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This document is an admission document in relation to the AIM Market of the London Stock Exchange plc ("AIM").

The Directors of Condor Resources Plc, whose names appear on page 5 of this document, accept responsibility, individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the whole of the ordinary share capital of CONDOR RESOURCES PLC both issued and to be issued to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. The London Stock Exchange plc has not examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been or are intended to be made.

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 31 May 2006.

CONDOR RESOURCES PLC

(Incorporated in England and Wales with Registered Number 5587987)

ISIN GB00B128J781

Placing of 40,950,000 new Ordinary Shares

At 10p per share and

Admission to trading on AIM

Nominated Adviser

Nabarro Wells & Co. Limited

Broker

Nabarro Wells & Co. Limited

Share capital immediately following Admission

Authorised		issued and fully paid	
Amount	Number	Amount	Number
£10,000,000	1,000,000,000	£1,223,117.53	122,311,753

The Placing Shares will on Admission rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company after the date of this document and will rank *pari passu* in all respects with all the Ordinary Shares which will be in issue on completion of the Placing.

Nabarro Wells & Co. Limited, which is authorised and regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker for the Company in relation to the Admission and Placing, and will not be responsible to any other person for providing the protections afforded to its customers or for providing advice in relation to the Placing or Admission or the contents of this document or any matter referred to herein. Nabarro Wells & Co. Limited has not authorised the contents of any part of this document.

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EXPECTED TIMETABLE OF EVENTS

Publication of this document	24 May 2006
Admission and commencement of dealings on AIM	31 May 2006
Ordinary Shares credited to CREST accounts	31 May 2006
Expected despatch of definitive share certificates in respect of the Ordinary Shares by no later than	14 June 2006

PLACING STATISTICS

Placing Price per Ordinary Share	10 p
Number of Ordinary Shares being issued pursuant to the Placing	40,950,000
Number of Ordinary Shares in issue immediately following the Placing and Admission	122,311,753
Percentage of the enlarged share capital subject to the Placing	33.48 per cent.
Market capitalisation following Admission at the Placing Price	£12.2 million
Estimated gross proceeds of the Placing	£4.1 million
Estimated net proceeds of the Placing	£3.7 million

DIRECTORS, SECRETARY AND ADVISERS

Directors	Mark Lucian Child, (Non executive Chairman) Nigel Munro Ferguson, (Chief Executive Officer) Stephen John Dobson, (Executive Director) Klaus Peter Eckhof, (Non-executive Director)
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Telephone Number	020 7016 5100
Secretary	Stephen Frank Ronaldson 55 Gower Street London WC1E 6HQ
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Auditors and Reporting Accountants	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS
Solicitors to the Company in El Salvador and Nicaragua	F.A. Arias & Muñoz 85 Avenida Norte, 825, Colonne Escalón, San Salvador El Salvador C.A
Solicitors to the Company UK	Wedlake Bell 52 Bedford Row London WC1R 4LR
Competent Person	Ravensgate 49 Ord Street West Perth 6005 Western Australia AUSTRALIA
Principal Bankers	HSBC Bank Plc 39 Tottenham Court Road London W1T 2AR
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN

DEFINITIONS

In this document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings.

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Ordinary Shares in issue following the Placing to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the rules of AIM as published by the London Stock Exchange
“Company” or “Condor”	Condor Resources plc, a company incorporated in England and Wales on 10th October 2005 with company number 5587987
“Competent Person” or “Ravensgate”	Ravensgate Pty Ltd details of which are set out in the Competent Person’s Report in Part III of the Document
“Competent Person’s Report”	the report produced by Ravensgate and reproduced in Part III of this Document
“Condor Resources (Australia)”	Condor Resources Limited, a company incorporated in Australia ACN 075 586 284
“Consideration Shares”	the Ordinary Shares of £0.01 each issued in consideration for the acquisition of the whole of the assets of Condor Resources (Australia) (including the share capitals of the Subsidiaries) pursuant to the Asset Purchase Agreement, further details of which are set out in paragraph 5.3 of Part VI of this Document
“Cordoba”	the official currency of Nicaragua
“Condor S.A.” or “CSA”	Condor Sociedad Anonima, a company incorporated in and existing under the laws of Nicaragua with its registered address at C/- F.A.Arias & Muñoz, Km 4 ½ Carretera a Masaya, Centro Financiero BAC, Tercer Piso, Managua, Nicaragua
“Directors”	the directors of the Company at the date of this document
“Distribution in Specie” or “Distribution”	the distribution by Condor Resources (Australia) of the Consideration Shares to its shareholders planned to occur before 30 June 2006

"El Salvador"	the Federal Republic of El Salvador
"Group"	the Company and its subsidiaries
"JORC"	the Australian Code for reporting of Mineral Resources and Ore Reserves issued by the Joint Ore Reserves Committee
"km ² "	square kilometres
"London Stock Exchange"	London Stock Exchange plc
"Mineral Interests"	mineral licences held by the Group or in which the Group is earning an interest through exploration spending or by making cash payments
"MMS"	Minerales Morazan Sociedad Anonima de Capital Variable, a company incorporated in and existing under the laws of El Salvador with its registered address at 5a Calle Oriente y 2a Avenida Norte, Chapeltique, San Miguel, El Salvador
"Nicaragua"	the Federal Republic of Nicaragua
"Nicoz"	Nicoz Resources Sociedad Anonima, a company incorporated in and existing under the laws of Nicaragua with its registered address at C/- F.A.Arias & Muñoz, Km 4 ½ Carretera a Masaya, Centro Financiero BAC, Tercer Piso, Managua, Nicaragua
"Official List"	the Official List of the United Kingdom Listing Authority
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company
"Placees"	the subscribers for Placing Shares pursuant to the Placing
"Placing"	the placing of the Placing Shares at the Placing Price pursuant to the Placing
"Placing Price"	10p per Ordinary Share
"Placing Shares"	the 40,950,000 new Ordinary Shares being issued by the Company pursuant to the Placing
"Shareholders"	holders of Ordinary Shares
"Subsidiaries"	CSA and MMS
"US\$"	United States dollars
"£" or "Pound"	UK pounds sterling

A glossary of technical terms is set out on page 84 of this document.

EXECUTIVE SUMMARY

This Executive Summary is derived from the full text of this document and should be read in conjunction therewith.

The Group has 100 per cent. ownership of three licences and is earning a 100 per cent. interest in a fourth licence contained in three project areas in El Salvador. Condor also has the option to earn an 80 per cent. interest in five licences and one licence which is under application contained within three project areas in Nicaragua.

El Salvador

Within the two licences contained within the Pescadito Project in El Salvador, Ravensgate has reported Inferred Mineral Resources, as defined by the JORC standard, of some 354,500 ounces of gold and 18.3 million ounces of silver within two contiguous licences.

At the La Calera Project, the third 100 per cent. owned licence, previous drill testing has outlined mineralized structures in the Rosa and Rosa West Prospects with, in the opinion of Ravensgate, excellent potential for shallow, potentially open pit gold Mineral Resources as well as subsequent high grade underground Mineral Resources.

The fourth licence area, the El Potosi Project, where Condor is earning a 100 per cent. interest, contains the historical El Potosi Mine which produced an estimated 60,000 ounces of gold at between 18 and 30g/t prior to 1950. The Group has completed a first phase drilling programme of Reverse Circulation ("R.C.") and diamond drilling to test these structures. Ravensgate has reported that the extent of the historical mining at El Potosi, combined with the number of mineralised vein systems within the concession (e.g., El Capulin) and recent encouraging results from the first phase drilling programme, suggest that the area is highly prospective for gold mineralisation.

Nicaragua

An option and farm in Agreement within Nicaragua over five licences and one licence which is under application contained within three project areas, affords the Group exposure to a number of projects, many of which have historical mines and workings.

At the Segovia Project area, Condor has concentrated on the high grade structures containing the historical San Albino Mine, and through recent surface sampling has recovered grades of between 3 and 72 g/t Au. Condor's field work to date has confirmed several high grade quartz veins within the district, some of which contain visible gold.

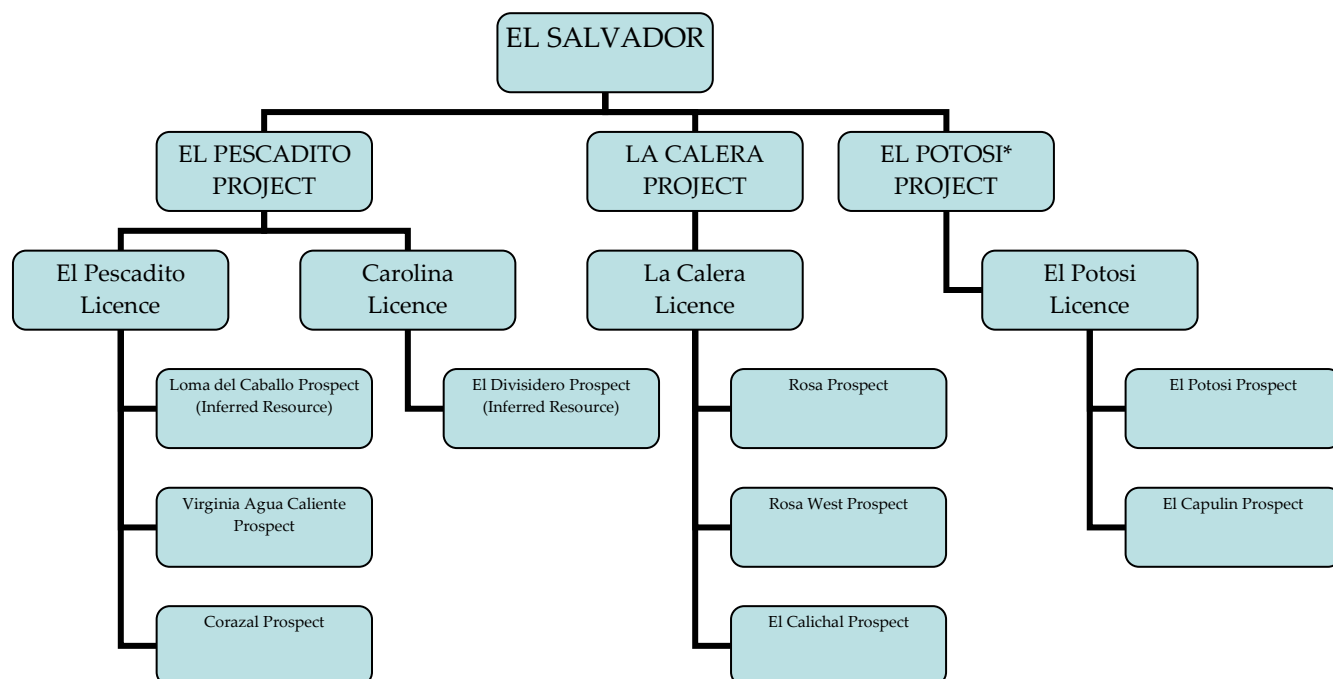
Condor is raising approximately £4.1 million (before expenses) through the placing of 40,950,000 new Ordinary Shares at a price of 10p per share. This will enable the Company to pursue its exploration strategy of upgrading and expanding upon its current known Inferred Mineral Resources (under JORC standards) through a drilling, sampling and assaying programme on its most advanced projects, including the El Pescadito and La Calera Projects and also to drill test several other targets with the projects.

PART I

INFORMATION ON THE GROUP

INTRODUCTION

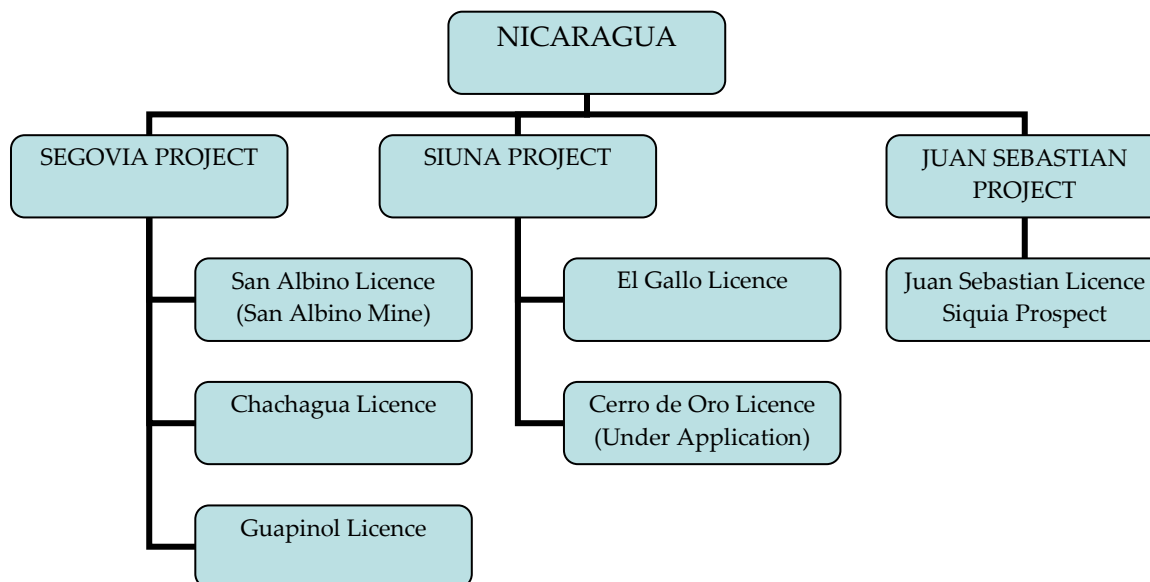
The Company was incorporated on 10 October 2005 for the purpose of exploring and developing gold and silver exploration concessions in both El Salvador and Nicaragua. On 24 March 2006 the Company acquired the Mineral Interests through the acquisition of the whole of the issued share capitals of the Subsidiaries and all of the assets of Condor Resources (Australia). The following diagrams show the structure of the Mineral Interests.



The Group has 100 per cent. ownership of the La Calera, Carolina and El Pescadito licences and is earning a 100 per cent. interest in the El Potosi licence through a farm-in agreement with, amongst others, Brett El Salvador SA de CV, the registered holder of the licence. The total area of these projects is 165km².

The Chief Executive carried out initial assessments in El Potosi in late 2003 and commenced systematic exploration there in March 2004 and completed initial field investigations, including mapping and sampling, on El Pescadito and La Calera.

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Condor is earning into an 80 per cent. holding in five licences and one licence which is under application contained within three projects areas in Nicaragua over a maximum of four years, namely the Segovia, Siuna and Juan Sebastian projects, covering some 775km². Prior to satisfaction of the earn-in conditions, Condor may withdraw from any of the licences without further penalty.

The Group undertook a reconnaissance mapping and sampling programme on the San Albino Licence in August and September 2005 and intends to commence work on the other properties in Nicaragua following Admission.

BACKGROUND

Information on the Group

The Group, holds the rights to, or the rights to farm into mineral exploration concessions over a combined area of some 940km² of ground in prospective areas of El Salvador and Nicaragua. A summary of the Group's Mineral Resources under current JORC standards is set out in the tables below.

Summary of Mineral Resources - Loma del Caballo Prospect¹

Mineral Resources	Gross gold			Gross silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,517,300	1.44	116,500	2,517,300	39	3.2M	MMS 100%

¹ Competent Person's Report, paragraph 7.3, page 61

Summary of Mineral Resources - Divisidero Prospect²

Mineral Resources	Gross Gold			Gross Silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,748,200	2.7	238,000	2,748,200	171	15.1 M	MMS 100%

The Group's principal objective is to update and extend its mineral resources. In addition the Company intends to drill test several other targets within the projects. The drilling programme is planned to be between 20,000m to 40,000m of combined reverse circulation and diamond drilling.

The Gold Market³

The World Gold Council ("WGC") reported on 22 February 2006, that 2005 saw demand for gold hit record a high of US\$53.6 billion, with a 26 per cent. rise in investment demand and a 14 per cent. rise in jewellery demand. All categories of demand for gold, including jewellery, industrial and investment, recorded double-digit year-on-year growth in dollar terms.

The 2005 figures, compiled independently for the WGC by GFMS Ltd, show that the fourth quarter in particular saw substantial inflows of institutional investment into gold. However, the upward surge in the price that resulted from the investment inflows had a negative impact on jewellery demand and on retail investment due to profit taking. Despite this, the overall demand in Q4 was sufficiently strong to absorb a 10 per cent. year on year increase in supply and a 12 per cent. increase in the price.

James Burton, Chief Executive of the WGC, stated: "2005 has been a momentous year for gold demand, with record levels of consumer demand in dollar terms and a simultaneous surge in institutional investment. It is clear both from the success of the gold backed Exchange Traded Funds, as well as our own marketing to financial audiences that long-term investors are increasingly taking advantage of the investment benefits of gold".

In commenting on the outlook for 2006, the WGC stated that "2006 has begun in a similar pattern to the end of 2005, with price volatility leading to strong demand for institutional investment in gold but a cautious approach to jewellery purchasing. Longer term jewellery demand is expected to recover and to resume growth once the price has stabilised, a fact borne out by market research which suggests continued positive sentiment to gold."

On the supply side, The WGC stated that "more positive remarks by central banks towards gold have prompted market speculation of new central bank buying. The WGC is aware of new interest in gold by certain central banks but, in view of central banks' long decision-making processes, does not expect immediate substantial purchases".

² Competent Person's Report, paragraph 7.3, page 61

³ World Gold Council. Press Release 22nd February 2006. at www.gold.org

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The Silver Market⁴

The long anticipated Silver Exchange Traded Futures (ETF) began trading on Friday April 28th 2006. Silver moved up nearly \$3.00 per oz in the course of the month of April 2006. Since August 30th 2005, Silver has moved from a low of US\$6.74 per oz. to a high of US\$14.42, closing at US\$13.90 on May 5th, 2006, representing over a 105 per cent. increase in 12 months.

In 1990, total silver consumption was approximately 701.2 million ounces of which about 26 per cent. was used in jewellery and silverware, 31 per cent. in photography and 38 per cent. in industrial applications. In 2004, the total estimated consumption of silver increased to 879.2 million ounces. The biggest increase in silver consumption over this period occurred as a result of a 24 per cent. increase in the amount of silver used in industrial applications. In 2004, approximately 42 per cent. of the silver was consumed in industrial applications.

Approximately two-thirds of the world's demand for silver is provided by mine production, which in 2004 reached approximately 634.4 million ounces, an increase of 9 per cent. over the previous year. The balance is supplied primarily by net government sales and old silver scrap. Over 70 per cent. of the world's mined silver is produced as by-product in the extraction of lead, zinc, copper and gold.

Over the past decade, there has been a persistent deficit of newly-refined silver entering the market compared to fabrication demand. This deficit has been bridged largely through the drawdown of silver inventories that were mostly stockpiled during the 1980's, when silver supplies exceeded demand. As a result of the silver inventory drawdown, by the end of 2004, the worldwide stockpile of refined silver has been reduced to levels sufficient to satisfy less than approximately six months of the existing demand.

El Salvador & Nicaragua⁵

El Salvador and Nicaragua are located on the isthmus between North and South America.

El Salvador borders Guatemala to the north-northwest and Honduras to the north and east. It is the only country in Central America with no Atlantic coastline and is characterised by a tropical climate with pronounced wet and dry seasons. The wet season runs from May through to November with up to 200cms of rain falling. From December to April, prevailing northeast trade winds are hot and dry, producing very little cloud or rainfall. Local temperatures vary little, ranging from 25°C to 29°C and relative humidity often exceeds 80 per cent.

The Government is striving to open new export markets, encourage foreign investment, modernise tax and healthcare systems, and stimulate the economy.

The main Central America Highway in El Salvador provides good central access throughout the county. Both the cities of San Salvador and San Miguel have excellent infrastructure development comparable to many first world countries.

Nicaragua, the largest country in Central America is bordered by Honduras to the north, Costa Rica to the south, the Caribbean Sea to the east and the Pacific Ocean to the west.

⁴ *The Silver Institute web site www.silverinstitute.org/supply*

⁵ *Competent Person's Report, paragraph 4.1, page 49 and paragraph 9.1 page 71*

Being one of the poorest countries in Central America, the country faces significant economic problems including: low per capita income, massive unemployment and large external debt.

Notwithstanding the recent transition from a planned to a market economy, the structure of Nicaragua's economy remains that of an exporter of agricultural commodities. The main exports are concentrated in a few products including coffee, meat, and sugar.

Temperature varies little with the seasons in Nicaragua and is largely a function of elevation, although rainfall varies greatly. Up to 6.5m of rain can fall annually in some parts of the country in Nicaragua. Rainfall is seasonal. May through October is the wet season and December through April is the driest period.

EL SALVADOR MINING & EXPLORATION HISTORY⁶

Mining activity began, though records are anecdotal only, when the Spanish mined for gold from the beginning of the 16th Century. Many of the companies exploring in El Salvador currently report several Spanish workings on their properties. There is little evidence of larger scale mining until the 18th Century when gold and silver mines were opened in the south around San Miguel, principally at Tabanco and Encuentros. Foreign investment by the Spanish and English during the 18th and 19th Centuries led to the development of several mines scattered across the country including: El Dorado, Encuentros, Montemayor, Montecristo, El Potosi and others. The El Potosi Licence, which Condor currently have the option to farm in up to 100 per cent., includes the historical workings of the El Potosi Mine.

Throughout the 20th Century a number of companies have opened and re-opened principally gold and silver mines across the country. Activity reached its peak in the 1930- 1950's with El Dorado producing an estimated 270,000 tonnes at 10g/t Au, the Montecristo mine an estimated 686,000 tonnes at 5-6g/t Au, and the El Potosi Mine produced an estimated 60,000 ounces of gold at between 18g/t and 30g/t Au.

Disastrous economic policies, civil unrest, restrictive labour laws and a military junta-style Government lead to reduced foreign investment during the "Cold War" years. After the signing of the peace treaty ending the 12 year Civil War, foreign investment backed by a stable investment climate has lead to a significant number of companies investing in El Salvador in recent years.

El Salvador Mining Tenure

The Mining Law of 1996 regulates exploration and development in the mining sector. The law was amended in July 2001. Exploration Licences, to a maximum size of 50km², are granted for an initial 4 year period. The licence can then be renewed twice for a further period of two years each. An Exploitation Licence can be granted on receipt and approval of an application to the Government, including the issue of a Mining Permit from the Environment Ministry. Further information regarding mining law and tenure in El Salvador is set out in Part VI of this document.

⁶ Competent Person's Report, March 2006, paragraph 4.2, page 50

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NICARAGUA MINING AND EXPLORATION HISTORY⁷

During the 1940's and 1950's Nicaragua produced a significant amount of gold. Production came from four mining districts: El Limón-La India; La Libertad; Siuna; and Bonanza.

The La Libertad Mine went into large-scale production in 1862; local artisanal miners have worked the area since the colonial period of the Spanish. From 1900 to 1935, British companies extracted from a number of local sites approximately 200,000 tonnes of ore averaging 15g/t gold. La Libertad is now owned and operated by Yamana Gold Inc., with current Mineral Resources quoted at 15.1Mt @ 1.91g/t Au for approximately 925,000 ounces of gold.

The mine at El Limon is probably one of the most well known and dates back to 1850. The Limon Mine concession includes numerous epithermal gold-quartz veins that have produced approximately 2.7 Million ounces of gold since production began in 1941. From 1941 to 2002, just over 2.4 million ounces were recovered from 6.7 million tonnes of ore.

The Siuna Mine, currently owned and operated by Yamana Gold Inc., has total historic production of some 2.2 million ounces gold, 0.6 million ounces Silver and more than 1,000 tons of Copper. This mine lies to the immediate east of Condor's El Gallo Licence.

Western Mining Corporation (WMC) conducted extensive exploration across large areas of Nicaragua, spending over US\$12 million on regional exploration. WMC conducted soil and rock geochemical surveys, geophysical surveys, stream sediment surveys across areas where there had been virtually no modern day exploration and generated numerous geochemical anomalies that were never followed up.

Nicaraguan Mining Tenure

In 2001 a revision of the 1958 Mining Law- "Ley Especial sobre Exploración y Explotación de Minas"- Decree 387-2001 was approved. This new Mining Code along with its Rules and Regulations (Decree 119-2001) was designed to ensure a consistent and productive exploration of the nation's mineral resources by competing effectively with the most advanced mining legislation in the world.

The new concept of "Concesión Minera" (mining concession) covers the full scope of mining activity, from exploration all the way to plant construction and mining. Mining concessions are granted for 25 years, renewable for an additional 25 years.

Other foreign investment incentives include the Foreign Investment Law which guarantees 100 per cent. repatriation of profits at the official exchange rates at the term of the investment and the repatriation of capital after three years of operation and the Export Promotion Law which offers duty free access to machinery, spare parts, raw materials and semi-finished goods required to generate export. Domestic goods used for export generation are also sales tax exempt.

Further information on mining law and tenure is set out in Part V of this document. Details of the option and farm-in agreements relating to the Nicaraguan Mineral Interests are set out in paragraph 5.8 of Part VI.

⁷ Competent Person's Report, March 2006, paragraph 9.2, page 72

PROJECTS (EL SALVADOR)

*El Potosi Project*⁸

The El Potosi Project is located in eastern El Salvador, 90km east of the capital San Salvador.

Access to the El Potosi Project site is very good. The road from Chapeltique township to El Potosi, whilst unsealed, is very accessible by normal passenger car. Chapeltique itself is only 20-30 minutes from San Miguel, which is home to 400,000 people making it El Salvador's second largest city.

The El Potosi project consists of one concession covering 48km². It is considered by Ravensgate to be a target for low-sulphidation Au-Ag epithermal style mineralisation.

In order to earn a 100 per cent. interest in the project, the Company must pay a total of US\$1,400,000, of which US\$150,000 is due on 24 August 2006 and the balance is due on 24 August 2007. In addition a 1 per cent. net smelter royalty on both gold and silver is payable when production from the concession exceeds 200,000 ounces of gold.

No historical drilling has been completed at either El Potosi or El Capulin Prospects. Condor has completed a first phase programme of RC and diamond drilling at the El Potosi Prospect and results indicate significant encouragement for a further programme of drilling.

*La Calera Project*⁹

The La Calera Project is located 45km northeast of San Salvador. The Project consists of a single concession covering 42km². La Calera is held 100 per cent. by Condor's subsidiary Minerales Morazan S.A.

A number of vein and breccia systems have been located within the project area, namely the Rosa, Rosa West and El Calichal Prospects. These areas consist of banded quartz veins that form prominent north westerly striking ridges. The longest single vein, the Rosa Prospect, has been traced for 1,200m, and further indications of hydrothermal alteration have been noted approximately 400m along the mineralised trend. Condor has recently extended this known system a further 400m along strike giving a total potential strike length of 2,000m. As evident in the field, the vein system can be easily traced laterally through its surface expression, which gives Ravensgate a high level of confidence in developing an understanding of the nature and extent of the dominant vein sets at the prospect.

Previous exploration on the prospect resulted in a total of 373 rock samples being collected from the Rosa, Rosa West and El Calichal Prospect vein systems, 177 of which were collected from trenches.

At Rosa, peak values to 17.1g/t Au (average of 9 samples, 4.6g/t Au) were returned, whilst at Rosa West values up to 69g/t Au (average of 30 samples, 12g/t Au) were recorded from epithermal veins. At El Calichal, 300m west of Rosa, a total of 14 samples were collected that averaged 2.4g/t Au, with a peak assay of 10.2g/t.

⁸ Competent Person's Report, paragraph 5, page 52

⁹ Competent Person's Report, March 2006, paragraph 6 page 56

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*El Pescadito Project*¹⁰

The El Pescadito Project is located in eastern El Salvador, 95km east of the capital San Salvador and 10km northeast of the city of San Miguel. Topography consists of relatively subdued rolling hills that are formed dominantly by the elongate resistant ridges associated with silicification and quartz mineralisation.

The El Pescadito Project comprises two licences covering an area of 90.5km², namely the El Pescadito and Carolina Licences.

In general, the epithermal gold and silver mineralisation occurs as quartz breccias or stockwork quartz veinlets hosted in either andesite or felsic tuffs.

The system is silver enriched, a characteristic feature of the historic mines in the region, which combined with the elevated sulphide content observed in the mineralogy present suggests a mid range style of epithermal mineralisation between low sulphidation and acid sulphate systems.

Three distinct areas of gold and silver mineralisation have been identified from previous underground mine workings and by companies that have recently carried out limited exploration work. These priority areas include: Loma del Caballo - Corazal, Virginia-Agua Caliente and Carolina/ El Divisidero.

Numerous old workings and mines are located within the El Pescadito Project. These have been mined intermittently since the 18th Century. Although no accurate production figures are available, it is estimated that 100,000oz of gold and 5.6Moz of silver was mined from El Divisidero in the early 1900's at grades of 3.8g/t Au and over 200g/t Ag.

Recent exploration has been conducted by Canadian mining companies, Javelin Limited, Nycon Resources Inc., Intrepid Minerals Corporation and Bema Gold Corp. from 1993 to 1996.

Loma del Caballo Prospect

In 1998, a preliminary Mineral Resource assessment was completed by Watts, Griffis & McQuat. Based upon the drilling results from Intrepid, a polygonal assessment using arithmetic average within the block concluded that a combined Indicated and Inferred Mineral Resource of 116,500 ounces gold and 3.2 million ounces silver existed.

Whilst the report for the resource assessment has yet to be sighted, the sections and plans from which the Mineral Resource was calculated have been sourced through the El Salvador Mines Department records. Notes on the Mineral Resource calculation suggest the Mineral Resource calculation was completed in a systematic and transparent manner, not withstanding that it predates the current JORC code. Therefore Ravensgate has classified the Mineral Resource in the Inferred category of the current JORC code

In the opinion of the Competent Person, from site inspection there is ample scope to see the opportunity to increase the Mineral Resource with further drilling both at depth and along strike.

Virginia-Agua Caliente Prospect

At the Virginia-Agua Caliente Prospect vein set, located 2km east along a parallel trend to Loma del Caballo, wide spaced reconnaissance soil and rock sampling over 1.6km strike returned results including

¹⁰ Competent Person's Report, March 2006, page 59

3g/t Au and 1500g/t Ag and 3.6g/t Au, 521g/t Ag. Trenching over 400m of strike close to the Encuentros Prospect returned encouraging intervals including 18m @ 1.0g/t Au and 113g/t Ag. This area has never been drill tested.

El Divisidero Prospect

Studies into the potential underground Mineral Resources at the Divisidero Prospect were calculated in 1981 (Kents and Olvarado) based on the underground work completed by Javelin. Note that this work, although it complies with the Performance Standards for Professional Engineers in classification of ores using guidelines issued by the Association of Professional Engineers of Ontario (1976) (CIMM), has not been sighted or verified by Ravensgate. It can be included as an Inferred Mineral Resource under the current JORC code.

Previous exploration in 2003 consisted of eighteen drill holes at the Carolina Licence (Divisidero Prospect), targeting three areas identified from surface mapping. All holes intersected wide intervals of breccia and quartz veins, with widths ranging from 6m to 20m. Drilling was completed below the existing workings, and the mineralisation remains open to the north and south at Carolina, with a potential increase in grade noted towards the south in possible high grades shoots. There is no indication that the exploration has been included in any resource estimates and whilst work was restricted to be level with or parallel to the underground workings, it did not appear to have explored the depth potential of the system.

Previous exploration on the old workings some 600m north west of the Carolina mine yielded channel sampling results of 4m @ 1.7g/t Au and 150g/t Ag and grab samples to 7.6g/t Au and 700g/t Ag. These areas have never been drilled.

Condor carried out a limited reconnaissance exploration programme across several of the major structures on the Pescadito Project, in the summer of 2005. This principally comprised of line cutting, mapping, rock-chip channel sampling. A total of 444 rock-chip and channel samples were collected with an averaged gold content of 5.46g/t and an averaged silver content of greater than 146.33g/t.

Exploration Potential¹¹

The El Potosi project occurs in a geological environment which hosts numerous other epithermal gold deposits throughout the Central American cordillera, exhibiting characteristics of low sulphidation epithermal gold deposits.

Ravensgate believes that the extent of the historical mining at the El Potosi project, together with the number of mineralised vein systems within the concession (e.g., El Capulin Prospect), suggest that the area is highly prospective for gold mineralisation.

Recent encouraging results from the first programme of drilling completed by the Group provide additional targets for further drilling.

Reconnaissance mapping to the south of El Capulin Prospect has identified new outcrops of mineralised quartz-chalcedony veins which have yet to be fully investigated.

¹¹ Competent Person's Report, March 2006, paragraph 8, page68.

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There remains a large area of prospective geology, not the least of which is between the two aforementioned prospects. Preliminary investigations of the area immediately south of the El Capulin Prospect area and north of the El Potosi Prospect indicate potential extensions of mineralised structures.

The mineralisation at the Rosa and Rosa West Prospect is open both along strike and at depth and further drilling is warranted. Only a small area of the La Calera Licence has been explored, and the possibility of similar styles of epithermal gold mineralisation as already discovered is considered high by Ravensgate.

From the extensive exploration work conducted by previous explorers, combined with the historic mining conducted on many of the mineral deposits, it is the opinion of Ravensgate that the El Pescadito Project is highly prospective and should be considered a high priority target for future exploration work.

The Loma del Caballo and the El Divisidero Prospects have been subjected to the most recent exploration with both surface and underground evaluations suggesting to Ravensgate that there is strong potential for the discovery and delineation of sizeable gold and silver breccia mineralised zones hosted by a low-sulphidation, epithermal-type systems.

In the opinion of Ravensgate Virginia - Agua Caliente, Corozal, Encuentros and other prospects represent quality, priority targets such as that found at the Loma del Caballo Prospect and require drilling to evaluate the depth potential and grade of the system. Surface exploration shows that these vein – breccia systems have a considerable strike length of several kilometres.

Exploration Budget¹²

The proposed 18 month exploration budgets for El Salvador are outlined below.

