



# Condor Resources Plc

7th Floor  
39 St. James's Street  
London SW1A 1JD

Tel: +44 (0) 207 408 1067  
Fax: +44 (0) 207 493 8633

**8<sup>th</sup> December 2009**

## **Condor Resources Plc ("Condor" or the "Company")**

### **Update on Licences in El Salvador**

Two exploration licences held by Condor's wholly owned subsidiary, Minerales Morazan S.A. de C.V., in the Republic of El Salvador ('El Salvador') have come to the end of their initial 4 year period. El Salvador's mining law allows for all exploration licences to be renewed for up to two further 2 year periods, for a maximum licence life of 8 years. The two licences due for renewal are La Calera Licence which contains an inferred JORC Code-compliant resource of 310,000 oz gold at grade 1.6 g/t and the Carolina License which contains a combined JORC and historical resource of 279,000 oz gold at grade 2.2 g/t and 17.2 million oz silver at grade 135 g/t (together the "Licences").

Under El Salvador law the government ministry responsible for issuing renewals to mineral exploration licences, the Ministry of Economy ('MINEC'), requires an 'Environmental Permit to undertake Mineral Exploration' (an 'environmental permit') to accompany the application. In compliance with these regulations Condor produced an Environmental Impact Study and applied to the Ministry of the Environment and Natural Resources ('MARN') for the required environmental permits in relation to the licences; however MARN has not responded to the application within the legally required timeframe. As previously announced in Condor's annual results on 25 June 2009, your Board believed that the environmental permits were unlikely to be granted in 2009 by MARN; the Board cited its ongoing concerns in the interim results on 23 September 2009 about the continuing delayed in the processing of all applications for environmental permits. MARN has not processed any environmental permits to undertake Mineral Exploration in the entire country for over 3 years, which amounts to an unofficial Government moratorium on exploration and mining activities in El Salvador. Condor is now caught in an unfortunate position of being unable to produce all paperwork required to support the applications to renew the Licences within the required timeframe and consequently MINEC could refuse to renew the Licences, resulting in the possible loss of the Licences, although to date no communication has been received by the Company to this effect.

The Board has taken legal advice, and in order to protect the Company's and therefore shareholders assets, on 2<sup>nd</sup> December 2009, Condor filed a constitutional proceeding called an "Amparo" as a result of the violation of the constitutional right to have an answer to the application made to MARN for environmental permits for the Licences. On the 2<sup>nd</sup> December Condor also issued writs on the Hydrocarbons and Mines Agency, which is part of MINEC,

requesting an extension of the deadline for the application to renew the Licences until such time as the “Amparo” is resolved.

Condor has delayed as long as possible any form of legal action against Government Ministries in El Salvador, preferring instead to pursue active engagement. On 21-22<sup>nd</sup> October 2009 Condor led and hosted a 2 day conference in El Salvador, which was aimed at explaining the latest and safest techniques for the use of cyanide in metallic mining. Three expert speakers from overseas spoke at the conference. Condor briefed MARN and MINEC officials ahead of the conference and a number of officials attended.

The outlook remains uncertain and unclear. The Government of President Mauricio Funes, who was inaugurated on 1<sup>st</sup> June 2009, has yet to articulate a clear policy towards exploration and mining. MINEC has collected land surface taxes in recent years, including taxes paid in recent months, yet MARN does not process and therefore does not issue environmental permits. The Board will take the necessary action to protect shareholders assets until such time as the Government decides whether or not it wishes to have metallic mining in El Salvador.

Mark Child, Chairman of Condor commented: “Condor has spent several million pounds drilling and exploring in El Salvador over the last 5 years and discovered a JORC compliant resource of 747,000 oz gold and 22.4 million oz silver. The existing Mining Law enacted in 1996 and amendments in 2001 encourage foreign investment in the mining sector. Condor encourages President Funes to declare an official moratorium on mining in El Salvador and freeze the existing concession holders’ assets, back dating the exploration permits to the time, almost 3 years ago, when MARN ceased to process environmental permits. This would have the desired effect of protecting foreign investors’ assets, removing the possibility they may be lost, until such time as the Government decides whether and on what terms it will permit mining in El Salvador. This would seem to be the best way, in the short term, to protect Condor’s shareholders’ existing investments; but ideally we would like the Government to comply with its existing laws”.

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

Condor Resources plc	Mark Child, Chairman +44 (0) 20 7408 1067
----------------------	--

Ambrian Partners Limited	Richard Swindells +44 (0) 20 76344700
--------------------------	--

Farm Street Media	Simon Robinson +44 (0) 7593-340107
-------------------	---------------------------------------

**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 inferred 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.