



# Condor Resources Plc

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## **Condor Resources plc ("Condor" or "the Company")**

### **Rejection of unsolicited conditional offer by Worldwide Natural Resources plc ("WNR")**

The board of directors of Condor ("the Board") notes the conditional all share offer for the whole of the issued and to be issued ordinary share capital of Condor ("the Offer") which was announced on 3 June 2009 by WNR.

The Offer from WNR was unsolicited and undervalues Condor. It is an unwelcome distraction from the share exchange proposed with Grafton Resource Investments Limited ("Grafton") described in the circular to Condor shareholders of 27 May 2009 ("the Share Exchange")

WNR is a PLUS Markets listed company with, by reference to its interim accounts of 31 January 2009, cash resources of only £56,000 and minimal assets and no management expertise or track record in natural resources. Its market capitalisation is £485,000 and there is virtually no trading in its shares. Accepting shares in it in consideration for shares in Condor would appear to be highly speculative.

Based on the current value of WNR, the Offer would result in existing WNR shareholders owning approximately 25 per cent. of the share capital of the enlarged company with apparently little contribution by way of assets or cash. Condor shareholders would be diluted accordingly.

The Offer value at 0.45p per Condor share represents:

- a discount of 33.8 per cent. to the closing share price of 0.68p per Condor share on 23 April 2009, being the last business day immediately prior to the announcement of a possible offer;
- a discount of 42.3 per cent. to the closing share price on 3 June 2009 of 0.78p per Condor share, which was immediately prior to the Offer being announced;
- a discount of 65 per cent to the price of 1p Condor shares are purchased pursuant to the Share Exchange.

Any increase in value of WNR appears to be dependent on future acquisitions which, in contrast to the specific proposal of the Share Exchange, are identified only in very general terms. Furthermore, the Offer refers to a possible placing of US\$500,000 in a few weeks and a further placing of US\$4,500,000 if the Offer becomes unconditional. No details of these fundraisings are given, they may be at a significant discount and there is no certainty that they will occur. If they take place, Condor Shareholders may suffer further severe dilution.

The Offer is conditional, inter alia, upon the resolution to approve the Share Exchange not being passed by Condor's shareholders. Accordingly, Condor Shareholders are apparently being presented with a choice. However, leaving aside the terms of the Offer, it is not certain that the Offer represents a real choice, because:

- the Offer as described in WNR's announcement is not made to non UK shareholders; and
- the Offer is dependent upon WNR shareholders approving it and there is no certainty that they will do so.

ACCORDINGLY, THE BOARD IS UNANIMOUS IN REJECTING THE OFFER, AND ADVISES CONDOR SHAREHOLDERS TO TAKE NO ACTION IN RELATION TO THE OFFER.

Instead, the Board of Condor Resources plc recommends that shareholders approve the share exchange transaction with Grafton Resources Investments Ltd. The Share Exchange is beneficial to Condor, both absolutely and over the Offer, for several reasons, which include but are not limited to the following:

- Condor will issue new ordinary shares at 1 pence per share, a 122% premium to the implied Offer price of 0.45p per Condor Share;
- Grafton is a professionally managed fund with a diversified portfolio of investments in the natural resource sector. Condor will be able to review the unlisted investments in the fund, with a view to making suitable acquisitions;
- Condor's strategy is to reduce its relative exposure to El Salvador, home to Condor's circa 1 million oz of gold equivalent JORC Resource, where its operations have been stalled for sometime due to a moratorium on exploration and mining. The Share Exchange enhances the deal flow that Condor will see and therefore its chances of diversification;
- The shares in Grafton which the Company will acquire are freely transferable. Grafton is planning to list its shares on the Irish Stock Exchange in Dublin, in the first half of this year. A sale of these shares at the same price as the Share Exchange would enable the Company to raise £1.4m in cash for future operations; and
- Grafton's shareholding in Condor provides the Company with a supportive strategic investor, with access to experienced analysts and fund managers in the natural resources sector. The fund's shareholding in Condor is aligned with other shareholders in that Grafton wishes to see a materially higher share price for Condor's shares.

ACCORDINGLY, THE BOARD RECOMMENDS CONDOR SHAREHOLDERS TO VOTE IN FAVOUR OF THE SHARE EXCHANGE WITH GRAFTON.

An explanatory circular containing the notice of General Meeting to approve the Share Exchange was posted to Condor's shareholders on 27 May 2009. The General Meeting will take place at the office of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX on 12th June 2009 at 2pm.

To be valid, Forms of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's offices, Condor Resources PLC, 6 New Street Square, London EC4A 3LX by not later than 2pm on

Wednesday, 10 June 2009. Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting.

THE SHARE EXCHANGE IS UNANIMOUSLY SUPPORTED BY THE BOARD WHO RECOMMEND CONDOR SHAREHOLDERS TO VOTE IN FAVOUR OF THE RESOLUTION TO BE PROPOSED AT THE GENERAL MEETING AS THEY THEMSELVES HAVE UNDERTAKEN TO DO IN RESPECT OF THEIR SHAREHOLDINGS REPRESENTING 3.4% OF THE COMPANY'S ISSUED SHARE CAPITAL.

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The directors of Condor accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the directors of Condor (having taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Ambrian Partners Limited is acting for Condor in connection with the matters referred to above and no one else and will not be responsible to anyone other than Condor for providing the protections offered to clients of Ambrian Partners Limited nor for providing advice in relation to the matters referred to above.

**About Condor Resources Plc**

Condor Resources plc is an AIM listed exploration company focused on developing natural resource projects in Central America. The Company was admitted to AIM on 31st May 2006 raising £4.9m to prove up JORC Resources in Nicaragua and El Salvador. Condor has three 100% owned licenses contained within two project areas in Nicaragua. In El Salvador, Condor has 100% ownership of four licences in two project areas.

Since Admission to AIM, Condor has increased its JORC compliant resources from 350,000 ounces of gold and 18 million ounces of silver to 788,000 ounces of gold and 22 million ounces of silver. The Resource calculations are compiled by independent geologists Ravensgate and Geosure.

Condor raised £2,000,000 before expenses in July 2008, which will allow the Company to continue developing its existing gold and silver projects in Central America and identify opportunities in the natural resource sector in other geographical locations.