

27<sup>th</sup> May 2009

**Condor Resources plc**  
**Proposed share exchange with Grafton Resource Investments Limited**  
**and**  
**Notice of General Meeting**

The board of directors ("Board") of Condor Resources plc ("Condor" or "the Company") is pleased to announce that it has entered into a conditional share exchange agreement with Grafton Resources Investments Limited ("Grafton or the Fund") ("the Share Exchange").

**Overview of the Share Exchange**

Pursuant to the Share Exchange, Condor will issue to Grafton 140,000,000 new ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") which, when issued, will represent 29.77% of the Company's enlarged Ordinary Share capital. The Company will issue the shares at a price of 1 pence per share, a 21% premium to the closing mid-market price on Friday 22<sup>nd</sup> May 2009.

In return, Condor will receive new Grafton Shares worth £1.4m based on the latest available net asset value statement of Grafton immediately prior to completion of the Share Exchange. On the basis of Grafton's net asset value at 30 April 2009, Condor would receive shares representing 3.03% of Grafton's enlarged share capital. The valuation of the Grafton Shares is consistent with an independent accountants' report prepared by the Company's auditors, Mazars LLP, solely pursuant to Section 103 Companies Act 1985. The Share Exchange has unanimous Board approval.

**Reasons for the Share Exchange**

The Share Exchange with Grafton is crucial for the Company for several reasons.

Firstly, the Company has been seeking to reduce its exposure to El Salvador for some time. Due to the current moratorium on exploration and mining in El Salvador, the Company has not been permitted to drill its key projects that host a JORC Resource of circa 1 million ounces of gold equivalent. The Share Exchange with Grafton will reduce that exposure.

Secondly, Grafton is not simply a single asset company, but a fund, which currently comprises 48 investments in the natural resource sector of which approximately two thirds are listed and one third are unlisted. As at 30<sup>th</sup> April 2009, the Fund had net assets of circa US\$66.4m. Grafton's Investment Manager, Newland Fund Management LLP, (formerly Resource Services Capital LLP) ("Newland"), was established on 6 October 2005 as a United Kingdom limited liability partnership. It is licensed by the Financial Services Authority and draws upon the skills of a number of individuals who have many years experience in investing in the resources sector. Further information on Newland can be found at [www.newlandfinancial.co.uk](http://www.newlandfinancial.co.uk). The Fund has a 5 year life and has a preference for its investments to be listed, or planning to list. Condor will enter into a strategic relationship with the Fund which will allow the Company to actively review a number of the unlisted investments held by the Fund, with a view to acquiring them. These investments have been and future investments will be professionally analysed by an FSA regulated fund manager contracted to the Fund.

Thirdly, the shares in Grafton which the Company will acquire are freely transferable. In addition, Grafton is planning to list its shares on the Irish Stock Exchange in Dublin, in the first half of this year, which will make these shares more liquid than would otherwise be the case. A sale of these shares at the same price as the Share Exchange would enable the Company to raise £1.4m for future operations.

Fourthly, Grafton's shareholding in Condor provides the Company with a supportive strategic investor, with access to experienced analysts and fund managers in the natural resources sector. Grafton will enter into an orderly marketing agreement in respect of its shareholding in the Company.

Further information on the Share Exchange and Grafton will be set out in circular being posted to Condor shareholders ("Shareholders") today.

### **General Meeting**

The Share Exchange agreement is conditional, inter alia, on approval of more than 50% of the Shareholders present in person or by proxy at a general meeting of the Company ("General Meeting"). Accordingly, an explanatory circular containing the notice of General Meeting is being posted to Shareholders today. The General Meeting will take place at the office of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX on 12<sup>th</sup> June 2009 at 2pm. The circular will also be available from the Company's website at [www.condorresourcesplc.com](http://www.condorresourcesplc.com).

The Board has undertaken to vote their shares in favour of the resolution to be proposed at the General Meeting, which will amount to 11,160,000 shares representing 3.4% of the Company's issued share capital ("Irrevocable Undertakings"). Details of the Irrevocable Undertakings are set out in the Appendix to this announcement.

### **Reasons for the General Meeting**

The entering into of the Share Exchange on the terms outlines above would not normally require the approval of Shareholders in a General Meeting. The General Meeting is required as the Company is currently in an "offer period" for the purposes of the City Code on Takeovers and Mergers ("Takeover Code") following the announcement made by Classdrive Limited ("Classdrive") on 24 April 2009 that it had made an approach to the Company which may or may not lead to an offer ("the Approach").

