

SUMMARY OF MINERAL RESOURCE ESTIMATE OF LA INDIA GOLD PROJECT, NICARAGUA

Report Prepared for:

CONDOR RESOURCES PLC

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MARCH 2011



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MARCH 2011

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Reviewed by:
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Executive Summary

SRK Consulting (UK) Ltd (SRK) has been requested by Condor Resources Plc (Condor) to produce a Mineral Resource estimate for the La India Project dated 4 January 2011. The deposit has been modelled and is described herein using a UTM coordinate grid system.

SRK was commissioned to review exploration data quantity and quality and to collate all the historical information into a single database and to produce an independent JORC compliant Mineral Resource Estimate. SRK has completed a detailed technical report for the Company and this report summarises the work completed and finding from this report, all of which is prepared under JORC Guidelines

The La India Gold Project consists of two mining licences known as the La India and Espinito San Pablo concessions (together “La India Project”) in the La India Mining district on the western flanks of the Central Highlands of Nicaragua. A small (2 km²) licence (Espinitio-Mendoza) lies internal to the Project and is not owned by the Company.

Eighteen epithermal veins are named in the area striking between north-south, northwest-southeast and east-west and dip steeply in either direction. The veins occur as steep narrow quartz and quartz-carbonate veins predominantly hosted by massive andesite such as at La India and typically less than 3 m in width (estimated average width of 1.5 m), or in hydrothermal breccias forming steeply dipping elongate structures with low grade mineralisation up to tens of metres in thickness.

La India Mining District contains narrow high grade low-sulphidation epithermal gold-silver mineralised veins hosted by Tertiary andesite and rhyodacite.. Condor recently acquired an 80% interest in 69 km² of mining concessions over the majority of the old mine area and historically holds 100% ownership in 96 km² of mining concessions continuous to the acquired Licence to the north and east of the La India Gold Project. The Espinitio Mendoza concession (2 km²) which is internal to the La India Project boundaries, B2Gold is in the process of handing back the concession to a Nicaraguan incorporate called La Mestiza S.A. The Espinito Mendoza concession covers portions of known economic grade over the previously explored La India concession.

History

La India Mine produced an estimated 1.7 million tonnes (Mt) at 13.4 g/t for 576,000 oz gold between 1938 and 1956. Exploration funded by a Soviet-Nicaraguan government collaboration between 1986 and 1990 defined a Soviet style C1+C2 category resource of 2.3 Mt at 9.5 g/t for 709,000 oz gold within the current La India Project. In the broader La India District which includes the La India Project plus the Espinito-Mendoza Licence which is not held by the Company a total of 0.9 Moz has been defined in C1+C2 categories at an mean grade of 9.8 g/t, and 1.5 Moz in P1 and P2 categories at a mean grade of 9.4 g/t.

The INMINE estimates of 1.5 Moz in P1 and P2 categories is not considered by SRK to fall within any of the current International Report code definitions of Measured, Indicated or Inferred Mineral Resource categories. The estimates should be considered prognostic in nature and considered to have less confidence than an Inferred Mineral Resource. SRK agrees that these estimates show the potential to increase the Mineral Resource at La India, however the proportion of material which could be transfer into a JORC compliant Mineral Resource can only be determined following more detailed exploration.

In 2008, Canadian explorer Central Sun (now B2Gold) estimated an NI43-101 inferred resource on part of one of the veins of 378,000 t at 8.9 g/t gold for 108,200 oz gold, thereby confirming the high grade estimated by the Soviets.

Data Quantity

Condor has undertaken a major data capture programme to collate all historic data into a single database for all veins. The current version of the database has been supplied to SRK for use in the current Mineral Resource Estimate. The exploration database includes a total of 135 drillholes, 736 trenches and underground sampling on 8 of the veins.

The current level of exploration on the different veins varies and SRK has completed a review of the data, taking the decision to only model the major veins in the current estimate while further work will be required to integrate the smaller veins into a three-dimensional (3-D) model. In the current estimate a total of 6 veins have been estimated and a further 12 veins excluded on which further verification or drilling work is required to establish or confirm down dip continuity.

Database Validation

The estimate is based on a consolidated database of the historical exploration of the deposit by numerous companies. Condor obtained paper copies of the Soviet-sponsored exploration and resource evaluation carried out between 1986 and 1990, plus various press releases, annual and technical reports released by Diadem, TVX Resources between 1997 and 2000 and more recently by Central Sun as the company went through various name changes and Gold-Ore Resources. The Company completed verification work, based on historical core, maps and database, translated data to a single coordinate system (WGS84). Data capture has been reviewed and signed off by Dr Luc English (Country Manager).

A QAQC programme demonstrated that sample preparation and laboratory performance for the drilling campaigns provided are fit for the purpose of defining an Inferred Mineral Resource. Density determinations have been provided from the previous reports and work completed by the Soviets.

Data Verification

Ben Parsons as qualified person completed the verification of data on which the La India Resource Estimate was based. The verification work included an assessment of QA/QC data, sample preparation and assay methodologies used in the historical drilling based on historical reports. In accordance with JORC, SRK visited the La India project from 25 to 29 November 2010. During the site visit SRK was able to ascertain the geological and geographical setting of the La India deposit, witness the extent of the exploration work completed to date, completed verification of sampling locations, inspected core logging and sample storage facilities, and assessed the logistical aspects and other constraints relating to future exploration at the property.

SRK was able to verify the quality of geological and sampling information and develop an interpretation of gold grade distributions appropriate to use in the resource model. SRK found that the results of the above described QA/QC program indicate that the Company's assay databases were appropriate for Mineral Resource Estimation in line with JORC guidelines.

Metallurgical Testwork

Only basic metallurgical investigations have been completed to date on La India by INMINE. The metallurgical test was conducted after obtaining the channel sampling results from the typical sectors of the zone and conducted at INMINE's Central Laboratory to determine the optimum scheme for processing the ore. SRK has not reviewed the results of these investigations at this time.

The mineralogical analysis of the ore, the granulometric gold study and the determination of its quality was conducted at the Tsnigri Laboratory (Moscow) and Petrographic investigations (preparation and description of thin sections) were also conducted but completed at the INMINE Laboratory.

Geological Modelling, Resource Estimation Assumptions, Parameters and Methods

SRK coded the sample based on a cut-off grade of 0.5 g/t, using manual techniques. Historical estimates are based on a 3.0 g/t cut-off grade and therefore the SRK estimate should represent a higher tonnage and lower grade estimate of the deposit than historical estimates.

SRK has produced 2D estimates into a block model with block dimensions of 25 x 25 m blocks into which gold accumulation in grams meter per tonne (gm/t) and horizontal vein width have been estimated per vein using up to 40 samples per block. All borehole and trench samples have been composited to a single composite across the vein. Blocks were estimated using an Inverse Distance Weighted estimate routine with oriented search ellipse to following the dip and dip directions of potentially higher grade plunging features along the mineralised veins.

The interpolated block model was validated through visual checks and a comparison of the mean input composite and output model grades. SRK is confident that the interpolated block grades are a reasonable reflection of the available sample data.

The resultant block grade distribution reflects the mineralisation style which SRK considers to be an important feature of the deposit.

Mineral Resource Classification

The veins and associated mineralisation are interpreted as having good geological continuity and can extend for 100 to 300 m along strike and 100 to at least 200 m down dip, with what is considered historically to be the main mineralised horizon based exploration and underground mining.

The basic geological knowledge and interpretation of the deposit are well developed, however the data density, data reliability and quality, and continuity of the mineralisation in the different veins are variable. Within the other areas of the deposit it is SRK's view that more information is required to improve the confidence in the current interpretation.

SRK have limited the extents of the Inferred Mineral Resource to between 75-100 m beyond data samples where there is proven up-dip and down-dip continuity with drillhole and/or underground sample data. SRK have only allowed extrapolation below trenches where the down-dip continuity is supported adjacent to them on the same vein, and here extrapolated the Inferred boundary down-dip to 50 m.

Continued work on the validation of the complete database and the location of underground sampling in its "true" 3D location have been identified as area of work which could improve confidence in the current estimate further and identify potential additional resources. Based on the current status of the data it is SRK's view that the data is of a sufficient quality for the quoting of Inferred Resources only at La India based on the current drill spacing. The addition of underground mine grade control sampling adds the potential to increase portions of this material to Indicated once the next stage of validation has been completed.

Mineral Resource Statement

SRK has considered sampling density and distance from samples in order to classify the deposit in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code, 2004 Edition (JORC). Data quality, drillhole spacing and the interpreted continuity of grades controlled by the veins have allowed SRK to classify the portions of the deposit as an Inferred Mineral Resource within the current estimate.

Table 1 below gives SRK’s Mineral Resource Statement, based on a cut-off grade of 150 gm/t gold.

