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AIM:CNR
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Condor Resources plc

Unaudited final results
for the year ended 31 December 2008

Condor Resources Plc, the AIM listed exploration company, announces its financial results for the year ending 31st December 2008.

Highlights

- Increased JORC compliant inferred resources at La Calera Project in El Salvador to 313,000 ounces of gold at 1.6 grams per tonne from previous resource of 113,000 ounces contained gold.
- Increased JORC compliant inferred resources within the El Pescadito Project area in El Salvador by 10 percent to 434,000 ounces gold at 1.9 grams per tonne and 22.1 million ounces silver at 96.7 grams per tonne.
- The decision by El Salvador's Ministry of the Economy to undertake a Strategic Environmental Evaluation Study of the benefits of mining to the Republic of El Salvador has meant Condor has not been issued with permits to drill on key projects in the country**.** A decision was made to place operations in El Salvador on care and maintenance as material progress is unlikely before the end of 2009, which is the earliest Condor is likely to drill on key projects.
- Maiden JORC compliant inferred resources at three locations in Nicaragua comprising:
  - 41,000 ounces gold at 1.2 grams per tonne at El Cacao,
  - 79,000 ounces gold at 5.1 grams per tonne at Arras in Nicaragua (concession returned to vendor post period), and
  - 25,000 ounces gold at 1.1 grams per tonne at Kuikuinita, but not considered to have economic potential and the concession was returned to the vendor.
- It was decided that the economic potential of the Columbus and Kuikuinita concessions in Nicaragua did not justify the option payments or the high surface tax levels and the concessions were returned to the vendor.
- Raised £2,000,000 in June 2008 before expenses by way of a placing of 200,000,000 new ordinary shares with a nominal value of £0.01 each at 1p each.
- Nicaragua operations have been cut back with no exploration expenditure envisaged in the near term, but the Group continues to apply for concessions in order to assemble an attractive land bank.

Post Period Highlights

- Condor terminated the option agreement on the San Albino-Murra Concession because the US$250,000 option payment required to convert the concession to a joint venture was not considered a justifiable use of funds.
- Condor was granted 100 percent ownership of the Santa Barbara Concession which is contiguous with Condor's 100 percent owned Cacao Concession, and includes two known gold mineral anomalies believed to represent outcrops of the Cacao structure up to four kilometres along strike of the Cacao Resource.
- Condor completed a share exchange with Grafton Resources Investments Limited (the "Fund") whereby Condor issued 140,000,000 new ordinary shares with a nominal value of £0.01 at 1p each and the Fund issued £1.4m worth of its shares to Condor.

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Chairman's Statement

I am pleased to present Condor Resources PLC's ("Condor" or "the Company" or "the Group") annual report for the 12 month financial year to the 31st December 2008. www.condorresourcesplc.com It has been a challenging year for your exploration Company. The original strategy of Condor at the time of Admission to AIM in May 2006 was to prove a commercial gold or silver resource in the Republic of El Salvador (El Salvador) or Nicaragua. This strategy has been derailed by the government in El Salvador imposing an unofficial moratorium on all exploration and mining activity in their country and not helped by the global financial crisis, which has significantly reduced the availability of capital to non income producing exploration companies. The Board took the decision to restructure the Group, placing the operations in El Salvador and Nicaragua on a care and maintenance basis, significantly reduce costs and conserving, as far as practically possible, the £2m cash raised in the June 2008 placement.

The main challenge has been in El Salvador where Condor has 95% of its 1 million ounce gold equivalent JORC Resource. As reported in my Chairman's statements for 2006 and 2007, the Ministry of the Environment (MARN) delayed issuing environmental permits to drill on key projects. In March 2008, President Saca publicly stated he opposed the granting of any impending mining permits. At a press conference, President Saca announced that he intended to revisit the entire legal framework that was already in place to regulate mining in El Salvador. Condor based its investment and exploration expenditure of several million dollars in El Salvador on the El Salvadoran Mining Law and the stated 2001 policy of the Government in favour of "mining activity" because it is "of great importance to the economy of the country as it generates investments by nationals and foreign companies, contributing in this way to the creation of jobs and development in the areas where these activities are made".

