



# Condor Gold plc

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28<sup>th</sup> September 2012

**Condor Gold plc**  
("Condor" "Group" or "the Company")

## **CONDOR GOLD PLC**

### **HIGHLIGHTS** **FOR THE SIX MONTHS TO 30 JUNE 2012**

**Condor Gold Plc announces its results for the interim period to 30<sup>th</sup> June 2012**

#### **HIGHLIGHTS TO 30 JUNE 2012**

- As announced on 7 March 2012, a Mining Concept Study concluded that 81,000 oz per annum gold production (from year 3 following ramp up) at La India Project is, at a conceptual level, both technically feasible and economically viable on underground mining alone. Consideration was not given to an open pit production component.
- £2.5M raised by way of a private placement of 50m new ordinary shares at a placement price of 5 pence per share (pre share consolidation).
- Four diamond core drill holes for 546m completed on the Central Breccia Prospect on La India Project returned wide high-grade gold mineralisation. Best intercept of 13.70m (8.8m true width) at 6.70g/t Au from 46.30m in drill hole LIDC097.
- Forty-two drill holes for 4665m drilled on the India-California veins of La India Project showed encouraging results. Best intercepts of 12.20m (10.8m true width) at 34.79g/t Au from 173.15m in drill hole LIDC109 and 26.00m (25.1m true width) at 7.73g/t Au from 25.0m in drill hole LIRC105.
- The Government of El Salvador maintains a moratorium on all mining activity. Condor's 1,120,000 oz gold equivalent at 2.6g/t to JORC Code in El Salvador remains suspended and the operations are on care and maintenance.
- At the AGM on 25<sup>th</sup> June 2012 the shareholders unanimously approved to change the company's name to Condor Gold plc from Condor Resources plc and approved a 20 to 1 share consolidation which has resulted in 30,513,955 shares in issue

## POST PERIOD HIGHLIGHTS

- Completion of a further seventeen drill holes for 2479m on La India Project to complete a 7096m drilling programme on the India-California veins. Best intercept of 21.08m (16.1m true width) at 7.8g/t Au from 193.80m in drill hole LIDC152.
- Upgraded Mineral Resource of 16.2 million tonnes at 4.6 g/t gold for 2,375,000 oz gold in accordance with the CIM Standards code. Includes 5.3 million tonnes at 4.4 g/t for 751,000 oz gold in the Indicated category with the balance Inferred.
- Updated Mineral Resource includes 8.21 million tonnes at 3.61g/t for 954,000 oz gold, including 534,000 oz in the Indicated category, that falls within a Whittle optimised open pit shell based on US\$1,400 per oz gold price and 1.0g/t cut-off.

Mark Child, Executive Chairman and Chief Executive of Condor Gold commented: "I am delighted to report these results and the significant developments that the Company has made during the period and post period. With the recent upgraded mineral resource and the potential to implement an open pit mine a possibility, we are optimistic about our future development plans.

- Ends -

For further information please visit [www.condorgold.com](http://www.condorgold.com) or contact:

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### About Condor Gold plc:

Condor Gold plc is an AIM listed exploration company focused on developing gold and silver resource projects in Central America. The Company was admitted to AIM on 31<sup>st</sup> May 2006 with the stated strategy to prove up JORC Resources in Nicaragua and El Salvador. Condor has six 100% owned concessions in La India Mining District ("La India Project"); three 100% owned concessions in three other project areas and 20% in the Cerro Quiroz concession in Nicaragua. In El Salvador, Condor has 90% ownership of four licences in two project areas.

Condor's concession holdings in Nicaragua currently contain an attributable JORC compliant resource base of 1,707,000 ounces of gold equivalent at 5.5 g/t in Nicaragua and an attributable 1,004,000 oz gold equivalent at 2.6g/t JORC compliant resource base in El Salvador. The Resource calculations are compiled by independent geologists SRK Consulting (UK) Limited for Nicaragua, and Ravensgate and Geosure for El Salvador.

### Disclaimer

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

**CONDOR GOLD PLC**  
**Interim Report and Accounts**  
**For the Six Months Ended 30 June 2012**

**CONDOR GOLD PLC**

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FOR THE SIX MONTHS TO 30 JUNE 2012**

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## **CONDOR GOLD PLC**

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#### **HIGHLIGHTS TO 30 JUNE 2012**

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- Four diamond core drill holes for 546m completed on the Central Breccia Prospect on La India Project returned wide high-grade gold mineralisation. Best intercept of 13.70m (8.8m true width) at 6.70g/t Au from 46.30m in drill hole LIDC097.
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- The Government of El Salvador maintains a moratorium on all mining activity. Condor’s 1,120,000 oz gold equivalent at 2.6g/t to JORC Code in El Salvador remains suspended and the operations are on care and maintenance.
- At the AGM on 25<sup>th</sup> June 2012 the shareholders unanimously approved to change the company’s name to Condor Gold plc from Condor Resources plc and approved a 20 to 1 share consolidation which has resulted in 30,513,955 shares in issue

