

THE NORTHERN MINER

GLOBAL MINING NEWS · SINCE 1915

AUGUST 5-18, 2019 / VOL. 105 ISSUE 16 / WWW.NORTHERNMINER.COM

Condor Gold attracts new investment in Nicaragua

GOLD | Funds will advance past-producing La India project



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Nicaragua Milling is taking a 10.4% stake in **Condor Gold** (TSX: COG; LON: CNR), which is advancing its La India gold project in Nicaragua.

The privately held milling company has operated in Nicaragua for two decades and is majority owned by American mining engineer Randy Martin, who developed Hemco Nicaragua, a 1,200-tonne-per-day underground and open-pit mine at Bonanza. Martin later sold 90% of Hemco for US\$96.8 million to Mineros SA.

Martin also founded RNC Gold, which developed the La Libertad mine in Nicaragua, before merging with **Yamana Gold** (TSX: YRI; NYSE: AUU) in 2006, and is the chief operating officer of **Para Resources** (TSXV: PBR; US-OTC: PRSFR), a gold mining company with projects in Arizona, Colombia and Brazil. Martin also has experience operating toll-milling plants for artisanal miners in South America, and Nicaragua Milling owns the 200-tonne-per-day Plantel los Angeles toll mill in Nicaragua.

“Randy Martin has been involved in building two or three mines in Nicaragua over the last 20 years, and the group also has forestry and electricity businesses,” says Mark Child, Condor Gold’s chairman and CEO. “They know how to operate here, and I’ve known them for 14 years since coming to Nicaragua, and we look forward to working with them and advancing the project to production. They can add experience on the ground,

as well as in terms of advice.”

Nicaragua Milling acquired 50% of Condor Gold’s recent £4,038,504 (US\$5.1-million) private placement of 20.19 million units, at 20 pence per unit. Each unit consists of one common share and one-third of one share-purchase warrant.

Shareholders participating in the private placement include mining executive Ross Beaty, who kept his 7% stake in the company, and Jim Mellon, Condor’s non-executive director, who invested £1.5 million to increase his stake from 10% to 15%.

Proceeds of the placement will help advance Condor’s La India project, which hosts the historic La India mine, which operated between 1938 and 1956, and processed an estimated 1.7 million tonnes grading 13.4 grams gold per tonne for 576,000 oz. gold, some of it when the mine was under the ownership of Canadian miner Noranda. Mine records from 1953 show annual production of 41,861 oz. gold at a grade of 11.8 grams gold.

The mine worked a dozen narrow high-grade, low-sulphidation epithermal veins using traditional back-stopping techniques, but the activity was concentrated on two veins: the La India vein, where a 1,200-metre strike length was mined up to 200 metres below surface, and the America–Constancia vein, where a 2,200-metre strike length was mined to 250 metres below surface.

In addition to the La India and America sets of veins, Condor is also exploring the Mestiza vein set, and all three are situated within a 6 by 3 km area. In 2011, Condor geologists found another mineralization style on the edge of a major late-stage, northeast-striking



Drillers on Condor Gold’s La India gold project in Nicaragua. CONDOR GOLD

fault that it calls its Central Breccia prospect.

In January, Condor Gold updated the resource estimate at La India, incorporating 8,222 metres of additional drilling since the previous resource was released in September 2014, as well as a new resource for the Mestiza vein.

Indicated resources stand at 9.85 million tonnes grading 3.6 grams gold for 1.14 million contained oz. gold. Inferred resources measure 8.48 million tonnes grading 4.3 grams gold for 1.18 million contained oz. gold. Of the total, the vast majority (8.58 million tonnes of indicated and 3.01 million tonnes of inferred) are defined as open-pit resources, while the rest is classified as underground.

Apart from the main La India pit, the project has four satellite pits that could act as feeder pits to supplement the main pit, and provide material to the mill.

The government awarded the company permits for the main La India pit and for a 2,800-tonne-per-day processing plant in August 2018. Condor is permitting the America and Mestiza pits 2 km and 4 km away from the proposed site of a central mill.

The satellite pits could increase production from open-pit material by 50% to 120,000 oz. gold per year, over a seven-year mine life, Child says.

A prefeasibility study was completed in 2014. The study considered three scenarios: an open-pit mine at La India only; an expansion scenario with open-pit mining at La India, America and Central Breccia; and an expansion scenario contemplating open-pit mining at La India, America and Central Breccia, and underground mining at La India and America.

With the updated resource estimate, Condor plans to continue evaluating the mining strategy for the La India project as it progresses towards an infill drill program and a feasibility study.

Child says it has been tough raising money for all exploration juniors over the last several

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Condor Gold representatives at a community assembly in La Cruz de la India, Nicaragua. CONDOR GOLD

years, and that Condor has had to grapple with tensions in Nicaragua in 2018, culminating in the imposition of U.S. government sanctions against the country in December.

According to the United Nations, 325 Nicaraguans were killed after public protests against the government broke out between April and July 2018. The protests pressured President Daniel Ortega, elected to a third term as president in November 2016, to withdraw the reforms, but the protests continued.

“The increase in the political risk from U.S. sanctions has caused some people to sell their positions in the company, but Nicaragua has been stable for ten months,” Child says in a telephone interview from Nicaragua.

“There haven’t been demonstrations, and the Sandinista party has taken control of things, if you like.”

Child notes that over the last year Condor has nearly doubled its land position in the country, and the government continues to permit projects. “The government identifies mining as a key part of the economy,” he says, adding that within one month of submitting permit applications for its two feeder pits in January, government representatives from three ministries all visited the project.

“The government couldn’t be more supportive,” Child says, adding that 100% of Condor’s

staff is Nicaraguan, and that a public consultation in July 2018 drew 500 people from the local community, all of whom supported the project.

“It’s a mining community. La India was mined by Noranda back in the 1940s and 1950s, before it closed in 1956, so this former mining town wants the jobs back, and the community to return to its glory days, when it was a relatively rich community,” Child says. “We had 500 people on their feet saying ‘we want this mine, we want the jobs,’ so we have massive endorsement from the local community.”

The company is working on meeting some of the conditions it received in January for permitting the La India pit and a 2,800-tonne-per-day processing plant. Condor has to fully engineer the designs on the tailings storage facility, for example, and the government must sign off on them, as well as finish a hydrology study.

It also has to buy 6 sq. km of land around the project, and continue working on environmental impact assessments (EIA) for the two feeder pits. Condor plans to submit the documents before year-end.

“It took us three years to get the main permit, we had some stop and start. We redesigned it. It wasn’t straightforward, but I think with these two feeder pits, we’ve already permitted the main infrastructure for the mine, so it should be straightforward.” TNM