President Saca lost a presidential election held in El Salvador on 15 March 2009. The new President, Mauricio Funes, took charge of a new government on 1st June 2009. The policy of the recently elected President and new government towards exploration and mining is unclear. New ministers have been appointed for MARN and the Ministry of the Economy (MINEC). The latter issue permits for exploration concessions. MINEC stated almost 18 months ago that it would undertake a Strategic Environmental Evaluation Study of the benefits of mining to the Republic of El Salvador, which would be completed by an independent consultancy group. MINEC stated that this study is critical to allow the issue of environmental permits by MARN and to allow the Government to make a well informed decision about the benefits of mining. MINEC has yet to commission this report.

The Board, following discussions with MARN and MINEC and a number of consultants, has concluded that environmental permits to drill and the extension of exploration concessions are unlikely in 2009. Hopefully the picture will become clearer in the months ahead when the recently elected President and Ministers have formulated a policy on exploration and mining.

Condor's two projects in El Salvador are La Calera Project, which has 312,000 oz gold and El Pescadito Project, which has 434,000 oz gold, both to a JORC Compliant Inferred Resource. Both show excellent potential through additional drilling to produce in excess of 1 million ounce resources each. However, in light of the significant uncertainty surrounding the future of exploration and mining in El Salvador the Board has decided to reduce the carrying cost of the Company's assets in the country by £716,576.

In Nicaragua, in the first half of 2008, following almost 2,000 meters of drilling and a similar amount of trenching, maiden JORC inferred resources totalling 144,000 oz gold were defined in three concession areas. Pursuant to the June 2008 placement and the effects of the financial crisis, the Board decided to terminate option agreements on San Albino-Murra, Kuikunita and Columbus due to the fact that significant funds were required to exercise the options which had to be spent on exploration prior to exercising the options. The strategy going forward in Nicaragua is to acquire 100% ownership of concessions that become available and accumulate an attractive portfolio of concessions in the country. Condor announced on 6 May 2009 it has been granted the Santa Barbara concession, adjacent to the wholly owned Cacao concession, which hosts a 41,000 oz gold JORC Resource.

Turning to the financial results for the year 2008, the operating loss was £3,526,579 and the total loss before tax was £3,476,595. As a pure exploration company, Condor has no revenues save interest on its bank deposits. The main portion of the loss relates to the impairment of intangible assets in both Nicaragua and El Salvador, which amounted to £2,349,059. The Group incurred costs associated with redundancies as the operations in El Salvador and Nicaragua were put on care and maintenance. The Group reduced office facilities and sold vehicles in both operations. At the Head Office, further cut backs were made with the resignation of the CEO, redundancy of his personal assistant and relocation to a much cheaper office in London.

On 12th June 2009 shareholders voted 165.4m for and 5m against a Share Exchange with Grafton Resources Investments Limited (the "Fund"). The net result is that Condor issued 140m new ordinary shares to the Fund at 1p per share, a premium to the then share price, for a total consideration of £1.4m and in return Condor acquired £1.4m worth of shares in the Fund at its 29th May 2009 NAV. Post the transaction, the Fund holds 29.7% of Condor and Condor has a current asset in the form of shares in the Fund which can be sold and used for working capital requirements. Further details on the Fund can be found at www.graftonresources.net On 29th May 2009 the Fund had 48 investments in the natural resource sector, a third of which are unlisted. The Share Exchange provides Condor with an additional source of potential deals in the form of the Fund's portfolio of unquoted investments.

The outlook for Condor depends on three factors. Firstly, the El Salvador Government's ultimate policy towards exploration and mining, for which we do not expect a conclusion this year. Secondly, the ability of Condor to accumulate an attractive package of concessions in Nicaragua, where Condor has applied for three further concessions. Lastly, the ability of the Board to identify and negotiate further attractive acquisitions for the Company in order to diversify the geographical and political risk from El Salvador.