Total expenditure over an initial eighteen month period for the El Potosi Project is approximately £990,000, the majority of which is to be utilised for the planned drilling and includes a cash payment to Brett Resources Inc. of US\$1,250,000 should the Group wish to proceed with the agreement after 24 August 2007.

Total expenditure for the La Calera Project for the initial eighteen month period is approximately £225,000 with the majority being utilised for the planned drilling.

The Group has a comprehensive eighteen month programme and budget for the El Pescadito Project. This provides for 5,000m of initial RC drilling not only to test the priority targets but to confirm present Mineral Resources, as well as incorporating regional soil sampling and mapping programmes. Total budget for the eighteen month period is approximately £250,000.

A further RC and diamond drilling program is budgeted to follow up the more significant targets identified in early programs and commence resource definition drilling of the higher priority mineralisation.

¹² Competent Person's Report, March 2006, paragraph 8, page 68

PROJECTS (NICARAGUA)

*Segovia Project*¹³

The Segovia Project consists of three licences; San Albino, Guapinol and Chachagua, located in the northwest of Nicaragua, close to the border with Honduras.

Gold mineralisation in the project occurs within quartz (veining and lenses) hosted by the meta-sediments occurring within a northeast trending structural belt.

The Segovia Project contains a number of old mines including the San Albino Mine which has had sporadic production over the past 80 years at reported grades of 30g/t Au.

The first modern exploration in the area was completed in 1996-98 and the work included stream sediment, soil, and rock sampling, reconnaissance geological mapping and limited diamond drilling producing several widespread geochemical anomalies.

The Group conducted a reconnaissance mapping and sampling programme on the San Albino Licence in August and September 2005. A total of 157 rock-chip and channel samples were collected; significant results ranged from 0.816g/t Au to 89.11g/t Au and from 0.7g/t Ag to 170g/t Ag.

*Siuna Project*¹⁴

The Siuna Project consists of one granted licence, El Gallo, and one licence under application, Cerro de Oro, located in Central Nicaragua. The El Gallo licence comprises two separate blocks, 195-1 (57km²) and 195-2 (15km²), whilst the Cerro de Oro licence covers an area of 108km².

The region is located in the Tertiary volcanic central geologic province of Nicaragua. Approximately 10km east of El Gallo is the Siuna mine, currently owned and operated by Yamana Gold Inc., which has a total historic production of some 2.2 Moz Au, 0.6 Moz Ag and more than 1,000 tonnes of Cu.

A previous exploration programme conducted during the period 1996-1998, included an airborne magnetic-radiometric survey, regional stream sediment sampling, and detailed soil and rock sampling.

A significant geochemical anomaly from stream sediments was identified in the north block, returning assay values of 5.7g/t Au, 13.6g/t Ag and 305ppm Pb. In the small southern block, three weak gold anomalies (28 to 38ppb Au) were defined. A reconnaissance soil sampling programme completed along five, 2km spaced lines (at 1km sample spacing) within the concession returned several single point gold anomalies, with peak values to 245ppb Au.

Stream sampling within the Cerro de Oro Licence defined two areas of anomalous gold. At Les Baldes, anomalous sediment gold values ranged from 162ppb to 1,040ppb, whereas at Los Laureles, values of 72ppb to 76ppb Au were recorded.

Five lines of reconnaissance soil sampling at 1km by 500m sample intervals were carried out by WMC covering the present concession area. The assays returned no significant results and initial investigations by the Group suggest limited potential for significant mineralisation within the licence. The Group will

¹³ Competent Person's Report, March 2006, paragraph 10, page 75.

¹⁴ Competent Person's Report, paragraph 11, page 78

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complete a final assessment of the samples that it has recently taken whether to decide to continue exploration.

*Juan Sebastian Project*¹⁵

The Juan Sebastian Project lies in the central portion of Nicaragua, approximately 180kms northeast of the capital Managua and covers an area of approximately 410km².

Previous exploration in the region during 1996-1998 included a stream sediment survey, covering the northern portion of the Juan Sebastian Licence and follow up exploration consisting of the regional stream programme and regional soil surveys on selected sectors including the Juan Sebastian Project area.

Soil sample results within the concession produced a cluster of high Cu values subsequently named the "Siquia Prospect" Copper-Gold Anomaly, located in the northern portion of the Licence.

This copper anomaly contoured at over 200ppm Cu is approximately 5kms by 3kms in size and contains several scattered gold samples in the range 11-25ppb Au. The peak copper value was reported at 637ppm. Other anomalies of more than 200ppm copper anomalies flank the larger "Siquia Prospect" anomaly and show a similar trend.

*Exploration Potential*¹⁶

Ravensgate believes that from the widespread geochemical anomalies seen in the surface surveys, combined with several historical, high grade mines within the project that include reports of free, visible gold, the Segovia Project is highly prospective.

At the San Albino Licence, immediate drill targets exist below the old mine workings, as well as at a number of untested quartz vein occurrences, lying along a definitive structural trend, in line with the San Albino Mine. The Groups' recent sampling has confirmed high grade gold mineralisation within quartz veining and associated artisanal workings along this trend. Ravensgate believes that this area presents a priority target.

Evidence of potential gold mineralisation can also be found in the Guapinol and Chachagua Licences. Although less advanced than San Albino, it is the opinion of Ravensgate that the potential for these two areas to produce gold mineralisation of a similar style and tenor to the San Albino Mine area is high.

Potential exists for epithermal gold-silver mineralisation within both the El Gallo Licence and Cerro de Oro Licence within the Siuna Project. Several historical and currently operating mines occur proximal to the El Gallo Licence. The highly anomalous, very wide spaced soil and stream sediment geochemical anomalies identified and yet to be fully evaluated within the concession, suggest to Ravensgate a high likelihood for mineralisation to be present.

Previous work at the Cerro de Oro Licence located two gold anomalies over broad areas which require follow-up work.

Ravensgate believes that the presence of the large "Siquia Prospect" copper-gold anomaly in the northern portion of the Juan Sebastian Licence may represent the surface expression of skarn-style copper - gold

¹⁵ Competent Person's Report, paragraph 12, page 79

¹⁶ Competent Person's Report, paragraph 13, page 80

mineralisation, associated with possible deep seated intrusives. This large geochemical anomaly requires immediate follow-up work in order to generate initial drill targets.

The La Libertad Mine, an epithermal gold deposit occurs 35km to the South West of the Juan Sebastian Licence within the same lithological sequence and structural domain. Therefore, the opportunity for epithermal gold mineralisation along this structural trend requires further investigation.

Exploration Budget¹⁷

The Group has proposed a total of approximately £200,000 for exploration at the Segovia Project over the first eighteen months.

The Group has proposed a total of approximately £230,000 for exploration at the Siuna Project over the first eighteen months.

The Juan Sebastian Project is at an early stage of exploration. The Group has proposed a programme of data compilation and review, reconnaissance geological mapping and geochemical sampling over prospective areas followed by initial drilling of advanced anomalies (Siquia Prospect Copper Anomaly). A budget figure of approximately £130,000 is proposed for the initial eighteen month period.

LICENCES AND PROPERTIES

The Group's exploration operations are focussed on four exploration licences in El Salvador, five exploration licences in Nicaragua and one further licence application in Nicaragua.

<i>Summary Table of Assets</i>					
Asset	Holder	Interest	Status Expiry Date	Area Held	Comments
El Salvador					
El Pescadito*	Minerales Morazan S.A. de C.V.	100%	Exploration 27-Aug-2008	50km ²	Drill ready targets
Carolina*	Minerales Morazan S.A. de C.V.	100%	Exploration 30-May-2009	40.5km ²	Drill ready targets
La Calera*	Minerales Morazan S.A. de C.V.	100%	Exploration 27-Jun-2009	42km ²	Trenching followed by drilling
El Potosi+	Brett Salvador S.A. de C.V.	0% Option to earn 100%	Exploration 7-Jan-2008	48km ²	Structural interpretations followed by drilling

**These licences are in their initial 4 year term of tenure.*

+This licence is in its fifth year of grant and its First 2 year renewal period.

¹⁷ Competent Person's Report, paragraph 13, page 80.

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<i>Summary Table of Assets</i>					
Asset	Holder	Interest	Status Expiry Date	Area Held	Comments
Nicaragua					
Juan Sebastian#	Nicoz Resources SA	0% Option to earn 80%	Exploration 13-Dec-2029	410km ²	Assess anomalies followed by drill testing
El Gallo#	Nicoz Resources SA	0% Option to earn 80%	Exploration 8-Mar-2027	72km ²	Mapping trenching and drilling testing
Chachagua#	Nicoz Resources SA	0% Option to earn 80%	Exploration 3-Feb-2027	108km ²	Mapping, trenching and drill testing
Guapinol#	Nicoz Resources SA	0% Option to earn 80%	Exploration 3-Feb-2027	30km ²	Mapping, trenching and drill testing
San Albino#	Nicoz Resources SA	0% Option to earn 80%	Exploration 3-Feb-2027	87km ²	Mapping, trenching and drill testing
Cerro de Oro†	Nicoz Resources SA	0% Option to earn 80%	Exploration Application	36km ²	Assessment of anomalies; mapping and trenching

#These licences are in their initial 25 year term of tenure.

†Exploration licence application pending

MINERAL RESOURCES

As noted in the Competent Person's Report contained in Part III of this Document, Ravensgate has classified the Group's current gold and silver Mineral Resources as Inferred Mineral Resources given that sufficient indications exist through channel sampling and drilling to indicate the presence of precious metal mineralisation.

The drill testing and confirmation, upgrading and expanding of these Mineral Resources under current JORC compliance is a high priority for the Company on completion of the Placing and Admission.

In addition to gold and silver, copper mineralisation is also thought to be present within some of the licences held by Condor. The extent of this copper mineralisation has not yet been established but its' potential may be of considerable future benefit to the Group.

Summary of Mineral Resources - Loma del Caballo Prospect¹⁸

Mineral Resources	Gross gold			Gross silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,517,300	1.44	116,500	2,517,300	39	3.2M	MMS 100%

Summary of Mineral Resources - Divisidero Prospect¹⁹

Mineral Resources	Gross Gold			Gross Silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,748,200	2.7	238,000	2,748,200	171	15.1 M	MMS 100%

GROUP STRATEGY AND FUTURE PROSPECTS

Key to the Group's growth strategy is the development and reporting of significant gold and silver Mineral Resources. The Group intends to drill confirm and upgrade the currently quoted gold and silver Mineral Resources at the Loma del Caballo and Divisidero Prospects.

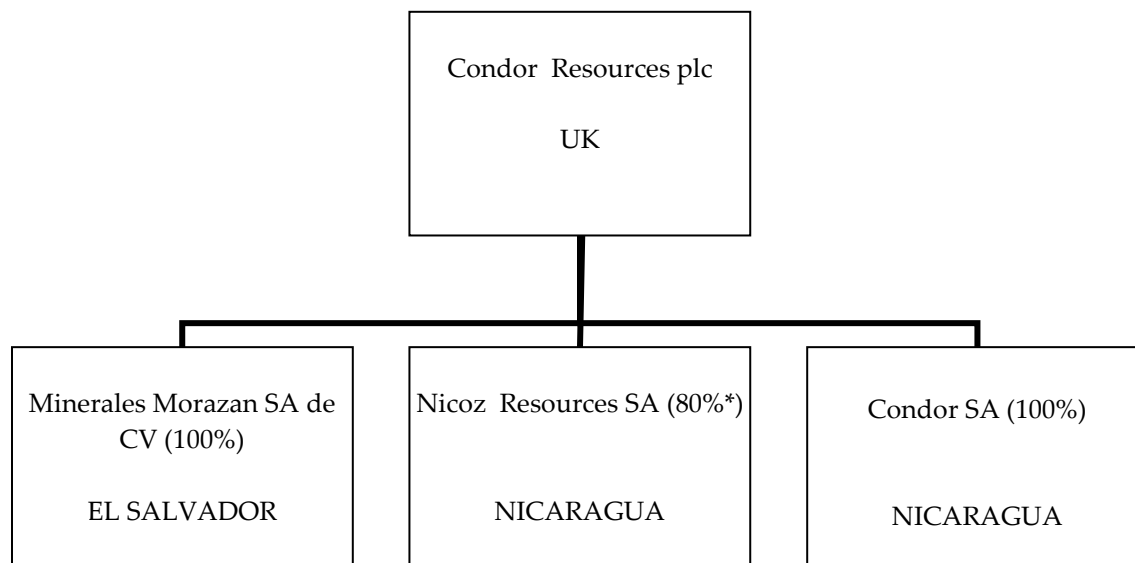
The Company has entered into discussions with various parties to provide drilling equipment that would provide the necessary services to drill confirm these Mineral Resources; to expand this resource base; and to drill test other mineralised structures as defined by field work and results.

The Directors believe that delineation of the currently quoted Mineral Resources and extension of this resource base through ongoing drilling of between 20,000m and 40,000m will form the basis for a subsequent funding exercise that would allow for the possibility of a much enhanced commercial project and subsequent bankable feasibility studies.

¹⁸ Competent Person's Report, paragraph 7.3, page 61

¹⁹ Competent Person's Report, paragraph 7.3, page 61

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CORPORATE STRUCTURE



** The Company's interest is held on trust by the Company's lawyers in Nicaragua pending fulfilment of its expenditure commitments under the option arrangements in relation to the Nicaraguan Mineral Interests.*

MANAGEMENT

Board of Directors

Mark Child has agreed to join the Board as Non-Executive Chairman on the date of this document.

Mark Child, (Non - Executive Chairman), 44

Mr. Child has 21 years of equity capital markets experience, as an institutional stockbroker and in corporate finance/private equity, mainly in emerging markets. He has worked for W.I. Carr Indosuez, Hoare Govett, Prudential Bache Securities and was the managing director of Sun Hung Kai Securities (UK) Ltd. His board level experience includes as an executive director of Hong Kong listed Regent Pacific Group, an emerging market fund manager and private equity group, which spun off Charlemagne Capital Limited and AIM listed betinternet.com plc. In addition he has been a non-executive director of several private companies. He has passed exams at the Institute of Directors and has a Diploma in Company Direction.

Nigel Ferguson, (Chief Executive Officer), 43

Mr. Ferguson is a geologist with 20 years of experience in the exploration and definition of precious and base metal Mineral Resources. Mr. Ferguson is experienced at working in overseas locations having worked in locations including Saudi Arabia, South East Asia, Central America and Africa.

Mr. Ferguson has held several senior technical management roles and was Ashanti Goldfield's country manager for Tanzania being instrumental in assessing the now multi million ounce Geita Gold Project for acquisition by Ashanti. Mr. Ferguson has been managing Condor Resources' recent exploration in Central America and will continue to play a key technical role for the Company.

Stephen Dobson, (*Executive Director*), 44

Mr. Dobson (BComm) has more than 20 years experience in corporate finance and international capital management including a range of positions as managing director of leading global investment bank Merrill Lynch and Co. His responsibilities had him based in Sydney, New York, London and Singapore. Most recently, Mr Dobson has served as a director of and advisor to numerous Australian and internationally based listed investment companies, specialising in capital raisings and strategic project development.

Klaus Eckhof, (*Non – Executive Director*), 47

Mr. Eckhof is a geologist and since 1994, he has managed his own geological consultancy company and has considerable experience in assessing and acquiring mineral prospects around the world. Mr. Eckhof is an executive director of the ASX listed company Moto Goldmines Ltd and holds several other directorships on Canadian and Australian listed mining companies.

Senior Management

Donald Strang, (*Chief Financial Officer*), 37

Mr Strang is a Chartered Accountant with over 15 years experience in the financial and mining sectors. He is currently company secretary and chief financial officer for Asia Energy PLC, a UK publicly listed mining company.

Mr. Strang has previously held senior financial positions with Ernst & Young and several publicly listed mining companies, including Macrae's Mining Company Limited and Perilya Mining Limited. He has also held finance related positions with Deutsche Bank and Credit Suisse Group in the investment banking sector.

PERSONNEL

As at the end of the period of the historical financial information set out in Part IV of this document, the Company had 14 employees of whom, 11 were based in El Salvador and three were based in Australia. The Company employs temporary workers to assist with specific projects in El Salvador and Nicaragua. During the period of the historical financial information, the Company employed an average of 6 temporary workers.

REASONS FOR THE PLACING AND FOR ADMISSION

The Directors recognise that the Company's business strategy and expansion plans depend largely upon its ability to raise working capital. They believe that the Placing and, assuming subscription in full, Admission, will enable the Company to pursue the development of its' mineral concessions; and Provide general working capital for the Company.

The Directors consider that Admission will:

- Enhance the Group's status and overall profile in its markets;

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- Assist the Company in raising additional equity capital as may be required for the further development of the Company's business; and
- Enable the Group to better recruit and retain key personnel.

ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on AIM. Admission of the Ordinary Shares is expected to take place on, and dealings are expected to commence on, 31 May 2006.

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised, paperless share transfer and settlement system which allows shares and other securities, including depositary interests, to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Application has been made by the Company's Registrar and transfer agent for the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. However an investor applying for Ordinary Shares in the Placing may elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST. It is expected that share certificates for Ordinary Shares will be dispatched by the Company's Registrars no later than 14 June 2006 and Ordinary Shares will be delivered in CREST immediately following Admission. The Company's Registrar is responsible for keeping the Company's register of members.

DETAILS OF THE PLACING

The Company is raising £4.1 million (before total costs and expenses estimated at £0.4 million) through the Placing of 40.95 million Ordinary Shares at the Placing Price with investors, representing approximately 33.48 per cent. of the enlarged share capital of the Company on completion of the Placing and Admission (assuming full subscription under the Placing). The Placing is not being underwritten. The Placing Shares, following allotment, will rank *pari passu* in all respects with the existing Ordinary Shares including in respect of any dividends and distributions paid or made in respect of the Ordinary Shares.

It is expected that definitive documents of title to the Placing Shares will be delivered by Share Registrars Limited, the Company's registrars, to those Shareholders who so request by first class post, not later than 14 days after the date of Admission. Placing Shares issued to any Shareholder who does not request a definitive certificate will be registered within the CREST system.

USE OF PROCEEDS

The net proceeds of the Placing receivable by the Company are expected to amount to £3.7 million (assuming full subscription) and are intended to be used to complete exploration activities including significant drilling programmes to define gold and silver Mineral Resources with the intent to place these Mineral Resources into production in the future.

The Company also intends to pursue additional precious metal projects that satisfy strict geological investment guidelines within El Salvador and Nicaragua.

LOCK-IN ARRANGEMENTS

Following Admission and the Distribution the Directors and persons connected with them will own Ordinary Shares representing 7.54 per cent. of the enlarged share capital. The Directors for themselves and persons connected with them have undertaken to the Company and to Nabarro Wells & Co. Limited that they will not sell or dispose of, except in certain circumstances, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission and for the 12 months immediately following the first anniversary will effect a sale only through the brokers for the time being of the Company and will only do so following consultation with the broker in relation to any such disposal and further that any such disposal will be made in such a manner as the broker may reasonably require with a view to maintaining an orderly market in the Ordinary Shares.

In addition to the Directors, Condor Resources (Australia), which following Admission but prior to the Distribution will hold 31.36 per cent. of the issued share capital of the Company, has undertaken to the Company and to Nabarro Wells & Co. Limited that they will not sell or dispose of, except in certain limited circumstances, any of its interests in Ordinary Shares at any time before either the first anniversary of Admission or the Distribution in Specie, whichever occurs first, and for the 12 months immediately following the first anniversary of Admission provided the Distribution in Specie has not been effected will effect a sale only through the brokers for the time being of the Company and will only do so following consultation with the broker in relation to any such disposal and further that any such disposal will be made in such a manner as the broker may reasonably require with a view to maintaining an orderly market in the Ordinary Shares. Following the Distribution in Specie, those persons listed in paragraph 5.13 of Part VI of this document have agreed to enter into orderly market agreements in respect of those shares received as part of the Distribution in Specie.

DIVIDEND POLICY

The Directors do not envisage declaring a dividend in the short to medium term. However, if or when sufficient distributable reserves are available the Directors will consider paying dividends.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and intend that the Company will comply with the main provisions of the Combined Code in so far as they are practicable for a company of its size. The Company has appointed 2 non-executive directors with relevant sector experience to complement the executive directors and to provide an independent view to the Board.

An audit committee, comprising the non-executive Directors, has been established by the Company to operate from Admission. The audit committee will be chaired by Mark Child and will meet at least twice each year. The audit committee will be responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on and for meeting with the Group's auditors and reviewing their reports on the accounts and the Group's internal controls.

The Company has in addition established a remuneration committee, comprising the non-executive Directors, to operate from Admission. The remuneration committee will also be chaired by Mark Child. The remuneration committee will be responsible for reviewing the performance of the executive Directors, setting their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant.

The Board has also considered the guidance issued by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull Report) concerning the internal requirements of the Combined Code. The Board intends regularly to review key business as well as financial risks facing the

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Group in the operation of its business. The Company will operate a share dealing code for Directors on the basis set out in the Listing Rules.

SHARE OPTIONS

To motivate the Directors, key employees and consultants to the Company, the Board intends to issue unapproved options not exceeding 15 per cent. of the total share capital in issue from time to time without the Board having first obtained the consent of the Shareholders.

The Company has issued 8,750,000 options, equivalent to 7.15 per cent. of the enlarged share capital, to the Directors. The options are exercisable at £0.15 at any time up to the fifth anniversary of Admission.

The Company has issued 2,000,000 options, equivalent to 1.63 per cent. of the enlarged share capital, to Nabarro Wells & Co. Limited. The options are exercisable at £0.15 at any time up to the fifth anniversary of Admission.

The Company has issued 3,750,000 options, equivalent to 3.06 per cent. of the enlarged share capital, to employees and consultants. The options are exercisable at £0.15 at any time up to the fifth anniversary of Admission.

BONUS INCENTIVE SCHEME

The Company intends to adopt a discretionary bonus scheme by which bonuses are paid to directors, employees and consultants and used by the recipients to subscribe for new Ordinary Shares at market value. A total of up to 10 per cent. of the total share capital in issue from time to time will be made available for this purpose without the Board having first obtained the consent of the Shareholders. The amount of any bonus payable under this scheme will be subject to approval by the remuneration committee.

DIRECTORS' AUTHORITY TO ALLOT SHARES

The Shareholders have passed resolutions on 13 January 2006 details of which are set out at paragraph 2.3 of Part VI of this document, granting the Directors, conditional upon Admission, general authority to allot 500,000,000 Ordinary Shares and disapplying the statutory pre-emption rights in respect of the whole of such allotment. Such resolution authorises and empowers the Directors to issue the Placing Shares and to issue Ordinary Shares subscribed for pursuant to the proposed share option schemes and bonus incentive scheme referred to above without further Shareholders approval. Taking into account the Placing Shares and the options already granted, the resolution authorises and empowers the Directors to issue a further 363,188,247 Ordinary Shares other than pre-emptively, representing approximately 297 per cent. of the enlarged share capital.

TAXATION

Information regarding taxation is set out in paragraph 8 of Part VI of this Document. These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his or her tax position he or she should consult his or her own independent financial adviser immediately.

PART II

RISK FACTORS

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

In addition to the other relevant information in this Document, the Directors consider the following risk factors to be of particular relevance to the Group's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors may apply. Any one or more of these risks could have a material adverse effect on the value of the Company and should be taken into account in assessing the Group.

The Group

The Company is a recently formed company with a limited operating history upon which prospective investors may base an evaluation of its likely performance.

Climatic Conditions

The Directors are aware that exploration programmes may be adversely affected by climatic conditions, specifically excessive rainfall and the possibility of tropical storms but are hopeful that any delays in exploration can be made up by increasing resources at other times during the exploration schedule.

Dependence on key personnel

The Group has a small management team and the loss of any key individual could adversely affect the Company's business.

Economic and political risk

The operations of the Group are in foreign jurisdictions where there may be a number of associated risks over which it will have no control. These may include economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability, changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, and exploration licensing.

The Group's Licences

Some or all of the exploration licences issued in respect of the projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licences. In the event of revocation, the value of the Company's investments in such projects may decline, which may lead to a fall in the value of any investment in the Ordinary Shares of the Company.

Exploration and development

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties, which are explored, are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and grades of minerals disclosed will be available to extract. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any mineralisation discovered will prove to be economic.

PART II

RISK FACTORS

General exploration, mining and processing risks

Exploratory operations generally involve a high degree of risk. The Group's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards, which may result in environmental pollution and consequent liability which could have a material adverse impact on the business, operations and financial performance of the Group.

As is common with all exploratory operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict and are often affected by factors outside the Group's control.

The exploration and mining activities of the Group are subject to various laws governing prospecting, development, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Group's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Group.

Resource estimates

As with other natural resources companies, the Group's resource estimates are uncertain and potentially subject to future revisions and refinements. There can be no guarantee that any future production will be commensurate with the resource estimates presented in this Document.

Operational considerations

The Group's operational targets are subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Group's personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Group.

The locations of all of the Group's current exploration activities dictate that climatic conditions have an impact on operations and, in particular, severe weather could disrupt the delivery of supplies, equipment and fuel. It is, therefore, possible that exploration activity levels might fluctuate.

Unscheduled interruptions in the Group's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the financial performance of those operations.

The Group is currently in its early stages of exploration. Even if the Group remains on schedule with its operational targets, it is highly unlikely that any commercially viable mining and production will

commence for several years. The Group will not generate any material income until mining has successfully commenced. In the meantime the Group will continue to expend its cash reserves.

Project development risks

There can be no assurance that the Company will be able to manage effectively the expansion of its operations or that the Company's current personnel, systems, procedures and controls will be adequate to support the Company's operations. Any failure of management to manage effectively the Company's growth and development could have a material adverse effect on the Company's business, financial condition and results of operations.

There is no certainty that all or, indeed, any of the elements of the Company's current strategy will develop as anticipated and that the Company will be profitable.

Environmental issues

The Group's exploration and extraction activities are subject to various laws and regulations relating to the protection of the environment. Whilst the Group intends to continue to operate in accordance with such laws and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing the protection of the environment, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Group.

Labour

Certain of the Group's operations are carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Group's control.

Volatility of price of precious and base metals

The market price of precious and base metals is volatile and is affected by numerous factors which are beyond the Group's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in precious and base metal market prices could render less economic, or uneconomic, some or all of the exploration and/ or extraction activities to be undertaken by the Group.

Litigation

Legal proceedings may arise from time to time in the course of the Group's business. There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Directors cannot preclude that such litigation may be brought against the Group in future from time to time or that it may be subject to any other form of litigation.

Currency risk

The expenditures made by the Group are subject to exchange rate fluctuations and any potential income may become subject to exchange control or similar restrictions. The Group's operations are currently conducted in US Dollars, Cordobas, Australian Dollars and Pounds Sterling.

Additional requirements for capital

Substantial additional financing will be required if the Group is to achieve its gross objectives. No assurances can be given that the Group will be able to raise the additional finance that it may require for its anticipated future operations. Precious and base metal prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Group or at all. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its properties and licences, incur financial penalties and reduce or terminate its operations.

Uninsured risks

The Group, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Group may incur a liability to third parties (in excess of any insurance cover) arising from negative environmental impact or other damage or injury.

Market perception

Market perception of small mining and exploration companies may change, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

AIM and liquidity of the Ordinary Shares

AIM is not the Official List. The Ordinary Shares will not be listed on the Official List. Notwithstanding that Admission becomes effective and dealings commence in the Ordinary Shares, this should not be taken as implying that there will be a liquid market for the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise.

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up. Investors may, on disposing of Ordinary Shares, realise less than their original investment or may lose their entire investment. The Ordinary Shares may, therefore, not be suitable as a short-term investment. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets. The price at which the Ordinary Shares will be traded and the price at which investors may realise their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its proposed operations, and some which may affect the business sectors in which the Group operates. Such factors could also include the performance of the Group's operations, large purchases or sales of the Ordinary Shares, liquidity or the absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Group and general economic conditions.

Possible volatility of the price of the Ordinary Shares

Following Admission the market price of the Ordinary Shares could be subject to significant fluctuations due to various factors and events, including any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, the price of gold and silver, developments in the Group's business or its competitors, or to changes in market sentiment towards the Ordinary Shares. The

Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to the Group's operating performance. Any of these events could result in a decline in the market price of the Ordinary Shares.

Taxation framework

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change and the current interpretation may therefore no longer apply.

Forward looking statements

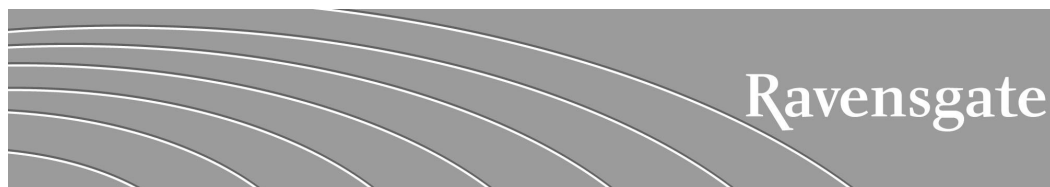
Certain statements within this Document, including those in the part of this Document under the heading "Information on the Group", constitute forward looking statements. Such forward looking statements involve risks and other factors which may cause the actual results, achievements or performance of the Group to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Such risks and other factors include, but are not limited to, general economic and business conditions, changes in government regulation, currency fluctuations, the Group's ability to develop its existing or new resources, competition, changes in development plans and the other risks described in this Part II. There can be no assurance that the results and events contemplated by the forward looking statements contained in this Document will, in fact, occur. These forward looking statements are correct only as at the date of this Document. The Company will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstance or unanticipated events occurring after the date of this Document except as required by law or by regulatory authority.

General

The risks noted above do not necessarily comprise all those potentially faced by the Group and are not intended to be presented in any assumed order of priority.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making any decision to invest.

PART III
INDEPENDENT COMPETENT PERSON'S REPORT



INDEPENDENT COMPETENT PERSON'S REPORT

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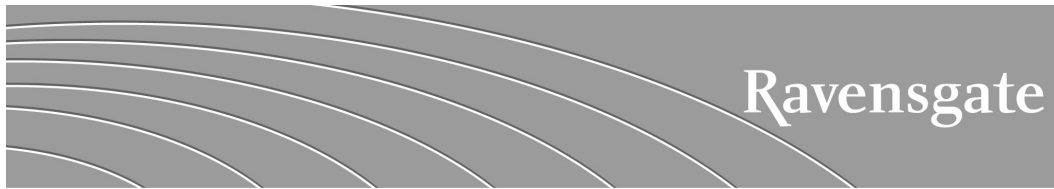
**EL SALVADOR AND NICARAGUA PROPERTIES
CENTRAL AMERICA**

for

CONDOR RESOURCES PLC

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INDEPENDENT COMPETENT PERSON'S REPORT

Prepared by RAVENSGATE on behalf of:

Condor Resources plc

Author(s): David Holden Principal Consultant BSc (Geol)., MBA, MAusIMM, CIMM

Date:

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 Nabarro Wells & Co. Limited (1)
 Ravensgate (1)

David Holden
For and on behalf of:
RAVENSGATE

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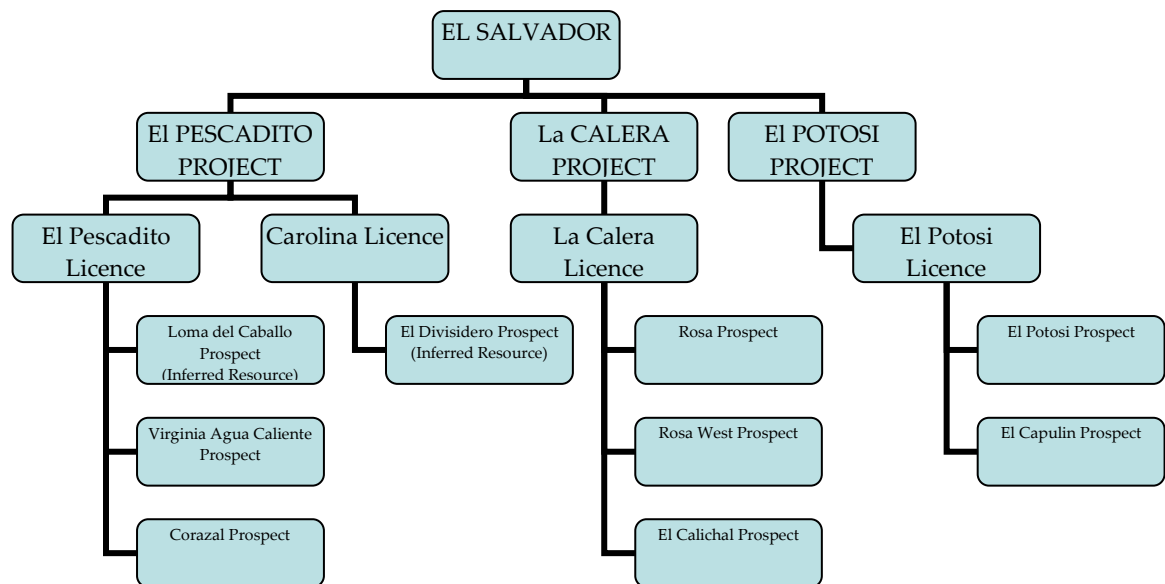
1. EXECUTIVE SUMMARY

Condor Resources plc and the Subsidiaries (hereafter referred to as the “Group”) control 100 per cent. of three licences (El Pescadito, Carolina, La Calera) and is earning a 100 per cent. interest in one further licence (El Potosi) in El Salvador. The Group has defined three project areas for ease of reference. These are the El Pescadito Project containing the Carolina and El Pescadito Licences; the La Calera Project containing the La Calera Licence and the El Potosi Project containing the El Potosi Licence.

Ravensgate Pty Ltd (“Ravensgate”) believes that all the licences in both countries are prospective for epithermal gold-silver vein style mineralisation and related deposits.