#### **POST PERIOD HIGHLIGHTS**

- Completion of a further seventeen drill holes for 2479m on La India Project to complete a 7096m drilling programme on the India-California veins. Best intercept of 21.08m (16.1m true width) at 7.8g/t Au from 193.80m in drill hole LIDC152.
- Upgraded Mineral Resource of 16.2 million tonnes at 4.6 g/t gold for 2,375,000 oz gold in accordance with the CIM Standards code. Includes 5.3 million tonnes at 4.4 g/t for 751,000 oz gold in the Indicated category with the balance Inferred.
- Updated Mineral Resource includes 8.21 million tonnes at 3.61g/t for 954,000 oz gold, including 534,000 oz in the Indicated category, that falls within a Whittle optimised open pit shell based on US\$1,400 per oz gold price and 1.0g/t cut-off.

#### **CURRENT (INC. POST PERIOD) GLOBAL JORC 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).

**CONDOR GOLD PLC**

**HIGHLIGHTS  
FOR THE SIX MONTHS TO 30 JUNE 2012**

	Tonnes (kt)	Gold		Silver		Gold Equivalent			CIM/ JORC Category
		Grade (g/t)	Contained (koz)	Grade (g/t)	Contained (koz)	Grade (g/t)	Contained (koz)	Attributable Contained (koz)	
<b><i>Nicaragua Projects (100% Condor owned)</i></b>									
La India	5,270	4.4	751	6	965	4.5	767	767	Indicated
Project	10,980	4.6	1,626	7	1,328	4.7	1,648	1,648	Inferred
<b>Total</b>	<b>16,244</b>	<b>4.6</b>	<b>2,377</b>	<b>6</b>	<b>2,279</b>	<b>4.7</b>	<b>2,411</b>	<b>2,411</b>	<b>Ind + Inf</b>
Rio Luna	694	3.5	80	56	500	3.9	87	87	Inferred
<b>Total</b>	<b>16,940</b>	<b>4.5</b>	<b>2,455</b>	<b>7</b>	<b>2,781</b>	<b>4.6</b>	<b>2,497</b>	<b>2,497</b>	<b>Ind+Inf</b>
<b><i>El Salvador Projects (90% Condor owned)</i></b>									
Pescadito	7,100	1.9	434	97	22,100	3.9	802	722	Inferred
La Calera	6,000	1.6	313	1.4	280	1.6	317	286	Inferred
<b>Total</b>	<b>13,150</b>	<b>1.8</b>	<b>747</b>	<b>53</b>	<b>22,370</b>	<b>2.6</b>	<b>1,120</b>	<b>1,008</b>	<b>Inferred</b>
<b>Grand Total</b>	<b>30,090</b>	<b>3.3</b>	<b>3,202</b>	<b>34</b>	<b>25,150</b>	<b>3.8</b>	<b>3,578</b>	<b>3,578</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 60:1. 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 2012**

Dear Shareholder,

I am pleased to present Condor's unaudited interim financial report for the 6 months ended 30<sup>th</sup> June 2012. The Group's JORC Resources remained unchanged during the period from the resource update announced on 30<sup>th</sup> December 2011 of 6.94 million tonnes at 5.6g/t for 1,620,000 oz gold on La India Project and 694,000 tonnes at 3.9g/t gold for 87,000 oz gold equivalent at the Rio Luna Project, both projects are in the Republic of Nicaragua ("Nicaragua") which remains the focus of the Group's exploration activities. 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 million tonnes at 2.6g/t for 1,120,000 oz gold equivalent.

The operating loss for the 6 month period was £748,048. The cash equivalents at 30<sup>th</sup> June 2012 were £1,254,735. The Company raised gross proceeds of £2.5m by way of a private placement of new ordinary shares during the period at 5 pence in March 2012. At the AGM on 25<sup>th</sup> June 2012 the shareholders approved a change of the company's name to Condor Gold plc from Condor Resources plc and approved a 20 to 1 share consolidation, which has resulted in 30,513,955 ordinary shares in issue.

In March 2012, SRK Consulting (UK) limited ("SRK") produced a detailed mining concept study for La India Project based on the 30<sup>th</sup> December 2011 resource of 1.62m oz gold at 5.6g/t. The study concluded that an 80,000 oz per annum mill fed by ore from the 3 vein sets is, at a conceptual level, both technically feasible and economically viable. The operating cash costs for an 81,000 oz p.a. mill are US\$600 per oz assuming a head grade of 5.0g/t. If La India Project is "high graded" with a cut off grade of 4g/t and head grade of 6.3g/t the operating cash costs fall to US\$390 per oz. The study allowed for underground mining alone and made no provision for open pit. The mining concept study proved a useful tool for deciding on the strategy and a decision was made to focus the next phase of the exploration programme on proving open pit potential on La India Project as open pit is much more readily understood by investors, appeals to a broader spectrum of investors and is easier put into production and less capital intensive.

