

10<sup>th</sup> September 2014

**CONDOR GOLD PLC**

**HIGHLIGHTS**  
**FOR THE SIX MONTHS TO 30 JUNE 2014**

Condor Gold PLC (“Condor”, the “Company” or the “Group”), an AIM listed company focused on delineating a large commercial reserve on its La India Project in Nicaragua, announces its interim results for the period ended 30<sup>th</sup> June 2014.

**HIGHLIGHTS TO 30 JUNE 2014**

Test work in support of the PFS has continued to advance in the first half of 2014:

- Hydrology pump test has been completed with favourable results in support of a dewatering program
- Lycopodium has been selected as the design engineer for the plant, components of the infrastructure capital expenditure estimate and an operating cost estimate for processing.
- Pit geotechnical work has been completed pending final pit selection.
- Environmental baseline studies needed for the PFS are largely complete
- Preliminary waste rock geochemistry results suggest that acid drainage will not be a problem.
- Suitable tailings and waste dump sites have been identified.
- Wide zones discovered at surface over the San Lucas Resource with trench results of 6m at 7.65g/t and 16.15m at 2.2g/t gold.

**POST PERIOD HIGHLIGHTS**

- Real de la Cruz: 13 trenches for 2,646m which demonstrate a wide zone of low-grade stockwork gold mineralisation along a 1100m strike length including a core zone of 200m strike length by 40m to 65m width averaging circa 1g/t, has the potential to provide low-grade supplemental feed to the proposed La India Open Pit Mine plant.
- Real de la Cruz: 4m true width quartz breccia grading at up to 16.4g/t gold exposed in an artisanal pit wall
- Real de la Cruz: Condor’s geologists interpret the geological signatures as representing the top of a much larger gold mineralised system
- Final pit geometries and pushbacks were designed that will serve as the basis for the annual advance maps 1250 pit shell selected for mine design

**CONDOR GOLD PLC**

**HIGHLIGHTS**  
**FOR THE SIX MONTHS TO 30 JUNE 2014**

**CURRENT GLOBAL CIM/JORC CODE MINERAL RESOURCE**

The following Mineral Resource estimations have been reported by independent geologists in accordance with the terms and definitions of the CIM/JORC Code. The Mineral Resource Estimations for Nicaragua were completed by SRK Consulting (UK) Ltd. and for El Salvador by Geosure Exploration and Mining Solutions (La Calera and part of Pescadito) and Ravensgate Resources (part of Pescadito).

|   | Tonnes        | Gold           |                    | Silver         |                    | Gold Equivalent |                    |                                    | CIM/JORC<br>Category |
|---|---------------|----------------|--------------------|----------------|--------------------|-----------------|--------------------|------------------------------------|----------------------|
|   | (kt)          | Grade<br>(g/t) | Contained<br>(koz) | Grade<br>(g/t) | Contained<br>(koz) | Grade<br>(g/t)  | Contained<br>(koz) | Attributable<br>Contained<br>(koz) |                      |
| <b><i>Nicaragua Projects (100% Condor owned)</i></b>  |               |                |                    |                |                    |                 |                    |                                    |                      |
| La India  | 9,600         | 3.5            | 1,076              | 6              | 1,780              | 3.6             | 1,103              | 1,103                              | Indicated            |
| Project   | 8,800         | 4.4            | 1,252              | 7              | 900                | 4.5             | 1,265              | 1,265                              | Inferred             |
| <b>Total</b>  | <b>18,400</b> | <b>3.9</b>     | <b>2,328</b>       | <b>6</b>       | <b>2,680</b>       | <b>4.0</b>      | <b>2,368</b>       | <b>2,368</b>                       | <b>Ind + Inf</b>     |
| Rio Luna  | 694           | 3.5            | 80                 | 56             | 500                | 4.4             | 86                 | 86                                 | Inferred             |
| <b>Total</b>  | <b>19,100</b> | <b>3.9</b>     | <b>2,407</b>       | <b>7</b>       | <b>3,182</b>       | <b>4.0</b>      | <b>2,454</b>       | <b>2,454</b>                       | <b>Ind+Inf</b>       |
| <b><i>El Salvador Projects (90% Condor owned)</i></b> |               |                |                    |                |                    |                 |                    |                                    |                      |
| Pescadito   | 7,100         | 1.9            | 434                | 97             | 22,100             | 3.4             | 764                | 688                                | Inferred             |
| La Calera   | 6,000         | 1.6            | 313                | -              | -                  | 1.6             | 317                | 285                                | Inferred             |
| <b>Total</b>  | <b>13,100</b> | <b>1.8</b>     | <b>747</b>         | <b>53</b>      | <b>22,380</b>      | <b>2.6</b>      | <b>1,081</b>       | <b>964</b>                         | <b>Inferred</b>      |
| <b>Grand Total</b>                                    | <b>32,200</b> | <b>3.0</b>     | <b>3,154</b>       | <b>34</b>      | <b>25,553</b>      | <b>3.5</b>      | <b>3,535</b>       | <b>3,427</b>                       | <b>Inferred</b>      |

*Note that tonnage is rounded to nearest 10,000t, gold grade is rounded to nearest 0.1g/t, silver and gold equivalent grade to nearest 1g/t, contained gold and gold equivalent to nearest 1,000oz and contained silver to nearest 10,000oz. Gold equivalent is calculated using silver:gold ratio of 67:1. Attributable gold is calculated as 90% interest in El Salvador licences (remaining 10% gifted to the Condor Resources El Salvador Charitable Foundation).*

