



# Condor Gold plc

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8<sup>th</sup> May 2014

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

## **Award of Contract of Plant Design for Pre-Feasibility Study**

Condor Gold (AIM:CNR), is pleased to announce that it has awarded a contract to Lycopodium Minerals Canada Ltd ("Lycopodium") to provide a Pre-Feasibility Study (PFS) level process engineering design for a processing plant, a capital cost estimate for the project and to prepare components of a PFS report to NI 43-101 standards. This report will support and be used as input for an overall PFS report for La India Project, Nicaragua currently under development by SRK Consulting (UK) Ltd ("SRK"). Two ore production scenarios are to be considered and developed in the course of the PFS investigations: a base case of 2,300 tonnes per day, processing 800,000 tonnes per annum and an alternative case of 2,800 tonnes per day ("tpd"), processing 1M tonnes per annum ("tpa").

### **Highlights of Contract for Plant Design to PFS level**

- 2,300tpd plant for La India open pit only
- 2,800tpd plant for La India open pit plus 2 feeder pits.
- Lycopodium is positioned for BFS and could build a plant and infrastructure
- Improve detail of key capital expenditure items
- Improve detail of key operating cost items

### **Significance of Awarding a Contract for Plant Design to PFS level**

Sizing the plant is a significant milestone as it takes into account many of the on-going studies for the PFS: the Metallurgy for gold recoveries, Hydrogeology for dewatering the open pit, Geotechnical for the pit angles, the Mineral Resource Estimate for the block models, the Mine Design for developing the mining dilution model, annual production schedule and Life of Mine plan. A Base Case of 2,300tpd is envisaged if production is from La India Open Pit only, which hosts a resource of 920,000 oz gold at 3.0g/t. The alternative case of 2,800tpd is envisaged if the two feeder pits of America and Central Breccia, which contain a combined resource of 220,000 oz gold at circa 4.0g/t, are included.

### **Mark Child, Chairman and CEO commented:**

"The award of an engineering design contract for a 2,300tpd and 2,800tpd plant for production solely from open pits marks a major step forward in Condor's development and the progress of a Pre-Feasibility Study on La India Project. Lycopodium is a world leader in the design, engineering and construction of gold mines. Their extensive and recent experience with similar types of processing plants together with a substantial library on infrastructure assets associated with gold mines and detailed knowledge of operating mines will assist Condor with a more accurate assessment of the capital expenditure and operating costs at La India Project."

### **About Lycopodium**

Lycopodium has internationally-recognised mineral processing plant designs and implementation expertise, specialising in the gold sector [www.lycopodium.com.au](http://www.lycopodium.com.au) Should the Board of Condor decide, Lycopodium has the ability to take La India Project to Bankable Feasibility Study and build a gold mineral processing facility and accompanying infrastructure. Lycopodium has delivered 50+ projects and 300+ feasibility studies globally in the gold sector. Endeavour Mining's Agbaou Project of 4,400tpd was delivered on time and under budget within 18 months. Lycopodium is currently providing detailed engineering services for First Quantum's Cobre Project in Panama. The physical facilities at La India Project that are the subject of the PFS studies to be completed by Lycopodium include the Processing Plant and Plant Site Infrastructure. Lycopodium's extensive library of designs for plant site infrastructure should allow more accurate quotes from Nicaraguan and Central American based firms for some of the main capital expenditure components of the PFS.

### **Background to PFS**

A positive Preliminary Economic Assessment ("PEA") for La India Project was prepared by SRK (See RNS 5<sup>th</sup> March 2013). Total production of 1,463,000 oz gold over 13 year Life of Mine at an average operating cost of US\$575 per oz gold. Production being split 50:50 between open pit and underground mining. However, the gold price at the time of the PEA was over US\$1,600 per oz gold and a US\$1,400 gold price was used in the technical economic model of the PEA.

In response to a 37% correction in the gold price during 2012 and 2013 from its high of over US\$1,900 per oz gold, Condor's strategy changed to focus on determining whether La India Project could support an open pit only mine for several years, with underground development funded at a later date out of cash flow. A 23,600m drilling programme was completed in the 12 months to September 2013, targeting open pit resources and completed in-fill drilling on the existing La India open pit resource, converting Inferred Resources to the higher level of confidence of Indicated Resources.

A PFS-level metallurgical test program (designed and supervised by SRK) was undertaken by Condor in 2013. The results showed high gold recoveries 90% to 92% after a 2% reduction to allow for plant deficiencies. SRK recommended that gold mineralised ore can be processed by industry-standard whole-ore cyanidation with a standard carbon-in-pulp (CIP) process flowsheet. (See RNS dated 21<sup>st</sup> October 2013).