The operations report provides detail of the drill programme for the period to 30<sup>th</sup> June 2012 and post period where the Central Breccia area and La India Vein Set were targeted for open pit resources.

The initial target for open pit potential was the Central Breccia. The Company completed 3 drill holes for 546m drilling and 1,392m trenching on the Central Breccia by mid March 2012. The best trench result was 23m at 3.63g/t gold and best drill intercepts of 13.7m (8.8m true width) at 6.70g/t gold and 45.8m (29.8m true width) at 4.24g/t gold from 56.35m drill depth. The gold mineralisation is interpreted as a breccia pipe deposit. Condor's geologists believe there is the possibility of more hidden gold mineralised breccia pipes in the vicinity. The Company has completed a soil sampling programme over a 1,000m long by 600-800m wide corridor covering the Central Breccia area; results are pending, which should help target further gold mineralised breccia pipes. The Company is engaging a geophysics consultant to plan and conduct a detailed geophysics programme over the area. Condor estimates there is a gold mineralised resource of circa 50,000 oz gold on the breccia pipe, which could form part of an open pit resource, but will conduct further exploration work before engaging a consultant to conduct an independent resource calculation.

The main target for proving open pit potential was La India Vein Set, in particular the area of the historic mine workings where Condor's geologists had drilled over 5,000m drilling on the main La India vein in 2011 and identified a series of parallel veins, named the California veins, which had a maiden resource of 146,000 oz gold at 3.5g/t. The main La India vein had an average width of 2.5m, whereas the parallel California veins had an average width of 9m; the 2011 drilling show the veins coalesced in parts. During the period to 30<sup>th</sup> June 2012, 4,665m was drilled on La India/California veins and post period to the end of July 2,431m was drilled, completing a 7,096m drilling programme on La India/California veins. Although this is the interim report to 30<sup>th</sup> June 2012, it makes more sense to comment on the entire 7,096m drilling and 2,500m trenching programme.

## **CONDOR GOLD PLC**

### **CHAIRMAN'S STATEMENT** **FOR THE SIX MONTHS TO 30 JUNE 2012**

On 18<sup>th</sup> September 2012 Condor made an announcement and my comment at the time remains valid today: "The Resource update of 2,375,000 oz gold at 4.6 g/t gold for La India Project is split for the first time into a high grade open pit resource, of 954,000 oz gold at 3.6 g/t gold using a 1.0 g/t cut-off in addition to an underground resource of 1,421,000 oz gold at 5.5 g/t gold. The Indicated Mineral Resource has increased 285% to 751,000 oz gold. I am particularly pleased that the open pit resource contains 534,000 oz gold at 3.9 g/t in the Indicated category as this provides the Company with a higher degree of certainty that La India Project can be fast tracked towards production and due to the high gold grade should be attractive from an economic perspective. The independent resource has been reported to CIM standards for the first time as opposed to JORC Code in order to broaden the appeal of the Company to North American investors. The Company intends to compile a NI43-101 style technical report to detail the current update in due course." I should add that by adding the 2.28million oz silver resource, La India Project has a CIM Standard resource of 2,408,000 oz gold equivalent. SRK has been engaged to conduct a Preliminary Economic Assessment (PEA) to NI 43-101 standards, which is on track to be announced in November 2012.

The medium term strategy is multi-fold: 1) To increase the CIM Standard resource for La India Project to 3 million oz gold with 1 million oz gold in the indicated category. 2) To increase the size and confidence of the open pit resource and in particular convert inferred to indicated resources. 3) To conduct an exploration programme on the America Vein, the location of the historic America mine, which produced circa 250,000 oz gold at 13g/t prior to its closure in 1956 to determine whether veins coalesce beneath surface as they do in La India Vein Set and prove and open pit resource along the historic mine's 1,000m strike length. 4) Depending on the outcome of the PEA, decide whether to fast track La India open pit to production on a circa 100,000 oz p.a. open pit mine. It is worth noting that in the 2<sup>nd</sup> quarter 2012, B2Gold Corp (TSX:BTO), which operates the only large open pit mine in Nicaragua, at its La Libertad mine, produced 25,135 oz gold at a head grade of 1.69g/t with cash operating costs of US\$505 per oz gold. With Condor's open pit resource of 954,000 oz gold at 3.6g/t there is a strong chance that the PEA will produce a very robust economic model, with high internal rates of return due to the high grade open pit resource

In El Salvador, the Tau Group's study titled "The Strategic Environmental Evaluation of the Metallic Mining Sector of El Salvador" ("EAE") has been made public. The EAE will likely lead to a Mining Policy Review and amendments to the current mining law, however the Government does not provide clear policy direction and appears split on whether mining is welcome in their country. In May 2011, Condor gifted 10% of its wholly owned El Salvador subsidiary into a UK charitable trust regulated by the UK Charities Commission. The beneficiaries of the charitable trust are the most needy people in El Salvador and benefit from a 10% carried interest in the 1,121,000 oz gold equivalent on Condor's concessions.