Table 1: SRK JORC compliant Mineral Resource Estimate of La India dated 4 January 2011

Inferred Mineral Resource			
Vein Name	Tonnes (kt)	Au Grade (g/t)	Contained Au (oz)
La India	1,930	5.4	334,000
America-Constancia	1,060	6.9	234,000
Tatiana	300	7.6	72,000
Guapinol	850	5.3	143,000
San Lucas	190	5.7	34,000
Cristolito-Tatescame	250	6.3	51,000
Total Inferred	4,580	5.9	868,000

La India Resource Potential

It is SRK’s view that the sample spacing and data quality in places would have been sufficient to classify material within an Indicated portion, but due to uncertainty of the true location of the samples and therefore the veins in 3D space, and the database not 100 % complete, SRK has opted to keep these Resources within the Inferred category within the current estimate. Following a further stage of data verification, it is anticipated these areas could be moved into the Indicated category.

The historical INMINE estimate confirms the potential to increase the current Mineral Resource at La India. SRK considers that with further work a portion of the historical P1 category material could potential be converted into JORC compliant Mineral Resources. To advance the understanding of the La India project, SRK recommends further exploration to infill around the known mineralisation and to test for additional mineralisation both down-dip and along strike of the current study area. Infill drilling will assist in understanding potential high-grade ore shoots and improve the parameters used for estimation. Condor intends to resume exploration at the deposit to verify and increase the current Mineral Resource base, with drilling commencing on 30 January 2011. A further model update will be required on compilation of the next round of infill drilling and further database verification.

Project Schedule

The Company has continued work on validating the historical database and SRK are in the process of importing the updated database for a further Mineral Resource update which will be completed in 3D using defined wireframes for the individual veins. The updated database will include additional information from the following data sources which locations have now been validated by the Company:

- Raise Data
- TVX Trench Sampling
- TVX Underground Sampling (3,000 m)

SRK noted that one series of boreholes (Triton LIT-11 to LIT18) did not have returned assays. SRK recommended Condor locates the core for these holes and submits samples for analysis at a suitable laboratory with a full set of QAQC samples including blanks, CRM and duplicates where possible. This work has been completed but the assays were not available at the time of writing for further analysis, and therefore will be included in the next phase of work.

The aim of the validation work has been to increase the size of the database and increase the confidence in the current Mineral Resource Estimate within close proximity to the historical underground development. SRK are currently in the process of reviewing and importing the updated

database to create 3D wireframes of the individual veins and is in line to produce an updated Mineral Resource model by 31 March 2011.

In compiling the current updated SRK has identified a number of areas with potential to increase the current Mineral Resource with a number of shallow holes below known mineralisation from trench data. SRK has worked with Condor Geologist to define a 5,000 m drilling programme. The aim of the drilling programme is to increase the portion of Inferred Mineral Resource, with an optimised drilling programme for conversion of historically classified P1 material into JORC compliant Mineral Resources. The Company commenced drilling at La India on 30 January 2011,

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SUMMARY OF THE MINERAL RESOURCE ESTIMATE OF LA INDIA GOLD PROJECT, NICARAGUA

1 INTRODUCTION

1.1 Background

SRK Consulting (UK) Ltd (“SRK”) has been requested by Condor Resources Plc (“Condor” or “the Company”) to produce a Mineral Resource Estimate for the La India Gold Project in Nicaragua. The report has been prepared under the guidelines of Joint Ore Reserves Committee (“JORC”). The La India Gold Project consists of La India and Espinito San Pablo concessions (together “La India Project”) in the La India Mining district of Nicaragua. A site visit to the project site has been completed between 24 and 29 October 2010.

The Company exchanged the exploration licence from B2Gold Corp (“B2Gold”) through its subsidiary Triton Minera SA (“Triton”) on the 6 September 2010 as part of a concession exchange with the Condor’s wholly owned the 22 km² Cerro Quiroz Concession, which is adjacent to La Libertad Concession in Nicaragua. Historically, the La India district has been mined from the La India mine. In both cases each company has retained a 20% share in each Licence.

SRK was commissioned to review exploration data quantity and quality and to collate all the historical information into a single database and to produce an independent JORC compliant Mineral Resource Estimate. SRK has completed a detailed technical report for the Company and this report summarises the work completed and finding from this report, all of which is prepared under JORC Guidelines

Eighteen epithermal veins are named in the area striking between north-south, northwest-southeast and east-west and dip steeply in either direction. The veins occur as steep narrow quartz and quartz-carbonate veins predominantly hosted by massive andesite such as at La India and typically less than 3 m in width, or in hydrothermal breccias forming steeply dipping elongate structures with low grade mineralisation up to tens of metres in thickness.

The aim of the current project has been to collate all the historical information at La India and to define a JORC compliant Mineral Resource based on the current available information. The Company started a 5,000 metre drill programme on 30 January 2011, with the view of increasing the Mineral Resource and the confidence level in the Mineral Resource.

1.2 Qualifications of Consultant

SRK is an associate company of the international group holding company SRK Consulting (Global) Limited (the “SRK Group”). The SRK Group comprises over 1,000 professional staff in 43 offices in 6 continents, offering expertise in a wide range of engineering disciplines. The SRK Group’s independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues. The SRK Group has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, Mineral Experts Reports, Independent Valuation Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs. SRK also has specific experience in commissions of this nature.

This work has been prepared based on input of a team of consultants sourced from SRK. These consultants are specialists in the fields of geology, and resource and reserve estimation and classification.

Neither SRK nor any of its employees and associates employed in the preparation of this report has any beneficial interest in Condor or in the assets of Condor. SRK will be paid a fee for this work in accordance with normal professional consulting practice.

1.3 Sources of Information

SRK completed a site visit to La India between 24 and 29 October 2010 accompanied by Company representatives. SRK’s report is based upon:

- discussions with directors, employees and consultants of the Company;
- data collected by the Company from historical exploration on the project;
- access to key personnel within the Company, for discussion and enquiry;
- a review of data collection procedures and protocols, including the methodologies applied in determining assays and measurements;
- Existing reports provided to SRK
- Digital Data files provided by the Company to SRK as follows:
 - topographic grid data based on 2 m contour levels;
 - drillhole database, including collar, survey, geology, and assay;
 - Surface pitting and trench sample data including co-ordinates and assay results (included in main database);
 - historical Vertical Longitudinal Projections;
 - QAQC data including details on Duplicates and Blanks; and
 - MapInfo files, including surface geological traces of vein data.

2 RELIANCE ON OTHER EXPERTS

SRK's opinion, effective as of 4 January 2011, is based on information provided to SRK by Condor throughout the course of SRK's investigations as described below, which in turn reflect various technical and economic conditions at the time of writing. SRK was reliant upon information and data provided by Condor including historic data inherited from B2Gold. However, SRK has, where possible, verified data provided independently, and completed a site visit to review physical evidence for the deposit.

2.1 Disclaimer

SRK has not undertaken any detailed investigations into the legal status and the environmental issues of the project. SRK has not undertaken any independent check sampling of material from the project during the course of the current investigation. SRK has not visited the sample laboratories used during the current investigation as no exploration was taking place at the project during the time of the site visit.

SRK is not aware of any other information that would materially impact on the findings and conclusions of the report.

SRK is not an insider, associate or affiliate of Condor, and neither SRK nor any affiliate has acted as advisor to Condor or its affiliates in connection with the Project. The results of the technical review by SRK is not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

This report includes technical information, which requires subsequent calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

3 PROPERTY, LOCATION AND DESCRIPTION

3.1 Licence Location

La India and Espinito-San Pablo concessions geographically are located on the western flanks of the Central Highlands of Nicaragua the concessions fall within the Santa Rosa del Peñon 2954-III and San Nicolas 2954-IV (1:50,000) map sheets and covers area of 69 km².

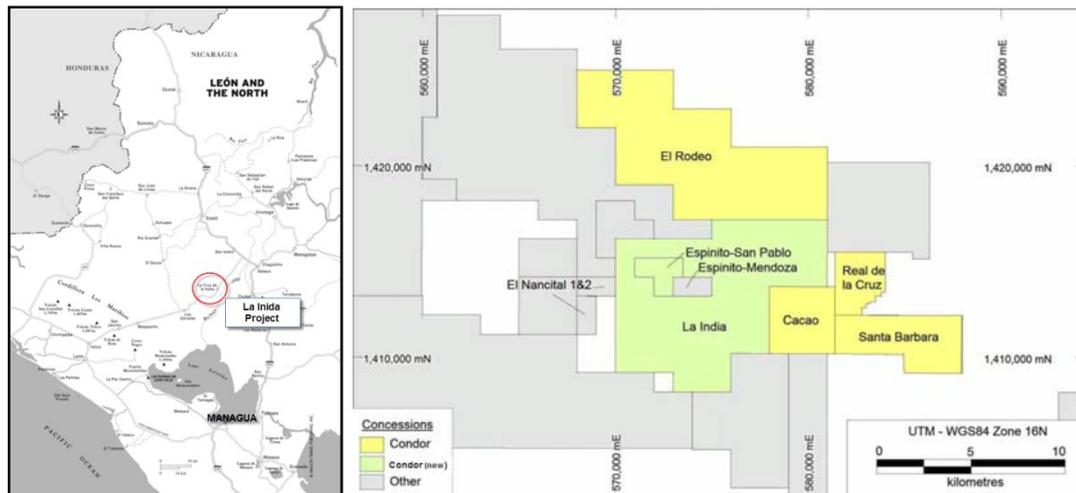


Figure 3-1: Licence Location

3.2 Licence Status

3.2.1 *La India Concession 293-RN-MC/2003*

The concession was previously held by Nicaraguan registered Triton Minera SA (TMSA) which is 95% owned by B2Gold. The remaining 5% interest is held by Inversiones Minera SA (IMISA), a holding company representing the unionised mine workers of Nicaragua which was awarded many concessions in Nicaragua when mining was privatised in the early 1990s. The title for the La India Concession was registered under Triton Minera, S.A. (TMSA), and granted on 16 January 2002, and is due to expire on 15 January 2027. The Licence covers an area of 6,500 ha, with an annual surface tax (2011) of USD52,000, rising to USD78,000 (2012-2027).