Mark Child
Chairman

Operations Report

NICARAGUA

In Nicaragua, the Company, through its wholly owned Nicaraguan subsidiary, Condor S.A., focused exploration during 2008 on two key areas; Cacao and the Segovia Project (San Albino-Murra and Potrerillos concessions).

La India Mining District

Cacao Concession
(Condor 100% ownership)

At Cacao, a resource drilling programme initiated at the end of 2007 was completed. Eight hundred and seventy one metres of reverse circulation and diamond core drilling was completed in ten drill holes to bring the total drilling at El Cacao to 2,170 metres, including 697 metres of diamond core. In addition, 299 metres of trench sampling was completed during the year to bring the total to 1,121 metres of trenching. These twenty metre spaced infill trenches which aimed to better define the surface resource on the Cacao Prospect returned the best surface intercept to date of 7 metres at 2.39 grams per tonne gold (Trench CCTR028). The outcropping part of the Cacao vein has now been trench tested for surface gold mineralisation at 20 metre spacing over the entire 600 metre strike length that is exposed in outcrop. The drilling has tested subsurface gold mineralisation beneath the outcrop at 40 metre line spacing over a 400 metre strike length, and approximately 80m spacing over the remaining 200m of strike. Drill testing has been to a maximum of 160m below surface with one of the best intersections to date returned from the deepest drillhole; 4.15 metres at 2.93 grams per tonne gold from 163 metres drill depth (CCRD020). The high-grade gold intercepts encountered in the deeper drilling points to a rich level below the currently drill-tested upper 100 metres of the system. The Cacao vein remains open at depth and open along strike in both directions where it is unexplored beneath sedimentary cover sequences. Independent consultants Geosure Exploration and Mining Solutions (“Geosure”) calculated an inferred resource of 41,000 ounces at 1.2 grams per tonne gold at Cacao.

Approximately 1.5 kilometres along strike to the west of the El Cacao vein, an epithermal quartz vein has been discovered on the side of Cerro la Calera hill, where trench sampling has returned a best intercept of one metre at 1.39 grams per tonne gold. Further exploration is planned along this mineralised structure.

The Cacao Concession is located within La India Gold District, where Tertiary aged island arc volcanic rocks host Bonanza-type epithermal gold deposit such as at La India mine. La India Mine, which operated between 1938 and 1955, has past production of 576,000 ounces gold at an average grade of 13.4 grams per tonne. The Cacao Concession is situated only six kilometres to the north-east of La India Mine.

Post Period Development

Santa Barbara Concession
(Post-period acquisition, Condor 100% ownership)

On the 17th April 2009 Condor was granted the Santa Barbara Concession covering an area of 16 square kilometres adjacent with, and to the east of the Cacao Concession. The Santa Barbara Concession includes two historically reported gold occurrences located approximately two kilometres and four kilometres to the east of the Cacao Resource. The gold occurrences occur as dacite-hosted epithermal quartz stockwork zones, and are interpreted as exposures of the eastern strike extension of the same structure that hosts the Cacao gold resource. Previous explorers reported rock chip samples assaying at over 1 gram per tonne gold at both sites, check sampling undertaken by Condor verified these results.

A programme of surface mapping, rockchip sampling and trenching is planned to test the areas of outcrop. This will be supplemented by ground geophysics designed locate the mineralised structure beneath alluvial cover sequences that are known to occur between the two gold occurrences and the Cacao Resource.