**CONDOR GOLD PLC**  
**CHAIRMAN'S STATEMENT**  
**FOR THE SIX MONTHS TO 30 JUNE 2014**

**CHAIRMAN'S STATEMENT**

Dear Shareholder,

I am pleased to present Condor's unaudited interim financial report for the 6 months ended 30<sup>th</sup> June 2014. The Group's CIM and JORC gold mineralised resources remained unchanged during the period from the NI 43-101 compliant resource update announced in November 2013. The current La India Project total mineral resource estimate is 18.4Mt at 3.9g/t for 2.33M oz gold and 2.68M oz silver at 6.2g/t. Total gold equivalent is 2.37M oz. The mineral resource in the higher indicated category of confidence is 9.6Mt at 3.5g/t for 1.08M oz gold. The Inferred mineral resource is 8.8Mt at 4.4g/t for 1.25M oz gold. The total open pit resource increased is 1.14M oz gold at 3.1g/t split between three deposits all within a 2km radius. The bulk of the open pit resource is within the La India Open Pit which accounts for 920,000 oz at 3.0g/t gold. The identification of two feeder pits, the America Open Pit with 160,000 oz at 4.2g/t and the Central Breccia Open Pit with 57,000 oz gold at 1.9g/t should help mine scheduling. The moratorium on all mining and exploration continues in the Republic of El Salvador ("El Salvador") where the Company has 90% of a JORC Code Mineral resource of 13.15 Mt at 2.6g/t for 1,120,000 oz gold equivalent.

The operating loss for the 6 month period was £1,569,855. The cash equivalents at 30<sup>th</sup> June 2014 were £754,938. There are currently 38,323,960 ordinary shares in issue.

Dave Crawford, a senior mining engineer with 37 years' experience joined as Chief Operating Officer in March 2014 having worked as a full time consultant since 1<sup>st</sup> December 2013. He brings an exceptional depth of relevant gold mining experience from his time operating at a very senior level throughout his career. Dave's experience strengthens the operating team as Condor transitions from a gold exploration company and aims to produce Pre-Feasibility Studies and Bankable Feasibility Studies on La India Project, which has the potential for being one of Nicaragua's largest producing gold mines. The PFS is due at the end of September 2014. The operations report provides detail of the progress made on the Pre-Feasibility Studies ("PFS") during the period.

Significant progress on the PFS included: selection of the final pit shell for the PFS, award of plant design to Lycopodium and choice of a 800,000 tonne per annum (2,300 tonne per day) plant as a base case, completion of geotechnical studies resulting in average pit angles of 46 degrees, completion of the majority of 16 baseline studies for the Environmental Impact and Social Assessment, completion of hydrology pump tests for the dewatering characteristics of the open pit, selection of the locations of the plant, tailings storage facility and waste dump, and progress with estimates for the capital expenditure and operating expenses for the plant.

Condor has completed 4,375m trenching since the New Year on 6 targets on La India Project. The most successful results were from 2,646m trenching on Real de la Cruz concession which demonstrate a wide zone of low-grade stockwork gold mineralisation along a 1100m strike length including a core zone of 200m strike length by 40m to 65m width averaging circa 1g/t, including a high grade breccia of 4m true width at 16.4g/t gold. Condor's geologists interpret the geological signatures as representing the top of a much larger gold mineralised system that, with further trenching and drilling has the potential to develop into a supplementary lower-grade feeder pit to the proposed La India process plant located 8km away. The operations report provides detail on the exploration activity during the period.

The strategy for 2014/2015 is to produce a base case PFS on 840,000 oz gold in the Indicated category in La India Open Pit by end September 2014 and demonstrate the upside potential of La India Project by completing geochemistry studies over selected areas of La India Project. On completion of a PFS the Company will proceed directly to a Bankable Feasibility Study ("BFS") with either the base case or with the base case plus the inclusion of an additional 300,000 oz gold open pit Inferred resources that are currently excluded from the PFS. The later option will require between 8,000m to 10,000m drilling to bring these additional ounces into the Indicated category required for inclusion in a BFS. Only Indicated ounces can be used in a PFS and BFS. There will be two annexes to the PFS showing the potential upside of including 1) a further 300,000 oz gold open pit resources (81,000 oz gold in the Inferred category in La India Open Pit, 160,000 oz gold on America

Open Pit and 58,000 oz gold on the Central Breccia) in a BFS and 2) the underground potential of La India and America resources.

**CONDOR GOLD PLC**

**CHAIRMAN'S STATEMENT**  
**FOR THE SIX MONTHS TO 30 JUNE 2014**



Mark Child  
Executive Chairman and CEO

10<sup>th</sup> September 2014

## **CONDOR GOLD PLC**

### **OPERATIONS REPORT AND PROJECT OVERVIEW** **FOR THE SIX MONTHS TO 30 JUNE 2014**

#### **NICARAGUA – OPERATIONS REPORT**

##### **La India Project**

Condor has long recognised the potential of the La India Mining District for the development of a modern gold mine and has gradually built-up a concession package of eight concessions covering an area of 280km<sup>2</sup> through a combination of public tender and private acquisition since 2006. The La India Mining District is an epithermal goldfield hosted by a Tertiary aged volcanic complex and was a gold producer between 1938 and 1956 when the La India gold mine produced an estimated 576,000oz gold with mine records showing a peak production of 41,861 oz gold at 11.8g/t recovered grade and 39,282 oz silver at 11.0g/t in 1953. The Company currently holds 100% interest in mining rights over 98% of the La India District gold mineralisation including all the historically mine workings. Condor completed the first Preliminary Economic Assessment (“PEA”) of the Project’s mining potential in 2013. Since then the Company has advanced the confidence of the mineral resource in the core mining zone, and is on-track to complete Pre-Feasibility Studies (“PFS”) into open pit mining the flagship La India Vein Set this year. Regional exploration has focused on identifying additional open pit resource ounces within trucking distance of the planned La India mill and also on developing a strategy to search for hidden deposits throughout the La India District.