Royal Gold Incorporated owns a 3% net smelter royalty (NSR) on future mineral production from La India (Pearson & Speirs 2008, www.royalgold.com) and a royalty equal to 5% of the net profit of Triton Mining (USA) LLC (Triton USA1) is payable to Internacional de Comercial S.A. (IDC).

3.2.2 *Espinito-San Pablo Concession 186-RN-MC/2002*

The title for the Espinito-San Pablo Concession was registered Triton Minera, S.A. (TMSA) and granted on 16 April 2002 and expires on 15 April 2027. The Licence covers an area of 350 ha, with an annual surface tax (2011) of USD2,800, rising to USD4,200 (2012-2027)

Although Title to the concession is held by Triton Minera, SA (TMSA), with the Espinito-San Pablo Concession (owned 40% TMSA and 60% by Inversiones La India SA, a subsidiary of TVX Gold Inc of Canada). TMSA is 95% owned by B2Gold and 5% by IMISA, and as such will be subject to the royalty agreement with IDC described for La India Concession above.

3.2.3 *Condor Agreement*

The Company exchanged the exploration Licence from B2Gold Corp (“B2Gold”) through its subsidiary Triton Minera SA (“Triton”) on the 6 September 2010 as part of a concession exchange with the Condor’s wholly owned the 22 km² Cerro Quiroz Concession, which is adjacent to La Libertad Concession in Nicaragua. Historically, the La India district has been mined from the La India mine. In both cases each company has retained a 20% share in each Licence. Condor currently holds four of the surrounding licence areas which are continuous to the La India Project to the north and east.

On 22 February 2011 the Nicaraguan Ministry of Energy and Mines approved the transfer of concessions between Condor and B2Gold. The La India and Espinito San Pablo concessions are now registered in the name of La India Gold S.A. which is 80% owned by Condor and 20% owned by B2Gold. The Cerro Quiroz concession is now registered in the name of Cerro Quiroz Gold S.A. which is 80% owned by B2Gold and 20% by Condor.

4 **ACCESSIBILITY, CLIMATE, INFRASTRUCTURE**

The La India Mining District lies approximately 70 km due north of the capital city of Managua, and north of Lake Managua. The India Mining District is accessed from the paved road (Highway 26), and is approximately 210 km from the capital city of Managua, or via the Pan-American Highway (approximately 130 km). The veins are accessible to within a few hundred metres from the main road via dirt tracks.

The area is characterised by high relief, at altitudes typically varying between 350 m and 580 m altitude with the highland forming a plateau in the south eastern part of the concession. The land is a mixture by rocky terrain covered by thorny scrub bushes and areas cleared for crops and grazing.

The climate of the region is a tropical savannah, with warm, dry winters and wet summers between May and November, and temperatures ranging between 20°C and 30°C. The wet season is characterised by intense afternoon rain storms between May and November.

The Departmental capital city of Leon is located approximately 100 km to the southwest. There is topographically-dependent mobile phone coverage and mains electricity in most small communities. Water supply is problematic as the rivers are ephemeral; drinking water is generally accessed from hand-dug wells. Unskilled local workforce is available in the area in close proximity to the property. Skilled workers and most provisions and equipment will be sourced from Leon and Managua. Fuel can be obtained from local filling stations, however there will be a requirement for an onsite bulk storage facility on commencing any future major exploration programmes.

5 HISTORY

5.1 History of Mining

The La India project has been mined historically between 1936 and 1956. Mining was initiated at La India in 1936 by the Compania Minera La India. By 1938 Noranda Mines of Canada had acquired a 63.75% interest in the company and mining continued until 1956 when the mine closed following flooding of the mill and main workings during a severe storm. Between 1938 and 1956, Noranda's La India mill processed approximately 100,000 tonnes per annum (tpa) for a total production of 575,000 oz gold from 1.73 Mt at 13.4 g/t gold. Peak annual production was 41,000 oz gold in 1953.

Mining was concentrated on the La India, and the America- Constancia veins where mining reached a maximum depth of 200 m below surface, and supplemented by smaller scale mining on a number of other veins including the San Lucas, Capulin, Arizona, Guapinol, Christalitos and Espinito (Espinito-Mendoza Concession) veins. Small scale exploitation of the Dos Hermanos Vein occurred during the 1940s. Artisanal mining still occurs in the area.

5.2 History of Licence

1979 - Nicaraguan Revolution placed mining under state control for the following 14 years.

1993 - Privatisation of the mining industry in Nicaragua. The whole of La India Mining District, was included in a large 446,500 ha El Limon-La India Exploration Concession along with the Limon Gold Mine area and awarded to Minera de Occidente (Triton Mining Corporation).

1994 April - The 200 ha Espinito-Mendoza, the adjacent 350Ha Espinito-San Pablo and the nearby Nancital Exploitation Concessions were extracted from the El Limon-La India Exploration Concession and awarded to local Cooperatives as exploitation concessions.

1996 May – TVX Gold Inc of Canada (Minera Nicarao, S.A.) entered into a joint venture with Triton Mining Corporation to earn 60% interest in an 11,500 ha portion of La India Exploration Concession over a three year period. TVX opted not to take up the Espinito – Mendoza Concession.

1999 May – TVX's three year period to earn an interest in La India Project area expired.

2001 November – The Espinito-Mendoza Concession was renewed as a 25 year combined mining and exploration concession under the new laws effective from 15 November 2001.

2004 June – Gold-Ore Resources Ltd (Gold-Ore) entered into a joint venture with Glencairn (changed name to Central Sun and now merged with B2Gold) to explore the Tatescame-Cristilitos, Gold-Ore pulled out of the joint venture in 2005.

2010 September - The Company exchanged the exploration licences from B2Gold Corp ("B2Gold") through its subsidiary Triton Minera SA ("Triton") on the 6 September 2010 as part of a concession exchange with the Condor's wholly owned the 22 km² Cerro Quiroz Concession. The La India and Espinito San Pablo concessions are now registered in the name of La India Gold S.A. which is 80% owned by Condor and 20% owned by B2Gold.

5.3 History of Exploration

1986-1990 - The La India Mining District was explored extensively with Soviet government aid under the organisation, INMINE. The Company sampled underground workings, drilled 90 holes, 59 on what is now La India Concession, and excavated numerous surface trenches. A summary of all INMINE exploration is contained in Table 5-1.

Table 5-1: INMINE Exploration activities

Exploration	Units	Volume of Work	Notes
Geological Routes	km	819	
Trench Digging	m3	6,218	
Drilling	l.m	12,065	
Lithochemical Survey	km2	48	Completed between 1986 – 1988
Geophysics			
Electromagnetic	km2	7.9	Completed between 1987 – 1988
Magnetic	km2	50.6	Completed between 1987 – 1988
Samples	Samples	10,977	

INMINE estimated a resource of 1.8 Moz gold on what is now Condor's La India Project of which 0.7 Moz is C1+C2 categories and 1.1 Moz in P1 category) on what is now Condor's La India concessions.

In the broader La India District which includes the La India Project plus the Espinito-Mendoza Licence which is not held by the Company a total of 0.9 Moz has been defined in C1+C2 categories at an mean grade of 9.8 g/t, and 1.5 Moz in P1 and P2 categories at a mean grade of 9.4 g/t.

The INMINE estimates of 1.5 Moz in P1 and P2 categories is not considered by SRK to fall within any of the current International Report code definitions of Measured, Indicated or Inferred Mineral Resource categories. The estimates should be considered prognostic in nature and considered to have less confidence than an Inferred Mineral Resource. SRK agrees that these estimates show the potential to increase the Mineral Resource at La India, however the proportion of material which could be transfer into a JORC compliant Mineral Resource can only be determined following more detailed exploration.

1996-1998 - TVX completed exploration and evaluated the La India Project and outlined a reserve of 540,000 oz gold and 641,000 oz silver on the La India and America-Constancia veins.