Segovia Project

San Albino-Murra Concession

(Returned to vendor February 2009– formerly option to earn 80% ownership)

On the San Albino-Murra Concession nine reverse circulation drillholes were completed for a total of 1,006 metres. The latest drilling demonstrated continuation of gold mineralisation down to 90 metres below surface with significant intercepts at depth including 4 metres at 16.3 grams per tonne gold from 84 metres drill depth (SARC021). The gold-mineralised structure, which dips at a gradient of approximately 45 degrees, has been traced for 150 metres down-dip from the surface expression where trench sampling has defined a 230 metre surface strike extent. The subsurface gold mineralisation remains open down-dip. Drilling intercepts vary in width and tenure down dip, indicating a pinch-and-swell structure typical of a ductile geological regime. Closer spaced infill-drilling will be required to accurately map out the high-grade lenses. Gold mineralization occurs in sulphide-bearing quartz veins and veinlets hosted by a thick package of quartz-mica-graphite schist. Independent consultant Geosure calculated an inferred resource of 78,000 ounces at 5.1 grams per tonne gold at Arras, which was announced in May 2008.

In addition to the resource drilling on the Arras Prospect an ongoing programme of rock chip sampling and geological mapping, with follow-up trenching and, where appropriate mine adit sampling, identified and advanced numerous gold occurrences over a 20 kilometre strike length. Methodical trench testing of locations where rock chip samples that have returned assay results exceeding one gram per tonne gold has delineated a number of prospects, some with extremely high grade gold mineralisation. Up to 100 grams per tonne gold was returned from Las Conchitas area in the south, and visible gold has been observed at the Santo Domingo vein in the north. Follow-up trenching has demonstrated strike continuity to gold mineralisation in a number of these areas, such as El Mango Prospect in the south of the concession which has a best trench intercept of 4 metres at 10.5 grams per tonne gold and a strike length already defined over more than 100 metres.

The San Albino-Murra Concession contains numerous abandoned shafts and adits spread along more than 20 kilometre strike length of a Palaeozoic schist belt known as the Guayape Suture Zone, testament to brief, interrupted periods of gold mining activity. Gold production is not well documented, however, the San Albino Gold Mine, located near the boundary with Condor's 100 percent owned Potrerillos Concession (see below), recorded an average daily production of 10 tonnes at 31 grams per tonne gold (for 10 ounces gold per day) during a brief period of production between 1922 and 1923, before revolutionary activity halted mining. Production at San Albino briefly resumed between 1938 and 1940 as a local enterprise on a smaller scale for which records are not available. Estimates place the regions total production at up to 20,000 ounces gold. Panning the river and stream beds for free gold continues on an ad hoc basis to this day.

<u>Post Period Development</u>

In February 2009 Condor decided to withdraw from the San Albino-Murra option agreement. An upcoming option payment of US$250,000 required for Condor to earn an 80 percent equity interest in the concession was not considered a good use of funds given the size of the resource and the substantial amount of drilling that would be required to discover whether or not the concession contains a commercial resource. Condor retains the adjacent 100 percent Condor owned Potrerillos Concession.

Potrerillos Concession

(Condor 100% ownership)

At Potrerillos trench and old mine adit sampling across gold-bearing outcrops has identified at least six prospects along a 3,600 metres strike length of the main mineralised corridor. In addition to regional rock chip sampling, Condor channel sampled over 600 metres of trenches and road cuttings and 130 metres of old mine adits during the year, with significant gold intercepts returned along the length of the mineralised corridor, including:

- One metre at 29.5 grams per tonne gold from trench POTR017 on the Potrerillos Prospect located in the north-east of the concession,
- One metre at 19.6 grams per tonne gold from old mine adit POTN006 on El Bijau Prospect in the centre of the concession, and
- One metre at 19.5 grams per tonne gold from sampling old mine adit POTN003 on the El Tambo Prospect in the south-west of the concession.

The Potrerillos Concession, which covers an area of 12 kilometres squared, contains a number of abandoned shafts and adits, testament to brief, interrupted periods of gold mining activity along a Palaeozoic schist belt known as the Guayape Suture Zone. The gold mines of the Potrerillos Concession were processed less than one kilometre south of the concession at the historic San Albino Mine (see San Albino-Murra Concession above).