##### **Pre-Feasibility Study Update**

Progress through the first half 2014 has focused on final pit shell selection, mine design and site layout. Sufficient technical information has now been acquired to complete basic design of the project. Resource models have been locked, processing methodologies and geotechnical parameters have been quantified, water resources and hydrology have been analyzed and applied to the overall project.

SRK Consulting (“SRK”) has now completed an engineered pit design and production schedule in support the 800ktpy plant and will be producing an estimate package for contract mining. The design basis price has been locked at \$1250/oz gold. A variation of the production schedule will be developed to feed a larger mill to provide Condor critical information for the Bankable Feasibility Study, including condemnation drilling, in-fill drilling to convert inferred to indicated resources.

A more detailed discussion of the PFS disciplines follows:

##### **Mineral Resource Estimate (“MRE”)**

The resource model has undergone some refinements since the November 2013 MRE as re-logging and reinterpretation have allowed modest gains in some locations. In addition, the resource model has been modified to reflect likely dilution, by ‘renormalization’. This process aggregates the smaller blocks of the original resource model into mining-sized units of 5m x 5m x 2.5 meter units. The diluted version of the resource model is the basis for the pit design.

##### **Pit Selection and Design**

Pit designs were developed using a base price of \$1250/oz gold. Economics were applied based on preliminary costs of \$20/t processing, \$2.20/t mining and \$5.60/t G&A. Using Lerchs-Grossman shells and optimizing schedulers, a range of pit shells (approximate pit shapes that lack roads) were generated and used to select a starting basis for pit designs. These shells were developed using both indicated only and indicated + inferred versions to ensure that the final pit designs provided the opportunity to recover inferred material during operations. Note that only the indicated resources will be featured in the PFS, in accordance with the requirements of NI 43-101 standards.

Post-period the final pit geometries and pushbacks were designed that will serve as the basis for the annual advance maps. Mine operating descriptions will be developed and included in the PFS as well. SRK will develop

a first-principles estimate for equipment selection and requirements along with operating costs. This information will be provided to selected contractors to develop contract mining estimates as an option for the PFS.

## CONDOR GOLD PLC

### OPERATIONS REPORT AND PROJECT OVERVIEW FOR THE SIX MONTHS TO 30 JUNE 2014

#### **Plant Design and Costing**

With completion of the background work, Lycopodium has provided a plant design based on their deep experience with plants of this type, operating and capital estimate consistent with a production rate of 800,000 tonnes per year, with an option to expand throughput to 1,000,000 tpa. Estimates are supported by information from local contractors for earthworks, concrete, steel, and mechanical costs, and by updated vendor quotes for major consumables. The completed Lycopodium scope included support buildings and most infrastructure required.

Lycopodium has drawn from their large library of existing plant designs to arrive at the current plans. As a result, labour and equipment costs and quantities are well understood. In addition, the Lycopodium team visited Nicaragua and interviewed 10 contractors to collect estimates for bulk construction costs and productivities. In the process, they have demonstrated a robust stable of contractors available in Nicaragua. Plant throughput is based upon a capacity of 800,000 tonnes per year.

Power consumption is high, again due to hardness. Consequently, Condor has dedicated substantial time to understanding capacity and costs within Nicaragua. The current national average for power including transmission prices, is approximately \$0.18 per kWhr, with similar cost estimates for over-the fence generation contracts and for self-generation (including capital amortization).

Recovery estimates have remained at 91%, based on bench results of about 93%. There is an opportunity to improve recovery, however, Condor has elected to retain the standard practice of a two-point recovery deduction for scaling from lab work.

#### **Geotechnical**

Geotechnical evaluations have been completed on both the open pit slope stability and for preliminary footing conditions for the tailings pond and selected mill site options. Results for the open pit are based on oriented core, lab tests and standard core logging methods. Slope angles developed by SRK included both depressurized and pressurized variations, however, hydrology tests have confirmed that dewatering is feasible. Recently completed designs incorporate the steeper dewatered slopes. The average pit angle is 46 degrees.

Ground conditions for construction are a frequent source of cost over-runs. Condor has mitigated this risk by conducting a large number of soil test pits and infiltration tests to ascertain likely conditions for both the tailings dam and multiple proposed locations for the mill site. The results indicated no unusual conditions, and have been used in the development of the capital costs for the mill, mine facilities and tailings dam.

#### **Environmental and Social Responsibility**

Sixteen Environmental baseline work has been completed and is under review by SRK. Condor Nicaraguan consultants have indicated that we have sufficient information to compile and submit a successful Environmental Impact and Social Assessment Study to the Nicaraguan Ministry of Environment. Condor has developed a Stakeholder Engagement Plan (SEP) that will form the nucleus of our Social Responsibility activities. The SEP has been developed with the oversight and review of SRK. SRK has indicated that they have sufficient information to compile the relevant sections of the PFS.

#### **Hydrology**

Hydrology tests have been completed for both surface and subsurface regimes. The pump test conducted in the first half of 2014 demonstrated that dewatering can be effectively accomplished, thus allowing application of steeper pit slope design specifications. Historical information has now been compiled to determine storm event design criteria. This information will be incorporated into the site wide water balance.

#### **Tailings Pond**

Site selection and preliminary designs for the tailings dam have been concluded. With the completion of the pit designs, the designs for the tailings pond will be optimized to the required capacity.

## **Water Management**

Initial surface water designs have been completed, and with the completion of the pit and waste dump designs can be incorporated into a site wide water balance.

