

CONDOR GOLD PLC
Report and Accounts
Year ended 31 December 2012

CONDOR GOLD PLC

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

TABLE OF CONTENTS	Page
Highlights	2
Chairman's Statement	3 – 4
Project Overview	5 – 7
Review of Operations	8 – 19
Report of the Directors	20 – 27
Report of the Independent Auditor	28 – 29
Consolidated Statement of Comprehensive Income	30
Consolidated Statement of Financial Position	31
Consolidated Statement of Changes in Equity	32
Company Statement of Financial Position	33
Company Statement of Changes in Equity	34
Consolidated Cash Flow Statement	35
Company Cash Flow Statement	36
Notes to the Financial Statements	37 – 57

CONDOR GOLD PLC
HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Condor Gold PLC (“Condor”, the “Company” or the “Group”), an AIM listed company focused on delineating a large commercial reserve on its La India Project in Nicaragua, announces its results for the year ended 31 December 2012.

Highlights

- La India Project Mineral Resource increased to 16.2 million tonnes at 4.6 g/t gold for 2,375,000 oz gold in accordance with the CIM Standards code. This includes 5.3 million tonnes at 4.4 g/t for 751,000 oz gold in the Indicated category with the balance in the Inferred Category.
- Updated Mineral Resource includes open pit resource of 8.21 million tonnes at 3.6g/t for 954,000 oz gold, including 534,000 oz in the Indicated category.
- 11,010m drilled on La India Project during the period.
- Drilling and trenching indicated open pit potential at Central Breccia with best drilling intercept of 13.70m (8.8m true width) at 6.70g/t gold from 46.30m.
- Discovery of remnant wallrock gold mineralisation at historic America Mine, a target for open pit resource.
- Acquisition of 86 sq km La Mojarra Concession added to La India Project.
- £6.75M raised by way of private placements.

Post Period Highlights

- Preliminary Economy Assessment (PEA) completed estimating 152,000 oz gold production at 3.8g/t for the first 8 years of a 13 year mine life, cash cost US\$575 per oz gold.
- Geotechnical study underway, 1,700m geotechnical drilling completed, aimed at increasing the size of the open pit resource
- Increased La India Project land area by 44% to 280 sq km by purchase of HEMCO-SRP-NS Concession.
- Metallurgical testwork to Pre-Feasibility Study level underway.
- Environmental and community baseline studies initiated.
- £7M raised by way of private placement at £1.60 per share in February 2013.
- 12,000m drilling completed so far in 2013

CONDOR GOLD PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

Dear Shareholder,

I am pleased to announce Condor Gold PLC's ("Condor" or "the Company" or "the Group", www.condorgold.com) annual report for the 12 month financial year to 31st December 2012. The main event for the year was the publication on 5th November 2012, by SRK Consulting (UK) Limited ("SRK"), of an independent technical Mineral Resource Estimation for La India Project in Nicaragua using the National Instrument 43-101 standard of disclosure in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards. The circa 200 page report provides a significant amount of detail about La India Project including but not limited to: the project geology, exploration drilling and sampling, data quality and quantity, data validation, the geological model and the classification and reporting criteria. Shareholders and potential investors should take comfort from the quality of work that has gone into producing a NI 43-101 technical report for La India Project, which in the Board's view has produced a very robust Mineral Resource.

The Mineral Resource on La India Project stands at 16.2Mt at 4.6g/t for 2,375,000 oz gold including an open pit resource of 954,000 oz gold at 3.6g/t. The NI 43-101 technical report provides a considerable amount of detail on the Indicated Mineral Resource of 751,000 oz gold at 4.4g/t and Inferred Mineral Resource of 1,624,000 oz gold at 4.6g/t which includes a high grade open pit component with an Indicated Mineral Resource of 534,000 oz gold at 3.9g/t and an Inferred Mineral Resource of 420,000 oz gold at 3.3g/t using a 1.0g/t cut off.

SRK completed an NI 43-101 compliant Preliminary Economic Assessment ("PEA"), announced on the 5th March 2013 based on the 5th November 2012 NI 43-101 Mineral Resource estimation. The PEA for La India Project details average annual gold production of 152,000 oz gold for the first 8 years of an initial mine life of 13 years. 172,000 oz gold production per annum in the first 4 years and 133,000 oz gold production per annum in years 5 to 8. Total production of 1,463,000 oz gold over the Life of Mine is at an average operating cost of US\$575 per oz gold; production is split evenly between open pit and underground mining. The NPV of US\$325m and IRR of 33% are after a 3% government royalty and 30% corporation tax. The payback period for the capital equipment is 3 years.

Since the publication of the NI 43-101 Mineral Resource in November 2012, the Company has designed its drill programmes with a clear focus, firstly on increasing the confidence of the open pit resource on La India Open Pit by converting the Inferred Resource to the higher category of confidence, an Indicated Resource and secondly on increasing the overall open pit resources by drilling additional open pit targets. To this extent, 8,000m of a 10,000m infill drilling programme and 1,700m of geotechnical drilling have been completed on La India Open Pit, 4,000m of a 5,400m drilling programme has been completed on the America historic mine aimed at proving a feeder pit and 1,000m of a 2,000m drilling programme has been completed on the Central Breccia, aimed at proving a second feeder pit.

A 1,700m geotechnical drilling programme was completed in the first week of May 2013. It is designed to test the competency and strength of the host rock and determine the optimal pit angles for the La India Open Pit resource. The PEA identifies an open pit containing 800,000 oz gold at a 40-42 degree pit angle at a cash cost of US\$682 per oz. Sensitivity analysis on the pit slope angles has shown that by steepening the pit angles to 50 degrees, the cash costs to produce an 800,000 oz gold pit reduces by 18% to US\$558 per oz due to lower strip ratios. However, there is circa 500,000 oz gold resource beneath the pit, a maximised open pit would seek to drive the pit down as deep as possible while retaining strong economics. Sensitivity analysis shows that using a US\$1,200 gold price and 50 degree pit angle may result in 1.23M oz gold within the open pit extracted at a cash cost of US\$702 per oz. A geotechnical report is expected in August 2013, which will help determine the pit angles of La India Open Pit.

Condor has embarked on several studies required for a bankable feasibility study ("BFS") on La India Project. The baseline studies required for an Environmental Impact Assessment have started. Hydrogeology studies have commenced. Metallurgical tests are underway. Geotechnical drilling to determine the pit angles for La India Open Pit has been completed. We are currently seeking a mining engineer to join full time to lead the mining studies through to BFS.

In December 2012 Condor acquired 100% of the neighbouring 27 sq km La Mojarrá Concession for US\$1m. The reason for the purchase is that La Mojarrá concession lies only 500m to the south of a high grade drill intercept of 21.08m (16.1m true width) at 10.24g/t gold from 193m drill depth in drillhole LIDC152. The gold mineralisation is open to the south and continues to La Mojarrá Concession. Condor's geologists have assessed that there is the prospect of a significant buried gold deposit on La Mojarrá. In February 2013, Condor acquired 100% of the 86 sq km HEMCO-SRP-NS concession on the western edge of La India Project for US\$275,000 paid by issuing new ordinary shares in Condor at a price of £2.00 per share. The reason for the purchase is that the dominant trend of quartz veins that comprise La India Project is from the South-East to the North-West, the HEMCO concession covers a potential 13km strike extension of the America and Mestiza Vein Sets that host a combined Mineral Resource of 739,000 oz gold at 6.6g/t and are open to the North-West. Condor currently owns 100% of seven concessions that comprise La India Project covering an area of 280 sq km.

