Maybe he needs to freshen up his board to inject some new ideas?

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Condor Gold Plc

(“Condor” or the “Company”)

Termination of Strategic Review and Formal Sale Process

The Board of Condor Gold announces that it has, with immediate effect, terminated its strategic review incorporating a formal sale process (“FSP”) as defined by The Takeover Code .

On 4th September 2015, the Company announced it had initiated a formal strategic review of the Company’s business and assets with a view to maximising value for Shareholders at that point in time (the “Announcement”). Accordingly, the Company appointed Cormark Securities Inc. (“Cormark”) to act as financial advisor and assist with exploring value creating alternatives for the Company.

The shares of the Company have fallen 65% since the Announcement due to negative market sentiment towards junior gold exploration companies and the natural resource sector in general. **The Board’s view is that the fall in the share price does not reflect and indeed significantly undervalues Condor’s key asset, La India Project in Nicaragua and has decided to terminate the FSP, which resulted in an Offer Period under the Code.**

Condor’s current market capitalisation is equivalent to circa US\$5 per resource oz gold in the ground compared to an average sale price over the past 18 months, estimated by Cormark, of

US\$56 per resource oz gold in the ground for similar gold mineral resources. Given that any potential offer for the Company would be judged in the context of a premium to the share price; the Board does not see an acceptable premium to the current share price being achieved in the short term, hence the decision to end the FSP.

The La India Project hosts a high grade Independent Mineral Resource of 18.1M tonnes at 4.0g/t containing 2.32M oz gold, which includes an open pit mineral reserve of 6.9M tonnes at 3.0g/t gold containing 675,000 oz gold. An NI 43-101 technical report detailing a Pre-Feasibility Study ("PFS") and two Preliminary Economic Assessments ("PEAs") were posted on Condor's website on 21st December 2014.

The Whittle Optimisation of the mineral resource and mine schedules in the PFS and PEA's increased contained gold within pit shells by 30% and increased the annual production by 25%, while capex and opex remained unchanged, thereby significantly enhancing the economics of the Project (see RNS dated 20th October 2015). **For the PFS and PEA's the all-in-sustaining-cash costs are under US\$700 per oz gold, which compares very favourably to the current gold price.**

Condor will continue with fully permitting Mina La India to initially produce 100,000 oz gold per annum from a single pit. The completion of the Environmental Impact Assessment and application for an Environmental Permit has been submitted (see RNS dated 1st December 2015). The EIA has passed an initial review by the Ministry of the Environment.

The Company's unaudited cash position at 31st December 2015 was £1.1 million. The Government of Nicaragua remains very

supportive of permitting a new mine at Mina La India.

Takeover Code

As a result of the termination of the Strategic Review, the Company is no longer in an offer period under the Code and, accordingly, the requirement to make disclosures under Rule 8 of the Code has now ceased.

In accordance with Rule 26.1 of the Code, a copy of this announcement will be published, subject to certain restrictions relating to persons in any restricted jurisdiction, at – www.condorgold.com.

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