## CONDOR GOLD PLC

### OPERATIONS REPORT AND PROJECT OVERVIEW FOR THE SIX MONTHS TO 30 JUNE 2014

#### **Logistics / Power / Fuel**

Given the convenient location adjacent to a National Highway and a 138kv power line, logistics issues are not expected to present major problems. Studies and cost estimates have been secured for power and fuel. Transportation costs from the Port of Corinto have also been compiled.

#### **Operating Costs**

Operating costs have been developed in detail for a 800,000 tpy and a scaled version for a 1,000,000 tpy mill operating scenario. Operating costs for general and administrative costs have been compiled using existing costs for current Condor operations with suitable scaling for an operating property. Wages have been based on wages from comparable operations in Central America. Mining costs will be finalized following completion of detailed annual plans.

#### **Dave Crawford Chief Operating Officer**

#### Exploration Activity

During the first half of 2014 Condor completed 51 trenches for 3995m, 5 underground channel samples for 6.8m and collected 157 rock chip samples on the La India Project. The majority of the work was completed on the flagship La India Project, with an additional 8 rock chip and 3 stream sediment samples collected during a reconnaissance field trip to the **Estrella Concession**. Regional exploration activity has continued to develop the eight targets identified as under-explored by Condor geologists in the 2013 assessment of geophysical, satellite-derived topographic, geological mapping and regional exploration data over the entire **La India Project** area. Trench testing is underway on selected targets and a regional geochemical study is being conducted to identify the pathfinder elements associated with the gold mineralising epithermal system at La India that will be used in the soil survey using a multi-element geochemistry database containing over two thousand rock chip samples.

The majority of the **trenching** tested four regional targets that were identified as having near surface gold mineralisation in geological structural settings conducive to the development of wide zones of mineralisation; considered exploration targets for open pit resources. In addition, geological definition trenching within La India Open Pit resource has improved confidence in selected zones of the mineral resource for consideration in the on-going PFS.

Trenching across the surface expression of the 59,000 oz gold **San Lucas** resource, located only 2km west of the flagship La India Open Pit resource was completed using a mechanical excavator. The trenches have validated previous explorers manual trenching and also tested further across strike in areas where deeper colluvial cover prevented manual trenching. The programme was successful with wider intercepts encountered than had been reported in previous explorer's manual excavated trenches. The best trench intercepts include 6.00m (5.9m true width) at 7.65g/t gold and significantly an intercept of 16.15m (15.9m true width) at 2.20g/t where the vein was shown to split into three veins. The discovery of branching of the vein at surface at San Lucas is encouraging and points to the possibility of discovering additional un-exploited gold in the walls of the historic San Lucas Mine.

The most encouraging trench results have been returned from the **Real de La Cruz** Concession located approximately 8km northeast of the La India Open Pit resource. Condor has repeated previous explorer Newmont's discovery trench, returning an intercept of 63.6m at 1.01g/t gold where the Newmont's trench sampling reported 64m at 1.57g/t gold. Condor geologists were particularly encouraged to intercept a cross-cutting 4m true width quartz breccia grading at up to 16.4g/t gold exposed in an artisanal pit wall. The artisanal pit is some 45m south of the main stockwork zone and was excavated to a depth of 6m below a section of the original Newmont trench that had returned only 6m at 1.47g/t gold nearer surface. The gold intercepts reported in this initial trench are located at the centre of a much larger surface gold anomaly defined by a 1,100m by 900m auger and rock chip anomaly. A parallel trench excavated 25m to the east has already verified continuity

of gold mineralisation with an intercept of 39.6m at 0.98g/t gold including two higher grade zones of 6m at 2.71g/t gold and 5m at 1.69g/t separated by 20m of lower grade material. Further trench extension and step-out trenching at 200m spacing was completed post-period along the entire 1,100m strike length of the surface anomaly in order to better test the continuity and extent of the gold mineralisation. The entire programme of 13 trenches for 2,646m has delineated broad zones of near-surface gold mineralisation at over 0.5g/t gold along a 500m strike length has the potential to provide low-grade supplemental feed to the proposed La India Open Pit Mine plant located only 8km away.

## CONDOR GOLD PLC

### OPERATIONS REPORT AND PROJECT OVERVIEW FOR THE SIX MONTHS TO 30 JUNE 2014

The large footprint and localised zones of wide high-grade gold mineralisation is encouraging. The recognition of quartz vein textures indicative of both near surface and boiling zone mineralisation suggests an extremely active system. Condor considers that the large low-grade footprint at Real de La Cruz could be the top of a large mineralised system. Condor plans to test continuity of the wide low-grade gold mineralisation with further trenching.

Condor considers that the next major discovery at La India is likely to be a hidden deposit where the high-grade gold mineralisation associated with the epithermal boiling zone does not crop-out at surface. Geological mapping has identified three target areas for hidden deposits. A study of the regional variation in vein rock geochemistry which allows fingerprinting of the regional veins and confirmation of the level of the vein outcrops relative to the boiling zone supports these targets. The vein rock geochemistry data is being used to support planning of a regional soil sampling programme.

A regional vein rock **geochemistry** study of 214 selected representative samples from throughout the district has identified some distinct regional variations in vein geochemistry. The variations reflect differences in (1) proximity to source, (2) vertical setting relative to the gold enriched boiling zone and/or (3) the host rock geochemistry. This geochemical signature combined with vein textures and mineralogy, is being used to assess and rank prospectivity of the veins for the discovery of a hidden gold deposit.

#### Other Project Areas

Some additional exploration work has been completed on some of Condor's other projects in Nicaragua. Topographic survey base stations have been established on the Rio Luna and Estrella concessions and previous explorers drilling collars have been resurveyed to tie in with the new base stations. Further exploration at the Estrella Concession has established additional gold mineralisation in quartz vein float located approximately 1200m along strike of the historic gold mine workings. The definition of gold mineralisation over a strike length of over 1.5km suggests a reasonably large system and upgrades the prospectivity of the Estrella Concession.