CONDOR GOLD PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

The existing mineral resource is located on less than 10% of La India Project, there remains substantial exploration upside; there is an abundance of gold mineralisation at surface on several locations outside the existing resource area.

Condor also holds 100% ownership of three other concessions in Nicaragua; the Estrella and Potrerillos concessions, which contain historic gold mine workings, and the Rio Luna Concession, which contains a JORC Inferred Resource of 694k tonnes at 4.4g/t for 86,000 oz gold equivalent. In addition, the Company has a 20% interest in a fourth Concession, Cerro Quiroz, which contains established gold mineralisation and is adjacent to B2Gold's operating gold mine at La Libertad.

In El Salvador, Condor's JORC Resource of 747,000 oz gold and 22.38 million oz silver or 1,120,000 oz gold equivalent at 2.6g/t remained unchanged during the period due to the moratorium on all exploration and mining in El Salvador. In 2011, 10% of the Company's resource in El Salvador was gifted to a UK Charitable Foundation whose beneficiaries are the most needy and poor in that country.

The moratorium on metallic mining in the Republic of El Salvador ("El Salvador") has now been in place for just over 5 years. The Government of El Salvador awarded a tender to the Tau Group of Spain www.taugroup.com to complete a Strategic Environmental Study on the benefits of Mining to El Salvador ("EAE") in September 2010. The Tau Group completed the EAE and submitted it to the Government in September 2011; a copy is available on the Internet.

Pacific Rim Mining Corp (TSX:PMU) ("PacRim") has a mineralised resource on its El Dorado Project in El Salvador of 1,712,900 oz gold equivalent. On 1st April 2013 PacRim announced a statement of a claim filed in the Arbitration case against the Government of El Salvador whereby PacRim seeks damages of US\$315m. The Arbitration, now in its final, merits-based phase, is being heard under the Salvadoran Investment Law by a Tribunal of three members at the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") in Washington, DC.

We continue to carefully monitor developments in El Salvador in relation to the present moratorium. Although there is a clear risk that the El Salvador exploration licences and related intangible assets may become impaired should the outcome of the Government's consideration be a decision to pass a law prohibiting metallic mining, the Board has concluded, particularly in light of the US\$315m damages being claimed by PacRim, that they are not currently impaired. However, in the circumstances, the Board continues its policy of not capitalising further expenditure in relation to the El Salvador projects. The El Salvador assets carrying value included within this report total £4.3m.

Turning to the financial results for the year 2012, the operating loss was £3,258,653 (2011: £1,975,408). Additionally, the Company raised £6,788,268 (2011: £2,402,500) through the exercise of options, and two private placements. The Company made foreign exchange losses of £169,824 (2011: gains of £12,404). The increase of cash and cash equivalents was £1,283,822 (2011: decrease of £65,775). The net cash balance at 31st December 2012 was £2,481,503. The Company's net assets have increased in the year from £7,928,833 to £12,781,407.

The strategy for 2013 is to progress La India Project through to Pre-Feasibility Study and Bankable Feasibility Study. Condor raised £7M at £1.60 per share in February 2013 and is fully funded for the next 12 months. There are currently 5 drill rigs operating on site. The PEA detailed a potential mine producing an average of 152,000 oz gold at 3.8g/t for the first 8 years of a 13 year mine life, with production split equally between open pit and underground over the life of mine. The current drilling programme is focused on changing the production mix to as much open pit as possible. It may be that the first 4 to 5 year of the mine life is entirely open pit production, with the underground development funded out of future cashflow. This would have the desired effect of removing the upfront capital costs of underground development and increasing the IRR.

The open pit production will come primarily from La India Open Pit as the main open pit, possibly supplemented by 2 or 3 feeder pits. The PEA estimates an average production of 88,000 oz gold p.a. from La India Open Pit, yet this uses conservative pit angles. The recently completed 1,700m geotechnical programme and current 10,000m infill drilling programme should increase the size of La India Open Pit resource by 25% to 50% to between 1M oz and 1.2M oz gold. The gold production from La India Open Pit is estimated to increase by a similar percentage to between 110,000 and 125,000 oz gold p.a. over an 8 year period. In addition, the current 5400m drilling programme on the historic America Mine and 2000m drilling programme on the Central Breccia is targeting small open pit resources of around 100,000 oz to 200,000 oz gold, which could be potential feeder pits of 20,000 to 30,000 oz gold p.a. An objective for 2013, is to increase the open pit Indicated Resource from the current 554,000 oz gold to between 1.0m and 1.3m oz gold, which can then be used in a PFS and support open pit production of between 110,000 oz to 130,000 oz p.a. at over 3g/t gold for the first 5 years of a 13 year mine life.

CONDOR GOLD PLC
PROJECT OVERVIEW
FOR THE YEAR ENDED 31 DECEMBER 2012

CURRENT CONCESSION HOLDINGS

Nicaragua Projects

Project	Concession	Ownership	Expiry Date	Area (km²)
La India Project	La India	100% Owned	January 2027	68.50
	Espinito Mendoza	100% Owned	November 2026	2.00
	Cacao	100% Owned	January 2032	11.90
	Santa Barbara	100% Owned	April 2034	16.20
	Real de la Cruz	100% Owned	January 2035	7.66
	Rodeo	100% Owned	January 2035	60.40
	La Mojarra	100% Owned	June 2029	27.00
	HEMCO-SRP-NS (to be renamed El Penon)*	100% Owned	August 2035	86.39
	Subtotal			280.05
Boaco	Rio Luna	100% Owned	June 2035	43.00
RAAN	Estrella	100% Owned	April 2035	18.00
Nueva Segovia	Potrerrillos	100% Owned	December 2031	12.00
La Libertad-Santo Domingo District	Cerro Quiroz	20% Owned	April 2035	22.50
TOTAL				375.55

All concessions in Nicaragua are combined exploration and exploitation concessions.

**The HEMCO-SRP-NS (El Penon) Concession was acquired post-period in 2013.*

El Salvador Projects

Project	Concession	Ownership	Expiry Date*	Area (km²)
La Calera	La Calera	100% Owned	under moratorium	42.00
El Pescadito	El Pescadito	100% Owned	under moratorium	50.00
	Carolina	100% Owned	under moratorium	40.50
	El Gigante	100% Owned	under moratorium	42.50
TOTAL				175.00

*All exploration and mining licences in El Salvador are currently under El Salvador's moratorium on mining and exploration activity. Condor owns 90% interest in El Salvador (remaining 10% gifted to the Condor Resources El Salvador Charitable Foundation).

CONDOR GOLD PLC

PROJECT OVERVIEW
FOR THE YEAR ENDED 31 DECEMBER 2012

CURRENT GLOBAL CIM/JORC CODE MINERAL RESOURCE

The following Mineral Resource estimations have been reported by independent geologists in accordance with the terms and definitions of the CIM/JORC Code. The Mineral Resource Estimations for Nicaragua were completed by SRK Consulting (UK) Ltd. and for El Salvador by Geosure Exploration and Mining Solutions (La Calera and part of Pescadito) and Ravensgate Resources (part of Pescadito).