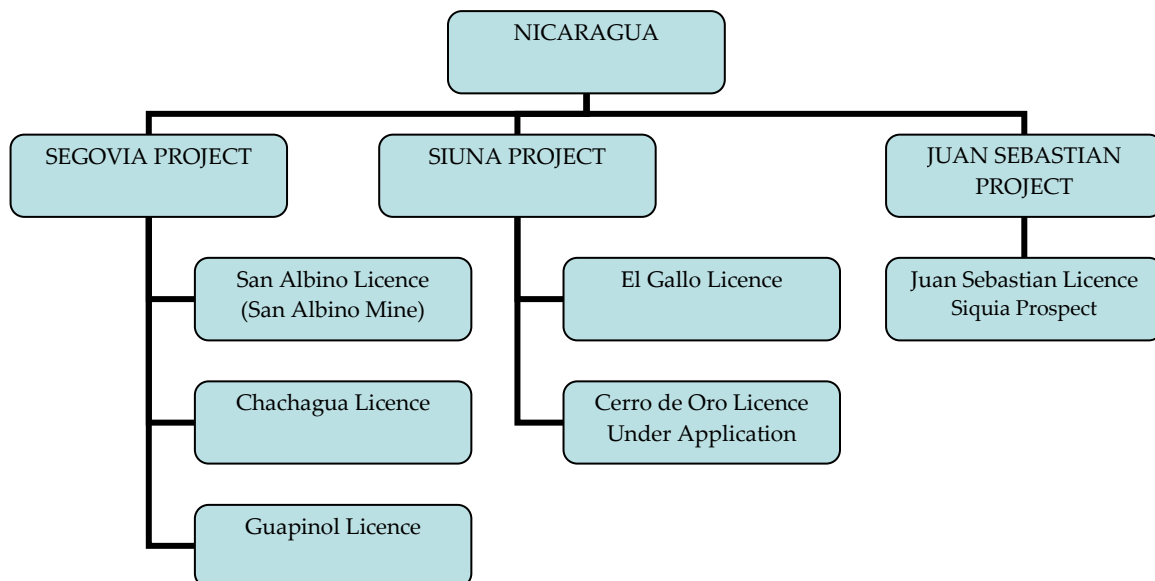
The following diagrams show the structure of these Mineral Interests.

El Salvador



Nicaragua

The Group has also the option to earn an 80 per cent. interest through a farm in agreement in three further projects (Segovia, Siuna and Juan Sebastian) containing five granted licences and one application for licence in Nicaragua. Security of tenure is held through a Trust Deed managed by the Group's solicitors as trustees for the beneficiaries. Again the Group has defined these areas for ease of reference into three project areas. These are the Segovia Project containing the San Albino, Chachagua and Guapinol Licences; the Siuna Project containing the Cerro de Oro and El Gallo Licences and the Juan Sebastian Project containing the Juan Sebastian Licence.



Such epithermal vein-style deposits are typically associated with volcanic island-arc and continental magmatic arcs and display a relationship to an extensional structural regime. In general, these vein deposits develop from hydrothermal systems that form at relatively high levels in the crust, from about 1km depth to surficial hot-spring settings, associated with magmatic intrusions and sub-aerial vulcanism.

The deposits are documented across the geologic time-scale from Palaeozoic deposits in Australia; Jurassic deposits in British Columbia, Canada and Tertiary-Quaternary deposits throughout the Circum-Pacific “Ring of Fire”. These types of deposits are characterised by spectacular gold and silver grades.

The Group’s projects in El Salvador cover numerous historical mining centres including El Potosi, Carolina, El Divisidero, Loma del Caballo and Virginia-Agua Caliente¹, most of which have been mined since the 18th Century at reportedly high gold and silver grades². For example, the El Potosi Mine was worked intermittently for 50 years at grades ranging from 18 to 30g/t Au with the main production during the 1930’s and 1950’s, whilst at the Carolina - El Divisidero Mine, it is reported that approximately 100,000oz of gold and 5.6Moz of silver were extracted in the early 1900’s at grades of 3.4g/t Au and 195g/t Ag respectively³.

Drilling completed in 1997 by Intrepid Minerals Corporation at the Loma del Caballo Prospect led to the calculation of a combined Indicated and Inferred Mineral Resource (pre current JORC compliance) of some 2.51Mt @ 1.45g/t Au and 39g/t Ag for 116,500oz of Au and 3.2Moz of Ag by Canadian consultants Watts, Griffis and McQuat Limited (“WGM”). The Loma del Caballo mineralisation is open in several directions and the Group plans to complete further drilling in order to increase the size of the deposit. Ravensgate have reviewed the available data and have classified the combined Mineral Resource as an Inferred Mineral Resource under current JORC classification code.

¹ Intrepid Minerals Corporation: *Geological Appraisal and Exploration Summary, Aldea El Zapote and San Cristobal Projects*. PWP Consulting Co. & Owens and Assoc., May 2002.

² Steinhauser, 1970 and MacNamee 1968 Pages 10 and 11 in Intrepid Minerals Corporation: *Geological Appraisal and Exploration Summary, Aldea El Zapote and San Cristobal Projects*. PWP Consulting Co. & Owens and Assoc., May 2002.

³ Extracts from Kent 1980 in Intrepid Minerals Corporation: *Geological Appraisal and Exploration Summary, Aldea El Zapote and San Cristobal Projects*. PWP Consulting Co. & Owens and Assoc., May 2002.

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At El Divisidero, drilling completed in 2003 by previous explorers returned high grade intercepts including 2m @ 6.3g/t Au and 473g/t Ag from 134m depth. Further drilling is required on this structure, as the mineralisation is open at depth and along strike. An historical Mineral Resource using underground sampling data led to the calculation of an Inferred Mineral resource of some 2.74Mt @ 2.7g/t Au and 171g/t Ag. Although the complete original resource estimation documentation has not been sighted or verified by Ravensgate, Ravensgate considers that it may be included as an Inferred Mineral Resource to JORC.

Recent field inspection of the projects by Ravensgate representatives confirms the prospectivity and lateral continuity of vein systems, past the extent of known workings, is very real. Opportunities to extend known mineralisation both along strike, down dip and even within the confines of the historical mine are also good. Ravensgate believes that the general lack of detailed, coherent and well documented previous exploration, especially at the El Potosi project, suggests that there is a high likelihood of undiscovered mineralisation nearby to existing historical workings.

During the mid 20th Century, Nicaragua produced a significant amount of gold. The Group has an option to acquire an 80 per cent. interest in three properties in Nicaragua; namely Segovia, Siuna and Juan Sebastian. The Segovia Project contains several areas of historical workings including the San Albino Mine, which has seen sporadic production over the last 80 years at reported grades of around 30g/t Au⁴. This target has not been tested by drilling and is a priority exploration target for the Group. A large copper-in-soil anomaly called the Siquia Anomaly is contained within the Juan Sebastian Project, and in Ravensgate's opinion may represent the surface expression of a buried copper-gold skarn mineralised system. Though at an early stage of exploration, the Siquia target is considered by Ravensgate as highly prospective and worthy of follow-up work.

Due to various factors including unstable politics, poor commodity prices and logistical difficulties, exploration and development within Central America has been minimal over the past 20 years. More recently, stabilisation of governments in the Central American region has resulted in highly prospective tracts of land becoming available for exploration, of which El Salvador and Nicaragua are prime examples.

⁴ *Empresa Minera, S.A. Quilali-Murra Exploration Concession, Nicaragua, Central America; A. Bengoechea, December 1999.*

Table 1 Summary Table of Assets

Asset	Holder	Interest	Status Expiry Date	Area Held	Comments
El Salvador					
El Pescadito*	Minerales Morazan S.A. de C.V.	100%	Exploration 27-Aug-2008	50km ²	Drill ready targets
Carolina*	Minerales Morazan S.A. de C.V.	100%	Exploration 30-May-2009	40.5km ²	Drill ready targets
La Calera*	Minerales Morazan S.A. de C.V.	100%	Exploration 27-Jun-2009	42km ²	Trenching followed by drilling
El Potosi+	Brett Salvador S.A. de C.V.	0% Option to earn 100%	Exploration 7-Jan-2008	48km ²	Structural interpretations followed by drilling
Nicaragua					
Juan Sebastian#	Nicoz Resources SA	0% Option to earn 80%	Exploration 13-Dec-2029	410km ²	Assess anomalies followed by drill testing
El Gallo#	Nicoz Resources SA	0% Option to earn 80%	Exploration 8-Mar-2027	72km ²	Mapping trenching and drilling testing
Chachagua#	Nicoz Resources SA	0% Option to earn 80%	Exploration 3-Feb-2027	108km ²	Mapping, trenching and drill testing
Guapinol#	Nicoz Resources SA	0% Option to earn 80%	Exploration 3-Feb-2027	30km ²	Mapping, trenching and drill testing
San Albino#	Nicoz Resources SA	0% Option to earn 80%	Exploration 3-Feb-2027	87km ²	Mapping, trenching and drill testing
Cerro de Oro†	Nicoz Resources SA	0% Option to earn 80%	Exploration Application	36km ²	Assessment of anomalies; mapping and trenching

*These licences are in their initial 4 year term of tenure.

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+This licence is in its fifth year of grant and its First 2 year renewal period.

#These licences are in their initial 25 year term of tenure.

†Exploration licence application pending.

<i>Table 2 Summary of Mineral Resources - Loma del Caballo Prospect</i>							
Mineral Resources	Gross gold			Gross silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,517,300	1.44	116,500	2,517,300	39	3.2M	MMS 100%

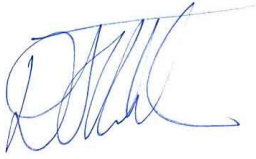
<i>Table 3 Summary of Mineral Resources - Divisidero Prospect</i>							
Mineral Resources	Gross Gold			Gross Silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,748,200	2.7	238,000	2,748,200	171	15.1 M	MMS 100%

The Group has prepared staged exploration programmes, specific to the exploration potential of the individual tenements, which are consistent with its budget allocations. Ravensgate considers that sufficient exploration has been undertaken by earlier explorers in the last 10 years to justify the proposed programmes and expenditure. The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirement on the Projects set out in paragraph 8 and 13 of this report and in each licence exceeds the minimum statutory requirement.

This Competent Person's Report has been compiled from information available up to and including the date of this report. I have given my consent for this report to be included in the AIM Admission Document and for references to this report to be included, in the form and context in which they appear, and have not withdrawn that consent prior to the placing issue of the AIM Admission Document. I have furthermore reviewed the AIM Admission Document in its entirety, but have only been involved directly in the preparation of the Competent Persons Report for inclusion in the Admission Document and have authorised or caused issue of only this portion of the document.

I am not, nor intend to be, a director, officer or other direct employee of the Group, or have no interest in the Group's projects. My relationship with the Group is solely one of professional association between client and independent consultant. The review work and this Report are prepared in return for professional fees payable in cash based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'D Holden', written in a cursive style.

David Holden
BSc MBA MAusIMM MCIMM

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INDEPENDENT COMPETENT PERSON'S REPORT

2. INTRODUCTION

2.1 Background

Ravensgate has been commissioned by Condor Resources plc to provide a Competent Persons Report (CPR) on the Group's projects in El Salvador and Nicaragua in Central America.

This report is to be included in an Admission Document relating to a placing and admission to trading on AIM. The funds raised will be used inter alia, for the purpose of exploration and evaluation of mineral properties, of which the Group holds, or has the option to acquire, beneficial ownership.

This report has been prepared in accordance with the Guidance Note for Mining and Oil & Gas companies published by the London Stock Exchange in March 2006. The El Salvador projects were visited by Mr. David Holden as Principal Consultant to Ravensgate as these projects represent the core assets of the Group. Opinion given on the Group's Nicaraguan projects has been based on a desk top review of all available data and discussions with the Groups technical staff.

In El Salvador the Group owns 100 per cent. of three licences; is earning a 100 per cent. interest in a further one licence and has secured the option through a farm in agreement to earn 80 per cent. of a further five granted licences and one application for licence in Nicaragua.

Geologically, the isthmus between the two American continents resulted from a number of complex geological events that has generated some significant mineralisation.

One example of this is the epithermal vein-style gold-silver mineralisation that occurs in a belt stretching from Costa Rica to Guatemala (refer Figure 1), where mining of gold and silver has taken place since at least the 18th Century⁵.

⁵ Heffernan, V. (2004). *Gold Mining and Exploration in Central America*, February 2004.

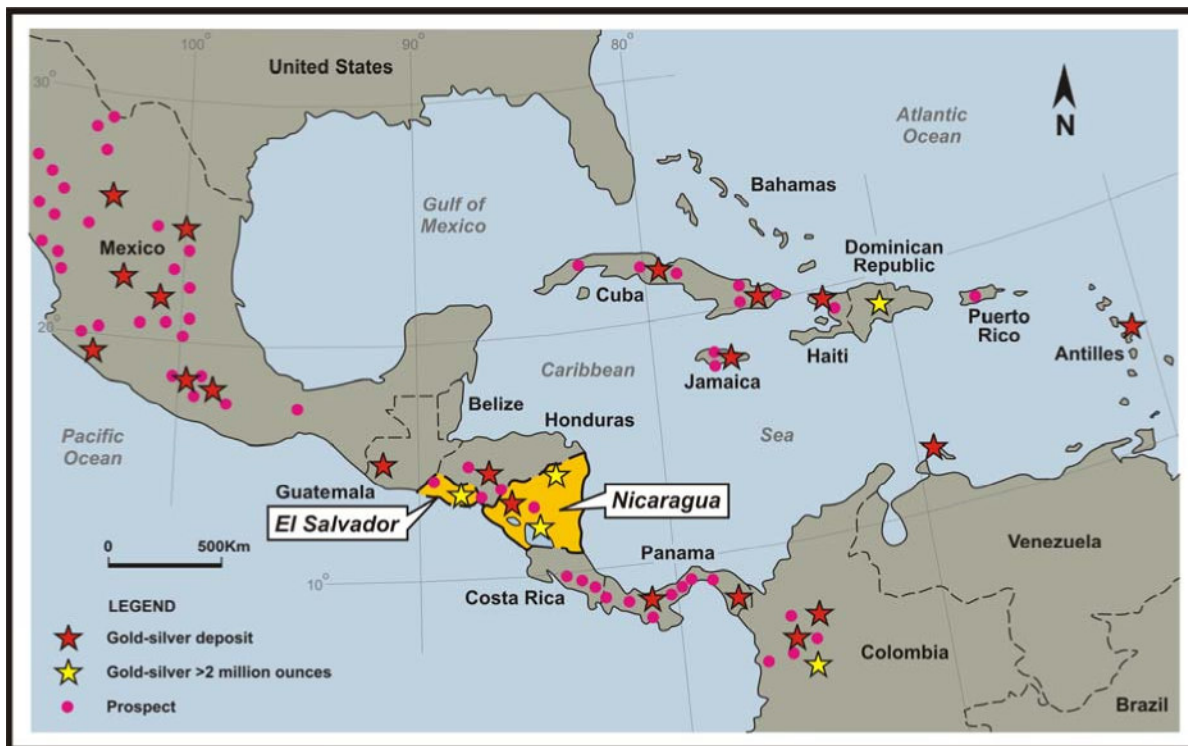


Figure 1: Central America - Location Map

Ravensgate considers the Group's three project areas in El Salvador (El Potosi, La Calera, El Pescadito) and its three project areas in Nicaragua (Segovia, Siuna, and Juan Sebastian) to be highly prospective for epithermal gold-silver vein style mineralisation and related deposits.

Ravensgate considers that all the properties are exploration stage projects, which are inherently speculative in nature. Ravensgate considers the properties to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

The Group intends to utilise a significant portion of its capital raising in the exploration and development of the Projects. Ravensgate considers that the Group has prepared staged exploration programs specific to the exploration potential of the tenements, which are consistent with its budget allocations. Ravensgate also considers that sufficient exploration and mining activities have been undertaken by earlier explorers in the last 10 years to justify the proposed programs and expenditure. The proposed exploration and development budgets exceed the minimum annual statutory and joint venture expenditure requirements set out below.

El Salvador Licence Tenure

El Potosi

The Group has assumed the rights to an option to earn a 100 per cent. interest in the El Potosi Licence by satisfying certain terms and conditions, including cash payments totalling US\$1.45M over 5 years and the provision of a net smelter royalty of 1 per cent. to Brett Resources Inc. of Canada after production of an initial 200,000oz of gold. Further details of the terms of this agreement are available in paragraph 5.3 of

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Part VI of the Admission document. The Group is not obliged to make these payments, but if it does not do so, it will retain no interest in the project.

The Group was granted the El Pescadito Concession in its own right on 25 August 2004. The Group also granted the Carolina Concession that adjoins the El Pescadito to the west. This was awarded on 1 May 2005. Furthermore, the Group was awarded the La Calera Concession on 28 June 2005.

Nicaragua Licence Tenure

In Nicaragua, the Group has acquired an Option and Farm-In Agreement with Nicaraguan Vendor to secure 80 per cent. of five granted licences and one further application for licence. The Group has paid all initial option and transfer fees in addition to maintaining the licences in good standing with the Nicaraguan government.

The Group has formed one new subsidiary company to hold title to the Concessions and a second company to fulfil the function of an operating company. The Group's interest will be held in trust until the terms of the option farm in agreement are met. The Group may withdraw at any stage of the option or farm-in period without penalty, but will retain no interest in the licence.

The Group must satisfy expenditure commitments totalling US\$1 Million per concession over a four year period. The Group has already completed some exploration expenditure towards the first year's expenditure requirements. The Group must ratify its 80 per cent. holding by final payment of US\$250,000 per licence before transfer of interest to the Group.

After the Group has complied with the expenditure commitments the Vendors have the right to contribute to the ongoing exploration of the concessions on a pro rata basis or to convert their 20 per cent. interest to 3 per cent. Net Smelter Return ("NSR") Royalty. The Group has the right to purchase 50 per cent. of the 3 per cent. NSR for US\$1,850,000. The Group then has first right of refusal on the balance of the NSR.

2.2 Basis of Report

The Competent Person's Report provides a technical appraisal of the El Salvador and Nicaragua Projects. This review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. This information includes lithological, geochemical, geophysical, mineralogical test-work studies, drilling and trenching data. The report also includes observations made during a recent field trip during November 2005 to the projects in El Salvador by the author. A listing of the principal sources of information is included in this report in Section 14 of this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to the Group, along with a written request to identify any material errors or omissions prior to lodgement. This independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

2.3 Independence and Qualifications of Consultant

Ravensgate was incorporated in 1997 to provide resource modelling, resource estimation and exploration geology services to private and public companies. Ravensgate, its employees and associates are not, nor

intend to be, directors, officers or other direct employees of the Group and have no interest in the Projects or the Group. The relationship with the Group is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees payable in cash based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Reviewer: **David Holden BSc, MBA, MCIMM, MAusIMM**

P O Box 1923, West Perth WA, Australia 6872

Principal Consultant, Ravensgate Pty Ltd

David Holden has over 20 years experience in exploration geology and is considered a competent person in regards to mineral asset valuation and resource estimation. He established Ravensgate Pty Ltd as a consulting company 8 years ago with partner Stephen Hyland and has specialised in resource estimation, reporting, project evaluation and independent reports for a number of companies since that time. David Holden holds the relevant qualifications and memberships required by the JORC and ValMin codes in Australia. He is a Qualified Person under the rules of the CIMM and NI43-101.

Co-Author: **Lyle Thorne BSc (Hons), MAusIMM**

P O Box 1923, West Perth WA, Australia 6872

Geological Service Manager

Lyle Thorne has 15 years experience in exploration geology, mining geology and property evaluation, working for both junior and major companies in Australia, Africa and Asia. He has wide experience in a number of commodities including gold, diamonds, PGE's and copper. Lyle Thorne holds the relevant qualifications and memberships and is a Competent Person under the rules of the JORC and ValMin codes. He is a Qualified Person under the rules of the CIMM and NI43-101.

2.4 Report Format

This report details the various projects in the Group's portfolio, in context with the main exploration prospects of high grade, epithermal gold-silver vein style mineralisation. The exploration potential and budgets are also discussed.

3. EPITHERMAL GOLD-SILVER AND RELATED DEPOSITS - OVERVIEW

Epithermal vein-style Au-Ag deposits are typically associated with volcanic island-arc and continental magmatic arcs and display a relationship to extensional structural regimes. In general, these vein deposits develop from hydrothermal systems that form at relatively high levels in the crust, at depths of up to approximately 1km to surficial hot-spring settings, associated with magmatic intrusions. Regional-scale fracture systems relating to grabens, calderas and maar-diatremes provide the "space" for veins to develop.

Low-sulphidation epithermal Au-Ag deposits are documented across the geologic time-scale from Palaeozoic deposits in Australia; Jurassic deposits in British Columbia, Canada and Tertiary-Quaternary deposits throughout the Circum-Pacific "Ring of Fire".

The vein systems are hosted by a wide variety of rocks, but are mostly associated with volcanic rocks; in Central America they are typically proximal to, or hosted within, calc-alkaline volcanics e.g. andesite, dacites and rhyo-dacites, but this does not exclude other volcanic, volcanoclastic e.g. tuffs, ash-flows and epiclastic host-rocks.

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In addition to the possible presence of gold and silver minerals, the veins are principally composed of silica, in one of its many mineral forms from quartz through amethyst to chalcedony. Chalcedony often appears as discrete fine to diffuse bands (colloform banding) and may be variously coloured from black through green to orange/white, depending on oxidation, adularia and/or calcite content. The veins may also contain variable concentrations of: calcite; barite; sericite; adularia, with accessory hematite, rhodochrosite, and chlorite and less commonly sulphide bands.

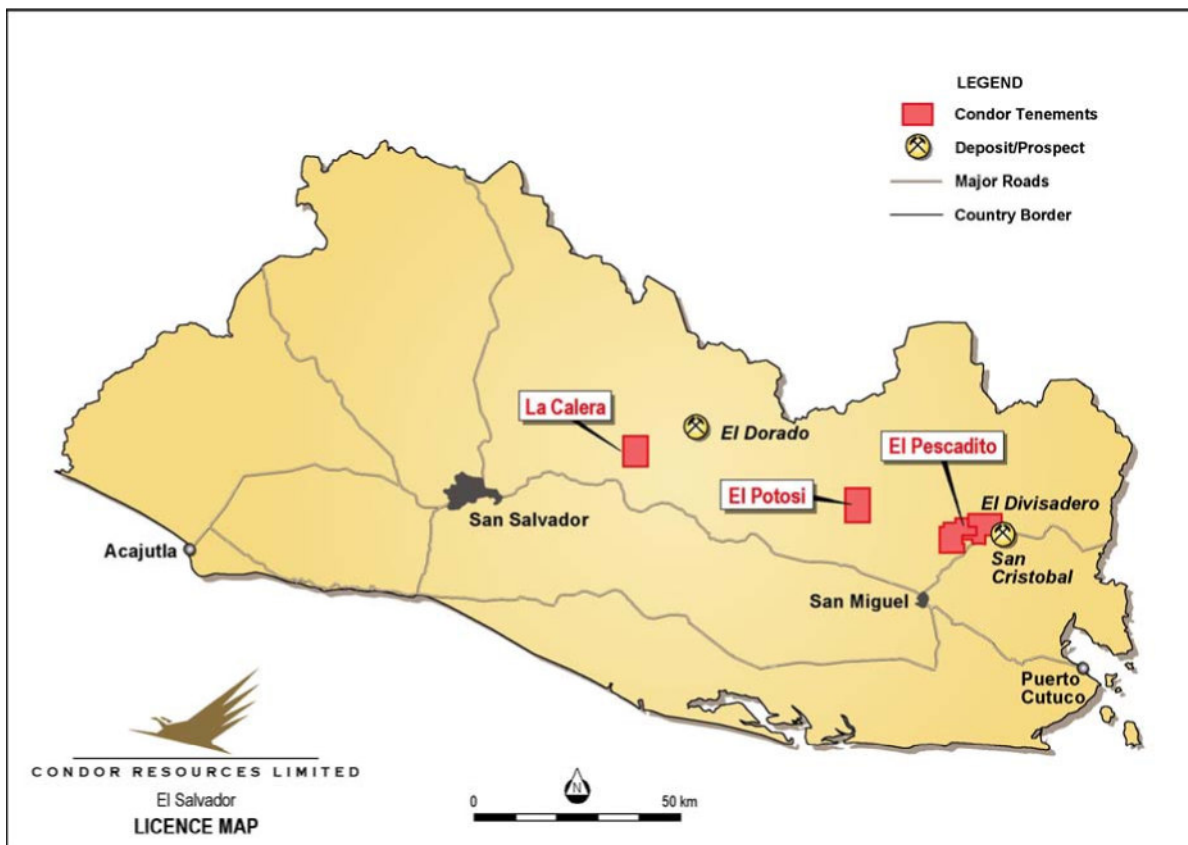
Alteration associated with low-sulphidation epithermal systems varies in intensity and pervasiveness dependent upon proximity to the mineralised structure and crustal level. Propylitic alteration (chlorite-calcite-sericite-pyrite assemblage) dominates at depth. Skarn-style base metal deposits associated with late intrusives may have a spatial association to epithermal mineralisation.

Acid-sulphate epithermal Au-Ag systems, though not very prevalent throughout Central America do occur. San Sebastian in El Salvador, and Rio Chiquito in Costa Rica host gold mineralisation in association with sulphide-quartz veins, whilst El Ocote, Honduras and El Zapote, El Salvador host base-metal – Ag mineralisation in sulphide-quartz veins. These deposits are characterised by sulphide dominant phases containing economic precious metals hosted by pyrite, chalcopyrite, galena and sphalerite. Quartz-chalcedony veins may be present and often display a very vuggy silica alteration in the wall rocks, which are typified by the calc-alkaline volcanics, associated volcanoclastic and epiclastic rocks.

Other styles of gold mineralisation known in Central America include shear zone hosted quartz veining within Mesozoic sediments, principally phyllite. This style of mineralisation is common in Nicaragua.

4. EL SALVADOR PROPERTIES

Figure 2 El Salvador – Location Map



4.1 Introduction

The Group controls 100 per cent. of three licences (El Pescadito, Carolina, La Calera) and is earning a 100 per cent. interest in one further licence (El Potosi) in El Salvador. The Group has defined three project areas; these are the El Pescadito Project containing the Carolina and El Pescadito Licences; the Calera Project containing the La Calera Licence and the Potosi Project containing the El Potosi Licence.

El Salvador borders Guatemala to the north-northwest and Honduras to the north and east. It is the only country in Central America with no Atlantic coastline and is characterised by a tropical climate with pronounced wet and dry seasons. The wet season runs from May through to November with up to 200cms of rain falling. From December to April, prevailing northeast trade winds are hot and dry, producing very little cloud or rainfall. Local temperatures vary little, ranging from 25°C to 29°C and relative humidity often exceeds 80 per cent.

El Salvador covers a land area of 21,000 km² making it one of the world's smallest countries, and with a population of an estimated 6.3 million (est. 2002), is one of the most densely populated.

Since the end of a protracted Civil War in 1992 after the United States withdrew military aid, the Government has been the conservative, right wing ARENA (National Republican Alliance) party. They have set about re-building the country and have adopted the US dollar as its currency. The Government

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is striving to open new export markets, encourage foreign investment, modernise tax and healthcare systems, and stimulate the economy.

The main Central America Highway in El Salvador provides good central access throughout the country. Both the cities of San Salvador and San Miguel have excellent infrastructure development comparable to many first world countries.

4.2 Mining & Exploration History

Mining activity began, though records are anecdotal only, when the Spanish mined for gold from the beginning of the 16th Century. Many of the companies exploring in El Salvador currently report several Spanish workings on their properties. There is little evidence of larger scale mining until the 18th Century where gold and silver mines were opened in the south around San Miguel, principally at Tabanco and Encuentros. Foreign investment by the Spanish and English during the 18th and 19th Centuries led to the development of several mines scattered across the country including: El Dorado, Encuentros, Montemayor, Montecristo, El Potosi and others⁶.

Throughout the 20th Century a number of companies have opened and re-opened, principally gold and silver mines across the country⁷. Activity reached its peak in the 1930- 1950's with El Dorado producing an estimated 270,000 tonnes at 10g/t Au, the Montecristo mine an estimated 686,000 tonnes at 5-6g/t Au, and the El Potosi mine produced an estimated 60,000 ounces of gold at between 18g/t and 30g/t Au ⁶.

Disastrous economic policies, civil unrest, restrictive labour laws and a military junta-style Government led to reduced foreign investment during the "Cold War" years. After the signing of the peace treaty ending the 12 year Civil War, foreign investment backed by a stable investment climate has led to a significant number of companies investing in El Salvador in recent years.

4.3 Mining Tenure

The Mining Law of 1996 regulates exploration and development in the mining sector, the law was amended in July 2001. Table 4 summarises the main points of the law, as applicable to Exploration and Exploitation Licences, although the Group holds no Exploitation licence at present this is included for completeness.

⁶ *Intrepid Minerals Corporation: Geological Appraisal and Exploration Summary, Aldea El Zapote and San Cristobal Projects. PWP Consulting Co. & Owens and Assoc., May 2002.*

⁷ *DeWonck, B. (2002). Summary Report on the El Potosi Project, for Tournigan Gold Corporation*

<i>Table 4 Metallic Mineral Exploration & Mining Rights - El Salvador</i>	
El Salvador	Mineral Exploration & Mining Rights
Mining Act	1996, amended 2001
State Ownership of Minerals	Yes
Negotiated Agreement	Not specified
Mining Title / Licence Types	
Land Acquisition & Holding	Exploration Licence
Exploration Tenements	Exploration Licence
Mining Tenements	Exploitation Licence & Permit
Retention Tenements	N/A
Small Scale Mining Tenements	Exploitation Licence & Permit
Artisanal Tenements	N/A
Exploration Tenement	
Name	Exploration Licence
Purpose	Exclusive right to explore for all minerals
Maximum Area	50km ²
Duration	4 years
Renewals	2 x 2 years
Area Reduction	None required
Procedure	By application
Granted by	Ministry of Economy; Minister for Environment & Natural Resources (MARN)
Payment terms (yearly US\$/1km ²)	Yr 1 \$25; Yr 2 \$50; Yr3 \$75; Yr4-6 \$ 100; Yr 7-8 \$300
Requirements	Environmental Impact Study (EIS) for Exploration; Qualified Geologist per licence; Work Chronogram; Annual report to be submitted; Agreement with surface land right owners
Mining Tenement	
Name	Exploitation Licence
Purpose	Exclusive right to mine, process, transport and export metallic minerals
Maximum Area	50km ²
Duration	30 years
Renewals	Life of mine
Area Reduction	N/A
Payment terms	US\$300 per annum per km ²
Granted by	Granted by Office of Mines & Hydrocarbons, Ministry of Economy
Other requirements	Environmental Impact Study for mining operations; Lodgement of a Mining Bond required per km ² to ensure mitigation of environmental damage at the close of operations: Gross Net Smelter Royalty 2 per cent. (1 per cent. to State, 1 per cent. to Municipality)

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Notes: Exploration concessions may be held for no more than eight (8) years, at that time it must be converted to an Exploitation concession. Upon conversion of the licence the holder has one (1) year to complete the process.

Environmental law has not been covered by the scope of this report. In as much the ministry responsible (MARN) is only a few years old and struggling with work-load. However, MARN is attempting to ensure compliance by all groups in order to "clean-up" an absent environmental policy prior to 1998.

4.4 Regional Geology

El Salvador is dominated by late Cretaceous to Quaternary volcanic rocks including rhyolite flows and domes, voluminous andesite and basalt flows, volcanoclastic and pyroclastics. These rocks host the majority of the economic mineral deposits found in El Salvador, and elsewhere in Central America.

Basement rocks outcrop in the extreme north of El Salvador and comprise Mesozoic sedimentary rocks including limestone, red sandstones, siltstones, pebble-conglomerates and minor tuffs. A number of late cretaceous granitic to monzonitic intrusions are also known to exist.

The ongoing tectonic regimen in Central America, and hence El Salvador, has led to a long and complex structural development of the whole region. This manifests as folding and faulting in the Mesozoic sediments and extensional and strike-slip related faulting in both the sediments and later volcanic rocks

5. EL POTOSI PROJECT

5.1 Location and Tenure

The El Potosi Project is located in eastern El Salvador, 90km east of the capital San Salvador (refer Figure 2).

Access to the El Potosi Project site is very good. The road from Chapeltique township to El Potosi, whilst unsealed, is very accessible by normal passenger car. Heavy periods of rain may cause flooding of sections of this road making it impassable for short periods of time by motor vehicle. However, alternative access to the site can be made when flooding occurs via the CA1 highway and the town ship of Seseori from the North West. Chapeltique itself is only 20-30 minutes from San Miguel, which is home to 400,000 people making it El Salvador's second largest city.

