

# Condor swoops on Nicaragua opportunity



**CONDOR GOLD**

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(CNR:AIM)

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**VITAL STATS**

**SECTOR:** MINING (GOLD MINING)

**SHARE PRICE:** 78p

**MARKET CAP:** £41.3 million



**C**ondor Gold (CNR) is an AIM-quoted gold exploration and development company which owns the high grade 2.4 million ounce gold resource at La India gold project in Nicaragua.

Below is a list of the recent operational milestones achieved by the company:

- Whittle Consulting mining optimization study showed an average NPV US\$196million and average IRR of 31% across 4 production scenarios on La India Project.
- Production ranges from 91,000 oz gold per annum from a single open pit to 165,000 oz gold per annum once feeder pits and underground production is included.
- Recovered gold ranges from 796,000 oz gold to 1.437 million oz gold over the life of mine
- £2.818 million raised by way of a private placement of new ordinary shares in May 2016, lead by Ross Beaty, a well known Canadian mining entrepreneur.
- 242 km<sup>2</sup> soil survey commenced in June 2016 over the remainder of 313 square kilometre La India Project
- Successfully renegotiated terms for the final payments for the purchase of the Espinito-Mendoza Concession at the heart of La India Project. Allows conversion of a Soviet classified resource on the Mestiza Vein Set of 2,392kt at 10.21g/t gold for 785,684 oz gold to western standards.
- Ministry of Environment confirmed an Environmental Impact Assessment for a 2,800tpd

processing plant with capacity to produce approximately 100,000 oz gold per annum has passed a technical review.

- Rock chip of 53.8g/t gold at the Los Limones prospect and geological mapping highlight a potential new discovery on La India Project some 9km north of the main La India open pit.

**FINAL STAGE OF PERMITTING**

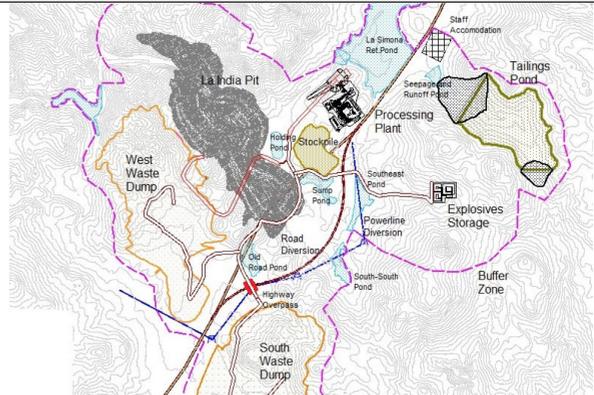
Condor Gold's share price is trading at \$23 per resource ounce gold in the ground or 1.6% of the gold price and a price to book ratio of 0.3 times. In June 2016, Condor received notification from the Ministry of Environment that it had passed the technical review of a 700-page Environmental Impact Assessment document submitted in November 2015, which applied for an Environmental Permit for the construction and operation of an open pit mine which includes a 2,800 tonne per day CIL processing plant and associated infrastructure capable of producing approximately 100,000 oz gold per annum. The upfront capital cost is \$120 million.

In January 2016, Condor announced the economic details of an independent mining optimisation study, which was commissioned in 2015, to investigate strategic options to improve project economics. The production scenarios for La India Project range from 100,000 oz p.a. to 165,000 oz gold p.a. Whittle's Enterprise Optimisation is an integrated approach to maximising the NPV of a mining business by simultaneously optimising 10 different mechanisms across the mining value chain. Validation runs for each case were produced.

**THE GOLD MINERAL RESOURCE OF 2.3M OF GOLD**



**THE PROPOSED MINE SITE INFRASTRUCTURE**



Optimised runs were generated using multi-mine scheduling, fully variable cut-off grade and stockpiling. Reduced capacity cases were run, also optimised for schedule, cut-off grade and stockpiling. Grind-throughput-recovery relationships were developed for the La India open pit material, and this methodology was used to further optimise the schedule for all cases. Pit and Phase optimisation was completed on the La India open pit using the Enterprise Optimisation economics, which improved NPV.

The gold price for this work is \$1,250 per troy ounce, and the silver price is \$19.75/troz in order to have a like for like comparison with the PFS and PEAs. Metal recoveries were based on the PFS and PEA work completed in late 2014. All in-sustaining cast costs in the PFS are lower quartile at US\$700 per oz gold.

**POTENTIAL VALUE**

Overall, the independent optimisation analysis conducted by Whittle clearly demonstrates the potential to unlock substantial additional value from the La India Project. Across three production scenarios, NPV increases over 50%, IRRs average 30%, the payback on upfront capital costs is

between two to three production years, and gold production increases on average 22% for the first five years. Whittle's study is a strategic planning tool, which is used to maximise the economics, particularly the NPV, ahead of a 'build decision' and can often form part of a more detailed Definitive/Bankable Feasibility Study. It should be noted that WCL's study is not NI 43-101 compliant and would require re-generation of the PFS and PEAs to confirm the improvements.

Condor announced on 21 March 2016 that the Company settled a dispute over the purchase of the high grade Espinito-Mendoza Concession, which lies within the main La India Concession, by payment of a cash consideration of \$700,000. This clears the way to advance the Concession and convert more of the Soviet classified resource on the Mestiza Vein Set of 2,392kt at 10.21g/t for 785,684 oz gold to western standards. The Mestiza Vein Set is excluded from the Whittle Enterprise Optimisation of the PFS and PEA studies. Assuming the conversion of the Soviet Resources to Western standards, the inclusion of the Mestiza Vein set could see Mina La India increase its production scenario to over 200,000 oz gold per annum.

In June 2016, Condor initiated an additional 242 square kilometre soil survey programme to continue the 71 square kilometre soil survey completed in 2015, which produced 12 additional exploration targets. There has been some notable success with a 53.9g/t rock chip sample in a new area called Los Limones, at the very northern end of the Andrea vein structure on the El Rodeo concession. The Andrea-Limones mineralised corridor is 12.5 kilometres long, 9 kilometres north, 9 kilometres north of La India open pit and 6 km away from the nearest gold mineral resource.

**STRATEGY IN PLACE**

The strategy for 2016 is to continue to demonstrate the significant exploration upside of the high grade 2.4 million oz gold resource at La India Project through geological mapping, soil geochemistry surveys and the production of a detailed structural model. The strategy of securing the rural land and securing the key Environmental Permit, while continuing to implement the IFC performance standards will all materially de-risk the project and pave the way for Mina La India to become the next large commercial mine in Nicaragua.