	Tonnes (kt)	Gold Grade (g/t)	Gold Contained (koz)	Silver Grade (g/t)	Silver Contained (koz)	Gold Equivalent Grade (g/t)	Gold Equivalent Contained (koz)	Attributable Contained (koz)	CIM/JORC Category
Nicaragua Projects (100% Condor owned)									
La India	5,270	4.4	751	6	965	4.5	767	767	Indicated
Project	10,980	4.6	1,623	7	1,328	4.7	1,648	1,648	Inferred
Total	16,250	4.6	2,374	6	2,293	4.7	2,415	2,415	Ind + Inf
Rio Luna	694	3.5	80	56	500	3.9	87	87	Inferred
Total	16,944	4.5	2,454	7	2,793	4.6	2,502	2,502	Ind+Inf
El Salvador Projects (90% Condor owned)									
Pescadito	7,100	1.9	434	97	22,100	3.9	802	722	Inferred
La Calera	6,000	1.6	313	1.4	280	1.6	317	286	Inferred
Total	13,110	1.8	747	53	22,380	2.6	1,119	1,008	Inferred
Grand Total	30,044	3.3	3,201	34	25,173	3.8	3,621	3,510	Inferred

Note that tonnage is rounded to nearest 10,000t, gold grade is rounded to nearest 0.1g/t, silver and gold equivalent grade to nearest 1g/t, contained gold and gold equivalent to nearest 1,000oz and contained silver to nearest 10,000oz. Gold equivalent is calculated using silver:gold ratio of 60:1. Attributable gold is calculated as 90% interest in El Salvador licences (remaining 10% gifted to the Condor Resources El Salvador Charitable Foundation).

CONDOR GOLD PLC

PROJECT OVERVIEW
FOR THE YEAR ENDED 31 DECEMBER 2012

CURRENT LA INDIA PROJECT CIM CODE MINERAL RESOURCE

The following Mineral Resource estimations details SRK's CIM compliant Mineral Resource Statement as at 14 September 2012 for the La India Project, as signed off by Ben Parsons, a Competent Person as defined by the CIM Code.

SRK MINERAL RESOURCE STATEMENT as of 14 September 2012																				
Area Name	Vein Name	Cut-Off	Indicated						Inferred						Total Indicated & Inferred					
			gold			silver			gold			silver			gold			silver		
			Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)		Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)		Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)	
La India veinset	La India/California ⁽¹⁾	1.0 g/t (OP)	4220	3.9	534	6.3	850	3990	3.3	420	5.6	724	8210	3.6	954	5.9	1574			
	La India ⁽²⁾	2.3 g/t (UG)	200	7.1	45	7.0	45	250	7.3	59	4.3	35	450	7.2	104	5.5	80			
	California ⁽²⁾	2.3 g/t (UG)	370	4.3	52	5.9	70	1950	4.4	276	9.0	568	2320	4.4	328	8.6	638			
	Arizona ⁽³⁾	1.5 g/t						430	4.2	58			430	4.2	58					
	Teresa ⁽³⁾	1.5 g/t						70	12.4	29			70	12.4	29					
	Agua Caliente ⁽³⁾	1.5 g/t						40	9.0	13			40	9.0	13					
America veinset	America ⁽³⁾	1.5 g/t	280	8.0	73			540	5.6	99			830	6.5	172					
	Escondido ⁽³⁾	1.5 g/t	90	4.7	13			90	4.6	13			180	4.6	26					
	Constancia ⁽³⁾	1.5 g/t	110	9.8	34			240	7.2	56			350	8.0	90					
	Guapinol ⁽³⁾	1.5 g/t						750	4.8	116			750	4.8	116					
Mestiza veinset	Tatiana ⁽³⁾	1.5 g/t						1080	6.7	230			1080	6.7	230					
	Buenos Aires ⁽³⁾	1.5 g/t						210	8.0	53			210	8.0	53					
	Espenito ⁽³⁾	1.5 g/t						200	7.7	50			200	7.7	50					
San Lucas	San Lucas ⁽³⁾	1.5 g/t					330	5.6	59			330	5.6	59						
Cristolito-Tatescame	Cristolito-Tatescame ⁽³⁾	1.5 g/t					200	5.3	34			200	5.3	34						
El Cacao	El Cacao ⁽³⁾	1.5 g/t					590	3.0	58			590	3.0	58						
Total					751	965		1,623		1,327			2,374			2,292				

Subtotal by areas	La India veinset	1.0 g/t (OP)	4220	3.9	534	6.3	850	3990	3.3	420	5.6	724	8210	3.6	954	5.9	1561
		2.3 g/t (UG)	570	5.3	97	6.3	115	2200	4.7	335	8.5	603	2770	4.9	432	8.1	718
		1.5 g/t						540	5.8	100			540	5.8	100		
	America veinset	1.5 g/t	480	7.8	120			1620	5.5	284			2100	6.0	404		
	Mestiza veinset	1.5 g/t						1490	7.0	333			1490	7.0	333		
Total					751	965		1,623		1,327			2,374			2,292	

Subtotal by cut off grade	All veins	1.0 g/t (OP)	4220	3.9	534	6.3	850	3990	3.3	420	5.6	724	8210	3.6	954	5.9	1561
		2.3 g/t (UG)	570	5.3	97	6.3	115	2200	4.7	336	8.5	603	2770	4.9	432	8.1	719
		1.5 g/t	480	7.8	120			4770	5.7	868			5250	5.9	988		
Total					751	965		1,623		1,327			2,374			2,293	

⁽¹⁾ Open Pit Mineral Resource is reported at a cut-off grade of 1.0 g/t gold. Cut-off grades are based on a price of US\$1400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals. Note optimised pit shells are based on Indicated and Inferred Mineral Resources

⁽²⁾ Underground Mineral Resources beneath the open pit are reported at a cut-off grade of 2.3 g/t gold. Cut-off grades are based on a price of US\$1400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals.

⁽³⁾ Mineral Resources as previously quoted by SRK (22 December 2011) are reported at a cut-off grade of 1.5 g/t.

⁽⁴⁾ Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used 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. All composites have been capped where appropriate. The Concession is wholly owned by and exploration is operated by Condor Gold plc

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT

A conceptual mining study announced at the beginning of the year concluded that mining on La India Project is, at a conceptual level, both technically feasible and economically viable. The study, which only considered mining on a 20 sq km area covering the La India, America and La Mestiza Vein Sets at the core of the Project area concluded that production rates and economics could be significantly improved if it could be demonstrated that parts of the resource are amenable to open pit mining. The exploration strategy for 2012 was to define open-pittable resources within the core area of La India Project prior to undertaking a more detailed Preliminary Economic Assessment (“PEA”) of the mining potential. Wide zones of moderate to high-grade gold mineralisation discovered in the walls of the historic La India mine workings in 2011 presented the best exploration target for an open pit resource and so trenching and drilling in the first half of the year was designed to discover and define the best zones of gold mineralisation. The drilling, most of which was undertaken at 50m spacing in order to define the resource at Indicated level of confidence proved very successful; a Whittle open pit mining model run on the La India Vein Set demonstrated that open pit mining along over 1500m strike length to depths of up to 200m below surface was potentially feasible. An updated mineral resource estimation completed in September doubled the resource on the La India Vein Set from 680,000 oz to 1.49M oz and included 8.21Mt at 3.6g/t for 954,000oz gold calculated using parameters suitable for open pit mining.



Location of Condor Resources concessions held in Nicaragua.



Sampling drill core at La India.

Exploration targets for open pit resources were also identified on the Central Breccia and in the wallrock of the historic America mine workings, both areas fall within a 2.5km radius of the La India open pit resource. Drilling at the Central Breccia returned some wide high-grade intercepts to support the trench results of 2011. With wide zones of gold mineralisation and a favourable topography; the Central Breccia mineralisation occurs on a steep sided hill rising 60m above the surrounding plain, the Central Breccia is considered highly prospective for an open pit resource once further drill definition has been completed. Trench sampling across the surface expression of the historic America Mine workings identified a 600m strike length where the historic mining had only exploited the high-grade core of the gold mineralisation, as was the case at the La India Mine, leaving remnant gold mineralisation in the wallrock. A drilling programme was initiated at the end of the year to test the America Mine wallrock for open pit potential.