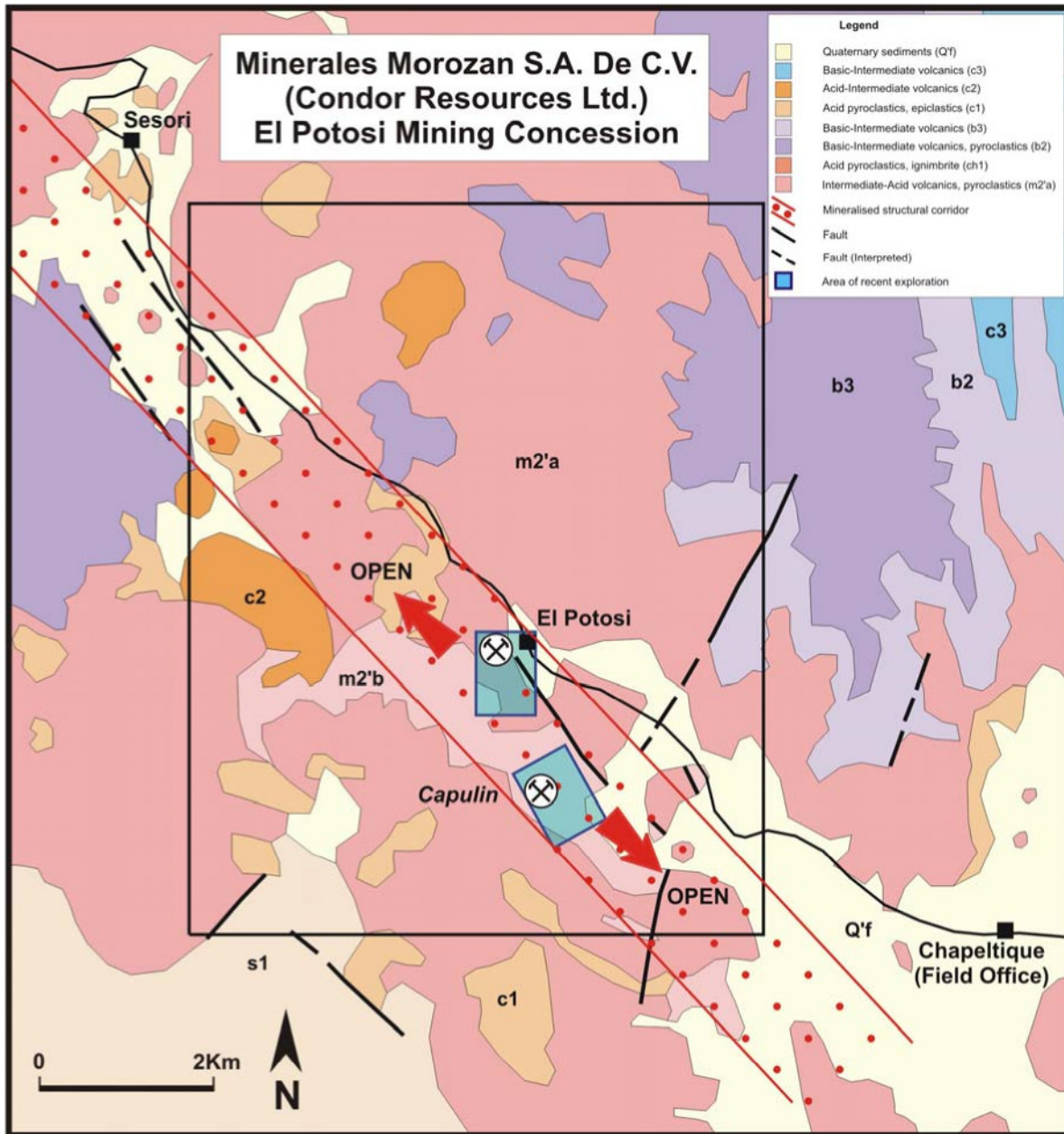
The El Potosi project consists of one concession covering 48km².

The Group has assumed the rights to an option to earn a 100 per cent. interest in the El Potosi Licence by satisfying certain terms and conditions, including cash payments totalling US\$1.45M over 5 years and the provision of a net smelter royalty of 1 per cent. to Brett Resources Inc. of Canada after production of an initial 200,000oz of gold. Further details of the terms of this agreement are available in paragraph 5.3 of Part VI of the Admission document.

5.2 Project Geology

The Project consists of Tertiary to Quaternary age volcanic rocks - pyroclastics, epiclastics, and flows with compositions ranging from basic to felsic, as shown in Figure 3.

Figure 3 El Potosi – Local Geology and Prospectively Map



Localised geological mapping at El Potosi in the immediate area of the workings and at El Capulin has been of a very cursory nature. The El Potosi workings are hosted within andesite and andesite agglomerate flows.

These are variably porphyritic (plagioclase, augite, hornblende); vesicular, flow-banded and breccia phases have been noted. The host rocks are pervasively propylitically altered (chlorite-calcite-pyrite) throughout with an increase in intensity near quartz veining and stockworks.

The focus for exploration is upon a series of, steeply dipping quartz veins of varying orientations within the andesites, which parallel regionally mapped fault structures. The zone at El Potosi in particular,

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(although evident at most of the prospects) tends to coincide with ridges or spurs. The elevated nature is reinforced with historical workings as more adit access rather than shaft access through overburden or cover. Ravensgate considers this could lead to a very favourable stripping ratio for future mining activities.

The El Potosi Project is considered by Ravensgate to be a target for low-sulphidation Au-Ag epithermal style mineralisation.

The longitudinal section and level plans of El Potosi show that the mine was a substantial operation and the 1941 underground mapping from adits, shafts and levels still suggests to Ravensgate that there are significant opportunities for additional resource within the un-stopped areas of the old mine. Ravensgate believes the nature of the continuous high grade zone is coherent enough to anticipate further mineralisation along strike from the working and at depth beneath the current level of the workings.

5.3 Exploration History⁸

The El Potosi Mine was worked intermittently for a period of approximately 50 years although the majority of material was mined during the 1940-1950's. In that time it is estimated⁹ that approximately 60,000 ounces of gold were extracted at grades of between 18g/t Au and 30g/t Au. On the F-Potosi Vein, a total of six underground levels were developed to depths of 120 metres over a strike length of some 600 metres, whilst at the 613 Vein, four levels were established to 90 metres depths over 400 metres. Virtually no further data exists for the mine exists except a mine plan which combines a surface map and long sections across the 613 Vein and F-Potosi Vein.

An Independent Consultant, Coast Mountain Geologic Services, conducted a site visit to El Potosi in 2002 on behalf of Tournigan and collected seven samples from exposed vein material giving results varying from 15.4g/t Au to 41.0g/t Au.

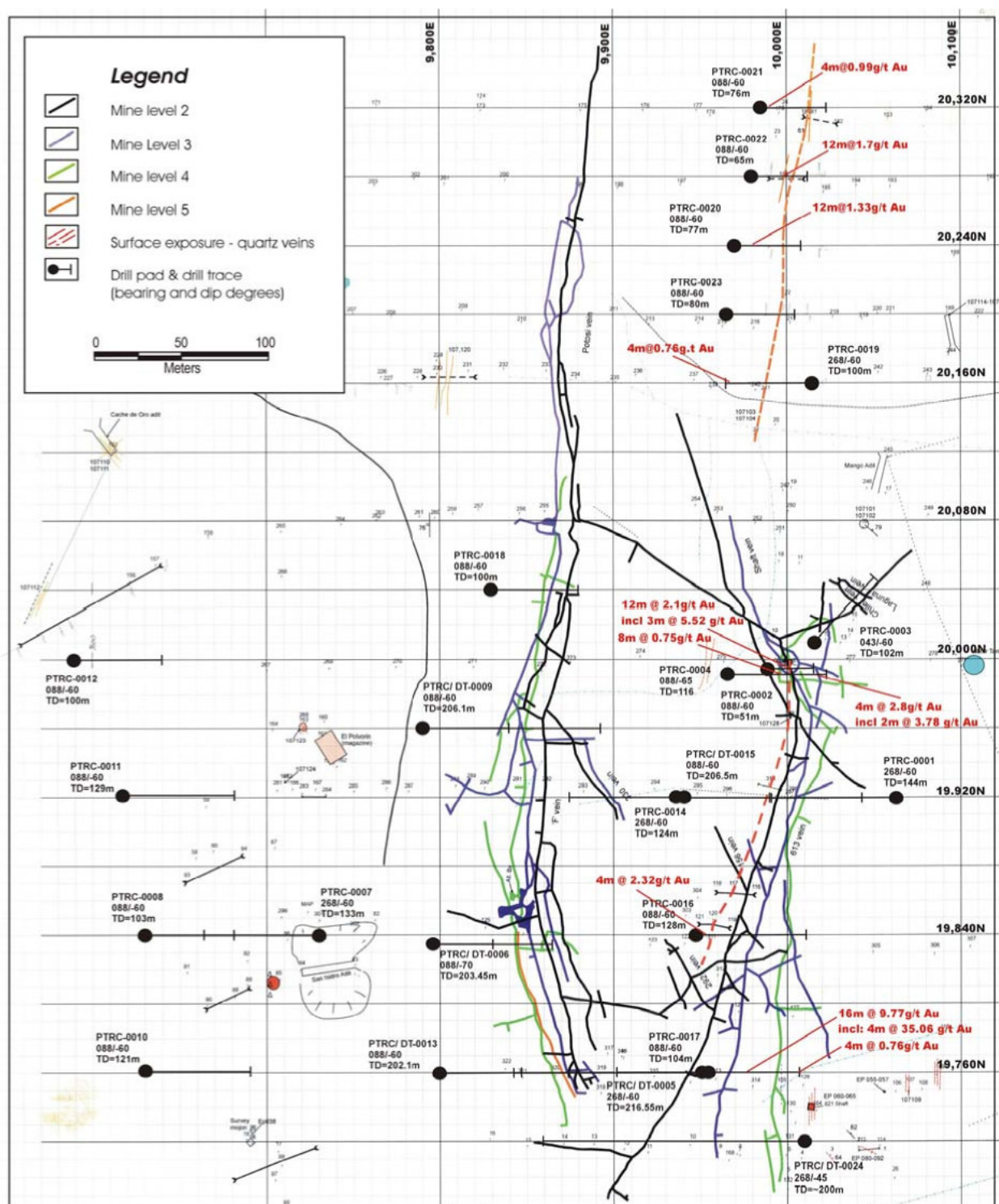
The Group's Directors carried out their initial assessments of the El Potosi Licence in late 2003. The Group commenced systematic exploration in March 2004 and has completed a grid establishment and sampling program across the known mineralisation within the El Potosi concession. Mapping also revealed new vein sets along strike and parallel to the known mineralisation.

Trench sampling along the 613 and El Potosi veins produced some highly encouraging results. At the 613 Vein Main shaft, an interval of 5m @ 20g/t Au was recorded, whilst several trenches along the 613 Vein to the north returned ore grade results, including 3m @ 4.6g/t and 1m @ 13.2g/t. Rock chip sampling to the west and east of the 613 and F-Potosi Veins, collected from parallel veins sets, returned assay values of 32.6g/t, 20.5g/t in the east and 18.1g/t, 9.5g/t in the west (see Figure 4).

⁸ DeWonck, B. (2002). *Summary Report on the El Potosi Project, for Tournigan Gold Corporation.*

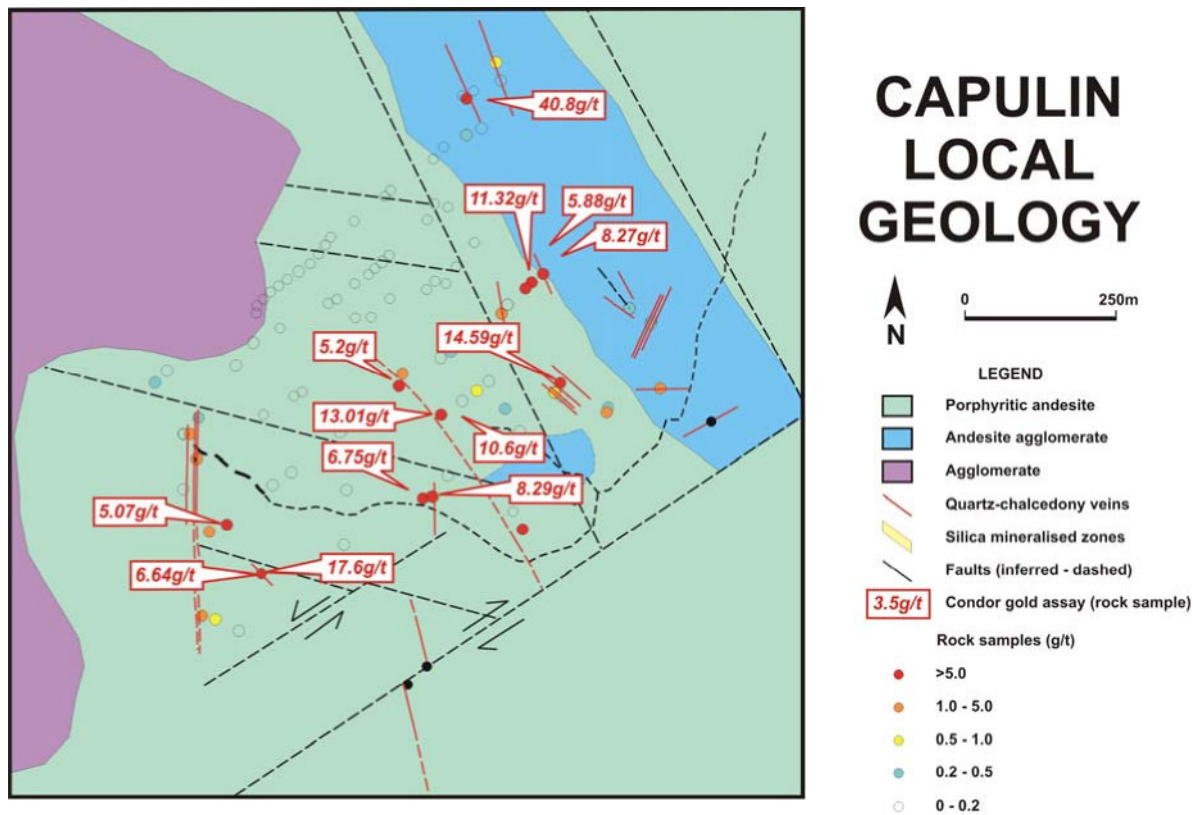
⁹ Roberts, J.R., and Irving, E.M. (1957). *Mineral Deposits of Central America, United States Geological Survey Bulletin 1034*

Figure 4 El Potosi – Drill-hole plan and significant intercepts



At the El Capulin Prospect, rock chip sampling of two quartz-chalcedony vein sets from old workings that strike north and north east respectively returned highly anomalous results, with a total of 12 samples recording assay values of +5g/t Au, including results up to 40.8g/t Au (Figure 5).

Figure 5 El Capulin - Rock and Trenching Results



No historical surface drilling has been completed at either the El Potosi or El Capulin Prospects. The Group completed a first phase programme of RC and diamond drilling at the El Potosi Prospect in December 2005 and results indicate significance encouragement for a further program of drilling. (see Figure 4)

Standing upon the old workings and looking along strike, the geomorphology suggests greater continuity of the zones than apparent from the old workings themselves.

6. LA CALERA PROJECT

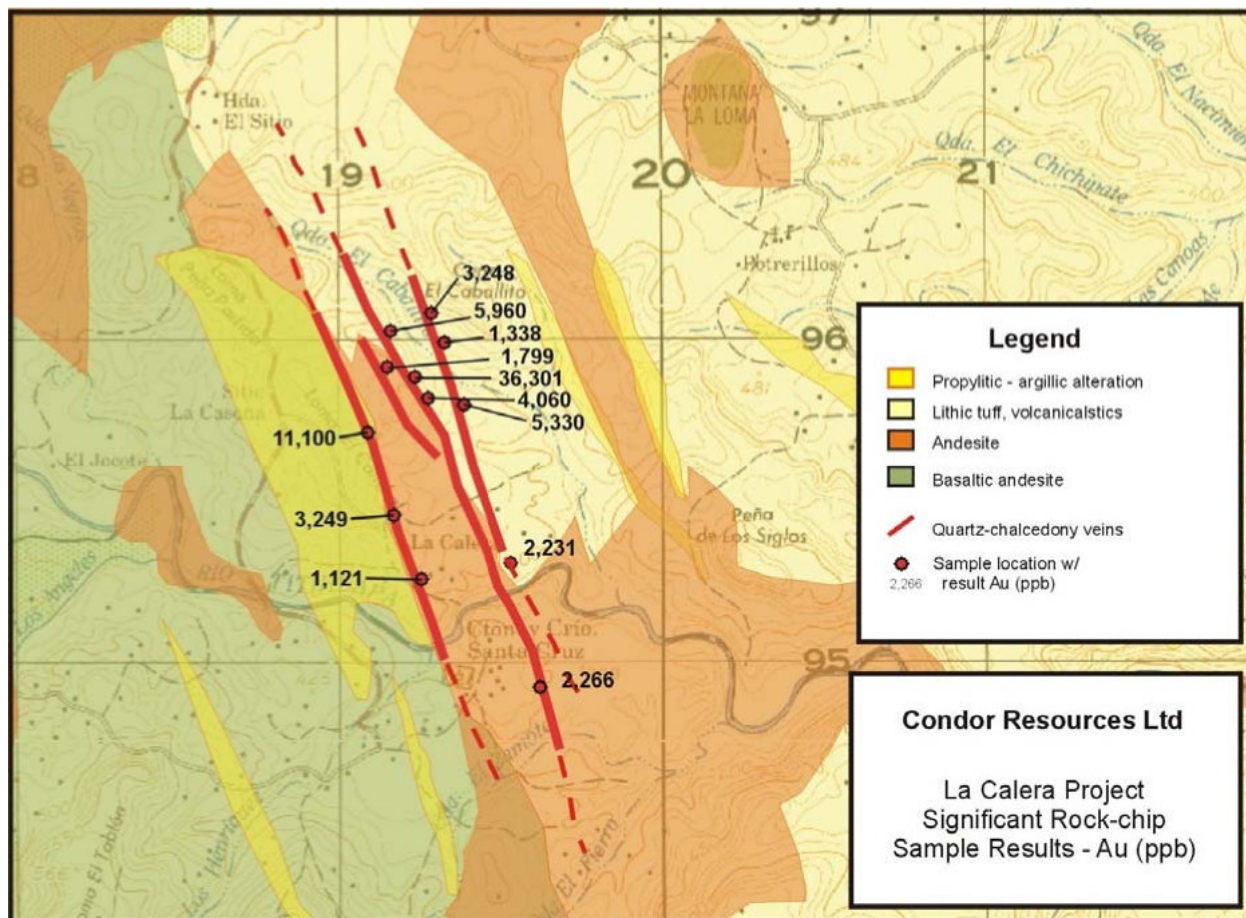
6.1 Location and Tenure

The La Calera Project is located 45km northeast of San Salvador. The Project consists of a single concession covering some 42km² and was awarded to the Group on the 27th June 2005. La Calera is held 100 per cent. by the Group's subsidiary Minerales Morazan S.A. de CV

6.2 Project Geology

Geology of the project area consists of three main units, andesitic lavas and associated pyroclastics, felsic ash flow tuffs and basaltic andesite lavas of Late Tertiary Age. The felsic ash flow tuffs are the dominant lithology observed in the project area, and consist of cream coloured tuff with local boulders of porphyritic rhyolite. The most salient structural features are north to northwest trending dilational vein sets which represent the main target of exploration (refer Figure 6).

Figure 6 La Calera – Local Geology and rock chip results



A number of vein and breccia systems have been located within the project area, namely the Rosa, Rosa West and El Calichal Prospects. These areas consist of banded quartz veins that from prominent north westerly striking ridges. The longest single vein, Rosa Prospect, has been traced for 1.2km, and further indications of hydrothermal alteration have been noted approximately 400m along the mineralised trend. The Group has recently extended this known system a further 400m along strike giving a total potential strike length of 2,000m.

As evident in the field, the vein system can be easily traced laterally through its surface expression, which gives Ravensgate a high level of confidence in developing an understanding of the nature and extent of the dominant vein sets at the prospect.

6.3 Exploration History

Pacific Rim Mining Corporation completed exploration at La Calera in 2002-2003 prior to relinquishing the licence to concentrate on development of their more advanced El Dorado Project, some 6km to the north east. Work included geological mapping, geochemical sampling and diamond drilling. In 2003, 33 diamond drill holes for 6,258m were completed by Pacific Rim Mining at the Rosa, Rosa West and El Calichal Prospects. Selected significant results are presented in Table 5. The previous drilling is still evident and collars to historical drilling have been verified by Ravensgate.

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A total of 373 rock samples have been collected from the Rosa, Rosa West, El Calichal Prospect vein systems, 177 of which were collected from trenches.

At Rosa, peak values to 17.1g/t Au (average of 9 samples, 4.6g/t Au) were returned, whilst at Rosa West values up to 69g/t Au (average of 30 samples, 12g/t Au) were recorded from epithermal veins. At El Calichal, 300m west of Rosa, a total of 14 samples were collected that averaged 2.4g/t Au, with a peak assay of 10.2g/t (Figure 6).

<i>Table 5 Diamond Drill Hole Assay Results - Significant Intercepts - La Calera Project</i>			
Hole Number	Prospect	From (m)	Interval / Result
PLC03-005	Rosa West	36.45 65.9 90.2	9.45m @ 6.8g/t Au 6.9m @ 4.6g/t Au 14.8m @ 6.7 g/t Au
PLC03-009	Rosa West	87.9	1.4m @ 12.8 g/t Au
PLC03-011	Rosa West	122.7	28.3m @ 2.3 g/t Au
PLC03-017	Rosa West	36	0.85m @ 10.9 g/t Au
PLC03-007	Rosa	37.6	25m @ 2.4 g/t Au
PLC03-008	Rosa	15.3	6.6m @ 4.3 g/t Au
PLC03-014	El Calichal	36	0.95m @ 31.5 g/t Au

The Group carried out a mapping and sampling program across the previously drilled areas of La Calera to confirm surface samples results. The Group also carried out a wider-spread reconnaissance mapping and sampling of the La Calera Licence to identify future areas for more detailed exploration. A total of 62 rock-chip and channel samples, as well as 68 stream sediment samples, were collected predominantly from the southern half of the licence area where Morazan Formation andesite outcropped. Significant results from sampling conducted by the Group are shown in Table 6.

<i>Table 6 Significant Sample Results – La Calera</i>						
Sample #	Au g/t	Au(Gr) g/t	Ag g/t	Location	Type	Width (m) (M) (m)
150410	36.301	35.931	25.5	Rosa West vein	Channel	1.1m
150408	11.100	11.675	32.6	La Calera hill	Channel	0.3m
150482	6.040	7.000	10.3	Calichal systems	Channel	-
150402	5.960	5.691	3.9	Possibly the Rosa West Vein	Channel	0.5m
150409	5.330	6.103	4.3	Rosa West vein	Channel	0.9m
150451	5.150	6.000	4.8	Rosa West vein	Channel	0.1m
150404	4.060	3.908	2.1	Rosa vein TR site hill zone	Channel	1.4m
150478	3.510	4.000	3.5	Rosa South vein	Channel	-
150407	3.249	3.771	9.1	El Calichal systems	Channel	0.3m
150411	3.248	3.017	2.1	Rosa vein TR site	Channel	0.55m

Table 6 Significant Sample Results – La Calera

Sample #	Au g/t	Au(Gr) g/t	Ag g/t	Location	Type	Width (m) (M) (m)
150485	2.764	-	6.9	Calichal systems	Channel	-
150803	2.617	-	2.8	Pena Los Siglos NW	Float	-
150413	2.266	-	0.8	Rosa South	Float	-
150405	2.231	-	1.8	Rosa South vein	Channel	1.1m
150476	2.209	-	2.2	Rosa South vein	Channel	-
150498	1.815	-	1.0	Side North Tatuhuapa river	Float	-
150401	1.799	-	5.3	Rosa West vein	Channel	0.7m
150471	1.590	-	1.4	Rosa South vein	Channel	-
150464	1.414	-	2.5	Rosa West vein	Channel	0.1m
150489	1.403	-	2.4	Calichal systems	Channel	0.2m
150472	1.366	-	0.3	Rosa south Vein	Channel	-
150403	1.338	-	1.1	Rosa vein, El Caballito creek	Channel	1.4m
150465	1.279	-	2.2	Rosa West vein	Channel	1.7m
150457	1.264	-	2.0	Rosa West vein	Channel	-
150412	1.121	-	1.6	La Calera Hill south	Channel	0.35m

7. EL PESCADITO PROJECT

7.1 Location and Tenure

The El Pescadito Project is located in eastern El Salvador, 95km east of the capital San Salvador and 10km northeast of the city of San Miguel. Topography consists of relatively subdued rolling hills that are formed dominantly by the elongate resistant ridges associated with silicification and quartz mineralisation.

The El Pescadito Project comprises two licences covering an area of 90.5km², namely El Pescadito granted on the 27th August 2004 and Carolina granted on the 30th May 2005. The Group, through its wholly owned subsidiary MMS holds 100 per cent. of the licences.

7.2 Project Geology

Due to its proximity to the El Potosi Licence, the underlying geology of the El Pescadito Project is very similar consisting of andesite flows agglomerates, volcanoclastics and tuffs. Overlying these are rhyolite flows, tuffs, ash-flow tuffs.

The majority of the mineralisation across the licence area follows a general north-northwest trend that parallels the dominant structural fabric, though cross-structures relating to the pervasive strike-slip

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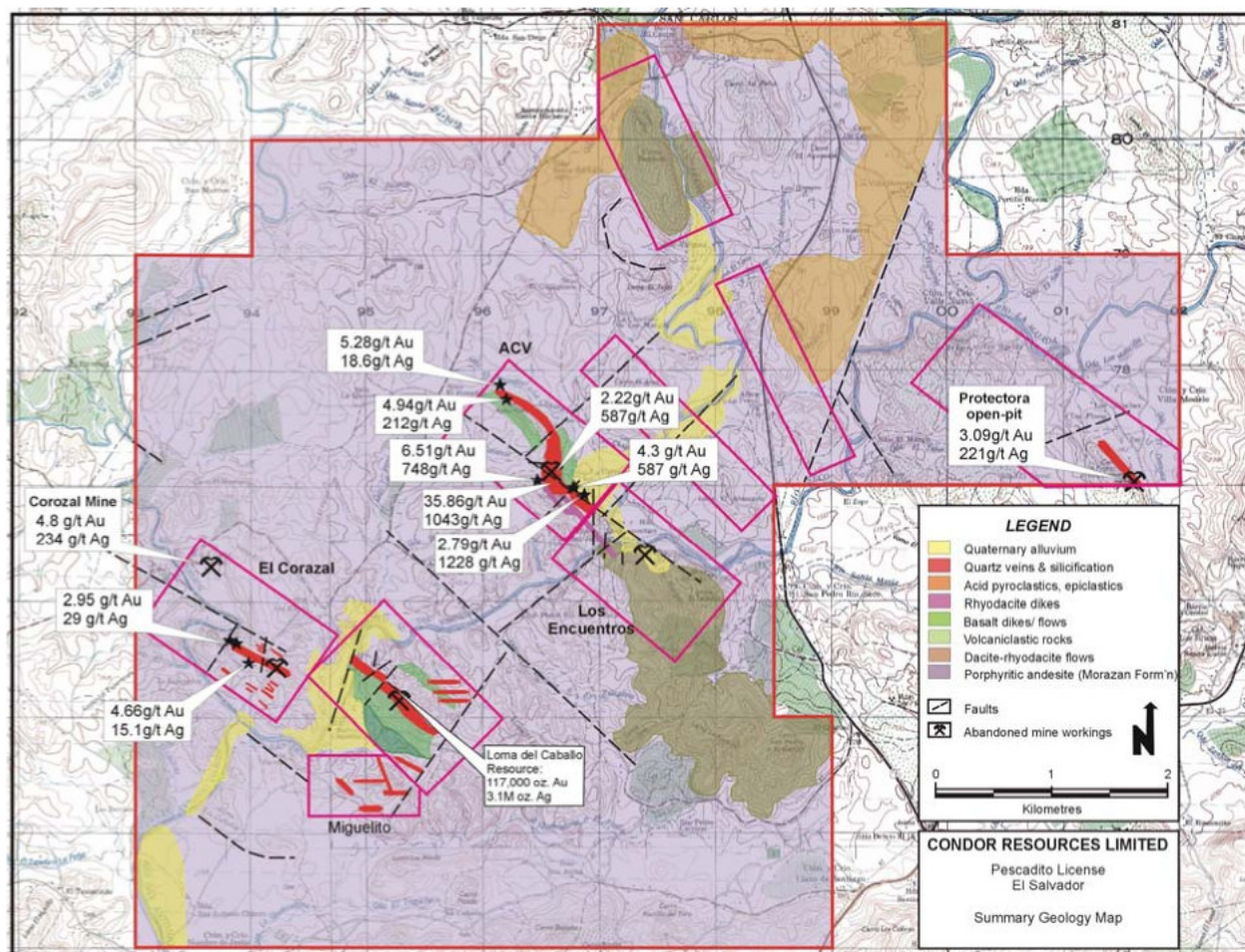
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tectonics are observed. Late north-east trending faults appear to displace all mineralised structures and known early Tertiary age calderas in the area.

In general, the epithermal gold and silver mineralisation occurs as quartz breccias or stockwork quartz veinlets hosted in either andesite or felsic tuffs. Argillic alteration is present and forms a wider halo around the core quartz breccias. Carbonate veinlets appear to post date the mineralisation, and are, therefore, superimposed upon earlier silicification and mineralisation. The system is silver enriched, a characteristic feature of the historic mines in the region, which combined with the elevated sulphide content observed in the mineralogy present suggests a mid range style of epithermal mineralisation between low sulphidation and acid sulphate systems.

Three distinct areas of gold and silver mineralisation have been identified from previous underground mine workings and by companies that have recently carried out limited exploration work. These priority areas include: Loma del Caballo - Corozal, Virginia-Agua Caliente and Carolina/El Divisidero (refer Figure 7).

Figure 7 El Pescadito – Local Geology



7.3 Exploration History

Numerous old workings and mines are located within the El Pescadito Project. These have been mined intermittently since the 18th Century although no accurate production figures are available. For example, it is reported by Independent Consultant, Coast Mountain Geologic Services, that approximately 100,000oz of gold and 5.6Moz of silver was mined from El Divisidero in the early 1900's at estimated grades of 3.8g/t Au and over 200g/t Ag respectively.¹⁰

Recent exploration has been conducted by Canadian mining companies, Javelin Limited, Nycon Resources Inc. Intrepid Minerals Corporation and Bema Gold Corp. From 1993 to 1996, Nycon conducted an exploration program across the Pescadito Licence that included: aerial photo-interpretation; soil geochemistry surveys; geophysical surveys including Induced Polarisation (IP); surface trenching and sampling; underground surveying and sampling; RC and diamond drilling at Loma del Caballo and Virginia -Agua Caliente.

Loma del Caballo Prospect

Soil sampling by Intrepid identified a gold-silver anomaly at Loma del Caballo Prospect some 700m long, and varying in width from 50m to 200m.

An Induced Polarization (IP) survey was conducted over the Loma del Caballo Prospect ridge in 1995 by Intrepid and identified a co-incident high chargeability/ high resistivity anomaly.

Sampling of the old workings by Intrepid, principally at Loma del Caballo, Virginia and Agua Caliente Prospects (Figures 8 and 9) returned high grade gold and silver assays, as outlined below in Table 7. The Group's recent mapping and sampling (see Figure 7) has confirmed the presence of gold and silver mineralisation at surface.