**Dr. Luc English**  
**Country Manager Nicaragua**

#### **EL SALVADOR – OPERATIONS REPORT**

Condor has continued to maintain a presence in El Salvador whilst the Government continues the suspension of metallic mining and exploration activity that has been in effect since 2007. The Company recognises that the resolution lies with the Central Government, and Condor has played a leading role in lobbying the Government in favour of a resumption of mining activity both as an individual company and as a member of an umbrella group known as the Salvadoran Industrial Association which represents the interests of a number of mining and exploration companies. The Company has maintained a continuous active dialogue with the Government since 2007 in order to maintain the Company's claim over the suspended licences and also to position the Company to benefit from other prospective areas that are likely to become available should the Government elect to support metallic mining in the future.

**Ing. Jose Mario Gonzalez Granados**  
**Country Administration Manager El Salvador**

As previously disclosed, most recently in the Company's annual financial report for the year ended 31 December 2013, the Company is currently in dispute between B2 Gold and over a 3% Net Smelter Royalty ("NSR") on La India concession.



The La India Concession was added to Condor's portfolio in late 2010 through a concession swap with B2Gold, following a letter agreement signed on 31 August 2010 between Condor and B2Gold. The current 68.5 sq km La India Concession was originally part of a much larger, 353.0 sq km El Limon –La India Concession, which in 1994 granted a 3% Net Smelter Royalty ("NSR") to Repadre Capital Corporation. Due to new mining laws, effective in August 2001, much of the El Limon-La India Concession was relinquished to the Government and became available for re-grant.

## CONDOR GOLD PLC

### OPERATIONS REPORT AND PROJECT OVERVIEW FOR THE SIX MONTHS TO 30 JUNE 2014

Condor has received legal opinion from its lawyers in Nicaragua that the 3% NSR is invalid under Nicaraguan law. B2Gold provided Condor with a copy of a royalty agreement some 2 years after the concession swap. The Company is currently in discussions with B2 Gold in relation to the NSR with a view to resolving this dispute.

#### **Other Matters**

As previously disclosed, most recently in the Company's annual financial report for the year ended 31 December 2013, the Company is currently in dispute in Canada and Nicaragua with B2 Gold over a 3% Net Smelter Royalty ("NSR") on La India concession.

The La India Concession was added to Condor's portfolio in late 2010 through a concession swap with B2Gold, following a letter agreement signed on 31 August 2010 between Condor and B2Gold. The current 68.5 sq km La India Concession was originally part of a much larger, 353.0 sq km El Limon –La India Concession, which in 1994 granted a 3% Net Smelter Royalty ("NSR") to Repadre Capital Corporation. Due to new mining laws, effective in August 2001, much of the El Limon-La India Concession was relinquished to the Government and became available for re-grant.

Condor has received a legal opinion from its lawyers in Nicaragua that the 3% NSR is invalid under Nicaraguan law, and advice from its lawyers in Canada supporting the stance it has taken in the Canadian proceedings. B2Gold provided Condor with a copy of a royalty agreement some 2 years after the concession swap. The Company is currently in discussions with B2 Gold in relation to the NSR with a view to resolving this dispute.

**CONDOR GOLD PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS TO 30 JUNE 2014**

|   | Six months<br>to 30.06.14<br>unaudited<br>£ | Six months<br>to 30.06.13<br>unaudited<br>£ |
|---|---|---|
| Revenue   | -   | -   |
| Net loss arising on foreign translations                                      | (841,838)                                   | (250,590)                                   |
| Administrative expenses   | (728,017)                                   | (1,192,084)                                 |
| Operating loss  | <u>(1,569,855)</u>                          | <u>(1,442,674)</u>                          |
| Finance income  | 1,360                                       | 5,320                                       |
| Net gain on financial assets at fair value through profit<br>and loss account | -   | -   |
| Loss before income tax  | <u>(1,568,495)</u>                          | <u>(1,437,354)</u>                          |
| Income tax expense  | -   | -   |
| <b>Loss for the period</b>  | <b><u>(1,568,495)</u></b>                   | <b><u>(1,437,354)</u></b>                   |
| <b>Other comprehensive income/(loss):</b>                                     |   |   |
| Currency translation differences  | <u>383,810</u>                              | <u>(736,902)</u>                            |
| <b>Other comprehensive income/(loss) for the period</b>                       | <b><u>383,810</u></b>                       | <b><u>(736,902)</u></b>                     |
| <b>Total comprehensive income/(loss) for the period</b>                       | <b><u>(1,952,305)</u></b>                   | <b><u>(700,452)</u></b>                     |
| <b>Income/(loss) attributable to:</b>   |   |   |
| Non-controlling interest  | (3,643)                                     | (1,817)                                     |
| Owners of the parent  | <u>(1,564,852)</u>                          | <u>(1,435,537)</u>                          |
|   | <b><u>(1,568,495)</u></b>                   | <b><u>(1,437,354)</u></b>                   |
| <b>Total comprehensive income/(loss) attributable to:</b>                     |   |   |

|   |        |                           |                         |
|---|--------|---------------------------|-------------------------|
| Non-controlling interest                            |        | 2,716                     | (5,947)                 |
| Owners of the parent                                |        | <u>(1,955,021)</u>        | <u>(694,505)</u>        |
|   |        | <b><u>(1,952,305)</u></b> | <b><u>(700,452)</u></b> |
| <b>Loss per share expressed in pence per share:</b> |        |                           |                         |
| Basic and diluted (in pence)                        | Note 5 | <u>(4.20)</u>             | <u>(3.93)</u>           |