In addition to the exploration activity Condor further consolidated its position in La India Mining District with completion of the transfer of the Espinito Mendoza Concession and acquisition of La Mojarra Concession expanding the overall project area along strike to the south of La India.

CONDOR GOLD PLC

OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

From 1 January to 31 December 2012												
Project	Concession	Prospect	Rock Chip Samples	Trenches Completed	Trench (m)	Trench Samples	Drill holes Completed	Total Drilling (m)	RC Drilling (m)	RC 1m Samples	Diamond Core Drilling (m)	Core Samples
La India	La India	La India Vein Set	33	48	3233.65	2967	81	10407.47	32 for 2675	2606	49 for 7732.47	3907
		America Vein Set	31	41	2402.70	2582	1	156.6			1 for 156.6	124
		Mestiza Vein Set	4	9	99.40	102						
		Cristalito-tatescane	20	5	14.45	20						
		Central Breccia	13	17	1296.30	1161	3	545.83			3 for 545.83	463
	La Mojarra		9	9	99.40	76						
	HEMCO-SRP-NW (El Penon)		21									
	Regional		62	13	251.10	248						
Totals			193	142	7397	7156	85	11109.90	32 for 2675	2606	53 for 8434.90	4494

Summary of exploration activity completed in 2012.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

La India Project

La India, Espinito Mendoza, Cacao, Santa Barbara, Real de la Cruz, El Rodeo and La Mojarra Concessions
(Condor 100% ownership).

At close of period Condor held a 193.66 square kilometre concession package comprising 7 contiguous concessions over nearly the whole of the historic La India Mining District (increased to 8 concessions for 280.05 sq km post-period). An estimated 576,000 ounces of gold at 13.4g/t was produced from the concession area by Noranda Mining over an 18 year period prior to the closure of the La India Mine in 1956. All of the production is believed to have come from Condor's La India Concession, with the bulk coming from two underground mines, La India and America-Constancia, which exploited a combined 3000m strike length of gold mineralised epithermal quartz veins to a maximum depth of 250m below surface.

During 2012 the Company completed 85 drill holes for 11,109.90m of drilling, 7372.1m of trench sampling and collected 193 rock chip samples.

A strategic decision was made at the beginning of the year to concentrate exploration activity on resource development at the historic centre of gold mining activity; in and around the historic La India and America-Constancia Mines. The strategy was guided by the findings of a Mining Concept Study which concluded that mining is, at a conceptual level, both technically feasible and economically viable in this area. The study, which was undertaken by SRK Consulting (UK) Limited and announced on the 5th March, only considered mining from a 6km by 3km area covering the La India, America and La Mestiza vein sets at the heart of the Project area. The mining concept study was supported by preliminary metallurgical testwork on 50kg of sample material by MetSolve Laboratory in Canada which suggest that the ore could be effectively processed using a combination of gravity concentration and cyanidation. Consideration was not given to potential production using open pit mining; however exploration data from 2011 did suggest that wide zones of moderate to high-grade gold mineralisation with open pit potential do exist within the area of interest which could significantly improve the production economics and production rate. It was decided that exploration for ore zones with open pit mining potential would form a main target of the 2012 exploration programme.

Three areas were targeted for open pit resource exploration; remnant gold mineralisation in the walls of the historic La India and America-Constancia mine workings, and gold mineralised breccia zones at the Central Breccia Prospect and surrounding area.



Diamond core drilling on the La India Project.

CONDOR GOLD PLC

OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

La India Vein Set – 1.5Moz at 4.0g/t gold

The La India Vein Set consists of a broad zone of anastomosing and sheeted quartz veins and breccias and associated splays and parallel vein known as the India-California vein system, and a cross-cutting set of veins which include the Teresa, Agua Caliente and Arizona veins, collectively referred to as the TACA vein system. Approximately half of the estimated 576,000 oz gold mined from Condor's La India Project Concession area between 1938 and 1956 came from La India Vein Set. All of the veins were exploited, but the majority of the mining was on the India-California veins where La India Mine workings extend along a 1,500m strike length to a maximum depth of 200m below surface. Historical research and exploration has shown that the historic La India Mine only exploited a narrow part of these wide zones using narrow shrinkage stoping mining techniques, leaving significant widths of moderate to high-grade gold mineralisation in the hangingwall and footwall of the historic La India mine workings. The block model for the current mineral resource (below) estimates an average and true thickness of 2.07m at 6.7g/t gold for the unexploited blocks within the historic mine compared to 8.20m at 3.4g/t gold for the gold mineralisation contained within the wallrock.



An outcrop of gold mineralised quartz breccia exposed 30-40m up-dip (above) drill intercept 26m (25.1m true width) at 7.73g/t gold from 25m drill depth in drill hole LIRC105 in the Central-North Zone.

Trench testing to define the grade and width of remnant wallrock gold mineralisation at surface was undertaken where topography and cover allowed. A nominal 50m trench spacing was used and the best coverage was achieved in the hangingwall of the old mine workings in the Southern and Central zones. Intercepts of up to 10m at 2.98g/t gold (Trench LITR069) in the hangingwall of the old mine workings in the Central Zone confirms open pit potential. Over 3000m of trenching was completed on the La India Vein Set during 2012.



View of the surface expression of the old mine workings on the Central Zone of the India Vein with trenches and drill collar locations shown.

CONDOR GOLD PLC

OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

La India Vein Set (continued)

Two phases of drilling have been undertaken on La India Vein Set during the year. The first phase of 59 drill holes for 7096m tested the open pit resource potential of the most prospective zones identified in 2011 at 50m drill spacing. The drilling successfully delineated several wide zones of moderate to high-grade gold mineralisation that extend from the surface.

- The 650m long ‘Central Zone’ target which, although historically mined to a depth of up to 200m below surface has been shown to retain significant gold mineralisation in the wallrock of the historic mine workings. Intercepts of up to 26m (25.1m true width) at 7.73g/t gold from only 25m drill depth in the Central-North Zone (drill hole LIRC105) show open pit mining potential, whilst Intercepts such as 12.20m (10.8m true width) at 34.79g/t gold from 173.15m drill depth (drill hole LIDC109) could potentially support open pit or underground developments.
- The ‘South’ target where a high-grade zone is recognised at and beyond the southern limit of the historic mine workings. Significant gold mineralisation has been defined at depth with intercepts such as 21.08m (16.1m true width) at 10.24g/t gold from 193.80m drill depth (drill hole LIDC152) open along strike to the South. Gold mineralisation in this zone is progressively weaker near surface to the South such that no gold mineralisation occurs at surface above the high grade example above. Although a near surface intercept of 12m (8.03m true width) at 4.32g/t gold from only 50m drill depth in the South Zone (drill hole LIRC141), some 300m along strike to the south of the Central Zone suggests that at least some of the mineralisation may also be amenable to open pit mining.
- The 400m strike length of the northern zone was less well explored, with only four RC drill holes used to test a 400m strike length. This wide-spaced drilling confirmed a moderate-grade shoot discovered by a previous explorer with an intercept of 3m (2.9m true width) at 3.06g/t gold from 31m drill depth in drill hole LIRC146 located only 40m along strike of the previous explorers drilling intercept of 7m (6.7m true width) at 3.04g/t gold from 142m drill depth in drill hole DH-LI-06.