Other Project Areas

Columbus Concession

(Returned to vendor – formerly option to earn 80% ownership)

The style of mineralisation and the preferred exploration model for the Columbus concession was reviewed in the light of the 2006 and 2007 exploration data. Condor concluded that it is unlikely that the concession hosts an economic gold deposit and the decision was made at the end of the year to withdraw from the option agreement. Title for the concession was returned to the vendor in December 2008.

Kuikuinita Concession

(Returned to vendor – formerly option to earn 80% ownership)

In the first half of the year an inferred resource of 25,000 ounces at 1.1 grams per ton gold was calculated by independent consultant Geosure for Los Indios area of the Kuikuinita Concession. The resource utilised trenching and drilling completed by a previous explorer as well as the trenching completed by Condor over the previous two years. The re-examination of the style of gold mineralisation at Kuikuinita was supplemented with a petrographic study, and re-assaying of selected core samples to test for base metal potential. The base metal assays failed to return any significant intercepts. Title for the concession was returned to the vendor in December 2008

Morritas Concession

(Relinquished – formerly Condor 100% ownership)

The Morritas Concession was formally relinquished in June 2008. A number of prospecting trips failed to find any signs of the gold mineralisation, quartz veining or hydrothermal alteration, in the well-exposed volcanic terrain and check sampling of a reported gold soil anomaly failed to confirm anomalous gold results. Condor concluded that the concession area is unlikely to host significant gold resources.

EL SALVADOR

In El Salvador the continued delay in the granting of Environmental Permits by the Ministry of Environment and Natural Resources restricted exploration to surface sampling and trench sampling. While there remains uncertainty about the El Salvador government’s policy regarding future mining operations exploration expenditure has been kept to a minimum in order to conserve cash. By the end of the year Condor’s wholly owned local subsidiary Minerales Morazan SA de CV, had been reduced to care-and-maintenance basis with staffing levels cut back to the minimum necessary to maintain the licences in good standing. It is anticipated that expenditure will be kept to a minimum until such time as the government commits to supporting future mining operations. The Company, along with all other exploration and mining companies in El Salvador, continues to lobby the government for the issue of these permits to allow drilling and mining of economic resources.

Pescadito Project

El Pescadito, Carolina and El Gigante Licences

(Condor 100% ownership)

Located in eastern El Salvador, 95 kilometres east of the capital San Salvador and 20km northeast of the town of San Miguel, the Pescadito Project comprises three contiguous concessions covering an area of 133 kilometres squared: El Pescadito, Carolina and El Gigante licences.

Exploration during the year focused on defining the location and grade of gold mineralisation along three northwest trending structurally controlled vein systems: the Main Divisidero Structure; the Agua Caliente-Virginia-Taladro Structure; and the Gigante Structure. All three structures host historic mining operations. Field exploration comprised reconnaissance geological mapping, rock chip sampling (six samples), and sixteen trenches for a total of 768.50 metres of trenching at the Taladro Prospect along the mineralised Agua Caliente-Virginia-Taladro Structure. A revised resource calculation at the Divisidero-Carolina Prospect, and a maiden resource calculation at the Gigante Prospect was also completed by independent consultant Geosure.

Anomalous rock chip values (up to 3.6 grams per tonne gold) and significant trench sampling results, such as five metres at 4.71 grams per tonne gold and 490 grams per tonne silver, including one metre at 12.4 grams per tonne gold and 1376 grams per tonne silver in road cutting TLCT001 at Taladro continue to highlight the exploration potential of the Prospect.

JORC compliant inferred resource estimations were completed by independent consultant Geosure on the oxide zone of the Divisidero-Carolina Prospect and at the Gigante Prospect based on a combination of Condor’s trenching and historic data. The addition of an oxide resource of 41,000 ounces gold at 1.0 grams per tonne and 2.1 million ounces of silver at 53 grams per tonne, to the existing underground resource brings the total inferred resource at Divisidero-Carolina to 279,000 ounces gold at an average grade of 2.2 grams per tonne, and 17.2 million tonnes of silver at a grade of 135 grams per tonne. The inferred resource estimate of 39,000 ounces of gold grading at 2.0 grams per tonne, and 1.7 million ounces of silver grading at 87 grams per tonne at El Gigante represents a maiden resource for this rospect.