**CONDOR GOLD PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

|  | 30.06.14<br>unaudited<br>£ | 31.12.13<br>£            | 30.06.13<br>unaudited<br>£ |
|--|----------------------------|--------------------------|----------------------------|
| <b>ASSETS:</b>   |                            |                          |                            |
| <b>NON-CURRENT ASSETS</b>                              |                            |                          |                            |
| Property, plant and equipment                          | 275,908                    | 298,525                  | 326,478                    |
| Intangible assets                                      | <u>14,487,133</u>          | <u>14,721,128</u>        | <u>13,765,835</u>          |
|  | <u>14,763,041</u>          | <u>15,019,653</u>        | <u>14,092,313</u>          |
| <b>CURRENT ASSETS</b>                                  |                            |                          |                            |
| Trade and other receivables                            | 846,450                    | 978,715                  | 860,349                    |
| Financial assets at fair value through profit and loss | -                          | -                        | -                          |
| Cash and cash equivalents                              | <u>754,938</u>             | <u>2,268,470</u>         | <u>5,112,023</u>           |
|  | <u>1,601,388</u>           | <u>3,247,185</u>         | <u>5,972,372</u>           |
| <b>TOTAL ASSETS</b>                                    | <b><u>16,364,429</u></b>   | <b><u>18,266,838</u></b> | <b><u>20,064,685</u></b>   |
| <b>LIABILITIES:</b>                                    |                            |                          |                            |
| <b>CURRENT LIABILITIES</b>                             |                            |                          |                            |
| Trade and other payables                               | <u>700,113</u>             | <u>650,217</u>           | <u>651,944</u>             |
| <b>NON-CURRENT LIABILITIES</b>                         |                            |                          |                            |
| Other payables   | <u>-</u>                   | <u>-</u>                 | <u>154,626</u>             |
| <b>TOTAL LIABILITIES</b>                               | <b><u>700,113</u></b>      | <b><u>650,217</u></b>    | <b><u>806,570</u></b>      |
| <b>NET CURRENT ASSETS</b>                              | <u>901,275</u>             | <u>2,596,968</u>         | <u>5,320,428</u>           |
| <b>NET ASSETS</b>                                      | <b><u>15,664,316</u></b>   | <b><u>17,616,621</u></b> | <b><u>19,258,115</u></b>   |
| <b>SHAREHOLDERS' EQUITY</b>                            |                            |                          |                            |
| Called up share capital                                | 7,664,792                  | 7,664,792                | 7,574,792                  |

|                                      |                          |                          |                          |
|--------------------------------------|--------------------------|--------------------------|--------------------------|
| Share premium                        | 22,228,265               | 22,228,265               | 22,210,765               |
| Legal reserves                       | 71                       | 71                       | 71                       |
| Exchange difference reserve          | (8,828)                  | 374,982                  | 1,331,182                |
| Share options reserve                | 2,551,670                | 2,551,670                | 1,873,151                |
| Retained earnings                    | <u>(16,771,654)</u>      | <u>(15,203,159)</u>      | <u>(13,731,846)</u>      |
|                                      | <b><u>15,664,316</u></b> | <b><u>17,616,621</u></b> | <b><u>19,258,115</u></b> |
| <b>TOTAL EQUITY ATTRIBUTABLE TO:</b> |                          |                          |                          |
| Non-controlling interest             | (66,701)                 | (68,877)                 | (72,418)                 |
| Owners of the parent                 | <u>15,731,017</u>        | <u>17,685,498</u>        | <u>19,330,533</u>        |
|                                      | <b><u>15,664,316</u></b> | <b><u>17,616,621</u></b> | <b><u>19,258,115</u></b> |

**CONDOR GOLD PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2014**

|                                       | Share<br>Capital | Share<br>premium  | Legal<br>reserve | Exchange<br>difference<br>reserve | Share<br>option<br>reserve | Retained<br>earnings | Total            | Non<br>Controlling<br>Interest | Total Equity     |
|---------------------------------------|------------------|-------------------|------------------|-----------------------------------|----------------------------|----------------------|------------------|--------------------------------|------------------|
|                                       | £                | £                 | £                | £                                 | £                          | £                    | £                | £                              | £                |
| At 31 December 2012                   | 6,679,826        | 15,928,571        | 71               | 591,700                           | 1,873,151                  | (12,225,441)         | 12,847,878       | (66,471)                       | 12,781,407       |
| Comprehensive<br>income:              |                  |                   |                  |                                   |                            |                      |                  |                                |                  |
| Loss for the year                     | -                | -                 | -                | -                                 | -                          | (2,904,912)          | (2,904,912)      | (3,755)                        | (2,908,667)      |
| Other comprehensive<br>income:        |                  |                   |                  |                                   |                            |                      |                  |                                |                  |
| Currency translation<br>differences   | -                | -                 | -                | (220,647)                         | -                          | -                    | (220,647)        | 1,349                          | (219,298)        |
| <b>Total comprehensive<br/>income</b> | <b>6,679,826</b> | <b>15,928,571</b> | <b>71</b>        | <b>371,053</b>                    | <b>1,873,151</b>           | <b>(15,130,353)</b>  | <b>9,722,319</b> | <b>(68,877)</b>                | <b>9,653,442</b> |
| New shares issued                     | 984,966          | 6,299,694         | -                | -                                 | -                          | -                    | 7,284,660        | -                              | 7,284,660        |
| Share based payment                   | -                | -                 | -                | -                                 | 678,519                    | -                    | 678,519          | -                              | 678,519          |
| At 31 December 2013                   | 7,664,792        | 22,228,265        | 71               | 371,053                           | 2,551,670                  | (15,130,353)         | 17,685,498       | (68,877)                       | 17,616,621       |
| Comprehensive<br>income:              |                  |                   |                  |                                   |                            |                      |                  |                                |                  |
| Loss for the year                     | -                | -                 | -                | -                                 | -                          | (1,564,852)          | (1,564,852)      | (3,643)                        | (1,568,495)      |
| Other comprehensive<br>income:        |                  |                   |                  |                                   |                            |                      |                  |                                |                  |
| Currency translation<br>differences   | -                | -                 | -                | (389,629)                         | -                          | -                    | (389,629)        | 5,819                          | (383,810)        |
|                                       | 7,664,792        | 22,228,265        | 71               | (18,576)                          | 2,551,670                  | (16,695,205)         | 15,731,017       | (66,701)                       | 15,664,316       |
| New shares issued                     | -                | -                 | -                | -                                 | -                          | -                    | -                | -                              | -                |
| Share based payment                   | -                | -                 | -                | -                                 | -                          | -                    | -                | -                              | -                |
| At 30 June 2014                       | 7,664,792        | 22,228,265        | 71               | (18,576)                          | 2,551,670                  | (16,695,205)         | 15,731,017       | (66,701)                       | 15,644,316       |