2004-2005 - Gold-Ore Resources Ltd, through a joint venture with Glencairn (now B2Gold), conducted underground sampling and drilled 10 diamond core holes for 1063 m into the Cristolitos Vein (Tatescane area) of La India Concession. The drilling confirmed mineralisation over a 200 m strike length to a depth of 150 m with best intersections of:

- 5.3 m at 9.43 g/t gold from 94.6 m in drillhole T-09.
- 2.0 m at 5.8 g/t gold from 168.0 m in drillhole T-10.

1998-2010 - Glencairn completed 8 drillholes at La India in 2004 with no reported results. Glencairn completed a number of twin trenches, including at least nine on the Tatiana Vein, which confirmed the Soviet intersections. Following a takeover by Central Sun, they published an NI43-101 inferred resource of 378,000 t at 8.9 g/t gold for 108,200 oz gold for the part of the Tatiana Vein that fell within La India Project.

6 GEOLOGICAL SETTING

6.1 Regional

La India Mining District is located within a broad belt of Tertiary volcanic rocks that forms the Central Highlands of Nicaragua. The Tertiary volcanics of the Central Highlands host a number of epithermal vein gold-silver, historic and current, mining districts including La Libertad-Santo Domingo, La Reina and Topacio.

The volcanic sequence is generally split into a lower widespread, thick sequence of intermediate to felsic pyroclastic deposits and ignimbrites overlain by basaltic, intermediate and felsic volcanic flow and pyroclastic rocks. The volcanic belt was originally formed by melt derived from subduction of the Cocos Plate beneath the Caribbean Plate where they collide to the southwest of Nicaragua. The volcanism associated with this tectonic movement continues to this day, but roll-back of the subduction zone has shifted the volcanic activity further southwest and separated it from the Central Highland area with the formation of the large Nicaraguan Graben.

Regional structures are dominated by a northwest-southeast orientated front which is believed to have resulted in northeast-directed compression in the Late Miocene and Early Pliocene, with rollback of the subduction zone during the late Pliocene and Pleistocene replacing the compression with an extension regime forming the Nicaraguan Graben.

6.2 Local

The mineralised veins at La India Mining District are hosted by thick sequences of massive andesite flows and rhyolite to dacite flows and domes of the Coyol Group.

A set of southeast to east trending and more rarely north-south trending structures were formed during this period which host the mineralised veins. Gold bearing structures in the area include those with a northeast-southwest strike (La India and Andreas Vein to the west and northwest), an east-west strike (Cacao and Real de la Cruz veins), and a north-south strike (San Lucas-Capulin). Post mineralisation, northeast trending structures formed along which there is evidence of considerable offset and movement.

A total of 18 epithermal veins (Figure 6-1) have been identified in the La India Project, which range in strike length and orientation. The veins have been explored to differing degrees and range from trench sampling, to drilling and underground development. The predominant strike of the larger veins is between north-south (San Lucas), to northwest-southeast (La India) and east-west (Guapinol, America).

7 EXPLORATION

7.1 Mapping and Sampling

Mapping information has been collated during the Soviet period between 1986-1988, and included geological mapping, geochemical prospecting, geophysics investigation (magnetic prospecting and electric) and hydrogeological investigations. The geological mapping was conducted in an area of 114 km², with a more detailed study in the central portion of the deposit, in an area of 25 km². The geochemical prospecting and geophysics investigations were conducted over an area of 28 km², on a 100 x 20 m grid in the central part of the deposit area and 200 x 20 m in the periphery of the mineral field.

In addition to the mapping completed by INMINE the various companies involved at the Project have completed a number of different geological mapping studies, of which the Company has obtained some in digital format.

7.2 Trenching

INMINE and TVX completed trench campaigns on the project during the exploration periods. A summary of the total development of trenching completed per company is shown in Table 7-1.

Table 7-1: Summary of Trench development Sampling per company

Company	Campaign	Unit	Total
INMINE	New Trenching	m ³	6,218
TVX	New Trenching	m ³	6,380
TVX	Verification Trenching	m ³	6,060

The distance between trenches is approximately 40 m, but in some areas as close as 20 m or up to 60- 80 m, depending on the terrain. The thickness of the unconsolidated cover is typically less than 2.5 m, but some areas of thicker cover exist. Sampling has been completed from within the trenches via channel samples, with detailed maps of the geology and sampling intervals recorded.

The results from the trenches indicate a reasonable correlation between derived results within 10 to 20 m spaced trenches, while the level of variation increases to 50 – 60% in trenches spaced 40 to 60 m apart, but confirmed geological continuity.

The Company has currently completed verification work on only a partial portion of the Trench database and therefore not all of the information has been available for use in the current model. The main focus to date has been on the historical INMINE Trench information of which 613 (6,133 m) out of 736 (6,380m) trenches have been validated with 3D coordinates. Note this includes exploration on Espinito-Mendoza licence which accounts for 158 trenches (1,669 m).

Selected TVX trench data has been used which formed part of a verification exercise between the historical IMINE and TVX database, but the majority of the TVX database will be subject to further verification work to confirm the 3D coordinates and will be included in the second phase of work currently being completed by the Company.

7.3 Drilling

A total of six veins were drilled by INMINE (La India, America, Guapinol, Espinito, Buenos Aires and Tatiana), with the objective of establishing down dip continuity and evaluating the mineralised zones at depth. The initial drilling phase was aimed at confirming vein potential, in a spaced grid (160-480 m), with follow up drilling on a denser drilling grid (80-160 m), where access permitted. INMINE used a relatively tight drilling grid of 40-60 x 40-60 m to define Mineral Resources with a high level of confidence.

The drilling was orientated perpendicular to the strike of vein and drilled at angles between of 67-81° to intersect the vein. The depth of the drilled holes ranged within the limits of 40-80 m in shallow holes and up to 140-180 m for deeper intersections. Drilling has continued into the footwall of the silicified zone and into fresh rock to ensure complete intersections.

The initial drilling programme (1987 – 1988) included five drillholes at La India, two holes at America and one hole in the Espinito zone. The initial drilling used conventional diamond drilling methods, without special drilling mud and poor or no core recovery was recorded.

In 1988-1989, “Zarubezhgeologia” (a Soviet group) supplied the La India project with the updated drilling equipment to better fit with the difficult ground conditions at La India, which included the preparation of quality drilling mud were supplied. The resultant core recovery improved significantly (> 80% recovery). The exploration focus during this period was America, Guapinol, Espinito, Buenos Aires, La India and Tatiana.

TVX completed data verification work and an exploration programme focused on the La India vein and associated veins in close proximity. A total of 12 holes were drilled, which included two re-drills of holes which encountered difficult ground conditions. Conventional diamond drilling techniques were used to complete the drilling. Limited information exists on the downhole surveys of the drillholes, with only the initial planned collar dip and azimuths recorded in the database. All data has been captured digitally in a series of graphical logs which have been reviewed by SRK.

Triton completed a total of 14 holes, which included 7 drillholes at La India vein in 2004 (LIT-11 to LIT-18). The database contains no assay information for this series of holes and therefore they have been excluded from use in the current estimation of block grades.

In 2004, Gold Ore drilled 10 diamond core holes for 1063 m into the Tatescame vein in the north of the project area. Conventional diamond drilling techniques were used to complete the programme. SRK has been supplied with downhole survey information for the start and the end of each hole, with hole lengths varying from 37 to 180 m.

A summary of the total drilling completed per company and licence provided to SRK in the database by the company is included in Table 7-2.

Table 7-2: Summary of Drilling meters per Company

Company	Number of Holes	Total Length (m)
INMINE	99	12,241.6
TVX	12	2,203.8
Triton	14	2,585.1
Gold-Ore	10	1,063.5
TOTAL	135	18,094.0

* Note drilling summary is inclusive of historical drilling on Espinito-Mendoza Licence

7.4 Collar Surveys

Collar surveys entered into the database have been by Condor from a number of sources. Data has been collected by the Company using two different UTM grids due to a shift in UTM grids between exploration phases. Condor has provided SRK with both UTM (WGS84 and NADS27) coordinates in digital format in the database. SRK has selected to use the WGS84 UTM grid as the basis for the current work. As of January 2011 Condor have undertaken a verification programme of historical drillhole collars using a DGPS (Differential Global Positioning System).

7.5 Downhole Surveys

Initial collar surveys of dip and azimuth have been taken using compass measurements for all holes. Limited downhole surveying has been undertaken at La India during the historical exploration, with the majority of holes only having a survey at the collar. The INMINE drilling campaign totals some 12,242 m, with holes varying in depth from 28 – 424 m. Drill hole orientation surveys were not completed on the INMINE drilling due to the lack of necessary equipment. SRK highlight the risk of potential deviations in the deeper holes and hence the geological interpretation based on these holes, but given the location of these holes and the limited portion of the total dataset SRK does not consider the accuracy risk to be sufficient to remove these holes from the database, however SRK would recommend Condor complete routine down hole surveys on all future drilling.