¹⁰ Intrepid Minerals Corp: website (www.intrepidminerals.com) February 2005

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Figure 8 Loma del Caballo – Local Geology and Sampling Results

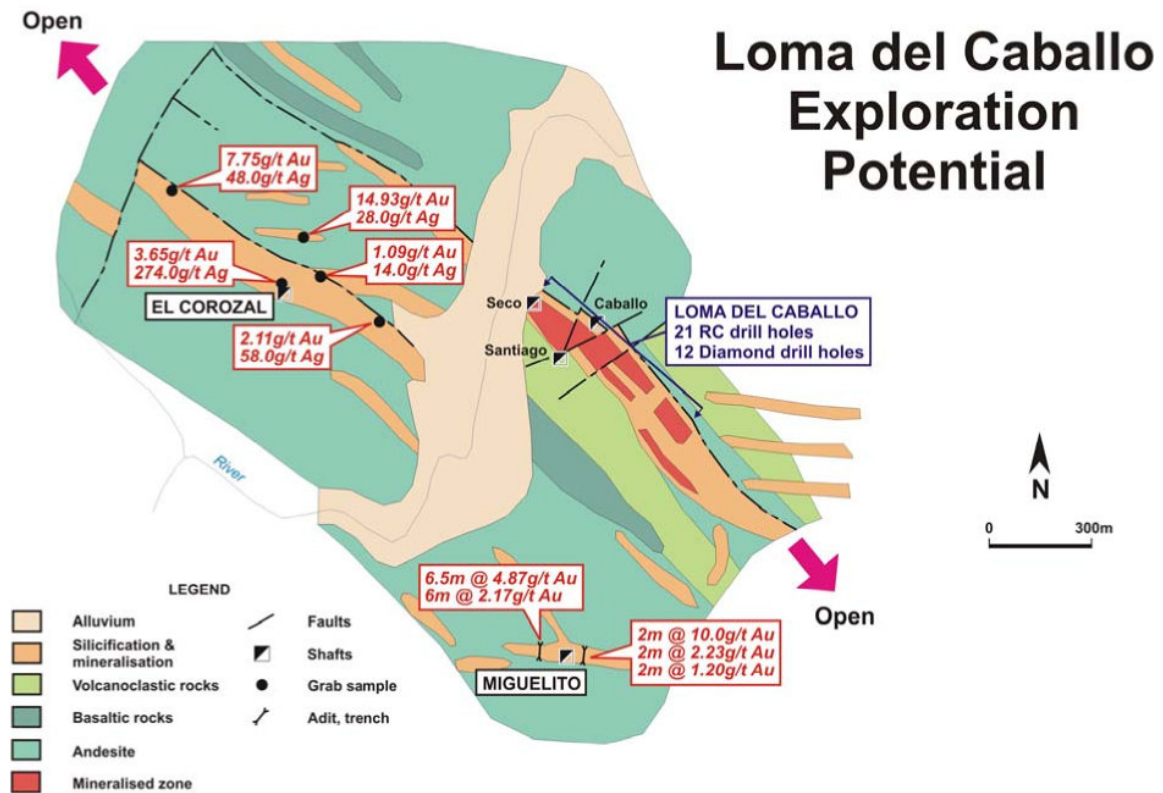


Figure 9 Virginia-Agua Caliente – Local Geology and Sampling Results

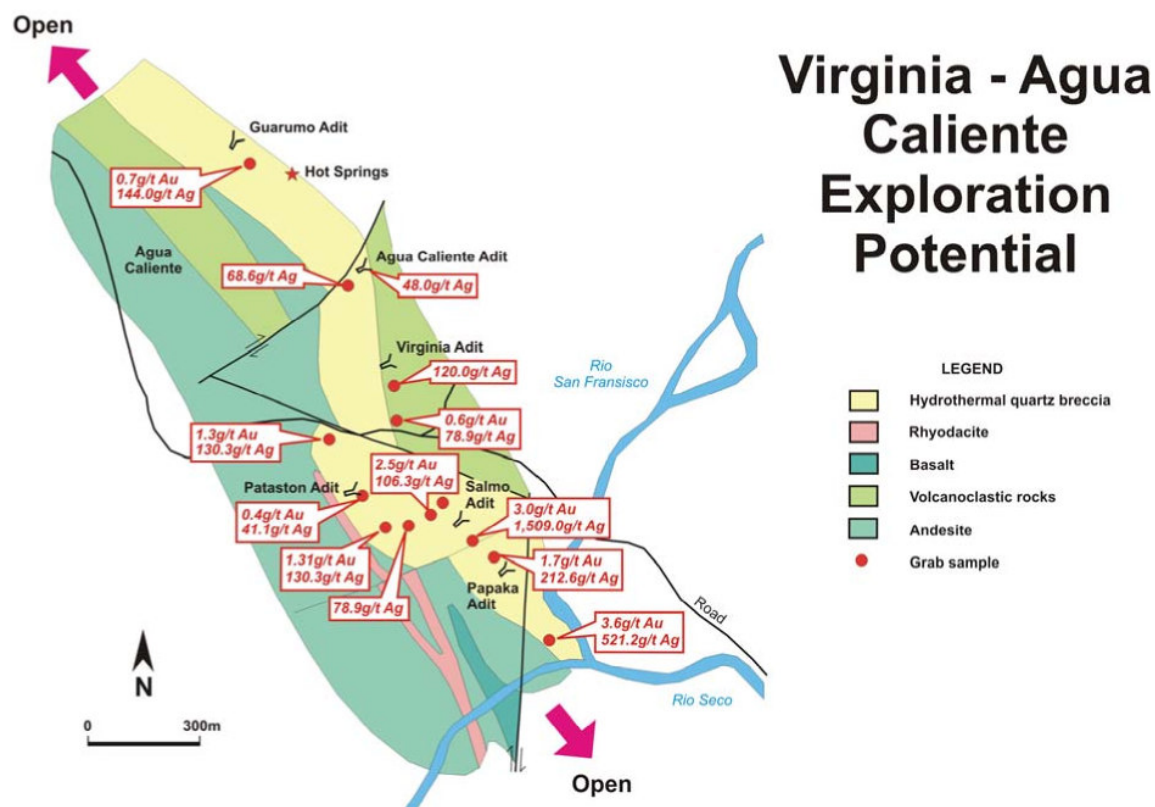


Table 7 Summary of Underground & Surface Trenching Results - Loma del Caballo & Virginia - Agua Caliente Prospects

Location Description	Width (m)	Assay Results g/t Au
Santiago Adit Main vein	0.5-3	Up to 2.8m @ 10.1g/t Au and 174g/t Ag
Santiago Adit Stockwork zone surrounding main	100	Incl. 32.1m @ 2.12g/t Au and 43.35g/t Ag
Seco Adit Main vein/breccia zone	12	1.12g /t Au and 214g /t Ag and 2m @ 2.42g
Caballo Adit Breccia/vein 10m + stockwork	10	1.8 g /t Au and 153g /t Ag (m)
Caballo Adit Along strike of vein	26	1.25 g /t Au and 112 g /t Ag
Virginia argillic andesite with stockwork	10	10 m @ 0.473g /t Au and 87g /t Ag At adit
Pataston Siliceous quartz breccia	2	2 m @ 2.98g /t Au and 87g /t Ag and 1.6 m
Agua Caliente argillic andesite with stockwork	2	2m @ 0.89g /t Au and 59.6g /t Ag At adit

Intrepid drilled 12 diamond and 21 RC holes in 1996-97 covering a strike length of some 600m on the Loma del Caballo Prospect. This drilling program was designed to test the coincidental geophysical (IP) and surface soil sampling anomalies as well as the high-grade results obtained from underground sampling.

Holes were located on lines spaced 25m to 50m apart in the northern half of the target area and spaced 75m to 150m apart in the south half of the target area, covering a strike length of 600m. All diamond drill

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holes were drilled to 100m depth, whether vertical or inclined. This first phase of drilling tested the shallow portions of the breccia system, before deeper drilling below the water table. Significant assay results from the drilling at the Loma del Caballo Prospect are detailed below in Table 8 and 9 for the Diamond and RC drilling respectively. Like the El Potosi Project, the mineralisation appears to be coincident with a major ridge through the prospect improving both exploration targeting and potential economics for subsequent extraction should significant economic mineralisation be identified.

Table 8 Diamond Drill Hole Assay Results - Significant Intercepts - Loma del Caballo Prospect

Hole Number	Prospect	From	Interval/ Result
DH-L-9-97	Loma del Caballo	0m 60.95m	25.2m @ 2.14g/t Au, 90.5g/t Ag 7.4m @ 1.07g/t Au, 27 g/t Ag
DH-L-10-97	Loma del Caballo	5.6m 14.75m	46.85m @ 0.73g/t Au, 21g/t Ag 18.4m @ 1.05g/t Au, 29g/t Ag
DH-L-11-97	Loma del Caballo	0m 17m 47m	21m @ 2.0g/t Au, 212g/t Ag. 2m @ 10.95g/t Au, 500g/t Ag 81m @ 0.75g/t Au, 13g/t Ag.
DH-L-12-97	Loma del Caballo	108m 7.65m 7.65m	16m @ 2.3 g/t Ay, 23g/t Ag 51.95m @ 2.1 g/t Au, 54g/t Ag 8.55m @ 6.86g/t Au, 230g/t Ag

Table 9 RC Drill Hole Assay Results - Significant Intercepts - Loma del Caballo Prospect

Hole Number	Prospect	From	Interval/ Result
RCL-1-97	Loma del Caballo	14m 96m	2m @ 11.65g/t Au, 34g/t Ag 7m @ 2.3g/t Au, 158g/t Ag
RCL-3-97	Loma del Caballo	24m 89m	22m @ 1.86g/t Au, 31g/t Ag 14m @ 1.95g/t Au, 90g/t Ag.
RCL-4-97	Loma del Caballo	inc 40m	4m @ 3.7g/t Au, 217g/t Ag 12m @ 2.0g/t Au, 19g/t Ag
RCL-6-97	Loma del Caballo	36m	9m @ 0.57g/t Au, 15g/t Ag
RCL-17-97	Loma del Caballo	19m inc	85m @ 1.94g/t Au, 52g/t Ag. 5m @ 13.6g/t Au, 125g/t Ag
RCL-20-97	Loma del Caballo	and 9m inc and	22m @ 2.0g/t Au, 46g/t Ag 41m @ 3.39g/t Au, 90g/t Ag. 8m @ 8.77g/t Au, 149g/t Ag 3m @ 13g/t Au, 500g/t Ag

In 1998, a preliminary Mineral Resource assessment was completed by Watts, Griffis & McQuat ("WGM"). Based upon the drilling results from Intrepid, a Polygonal Assessment using arithmetic average within the block concluded that a combined Indicated and Inferred Mineral Resource of 116,500 ounces gold and 3.2 million ounces silver existed.

At the Loma del Caballo Prospect, mineralisation occurs within a large vein stockwork zone. Numerous individual zones have been identified by Intrepid within this host stockwork system; however, the

majority of tonnage is contained in three of these steeply dipping zones over a 650m strike length. The mineralised zones are open along strike to the NW and SE, as well as at depth. The ore zone is contained in a prominent ridge some 70m high and in Ravensgate's opinion could represent a favourable open-pit stripping situation. WGM used a cut off grade of 0.50 g/t gold equivalent, utilising a 100:1 silver:gold ratio and a density of 2.51; as determined from bulk samples.

Utilising the equivalent gold grade WGM stated; "the mineralised zones appear to have fairly good continuity along strike and down dip and are open to depth in most areas. Almost half of the resources are classified as inferred due to the widely-spaced drill hole configuration between the sections (up to 100m), or due to lack of drilling at depth". In addition to drill hole and trenching data, WGM also incorporated assay data from the underground workings specifically to allow added confidence in extending the influence of drill holes and of the contained mineralisation envelopes where possible.

WGM examined the check assays and determined that correlation of assay data between laboratories was very good for both gold and silver, with correlation coefficients being well over 90 per cent. Two drill holes were twinned with two of the RC holes. The twinned holes indicated that the dry RC holes correlate very well with the diamond drill data; however the RC data was not as reliable when the holes were wet. Only data from the dry RC holes was used in the calculations. One RC hole was not used in the Mineral Resource calculations because of potential contamination problems due to intersection of a stope at 55m.

Whilst the report for the resource assessment has yet to be sighted, the sections and plans from which the Mineral Resource was calculated have been sourced through the El Salvador Mines Department records. Notes on the Mineral Resource calculation suggest the Mineral Resource calculation was completed in a systematic and transparent manner, notwithstanding that it predates the current JORC code. Therefore Ravensgate has classified the Mineral Resource in the Inferred category of the current JORC code, as outlined below in Table 10.

<i>Table 10 Summary of Mineral Resources - Loma del Caballo Prospect</i>							
Mineral Resources	Gross gold			Gross silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,517,300	1.44	116,500	2,517,300	39	3.2M	MMS100%

The Mineral Resource covers the span of the known workings. From site inspection however there is ample scope to see the opportunity to increase the resource with further drilling both at depth and along strike. The existing Mineral Resource does not appear to have taken the underground stoping into consideration. The impact of this, based upon the longitudinal and surface plans from historical work, is considered minimal as the widths of broad lower grade mineralisation referred to in the resource polygons are of a width and grade that would be fair to assume would have been beyond the reach of the mining technology at the time.

Virginia Agua Caliente Prospect

At the Virginia-Agua Caliente vein set, located 2km east along a parallel trend to Loma del Caballo, wide spaced reconnaissance soil and rock sampling over 1.6km strike returned results including 3g/t Au and 1500g/t Ag and 3.6g/t Au, 521g/t Ag (Figure 9). Trenching over 400m of strike close to the Encuentros Prospect returned encouraging intervals including 18m @ 1.0g/t Au and 113g/t Ag. This area has never been drill tested.

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El Divisidero Prospect

In the 1970's, Javelin Limited de-watered the historical El Divisidero Mine in the Carolina Licence, and collected samples from underground. This work returned grades averaging 1.7g/t Au and 120g/t Ag over 30-50m widths from stockwork veining and alteration.

Additional underground mapping plans were sighted at San Salvador and showed the workings to be extensive and continuous indicating the opportunity for continuation to the main mineralised trend to be real.

Like the Loma del Caballo Prospect, the Mineral Resource estimate for the El Divisidero Prospect has not been detailed, however from the information available its inclusion as an Inferred Resource seems reasonable.

Studies into the potential underground Mineral Resources at the El Divisidero Prospect were calculated in 1981 (Kents and Olvarado) based on the underground work completed by Javelin. Note that this work, although it complies with the Performance Standards for Professional Engineers in classification of ores using guidelines issued by the Association of Professional Engineers of Ontario (1976) (CIMM), has not been sighted or verified by Ravensgate. It can be included as an Inferred Resource under the current JORC code, as outlined below in Table 11.

<i>Table 11 Summary of Mineral Resources - El Divisidero Prospect</i>							
Mineral Resources	Gross Gold			Gross Silver			Owner
	Tonnes	Grade (g/t)	Contained Metal (oz)	Tonnes	Grade (g/t)	Contained Metal (oz)	
Total Inferred	2,748,200	2.7	238,000	2,748,200	171	15.1 M	MMS 100%

More recent exploration at Carolina Project includes surface mapping and geochemical sampling by Intrepid (1998-2000) and diamond drilling by Bema Gold in 2003.

Surface sampling by Intrepid of old workings some 600m north west of the Carolina mine yielded channel sampling results of 4m @ 1.7g/t, 150g/t Ag and grab samples to 7.6g/t Au, 700g/t Ag. These areas have never been drilled.

In 2003, Bema completed eighteen drill holes at the Carolina Licence, targeting three areas identified from surface mapping; El Divisidero Prospect and Matilde veins and the Gabriela vein, located northwest of the main mine workings. All holes intersected wide intervals of breccia and quartz veins, with widths ranging from 6m to 20m. Bema Gold's drilling was completed some 100 to 125m below the existing workings, and the mineralisation remains open to the north and south at Carolina, with a potential increase in grade noted towards the south in possible high grades shoots. There is no indication that the Bema exploration has been included in any resource estimates and whilst their work was restricted to be level with or parallel to the underground workings, they do not appear to have explored the depth potential of the system.

Bema drilling also tested the Carolina and Matilde veins, which are sub-structures of, and 400 metres to the north of the El Divisidero Project. These veins have also produced some significant gold intercepts as publicly reported by Bema in the Table 12 below.

Table 12 Diamond Drill Hole Assay Results -Significant Intercepts - Carolina–Matilde

Hole Number	Area	From (m)	Interval/ Result
DV-03-03	Carolina	199.3	1.5m @ 4.38g/t Au, 177g/t Ag
DV-03-04	Carolina	225.8	3m @ 6.3g/t Au, 520g/t Ag
DV-03-05	Carolina	262	1m @ 2.2g/t Au, 180 g/t Ag
DV-03-07	Carolina	246	4m @ 2.6g/t Au, 150g/t Ag
DV-03-08	Matilde	106	1m @ 2.2g/t Au, 105g/t Ag
DV-03-13	Matilde	100.5	4m @ 4.4g/t, 320g/t Ag
DV-03-15	Matilde	106.7	2m @ 6.7g/t Au, 473g/t Ag
DV-03-16a	Matilde	134.9	2m @ 4.6g/t Au, 269g/t Ag

The Group carried out a limited reconnaissance exploration program across several of the major structures on the Pescadito Project, in the summer of 2005.

Corazal Prospect

This principally comprised of line cutting, mapping, rock-chip channel sampling on the Corazal Prospect, where a total of 4,780 metres of line were cut. A total of 444 rock-chip and channel samples were collected; significant results are summarised in Table 13

Table 13 Significant Sample Results – Corazal Prospect

Sample #	Au (g/t)	Au (Gr) (g/t)	Ag (g/t)	Ag (Gr) (g/t)
107774	3.980	4.663	15.1	-
107686	2.105	-	39.2	-
107790	2.953	-	29.1	-
150517	5.096	4.868	>200	234.1
150548	2.789	-	>200	1228.3
150530	3.740	4.320	>200	587.0
150534	31.330	35.862	>200	1043.3
150579	6.010	6.514	>200	748.2
107729	4.710	4.937	>200	212.5
107741	4.640	5.280	18.6	-
150523	2.218	-	>200	219.1
150746*	3.830	3.840	>200	211.1
150747*	4.480	5.486	>200	296.9
150748*	2.830	-	>200	284.9
150749*	1.228	-	93	93.0
Average	5.46	8.41	>146.33	468.95

8. EXPLORATION POTENTIAL AND BUDGET (EL SALVADOR)

The Group has proposed an 18 month budget expressed in terms of Pounds Sterling for inclusion in this document to reflect a listing on AIM and development of a working capital budget to cover an 18 month period. This is presented in Table 14.

El Potosi Project

The El Potosi Project occurs in a geological environment which hosts numerous other epithermal gold deposits throughout the Central American cordillera, exhibiting characteristics of low sulphidation epithermal gold deposits.

Ravensgate believes that the extent of the historical mining at the El Potosi Project, together with the number of mineralised vein systems within the concession (e.g., El Capulin Prospect), suggest that the area is highly prospective for gold mineralisation.

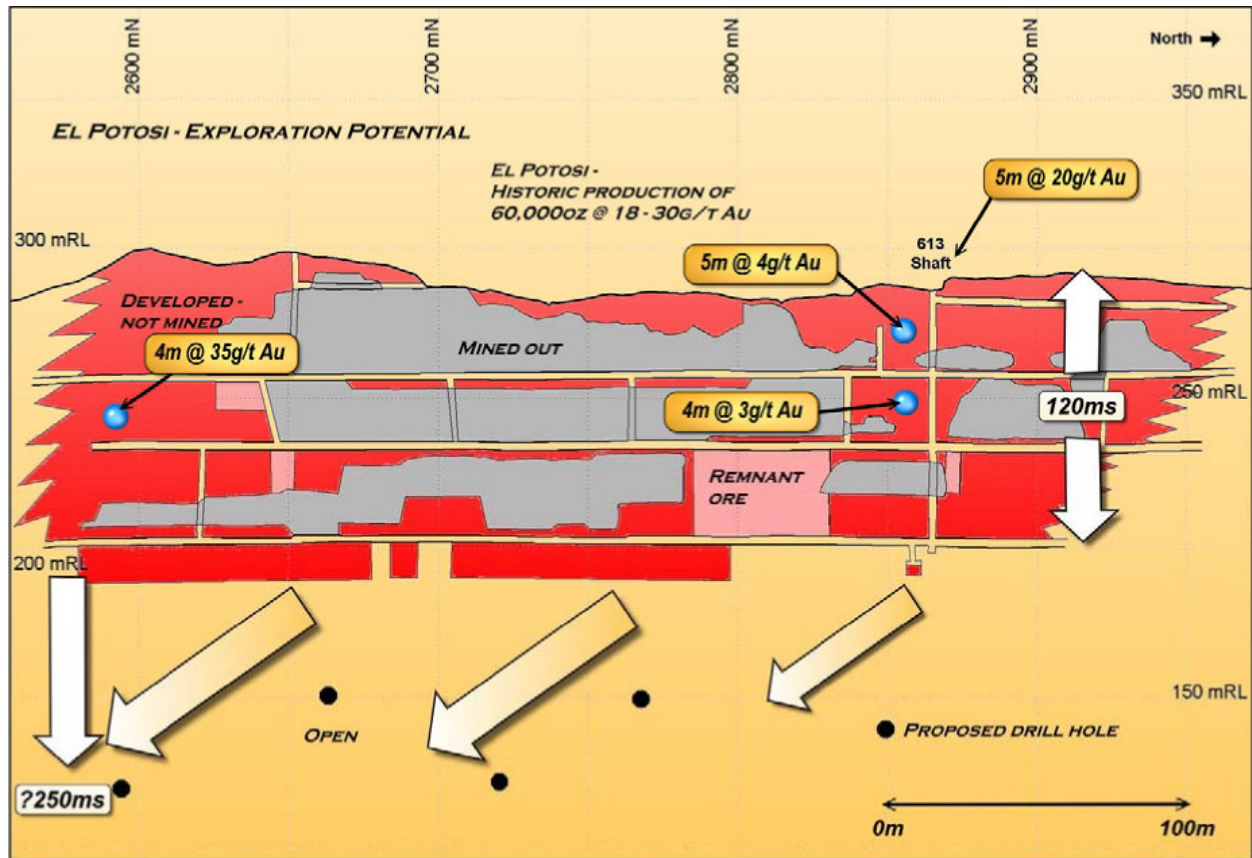
It appears that previous mining activity was curtailed by a combination of technical limitations, both in mining (e.g., water in the workings) and exploration, coupled with a low gold price and political factors in the country in general.

Recent encouraging results from the first program of drilling completed by the Group provide additional targets for further drilling (see Figure 10).

Reconnaissance mapping to the south of El Capulin Prospect has identified new outcrops of mineralised quartz-chalcedony veins which have yet to be fully investigated.

Within the current configuration of the El Potosi Project, virtually all the activity to date has focused on the area of the El Potosi Prospect working and the El Capulin Prospect to the southeast. There remains a large area of prospective geology, not the least of which is between the two aforementioned prospects (Figure 3). Preliminary investigations of the area immediately south of the El Capulin Prospect area and north of the El Potosi Prospect indicate potential extensions of mineralised structures.

Figure 10 El Potosi – Drill Targets, Potosi Workings



Grid controlled exploration in the immediate area of the El Potosi and El Capulin Prospects is planned, expanding coverage to the north and south of both areas to ultimately fill in the unexplored land between the two areas and along strike. This will consist of mapping, trenching and rock chip sampling.

Drilling under the known or interpreted mine workings, to assess the depth extension to mineralisation, is proposed and a total of 600m of diamond core drilling and 2,500m of reverse circulation drilling is proposed across the El Potosi structures.

Total expenditure over an initial eighteen month period for the project is £989,457, the majority of which is to be utilised for the planned drilling and includes a cash payment to Brett Resources Inc. of US\$1,250,000 should the Group wish to proceed with the agreement after the 24 August 2007.

La Calera Project

Exploration conducted to date at the La Calera Project, particularly the drilling, has in the opinion of Ravensgate shown that the Rosa and Rosa West Prospects have excellent potential for shallow, potentially open pit recoverable gold resources as well as subsequent high grade underground resources. The mineralisation is open both along strike and at depth and further drilling is warranted. Only a small area of the La Calera Licence has been explored, and the possibility of similar styles of epithermal gold mineralisation as already discovered is considered high by Ravensgate.

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Total expenditure for the project for the initial eighteen month period is £224,309 with the majority being utilised for the planned drilling.

El Pescadito Project

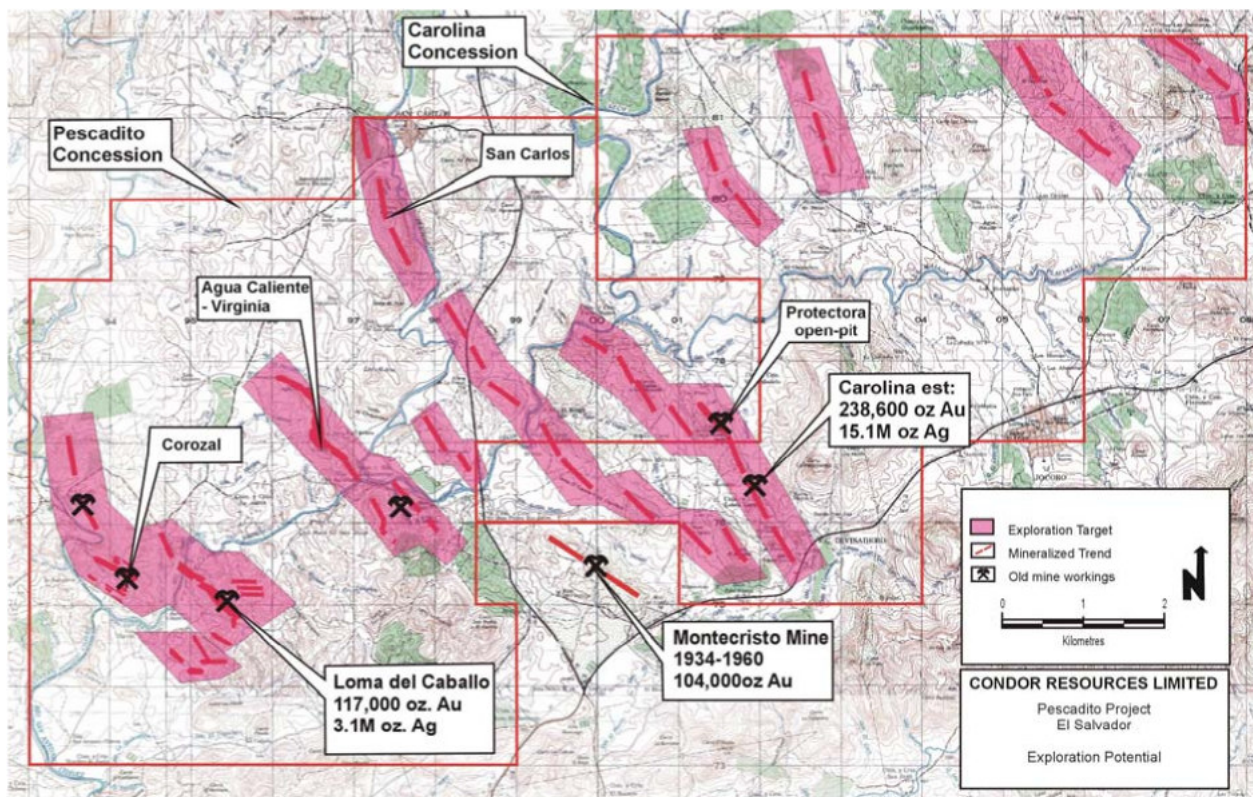
From the extensive exploration work conducted by previous explorers, combined with the historic mining conducted on many of the mineral deposits, it is the opinion of Ravensgate that the El Pescadito Project is highly prospective and should be considered a high priority target for future exploration work.

The Loma del Caballo and El Divisidero Prospects have been subjected to the most recent exploration with both surface and underground evaluations suggesting to Ravensgate that there is strong potential for the discovery and delineation of sizeable gold and silver breccia mineralised zone hosted by a low-sulphidation, epithermal-type systems.

Drilling of the Loma del Caballo and El Divisidero Prospects at depth, well below any potentially open-pit recoverable target is recommended to assess the "boiling zone" of the system. At the Loma del Caballo Prospect more tightly constrained epithermal system should exist at depth below the breccia zone, whilst the potential for a high grade plunging shoot to the south at the El Divisidero prospect needs to be further investigated.

In the opinion of Ravensgate, Virginia - Agua Caliente, Corozal, and other prospects (Figure 11) represent quality, priority targets such as that found at the Loma del Caballo prospect and require drilling to evaluate the depth potential and grade of the system. Surface exploration shows that these vein – breccia systems have a considerable strike length of several kilometres.

Figure 11 El Pescadito – Prospectivity Map



The Group has provided a comprehensive eighteen month programme and budget for the El Pescadito Project. This provides for 5,000m of initial RC drilling not only to test the priority targets but to confirm present Mineral Resources, as well as incorporating regional soil sampling and mapping programmes. Total budget for the eighteen month period is £242,405.

A further RC and diamond drilling program is budgeted to follow up the more significant targets identified in early programs and commence resource definition drilling of the higher priority mineralisation.

El Divisidero

The Carolina Licence requires immediate follow up to the Bema Exploration where drilling was limited to directly below the old workings at El Divisidero. Ravensgate believe that potential exists within the top 100m, as areas that have not been stoped out and extensions along strike to the north and to the south. A surface grid needs to be established to facilitate drilling of approximately 3,500m of Reverse Circulation and 100m of diamond tails both near surface and at depth for good geological control on the mineralisation style and gold/silver distribution within the zone. The Group has prepared a £246,673 budget for the initial eighteen month period.

Table 14 Proposed Exploration Budget – El Salvador

Category	0- 12 Months £	13 – 18 Months £	Total £
Administration, Management and Office costs	104,578	56,209	160,787
La Calera	224,309	0	224,309
Carolina	246,673	0	246,673
El Potosi	298,850	690,608*	989,457
El Pescadito	211,331	31,074	242,405
TOTAL	1,085,741	777,891	1,863,631

**Represents a payment of US\$1,250,000 to Brett Resources Inc. due on the 24th August 2007 which is to be paid if the Group wishes to carry on with the terms of the agreement.*

9. NICARAGUA PROPERTIES

9.1 Introduction

The Group has the option to earn an 80 per cent. interest in three further projects (Segovia, Siuna and Juan Sebastian) containing 5 granted licences and one application for licence in Nicaragua, covering some 743km².

Nicaragua, the largest country in Central America (Figure 1) is bordered by Honduras to the north, Costa Rica to the south, the Caribbean Sea to the east and the Pacific Ocean to the west.

Temperature varies little with the seasons in Nicaragua and is largely a function of elevation, although rainfall varies greatly. Up to 6.5m of rain can fall annually in some parts of the country in Nicaragua. Rainfall is seasonal. May through October is the wet season and December through April is the driest period.

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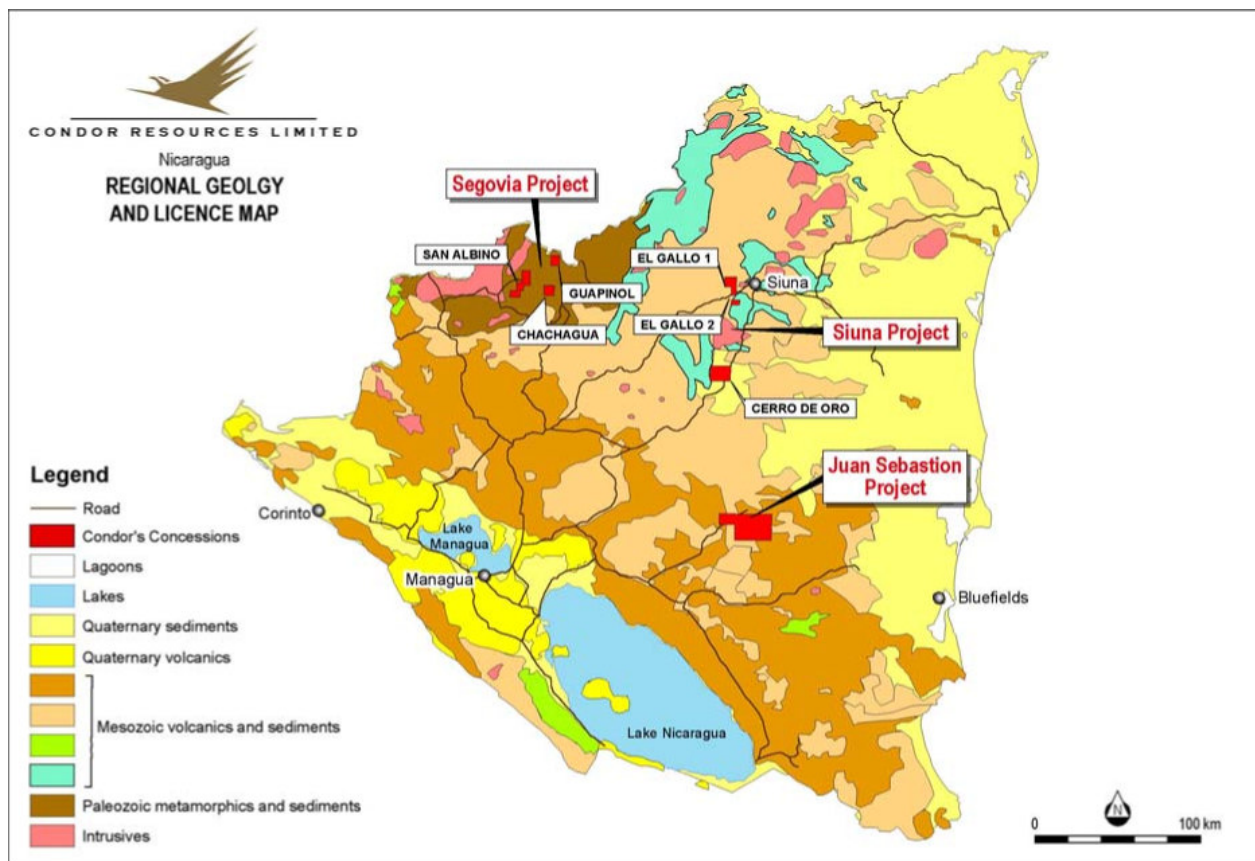
The capital of Nicaragua is Managua and the local currency is the Cordoba. Being one of the poorest countries in Central America, the country faces significant economic problems including: low per capita income, massive unemployment and large external debt. GDP growth of between 1.5 per cent. - 2.5 per cent. is too low to meet the country's needs, however recent trends suggest that up to 6 per cent. GDP is possible in the near future.

Notwithstanding the recent transition from a planned to a market economy, the structure of Nicaragua's economy remains that of an exporter of agricultural commodities. The main exports are concentrated in a few products including coffee, meat, and sugar.

9.2 Mining and Exploration History

During the 1940's and 1950's Nicaragua produced a significant amount of gold. Production came from four mining districts: El Limón-La India; La Libertad; Siuna and Bonanza¹¹. The location of the Groups projects in relation to these historical mining districts are shown on Figure 12.

Figure 12 Nicaragua – Location Map



The La Libertad mine went into large-scale production in 1862; local artisanal miners have worked the area since the colonial period of the Spanish. From 1900 to 1935, British companies, in total, extracted from a number of local sites approximately 200,000 tonnes of ore averaging 15g/t gold. La Libertad is now

¹¹ Heffernan, V. (2004). *Gold Mining and Exploration in Central America*, February 2004.

owned and operated by Yamana Gold Inc., with current Mineral Resources quoted at 15.1Mt @ 1.91g/t Au for approximately 925,000 ounces of gold¹².

The mine at El Limon is probably one of the most well known and dates back to 1850. The Limon Mine concession includes numerous epithermal gold-quartz veins that have produced approximately 2.7 Million ounces of gold since production began in 1941. From 1941 to 2002, just over 2.4 million ounces were recovered from 6.7 million tonnes of ore¹³.

The Siuna mine, currently owned and operated by RNC Gold Inc, has a total historic production of some 2.2 million ounces gold, 0.6 million ounces Silver and >1000 tons of Copper¹⁴. This mine lies to the immediate east of the Group's El Gallo property.

Western Mining Corporation ("WMC") conducted extensive exploration in the late 1990's across large areas of Nicaragua, spending over US\$12 million on regional exploration. WMC conducted soil and rock geochemical surveys, geophysical surveys, stream sediment surveys across areas where there had been virtually no modern day exploration and generated numerous geochemical anomalies that were never followed up¹⁵.