The India Vein is part of a sheeted vein system of sub-parallel veins, the India and California veins, which are close-spaced or merge into stacked vein and breccia zones over significant strike lengths. The drilling demonstrated that the historic mining activity only exploited a narrow high-grade section of the gold mineralised veins. The historic mining, which exploited a 1,500m strike length to a maximum depth of approximately 200m below surface used a narrow vein shrinkage stoping technique, leaving considerable widths of moderate to high-grade gold mineralisation in the hangingwall and footwall of the historic La India mine workings.



Diamond core drilling on the La India-California trend.



Reverse Circulation drilling on the La India-California trend.

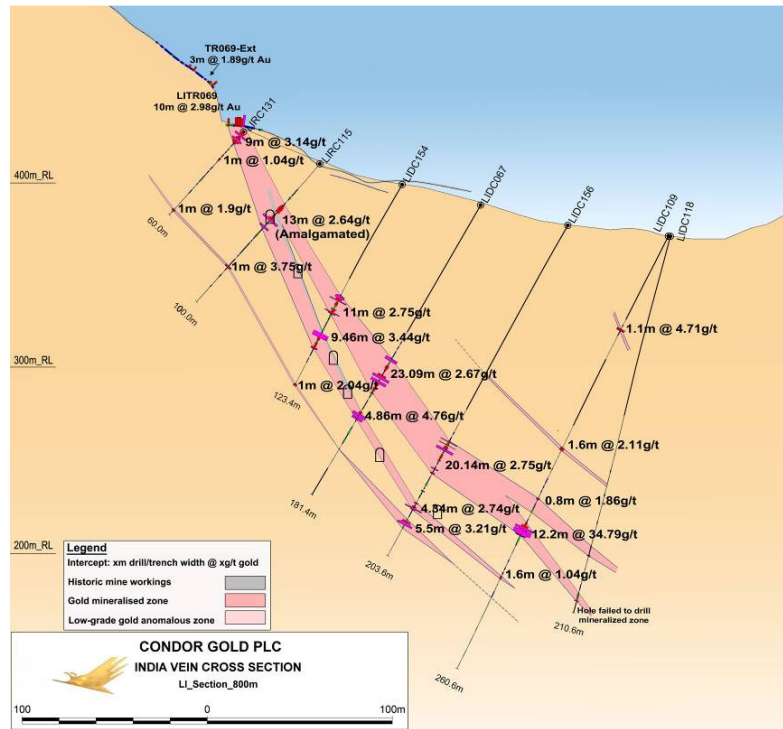
CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

La India Vein Set (continued)

This drilling campaign, completed at the end of July, provided sufficient data to run an initial Whittle open pit optimisation model on La India Vein Set and undertake a resource update on the La India Vein Set using suitable parameters to differentiate between the open pit and underground components.

Drilling resumed in November with a programme designed to convert remaining zones of Inferred Category mineral resource that fall within the bounds of the resource Whittle open-pit to the Indicated level of confidence by infill drilling at 50m spacing. In addition further drilling in the poorly tested northern zone, also at 50m spacing was designed to extend the open pit to the north. By year end 22 drill holes for 3,305.8m had been completed. Assay results in the Central Zone were generally consistent with expectations and appear to validate the geological model used in the current resource. Drilling in the less well explored north zone discovered a new moderate to high-grade shoot with a best near surface intercept of 3.40m (3.2m true width) at 8.06g/t Au from 17m depth (drill hole LIDC164) with down-dip continuity demonstrated by intercepts such as 5m (3.8m true width) at 4.89g/t gold from 233m drill depth (drill hole DH-LI-10A), approximately 200m below surface.



Schematic cross-section through the central part of La India Vein showing thick zones of wallrock mineralisation.

Post-Period Activity

Over 7000m of the La India Vein set drilling programme started in November 2012 has been completed. The drilling is on track to upgrade most of the mineral resource that falls within the bounds of the current Whittle open-pit from Inferred to Indicated level of confidence. 800,000 oz of the current 954,000 oz of gold currently in the open pit resource is targeted for definition at Indicated level of confidence in the next resource update. The drilling programme has been increased from the initial 7000m to follow-up on better than expected high-grade intercepts, particularly in the previously under-explored northern zone where the results are expected to extend the open pit to the north and further increase the overall open-pit resource at Indicated level of confidence. Elsewhere assay results are generally consistent with expectations and appear to validate the geological model used in the current resource by confirming the continuity and average grade of the gold mineralisation. The La India Vein Set continues to exhibit both wide moderate grade and narrower high grade mineralisation with highlights including:

- A near surface intercept of 21m (20.3m true width) at 3.33g/t gold from 4m drill depth in drill hole LIRC240 on the 1050 cross-section should improve the early mine life open-pit economics within the Central Zone, and
- The first near surface bonanza grade intercept of 4.80m (4.4m true width) at 37.24g/t gold from 14.40m drill depth has been returned from drill hole LIDC239 on the 650 cross-section.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

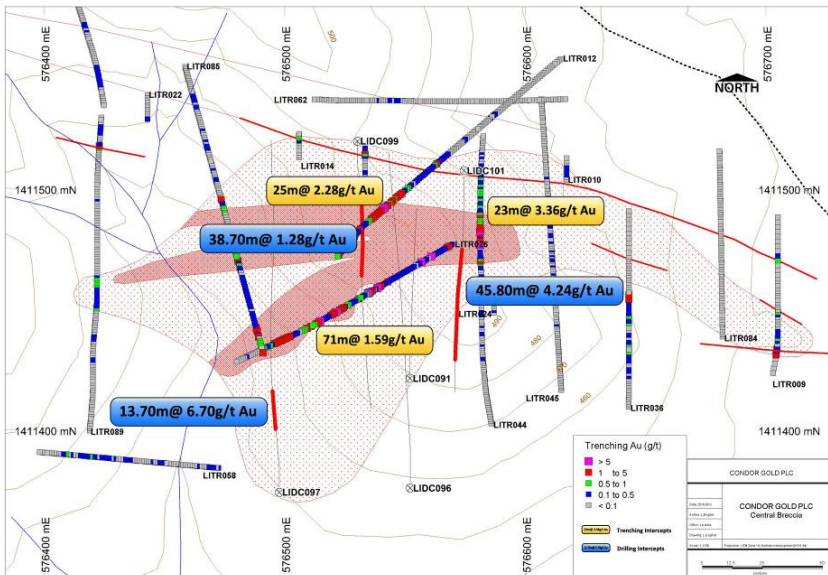
Central Breccia

The Central Breccia is a gold mineralised hydrothermal breccia discovered through rock chip sampling by Condor geologists in mid-2011. By the end of the reporting period 1392m of trenching, most using a mechanical excavator to excavate beneath 2-3m of transported soil and colluvium, and five diamond core drill holes for 866m of drilling had been completed. Trench sampling has defined a 300m by 150m anomalous envelope of hydrothermally brecciated andesite containing 0.1-0.2g/t gold with at least three irregular shaped high grade zones of gold mineralisation up to 25m wide and between 70m and 150m long with a best trench intercept of 23m at 3.63g/t gold. The drilling has demonstrated that the high-grade gold mineralisation extends to at least 100m below surface with best intercepts of 13.7m (8.8m true width) at 6.70g/t gold (drill hole LIDC097) and 45.8m (29.8m true width) at 4.24g/t gold from 56.35m drill depth (drill hole LIDC101). The Central Breccia gold mineralisation is interpreted as a breccia pipe deposit and is located within a graben-like structure that runs through the centre of the La India gold District. The graben is at the core of the structural system that controls the distribution of gold mineralisation with the faults that form the graben also hosting the principal gold mineralised epithermal veins. The moderate to high-grade gold mineralised breccia zones within the Central Breccia occur within a broader low-grade calcite breccia and are surrounded by a distinctive alteration halo.