These are exciting times for Condor; we own 100% of La India Project which hosts a 2.4m oz resource, including a high grade open pit resource of close to 1M oz gold at 3.7g/t and we are now in an enviable position of knowing the minimum size mill for La India Project is 100,000 oz gold per annum and we expect it, in terms of cost, to be a lower quartile producer. The Company will require significant additional funds to carry out its strategy outlined above. In the meantime, the Company is in the process of securing interim funding. Following receipt of the PEA there will be a strategy review to determine whether the open pit resource is fast tracked to production or the Company keeps drilling to increase the gold resource on La India Project or a combination of the two.

Mark Child  
Executive Chairman and CEO

27th September 2012



**OPERATIONS REPORT AND PROJECT OVERVIEW**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

**NICARAGUA**

The results of the 2011 campaign of wide-spaced drill testing of a number of the principal veins on the La India Project was summed up on the 30<sup>th</sup> December with the announcement of an increase in the overall Mineral Resource on the La India Project to 8.94 Mt at 5.6g/t for 1.62M oz gold including 1.16 Mt at 7.1g/t for 264,000 oz gold in the Indicated category with the balance in the Inferred Category. Exploration during the first half of 2012 has focussed in expanding and improving confidence in the mineral resource on the largest individual component of the resource, the La India Vein Set, and also on drill and trench testing the Central Breccia prospect which was discovered by Condor geologists at the centre of the La India Project area during 2011. This exploration and resource definition strategy has been structured around improving the economics outlined in a mining concept study which concluded that the La India Project is, at a conceptual level, both technically feasible and economically viable. Initial metallurgical testwork supported the mining study with both gravity concentration and cyanide leach proving to be effective methods of processing the gold mineralised rock at La India.

During the first six months of 2012 the Company has received assay results for 11 drill holes for 2611m that had been drilled at the end of the previous year, drilled a further 62 drill holes for 7644.50m and excavated 68 trenches for 3431m. The drilling undertaken during and post the reporting period is summed up in Table 1 below.

**Table 1. Summary of drilling undertaken during the first half of 2012 and post-period.**

Prospect	No. Drill holes RC	RC (m)	No. Drill holes Diamond core	Diamond Core (m)	Number of Drill holes	Drill holes (m)
Central Breccia	0	0	3	545.83	3	545.83
La India	28	2383	17	2794.56	45	5177.56
TOTAL	28	2385	20	3340.39	48	5723.39
Post period						
La India	4	290	10	1631.11	14	1921.11
TOTAL La India	32	2673	27	4425.67	59	7098.67
TOTAL	32	2673	27	4425.67	62	7644.50

The assay results received for holes drilled at the end of 2011 included eight drill holes for 2071m on the **America Vein Set**. As well as testing the down-dip extension of both the America and Guapinol Veins with best intercepts of 3.04m (2.33m true width) at 3.22g/t gold from 169.16m in the Guapinol Vein and 2.05m (1.8m true width) at 2.16g/t gold from 231.5m in the America Vein, the drilling intersected a third previously undefined vein, the Natalia Vein over a 200m strike length, which was subsequently extended to 300m through trenching. The results of the drilling on the Guapinol and America veins will be included in the next Mineral Resource update. Further drilling will be required on the Natalia Vein in order to provide up-dip and/or down-dip continuity and establish the true thickness of the vein before a Mineral Resource can be calculated on the Natalia Vein.

Exploration in 2012 initially focussed on the **Central Breccia**, a gold mineralised hydrothermal breccia discovered through rock chip sampling by Condor geologists in mid-2011. By the end of the reporting period 1392m of trenching, most using a mechanical excavator to excavate beneath 2-3m of transported soil and colluvium, and five diamond core drill holes for 866m of drilling have been completed. The initial trenches and the first two drill holes were completed at the end of 2011 but the assay results were not received until January this year. To date the trench sampling has defined a 300m by 150m anomalous envelope of hydrothermally brecciated andesite containing 0.1-0.2g/t gold with at least three irregular shaped high grade zones of gold mineralisation up to 25m wide and between 70m and 150m long with a best trench intercept of 23m at 3.63g/t gold. The drilling has demonstrated that the high-grade gold mineralisation extends to at least 100m below surface with best intercepts of 13.7m (8.8m true width) at 6.70g/t gold (drill hole LIDC097) and 45.8m (29.8m true width) at 4.24g/t gold from 56.35m drill depth (drill hole LIDC101).