9.3 Mining Tenure

In 2001 a revision of the 1958 Mining Law- "**Ley Especial sobre Exploración y Explotación de Minas**"- Decree 387-2001 was approved. This new Mining Code along with its **Rules and Regulations** (Decree 119-2001) was designed to ensure a consistent and productive exploration of the nation's Mineral Resources by competing effectively with the most advanced mining legislation in the world.

The new concept of "**Concesión Minera**" (mining concession) covers the full scope of mining activity, from exploration, all the way to plant construction and mining. Mining concessions are granted for 25 years, renewable for an additional 25 years (see Table 15).

Other foreign investment incentives include: The **Foreign Investment Law** which guarantees 100 per cent. repatriation of profits at the official exchange rates at the term of the investment and the repatriation of capital after three years of operation; The **Export Promotion Law** offers duty free access to machinery, spare parts, raw materials and semi-finished goods required to generate export. Domestic goods used for export generation are also **Sales Tax** exempt.

¹² RNC Gold Inc.: Mineral Reserve Audit, Cerro Mojon Project, Republic of Nicaragua, CAM LLC, May 28, 2003.

¹³ Glencairn Gold Corp, Technical Report on the Santa Pancha Resource Estimate for the Limon Mineral Concession, M.B.Gareau, November 24, 2004.

¹⁴ Roberts, J.R., and Irving, E.M. (1957). Mineral Deposits of Central America, United States Geological Survey Bulletin 1034.

¹⁵ Empresa Minera, S.A.: Various Company Reports to Government.

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<i>Table 15 Nicaragua: Exploration & Mining Rights</i>	
Nicaragua	Mineral Exploration & Mining Rights
Mining Act	1958 General Exploitation of Natural Resources; revised 2001
State Ownership of Minerals	Yes
Negotiated Agreement	Not specified
Mining Title / Licence Types	
Land Acquisition & Holding	Exploration Licence
Exploration Tenements	Exploration Licence
Mining Tenements	Exploitation Licence & Permit
Retention Tenements	N/A
Small Scale Mining Tenements	Exploitation Licence & Permit
Artisanal Tenements	N/A
Exploration Tenement	
Name	Mining Concession
Purpose	Exclusive right to explore for all minerals
Maximum Area	Not defined; maximum area can be reduced, split, leased or sold.
Duration	25 years
Renewals	25 years
Area Reduction	None required
Procedure	By application
Granted by	Minister for Industry & Commerce
Payment terms (yearly US\$/ hectare)	Yr 1 \$0.25; Yr 2 \$0.75; Yr3-4 \$1.50; Yr5-6 \$3.00; Yr 7-8 \$4.00; Yr 9-10 \$8.00; Yr 11+ \$12.00. (Note: Payable every six months)
Requirements	Environmental Impact Study for Exploration; Qualified Geologist per licence; Work Chronogram; Annual report to be submitted; Agreement w/ surface owners
Mining Tenement	
Name	Mining Concession (exploration continuous to exploitation)
Purpose	Exclusive right to mine, process, transport and export non-metallic minerals
Maximum Area	Not specified but determined by deposit size
Duration	25 years
Renewals	Life of mine
Area Reduction	N/A
Payment terms (yearly US\$/ hectare)	Yr 1 \$0.25; Yr 2 \$0.75; Yr3-4 \$1.50; Yr5-6 \$3.00; Yr 7-8 \$4.00; Yr 9-10 \$8.00; Yr 11+ \$12.00. (Note: Payable every six months)

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Granted by	Minister for Industry & Commerce
Other requirements	1958 General Exploitation of Natural Resources; revised 2001. Gross Net Smelter Royalty 3 per cent. (split 35 per cent. to Municipality; 50 per cent. to Treasury; 15 per cent. Mine development fund)

The Group has assumed an option, through a Heads of Agreement with local Vendors, to the right to acquire an 80 per cent. interest in the El Gallo, Chachagua, Guapinol, San Albino, Juan Sebastian Licences and the Cerro de Oro Licence application.

In order to earn this interest the Group must make certain option fee payments and undertake a four year exploration program with a total commitment over four years of US\$1,000,000 per licence.

Once the Group has earned its 80 per cent. interest in a concession, the vendor has the right to convert their 20 per cent. interest to a 3 per cent. net smelter royalty or to enter into a contributing joint venture with the Group in respect of that concession licence.

If the Group commences mining on a concession it may purchase one half of the 3 per cent. net smelter royalty for US\$1,850,000. If it does so the Group is then granted a first right of refusal over the balance of the net smelter royalty held by the Vendors.

The Group may withdraw at any stage of the option or farm-in period without penalty, but will retain no interest in the licence.

Further details of the terms of this agreement are available in paragraph 5.7 of Part VI of the Admission Document.

9.4 Regional Geology

The geology of Nicaragua is dominated by Mesozoic sediments and volcanics (refer Figure 12), with metamorphic rocks of Palaeozoic Age located in the northwest, close to the Honduran border. The eastern part of the country is covered by sediments and volcanics of Quaternary Age. The ongoing tectonic regime in Central America, have led to a long and complex structural development of the whole region. This manifests as folding and faulting in the Mesozoic sediments and extensional and strike-slip related faulting in both the sediments and later volcanic rocks.

10. SEGOVIA PROJECT

10.1 Location and Tenure

The Segovia Project consists of three licences; San Albino, Guapinol and Chachagua, located in the northwest of Nicaragua, close to the border with Honduras (see Figure 12). The area is sparsely inhabited, and consists of scrubby grassland and high elevation tropical pines.

In all, the Segovia Project covers some 150km², with San Albino covering approximately 87km², Guapinol 30km² and Chachagua some 36km².

10.2 Project Geology

The Segovia Project is underlain by Mesozoic meta-sedimentary phyllites, schists, and gneisses which have been intruded by a regional granite-monzonite batholith. Intensive weathering of the granite-quartz monzonite and meta-sedimentary rocks have created thick alluvial deposits in the valleys and large river terraces, of which some carry placer gold that has been exploited in the past by artisanal miners.

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Tertiary volcanic rocks cover the meta-sedimentary rocks to the south areas.

The structural history is complex, the phyllites and mica-schists exhibit evidence of multiple episodes of deformation. Evidence from historic mining operations indicates that gold bearing veins associated with the earliest deformational event are the principal source of gold and silver mineralisation hosted in the meta-sedimentary rocks in the north-western region of Nicaragua.

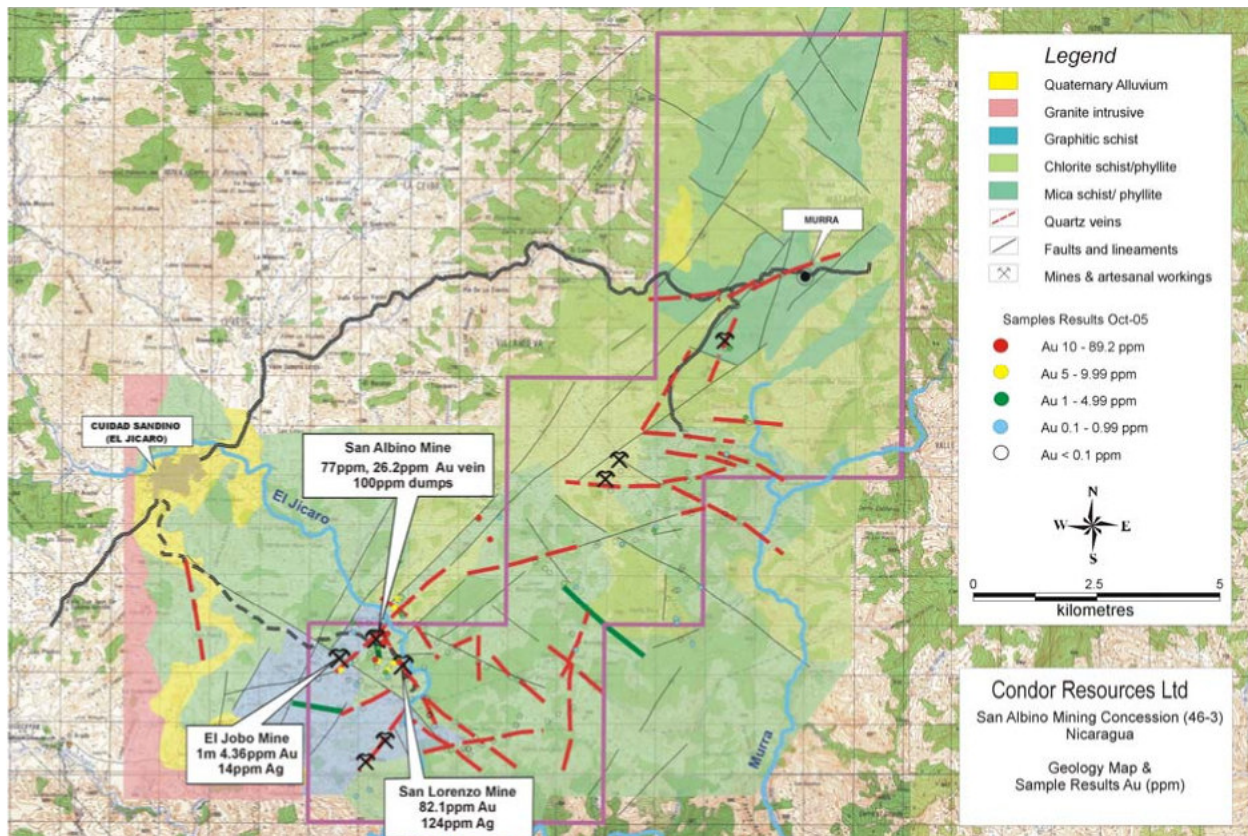
Gold mineralisation in the project occurs within quartz veining and lenses hosted by the meta-sediments occurring within a northeast trending structural belt in north western Nicaragua.

10.3 Exploration History

San Albino Licence

The Segovia Project contains a number of old mines including the San Albino Mine (Figure 13). This mine which has had sporadic production over the past 80 years at reported grades of up to 30g/t Au. Other old workings include the Chachagua Vein/Sulphide showing in the Chachagua concession, and the Guapinol epithermal vein¹⁶.

Figure 13 San Albino Concession



The first modern exploration in the area was completed by Western Mining Corporation (Nicaragua) in 1996-98. The work included stream sediment, soil, and rock sampling, reconnaissance geological mapping and limited diamond drilling¹⁶.

¹⁶ Empresa Minera, S.A: Quilali-Murra Exploration Concession, Nicaragua, Central America; A. Bengoechea, December 1999.

A soil survey and limited shallow diamond drilling programme were also completed along the San Albino Mine's mineralised structure. However the drilling failed to reach the gold bearing vein due to an under-powered drill rig, and the programme was abandoned. Geochemical surface sampling completed in the southern portion of the San Albino concession returned numerous gold anomalies, with peak values to 1.9g/t Au in tributaries surrounding and upstream of the old mine¹⁶.

Guapinol Licence

Within the Guapinol Licence, evidence of some historical mining is found at an occurrence known as the 'Guapinol Vein'. The old workings targeted a narrow, high grade quartz vein with minor sulphides including pyrite, chalcopyrite, galena and sphalerite. Samples collected from this vein material have returned gold assays of over 10g/t Au¹⁶.

Limited wide spaced stream sediment sampling by WMC produced gold anomalies with values ranging from 11 to 81 ppb Au¹⁶.

Chachagua Licence

A gold mineralised vein also occurs on the Chachagua Licence. Lenses and pods of quartz-sulphide mineralisation up to 3m wide occur in sheared meta-sediment. Rock samples collected from the vein returned values to 1.6g/t Au, 100g/t Ag, 0.7 per cent. Cu and 0.1 per cent. As¹⁶.

The Chachagua Licence was covered by detailed stream sediment and soil surveys in order to evaluate the possibility of further sulphide occurrences¹⁵.

The strongest stream sediment anomaly of 956 ppb Au came from a sample about 400 metres upstream of the Chachagua Sulphide showing. This and other stream and soil anomalies have not been followed up¹⁵.

The Group conducted a reconnaissance mapping and sampling program on the San Albino Licence in August and September 2005. A total of 157 rock-chip and channel samples were collected by the Group and significant results are summarised in Table 16.

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Table 16 Rock-chip and Channel Samples - Segovia Project, San Albino Licence

Sample #	Au (g/t)	Au (Gr) (g/t)	Ag (g/t)	Location	Type	Width (m)
A0001	89.11	93.872	123.8	San Lorenzo	Channel	0.2m
150954	72.706	77.416	36.8	Label-4, San Albino Mine	Grab	-
A0010	35.753	35.485	170.0	Potrerrillo	Grab	-
150982	29.66	30.308	25.3	San Albino	Channel	1.5m
150952	20.342	19.405	40.5	Label-4, San Albino mine	Grab	-
A0011	17.055	18.102	34.3	Potrerrillo	Grab	-
150981	8.63	8.434	44.3	San Albino	Channel	0.65m
590833	8.493	9.188	5.1	San Antonio hill	Float	-
150976	7.26	7.268	11.4	San Albino	Grab	-
150978	6.825	6.926	26.4	Agua de Arras	Chip	3.0m
150836	6.780	6.240	4.8	San Antonio hill	Float	-
150990	6.438	6.034	22.7	El Jobo	Channel	1.0m
150951	4.61	5.211	20.6	Label-1, San Albino mine	Grab	-
150619	4.521	3.977	8.8	San Antonio hill	Channel	0.65m
A0034	3.759	4.183	6.9	La Virgen	Grab	-
150985	3.010	3.840	10.9	San Albino	Grab	-
150979	2.559	-	9.0	Agua de Arras	Channel	1.0m
A0036	2.260	-	2.6	San Juan	Float	-
A0020	1.665	-	0.7	La Montanita	Channel	1.2m
151000	1.109	-	1.2	San Lorenao	Channel	1.2m
C0005	0.816	-	141.6	Piedras Negras hill	Grab	-

11. SIUNA PROJECT

11.1 Location and Tenure

The Siuna Project consists of one granted licence, El Gallo and one application for licence Cerro de Oro located in Central Nicaragua. The El Gallo Licence comprises of two separate blocks, 195-1 (57km²) and 195-2 (15km²), whilst the Cerro de Oro Licence application covers an area of 108km².

11.2 Property Geology

The region is located in the Tertiary volcanic central geologic province of Nicaragua. The concession area is covered by andesites and basalt flows that are intruded by dacites, with minor volcanoclastic sediments. Beds of the underlying Mesozoic lithology occur in the southwest and to the northeast near the Siuna Mine. These include serpentinite, argillites, cherts, and argillaceous limestone.

Approximately 10km east of the El Gallo Licence is the Siuna Mine, currently owned and operated by Yamana Gold Inc., which has a total historic production of some 2.2 million ounces Au, 0.6 million ounces Ag and >1,000 tonnes of Cu.¹⁷

¹⁷ Roberts, J.R., and Irving, E.M. (1957). *Mineral Deposits of Central America, United States Geological Survey Bulletin 1034*,

11.3 Exploration History

El Gallo Licence

A previous exploration program conducted during the period 1996-1998 included an airborne magnetic-radiometric survey, regional stream sediment sampling and detailed soil and rock sampling.

The geophysical data covers both blocks of El Gallo Licence, and shows a strong north-trending structural fabric along the west side of the north block. The terrain west of this structure shows strong magnetic signatures interpreted as a response to buried intrusives.

A significant geochemical anomaly from stream sediments was identified in the north block, returning assay values of 5.7g/t Au, 13.6g/t Ag and 305ppm Pb. In the small southern block, three weak gold anomalies (28 to 38ppb Au) were defined. A reconnaissance soil sampling programme completed along five, 2km spaced lines (at 1km sample spacing) within the concession returned several single point gold anomalies, with peak values to 245ppb Au.

Cerro de Oro Licence

At the Cerro de Oro Licence, small placer gold mining operations have been carried out on the concession mainly in the north eastern portion, where extensive alluvial workings are found along most of the larger streams.

Stream sampling within the Cerro de Oro Licence defined two areas of anomalous gold. At Les Baldes, anomalous sediment gold values ranged from 162ppb - 1,040ppb, whereas at Los Laureles, values of 72ppb to 76ppb Au were recorded.

Five lines of reconnaissance soil sampling at 1km by 500m sample intervals were carried out by WMC covering the present concession area. The assays returned no significant results and initial investigations by the Group suggest limited potential for significant mineralisation within the licence. The Group will complete a final assessment of the samples that it has recently taken whether to decide to continue exploration.

12. JUAN SEBASTIAN PROJECT

12.1 Location and Tenure

The Juan Sebastian Project lies in the central portion of Nicaragua, approximately 180kms northeast of the capital Managua. The Juan Sebastian Licence covers an area of approximately 410km².

12.2 Project Geology

The region is located in the Tertiary volcanic, central geological province of Nicaragua that consist of felsic (ignimbrites, dacites, andesites) to mafic (basalt) volcanics with associated pyroclastics, agglomerates and tuffs. Minor sediments including fossiliferous limestone and shales are found in the east and are characteristic of deposition in a shallow basinal environment.

12.3 Exploration History

Previous exploration conducted by WMC in the region during 1996-1998 included a stream sediment survey, covering the northern portion of the Juan Sebastian Licence and follow up exploration consisting of a regional stream program and soil surveys on selected sectors including the Juan Sebastian Project area.

Soil sample results within the concession produced a cluster of high Cu values subsequently named the

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"Siquia Prospect" Copper-Gold anomaly, located in the northern portion of the licence.

This copper anomaly contoured at >200ppm Cu, is approximately 5kms by 3kms in size and contains several scattered gold samples in the range 11-25ppb Au. The peak copper value was reported at 637ppm. Other >200ppm copper anomalies flank the larger "Siquia Prospect" anomaly and show a similar trend.¹⁸

13. EXPLORATION POTENTIAL AND BUDGET (NICARAGUA)

The Group has proposed an 18 month exploration budget expressed in Pounds Sterling for inclusion in this document. This is presented in Table 17.

Ravensgate believes that from the widespread geochemical anomalies seen in the surface surveys, combined with several historical, high grade mines within the project that include reports of free, visible gold, the Segovia Project is highly prospective.

Segovia Project

At the San Albino Licence, immediate drill targets exist below the old mine workings, as well as a number of untested quartz vein occurrences, lying along a definitive structural trend, in line with the San Albino Mine. The Group's recent sampling has confirmed high grade gold mineralisation within quartz veining and associated artisanal workings along this trend. Ravensgate believes that this area presents a priority target.

Evidence of significant potential gold mineralisation can also be found in the Guapinol and Chachagua Licences. Although less advanced than San Albino, it is the opinion of Ravensgate that the potential for these two areas to produce gold mineralisation of a similar style and tenor to the San Albino Mine area is high.

The Group has proposed a total of £201,867 for exploration at the Segovia Project over the first eighteen months.

Siuna Project

Potential exists for epithermal gold-silver mineralisation within both the El Gallo and Cerro de Oro Licences within the Siuna Project. Several historical and currently operating mines occur proximal to the El Gallo Licence. The highly anomalous, very wide spaced soil and stream sediment geochemical anomalies identified and yet to be fully evaluated within the concession, suggest to Ravensgate a high likelihood for mineralisation to be present.

Previous work at the Cerro de Oro Licence located two gold anomalies over broad areas which require follow-up work.

The Group has proposed a total of £231,958 for exploration at the Siuna Project over the first eighteen months.

Juan Sebastian Project

Ravensgate believes that the presence of the large "Siquia Prospect" copper-gold anomaly in the northern portion of the Juan Sebastian Licence may represent the surface expression of skarn-style copper - gold mineralisation, associated with possible deep seated intrusives. This large geochemical anomaly requires

¹⁸ Empresa Minera, S.A.: Siquia Exploration Concession, Nicaragua, Central America; A. Bengoechea, January 2000.

immediate follow-up work in order to generate initial drill targets.

The La Libertad Mine, an epithermal gold deposit, occurs 35km to the South West of the Juan Sebastian Licence within the same lithological sequence and structural domain. Therefore, the opportunity for epithermal gold mineralisation along this structural trend requires further investigation.

The Juan Sebastian Project is at an early stage of exploration. The Group has proposed a programme of data compilation and review, reconnaissance geological mapping and geochemical sampling over prospective areas followed by initial drilling of advanced anomalies (Siquia Prospect Copper Anomaly). A budget figure of £128,390 is proposed for the initial eighteen month period.

Table 17 Proposed Exploration Budget – Nicaragua

Category	0 – 12 Months £	13 – 18 Months £	Total £
Administration, Management and Office costs	174,921	86,996	261,916
Segovia	120,811	81,057	201,867
Siuna	170,941	61,017	231,958
Juan Sebastian	127,319	1,070	128,390
Project Generation	23,826	7,942	31,768
TOTAL	617,818	238,082	855,899

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15. GLOSSARY OF TECHNICAL TERMS

<i>aerial photography</i>	Photographs of the Earth's surface taken from an aircraft.
<i>Aero magnetic</i>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
<i>airborne geophysical data</i>	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
<i>Adit</i>	Horizontal tunnel into the side of a hill or steep incline.
<i>adularia</i>	A white grey or flash red monoclinic feldspar orthoclase.
<i>Au(Gr) g/t</i>	Gold determination of a sample using a gravimetric technique to account for coarse or high gold levels reported in grams per tonne.
<i>Ag(Gr) g/t</i>	Silver determination of a sample using a gravimetric technique to account for coarse or high silver levels reported in grams per tonne.
<i>Ag</i>	Chemical symbol for silver.
<i>Agglomerate</i>	Chaotic assemblage of coarse angular pyroclastic materials.
<i>alluvial</i>	Pertaining to silt, sand and gravel material, transported and deposited by a river.
<i>alteration</i>	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
<i>amethyst</i>	Variety of quartz, commonly purple.
<i>andesite</i>	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
<i>anomalies</i>	An area where exploration has revealed results higher than the local background level.
<i>anticline</i>	A fold in the rocks in which strata dip in opposite directions away from the central axis.
<i>Argillic alteration</i>	Alteration process which produces clay minerals as a by product.
<i>As</i>	Chemical symbol for arsenic.
<i>assayed</i>	The testing and quantification metals of interest within a sample.
<i>Au</i>	Chemical symbol for gold.
<i>augite</i>	A dark green pyroxene mineral which is a common rock forming mineral in igneous and metamorphic rocks.
<i>auriferous</i>	Rock that contains gold (Au).
<i>barite</i>	A mineral composed of barium sulphate.
<i>basalts</i>	A volcanic rock of low silica (<55 per cent.) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
<i>base metals</i>	A non-precious metal, usually referring to copper, lead and zinc.
<i>bedrock</i>	Any solid rock underlying unconsolidated material.
<i>breccia</i>	Coarse grained angular rock that can form through igneous and mineralising processes.
<i>Brett Resources Inc.</i>	A company incorporated in Canada with an office in Vancouver and the

	beneficial holder of the El Potosi Licence in El Salvador.
<i>Brett El Salvador SA de CV or Brett SA</i>	The 100 per cent. El Salvadoran subsidiary of Brett Resources Inc. and direct holder of the El Potosi Licence
<i>brittle</i>	Rock deformation characterised by brittle fracturing and brecciation.
<i>Cainozoic</i>	An era of geological time spanning the period from 65 million years ago to the present.
<i>Calcareous</i>	Rock that contains a significant portion of calcium ie: calcareous siltstone.
<i>Calcite</i>	A common mineral, CaCO ₃ .
<i>Calc-alkaline</i>	Series of silica-oversaturated volcanic rocks typical of arc-volcanic settings.
<i>caldera</i>	A large basin shaped circular volcanic depression.
<i>carbonate</i>	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO ₃ . Essential component of limestones and marbles.
<i>chalcedony</i>	Variety of quartz, commonly cryptocrystalline.
<i>chert</i>	Fine grained sedimentary rock composed of cryptocrystalline silica.
<i>chlorite</i>	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
<i>clastic</i>	Pertaining to a rock made up of fragments or pebbles (clasts).
<i>colluvium</i>	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
<i>Concession or Licence</i>	An area of land that can be accessed for exploration and or mining and regulated by Government mining legislation.
<i>conduits</i>	The main pathways that facilitate the movement of hydrothermal fluids.
<i>conglomerate</i>	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
<i>Continental Island arc</i>	A generally curved linear belt of volcanoes above subduction zones
<i>Copper (Cu)</i>	A reddish metallic element, used as an electrical conductor and is the basis of brass and bronze.
<i>Cretaceous</i>	An era of geological time spanning the period from 135 million years ago to 65 million years.
<i>dacite</i>	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
<i>diamond drill hole</i>	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
<i>dilational</i>	Open space within a rock mass commonly produced in response to folding or faulting.
<i>diatreme</i>	A breccia filled volcanic pipe that formed by a gaseous explosion.
<i>ductile</i>	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
<i>dykes</i>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<i>en-echelon</i>	Repeating parallel, but offset, occurrences of lenticular bodies such as ore

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	veins.
<i>epithermal</i>	Hydrothermal deposit formed within 1km of the earth's surface. Two styles are recognised, high and low sulphidation.
<i>fault zone</i>	A wide zone of structural dislocation and faulting.
<i>fault</i>	A structural dislocation within host country rocks
<i>feldspar</i>	A group of rock forming minerals.
<i>Felsic</i>	An adjective indicating that a rock contains abundant feldspar and silica.
<i>Flow banded</i>	Textural term describing banding within an extrusive volcanic
<i>folding</i>	A term applied to the bending of strata or a planar feature about an axis.
<i>foliated</i>	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
<i>follow-up</i>	A term used to describe more detailed exploration work over targets generated by regional exploration.
<i>g/t</i>	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
<i>Gabbro</i>	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
<i>Galena</i>	PbS. Blue-grey mineral of lead.
<i>geochemical</i>	Pertains to the concentration of an element.
<i>Geophysical</i>	Pertains to the physical properties of a rock mass.
<i>Gneissic</i>	Exhibits coarse grained metamorphic textures characterised by mineral banding of the light and dark coloured constituent minerals.
<i>gneiss</i>	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
<i>graben</i>	An elongate trough or basin, bounded on both sides by steep faults.
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>granodiorite</i>	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
<i>hematite</i>	Iron oxide mineral, Fe ₂ O ₃ .
<i>hornblende</i>	A group of translucent to opaque silicate minerals.
<i>hydrothermal fluids</i>	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
<i>Igneous</i>	Rocks that have solidified from a magma.
<i>I.P.</i>	Induced polarisation. The product of electric charge displacement. A type of geophysical survey.
<i>Indicated Mineral Resource</i>	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill

	holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
<i>Inferred Mineral Resources</i>	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage grad and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and /or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
<i>infill</i>	Refers to sampling or drilling undertaken between pre-existing sample points.
<i>In-situ</i>	In the natural or original position.
<i>interflow</i>	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
<i>intermediate</i>	A rock unit which contains a mix of felsic and mafic minerals.
<i>intrusions</i>	A body of igneous rock which has forced itself into pre-existing rocks.
<i>intrusive contact</i>	The zone around the margins of an intrusive rock.
<i>ironstone</i>	A rock formed by cemented iron oxides.
<i>isoclinal</i>	A series of folds that dip in the same direction at the same angle.
<i>joint venture</i>	A business agreement between two or more commercial entities.
<i>Lead (Pb)</i>	A metallic element, the heaviest and softest of the common metals.
<i>lenses</i>	Small elongate accumulations of mineral bodies forming "eye like" shaped structures.
<i>lithological contacts</i>	The contacts between different rock types.
<i>lithotypes</i>	Rock types.
<i>Mica schist</i>	A schist composed of mainly mica minerals
<i>Maar – "maar volcano"</i>	A volcanic crater without a cone, believed to have been formed by an explosive eruption of trapped gases.
<i>Magnetite</i>	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
<i>metamorphic</i>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
<i>metasedimentary</i>	A rock formed by metamorphism of sedimentary rocks.
<i>Mesozoic</i>	An era of geological time spanning the period from 255 million years ago to 65 million years ago.
<i>Mineral Resource or Resources</i>	Is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristic and continuity of a Mineral Resources are estimated or interpreted from specific geological evidence or knowledge. Mineral Resources are sub divided in order of increasing geological

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	confidence into Inferred, Indicated and Measured categories.
<i>monzogranite</i>	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content (aka monzonite).
<i>Moz</i>	Millions of ounces.
<i>Morazan Formation</i>	name for the formation of rock units that consist of basic extrusive volcanics, mainly andesites and basalts, in El Salvador
<i>Mt</i>	Million Tonnes.
<i>NSR or Net Smelter Royalty</i>	A royalty paid to a royalty holder from the smelter net of all taxes and refinery costs but less the costs of mining extraction and smelting.
<i>open pit</i>	A mine working or excavation open to the surface.
<i>Ortho-image</i>	A geographically located composite plan using aerial photography as a base.
<i>outcrops</i>	Surface expression of underlying rocks.
<i>phyllite</i>	Metamorphosed, fine grained sediment.
<i>plagioclase</i>	A mineral of the feldspar group, a common rock forming mineral.
<i>Polygonal Assessment</i>	Determination of a Mineral Resource using polygons to define the cross sectional shape of the ore body
<i>porphyries</i>	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
<i>ppb</i>	Parts per billion; a measure of low level concentration.
<i>ppm</i>	Parts per million; a measure of low level concentration.
<i>propolytic</i>	Alteration of a rock by the minerals chlorite, calcite, sericite and pyrite
<i>pyrite</i>	A yellow sulphide mineral, FeS ₂ .
<i>quartz reefs</i>	Old mining term used to describe large quartz veins.
<i>Quartzose</i>	Quartz-rich, usually relating to clastic sedimentary rocks.
<i>Quaternary</i>	Upper time period of the Cainozoic, above the Tertiary (younger).
<i>RC drilling</i>	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
<i>rhodochrosite</i>	A semi-precious gemstone mineral containing manganese.
<i>rhyolite</i>	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
<i>rock chip sampling</i>	The collection of rock specimens for mineral analysis.
<i>schist</i>	Rock which exhibits laminar and planar foliation
<i>sedimentary</i>	A term describing a rock formed from sediment.
<i>sericite</i>	A white, fine grained, potassium-rich mica occurring in small scales as an alteration product of various aluminosilicate minerals.
<i>shale</i>	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
<i>shear</i>	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
<i>silica</i>	Dioxide of silicon, SiO ₂ , usually found as the various forms of quartz.
<i>sills</i>	Sheets of igneous rock which is flat lying or has intruded parallel to

	stratigraphy.
<i>Skarn</i>	Term used to describe silicate gangue minerals associated with iron and sulphide ore deposits, formed through hydrothermal processes.
<i>soil sampling</i>	The collection of soil specimens for mineral analysis.
<i>sphalerite</i>	Principle mineral of Zinc (Zn), Can be white, red, yellow. ZnS.
<i>stockwork</i>	Net-like formation of veins and or fracture fillings in mineralised rock.
<i>strata</i>	Sedimentary rock layers.
<i>stratigraphic</i>	Composition, sequence and correlation of stratified rocks.
<i>stream sediment sampling</i>	The collection of samples of stream sediment with the intention of analysing them for trace elements.
<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>subcrop</i>	Poorly exposed bedrock.
<i>sulphide</i>	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
<i>surficial</i>	Near surface
<i>syncline</i>	A fold in rocks in which the strata dip inward from both sides towards the axis.
<i>tectonic</i>	Pertaining to the forces involved in or the resulting structures of movement in the Earth's crust.
<i>Tertiary</i>	An era of geological time spanning the period from 65 million years ago to the present.
<i>tholeiitic</i>	A descriptive term for a basalt with little or no olivine.
<i>thrust fault</i>	A reverse fault or shear that has a low angle inclination to the horizontal.
<i>Tuff</i>	A volcanic rock formed by the settling of particles from the air after an eruption.
<i>Veins</i>	A thin infill of a fissure or crack, commonly bearing quartz.
<i>Vendors</i>	The group of companies and individuals in Nicaragua, namely Minas del Sur, Chorti Holdings and Frank Mena Marengo who have agreed to option certain concessions in Nicaragua to the Group.
<i>vesicular</i>	A textural term referring to the cavity in lavas formed by gas bubbles during solidification.
<i>volcaniclastics</i>	Pertaining to clastic rock containing volcanic material.
<i>volcanics</i>	Formed or derived from a volcano.
<i>vuggy</i>	Term to describe a rock containing spaces or vugs left by the exsolution of minerals.
<i>WGM</i>	"Watts Griffis McQuat" independent geological and mining consultants based in Canada.
<i>Zinc (Zn)</i>	A lustrous, blue-white metallic element used in many alloys including brass and bronze.

PART IV FINANCIAL INFORMATION

PART IV(a)

ACCOUNTANTS' REPORT ON THE COMPANY



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The Directors
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24th May 2006

Dear Sirs

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission Document (the 'Document') dated 24th May 2006 of Condor Resources Plc (the 'Company') on the basis of the Company's accounting policies. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information as described in the 'Basis of Preparation' set out below and in accordance with applicable International Financial Reporting Standards.

Chartered accountants. Registered to carry on audit work and regulated for a range of investment businesses by the Institute of Chartered Accountants in England and Wales.

A list of members' names is available at the registered address.

