

Is Condor Gold trying to organise a placing?

Condor Gold {AIM: CNR} has experienced some considerable share price volatility recently, and the share price is now showing some signs of stability, after halving, then quadrupling, then halving again, in short order.

The rapid rise was on the back of what looks suspiciously like a promotional campaign, backed up by bulletin board intensely bullish posting, known as 'ramping'

The recent activity in the price of Condor Gold {AIM: SNR} looks very familiar to old wags of the AIM market, otherwise known as the 'casino' after the comments made by a certain American a few years ago.

There are some signs to look for in order to be aware a placing might be imminent in a stock, and obviously the first one is to read the accounts and see the rate of cash burn, then calculate how long it will take for the remaining cash in the bank to be spent.

Clearly nobody runs it down to the wire, so a placing is likely several months before the cash is due to run out as a margin of safety in case of market volatility nearer the time, which could leave a company high and dry.

The next thing to look out for is a promotional campaign, when commissioned "research notes" are published by Eddison, GECR, etc.etc. These reports are hugely expensive, and so are normally timed to coincide with a need to improve the

shareprice. (Condor actually ditched Eddison in an RNS a couple of years ago citing the price as the reason!).

Then there are brief 'mentions' in the press (Condor were briefly mentioned in the Daily Mail) which are arranged through their IR Department.

The final sign can be a huge increase in activity on the bulletin boards, with a large group of bulls all arriving at the same time all sending out the same message.

The result is often a rapid increase in the price of the share in question, then a quietening down as those bulls cash out after the rise, and then everything returns to normal.

In the midst of this frenzy, a placing is often announced, discounted, but at a premium to the previous low price.

It would not surprise me if this is currently occurring at Condor. All the above have been present, the cash is reducing and could be well under £1 million by now, so they will be focused on replenishing the treasury in my opinion.

The recent rally in the price of gold would also seem to be timely for them to raise finance, so I expect an announcement in the not too distant future. The price will be interesting in this weak market, but the recent rise gives them the opportunity to 'discount' it!