Trenching underway on the Central Breccia during 2012.

Calcite stockwork, brecciation and alteration has been recognised along at least a 1000m strike length of the graben structure pointing to the possibility of more hidden gold mineralised breccia pipes in the vicinity. A soil sampling programme on a 25m by 100m grid covering a 1400m long by 600m wide corridor which includes the Central Breccia Prospect was completed to test for geochemical anomalies that might overlie hidden/buried breccia zones. Six hundred samples were collected and analysed for a 31 element suite. Three soil anomalies, with maximum assay results of 0.143g/t gold in soil, were identified for follow-up exploration.



Plan of the Central Breccia trenches and drill holes and an interpretation of the area of gold mineralisation.

Post-Period Activity

In line with the company's policy of targeting open-pittable resources a 2000m drilling programme commenced in April on the Central Breccia area. The drilling programme has two objectives: Firstly, to follow-up on the excellent drilling results returned from three the first five drill holes and provide sufficient drill data for a maiden gold resource estimation on the Central Breccia. Secondly, to drill beneath the soil anomalies identified near to the Central Breccia to test for further buried gold mineralised breccia systems.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

America Vein Set – 403koz at 6.0g/t gold

The America Vein Set is dominated by two veins, the America-Constancia and Guapinol veins which were deposited along structures that converge to depth to form a graben-like structure at the centre of the La India Gold District. The vein Set can be traced for up to 4km strike length within which other subsidiary veins are recognised. The current mineral resource includes only the America-Constancia-Escondido and Guapinol veins with the bulk of the resource contained within the America-Constancia-Escondido veins from where an estimated 40% of the historic gold production, approximately 250,000 oz gold at 13.5g/t, came from underground mine workings. The historic underground America Mine exploited these three intersecting veins along a 2km strike length. Most of the mining was concentrated on a 1,200m strike length of the America-Constancia veins and a 250m strike length of the intersecting Escondido vein to depths of up to 250m below surface.

Assay results for eight drill holes for 2071m drilled on the America Vein Set at the end of 2011 confirmed gold mineralisation in the Guapinol and America veins at depth and also intersected a third previously undefined vein, the Natalia Vein over a 200m strike length. Follow-up trenching extended the Natalia Vein strike length to 300m. The results of the drilling on the Guapinol and America veins was included in the September Mineral Resource update, however further drilling will be required on the Natalia Vein in order to provide up-dip and/or down-dip continuity and establish the true thickness of the vein before a Mineral Resource can be calculated on the Natalia Vein.

Following the discovery of open-pittable remnant wallrock gold mineralisation on the La India Vein Set the Company identified the previously untested wallrock of the historic America-Constancia Mine as an open pit exploration target. The historic underground gold mining on the America-Constancia Mine was on a similar scale to La India and utilised the same selective narrow shrinkage stoping method to extract similarly high grade ore. Trench sampling at 50m intervals using a mechanical excavator successfully demonstrated the presence of wall rock mineralisation along a 600m strike length of the America-Escondido Vein, with the widest zones encountered where the vein flexes around a 60° change in strike to become the Escondido Vein. Trench intercepts, not adjusted for true width include 17m at 6.05g/t gold in trench LITR122, 30m at 2.64g/t gold in trench LITR123 and 10m at 5.41g/t gold in trench LITR152.

Follow-up drill testing was initiated at the end of the year with one drill hole for 156.6m completed. The drill hole (LIDC179), which targeted the flexure zone passed through 8.10m (7.6m true width) of mine cavity where historic mine workings branched in three directions to exploit the Escondido-America and Constancia veins. Despite the extensive underground development the drill hole also intercepted an amalgamated quartz breccia intercept of 4.65m (4.4m true width) at 6.11g/t gold from 92.85m drill depth. Such zones of wallrock gold mineralisation are not included in the current mineral resource (below) which in the area of the old mine workings is estimated using only historic underground grade control data which was restricted to the high grade core of the veins exposed in the historic development drives and raises.



Trench sampling on the America Vein to test for gold mineralisation in the wallrock of the historic mine workings.



Trenching using an excavator on the America Vein.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

America Vein Set (continued)

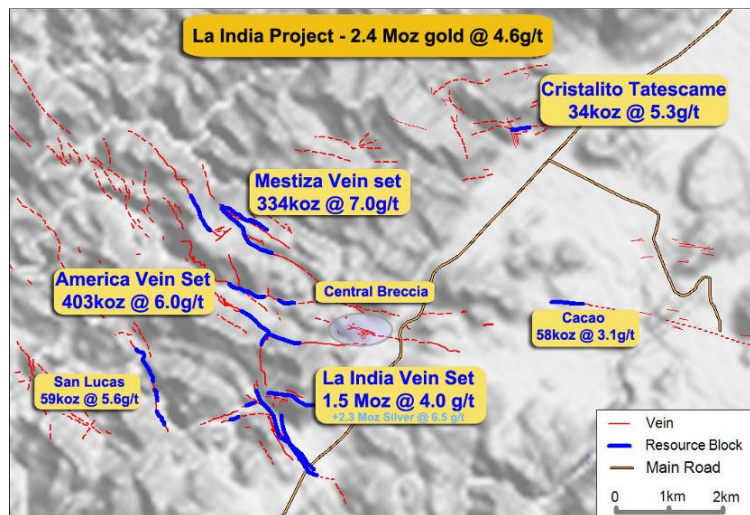
Post-period Activity

Over 3,500m of the 4,000m drilling programme testing for remnant gold mineralisation in the wallrock of the historic America-Constancia Mine has been completed since the programme was started at the end of 2012. The widest zones of gold mineralisation have been found in quartz breccia developments where a number of parallel Constancia veins intercept the America-Escondido vein flexure. Drill intercepts of up to 19m at 1.98g/t gold (including 3m at 7.82g/t gold) and 10m at 1.70g/t gold separated by only 6m of waste (drill hole LIRC215) have been returned from a zone of wide moderate to high-grade gold mineralisation along a strike length of between 100m and 150m and a down-dip extent of at least 300m.

Resource Estimation

An updated Mineral Resource Estimation was announced in September 2012 incorporating all the new trench and drill data from the La India Vein Set to that date and also including the results of the previous year's drilling on the America Vein Set that had not been included in the previous December 2011 Resource estimation, but omitting the Central Breccia as that was considered to be at too early an exploration stage to justify inclusion. The Mineral Resource update was completed by independent geologists at SRK Consulting (UK) Ltd and reported in accordance to NI43-101 standard.

The latest Mineral Resource Estimation on the project area is a CIM-compliant combined Inferred and Indicated Mineral Resource of 16.2 Mt at 4.6 g/t for 2,375,000 oz gold, including 5.3 Mt at 4.4 g/t for 751,000 oz gold in the Indicated Category. The entire resource is contained within a 9km radius within the La India Project area with 90% of the resource, some 2,226,000 oz gold contained by the three principal vein sets all located within a 6km by 3km area: the India Vein Set contains 1,487,000 oz, the America Vein Set 405,000 oz and the Mestiza Vein Set 334,000 oz gold. In addition there is 2,280,000 oz silver at a grade of 6.5 g/t silver, calculated on the La India and California Veins where sufficient silver assay data has been collected to justify an estimation.



Plan showing the surface distribution of the Mineral Resources on La India Project.