MRI Moore's Rowland LLP is a limited liability partnership registered at the above address in England, no OC304070

A member of Moore's Rowland International an association of independent accounting practices throughout the world

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives for the purposes of the Document dated 24th May 2006 a true and fair view of the state of affairs of the Company as at the date stated and of its loss and cash flows for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

MRI Moores Rowland LLP
Chartered Accountants
Registered Auditors

PART IV
FINANCIAL INFORMATION

INCOME STATEMENT

The income statement of the Company for the period from incorporation on 10 October 2005 to 28 February 2006 is set out below:

	2006 £'000
Revenues	-
Cost of sales	-
Gross margin	<hr/> -
Overheads	-
Profit on ordinary activities before income tax	<hr/> -
Provision for income tax	-
Profit from ordinary activities	<hr/> -
Net profit retained	<hr/> <hr/> -

BALANCE SHEET

The balance sheet of the Company as at 28 February 2006 is set out below:

	Notes	2006 £'000
Current assets		
Cash and cash equivalents		116
Total current assets		<u>116</u>
Non-current assets		
Investment	2	58
Total non-current assets		<u>58</u>
Total Assets		<u><u>174</u></u>
Shareholders' Funds		
Share capital	4	174
Total shareholders' funds		<u>174</u>
Total liabilities and shareholders' funds		<u><u>174</u></u>
Analysis of shareholders' funds:		
Shareholders' funds - equity interests	3	174
		<u><u>174</u></u>

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FINANCIAL INFORMATION

STATEMENT OF CASH FLOWS

The statement of cash flows of the Company for the period ended 28 February 2006 is as follows:

	2006 £'000
Cash flows from operating activities	
Increase in prepayments	-
	<hr/>
Net cash from operating activities	-
	<hr/>
Cash flows from investing activities	
Investments	(58)
	<hr/>
Net cash used in investing activities	(58)
	<hr/>
Cash flows from financing activities	
Inflow from the issue of share capital	174
	<hr/>
Net cash provided by financing activities	174
	<hr/>
Net increase in cash and cash equivalents	116
	<hr/> <hr/>
Cash and cash equivalents, beginning of period	-
	<hr/>
Cash and cash equivalents, end of period	116
	<hr/> <hr/>

1. Basis of presentation and summary of significant accounting policies

The Company was incorporated in England and Wales on 10 October 2005 and re-registered as a public limited company on 7 April 2006. Since incorporation, the Company has paid a deposit in connection with the purchase of an investment.

Going concern

The financial statements have been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, management takes into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

Assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Basis of presentation

The consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative figures

No comparative figures have been presented as the period from incorporation on 10 October 2005 to 28 February 2006 was the Company's first non-statutory accounting period.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Exploration costs

Exploration costs comprises expenditure which is directly attributable to:

- Exploratory drilling; and
- Geophysical surveys.

Exploration costs are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sales; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage, which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Identifiable exploration and evaluation assets acquired are recognised as assets at their cost of acquisition.

An impairment review is performed when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amounts. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined is met.

Financial assets

Sales and purchases are accounted for at trade date.

Fair value of financial instruments

Carrying amounts of certain of the Company's financial instruments including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities, based on borrowing rates currently available to The Company. This would include convertible debentures where the fair value of the conversion option is recognised under shareholders' equity.

Foreign currency translation

The reporting currency of the Company is the British pound.

Gains and losses that arise from the effect of exchange rate changes on balances denominated in currencies other than the measurement currency of the Company are included in the statements of operations as incurred.

Deferred taxation

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are recorded for deferred tax assets that are not more likely than not to be realised.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is more likely than not.

2. Investment

	Total £'000
Cost	
At incorporation	-
Additions	58
	<hr/>
28 February 2006	58
	<hr/> <hr/>

During the period the Company paid a deposit and related professional fees in connection with the proposed acquisition of Condor Resources Limited, an Australian registered company ("Condor Resources (Australia)").

3. Reconciliation of movement in shareholders' funds

	Ordinary Shares of 1p each £'000
Balance on incorporation	-
Issued during the period	174
	<hr/>
Balance at 28 February 2006	174
	<hr/> <hr/>

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FINANCIAL INFORMATION

4. Share capital

	2006
	£'000
Authorised:	
1,000,000,000 ordinary shares of 1p each	10,000
	<hr/>
	2006
	£'000
Allotted, issued and fully paid:	
17,400,000 ordinary shares of 1p each	174
	<hr/>

5. Provisions and contingencies

The Company is subject to no legal proceeding, claims, or litigation arising in the ordinary course of business.

6. Post balance sheet events

On 24 March 2006, the Company acquired the following shares and assets in consideration for the issue of 38,361,753 ordinary shares of 1p each at 10p per share:

- certain assets of Condor Resources (Australia);
- 100 per cent. of the issued share capital of Minerales Morazan S.A. de C.V., a company registered in El Salvador; and
- 100 per cent of the issued share capital of Condor Sociedad Anonima, a company registered in Nicaragua.

On the same day, 22,600,000 ordinary shares of 1p each were issued at a price of 1p per share and the Company issued 3,000,000 ordinary shares of 1p each at 10p per share as payment in lieu of professional services rendered in connection with the issue of shares.

7. Nature of the financial information

The financial information presented above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, as amended.

PART IV(b)

ACCOUNTANTS' REPORT ON MINERALES MORAZAN, S.A. DE C.V.



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The Directors
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24th May 2006

Dear Sirs

We report on the financial information of Minerales Morazan, S.A. de C.V. ('MMS') set out below which has been prepared for inclusion in the AIM Admission Document (the 'Document') dated 24th May 2006 of Condor Resources Plc (the 'Company') on the basis of the Company's accounting policies. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information as described in the 'Basis of Preparation' set out below and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Chartered accountants. Registered to carry on audit work and regulated for a range of investment businesses by the Institute of Chartered Accountants in England and Wales.

A list of members' names is available at the registered address.

MRI Moores Rowland LLP is a limited liability partnership registered at the above address in England, no OC304070

A member of Moores Rowland International an association of independent accounting practices throughout the world

PART IV
FINANCIAL INFORMATION

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives for the purposes of the Document dated 24th May 2006 a true and fair view of the state of affairs of the MMS as at the date stated and of its loss and cash flows for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

MRI Moores Rowland LLP
Chartered Accountants
Registered Auditors

INCOME STATEMENTS

The income statements of MMS for each of the two periods ended 31 December 2005 are set out below:

	Notes	2004 \$'000	2005 \$'000
Revenues		-	-
Cost of sales		-	-
Gross margin		-	-
Field and office administration		-	3
Licence cost		-	2
Loss on ordinary activities before income tax		-	5
Provision for income tax	4	-	-
Loss from ordinary activities		-	5
Net deficit retained		-	5
Net deficit per share			
Basic		-	\$41.84
Diluted		-	\$41.84
Shares used in net deficit per share calculation			
Basic		115	115
Diluted		115	115

PART IV
FINANCIAL INFORMATION

BALANCE SHEETS

The balance sheets of MMS as at 31 December 2004 and 2005 are set out below:

	Notes	2004 \$'000	2005 \$'000
Assets			
Current assets			
Cash and cash equivalents		3	9
Accounts receivable	5	1	5
VAT		5	5
Prepayments		-	1
Total current assets		<u>9</u>	<u>20</u>
Non-current assets			
Office furniture and equipment (net)	6	19	14
Warranty and safety deposits		2	4
Exploration costs	7	73	439
Total non-current assets		<u>94</u>	<u>457</u>
Total Assets		<u>103</u>	<u>477</u>
Liabilities and Shareholders Deficiency			
Current Liabilities			
Rententions		-	1
Other creditors		-	2
Total current liabilities		<u>-</u>	<u>3</u>
Amounts payable to parent company	8	91	467
Total non-current liabilities		<u>91</u>	<u>467</u>
Total liabilities		<u>91</u>	<u>470</u>

PART IV
FINANCIAL INFORMATION

Shareholders' Funds

Social capital – authorised, issued and paid for 115 ordinary shares of \$100 each	9	12	12
Accumulated deficit		-	(5)
Total shareholders' funds		<u>12</u>	<u>7</u>
Total liabilities and shareholders' funds		<u>103</u>	<u>477</u>
Analysis of shareholders' funds:			
Shareholders' funds - equity interests		12	7
		<u>12</u>	<u>7</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The statement of changes in shareholders' equity of MMS for each of the two periods ended 31 December 2005 are set out below:

	Share capital \$'000	Retained earnings \$'000	Total \$'000
23 March 2004	-	-	-
Issue of share capital	12	-	12
31 December 2004	<u>12</u>	<u>-</u>	<u>12</u>
Loss for the period	-	(5)	(5)
31 December 2005	<u>12</u>	<u>(5)</u>	<u>7</u>

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FINANCIAL INFORMATION

STATEMENT OF CASH FLOWS

The statement of cash flows of MMS for each of the two periods ended 31 December 2005 are as follows:

	2004 \$'000	2005 \$'000
Cash flows from operating activities		
Net deficit	-	(5)
Adjustments for:		
Depreciation	5	8
	<hr/> 5	<hr/> 3
Operating loss before working capital changes		
Changes in working capital:		
Increase in accounts receivable	(1)	(4)
Increase in prepayments	-	(1)
Increase in VAT debtor	(5)	-
Increase in warranties and safety deposits	(2)	(2)
Increase in other creditors	-	2
Increase in rententions to be paid	-	1
	<hr/> (3)	<hr/> (1)
Net cash used in operating activities		
Cash flows from investing activities		
Increase in exploration costs	(73)	(366)
Office furniture and equipment purchases	(24)	(3)
Receipts from sale of plant and equipment		
	<hr/> (97)	<hr/> (369)
Net cash used in investing activities		
Cash flows from financing activities		
Increase in amounts payable to parent company	91	376
	<hr/> 91	<hr/> 376
Net cash provided by financing activities		
	<hr/> (9)	<hr/> 6
Net (decrease)/increase in cash and cash equivalents		
	<hr/> 12	<hr/> 3
Cash and cash equivalents, beginning of periods		
	<hr/> 3	<hr/> 9
Cash and cash equivalents, end of periods		
	<hr/> <hr/> 3	<hr/> <hr/> 9

1. Basis of presentation and summary of significant accounting policies

MMS was incorporated under the laws of the Republic of El Salvador, through the registration of its public record (constitution) in the Commerce Registry on 23 March 2004. Its founding share capital was of 115 ordinary shares of \$100 each.

The principal activity of MMS is to obtain licences and concessions for the exploitation of mineral deposits in the subsoil, as well as the rendering of geological services.

Going concern

The financial statements have been prepared assuming MMS will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, management takes into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

Assets and liabilities are recorded on the basis that MMS will be able to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary should MMS be unable to continue as a going concern.

Basis of presentation

The consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Exploration costs

Exploration costs comprises expenditure which is directly attributable to:

- Exploratory drilling; and
- Geophysical surveys.

Exploration costs are carried forward as an asset provided that one of the following conditions is met:

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FINANCIAL INFORMATION

- Such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sales; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage, which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Identifiable exploration and evaluation assets acquired are recognised as assets at their cost of acquisition.

An impairment review is performed when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amounts. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined is met.

Foreign currency translation

The reporting currency of MMS is the U. S. Dollar ('\$'). Overseas transactions conducted in foreign currencies are conducted through the local banking system. The Salvadoran Colones is tied to the US Dollar, which under Monetary Integration Law, is legal currency without restrictions with unlimited liberating power. On 31 December 2004, the exchange rate for the purchase and sale of foreign currency (dollar) in the banking market was of 8.75 Colones per US\$ 1.00.

Gains and losses that arise from the effect of exchange rate changes on balances denominated in currencies other than the measurement currency of each of MMS are included in the statements of operations as incurred.

Cash and cash equivalents

MMS considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Office furniture and equipment

Office furniture and equipment are stated at cost and are depreciated on a straight-line basis over their estimated useful lives set out below:

Furniture and equipment	50% per annum
Motor vehicles	25% per annum

An impairment review is undertaken where there are indicators of impairment.

Maintenance and repairs are charged to expenses when incurred.

Net loss per common share

Basic net loss per share is computed by dividing net loss by the weighted average number of shares outstanding.

For the purpose of calculating diluted earnings per share, the net loss attributable to ordinary shareholders and the weighted average number of shares outstanding is adjusted for the effects of all dilutive potential ordinary shares. The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share. Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would decrease loss per share from continuing operations.

Fair value of financial instruments

Carrying amounts of certain of MMS' financial instruments including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities, based on borrowing rates currently available to MMS. This would include convertible debentures where the fair value of the conversion option is recognised under shareholders' equity.

Deferred taxation

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are recorded for deferred tax assets that are not more likely than not to be realised.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is more likely than not.

Revenue

Revenue represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers. However during the audited period, MMS did not recognise any revenue.

Financial assets

Sales and purchases are accounted for at trade date.

2. Reconciliation of shareholders' funds as previously stated under El Salvadoran GAAP and International Financial Reporting Standards

	2004 \$'000	2005 \$'000
Shareholders' funds under El Salvadoran GAAP	12	7
	<hr/>	<hr/>
Shareholders' funds under International Financial Reporting Standards	12	7
	<hr/> <hr/>	<hr/> <hr/>

PART IV
FINANCIAL INFORMATION

3. Reconciliation of retained loss as previously stated under El Salvadoran GAAP and International Financial Reporting Standards

	2004 \$'000	2005 \$'000
Net loss retained under El Salvadoran GAAP	-	(5)
Net loss retained under International Financial Reporting Standards	-	(5)

4. Taxation

	2004 \$'000	2005 \$'000
Tax charge for the period/year	-	-

Factors affecting the tax charge for the periods:

The tax assessed for the periods is different from a charge based on the standard rate of corporation tax in El Salvador (25%). The differences are explained below:

	2004 \$'000	2005 \$'000
Loss on ordinary activities before tax	-	(5)
Loss on ordinary activities multiplied by the standard rate of corporation tax in El Salvador (25%)	-	(1)
Effects of:		
Losses carried forward	-	1
Tax credit for the period	-	-

Factors that may affect future tax charges:

In accordance with IFRS 12, MMS has not recognised deferred tax assets in respect of unrelieved trading losses and deferred capital allowances. At 31 December 2005, these deferred tax assets amounted to approximately \$1,000 (2004: \$Nil).

5. Accounts receivable

	2004 \$'000	2005 \$'000
Other debtors	-	4
Directors' loans	1	-
	<u>1</u>	<u>4</u>
	<u>1</u>	<u>4</u>

6. Office furniture and equipment

	Furniture \$'000	Motor vehicles \$'000	Total \$'000
Cost			
23 March 2004	-	-	-
Additions	8	16	24
	<u>8</u>	<u>16</u>	<u>24</u>
31 December 2004	8	16	24
Additions	-	3	3
	<u>8</u>	<u>19</u>	<u>27</u>
31 December 2005	8	19	27
Depreciation			
23 March 2004	-	-	-
Charged in period	(2)	(3)	(5)
	<u>(2)</u>	<u>(3)</u>	<u>(5)</u>
31 December 2004	(2)	(3)	(5)
Charged in year	(4)	(4)	(8)
	<u>(6)</u>	<u>(7)</u>	<u>(13)</u>
31 December 2005	(6)	(7)	(13)
NBV			
31 December 2004	6	13	19
	<u>2</u>	<u>12</u>	<u>14</u>
31 December 2005	2	12	14

PART IV
FINANCIAL INFORMATION

7. Exploration costs

	Project El Cobre \$'000	Project Potosi y Capulin \$'000	Project El Pescadito \$'000	Project Carolina \$'000	Project La Calera \$'000	Total \$'000
Cost						
23 March 2004	-	-	-	-	-	-
Additions	-	69	4	-	-	73
31 December 2004	-	69	4	-	-	73
Additions	5	321	32	6	7	371
Disposals	(5)	-	-	-	-	(5)
31 December 2005	-	390	36	6	7	439

8. Amounts payable to parent company

	2004 \$'000	2005 \$'000
Amounts payable to parent company	91	467

The outstanding balance relates to a loan forwarded by Condor Resources Limited an Australian registered company ("Condor Resources (Australia)"). The loan is unsecured, bears no interest charge and has no fixed repayment terms.

9. Share capital

	2004 \$'000	2005 \$'000
Authorised: 115 ordinary shares of \$100 each	12	12

	2004 \$'000	2005 \$'000
Allotted, issued and fully paid: 115 ordinary shares of \$100 each	12	12

10. Provisions and contingencies

MMS is subject to no legal proceeding, claims, or litigation arising in the ordinary course of business.

11. Business and geographical segments

Business segments

For management purposes, MMS is currently organised into one operating division. As such, reporting financial performance and analysing assets by business segments is not considered appropriate.

Geographical segments

MMS' continuing operations are located solely in El Salvador.

12. Key management and personnel compensation

There are no personnel considered key by the Directors of the parent company, Condor Resources (Australia).

13. Related party transactions

During each of the two periods ended 31 December 2005, MMS entered into transactions with Condor Resources (Australia), its immediate parent company, as follows.

	2004 \$'000	2005 \$'000
Condor Resources (Australia)		
Provision of loan finance	91	376
	<u> </u>	<u> </u>

At each of the two periods ended 31 December 2005, the amounts owing to Condor Resources (Australia) were as follows:

	2004 \$'000	2005 \$'000
Condor Resources (Australia)	91	467
	<u> </u>	<u> </u>

The outstanding balance relates to a loan forwarded by Condor Resources (Australia). The loan is unsecured, bears no interest charge and has no fixed repayment terms.

PART IV
FINANCIAL INFORMATION

14. Post balance sheet events

On 24 March 2006 the ultimate holding company of MMS became Condor Resources Limited a company incorporated in England and Wales that re-registered as a public limited company on 7 April 2006.

15. Ultimate controlling party

MMS' ultimate controlling party is Condor Resources Plc, a company incorporated in England and Wales.

16. Nature of the financial information

The financial information presented above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, as amended.

PART IV(c)

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

Set out below is an un audited pro forma statement of consolidated net assets of the Group, which has been prepared on the basis of the audited accounts of the Company at 28th February 2006, as adjusted for the Placing, the acquisition of certain assets of Condor Resources (Australia), the entire share capital of MMS and the entire share capital of CSA as set out in the notes below. The unaudited pro forma statement has been prepared for illustrative purposes only and, because of its nature, will not represent the Group's actual financial position.

	The Company £'000	MMS \$'000	Adjustments £'000	Pro forma net assets £'000
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	116	9	4,256	4,381
Accounts receivable	-	5	(2)	3
VAT	-	5	(2)	3
Prepayments	-	1	-	1
Total current assets	116	20	4,252	4,388
<i>Non-current assets</i>				
Goodwill	-	-	3,580	3,580
Investments	58	-	(58)	-
Office furniture and equipment	-	14	-	14
Warranty and safety deposits	-	4	(2)	2
Exploration costs	-	439	(132)	307
Total non-current assets	58	457	3,388	3,903
Total assets	174	477	7,640	8,291
Liabilities				
Current liabilities				
Retentions	-	(1)	-	(1)
Other creditors	-	(2)	1	(1)
Total current liabilities	-	(3)	1	(2)
Non-current liabilities				
Amounts payable to parent company	-	(467)	467	-
Total liabilities	-	(470)	468	(2)
Net assets	174	7	8,108	8,289

PART IV
FINANCIAL INFORMATION

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

1. The net assets of the Company at 28 February 2006 have been extracted without adjustment from Part IV(a) of this document. The net assets of MMS at 31 December 2005 have been extracted without adjustment from Part IV(b) of this document. With the exceptions of the transactions referred to below, no account has been taken of the activities of the Company since 28 February 2006 or MMS subsequent to 31 December 2005.
2. The adjustments reflect the following:
 - The translation of the net assets of MMS at 31 December 2005 from US\$ to £ using an exchange rate of \$1.75:£1;
 - the issue of 38,361,753 ordinary shares of 1p each at 10p per share on 24 March 2006 as consideration for certain assets of Condor Resources (Australia), 100% of the issued share capital MMS; 100% of the issued share capital of CSA, a company registered in Nicaragua, and the presentation of the unaudited *pro forma* statement of net assets on the basis of acquisition accounting, resulting in goodwill of £3,580,000 had the acquisitions taken place on 28 February 2006;
 - the issue of 3,000,000 ordinary shares of 1p each at 10p per share on 24 March 2006 as payment in lieu of professional services rendered in connection with the issue of shares;
 - the issue of 40,950,000 ordinary shares of 1p at 10p each, representing consideration of £4,095,000 in connection with the Placing less associated costs of £416,750;
 - the issue of 22,600,000 ordinary shares of 1p each at a price of £0.01 per share.

**ACCOUNTANTS' REPORT ON THE UNAUDITED PROFORMA STATEMENT OF NET ASSETS OF
THE GROUP**



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The Directors
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24th May 2006

Dear Sirs

We report on the unaudited Pro forma statement of consolidated net assets (the “Pro forma financial information”) set out in Part IV of the AIM Admission Document dated 24th May 2006, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Placing of 40,950,000 new Ordinary Shares might have affected the financial information presented on the basis of the accounting policies adopted by Condor Resources plc (“the Company”) in preparing the financial statements at 28 February 2006. This report is required by guidance issued by the London Stock Exchange with respect to the AIM market and is given for the purpose of complying with that guidance and for no other reason.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with Schedule Two of the AIM Rules.

Chartered accountants. Registered to carry on audit work and regulated for a range of investment businesses by the Institute of Chartered Accountants in England and Wales.

A list of members' names is available at the registered address.

MRI Moores Rowland LLP is a limited liability partnership registered at the above address in England, no OC304070

A member of Moores Rowland International an association of independent accounting practices throughout the world

PART IV
FINANCIAL INFORMATION

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those report or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a. the Pro forma financial information has been properly compiled on the basis stated; and
- b. such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

MRI Moores Rowland LLP
Chartered Accountants
Registered Auditors

PART V

SUMMARY OF CONCESSIONS AND LOCAL LAWS

1. Concessions

Part 1 – Interests in Concessions in El Salvador held by the Company or a Subsidiary

Exploration Licence	Registered Holder	Interest	Expiry Date	Notes
El Pescadito	MMS	100%	27.08.2008	1, 2
Carolina	MMS	100%	07.06.2009	1, 2
La Calera	MMS	100%	04.07.2009	1, 2

Part 2 – Interests in Concessions in El Salvador held by other parties

Exploration Licence	Registered Holder	Interest to be acquired by MMS	Expiry Date	Section 2 Reference	Notes
El Potosi	Brett Resources El Salvador SA de C.V. ("Brett SA")	100%	07.01.2008	2.1.1-2.1.11	1, 2

Notes:

- Standard conditions apply – refer to paragraphs 2.1.5, 2.1.6, 2.1.7, 2.1.8, 2.1.9 and 2.1.10 of part 2 of this Part V.
- A permit from the Ministry of Environment and Natural Resources is required prior to commencing operations on all concessions except for El Potosi, for which the permit has already been obtained – refer to paragraph 2.1.10 of this Part V. An Environmental Impact Statement has been lodged for El Pescadito. Environmental Impact Statements for Carolina and La Calera will be lodged shortly. These statements are required prior to obtaining the environmental permit.
- Landowner permits for surface access have been obtained verbally and no objection to current activities has been received – refer to paragraph 2.1.2 and 2.1.7

PART V
SUMMARY OF CONCESSIONS AND LOCAL LAWS

Part 3 – Interests in Concessions in Nicaragua held by other parties

Exploration and Exploitation Concession	Registered Holder	Interest Acquired by Nicoz	Expiry Date	Section 2 Reference	Notes
El Gallo	Nicoz	100%	08.04.2027	2.2.1, 2.2.2	1, 3, 4
Chachagua	Nicoz	100%	03.02.2027	2.2.1, 2.2.2	1, 3, 4
Guapinol	Nicoz	100%	03.02.2027	2.2.1, 2.2.2	1, 3, 4
San Albino	Nicoz	100%	03.02.2027	2.2.1, 2.2.2	1, 3, 4
Juan Sebastian	Nicoz	100%	13.12.2029	2.2.1, 2.2.2	1, 3, 4
Cerro de Oro	Frank Mena Marengo	100%	Under Application	2.2.1, 2.2.2	2

Notes:

- Standard conditions apply – refer to paragraphs 2.2.3 to 2.2.9 of this Part V.
- As at the date of this document the Cerro de Oro concession was not registered and remains on application.
- Permits from the Ministry of Environment and Natural Resources are required prior to commencing any ground disturbance at any of the Concessions, They will be applied for as soon as practicable after Admission – refer to paragraph 2.2.10 of this Part V.
- Permits from landowners for access to the Concessions have not yet been sought; but will be applied for as soon as practicable after Admission.

2 Applicable Law

2.1 EL SALVADOR

2.1.1 Application legislation

The following apply to mining activities in El Salvador:

- Legislative Decree No 544 of 14 December 1995 (Mining Law);
- By-laws of the Mining Law, published in 1996;
- Legislative Decree No. 475 of 11 July 2001 that amended the Mining Law;
- Legislative Decree No 233 of 2 March 1998 (Environmental Law).

2.1.2 Summary of the Mining Law

The subsoil, the continental plateau and all minerals are the property of the State of El Salvador. The Ministry of Economy through the Hydrocarbons and Mining Agency (Agency) may grant licences or concessions to El Salvadoran and authorised foreign companies to explore for or mine minerals. A concession holder's main legal obligations are:

- to obtain permission from the owner of the land;

- (b) to comply with the technical and engineering standards of the domestic law and international norms for the protection of the environment;
- (c) to file reports annually, semi-annually, or as required;
- (d) to fulfil the requirements of the exploration licence and request extensions;
- (e) to pay mining royalties for licences; and
- (f) to present documentary proof that it is financially and technically capable of fulfilling licence requirements.

2.1.3 Terms and conditions governing grants of concession

An applicant for a concession must prove that it has the technical and financial capacity to develop mining projects.

Foreign companies must be authorised to perform commercial acts in El Salvador. This usually involves incorporating a local subsidiary or establishing a local branch.

The following persons cannot obtain concessions:

- (a) public officers and public employees (and the spouses of these officers and employees) who are directly or indirectly involved in the process for obtaining mining rights; and
- (b) persons who owe monies to the Government or the corresponding Municipality for previous mining activity obligations.

2.1.4 Registration of Interests

The Agency has a public "Mining Registry" to record and give publicity and authenticity to acts related to mining licences or concessions. The following must be registered with the Mining Registry:

- (a) all documents conferring mining rights;
- (b) liens granted on exploration or exploitation rights;
- (c) machinery and mining equipment existing on the premises;
- (d) mining easements;
- (e) attachment of exploration and exploitation rights and any other judicial provision affecting such rights;
- (f) securities granted by concession holders; and
- (g) transfers.

Concessions or any agreement that affects them are not effective against third parties unless registered. Registration is undertaken by the holder of the Concession. Failure to register does not put the Concession at risk or attract penalty. The main effect is to prevent transfer until registration has occurred.

2.1.5 Types of Mining Titles

- (a) Exploration Licence
 - (i) Purpose

Exploration licences are granted for exploration, operation of mineral processing plants and exploitation of minerals in waste or mining dumps.

- (ii) Nature of Grant

Licences are granted by resolution of the Agency.

- (iii) Rights attached to Exploration Licences

The holder of an exploration licence has the exclusive right to perform mining activities to locate mineral substance and the exclusive right to request a grant of a concession over that area.

PART V
SUMMARY OF CONCESSIONS AND LOCAL LAWS

(iv) Term

An exploration licence is initially granted for 4 years and may be extended for 2-year periods, up to 8 years, if the concession holder justifies the extension and pays annual surface rent in advance.

(v) Conditions

The grant of an exploration licence:

(A) will contain standard conditions as set out at item 2.1.6 of this schedule; and

(B) is limited to exploration of that mineral substance allowed by the licence. If the concession holder finds a new substance the concession holder must notify the Agency within 30 days and either: (1) request a licence extension to explore for the new substance; or (2) declare that it has no interest in new substance.

(vi) Annual surface rent is payable in advance. For each km², or part thereof, the rent is:

Year	Amount
1	US\$25.00
2	US\$50.00
3	US\$75.00
4-6	US\$100.00
7-8	US\$300.00

(b) Mine Exploitation Concession

(i) Purpose

A mine exploitation concession is necessary for the conduct of mining.

(ii) Nature of Grant

The concession is granted by resolution of the Ministry of Economy, followed by a contract entered into between the Ministry and the applicant.

Any interested party, without a previous exploration licence, may request a concession in an already existing mine directly by proving the minerals' economic potential.

(iii) Rights attached to a Mine Exploitation Concession

The holder of a mine exploitation concession has the exclusive right to extract, process, transport and dispose of mineral substances.

(iv) Term

Mine exploitation concessions are granted for 30 years and the term can be extended if the concession holder has complied with legal requirements.

The Ministry may cancel the concession if the concession holder does not commence mining within 12 months. If the concession holder can claim delay due to force majeure, the Ministry may grant an extra term of 1 year.

(v) Surface Rent

The concession holder must pay in advance an annual surface rent of US\$300 for each km² or part thereof.

(c) Processing Licence

(i) Purpose

Processing licences are necessary for persons who want to render processing services to third parties.

(ii) Nature of Grant

Licences are granted by resolution of the Agency.

(iii) Term

Companies are granted a term of 30 years; individuals are granted an indefinite term.

2.1.6 Conditions attaching to Exploration Concession

Standard conditions apply to all Exploration Concessions. In addition to those stated above in this item they include the obligation on the concession holder to:

- (a) begin operations pursuant to the Exploration Technical Program as submitted and comply with that;
- (b) perform the exploration activity in accordance to mining technical and engineering demands, as well as to the norms established at an international level;
- (c) submit reports on progress and problems, environmental protection and the measures to minimise the problems encountered, whenever the Agency requests such reports and at least every 6 months;
- (d) obtain authorisation from the property's owner
- (e) prove to the Agency the works and investments performed at the end of each period for which the Licence has been granted;
- (f) submit an annual report of the exploration activities and pay the corresponding surface rent;
- (g) obtain the appropriate environmental permit to begin and operate activities regarding mineral exploration.

2.1.7 Relations with Landowners

Although a concession allows mining activities to be carried out, the concession holder is responsible for obtaining the landowner's authority to perform activities on that land.

2.1.8 Reporting Requirements

(a) 6 monthly Reports

Concession holders must submit reports to the Agency at least every 6 months, or when the Agency requests. The reports must contain information on mining activities, the problems detected in the mining activities, the measures taken to achieve environmental protection and any foreseen problems and how they can be addressed.

The Agency may also request a concession holder to submit such other reports that it deems necessary. Concession holders must submit requested reports within the term established by the Agency. The Agency may also request opinions and reports from other entities in relation to mining and environmental issues.

(b) Monthly Reports

Each month, companies that exploit minerals must inform the Agency of the amounts of metallic and non-metallic minerals produced and their respective sales prices.

(c) Proof of Royalty Payments

Within the month following the termination of each quarter, the concession holder must submit to the Agency an affidavit of the provisional liquidation of the royalties and the receipt for the previous quarter.

2.1.9 Royalties and other Payments

Concession holders must pay:

- (a) all fiscal and municipal taxes, rates and contributions established in local laws; and
- (b) surface rents to the Government of El Salvador as stated above.
- (c) royalties to both the Government of El Salvador and the corresponding municipality. This royalty is a percentage based on the total value of the net sales obtained in the quarter and is paid within 30 days of the end of that quarter.

The percentage is established as follows:

- (i) an amount of not more than 1 per cent., paid to the municipality where the mining activity is performed; and
- (ii) where the minerals are metals, 1 per cent. to the Government of El Salvador.

If the royalty is not paid as required, the Ministry of Economy may enforce collection.

PART V

SUMMARY OF CONCESSIONS AND LOCAL LAWS

2.1.10 Environmental Issues

Mining in El Salvador is subject to the Environmental Law.

The Environmental Law of El Salvador contains provisions for:

- (a) the environment's protection, conservation and restoration;
- (b) sustainable use of natural resources;
- (c) environmental management, whether public or private; and
- (d) the application of international environmental treaties and conventions entered into by El Salvador.

Concession holders cannot begin exploration activities until they have an environmental permit from the Ministry of the Environment and Natural Resources.

An environmental permit is issued once the interested party fulfils all requirements. These are:

- (a) filing the environmental approval application and corresponding information with the Ministry;
- (b) filing an environmental impact study that has been performed by a duly qualified company or individual;
- (c) approval of the environmental impact study; and,
- (d) providing an environmental compliance bond, for a sum equal to the total costs of the investment or physical works required to meet the environmental management and adaptation plans.

2.1.11 Jurisdiction

Concession holders whether national or foreign, are subject to Salvadoran laws, courts and authorities, and cannot have recourse to claims through diplomatic protection. Submission to Salvadoran law must be expressed in all aspects of corresponding agreements. If any conflict arises in relation to the mining rights awarded, and the parties cannot resolve the matter by mutual agreement, the parties must submit to Salvadoran law. If conflict arises between the concession holder and the State of El Salvador, regarding the application, interpretation, execution and termination of a concession agreement, the parties must submit to the courts of San Salvador.

2.2 NICARAGUA

2.2.1 Applicable legislation

The following apply to mining activities in Nicaragua:

- (a) Law No 387, Law for Exploitation and Exploration of Mines;
- (b) Decree No. 119-2001, Regulation of Law No.387; and
- (c) Decree No. 316, Law for Exploitation of Natural Resources.

2.2.2 Summary of the Law

The Nicaraguan Civil Code recognizes the right of the owner of property to enjoy and dispose of it within the limitations established by law. Natural resources are property of the State and only the State is authorised to grant mining exploitation concessions and rights.

A concession holder's main legal obligations are to:

- (a) obtain permission from the owner of the land;
- (b) obtain an environmental permit;
- (c) pay royalties and surface rents; and
- (d) file annual reports.

2.2.3 Types of Mining Titles

Since 2001 all Nicaraguan mining activities have been governed by a single type of mining concession known as a concession for exploration and exploitation.

- (a) Terms and Conditions governing grant

The Ministry of Development Industry and Commerce (MDIC) issues mining concessions to entities that file an application before the Natural Resources Directorate General (DGRN) (a division of MDIC).

(b) Rights attached to Exploration Licence

Mining concession holders have the exclusive rights of exploitation, exploration and the establishment of facilities for collection and processing of minerals found in the area granted.

(c) Standard Conditions for Mining Concessions

Standard conditions apply to all Mining Concessions. In addition to those stated below in this item they include the obligation on the concession holder to:

- (i) pay income taxes annually;
- (ii) provide an annual report on activities and if requested by the request of MDIC;
- (iii) facilitate the inspections carried out by MDIC representatives;
- (iv) comply with procedures issued for labour, security and environmental protection;
- (v) within 30 days from the date the concession is issued, register it with the Public Registry and have it published in the official Gazette;
- (vi) obtain permission from the owners of the properties within the concession area prior to the commencement of activities;
- (vii) facilitate artisanal mining activities which will not exceed 1 per cent. of the total area of the concession.