7.6 Core Recovery

SRK has reviewed the drill core recovery results and found that in general the recovery is poor within the mineralised zones with values typically ranging from 70 – 85%, but in some cases as low as 50%. The results highlight the difficult drilling conditions at La India and the need for use of specialist equipment to maintain sample integrity.

8 SAMPLING METHODS AND APPROACH

8.1 INMINE Exploration Procedures

During the exploration of the La India deposit numerous sampling methods have been used: drilling, channel sampling, basic metallurgical and geological. All these sample types have been sent for laboratory investigations.

Trench sampling was completed from shallow hand dug trenches with channel samples collected from the trenches and some outcrop. The sample size depended on changes in mineralisation with the maximum length not exceeding 1 m. Each trench has been mapped and recorded detailing the geology, sampling intervals and orientation.

Underground sampling was completed via continuous channel across the mineralisation over the entire width, with up to 0.5 m of the footwall and hangingwall sampled. In the quartz veins two channel samples were taken, when possible, at different levels.

The sampling of the core was typically been carried out on all the mineralised sections only. INMINE collected the entire intersected interval (with the exception of a small sample) or 50% of the sample for analysis, depending on the volume of material obtained. The drill core split where HQ and NQ core were halved for assay. Sampling was completed according to geological contacts, and, where geologically the samples were the same, separate core runs were combined in some cases. The length of the core sample did not exceed 1 m. TVX drill core sampling has been selected for analysis based initial on 2 m in the hangingwall and footwall and on a 1 m sampling interval within the orezones. In Gold-Ore drilling only selected intervals over the interpreted ore zone have been sent for analysis.

Each sample has been bagged and assigned with a unique sample number (sample ID) and dispatched to the laboratory for analysis, the remaining, half core, was archived at the Sample Logging, Preparation. Digital drilling logs have been produced for all TVX holes. The drilling core for the TVX drilling has been stored at B2Gold's El Limon mine camp.

No evidence of Quality Assurance/Quality Control (QAQC) samples being inserted into the numeric sequence to monitor the laboratory has been found for the TVX drilling.

Underground sampling has been completed using basic channel sampling techniques using a hammer chipped sample across the entire vein width across the roof. Samples have been given unique numbers and geological maps created (digital) showing the sample locations to a given reference point.

9 SAMPLE PREPERATION, ANALYSES AND SECURITY

9.1 Assay Analysis

The laboratory investigations for all sampling have been completed using fire assay for gold and silver with atomic absorption analysis. All TVX samples have been analysed at Skyline Laboratory in Tuscon, Arizona and Gold-Ore samples were analysed at CAS Laboratories in Honduras.

The preparation and analysis for gold and silver for the INMINE sampling was conducted at the INMINE Laboratory, as per the Swedish methodology used by all the geological and mining companies in Nicaragua at the time:

- the sample material is crushed down to 3-5 mm with a weight of 150-200 g which is passed through a 200 mesh;
- the rest of the material of the 3-5 mm fraction is returned to the customer;
- the rest of the material is pulverized;
- 25 g is taken for analysis and the remainder kept at the laboratory as a duplicate.

9.2 Density Analysis

No details of the work completed to determine the density has been reviewed by SRK. Based on historical reports and work completed by INMINE, a default density of 2.6 g/cm³ has been used in the current estimate. SRK would recommend that Condor includes routine density measurements as part of the next exploration phase to confirm the current value used in the study, and identify any local variation between different zones,

9.3 Core Storage

SRK visited the current core storage facilities at El Limon Mine owned by B2Gold. The core storage was found to be in a poor state, with sample bags and some core trays left open to the elements. The wooden core trays in general were in a reasonable condition, but some have been affected by the elements and may need to be replaced. The Company is currently in the process of building a core storage facility near to the current B2Gold where the historic and future drilling programmes will be stored.

10 QUALITY ASSURANCE AND QUALITY CONTROL (QAQC)

10.1 QAQC Analysis

During the INMINE exploration, a series of internal control analysis for the gold and silver assays has been completed. The QAQC programme was designed using two methods:

- laboratory duplicate sample analysis was repeated (pulverised mesh200); and
- exploration duplicate sample analysis was repeated (crushed 3-5 mm).

In total three time periods were investigated. Samples were then grouped into three grade ranges (up to 1 g/t, 1.1-5 g/t and over 5 g/t), with the last divided into two (5-10 g/t and over 10 g/t) for analysis. Results from the analysis of analytical duplicates from the period of July 1988 – September 1989 indicate at times a level of error at higher grades. It is possible this is due to the nugget effect and that the crushing and pulverising during the sample preparation was insufficient to liberate the gold for level of accuracy required and that the assay method was insufficient for the La India grade ranges (detection limit 5 g/t gold). SRK considers the results of the analysis to be within acceptable limits to define a Mineral Resource.

In addition to the routine studies INMINE also completed an independent study into the influence of the drilling technique to identify any source of bias caused due to material loss. The results indicated no significant bias using the revised drilling method.

11 DATA VERIFICATION

11.1 Verification by Condor Resources

Condor has been responsible for collating and completing the initial database verification from the various data sources. The data being digitalised comprises: 18,100 m of drilling, 10,900 m of surface trenching, 3,000 m of underground adit samples, and 9,000 original underground mine grade control samples. The process is ongoing and Condor has supplied SRK with the initial database which has been collated from the information currently available, which comprised of information which could be checked against hard copies, such as laboratory reports, original logging sheets and notebooks.

Condor has completed the following verification:

- field visit and verification of trench and borehole locations (selected holes only);
- reviewed the historical core available;
- obtained historical maps;
- translated data to a single coordinate system (WGS84);
- captured data for the assay database from historical logs (hard copies);
- scanned historical maps and sections and captured data electronically to MapInfo;
- checked composite values plotted on vertical longitudinal Projections (VLP), versus the raw closed spaced underground samples;
- data capture has been reviewed and signed off by Dr Luc English.
- completed a comparison of INMINE versus TVX trench databases which noted the following:
 - TVX verification trenching returned a higher gold grades than the Soviet data with an average of 7.87 g/t gold, compared to the Soviet intercepts with grades between 4.56 g/t and 5.53 g/t gold.

- TVX verification trenching returned a higher grade-thickness with an average of 10.64 gm/t gold compared to the Soviet grade-thickness of between 6.90gm/t and 8.63 g/t.

11.2 Verification by SRK

In accordance with JORC, SRK visited the La India project from 25 to 29 November 2010. The main purpose of the site visit was to:

- ascertain the geological and geographical setting of the La India deposit;
- witness the extent of the exploration work completed to date;
- completed verification of sampling locations;
- inspect core logging and sample storage facilities;
- discuss geological interpretation and inspect drill core;
- review sample preparation methodology; and
- assess logistical aspects and other constraints relating to the exploration property.

SRK was able to verify the quality of geological and sampling information and develop an interpretation of gold grade distributions appropriate to use in the resource model. A number of historical drillhole collars were located which were covered with a cement block and clearly labelled.

The Company has been provided with a topographic survey of the region in the form of contour levels at 2 m resolution (WGS84 coordinates). SRK has confirmed this against the Shuttle Radar Topography Mission (SRTM) database. Using the 2 m resolution data, SRK has created a Digital Terrain Model (DTM) for use in the modelling exercise using Datamine Mining Software.

A review of the raw INMINE underground sampling data supplied to Condor has been completed. The data has then been checked against the digital database provided by Condor. SRK found a few minor transcription errors relating to low grade samples below detection which have been corrected accordingly. It is SRK's view that the data provided by Condor for the underground sampling is acceptable for use in the current Mineral Resource Estimate.

SRK has reviewed the long-sections and the historical hard copies of the underground raise sampling database. During the review, it was noted that no coordinates have been supplied for the raise sampling databases, and therefore it is not clear to the sample locations at this given time. SRK has therefore taken to the decision to exclude the underground raise sampling data at this stage.

SRK has completed a review of the TVX drilled diamond holes on the La India Vein, and some Gold Ore diamond holes at Cristilitos-Tatascame. The review of the drilling core showed the core has suffered major degradation since the original drilling. The original sample logs indicated core recovery in the order of 50 – 80% and the core confirms the poor recovery.

The resultant core demonstrates the potential difficulty in drilling this style of deposit and the requirement for more advanced drilling techniques to ensure satisfactory core recovery (>80 %), i.e. triple tube drilling and split tins, or short drilling runs. The remaining core has been deemed to have too low a recovery to send for any meaningful check analysis at an umpire laboratory.

SRK has reviewed the collar information by Condor against the 3D topographic surface created from the 2 m resolution database. The results indicated a number of borehole and trench collars did not correspond to the corresponding elevation. SRK has therefore corrected these errors by projecting all collar information onto the detailed 2 m Contour (DTM) created within Datamine.