The mineral resource has been calculated in three parts using different parameters based on the potential economics and the confidence of the data available. The historically mined India-California veins on La India Vein Set, which contains the bulk of the Mineral Resource with 1,487,000 oz gold at 4 g/t including 631,000 oz gold in the Indicated category, has been separated into potentially open-pittable volume using a 1.0g/t cut-off and a potentially underground volume using a 2.3g/t cut-off. 8.21Mt at 3.6g/t for 954,000 oz gold falls within the US\$1,200 per ounce gold optimised Whittle open pit shell whilst 2.77Mt at 5.5g/t for 432,000 oz gold was assigned as potentially mineable by underground methods. The remainder of the La India Vein Set and all other resource areas have been calculated using a 1.5g/t cut-off.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

Post-Period Development on La India Project

Preliminary Economic Assessment

A Preliminary Economic Assessment ('PEA') on the mining potential at La India was undertaken by SRK (UK) Limited based on the data used in the September 2012 Resource Estimation which includes a considerable open pit resource on the La India Vein Set. The PEA envisages mining simultaneously from the La India, America and La Mestiza vein sets, feeding a centralised mill for 1.5Mtpa. The PEA provides for 1,463,000 oz recovered gold at an average grade of 3.8g/t over the Life of Mine ('LOM'). Average annual production is forecast at 152,000 oz gold over the first 8 years. La India Project mine production over the LOM is split almost equally between underground and open pit mining with the open pit mining coming from the India and California veins within La India Vein Set. The Company has identified a number of areas where further exploration, resource development and technical studies could potentially improve the mining economics, including: (1) Increasing the overall and indicated resource within the La India open pit through completion of the current 50m spaced infill and extension drilling. (2) Optimising the open pit design parameters through a 1,700m geotechnical drilling programme, which may result in the steepening the pit angle from the 40° footwall and 42° hangingwall pit wall slopes, thereby allowing either a deeper pit and/or reduced strip ratios and improved economics. (3) Identifying and proving additional open pit resources on La India Project with the America vein Set and central Breccia areas currently being tested.

Pre-Feasibility Study Preparation

A number of mine development studies have been initiated post-period aimed at moving quickly towards a pre-feasibility study. These include a 1700m geotechnical drilling programme designed to more accurately establish the optimum pit slope angles that can be supported by an open pit mine at on La India Vein Set. A number of the geotechnical drill holes have been used to install piezometer for water level monitoring as part of the hydrogeological study required for open pit and underground mine design and water management planning, and also as a component of the environmental baseline study required for the future bankable feasibility study and for future mine permitting. Data collection for both the environmental and community baseline studies has commenced in a number of other areas that require a year or more of data including surface water flow, a population census and registration of artisanal mining activity within the concession area.

Regional Exploration

Preparatory work for exploration of the existing and newly acquired concession areas outside of the core La India mining area has been initiated. Re-processing of existing ground geophysical data collected by a previous explorer in 2007 identified a number of targets for follow-up exploration and demonstrated the potential benefits of an airborne geophysical survey over the entire La India Project area. A helicopter aeromagnetic and radiometric survey has been commissioned over the entire 800km² area to be flown at 100m line spacing for a total of 3,530 line-kilometres to collect a high-resolution dataset. This survey data will be supported by a satellite-derived topographical survey that will give better than 1m resolution topographical data to aid with structural interpretation and provide an excellent drilling and trenching data control for both the ongoing resource definition work and future exploration activity.

New Concession Acquisition

The Company purchased an 86 sq km concession located adjacent and to the North and East of the La India Project area, increasing Condor's concession holding to 280 sq km. The newly acquired Concession, currently known as the HEMCO-SRP-NS concession, and to be re-named El Penon Concession, covers a potential additional 13km strike length of the America and La Mestiza Vein Set trends. Gold mineralisation has been recorded in rockchip samples within 600m of the southern boundary of the Concession. Reconnaissance exploration has revealed at least four locations with quartz veining, an indication of past hydrothermal activity in a geological setting known to have potential for the discovery of economic gold mineralisation. The purchase agreement was signed in January with HEMCO Nicaragua SA ("HEMCO") for a consideration of US\$275,000 payable by way of issuing new ordinary shares in Condor Gold plc at £2.00 per share.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

Other Project Areas

Rio Luna Concession

The Rio Luna Concession covers an area of 43 square kilometres in the Central Highlands of Nicaragua. Independent Resource Geologists SRK Consulting (UK) Limited estimated a JORC Inferred Mineral Resource of 694kt at 3.5g/t for 80,000 oz gold and 280kt at 56g/t for 500,000 oz silver on five separate resource blocks on three separate vein sets within the concession area. In total this is a gold equivalent Mineral Resource of 87,000 oz gold equivalent at 3.9g/t gold equivalent (using a gold:silver ratio of 1:60). The Mineral Resource estimation was calculated using exploration data from Canadian explorer First Point Minerals Corporation who completed an extensive programme of soil, auger, rock chip, trench and drill sampling between 2004 and 2006. That exploration included 58 exploratory diamond core drill holes for 6,262m that tested a number of selected target zones along three sub-parallel vein sets containing over 18km of gold-bearing epithermal quartz veins identified by surface exploration on the concession area. The current Mineral Resource is confined to five resource blocks where there is sufficient density of trench and drilling data to demonstrate continuity of gold mineralisation along strike and to depth. The resource blocks have a combined strike length of only 1,750m to a depth of less than 150m below surface, except on one cross section where drilling tested to a depth of 250m below surface.

This Mineral Resource Estimate demonstrates that where drilling has tested segments of the epithermal veining currently recognised at Rio Luna the gold mineralisation extends to depths of up to 250m below the surface, and gold mineral concentrations are at sufficient grade to warrant further exploration. Gold mineralisation on all five prospects included in the Mineral Resource remains open along strike and to depth. Trenching has already defined surface mineralisation along strike of the resource blocks with some significant mineralised zones remaining to be drill tested and brought into the Mineral Resource.

Estrella Concession

The Estrella Concession covers an 18 square kilometre area in Nicaragua's historic 'Mining Triangle*' in the northeast of the country. The concession is centred on the historic Estrella Gold Mine. No mine plans or production data are available for the Estrella Mine (also referred to as the Estrella de Venus Mine in old reports), however it is believed that the mine exploited two or more sub-parallel epithermal veins on two or three levels along a strike length of at least a 250m. The mine was worked for only a few years before being destroyed in 1935 during civil unrest: abandoned steel mine trolleys and rail tracks are testament to this period of mechanised mining. The old workings can be traced for approximately 100m where the mineralised structure runs close to the bank of a small river and then for an indeterminate distance beneath the crest of a ridge. The drift that runs next to the river has been reopened by artisanal miners. It is considered likely that the mining relied on gravity dewatering and did not extend below the level of the drainage adit at river level, no deeper than the 10-15m depth exploited by the artisanal miners. It is believed that the mine operated a 20-50 tonne per day capacity mill during production.

Trench and underground channel sampling by previous explorers and confirmed by Condor and has returned high grade gold intercepts over a 400m strike length including the historic Estrella Gold Mine and extending along strike up the ridge to the northeast. Two to three parallel epithermal veins separated by short intervals of 5 to 10m of country rock are recognised in old mine workings and trenches. A best trench intercept of 9.0m at 5.44g/t gold reflects the full width of the mineralisation, whilst the channel sampling of the more selectively mined underground workings returned an average intercept of 0.9m at 8.53g/t gold.