**CONDOR GOLD PLC**

**CONSOLIDATED CASH FLOW STATEMENT**  
**AS AT 30 JUNE 2014**

|  | Six months<br>to 30.06.14<br>unaudited<br>£ | Six months<br>to 30.06.13<br>unaudited<br>£ |
|--|---|---|
| <b>Cash flows from operating activities</b>        |   |   |
| Loss before tax                                    | (1,568,495)                                 | (1,437,354)                                 |
| Depreciation charges                               | 5,914                                       | 23,685                                      |
| Profit/(loss) on sale of tangible fixed assets     | -   | -   |
| Impairment charge of intangible fixed assets       | 16,404                                      | 13,839                                      |
| Finance income                                     | (1,360)                                     | (5,320)                                     |
|  | <u>(1,547,537)</u>                          | <u>(1,405,150)</u>                          |
| <br>   |   |   |
| (Increase)/decrease in trade and other receivables | 132,265                                     | (339,798)                                   |
| Increase/(decrease) in trade and other payables    | 49,896                                      | 107,282                                     |
| Income tax paid                                    | -   | -   |
|  | <u>(1,365,376)</u>                          | <u>(1,637,666)</u>                          |
| <br>   |   |   |
| <b>Cash flows from investing activities</b>        |   |   |
| Purchase of intangible fixed assets                | (512,587)                                   | (3,146,296)                                 |
| Purchase of tangible fixed assets                  | (3,150)                                     | (111,283)                                   |
| Interest received                                  | 1,360                                       | 5,320                                       |
|  | <u>(514,377)</u>                            | <u>(3,252,259)</u>                          |
| <br>   |   |   |
| Net cash absorbed in investing activities          | <u>(514,377)</u>                            | <u>(3,252,259)</u>                          |
| <br>   |   |   |
| <b>Cash flows from financing activities</b>        |   |   |
| Issue of shares                                    | -   | 7,177,160                                   |
|  | <u>-</u>                                    | <u>7,177,160</u>                            |
| <br>   |   |   |
| Net cash absorbed in financing activities          | <u>-</u>                                    | <u>7,177,160</u>                            |
| <br>   |   |   |
| (Decrease)/increase in cash and cash equivalents   | (1,879,753)                                 | 2,287,235                                   |
| Cash and cash equivalents at beginning of period   | 2,268,470                                   | 2,481,503                                   |
| Exchange losses on cash and bank                   | 366,222                                     | 343,285                                     |
|  | <u>754,938</u>                              | <u>5,112,023</u>                            |

## CONDOR GOLD PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2014

#### 1. COMPLIANCE WITH ACCOUNTING STANDARDS

##### **Basis of preparation**

This financial information has been prepared in accordance with IAS 34 “Interim financial reporting” as adopted by the European Union. The standards have been applied consistently. The statutory accounts for the year ended 31 December 2013, which have been filed with the Registrar of Companies, were prepared under IFRS and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their account under IFRS. The auditors reported on those accounts; their Audit Report was unqualified and did not contain a statement under either Section 237(2) or Section 237(3) of the Companies Act 2006.

The Interim Report is unaudited and does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

The Interim Report for the six months ended 30 June 2013 was approved by the Directors on 08 September 2014.

The directors consider the going concern basis to be appropriate based on cash flow forecasts and projections and current levels of commitments, cash and cash equivalents.

The comparative period presented is that of the six months ended 30 June 2013. The directors are of the opinion that due to the nature of the group’s activities and the events during that period these are the most appropriate comparatives for the current period.

Copies of the Interim Report are available from the Company’s website [www.condorgoldplc.com](http://www.condorgoldplc.com).

#### 2. ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2014 has been prepared on the basis of the accounting policies set out in the most recently published financial statements for the Group for the year ended 31 December 2013, which are available on the Company’s website [www.condorgoldplc.com](http://www.condorgoldplc.com), as the company does not anticipate the addition of new standards to the Group’s results for the year ended 31 December 2013.

#### 3. REVENUE AND SEGMENTAL REPORTING

The Group has not generated any revenue during the period.

The Group’s operations are located in England, El Salvador and Nicaragua.

The following is an analysis of the carrying amount of segment assets, and additions to plant and equipment, analysed by geographical area in which the assets are located.