(d) Surface rent

A concession holder is to pay surface rent in advance every six months. Payments per hectare or part thereof are:

Year	Amount
1	US\$0.25
2	US\$0.75
3-4	US\$1.50
5-6	US\$3.00
7-8	US\$4.00
9-10	US\$8.00
11 on	US\$12.00

2.2.4 Reporting Requirements

Mining concession holders must provide to MIFIC an annual report which includes the following information:

- (a) personnel employed;
- (b) industrial safety measures;
- (c) mining activities conducted and their results;
- (d) mining production;
- (e) status of incorporation of the company, its accounts and any changes during the year; and
- (f) detail of the investments and expenses incurred in relation to the mining concession during the year.

2.2.5 Royalties Payable

Concession holders pay a royalty on the value of the extracted substances. The value is determined by subtracting the transportation expenses from the sale value of the substance. The percentage that must be paid is 3 per cent. of the value of the mineral exploited. The royalty payment is considered an expense and can be deducted from Income Tax obligations.

Royalties are to be paid monthly. If payment is three months overdue the concession may be irrevocably

PART V

SUMMARY OF CONCESSIONS AND LOCAL LAWS

cancelled.

2.2.6 Term

The mining concessions are granted for an initial 25 year period, renewable for a further term of 25 years.

2.2.7 Renewal

Application for renewal must be filed at least 6 months before the expiry date. Renewal may be refused if the concession holder does not comply with the Mining Law.

2.2.8 Transfer and assignment

The Mining Law states that concessions may be divided, assigned, totally or partially transferred or leased and also allows for concessions to be mortgaged.

2.2.9 Relations with landowners

A mining concession holder cannot commence its mining activities until it has authorisation from the owner of the property. The authorisation must set out the terms and compensation for the use of the private property and infrastructure. A mining concession holder who acts without authority commits a serious violation and will be fined an equivalent to US\$10,000.00.

Conflict between surface property rights and mining rights must be taken into consideration at the time of considering a mining project, particularly in areas where other commercial projects may be developed on the surface of the land. The holder of the mining concession may need to acquire, lease or take easements over the surface property.

2.2.10 Environmental Issues

Any person who wishes to initiate mining-related activities (exploration and exploitation) must first obtain an environmental permit from the Ministry of Environment and Natural Resources. A failure to obtain a permit is a breach of a standard term of the mining title and the mining concession may be cancelled.

2.2.11 Applicable legislation

All rights and obligations derived from the mining concession must comply with Nicaraguan legislation and submit to the jurisdiction of Nicaraguan courts.

Disputes arising over the title of a mining concession are heard by the Civil District Courts. DGRN may act as a mediator between the parties, if the parties agree.

PART VI

ADDITIONAL INFORMATION

1. The Company.

- 1.1 The Company is registered in England and Wales, having been incorporated on 10 October 2005 under the Companies Act 1985 ("Act") with registered number 5587987 with the name Condor Resources Limited.
- 1.2 The Company re-registered as a public limited company on 7 April 2006 under the name Condor Resources Plc.
- 1.3 The principal legislation under which the Company operates is the Act.
- 1.4 The Company has two subsidiaries, CSA and MMS.

2. Share capital

- 2.1 On incorporation, the Company had an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each of which two were issued, fully paid, to the subscribers to the memorandum of association of the Company.
- 2.2 On 12 January 2006 the number of shares issued and fully paid was increased to 20 ordinary shares of £0.001 each.
- 2.3 On 13 January 2006 resolutions were passed, *inter alia*, increasing and consolidating the authorised share capital into £10,000,000 divided into 1,000,000,000 ordinary shares of £0.01 each, authorising the Directors to allot relevant securities up to a maximum aggregate nominal value of £5,000,000 as if section 89(1) of the Act did not apply. In addition the Directors were authorised to grant options over a maximum of 14,500,000 ordinary shares of £0.01 each.
- 2.4 Thereafter on 13 January 2006 the number of shares issued and fully paid was increased to 17,400,000 Ordinary Shares of £0.01 each by the issue of 17,399,998 Ordinary Shares for cash at a price of £0.01 per share.
- 2.5 On 24 March 2006 the number of shares issued and fully paid was increased to 78,361,753 Ordinary Shares of £0.01 each by the issue of the 38,361,753 Consideration Shares and 22,600,000 Ordinary Shares for cash at a price of £0.10 per share.
- 2.6 On 24 March 2006, the directors also agreed to issue 2,000,000 Ordinary Shares to Capital Investment Partners Pty Limited pursuant to the corporate finance mandate referred to in paragraph 5.14 of this Part VI and 1,000,000 Ordinary Shares to Amberdays Limited pursuant to a consultancy agreement referred to in paragraph 5.15 of this Part VI conditional on Admission.
- 2.7 On Admission, but excluding the Placing, the total Issued Share Capital of the Company will be 81,361,753 Ordinary Shares.
- 2.8 On Admission the Company intends to allot a maximum of a further 40,950,000 Ordinary Shares for cash at £0.10 per share pursuant to the Placing.
- 2.9 The authorised and issued share capital of the Company as it will be immediately following Admission are as follows:

PART VI
ADDITIONAL INFORMATION

Authorised		Ordinary Shares of £0.01 each	Issued and fully paid	
Amount	Number		Amount	Number
£10,000,000	1,000,000,000		£1,223,117.53	122,311,753

2.10

The Company has, conditional on Admission, granted options over an additional 14,500,000 Ordinary Shares at £0.15 per Ordinary Share at any time up to the fifth anniversary of Admission.

2.11

The Ordinary Shares will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document.

2.12

Save as disclosed above and in connection with the Placing, no share or loan capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be under option.

2.13

Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

2.14

Save as disclosed in this document:

•

no share or loan capital of the Company has been issued or is proposed to be issued;

•

no person has any preferential subscription rights for any share capital of the Company;

•

no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and

•

no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

3.

Memorandum and articles of association

3.1

In this paragraph 3, references to the “Statutes” are references to the Act and every other Act for the time being in force concerning companies and affecting the Company.

3.2

The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.

3.3

The articles of association of the Company (the “Articles”) contain, *inter alia*, provisions to the following effect:

General meetings

(a)

Annual general meetings

Each year the Company shall hold a general meeting as its annual general meeting (in addition to any other meetings in that year) and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. Annual general meetings shall be held at such time and place as may be determined by the Directors.

(b)

Extraordinary general meetings

The Directors may convene an extraordinary general meeting of the Company whenever they think fit and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act. Any meeting convened under this Article by requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors. If at any time there are not within the

United Kingdom sufficient Directors capable of acting to form a quorum, the Directors in the United Kingdom capable of acting may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution, shall be called by not less than 21 days' notice in writing; all other extraordinary general meetings shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and hour of meeting and, in case of special business, the general nature of such business. The notice shall be given to all the members, other than those members who, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive notice of the meeting, and to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an extraordinary resolution as the case may be shall specify the intention to propose the resolution as such.

Transfer

Title to and interests in securities of the Company may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Statutes. Except as may be required by any procedures implemented pursuant to the Articles in accordance with the Statutes, all transfers of shares may be effected by transfer in writing in any usual or common form or in such other form as shall be approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if the shares being transferred are partly paid, by the transferee. The Directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien. They may also refuse to register a transfer of any share in favour of more than four joint holders as transferees, a transfer in respect of more than one class of share and a transfer which has not been lodged at the Company's registered office or such place as the board may determine and which is not accompanied by the certificates for the shares to which it relates.

Voting rights

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) every member present in person or by proxy shall upon a show of hands have one vote and every member present in person or by proxy shall upon a poll have one vote for every share held by him.

Disclosure of Interests in Shares

If any member, or any other person appearing to be interested in any shares in the capital of the Company held by such member, has been duly served with a notice under Section 212 of the Act and is in default for the period of 14 days from the date of service of such notice, the member shall, for so long as the default continues not be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or meeting of the holders of any class of shares of the Company or, upon any poll or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to general meetings of the Company or meetings of the holders of any class of shares of the Company.

Dividends

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and interests. No dividend may exceed the amount recommended by the Board of Directors.

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Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

Return of capital

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the members in kind the whole or any part of the assets of the Company and may determine how such division shall be carried out between members or classes of members

Variation of rights

If at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of three fourths of the nominal amount of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class.

Changes in share capital

The Company may by ordinary resolution increase its share capital, cancel any unissued shares, consolidate all or any of its share capital into shares of larger amount and subdivide its shares into shares of smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised by law.

Purchase by the Company of its own shares

Subject to the provisions of the Statutes, the Company may purchase its own shares.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow and, subject to the Statutes, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or of any third party.

Directors

- (a) Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two and there shall be no maximum number of directors. Save as mentioned below, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has an interest which is a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.
- (b) A Director shall (in the absence of some other material interest than is indicated below) be entitled to be counted in the quorum and to vote in respect of any resolution concerning any of the following matters namely:
 - (i) the giving of any guarantee, security or indemnity to him in respect of money lent by or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings insofar as the Act permits; or
 - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has

- assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof, or
 - (iv) any contract, arrangement, transaction or other proposal concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or
 - (v) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of the Inland Revenue for taxation purposes or which does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or
 - (vi) any contract, arrangement, transaction or proposal concerning the adoption, modification or operation of any scheme for enabling employees including full time executive directors of the Company and/or any subsidiary to acquire shares of the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to employees and which does not accord to any Director as such, any privilege or advantage not generally accorded to the employees to whom such scheme relates; or
 - (vii) any proposal concerning any insurance which the Company proposes to purchase and/or maintain for or for the benefit of any director or for the benefit of persons who include directors.
- (c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such cases each of the directors concerned (if not debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
 - (d) If any question shall arise at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting whose ruling in relation to any other director shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed.
 - (e) The directors shall be paid out of the funds of the Company by way of fees for their services as directors such sums (if any) as the directors may from time to time determine The directors shall
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also be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors including any expenses incurred in attending meetings of the Board or of committees of the Board or general meetings and if in the opinion of the directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such director or directors may be paid such reasonable additional remuneration and expenses therefor as the directors may from time to time determine.

- (f) The directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been directors of or employed by or in the service of the Company or of any company which is a subsidiary company of or allied or associated with the Company or any such subsidiary and to the wives, widows, children and other relatives and dependants of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of such persons or any of them or any class of them, and so that any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such fund or scheme or otherwise) and may vote as a director in respect of the exercise of any of the powers conferred upon the directors, notwithstanding that he is or may be or become interested therein.

Non-United Kingdom shareholders

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form.

Restrictions on changes in control, mergers, acquisitions or corporate restructuring of the Company

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

Ownership threshold requiring public disclosure

There are no provisions in the Articles governing the threshold above which shareholder ownership must be disclosed. The Company is subject to the provision of the Statutes requiring public disclosure of shareholdings.

4 Directors' and other interests

- 4.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the Register of Directors' Interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

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<i>Name</i>	<i>Number of Ordinary Shares at the date of this document</i>	<i>Percentage of issued share capital at the date of this document</i>	<i>Number of Ordinary Shares following the Placing</i>	<i>Percentage of issued share capital following the Placing</i>	<i>Number of Ordinary Shares following Distribution</i>	<i>Percentage of issued share capital following Distribution</i>
Mark Lucian Child	2,000,000	2.46%	2,000,000	1.64%	2,000,000	1.64%
Nigel Munro Ferguson	-	-	-	-	800,000	0.65%
Stephen John Dobson	5,000,000	6.15%	5,619,500*	4.59%	6,269,500	5.13%
Klaus Peter Eckhof	-	-	-	-	160,000	0.13%

* 619,500 Ordinary Shares will be allotted to Fortview Capital Management Pty Limited, a company controlled by Stephen Dobson on Admission, as set out in paragraph 5.14 of this Part VI.

- 4.2 Save as disclosed above, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.
- 4.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.4 Nigel Ferguson and Klaus Eckhof are and after Admission will continue to be directors of Condor Resources (Australia). The following persons are also interested in the share capital of Condor Resources (Australia):

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of share capital</i>
Nigel Munro Ferguson	800,000	2.09%
Stephen John Dobson	600,000	1.56%
Klaus Peter Eckhof	160,000	0.42%

- 4.5 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 4.6 Save as disclosed in paragraph 4.1, the Company is only aware of the following persons who, directly or indirectly, jointly or severally, hold or will hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company:

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<i>Name</i>	<i>Number of Ordinary Shares at the date of this document</i>	<i>Percentage of issued share capital at the date of the document</i>	<i>Number of Ordinary Shares following the Placing</i>	<i>Percentage of issued share capital following the Placing</i>	<i>Number of Ordinary Shares following Distribution</i>	<i>Percentage of issued share capital following Distribution</i>
Condor Resources (Australia)	38,361,753	47.15%	38,361,753	31.36%	-	-
Delstar International Ltd	5,000,000	6.15%	5,000,000	4.09%	5,000,000	4.09%
Bayonet Investments Pty Ltd	4,900,000	6.02%	5,519,500*	4.51%	5,519,500	4.51%
Nefco Nominees Pty Ltd	-	-	-	-	4,700,000	3.84%
Tournigan Gold Corporation	-	-	-	-	3,400,000	2.78%
Giltspur Nominees Limited	4,200,000	5.16%	4,200,000	3.43%	4,200,000	3.43%

* 619,500 Ordinary Shares will be allotted to Bayonet Investments Pty Limited on Admission, as set out in paragraph 5.14 of this Part VI.

Save as disclosed above, the Company is not aware of any person who, immediately following Admission, Placing or after the Distribution in Specie will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 4.7 Axial Associates Ltd, a company of which Mark Child is a director, has executed a consultancy agreement with the Company dated 24 May 2006, which provides for a monthly fee of £2,000. Under the terms of the consultancy agreement Axial Associates Ltd has undertaken to provide the services of Mark Child to the Company. The consultancy agreement is terminable on 6 months' notice.

Ridgeback Holdings Pty Ltd, a company of which Nigel Ferguson is a director, has executed a consultancy agreement with the Company dated 24 May 2006, which provides for a monthly fee of £8,333. Under the terms of the consultancy agreement Ridgeback Holdings Pty Ltd has undertaken to provide the services of Nigel Ferguson to the Company. The consultancy agreement is terminable on 6 months' notice.

Fortview Capital Management Pty Limited, a company of which Stephen Dobson is a director, has executed a consultancy agreement with the Company dated 24 May 2006, which provides for a monthly fee of £4,000. Under the terms of the consultancy agreement Fortview Capital Management Pty Limited has undertaken to provide the services of Mr Dobson to the Company. The consultancy agreement is terminable on 6 months' notice.

Iguana Resources Pty Ltd, a company of which Klaus Eckhof is a director, has executed a consultancy agreement with the Company dated 24 May 2006, which provides for a monthly fee of £2,000. Under the terms of the consultancy agreement Iguana Resources Pty Ltd has undertaken to provide the services of Mr Eckhof to the Company. The consultancy agreement is terminable on 6 months' notice.

- 4.8 Nigel Ferguson, and Stephen Dobson have each executed executive directors' agreements with the Company dated 24 May 2006. Mark Child and Klaus Eckhof have executed non-executive directors' agreements with the Company dated 24 May 2006. The directors' agreements provide for monthly fees of £1,000 for Mr Child, £2,000 for Mr Ferguson, £2,000 for Mr Dobson and £1,000 for Mr Eckhof. The directors' agreements are terminable on 6 months' notice in all cases.
- 4.9 Save as disclosed in paragraphs 4.7 and 4.8 above, there are no contracts, existing or proposed, between any Director and the Company.

4.10 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4.11 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the 12 months ending 31 May 2007 will be approximately £265,000.

4.12 In addition to the directorships in the Company the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Mark Child	Axial Associates Ltd	betinternet.com plc (Isle of Man) Regent Pacific Corporate Finance Ltd Regent Pacific Group Ltd (Cayman Islands) Digital View Group Ltd
Nigel Ferguson	Bury Gold Ltd (Australia) Condor Resources Ltd (Australia) Corporate & Resource Consultants Pty Ltd (Australia) Ridgeback Holdings Pty Ltd (Australia) Total Mineral Resource N.L. (Australia)	Jackson Central Asia N.L. (Australia) Newcoast Nominees Pty Ltd (Australia)
Stephen Dobson	Capital Investment Partners Pty Ltd (Australia) Sundance Resources Ltd (Australia) Fortview Capital Management Pty Limited	
Klaus Eckhof	African Metals Inc Aurora Gold Inc Condor Resources Ltd (Australia) Corporate & Resource Consultants Pty Ltd Elemental Minerals Ltd Iguana Resources Pty Ltd Moto Goldmines Ltd Tiger Resources Ltd	Bayswater Ventures Inc Global Doctor Ltd Lafayette Mining Ltd Lakota Resources Inc. Lalo Ventures Inc Leo Shield Exploration Ltd Pan Palladium Ltd Spinifex Gold Ltd

4.13 None of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12

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months after he ceased to be a director of that company;

- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or
- been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

5 Material contracts

The following contracts, not being contracts entered into in the ordinary course of business of the Company, have been entered into by the Company and are or may be material:

5.1 Nominated Adviser/Broker agreement

A letter of engagement dated 10 April 2006 between (1) Nabarro Wells & Co. Limited and (2) the Company under which Nabarro Wells & Co. Limited has agreed to act as the Company's nominated adviser for one year from Admission and thereafter, unless terminated by three months' written notice by Nabarro Wells & Co. Limited or the Company (the "Nominated Adviser Agreement"). Under the Nominated Adviser Agreement, the Company has agreed to pay a fee of £115,000 (plus VAT) of which £15,000 is payable in advance and £100,000 is payable on Admission, grant options over 2,000,000 Ordinary Shares and pay an ongoing nominated adviser fee of £35,000 per annum.

5.2 Commission Agreements

The Company has agreed to pay commission of 5 per cent. of funds raised to brokers engaged in connection with the Placing.

5.3 Asset Purchase Agreement

An agreement dated 20 January 2006 between Condor Resources (Australia) and the Company and amended by letter dated 14 February 2006 and completed on 18 May 2006, pursuant to which the Company acquired from Condor Resources (Australia) all its assets ("the Condor Assets") being mainly the whole of the issued share capitals of CSA and MMS (the "Condor Shares") in consideration for the payment of £50,000 and the issue of 38,361,753 Ordinary Shares in the capital of the Company to Condor Resources (Australia) credited as fully paid. In addition the Company agreed to issue 3,000,000 Ordinary Shares to certain parties (further details of which are set out in paragraph 2.6 of this Part VI) at settlement in consideration for consultancy services.

Pursuant to the Asset Purchase Agreement both parties have given various warranties and indemnities. The warranties given by Condor Resources (Australia) include warranties relating to the Condor Shares and Condor Resources (Australia)'s ownership thereof, the corporate

authority of the Subsidiaries, the consolidated accounts of the Subsidiaries and the period since the last accounts, records and systems, contracts and commitments, permits and compliance with statutes, corporate matters, ownership of the Condor Assets and the relevant mineral properties, the absence of litigation, taxation, material disclosures and due diligence.

The warranties given by Condor Resources (Australia) will expire after the Distribution in Specie.

Condor Resources (Australia) intends to undertake the Distribution in Specie prior to 30 June 2006.

5.4 Memorandum of Understanding

A memorandum of understanding made between Tournigan Ventures Corporation (a Canadian company now called Tournigan Gold Corporation) (Tournigan) and Brett Resources Inc (a Canadian company) (Brett) dated 24 August 2002 as amended by letter agreements dated 4 October 2002, 24 September 2003 and 31 March 2005 pursuant to which Tournigan agreed to buy a 100 per cent. interest in the El Potosi concession and a 60 per cent. interest in the Cerro Pedernal concession held by Brett's subsidiary Brett SA (formerly Exploracion Lucero SA de CV, an El Salvadoran company) on the following terms (as concerns El Potosi):

- (a) Payment by Tournigan to Brett of US\$25,000 within 30 days of signing the MOU plus further payments of:
 - (i) US\$25,000 by 14 October 2002;
 - (ii) US\$50,000 on or before 24 August 2004;
 - (iii) US\$100,000 on or before 24 August 2005; and
 - (iv) US\$1,250,000 on or before 24 August 2006.
- (b) Tournigan may delay payment of the final US\$1,250,000 due on the fourth anniversary of the MOU for 12 months by paying Brett US\$150,000 on the fourth anniversary of the MOU;
- (c) No mining may commence until Tournigan has acquired the 100 per cent. interest; and
- (d) A 1 per cent. net smelter royalty on both gold and silver produced from the concession is payable by Tournigan to Brett when production from the concession exceeds 200,000 ounces of gold.

The Cerro Pedernal concession was subsequently relinquished in exchange for the El Cobre concession which was also subsequently relinquished.

5.5 Tournigan Sale Agreement

An agreement entered into between Tournigan and Condor Resources (Australia) dated 18 February 2004 and two deeds of variation thereto dated 30 November 2004 and 28 June 2005 pursuant to which Condor Resources (Australia) acquired Tournigan's interests in the memorandum of understanding detailed in paragraph 5.4 above in consideration for Aus\$200,000 satisfied by the issue of 8,000,000 shares in Condor Resources (Australia) to Tournigan, the issue of 200,000 shares in Condor Resources (Australia) to Tournigan and the appointment of Eric Lavarack to the board of Condor Resources (Australia). The agreement contained a number of conditions subsequent of receipt of various consents and approvals and certain warranties including a warranty by Condor Resources (Australia) as to the amount of its cash reserves and

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expenditure incurred on the project being at least Aus\$550,000. All conditions subsequent have been fulfilled and so far as the Directors are aware there has been no breach of any warranty.

5.6 First Deed of Assignment and Assumption of the Memorandum of Understanding

A deed of assignment and assumption entered into between Tournigan, MMS, Condor Resources (Australia), Brett, Gridiron Exploration Limited and Exploracion Lucero S.A de C.V dated 31 May 2004 and a letter of amendment dated 12 September 2005 pursuant to which MMS acquired the interests of Tournigan in the memorandum of understanding dated 24 August 2002 details of which are set out in paragraph 5.4 above and Condor Resources (Australia) agreed to guarantee the performance of the obligations of MMS under the said memorandum of understanding. Once MMS has completed its earning obligations the concession may be transferred to MMS.

5.7 Second Deed of Assignment and Assumption of the Memorandum of Understanding

A deed of assignment and assumption between Condor Resources (Australia), MMS, Brett, Gridiron Exploration Ltd, Brett SA and the Company dated 24 March 2006 pursuant to which Condor Resources (Australia) assigned and the Company assumed the obligations of Condor Resources (Australia) under the deed of assignment and assumption details of which are set out in paragraph 5.6 of this Part VI.

5.8 Option and Farm-In Agreement

An option heads of agreement between Condor Resources (Australia) and Frank Mena Marengo ("Marengo") dated 22 October 2004 and amended by agreement dated 19 September 2005 pursuant to which Marengo granted Condor Resources (Australia) the exclusive right to acquire from him (or companies connected with him) an 80 per cent. interest in the El Gallo, Chachagua, Guapinol, San Albino, Juan Sebastian and Cerro de Oro concessions by acquiring 80 per cent. of the issued share capital of a holding company established to hold the concessions namely Nicoz. Marengo retains the remaining 20 per cent. Under the Option and Farm-In Agreement:

- (a) Condor Resources (Australia) paid US\$50,000 to Marengo as an option fee;
- (b) Condor Resources (Australia) is to make further payments namely; a one-off payment to Marengo of US\$90,000 upon the transfer of the concessions to Nicoz of which US\$45,000 was paid on 19 September 2005 and of the remaining US\$45,000, US\$30,000 has been paid and the remaining US\$15,000 relates to Cerro de Oro; US\$20,000 per concession (with a minimum of US\$100,000 irrespective of the number of concessions) within 6 months of the transfer of the concession to Nicoz; spending US\$1,000,000 on exploration and development over a four year period (the increments being US\$75,000 in the first year, US\$175,000 in the second year, US\$250,000 in the third year and US\$500,000 in the fourth year) on each concession; and a further US\$250,000 per concession to Marengo after completion of the said development expenditure;
- (c) Excess development expenditure may be carried over to the following year and if Condor Resources (Australia) fails to meet a yearly spending requirement it may elect to; for the first year: (i) make up the shortfall within three months after the first 12 months, failing which Condor Resources (Australia) shall make a cash payment to Marengo equal to 5 per cent. of the shortfall amount or (ii) transfer that or those concessions out of Nicoz back to Marengo; for the second to fourth year: (i) make a cash payment to Marengo equal to the shortfall of the corresponding year or (ii) transfer that or those concessions out of

Nicoz back to Marenco;

- (d) Once Condor Resources (Australia) has earned its 80 per cent. interest in a concession then Marenco has the right to convert his 20 per cent. interest to a 3 per cent. net smelter royalty or to enter into a joint venture with the Company in respect of that concession; and
- (e) If Condor Resources (Australia) commences mining on a concession it may purchase one half of the 3 per cent. net smelter royalty for US\$1,850,000. If it does so Condor Resources (Australia) is then granted a first right of refusal over the balance of the net smelter royalty held by Marenco.

5.9 Deed of Assignment and Assumption of the Option and Farm-In Agreement

A deed of assignment and assumption between Condor Resources (Australia), CSA, the Company, Frank Mena Marenco, Resources and Mining SA ("Remisa"), Chorti Holdings SA ("Chorti") and Minas Del Sur SA ("Minas") dated 24 March 2006 pursuant to which Condor Resources (Australia) assigned and the Company assumed the obligations of Condor Resources (Australia) under the option and farm-in agreement details of which are set out in paragraph 5.8 of this Part VI.

5.10 Marenco Trust Agreement

A trust agreement between Marenco, Remisa, Oscar Mayorga and Roberto Villavicencio (the "Trustees"), Ana Briceno and Gustavo-Adolfo Rojas (the "Fiduciaries") and Nigel Ferguson acting on behalf of the Company executed on 18 May 2006 pursuant to which the Trustees acknowledge that 80 per cent. of the shares in Nicoz, are held by the Fiduciaries firstly on trust for the Company; and thereafter (if the Option and Farm In Agreement is not fulfilled) for Remisa or the person that it nominates.

5.11 Mena Letter Agreement

A letter agreement between Condor Resources (Australia) and Frank Mena Marenco dated 26 October 2005 pursuant to which Marenco grants Condor Resources (Australia) (or its assignee) a right of first refusal for a farm-in and joint venture agreement in relation to the Columbus, Kuikuinita and Montecristo concessions in consideration for which Condor Resources (Australia) paid to Marenco US\$15,000 upon execution. The right of first refusal expired on 31 January 2006 and Condor Resources (Australia) is in negotiations with Marenco in respect of the relevant concessions.

5.12 Lock-in Agreements

- (a) In addition to the lock-in arrangements referred to on page 27 of this document, the following persons (for themselves and their connected persons) have entered into Lock-In Agreements between Nabarro Wells and the Company.

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<i>Name</i>	<i>Number of Shares (including options and following the Distribution)</i>	<i>Status</i>
Condor Resources (Australia)	38,361,753	Substantial Shareholder
Donald Strang	750,000*	Applicable Employee

** Donald Strang currently holds no Ordinary Shares. This figure represents options awarded to him.*

- (b) The terms of the Lock-In Agreements referred to above are the same as stated on page 27, except that Condor Resources (Australia) is not prevented from making the Distribution in Specie.

5.13 Orderly Marketing Agreements

- (a) In consideration for Condor Resources (Australia) being permitted to make the Distribution in Specie outside the terms of its Lock-In Agreement, the following persons, being persons who will all receive Ordinary Shares on the Distribution in Specie have entered into orderly marketing agreements with the Company and Nabarro Wells:

<i>Name</i>	<i>Number of Ordinary Shares on the Distribution</i>	<i>Percentage of share capital on Distribution</i>
ACP Investments Pty Limited	500,000	0.41%
Carboni Pty Limited	750,000	0.61%
John Francis Corr	250,000	0.20%
Nadine Georgiades	400,000	0.32%
Gregory Campbell Hinchcliffe	1,000,000	0.82%
Tournigan Gold Corporation	3,400,000	2.78%

- (b) Nefco Nominees Pty Limited, which is entitled to 4,700,000 Ordinary Shares on the Distribution intends to transfer its shares in Condor Resources (Australia) to Hans Ruedi Moser. Mr Moser has agreed to enter into an orderly marketing agreement for the Ordinary Shares.

- (c) In addition, the following persons, being persons who will receive Ordinary Shares on the Placing have agreed to enter into orderly marketing agreements with the Company and Nabarro Wells.

<i>Name</i>	<i>Number of Ordinary Shares held following the Placing</i>	<i>Percentage of share capital following the Placing</i>
ACP Investments Pty Limited	1,000,000	0.82%
John Francis Corr	1,000,000	0.82%
Bayonet Investments Pty Ltd	4,900,000	4.01%
Adelise Services Limited	1,000,000	0.82%
Milana Investments Limited	2,000,000	1.64%

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Bentley Solutions Limited	2,000,000	1.64%
Delstar International	5,000,000	4.09%
Prime City International	2,000,000	1.64%
Montagu Stockbrokers Pty Limited	2,220,000	1.82%

- (d) In addition, ACP Investments Pty Ltd and John Francis Corr have included the 177,000 Ordinary Shares that they will each receive on Admission pursuant to the agreement set out in section 5.14 of this Part VI in their respective orderly marketing agreements.
- (e) The Orderly Marketing Agreements provide that the covenantor will not at any time before the first anniversary of Admission without the prior written consent of the Company effect a sale except through the brokers for the time being of the Company and any such disposal will be made in such a manner as the Company may reasonably require with a view to maintaining an orderly market in the Ordinary Shares.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material.

5.14 Capital Investment Partners

A corporate finance mandate dated 1 September 2005 under which Capital Investment Partners Pty Ltd agreed to provide corporate finance advice to the Company. A fee of £200,000 is payable to be satisfied by the issue of 2,000,000 Ordinary Shares on Admission to the following persons:

Bayonet Investments Pty Ltd	619,500 shares
Fortview Capital Management Pty Ltd	619,500 shares
ACP Investments Pty Ltd	177,000 shares
Gavin John Argyle	177,000 shares
John Francis Corr	177,000 shares
Melbourne Capital Ltd	230,000 shares

5.15 Amberdays Limited

Pursuant to an agreement made on or around 1 September 2005 Amberdays Limited agreed to provide consultancy services to the Company in consideration for a fee of £100,000 to be satisfied by the issue of 1,000,000 Ordinary Shares on Admission.

6 Litigation

There are no legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Company.

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7 Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

8 Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Revenue and Customs practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

8.1. Taxation of Chargeable Gains

For the purposes of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding; for individuals and certain trustees the amount paid for the Ordinary Shares subscribed may be eligible for taper relief. If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

8.2 Loss Relief

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 573 to 576 of the Income and Corporation Taxes Act 1988, against income of the same or prior year, or carried forward and set against gains in future tax years. The relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

8.3 Inheritance Tax

Unquoted Ordinary Shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

8.4 Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares. Stamp duty and SDRT treatment will be as follows:

- in relation to the Placing Shares, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company (provided that the Placing Shares are not issued to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts);

- the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally the liability of the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;
- no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out above;
- a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value or the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and
- where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares.

Special rules apply to certain categories of person including intermediaries, market makers, brokers and dealers, and persons connected with depositary arrangements and clearance services.

8.5 Dividends and Other Distributions

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash paid. Shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the ordinary rate (10 per cent.) or the upper rate (32.5 per cent.). The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the net dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends. A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealings in shares. Trustees are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax, (after taking into account the tax credit) of the aggregate of the net dividend and the associated tax credit, currently 32.5 per cent. Persons who are not resident in the UK should consult their own tax

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advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

8.6 General Taxation Information

These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

9. **General**

9.1 The total proceeds which it is expected will be raised by the Placing are £4,095,000 and the net proceeds after deduction of expenses are estimated at £416,750.

9.2 The accounting reference date of the Company is 31 October and the next audited accounts will be made up to 31 October 2006.

9.3 The expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution, are estimated to amount to approximately £212,000 (excluding VAT) together with £204,750 of commissions, all of which will be payable by the Company.

9.4 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

9.4.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or

9.4.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more; or

(b) securities in the Company with a value of £10,000 or more; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

9.5 The financial information contained in Part IV of this Admission Document does not constitute full statutory accounts as referred to in section 240 of the Act.

9.6 Ravensgate have given and not withdrawn their written consent to the issue of this document with the inclusion of their Report and references to their name in the form and context in which they appear.

9.7 Nabarro Wells & Co. Limited has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which they appear.

9.8 MRI Moores Rowland LLP have given and not withdrawn their written consent to the issue of this document with the inclusion of their letters and references to their name in the form and context in which they appear.

- 9.9 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 9.10 The Placing has not been underwritten or guaranteed by any person.
- 9.11 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 9.12 The Placing Shares will be issued at 10 pence per share, a premium of 9 pence per Ordinary Share above nominal value.
- 9.13 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 9.14 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.
- 9.15 Save as disclosed in this document, there are no investments in progress which are significant.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of the Company at 22 Arlington Street, London SW1A 1RD during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until at least one month after the date of Admission:

- 10.1 the memorandum and articles of association of the Company;
- 10.2 the Accountants' Reports set out in Part IV of this document;
- 10.3 the consultancy agreements, Directorship contracts referred to in paragraph 4.7 and 4.8 of this Part VI;
- 10.4 the material contracts referred to in paragraph 5 of this Part VI; and
- 10.5 the letters of consent referred to in paragraphs 9.6, 9.7 and 9.8 of this Part VI.

24 May 2006