11.3 SRK Comments

The data being digitalised comprises: 18,139 metres of drilling, 10,900 metres of surface trenching, 3,000 metres of underground adit samples and 9,000 original underground mine grade control samples. Based on the validation work completed by SRK only a portion of the database has been approved for use in the current estimate. The data accepted included:

- Drilling information from all holes (with the exception of Glencairn holes)
- INMINE trench information based where original logging sheets could be verified
- INMINE Underground sampling data from development drives only (raise data excluded).
- Selected TVX verification trenches

Excluded data which requires further verification to determine its true location includes:

- INMINE Raise data as hard coded data currently has no spatial (XYZ) information
- Majority of TVX trench sampling
- TVX underground sampling due to some uncertainty in the spatial location of the sampling.

A summary of the available data and data used is shown in Table 11-1.

Table 11-1: Summary of number of samples used in database

Drilled From	Sample Type	Number	Located XYZ	Total Metres (m)	Number of Samples	Samples Used
Surface	Drilling	144	144	18,139*	2071	2071
	Trench	735	613	613	1240	1240
Underground	America	3512	n/a	n/a	3490	1682
	Constancia	838	n/a	n/a	838	838
	Guapinol	323	n/a	n/a	323	171
	La India	2949	n/a	n/a	2944	1708
	San Lucas	795	n/a	n/a	749	561
	Cristilitos-Tatascame	194	n/a	n/a	187	187
	Tatiana	0	n/a	n/a	n/a	0

* Based on hole length in collar file provided

12 MINERAL PROCESSING AND METALLURGICAL TESTING

Only basic metallurgical investigations have been completed to date on La India by INMINE. The metallurgical test was conducted after obtaining the channel sampling results from the typical sectors of the zone and conducted at INMINE's Central Laboratory to determine the optimum scheme for processing the ore. SRK has not reviewed the results of these investigations at this time.

The mineralogical analysis of the ore, the granulometric gold study and the determination of its quality was conducted at the Tsnigri Laboratory (Moscow) and Petrographic investigations (preparation and description of thin sections) were also conducted but completed at the INMINE Laboratory.

13 MINERAL RESOURCE ESTIMATE

The final drilling database has been supplied to SRK for use in the current Mineral Resource Estimate. The exploration database includes a total of 135 drillholes, 736 trenches and underground sampling on 8 of the veins. SRK considers there to be sufficient information for the definition of a Mineral Resource estimate for the La India Project prepared under the guidelines by JORC.

Due to the geological nature of the narrow vein systems, and a degree of uncertainty on the true 3D location of the underground sampling information exists; SRK completed the estimation using 2D techniques. Due to the relatively narrow thickness and long strike and dip extents, SRK considers this approach to be technically viable given the current data. The ongoing data verification exercise and data completion should allow for an updated 3D model by the end of 1st Quarter 2011.

The drillhole, underground sampling and trench data were transformed and validated in the Datamine software. The statistics, basic geostatistics have been completed in Isatis and the parameters entered in Datamine to interpolate the grade estimates and compilation of the final model.

SRK coded the sample based on a cut-off grade of 0.5 g/t, using automated and manual techniques. The results of the automated methodology produced multiple intersections within a single hole where more than a single vein or splay has been intersected. SRK has therefore used the manually coded data in the final block estimates, which means there is some potential upside where additional vein intersections exist. Historical estimates are based on a 3.0 g/t cut-off grade.

The use of a lower cut-off grade by SRK to define the Mineral Resource zone should result in an increase in tonnage within the Mineral Resource Estimate but a reduction in the average Gold grades. SRK plan to review this contact during the next phase of modelling to confirm if the estimate is optimised by this lower limit.

The current level of exploration on the different veins varies and SRK has completed a review of the data, taking the decision to only model the major veins in the current estimate while further work will be required to integrate the smaller veins into a three-dimensional (3-D) model.

The veins selected due to by SRK for inclusion in the current estimate are:

- La India;
- America – Constancia;
- Guapinol;
- Tatiana;
- Cristilitos-Tatascame; and;
- San Lucas.

Currently, the veins excluded from the initial SRK estimates include:

- Arizona;
- Agua Caliente;
- Buenos Aires;
- Dos Armandos;
- Dos Hermanos;
- El Duende;
- El Pilar;
- El Jicaro;
- Espinito;
- San Miguel.
- San Pablo; and
- Teresa;

The veins estimated extend over known strike lengths of 1.5 km – 2.5 km from surface trenches, which confirm continuous structures, within which zones of higher and low grades can be found. Dip extents currently known can be up to 200 m down dip but, in places, remain open at depth and deep drilling will be required. A number of the veins are also open to the south and north strike extents, but further work is required to verify possible extensions. Within the veins estimate a summary of the approximated strike length versus defined limits is shown in Table 13-1.

Table 13-1: Approximation of Vein Strike Extents and Resource Development

Vein	Strike Extent	Resource Extent	Comment
America-Constancia	2.2 km	1.6 km	
Guapinol	2.3 km	2.1 km	Further Work Required Along Strike
La India	1.9 km	1.3 km	Further Work Required Along Strike
San Lucas	1.5 km	0.5 km	Further Work Required Along Strike
Cristillitos-Tatascame	0.2 km	0.2 km	Further Work Required Along Strike
Tatiana	1.8 km	0.8 km	Limited by Licence boundary

The information on the other veins varies with surface exposure mapped on a number of veins, trenching completed, but limited down-dip continuity established. The strike length of these veins is more variable and can be between 400 m – 2200 m, with a mean strike length of approximately 800 m, but down dip continuity has yet to be established. The majority of these veins lie within the La India Project area, but a portion cross into the smaller Espinito-Mendoza Licence. It is believed that some of the shorter veins may form splays of the larger veins.

To utilise the underground database SRK imported the individual samples which have been spread evenly across the sample composite lengths and created in 3D space as horizontal drillholes. The collars have been set based on the start of each level set from the VLP.

All the assays within the mineralised zones were composited across the width of the ore zone before undertaking statistical analyses on the gold grades. Histograms (assays and width) were generated from these to determine an appropriate top cut, and statistics and geostatistics calculated.

The collate databases have been checked in Datamine, before rotation into an east – west orientation. The rotated data has been cross checked against historical sections.

SRK has produced a block model with block dimensions of 25 x 25 m into which gold grades have been estimated based on optimised inverse distance weighting routines, with a variably oriented search ellipse to follow the differences in the veins, and to highlight possible plunging features or ore shoots. The resultant block grade distribution reflects the gold distributions Condor and SRK consider to be an important feature of the deposit.

While the model was extended beyond the available information, the distinction of an ‘Inferred’ Mineral Resources was made at approximately 100 m respectively from the nearest drillhole. In addition, areas where the interpretation is based on trench data but with evidence of downdip continuity either via underground exploration have also been classed as Inferred Mineral Resources. Additional potential Mineral Resource lies outside of the current limits and provides evidence of exploration potential within the deposit with further drilling.

13.1 Statistical Analysis – Raw Data

Classical statistical techniques have been completed and the statistics presented (Table 13-2) are based on all the sampling information available at the time of modelling. Each of the individual veins has been assessed independently as illustrated from the summary statistics. Histograms were produced for each zone, and an example of the histograms produced for both real and logged data is shown in Figure 13-1.

The summary statistics show that the coefficient of variation (CoV) for most of the zones is reasonably low (0.80 – 1.27), which indicates limited variability. The two veins with the highest variability are the America-Constancia and Cristilitos-Tatascame veins. The high variability indicates the potential of a high nugget effect in these sample populations.

Table 13-2: Summary statistics of raw gold assays

	Count	Min	Max	Mean	StdDev	COV
La India	1748.0	0.00	143.10	7.21	9.15	1.27
America Constancia	2539.0	0.00	566.00	8.38	17.72	2.11
Guapinol	257.0	0.43	60.65	7.19	6.64	0.92
Tatiana	28.0	0.28	12.71	4.50	3.60	0.80
Cristilitos-Tatascame	195.0	0.60	258.10	12.71	32.95	2.59
San Lucas	575.0	0.30	73.70	6.32	7.51	1.19

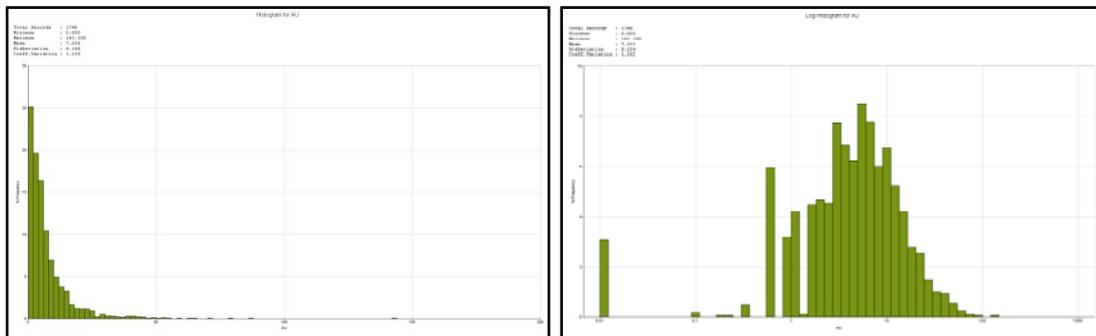


Figure 13-1: Histogram and log histogram of raw gold composites at La India

The distributions tend towards log normal where sufficient data populations exist and show evidence of skewed (positive) distributions. Histograms have been calculated in both normal and log space, with the cumulative percentage plotted accordingly. Descriptive statistics were calculated and statistical graphs produced in both real and log space as a measure of confirmation of the statistical domains, and possible combining of zones for geostatistics.