The combined resource for the Pescadito Project, incorporating the Loma del Caballo, Divisidero-Carolina and El Gigante resources, now stands at 430,000 ounces gold at a grade of 1.9 grams per tonne and 22.1 million ounces of silver at an average grade of 96 grams per tonne (see Resource Upgrade below), from three localities within a 15 kilometre radius.

La Calera Project

La Calera Licence (Condor 100% ownership)

During 2008 a revised inferred JORC resource of six million tonnes at 1.6 grams per tonne gold and 1.4 grams per tonne silver for 313,000 ounces of contained gold and 280,000 ounces of contained silver was calculated for the Calera Project by independent geological consultants Geosure. The new resource incorporated 4600 metres of trench sampling completed in 2007 across the north-northwest trending Rosa, Rosa West, Calichal, Escobar and Acevedo vein systems, and represents an increase in resources of approximately 178 percent on the resource calculated prior to Condor’s trench sampling programme.

La Calera Concession, located 45km northeast of San Salvador, consists of a single concession covering 42 kilometres squares and is 100 percent owned by Condor's subsidiary Minerales Morazan S.A de C.V.

RESOURCE UPGRADE

Following the resource calculations undertaken by independent geological consultant Geosure Exploration and Mining Solutions the Company’s global resource stood at approximately 866,000 ounces gold and 22 million ounces silver at the end of 2008:

Nicaragua Projects	Tonnes	Average Gold Grade (g/t)	Contained Gold (oz)	Average Silver Grade (g/t)	Contained Silver (oz)	JORC Category
Arras	480,000	5.1	78,000	-	-	Inferred
El Cacao	1,100,000	1.2	41,000	-	-	Inferred
El Salvador Projects						
Loma del Caballo	2,500,000	1.4	116,000	39	3,200,000	Inferred
Divisidero-Carolina underground	2,700,000	2.7	238,000	170	15,100,000	Inferred
Divisidero-Carolina oxide	1,200,000	1.0	41,000	53	2,100,000	Inferred
El Gigante	610,000	2.0	39,000	87	1,700,000	Inferred
La Calera	6,000,000	1.6	310,000	1.4	280,000	Inferred
Total	**15,000,000**	**1.8**	**866,000**	**53**	**22,380,000**	**Inferred**

Note that tonnage and grade are rounded to two significant figures, contained gold to nearest thousand ounces, and contained silver to nearest ten thousand ounces.

<u>Post-period Development</u>

The post-period withdrawl from the San Albino-Murra option agreement meant that the Arras resource no longer appears on Condor's resource portfolio, reducing the Company's global resource by 78,000 ounces gold to a total of **788,000 ounces gold at an average grade of 1.7 grams per tonne**. The silver resource remains unchanged at approximately **22 million ounces silver grading at 53 grams per tonne**.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Year Ended 31.12.08 Unaudited £	Year Ended 31.12.07 Audited £
CONTINUING OPERATIONS			
Administrative expenses		(3,526,579)	(1,474,129)
OPERATING LOSS		(3,526,579)	(1,474,129)
Finance income		49,984	114,136
Loss before tax		(3,476,595)	(1,359,993)
Tax		-	-
LOSS FOR THE YEAR		(3,476,595)	(1,359,993)
Attributable to:			
Equity holders of the parent		(3,476,595)	(1,359,993)
Loss per share expressed in pence per share:	3		
Basic and diluted		(1.51)	(1.04)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31.12.08 Unaudited £	31.12.07 Audited £
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment		85,452	143,281
Intangible assets		4,537,700	5,525,962
Trade and other receivables		-	19,725
		4,623,152	5,688,968
CURRENT ASSETS			
Trade and other receivables		98,640	59,841
Cash and cash equivalents		1,450,744	1,111,020
		1,549,384	1,170,861
LIABILITIES:			
NON-CURRENT LIABILITIES			
Trade and other payables		11,974	13,127
		11,974	13,127
CURRENT LIABILITIES			
Trade and other payables		95,852	107,846
		95,852	107,846
NET CURRENT ASSETS		1,453,532	1,063,015
NET ASSETS		6,064,710	6,738,856