The Group’s results by reportable segment for the period ended 30 June 2014 are as follows:

|                    | <b>UK<br/>2014<br/>£</b> | <b>El Salvador<br/>2014<br/>£</b> | <b>Nicaragua<br/>2014<br/>£</b> | <b>Consolidation<br/>2014<br/>£</b> |
|--------------------|--------------------------|-----------------------------------|---------------------------------|-------------------------------------|
| <b>RESULTS</b>     |                          |                                   |                                 |                                     |
| Operating (loss)   | (666,856)                | (36,448)                          | (866,551)                       | (1,569,855)                         |
| Interest income    | 1,339                    | 21                                | -                               | 1,360                               |
| Income tax expense | -                        | -                                 | -                               | -                                   |

**CONDOR GOLD PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS TO 30 JUNE 2014**

**3. REVENUE AND SEGMENTAL REPORTING - continued**

**Assets**

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses.

|                    | <b>UK<br/>2014<br/>£</b> | <b>El Salvador<br/>2014<br/>£</b> | <b>Nicaragua<br/>2014<br/>£</b> | <b>Consolidation<br/>2014<br/>£</b> |
|--------------------|--------------------------|-----------------------------------|---------------------------------|-------------------------------------|
| <b>ASSETS</b>      |                          |                                   |                                 |                                     |
| Total assets       | <u>775,456</u>           | <u>4,270,797</u>                  | <u>11,318,176</u>               | <u>16,364,429</u>                   |
|                    |                          |                                   |                                 |                                     |
|                    | <b>UK<br/>2014<br/>£</b> | <b>El Salvador<br/>2014<br/>£</b> | <b>Nicaragua<br/>2014<br/>£</b> | <b>Consolidation<br/>2014<br/>£</b> |
| <b>LIABILITIES</b> |                          |                                   |                                 |                                     |
| Total liabilities  | <u>(635,335)</u>         | <u>(500)</u>                      | <u>(64,278)</u>                 | <u>(700,113)</u>                    |

The Group's results by reportable segment for the period ended 30 June 2013 are as follows:

|                    | <b>UK<br/>2013<br/>£</b> | <b>El Salvador<br/>2013<br/>£</b> | <b>Nicaragua<br/>2013<br/>£</b> | <b>Consolidation<br/>2013<br/>£</b> |
|--------------------|--------------------------|-----------------------------------|---------------------------------|-------------------------------------|
| <b>RESULTS</b>     |                          |                                   |                                 |                                     |
| Operating (loss)   | (1,157,484)              | (18,181)                          | (267,009)                       | (1,442,674)                         |
| Interest income    | 5,312                    | 8                                 | -                               | 5,320                               |
| Income tax expense | -                        | -                                 | -                               | -                                   |

**Assets**

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses.

|                    | <b>UK<br/>2013<br/>£</b> | <b>El Salvador<br/>2013<br/>£</b> | <b>Nicaragua<br/>2013<br/>£</b> | <b>Consolidation<br/>2013<br/>£</b> |
|--------------------|--------------------------|-----------------------------------|---------------------------------|-------------------------------------|
| <b>ASSETS</b>      |                          |                                   |                                 |                                     |
| Total assets       | <u>5,067,087</u>         | <u>1,783,306</u>                  | <u>13,214,292</u>               | <u>20,064,685</u>                   |
|                    |                          |                                   |                                 |                                     |
|                    | <b>UK<br/>2013<br/>£</b> | <b>El Salvador<br/>2013<br/>£</b> | <b>Nicaragua<br/>2013<br/>£</b> | <b>Consolidation<br/>2013<br/>£</b> |
| <b>LIABILITIES</b> |                          |                                   |                                 |                                     |
| Total liabilities  | <u>(330,841)</u>         | <u>(706)</u>                      | <u>(475,023)</u>                | <u>(806,570)</u>                    |



## CONDOR GOLD PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2014

#### 4. TAXATION

There is no current tax charge for the period. The accounts do not include a deferred tax asset in respect of carry forward unused tax losses as the Directors are unable to assess that there will be probable future taxable profits available against which the unused tax losses can be utilised.

#### 5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A reconciliation is set out below:

|                                   | Six months<br>to 30.06.14 | Six months<br>to 30.06.13 |
|-----------------------------------|---------------------------|---------------------------|
| <b>Basic EPS</b>                  |                           |                           |
| Loss for the period               | (1,568,495)               | (1,437,354)               |
| Weighted average number of shares | 37,339,399                | 36,577,746                |
| Loss per share (in pence)         | <u>(4.20)</u>             | <u>(3.93)</u>             |

In accordance with IAS 33, as the Group has reported a loss for the period, diluted earnings per share are not included.

#### 6. CALLED-UP SHARE CAPITAL

|   | 30.06.14<br>£    | 30.06.13<br>£    |
|---|------------------|------------------|
| <b>Allotted and fully paid</b>  |                  |                  |
| Ordinary shares 38,323,960 of 20p each (30.06.13: 37,873,960 of 20p each) | <u>7,664,792</u> | <u>7,574,792</u> |

#### 7. RELATED PARTY TRANSACTIONS

During the half year the company received consultancy advice from the following related parties:

| Company                  | Related party | 30.06.14      |                             | 30.06.13      |                             |
|--------------------------|---------------|---------------|-----------------------------|---------------|-----------------------------|
|                          |               | Payments<br>£ | Outstanding<br>balance<br>£ | Payments<br>£ | Outstanding<br>balance<br>£ |
| Axial Associates Limited | Mark Child    | 25,000        | -                           | 25,000        | -                           |
| Burnbrae Limited         | Jim Mellon    | 12,500        | -                           | 6,000         | -                           |

#### 8. SEASONALITY OF THE GROUP'S BUSINESS OPERATIONS

There are no seasonal factors which affect the trade of any company in the group.