13.2 High grade Capping

High-grade capping was applied based on a combination of log probability plots and raw and log histogram information (Table 13-3 and Table 13-4).

Table 13-3: Summary of statistics raw and capped gold values

Vein	Count	Mean Raw gold (g/t)	StdDev Raw	Max gold (g/t)	Mean Cap gold (g/t)	StdDev AuCap	Var (%)
La India	1748	7.21	9.15	143.1	7.12	8.37	-1.2
America Constancia	2539	8.38	17.72	566.00	7.88	10.43	-6.0
Guapinol	257	7.19	6.64	60.65	7.11	6.10	-1.1
Tatiana	28	4.50	3.60	12.71	4.50	3.60	0.0
Tatascame	195	12.71	32.95	258.1	8.88	13.67	-30.1
San Lucas	575	6.32	7.51	73.7	6.25	7.00	-1.1

Table 13-4: Summary of statistics raw and capped thickness values

Vein	Count	Mean Raw gold (g/t)	StdDev Raw	Max gold (g/t)	Mean Cap gold (g/t)	StdDev AuCap	Var (%)
La India	1748	2.85	21.44	624	1.66	1.27	-41.8
America Constancia	2539	1.00	0.61	8.20	1.00	0.61	0.0
Guapinol	257	1.03	1.00	7.60	1.03	1.00	0.0
Tatiana	28	1.32	0.83	4.00	1.32	0.83	0.0
Cristilitos-Tatascame	195	1.53	0.18	1.90	1.53	0.18	0.0
San Lucas	575	1.09	0.64	7.90	1.09	0.64	0.0

13.3 Grade Interpolation Mineral Resource Estimation

To enable sample interpolation into the models converted to gold and thickness values have been combined to produce a horizontal grade accumulation across each vein. To complete the calculation a straight accumulation of gold grade (g/t) by the thickness in meters has been completed to produce the accumulation grams metre per tonnes (gm/t), and horizontal vein thickness. The accumulated data can then be treated as a single sample point with no horizontal component and enable estimation in 2-D. The resultant accumulated gm/t and the estimated thickness can be used to back calculate the grade of any given grid.

The Inverse distance weighting function has been used within search ellipsoids orientated along the major trends. Grade has been interpolated into the block model therefore honouring the geological contacts but no definition of internal domain codes within each vein have been used in current estimate.

The modelling was conducted in Datamine Studio 3 software. All exploration sampling has been used in the geological modelling process. A block size of a 25 x 25 m per parent block has been selected for use in the block estimate (25m grid in the VLP plane). The search distances used for the estimates are based upon provisional geostatistical checks indicating some degree of variability in both strike (100 m) and dip (50 m). The search ellipse has been supported by visual checks within Datamine. A default plunge of 15° has been applied to the current estimates which is based on the theory of potential ore shoots, and fits to the general plunge of historical mining of high-grade zones at La India and America – Constancia veins.

Second and third radius factored dynamic search volumes have been used. The second search range uses a factor of 1.5 to the original search length, while varying the minimum number of samples, while the third search volume uses a factor of 4 to multiply the first search and enlarge it to ensure that grade values are assigned to all blocks in the mineralisation model. These larger searches have generally been classified with lower confidence, and are typically outside of the limits of the current JORC compliant estimate.

For the primary search, the minimum number of samples for a block estimate varies depending on the different sampling regimes. To limit the influence of single drill holes on each estimate, a key field (“MAXKEY”) based on the “BHID” (Borehole Identified), has been used, whereby a maximum number of samples per borehole is set to ensure that more than a single hole is used in each case. The final estimation parameters selected are presented in Table 13-5. The resultant block grade distribution reflects the mineralisation style which SRK considers to be an important feature of the deposit.

Table 13-5 : Summary of final estimation parameters La India

Vein	Rotation Axis		Search Range		Number Samples Volume 1			Disc
	Angle 1	Axis	Along Strike	Down Dip	Min	Max	Max Per Hole	
La India	15	Y	50	100	15	40	8	3x3x3
America-Constancia	15	Y	50	100	15	40	8	3x3x3
Guapinol	15	Y	50	100	5	20	3	3x3x3
Tatiana	15	Y	50	100	2	20	1	3x3x3
Cristolito-Tatascame	15	Y	50	100	10	40	8	3x3x3
San Lucas	15	Y	50	100	15	40	8	3x3x3

13.4 Block Model Validation

SRK has undertaken validation of the resultant interpolated model to confirm the estimation parameters, to check that the model represents the input data on both local and global scales and that the estimate is not biased. SRK has undertaken this using a number of different validation techniques:

- inspection of block grades in plan and section and comparison with drill hole grades;
- statistical validation; and
- sectional interpretation of the mean block and sample grades.

Visual validation provided a local validation of the interpolated block model on a local block scale, using visual assessments and validation plots of sample grades versus estimated block grades. The results demonstrated good comparison between local block estimates and nearby samples, without excessive smoothing in the block model. Figure 13-2 shows an example of the visual validation checks and highlights the overall block grades corresponding with raw samples grades.

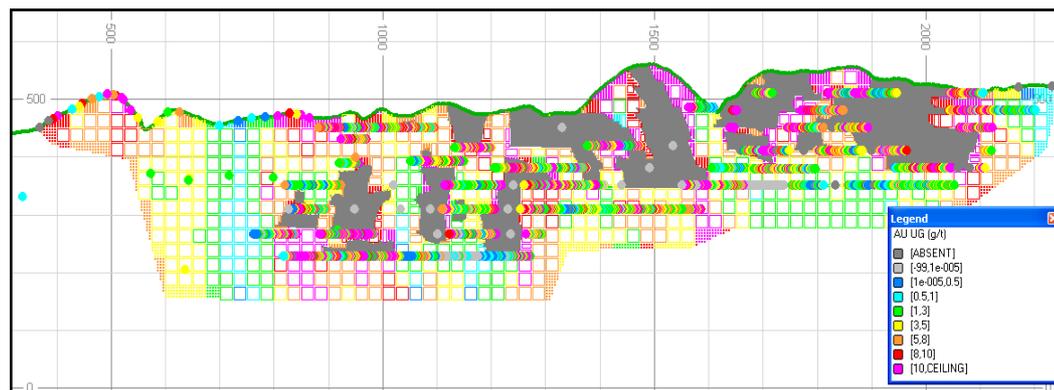


Figure 13-2 : Cross section showing visual validation of sample to block estimates

Statistical validation of the 25 x 25 m block estimates versus the declustered mean of the raw samples per zone. In general, the results indicate a reasonable comparison with the most significant differences occurring at Tatiana where the sample population is relatively low, and higher grade samples influence a much larger tonnage than the lower grade samples and hence the differences.

The input composite samples are compared to the block model grades within a series of coordinates. The resultant plots show a good correlation between the block model grades and the composite grades, with the block model showing a slightly smoothed profile compared to the composite. The plots for gold generally confirm no indication of any significant bias introduced during the estimation, and generally display an adequate degree of smoothing, and that the estimates are representative of the raw sampling data. Based on the results of the analysis, SRK has accepted the grades in the block model.

13.5 Classification

The Mineral Resource statement presented in Section 14.2 has been classified following the definitions and guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code, 2004 Edition (“JORC Code”). The following section is taken from the JORC code.

Inferred Mineral Resources: Grade, tonnage and continuity can be calculated and assumed to a low level of confidence. Information may be of uncertain quality and reliability. Inferred Resources cannot be used for detailed planning. Usually upgraded to ‘Indicated Resources’ with continued exploration.

Indicated Resources: Grade, tonnage, densities, shape, and characteristics can be estimated with a reasonable level of confidence. Geological and grade continuity can only be assumed.

Measured Resources: as ‘Indicated Resources’, with closely spaced sample locations to confirm grade/geological continuity and reliable/detailed sampling. Grade and tonnage can be estimated to within close limits and any variation in the estimate would not affect potential economic viability. Geological and grade continuity is relatively well understood.

13.5.1 SRK Classification Methodology

Based on these JORC guidelines SRK has assigned the La India estimates to an Inferred Mineral Resource category based on the current information available. In determining the appropriate classification criteria for the La India Zone, several factors were considered:

- JORC requirements and guidelines;
- geological analysis and geological interpretation;
- quality of data used in the estimation;
- quality of the estimated block model; and
- experience with other deposits of similar style.