SHAREHOLDERS' EQUITY			
Called up share capital	4	3,303,118	1,303,118
Share premium		7,237,956	7,352,508
Legal reserves		71	71
Exchange difference reserve		881,581	(1,062)
Share options reserve		114,405	134,738
Retained earnings		(5,472,421)	(2,050,517)
TOTAL EQUITY		6,064,710	6,738,856

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	31.12.08 Unaudited £	31.12.07 Audited £
Cash flows from operating activities			
Loss before tax		(3,476,595)	(1,359,993)
Share based payment		34,358	25,463
Depreciation charges		25,989	51,993
Impairment charge of intangible assets		2,349,059	576,270
Amounts written off		3,235	-
Exchange rate differences		-	79,996
Finance income		(49,984)	(114,136)
		(1,113,938)	(740,407)
(Increase)/decrease in trade and other receivables		(22,311)	131,329
Decrease in trade and other payables		(13,146)	(55,962)
Income tax paid		-	(241)
Increase in foreign exchange reserve		882,643	-
Net cash absorbed in operating activities		(266,752)	(665,281)
Cash flows from investing activities			
Purchase of intangible fixed assets		(1,360,797)	(186,207)
Purchase of tangible fixed assets		-	(125,801)
Increase in exploration costs		-	(1,482,010)
Sale of tangible fixed assets		31,841	-
Interest received		49,984	114,136
Net cash absorbed in investing activities		(1,278,972)	(1,679,882)
Cash flows from financing activities			
Proceeds from share issue		2,000,000	-
Less issue costs		(114,552)	-
Net cash from financing activities		1,885,448	-
Increase in cash and cash equivalents		339,724	(2,345,163)
Cash and cash equivalents at beginning of year		1,111,020	3,456,183
Cash and cash equivalents at end of year		1,450,744	1,111,020

NOTES TO THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

General information

The financial information set out in this preliminary results announcement does not constitute the Group's financial statements for the year ended 31 December 2008.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and using the accounting policies which are consistent with those adopted in the financial statements for the year ended 31 December 2007.

The auditors have yet to sign their report on the 2008 financial statements. The financial statements for the year ended 31 December 2008 will be finalized on the basis of the financial information presented by the Directors in this preliminary announcement. Whilst the auditors have not yet reported on the financial statements for the year ended 31 December 2008, they anticipate issuing an unqualified report.

The financial information for the year ended 31 December 2007 is derived from the financial statements for that year. The auditors have reported on the 2007 financial statements, their report was unqualified.

The financial information set out in this announcement was approved by the board on 24 June 2009.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in British pounds (“£”) which is the Company’s presentation and functional currency.

Basis of preparation

The group’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations), as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been rounded to the nearest pound.

The Group and Company have not applied the following IFRSs and IFRICs that are applicable to the Group and Company and that have been issued but are not yet effective.

- IFRS 1, First-Time Adoption of International Financial Reporting Standards, revised 2008 (effective 1 January 2009)
- IFRS 2, Share-Based Payment, revised 2008 (effective 1 January 2009)
- IFRS 3, Business Combinations, revised 2008 (effective 1 July 2009)
- IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, revised 2008 (effective 1 July 2009)
- IFRS 7, Financial Instruments: Disclosures, revised March 2009 (effective 1 January 2009)
- IFRS 8, Operating Segments, issuance 2006 (effective January 2009)
- IAS 1, Presentation of Financial Statements, revised May 2008 (effective 1 January 2009)
- IAS 7, Statement of Cash Flows, revised 2009 (effective 1 January 2010)
- IAS 16, Property, Plant and Equipment, revised 2008 (effective 1 January 2009)
- IAS 17, Leases, revised 2009 (effective 1 January 2010)
- IAS 19, Employee Benefits, revised May 2008 (effective January 2009)
- IAS 20, Government Grants and Disclosure of Government Assistance, revised 2008 (effective 1 January 2009)
- IAS 23, Borrowing Costs, revised 2008 (effective 1 January 2009)

- IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 January 2009)
- IAS 28, Investments in Associates, revised 2008 (effective 1 January 2009)
- IAS 29, Financial Reporting in Hyperinflationary Economics, revised 2008 (effective 1 January 2009)
- IAS 31, Interests in Joint Ventures, revised 2008 (effective 1 January 2009)
- IAS 32, Financial Instruments: Presentation, revised 2008 (effective 1 January 2009)
- IAS 36, Impairment of Assets, revised 2008 (effective 1 January 2009)
- IAS 38, Intangible Assets, revised 2008 (effective 1 January 2009)
- IAS 39, Financial Instruments: Recognition and Measurement, revised 2008 (effective 1 July 2009)

The Directors expect that the adoption of the above pronouncements will have no material impact to the statutory financial statements in the year of initial application.

2. REVENUE AND SEGMENTAL REPORTING

The Group has not generated revenue during the period.

The Group's operations are located in UK, El Salvador and Nicaragua. The Group undertakes only one business activity, as described in the Directors' report.

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

	UK		El Salvador		Nicaragua		Total	
	2008 Unaudited	2007 Audited	2008 Unaudited	2007 Audited	2008 Unaudited	2007 Audited	2008 Unaudited	2007 Audited
	£	£	£	£	£	£	£	£
Carrying amount of segment assets	3,771,317	4,545,789	1,787,893	1,133,767	613,326	1,180,273	6,172,536	6,859,829
Additions/(disposals) and (impairments) to property plant and equipment and intangible assets	(509,205)	(378,051)	274,582	424,566	(762,059)	1,089,215	(996,682)	1,135,730
Depreciation	4,967	3,855	18,958	26,050	49,845	22,005	73,770	51,910
Carrying amount of liabilities	85,491	85,580	6,457	10,410	15,878	24,982	107,826	120,972
Result for the year	(2,534,056)	(995,965)	618	(326,562)	(943,157)	(37,466)	(3,476,595)	(1,359,993)

3. LOSS PER SHARE

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

A reconciliation is set out below:

Basic EPS	31.12.08 Unaudited £	31.12.07 Audited £
Loss for the period	(3,476,595)	(1,359,993)
Weighted average number of shares	230,311,771	130,228,420
Loss per share (in pence)	(1.51)	(1.04)

In accordance with IAS 33 and as the Group has reported a loss for the year, the share options are not dilutive.

4. CALLED UP SHARE CAPITAL

Authorised Number	Class:	Nominal value	31.12.08 Unaudited £	31.12.07 Audited £
1,000,000,000	Ordinary shares	1p	10,000,000	10,000,000

Alloted and fully paid up issued	Class:	Nominal value	31.12.08 Unaudited £	31.12.07 Audited £
330,311,753	Ordinary shares	1p	3,303,118	1,303,118

On 27 June 2008, 200,000,000 ordinary shares of 1p each were issued at par.

The aggregate nominal value of those shares is £2,000,000 and the consideration received was £2,000,000.

Qualified Person's Declaration

The information in this announcement that relates to Exploration Results is based on information compiled by and reviewed by Dr Luc English, the Country Exploration Manager, who is a Chartered Geologist and Fellow of the Geological Society of London, and a geologist with over 13 years of experience in the exploration and definition of precious and base metal Mineral Resources. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration, and to the type of activity which he is undertaking to qualify as a Qualified Person as defined in the June 2009 Edition of the AIM Guidance Note for Mining, Oil and Gas Companies. He consents to the inclusion in the report of the matters based on his information in the form and context in which they appear and confirms that this information is accurate and not false or misleading.