**OPERATIONS REPORT AND PROJECT OVERVIEW**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

A **Mining Concept Study** undertaken by SRK Consulting (UK) Limited concluded that the La India Project is, at a conceptual level, both technically feasible and economically viable. The study concluded that the La India Project could potentially support production of up to 81,000 oz per annum on underground mining alone. The study considered that the most likely mining scenario would involve underground mining through shrinkage stoping simultaneously on the three main vein sets; the La India, America and Mestiza Vein sets which are all located within a 6km by 3km area at the heart of the La India Project. The mining concept study was supported by metallurgical testwork on two samples which suggest gravity and cyanidation will be successful. Consideration was not given to an open pit production component; however the Company considers that open pit mining could significantly improve the production economics and production rate and consequently it was decided that exploration for ore zones with open pit mining potential would form an important component of the 2012 exploration programme.

The most prospective area for near surface wide zones of medium to high-grade gold mineralisation that would be most amenable to open pit mining was considered to be the **La India Vein Set** where the 2011 drilling showed that the India Vein is part of a sheeted vein system of sub-parallel veins, the India and California veins, that are close-spaced or merge into stacked vein and breccia zones over significant strike lengths. The drilling also demonstrated that the principal development of the historic La India Mine, where the India Vein was exploited along a 1,500m strike length to a maximum depth of approximately 200m below surface, only extracted a narrow section of the gold mineralisation using a narrow vein shrinkage stoping technique, leaving considerable widths of moderate to high-grade gold mineralisation in the hangingwall and footwall of the historic La India mine workings.

Condor initiated a drilling and trenching programme in mid-April comprising a combination of trenches and shallow drill holes designed to test the potential for open pit mining of the remnant gold-mineralised wallrock and the un-mined parallel veins on the India-California trend, and deeper drilling to better define high-grade zones to depth. La India Vein Set currently contains almost half of the current JORC Mineral Resource on La India Project with 4.3Mt at 5.3g/t for 730,000 oz gold of which 676kt at 6.6g/t for 144,000 oz gold is in the Indicated category with the remainder Inferred. In-fill and strike and depth extension drilling was at 50m spacing to allow the targeted areas to be estimated with Indicated Category confidence in the next Mineral Resource Estimation. The drilling is expected to both convert existing Inferred Category Resource to the more confident Indicated category and bring in additional resource ounces directly into Indicated Category. By the end of June forty-five drill holes for 5180m drilling had been completed with four drilling rigs operating; three diamond core drilling rigs had completed seventeen drill holes for 2495m of core and one reverse circulation (RC) drilling rig had completed twenty-eight shallower drill holes for 2385m.

The drilling and trenching tested four targets along the Southern and Central segments of the India-California trend where the veins coalesce and gold mineralisation is concentrated into wide zones of moderate to high-grade gold mineralisation:

- the 'South' target where a high-grade zone is recognised at and beyond the southern limit of the historic mine workings, and
- the 650m long 'Central Zone' target which, although historically mined to a depth of up to 200m below surface has been shown to retain significant gold mineralisation in the wallrock of the historic mine workings and can be subdivided into three recognised high grade shoots referred to as the 'Central-North', 'Central-Centre' and 'Central-South' targets respectively.

During the reporting period assay results were received for twenty-four drill holes accounting for 2717m of the drilling and thirty-six trenches for 2041m on the India-California vein trend. The drilling results confirmed and better defined the high-grade shoots on all four targets, and have demonstrated that wide zones of moderate to high-grade gold mineralisation both extend to surface in the walls of the historic mine workings and also continue at depth. Intercepts of up to 26m (25.1m true width) at 7.73g/t gold from only 25m drill depth in the Central-North Zone (drill hole LIRC105), 7m (6.8m true width) at 12.48g/t gold from only 1m drill depth in the Central-Centre Zone (drill hole LIRC132), an aggregate 12m (10.8m true width) of remnant wall rock at 8.87g/t gold from only 13m drill depth in the Central-South Zone (drill hole LIRC145) support the open pit potential along at least a 650m strike length of the Central Zone with. A near surface intercept of 12m (8.03m true width) at 4.32g/t gold from only 50m drill depth in the South Zone (drill hole LIRC141), some 300m along strike to the south of the Central Zone may also be amenable to open pit mining. Very high-grade intercepts such as 6.65m (6.6m true width) at 32.23g/t gold from only 111.25m drill depth in the Central-North Zone (drill hole LIRC121) and 12.20m (10.8m true width) at 34.79g/t gold from only 173.15m drill depth in the Central-Centre Zone (drill hole LIRC109) could potentially support open pit or underground developments.