13.5.2 *Quantity of Data used in the estimation*

There is sufficient data in some of the veins to support estimates of moderate confidence, however there remains data verification and digitisation in 3D to support the current interpretations and 3D geological and grade continuity. Veins which have been excluded do not currently have verified data displaying down dip continuity, and the Buenos Aires vein currently is limited to the Espinito-Mendoza licence.

SRK have limited the extents of the Inferred Mineral Resource to between 75-100 m beyond data samples where there is proven up-dip and down-dip continuity with drillhole and/or underground sample data. SRK have only allowed extrapolation below trenches where the down-dip continuity is supported adjacent to them on the same vein, and here extrapolated the Inferred boundary down-dip to 50 m.

13.5.3 *Quality of Data used in the estimation*

There is lack of supporting data for the Density factors applied to convert volumes to tonnages and further work is required to confirm the current density values.

SRK has reviewed the current collated database made available. It is SRK's view that in the TVX and Gold Ore drilling the QAQC programme was not in line with current guidelines, with no current information available. INMINE completed a basic QAQC programme during its exploration programme. The QAQC programme follows typical Russian guidelines and consists of duplicate assays checks. The results of the investigations displayed reasonable results. SRK does not consider any significant bias has been introduced assuming sampling protocols were followed. It is SRK's view that due to the limited QAQC investigation, that the data is of sufficient quality for the quoting of Inferred Mineral Resources, using the current validated database.

13.5.4 *Geological Complexity*

The basic geological knowledge and interpretation of the deposit are well developed, however the data density, data reliability and quality, and continuity of the mineralisation in the different veins are variable. Within the other areas of the deposit it is SRK's view that more information is required to improve the confidence in the current interpretation.

13.5.5 *SRK Comments*

Continued work on the validation of the complete database and the location of underground sampling in its "true" 3D location have been identified as area of work which could improve confidence in the current estimate further and identify potential additional resources. Based on the current status of the data it is SRK's view that the data is of a sufficient quality for the quoting of Inferred Resources only at La India based on the current drill spacing. The addition of underground mine grade control sampling adds the potential to increase portions of this material to Indicated once the next stage of validation has been completed.

14 MINERAL RESOURCE STATEMENT

14.1 Cut-off Grade Derivation

SRK has determined a suitable cut-off grade of 1.5 gm/t, which has been calculated using a gold price of USD1105/oz, and suitable benchmarked technical and economic parameters for underground mining and conventional gold mineralised material processing.

14.2 Mineral Resource Statement

Table 14-1 below gives SRK's Mineral Resource statement. SRK has applied a cut off grade of 1.5 gm/t gold

Table 14-1: Mineral Resources (JORC Compliant as of 4 January 2011)

Inferred Mineral Resource			
Vein Name	Tonnes (kt)	Au Grade (g/t)	Contained Au (oz)
La India	1,930	5.4	334,000
America-Constancia	1,060	6.9	234,000
Tatiana	300	7.6	72,000
Guapinol	850	5.3	143,000
San Lucas	190	5.7	34,000
Cristolito-Tatescame	250	6.3	51,000
Total Inferred	4,580	5.9	868,000

15 CONCLUSION

A total of 18 veins (up to 17 km of strike defined) have been identified within the La India project on which exploration has been completed historically to various levels. The La India project has been mined historically between 1936 and 1956, during which time Noranda's La India mill processed approximately 100,000 tpa for a total production of 575,000 oz gold from 1.73 Mt at 13.4 g/t gold.

SRK has reviewed all the historical exploration data associated with the project based on information gained during a site visit and the verified electronic database provided. SRK has reviewed all QAQC information available and has deemed the assay database currently to be acceptable for the determination of Inferred Mineral Resource Estimates. SRK coded the sample based on a cut-off grade of 0.5 g/t, using manual techniques. Historical estimates are based on a 3.0 g/t cut-off grade and therefore the SRK estimate should represent a higher tonnage and lower grade estimate of the deposit.

SRK has considered sampling density and distance from samples in order to classify the Mineral Resource according to the terminology, definitions and guidelines given in the JORC Code. Further, SRK has used reasonable costs for the region, estimated process recoveries and a long term upside gold price of USD1105/oz to determine that the current resource and its potential depth extensions have sufficiently high grade, width for exploitation via shallow underground mining methods. Additional drilling along strike and below the current Inferred Resource limit could add to the resources.

Limited metallurgical and processing information exists with the exception of work completed by INMINE. Initial recovery work suggests recoveries in the order of 90 %. SRK would recommend further metallurgical testwork will be required as the project progresses.

In general, the work completed at La India has been deemed of sufficient quantity and quality to define Inferred Mineral Resources. Potential exists to convert a portion of the Inferred Mineral Resources to Indicated as per the historical estimates which contained "C1" Russian defined category resources. Further work is required on the current database to improve the knowledge and confidence of the 3D spatial locations of all sampling. The potential Indicated Mineral Resources would be focused around the areas of historical mining within a range of influence of the underground sampling.

SRK considers there to be good potential to find additional resources. A number of veins exist which are open at depth and along the main mineralised strike interval. Further drilling will be required to increase the current Mineral Resource.

16 RECOMMENDATIONS

The current level of sampling at La India is adequate to define geological continuity in the some of the 18 veins identified both along strike and at depth, to allow the classification of Mineral Resources in accordance with JORC. The quality of the surveying of the sample locations is questionable and reduces confidence in the electronic database, and all drilling and trench collars should be surveyed using a DGPS, to improve the accuracy. The Company has completed an initial programme of checks using a DGPS during January 2011 and updated the database accordingly.

The geological loggings of the drilling have been recorded correctly in the electronic database and are acceptable. A useful addition to the database would be to add codes in the lithological log to highlight the historical vein intersections for reference.

There is currently a lack of mineralogical test work undertaken on the boreholes sampled to date. Given the relatively early stage of the project, SRK would recommend only completing the density analysis during the next phase of the project, but to ensure samples are collected in the correct manner to allow for future Metallurgical testwork as the project moves towards Scoping Study level.

In addition to gold the company also produced silver based on the historical estimates the ratio of gold to silver is variable between different veins and can range from 0.4 to 2.6 with an average 1.4. SRK has not currently completed any validation of the silver database and therefore has excluded this material from the current update. Based on further verification work SRK will include silver estimates in the next Mineral Resource update.

The historical INMINE estimate confirms the potential to increase the current Mineral Resource at La India. SRK considers that with further work a portion of the historical P1 category material could potential be converted into JORC compliant Mineral Resources. To advance the understanding of the La India project, SRK recommends further exploration to infill around the known mineralisation and to test for additional mineralisation both down-dip and along strike of the current study area. Infill drilling will assist in understanding potential high-grade ore shoots and improve the parameters used for estimation.

16.1 Update on Ongoing Work

16.1.1 Database Validation

The Company has continued work on validating the historical database and SRK are in the process of importing the updated database for a further Mineral Resource update which will be completed in 3D using defined wireframes for the individual veins. The updated database will include additional information from the following data sources which locations have now been validated by the Company:

- Raise Data
- TVX Trench Sampling
- TVX Underground Sampling (3,000 m)

In completing the review, it was noted that one series of boreholes (Triton LIT-11 to LIT18) did not have returned assays. SRK recommended Condor locates the core for these holes and submits samples for analysis at a suitable laboratory with a full set of QAQC samples including blanks, CRM and duplicates where possible. This work has been completed but the assays were not available at the time of writing for further analysis, and therefore will be included in the next phase of work.

The aim of the validation work has been to increase the size of the database and increase the confidence in the current Mineral Resource Estimate within close proximity to the historical underground development. SRK are currently in the process of reviewing and importing the updated database to create 3D wireframes of the individual veins and is in line to produce an updated Mineral Resource model by 31 March 2011.

16.1.2 Condor Drilling Programme

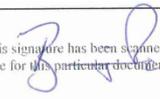
In completing the review of the project and compiling the current updated SRK has identified a number of areas with potential to increase the current Mineral Resource with a number of shallow holes below known mineralisation from trench data. SRK has worked with Condor Geologist to define a 5,000 m drilling programme. The aim of the drilling programme is to increase the portion of Inferred Mineral Resource, with an optimised drilling programme for conversion of historically classified P1 material into JORC compliant Mineral Resources. The Company started drilling on 30 January 2011,

17 CERTIFICATES

The Mineral Resource estimate has been completed by Ben Parsons, a Senior Resource Geologist with SRK Consulting (UK) Ltd, who is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM). Ben Parsons has some ten years experience in the exploration, definition and mining of precious and base metal Mineral Resources. Ben Parsons is a full-time employee of SRK Consulting (UK) Ltd, an independent Consultancy 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. Ben Parsons 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.

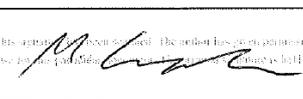
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Ben Parsons
Senior Resource Geologist

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Mark Campodonic
Principal Resource Geologist

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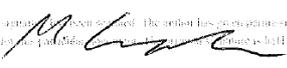
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