As at the date hereof, the Company has received no information from Classdrive about their intentions, despite requesting this on 19 March 2009 after Classdrive's initial letter to the Company of 18 March in which they first indicated their wish to make an approach, nor have we had any conversations with Classdrive about their intentions. Since the Share Exchange may be construed as action which might frustrate an offer for the Company by Classdrive, the Board is obliged by Rule 21 of the Takeover Code to call the General Meeting to obtain the approval of Shareholders before proceeding with it.

Rule 21 of the Takeover Code prevents a company from taking any action which may result in any offer or a bona fide possible offer being frustrated. If the Approach had not been made, this would not have been necessary. The Board has not discussed the Share Exchange with Classdrive prior to this announcement and has not ascertained Classdrive's view on the Share Exchange.

Given Classdrive's failure to provide any information about their intentions, be this the price or how they will finance an Offer, the Company requested a ruling from the Takeover Panel that Classdrive have a set period in which to clarify their intentions. As announced on 12<sup>th</sup> May 2009, Classdrive are obliged either to make an announcement of a firm intention to make an offer by 5pm on 3<sup>rd</sup> June 2009 or state that they will not be making an offer. If no firm intention to make a bid is made by such date, they and any person connected with them will be prevented from bidding for the Company for six months except with the consent of the Takeover Panel.

Comment on the Share Exchange by Mark Child, Chairman;

"I am delighted that the Board has reached agreement with professional fund managers and a US\$66m fund they manage in the natural resource sector. The Share Exchange is a vote of confidence in your Board by expert investors in the natural resource sector. I am pleased the Company is issuing shares at a 21% premium to the closing mid-market price on Friday 22 May 2009. The Fund and the Company's interests will be aligned to create exceptional shareholder value for Condor's shareholders. The Fund has several very exciting unlisted investments, which the Board will evaluate with a view to acquiring on attractive terms.

The Share Exchange provides the Company with a £1.4m holding in the Fund, which the Company will seek to dispose of in due course to provide finance for future operations. Condor's shareholders have suffered in the last 2 years as a result of the moratorium on exploration and mining imposed by the Government in El Salvador. The President Elect in El Salvador, Mauricio Funes, takes office on 1<sup>st</sup> June 2009, we will continue to lobby for a resolution to the impasse on exploration in El Salvador and acquire attractive concessions in Nicaragua. However, the Share Exchange provides a fresh strategic focus, allowing the Company to re-position itself; it is unanimously supported by the Board, who wholeheartedly recommend shareholders vote for the resolution".

Enquiries:

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Save as set out below, the directors of Condor accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the directors of Condor (having taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Grafton accepts responsibility for the information contained in this announcement relating to Grafton. To the best of its knowledge and belief ( having taken all reasonable care to ensure that such is the case ) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information

Ambrian Partners Limited is acting for Condor in connection with the matters referred to above and no one else and will not be responsible to anyone other than Condor for providing the protections offered to clients of Ambrian Partners Limited nor for providing advice in relation to the matters referred to above.

### **About Condor Resources Plc**

Condor Resources plc is an AIM listed exploration company focused on developing natural resource projects in Central America. The Company was admitted to AIM on 31st May 2006 raising £4.9m to prove up JORC Resources in Nicaragua and El Salvador. Condor has three 100% owned licenses contained within two project areas in Nicaragua. In El Salvador, Condor has 100% ownership of four licences in two project areas.

Since Admission to AIM, Condor has increased its JORC compliant resources from 350,000 ounces of gold and 18 million ounces of silver to 788,000 ounces of gold and 22 million ounces of silver. The Resource calculations are compiled by independent geologists Ravensgate and Geosure.

Condor raised £2,000,000 before expenses in July 2008, which will allow the Company to continue developing its existing gold and silver projects in Central America and identify opportunities in the natural resource sector in other geographical locations.

### **Appendix Irrevocable Undertakings**

The following members of the Board who are also shareholders in the Company have given irrevocable undertakings to vote in favour of the resolution to be proposed at the General Meeting:

<b>Name of Shareholder</b>	<b>Number of Ordinary Shares</b>	<b>% of Condor's Ordinary Share capital</b>
Mr Mark Child	11,000,000	3.33
Mr Klaus Eckhof	160,000	0.05