**OPERATIONS REPORT AND PROJECT OVERVIEW**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

Post-Period Developments

The **Central Breccia** gold mineralisation is interpreted as a breccia pipe deposit and is located within a graben-like structure that runs through the centre of the La India gold District. The graben is at the core of the structural system that controls the distribution of gold mineralisation with the faults that form the graben also hosting the principal gold mineralised epithermal veins. The moderate to high-grade gold mineralised breccia zones within the Central Breccia occur within a broader low-grade calcite breccia and are surrounded by a distinctive alteration halo. Calcite stockwork, brecciation and alteration has been recognised along at least a 1000m strike length of the graben structure pointing to the possibility of more hidden gold mineralised breccia pipes in the vicinity.

Post period the Company has completed an initial soil sampling programme on a 25m by 100m grid covering a 1000m long by 600-800m wide corridor which includes the Central Breccia Prospect as well as extending over an area within which alteration and veining characteristic of the alteration halo around the Central Breccia mineralisation has been recognised. When results are received this data will be used to target exploration for further gold mineralised pipes.

On the **La India Vein Set** the Company completed the planned drilling and trenching programme described above with a further seventeen drill holes for 2479m completed during July, comprising four RC holes for 290m, thirteen diamond core holes for 2149m, and six trenches for 428m, completing the La India Phase II drilling programme for a total of fifty-nine drill holes for 7096m of drilling.

In addition to further infilling and extending the four target zones the post-period drilling has established that high grade gold mineralisation in the Central Zone is vertically continuous over at least 250m, representing 300m of dip-slope with an intercept of 1.40m (1.1m true width) at 51.57g/t gold from 233.60m drill depth (drill hole LIDC137), and that the South Zone is open along strike to the South below surface with the best intercept to date from the southern margin of the target zone with 21.08m (16.1m true width) at 10.24g/t gold from 193.80m drill depth (drill hole LIDC152).

The last four RC drill holes were used to test a 400m strike length of the less well explored North Zone of the India-California trend. The results confirmed a moderate-grade shoot defined by a previous Canadian explorer with a drilling intercept of 7m (6.7m true width) at 3.04g/t gold from 142m drill depth in drill hole DH-LI-06 with an intercept of 3m (2.9m true width) at 3.06g/t gold from 31m drill depth in drill hole LIRC146 located 40m apart along strike.

An updated Mineral Resource Estimation was announced in September 2012 incorporating all the new trench and drill data from the La India and America Vein sets, but omitting the Central Breccia as that was considered to be at too early an exploration stage to justify inclusion. The latest Mineral Resource estimation was completed by independent geologists at SRK Consulting (UK) Ltd and reported in accordance to NI43-101 standard. The latest Mineral Resource Estimation on the project area is a CIM-compliant combined Inferred and Indicated Mineral Resource of **16.2 Mt at 4.6 g/t for 2,375,000 oz gold**, including 5.3 Mt at 4.4 g/t for 751,000 oz gold in the Indicated Category. The entire resource is contained within a 9km radius within the La India Project area with 90% of the resource, some 2,226,000 oz gold contained by the three principal vein sets all located within a 6km by 2km area: the India Vein Set contains 1,487,000 oz, the America Vein Set 405,000 oz and the Mestiza Vein Set 334,000 oz gold. In addition there is 2,280,000 oz silver at a grade of 6.5 g/t silver, calculated on the La India and California Veins where sufficient silver assay data has been collected to justify an estimation. The mineral resource has been calculated in three parts using different parameters based on the potential economics and the confidence of the data available. The historically mined India-California veins on La India Vein Set, which contains the bulk of the Mineral Resource with 1,487,000 oz gold at 4 g/t including 631,000 oz gold in the Indicated category, has been separated into potentially open-pit volume using a 1.0g/t cut-off and a potentially underground volume using a 2.3g/t cut-off. 8.21Mt at 3.6g/t for 954,000 oz gold falls within the US\$1,400 per ounce gold optimised Whittle open pit shell whilst 2.77Mt at 5.5g/t for 432,000 oz gold was assigned as potentially mineable by underground methods. The remainder of the La India Vein Set and all other resource areas have been calculated using a 1.5g/t cut-off.

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

**OPERATIONS REPORT AND PROJECT OVERVIEW**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

**EL SALVADOR**

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. In order to protect the Company's assets Condor has maintained legal actions against MINEC and the Ministry of Environment ("MARN").

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 since 2007. The Company is engaging in an active dialogue with Government in order to maintain the company's claim over the unofficially 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 near future.

The remaining exploration companies are using the Salvadoran Industrial Association as an umbrella to lobby with the government as an industry.