La India Project contains a total mineral resource of 18.4Mt at 3.9g/t for 2.33M oz gold, including an Indicated mineral resource of 9.6Mt at 3.5g/t for 1.08M oz gold, Inferred mineral resource of 8.8Mt at 4.4g/t for 1.25M oz gold. Total open pit mineral resources are 1.14M oz gold at 3.1g/t. A detailed NI 43-101 mineral resource estimate announced in November 2013 and released in January 2014 by SRK. (See RNS 7<sup>th</sup> January 2014).

### **Competent Person's Declaration**

The information in this announcement that relates to the mineral potential, geology, Exploration Results and database 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 eighteen years of experience in the exploration and definition of

precious and base metal mineral resources. Luc English is a full-time employee of Condor Gold plc and has sufficient experience which 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 Competent Person as defined in the June 2009 Edition of the AIM Note for Mining and Oil & Gas Companies. Luc English consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

Information in this announcement that relates to the project evaluation, Preliminary Feasibility Study, engineering and mine planning is based on information compiled and/or reviewed by Gerald David Crawford, the Chief Operating Officer, who is a Registered Professional Engineer in the states of Colorado and Nevada and member of the Society of Mining, Metallurgy and Exploration, and a mining engineer with 37 years of experience in the design and evaluation of precious and base metal mineral resources. Mr. Crawford is a full-time employee of Condor Gold plc and has sufficient experience which is relevant to the mining method and type of deposit under consideration, and to the type of activity which he is undertaking to qualify as a Qualified Person as defined under Canadian NI 43-101. Mr. Crawford consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

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

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#### **About Condor Gold plc:**

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

Condor's La India Project in Nicaragua currently contains a total attributable mineral resource of 18.4Mt at 3.9g/t for 2.33M oz gold and 2.68M oz silver at 6.2g/t to the CIM Code. Total gold equivalent of 2.37M oz. Including: Indicated mineral resource of 9.6Mt at 3.5g/t for 1.08M oz gold, Inferred mineral resource of 8.8Mt at 4.4g/t for 1.25M oz gold. Total open pit mineral resources of 1.14M oz gold at 3.1g/t. In El Salvador, Condor has an attributable 1,004,000 oz gold equivalent at 2.6g/t JORC compliant resource. The resource calculations are compiled by independent geologists SRK Consulting (UK) Limited for Nicaragua and Ravensgate and Geosure for El Salvador

#### **Disclaimer**

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

## Technical Glossary

Carbon in Pulp (CIP)	A common processing method for extracting gold and silver, whereby activated carbon is added to the ground ore in a cyanide solution. Gold and silver are adsorbed onto to the carbon for subsequent recovery and refining.
CIM Code	The reporting standard adopted for the reporting of the Mineral resources is that defined by the terms and definitions given in the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral resources and Mineral Reserves (December 2005) as required by NI 43-101. The CIM Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee
Feeder Pit	Smaller deposits that are physically separate from a main deposit that can be mined independently from the main area. These deposits typically simplify operational planning.
Gold Equivalent	Gold equivalent grade is calculated by dividing the silver assay result by 60, adding it to the gold value and assuming 100% metallurgical recovery
Grade	The proportion of a mineral within a rock or other material. For gold mineralisation this is usually reported as grams of gold per tonne of rock (g/t)
g/t	grams per tonne
Inferred Mineral Resource	That part of a mineral resource for which tonnage, grade 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 that may be limited, or of uncertain quality and reliability
Indicated Mineral Resource	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
Intercept	Refers to a sample or sequence of samples taken across the entire width or an ore body or mineralized zone. The intercept is described by the entire thickness and the average grade of mineralisation.
JORC	Australian Joint Ore Reserves Committee, common reference to the Australasian Code for reporting of identified mineral resources and ore reserves
koz	Thousand troy ounces
kt	Thousand tonnes
Mining Dilution	Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.
Mineral Resource	A concentration or occurrence of material of economic interest in or on the Earth's crust in such a form, quality, and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological knowledge, or interpreted from a well constrained and portrayed geological model
Open pit mining	A method of extracting minerals from the earth by excavating downwards from the surface such that the ore is extracted in the open air (as opposed to underground mining).
oz	Troy ounce, equivalent to 31.103477 grams
Trench	The excavation of a horizontally elongate pit (trench), typically up to 2m deep and up to 1.5m wide in order to access fresh or weathered bedrock and take channel samples across a mineralised structure. The trench is normally orientated such that samples taken along the longest wall are perpendicular to the mineralised structure.
Mt	Million tonnes