The Ministry of Economy has made public the Strategic Environmental Evaluation (SEE) via its website, although they did not make the public presentations stated in the tender document. Both the Ministries of Economy (MINEC) and Environment (MARN), based on the recommendations made in the SEE, have presented a proposal to officially suspend metallic mining activities, including exploration, until the corresponding Government Institutions are strengthened, the historical mining liabilities dealt with and the legal framework improved.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

	Six months to 30.06.12 unaudited £	Six months to 30.06.11 unaudited £
Revenue	-	-
Net loss arising on foreign translations	(254)	(19,533)
Administrative expenses	(783,794)	(401,043)
Operating loss	<u>(784,048)</u>	<u>(420,573)</u>
Finance income	8	1,492
Net gain on financial assets at fair value through profit and loss account	-	-
Loss before income tax	<u>(784,040)</u>	<u>(419,084)</u>
Income tax expense	-	(7,074)
<b>Loss for the period</b>	<b><u>(784,040)</u></b>	<b><u>(426,158)</u></b>
Other comprehensive income:		
Currency translation differences	<u>(89,674)</u>	<u>(198,084)</u>
<b>Other comprehensive (loss)/income for the period</b>	<b><u>(89,674)</u></b>	<b><u>(198,084)</u></b>
<b>Total comprehensive loss for the period</b>	<b><u>(873,714)</u></b>	<b><u>(624,242)</u></b>
<b>Income/(loss) attributable to:</b>		
Non-controlling interest	(41)	(50)
Owners of the parent	<u>(783,999)</u>	<u>(426,108)</u>
<b>Total comprehensive income/(loss) attributable to:</b>		
Non-controlling interest	(41)	(50)
Owners of the parent	<u>(873,673)</u>	<u>(624,192)</u>
<b>Loss per share expressed in pence per share:</b>		
Basic and diluted	Note 5 <u>0.0</u>	<u>0.0</u>

**CONDOR GOLD PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

	30.06.12 unaudited £	31.12.11 £	30.06.11 unaudited £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	82,469	59,321	63,665
Intangible assets	8,521,771	7,064,914	5,214,456
	<u>8,604,240</u>	<u>7,124,235</u>	<u>5,278,121</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	422,975	349,968	473,135
Financial assets at fair value through profit and loss	-	-	-
Cash and cash equivalents	1,254,735	854,146	3,078,896
	<u>1,677,710</u>	<u>1,204,114</u>	<u>3,552,031</u>
<b>TOTAL ASSETS</b>	<b><u>10,281,950</u></b>	<b><u>8,328,349</u></b>	<b><u>8,830,152</u></b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	552,771	399,516	174,510
	<u>552,771</u>	<u>399,516</u>	<u>174,510</u>
<b>TOTAL LIABILITIES</b>	<b><u>552,771</u></b>	<b><u>399,516</u></b>	<b><u>174,510</u></b>
<b>NET CURRENT ASSETS</b>	<b><u>1,124,939</u></b>	<b><u>804,598</u></b>	<b><u>3,377,521</u></b>
<b>NET ASSETS</b>	<b><u>9,729,179</u></b>	<b><u>7,928,833</u></b>	<b><u>8,655,642</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	6,102,791	5,583,451	5,583,451
Share premium	12,155,566	10,000,846	10,000,847
Legal reserves	71	71	71
Exchange difference reserve	674,430	764,104	553,616
Share options reserve	618,840	618,840	163,215
Retained earnings	(9,822,519)	(9,038,479)	(7,588,574)
Non-controlling interest	-	-	56,984
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b><u>9,729,179</u></b>	<b><u>7,928,833</u></b>	<b><u>8,655,642</u></b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	30.06.12 unaudited £	31.12.11 £	30.06.11 unaudited £
Opening reserves	7,928,833	5,877,383	5,877,383
Comprehensive income:			
Loss for the period	(784,040)	(1,972,147)	(426,158)
Other comprehensive income:			
Currency translation differences	(89,674)	12,404	(198,084)
New shares issued	2,674,060	3,402,500	3,402,501
Share issue costs	-	-	-
Share based payment	-	608,693	-
<b>Closing reserves</b>	<b><u>9,729,179</u></b>	<b><u>7,928,833</u></b>	<b><u>8,655,642</u></b>

**CONDOR GOLD PLC**

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

	Six months to 30.06.12 unaudited £	Six months to 30.06.11 unaudited £
<b>Cash flows from operating activities</b>		
Loss before tax	(784,040)	(419,084)
Depreciation charges	-	-
Professional fees paid in shares	-	-
Profit on disposal of motor vehicles	-	-
Exchange rate differences on exploration costs	14,265	112,798
Exchange rate differences on tangible fixed assets	(144)	935
Finance income	(8)	(1,492)
	<u>(769,927)</u>	<u>(306,843)</u>
(Increase)/decrease in trade and other receivables	(73,007)	(343,172)
Increase/(decrease) in trade and other payables	153,255	81,890
Income tax paid	-	(7,074)
	<u>(689,679)</u>	<u>(575,199)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,471,122)	(449,419)
Purchase of tangible fixed assets	(9,401)	(24,670)
Interest received	8	1,492
	<u>(1,480,515)</u>	<u>(472,597)</u>
Net cash absorbed in investing activities	<u>(1,480,515)</u>	<u>(472,597)</u>
<b>Cash flows from financing activities</b>		
Issue of shares	2,674,060	3,402,501
	<u>2,674,060</u>	<u>3,402,501</u>
(Decrease)/increase in cash and cash equivalents	490,263	2,354,705
Cash and cash equivalents at beginning of period	854,146	922,275
Exchange losses on cash and bank	(89,674)	(198,084)
	<u>1,254,735</u>	<u>3,078,896</u>

## CONDOR GOLD PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2012

#### 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 2011, 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 2012 was approved by the Directors on 27<sup>th</sup> September 2012.

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 30 June 2011. 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 2012 have 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 2011, 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 standard to the Group’s results for the year ended 31 December 2011.

#### 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 year ended 30 June 2012 are as follows:

	<b>UK 2012 £</b>	<b>El Salvador 2012 £</b>	<b>Nicaragua 2012 £</b>	<b>Consolidation 2012 £</b>
<b>RESULTS</b>				
Operating profit / (loss)	775,583	4,101	4,384	784,068
Interest income	-	8	-	8
Income tax expense	-	-	-	-



**CONDOR GOLD PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS TO 30 JUNE 2012**

**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 2012 £</b>	<b>El Salvador 2012 £</b>	<b>Nicaragua 2012 £</b>	<b>Consolidation 2012 £</b>
<b>ASSETS</b>				
Total assets	<u>1,097,084</u>	<u>4,404,636</u>	<u>4,780,230</u>	<u>10,281,950</u>

	<b>UK 2012 £</b>	<b>El Salvador 2012 £</b>	<b>Nicaragua 2012 £</b>	<b>Consolidation 2012 £</b>
<b>LIABILITIES</b>				
Total liabilities	<u>(93,793)</u>	<u>(3,718)</u>	<u>(455,260)</u>	<u>(552,771)</u>

The Group's results by reportable segment for the year ended 30 June 2011 are as follows:

	<b>UK 2011 £</b>	<b>El Salvador 2011 £</b>	<b>Nicaragua 2011 £</b>	<b>Consolidation 2011 £</b>
<b>RESULTS</b>				
Operating loss	(432,391)	(505)	12,320	(420,576)
Interest income	1,483	9	-	1,492
Income tax expense	-	-	(7,074)	(7,074)
<b>Included in operating loss</b>				
Depreciation	905	-	-	905
Net gain from fair value adjustment on financial assets	-	-	-	-

**Assets**

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

	<b>UK 2011 £</b>	<b>El Salvador 2011 £</b>	<b>Nicaragua 2011 £</b>	<b>Consolidation 2011 £</b>
<b>ASSETS</b>				
Total assets	<u>3,373,215</u>	<u>4,694,794</u>	<u>762,143</u>	<u>8,830,152</u>

	<b>UK 2011 £</b>	<b>El Salvador 2011 £</b>	<b>Nicaragua 2011 £</b>	<b>Consolidation 2011 £</b>
<b>LIABILITIES</b>				
Total liabilities	<u>93,586</u>	<u>2,877</u>	<u>78,047</u>	<u>174,510</u>



## CONDOR GOLD PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2012

#### 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 to 30.06.12	Six months to 30.06.11
<b>Basic EPS</b>		
Loss for the period	(784,040)	(426,157)
Weighted average number of shares	29,215,604	531,927,031
Loss per share (in pence)	<u>(0.0)</u>	<u>(0.0)</u>

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

#### 6. CALLED-UP SHARE CAPITAL

	30.06.12 <u>£</u>	30.06.11 <u>£</u>
<b>Allotted and fully paid</b>		
Ordinary shares, 30,513,955 of 20p each (30.06.11: 558,345,086 of 1p each)	<u>6,102,791</u>	<u>5,583,451</u>

During the period the company undertook a share consolidation.

#### 7. RELATED PARTY TRANSACTIONS

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

Company	Related party	30.06.12		30.06.11	
		Payments £	Outstanding balance £	Payments £	Outstanding balance £
Iguana Resources Pty Ltd	Klaus Eckhof	-	-	2,000	-
Axial Associates Limited	Mark Child	25,000	-	50,400	-
	Jim Mellon	6,000	-	3,000	-
	Roger Davey	12,000	-	-	-

Additionally during the prior period, Mark Child guaranteed an additional £3,000,000 funding for the Company, as such the Company paid a commission of 3%.

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

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