The challenge on this concession is to extend the size of the mineralised zone beyond the 400m strike length defined to date. It is highly unlikely that the mineralised fluids that deposited this ore body were restricted to an isolated structure and future exploration activity will aim to discover extensions to the known structure and/or other gold mineralised veins in the vicinity.

* The "Mining Triangle" of the Bonanza-Rosita-Siuna areas of northeast Nicaragua is estimated to have historical production totalling more than 5 million ounces of gold, 4 million ounces of silver, 158,000 tons of copper, and 106,000 tons of zinc.

CONDOR GOLD PLC
OPERATIONS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

NICARAGUA – OPERATIONS REPORT (continued)

Other Project Areas (continued)

Potreriillos Concession

Condor maintains a strategic concession holding covering a 3.5km strike length continuation of the gold mineralised system that hosts the historic San Albino mine workings which contains a recently announced CIM mineral resource of 348 kt at 8.47g/t for 95,000 oz gold equivalent at the Indicated category and 3.371kt at 7.43g/t for 805,000 oz gold equivalent at the Inferred level of confidence (using a 1:60 Au:Ag ratio) as announced by concession holders TSX-listed Golden Reign Resources on 7th January 2013. The San Albino Resource is located less than 500m from the edge of the Potrerillos Concession. Channel sampling of trenches and old mine adits carried out on the Potrerillos Concession between 2007 and 2009 returned intersections of up to 1m at 29.5g/t gold.

Cerro Quiroz Concession (Condor 20% ownership)

Condor holds a 20% interest in the 22.5km² Cerro Quiroz Concession located approximately 15km from the La Libertad Gold Mine which is operated by TSX-listed Canadian mining company B2Gold. B2Gold hold the majority 80% Interest in the Concession and under the terms of the agreement manage and wholly fund exploration up until completion of the first 2,000m of drilling has been completed, after which Condor will be required to provide equity funding to maintain the Company's interest.

EL SALVADOR – OPERATIONS REPORT

Condor has continued to maintain a presence in El Salvador whilst the Government continues the suspension of metallic mining and exploration activity that has been in effect since 2007. The Company recognises that the resolution lies with the Central Government, and Condor has played a leading role in lobbying the Government in favour of a resumption of mining activity since 2007. The Company is engaging in an active dialogue with Government in order to maintain the Company's claim over the unofficially suspended licences and also to position the Company to benefit from other prospective areas that are likely to become available should the Government elect to support metallic mining in the near future.

The Ministry of Economy has made public the Strategic Environmental Evaluation (SEE) via its website. Based on the SEE recommendations the Ministries of Economy (MINEC) and Environment (MARN) proposed that all metallic mining and exploration activity be officially suspended until the relevant Government Institutions are strengthened, historical mining liabilities dealt with and the legal framework improved. The remaining exploration companies are lobbying Congress as the umbrella group known as the Salvadoran Industrial Association and the proposal was rejected by Congress. Consequently the unofficial 'moratorium' continues while Congress reviews the feasibility and benefits of mining in the Country.



Location of Condor Resources' claims in El Salvador.

CONDOR GOLD PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of exploration of gold and silver concessions in El Salvador and Nicaragua. The principal activity of the Company was that of a holding company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Group's financial performance for the year was in line with Directors' expectations. The Group loss after taxation for the year to 31 December 2012 amounted to £3,256,013 (2011: £1,972,147). No dividends were paid during the year.

The Group, at the end of the financial period has interests in seven concessions in the La India Mining District and a further four in four project areas in Nicaragua, and four licences in two project areas in El Salvador. The Company will continue to assess each individually with the intention of focusing on core concessions with the highest probability of producing an economic resource, and principally at La India. The Company is currently investing in the La India concession which is discussed in greater detail in the 'Operations Report and Projects Overview.' Operations in El Salvador are curtailed by the Government moratorium on all exploration and mining in that country. The El Salvador operation has been reduced to an administrative role until environmental and drill permits are awarded, this situation is described in detail in 'Principal Risks and Uncertainties' below.

KEY PERFORMANCE INDICATORS

The key indicator of performance for the Group is its success in identifying, acquiring, developing and divesting investments in projects so as to create shareholder value.

Control of bank and cash balances is a priority for the Group and these are budgeted and monitored closely to ensure that it maintains adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Group's performance.

However, a qualitative summary of performance in the period in the Chairman's Statement and the Operations Report and Project Overview is an effective way of measuring the key performance of the Company.

DIRECTORS

The Directors shown below have held office during the year:

M L Child
J Mellon
R Davey

CONDOR GOLD PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

SUBSTANTIAL SHAREHOLDERS

On 26 February 2013 the Company was aware of the following interests in 3% or more of the Company's issued share capital:

Shareholders	Number of ordinary shares	Holding %
Regent Pacific Group	3,577,274	9.45
Mr M Child	3,537,500	9.35
Oracle Management Limited	2,748,675	7.26
Sentry Precious Metals Growth Fund	1,281,056	3.38

DIRECTORS' INTERESTS

The Directors in office during the year under review and their interests in ordinary shares and unlisted options of the Company at 31 December 2012 were:

Directors	Holding	31 December 2012		31 December 2011	
		Number of shares	Number of options	Number of shares	Number of options
M L Child	Direct	3,437,500	950,000	3,475,000	700,000
	Indirect	-	-	-	-
R Davey	Direct	32,500	200,000	-	-
	Indirect	-	-	-	-
J Mellon	Direct	38,820	-	-	-
	Indirect	350,000	300,000	1,000,000	250,000

The interests of the Directors in options to subscribe for ordinary shares of the Company were:

	Exercise price (p)	Latest exercise date	As at 1 January 2012	Granted during the year	Forfeit/ lapsed/ exercised in the year	As at 31 December 2012
DIRECTORS						
M L Child	20	23 December 2013	450,000	-	-	450,000
	180	15 April 2016	250,000	-	-	250,000
	100	27 June 2017	-	250,000	-	250,000
R Davey	180	10 January 2017	-	100,000	-	100,000
	100	27 June 2017	-	100,000	-	100,000
J Mellon	180	15 April 2016	250,000	-	-	250,000
	100	27 June 2017	-	100,000	-	100,000

No Director had any interests in warrants to subscribe for ordinary shares of the company during the year.

CONDOR GOLD PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2012

PRINCIPAL RISKS AND UNCERTAINTIES

In common with other companies operating in natural resources exploration, the Group's activities are speculative and involve a high degree of risk.

The Group's exploration work involves participation in geological work programmes. Interpretations of the results of these programmes are dependent on judgements and assessments that are speculative and these interpretations are applied in designing further work programmes to which the Company can commit significant resources.

Work programmes often involve drilling and other geological work that present significant engineering challenges that are subject to unexpected operational problems. Furthermore activities generally take place in remote locations that can be subject to unexpected climate events, and possible acts of terrorism, criminal threats and piracy and potential environmental risks.

The Group operates in different countries where political, economic, legal, regulatory and social uncertainties are potential risk factors. In this regard, political uncertainties in El Salvador, in particular in relation to the ongoing moratorium in processing applications for exploration and mining, have resulted in operational delays in that country.

During the past few years to date considerable progress was made in El Salvador:

- In March 2010, the Government of El Salvador ('GoES') placed a tender for an independent 'Strategic Environment Study on the Metallic Mining Sector in El Salvador' ('EAE') to inform the GoES how to conduct mining in a safe, secure and environmentally friendly manner.
- In September 2010 the Ministry of Economy ('MINEC') and the Ministry of Foreign Affairs announced that Tau Consultora Ambiental of Spain (the 'Tau Group') www.taugroup.com had been awarded the contract for SES.
- In December 2010, GoES finalised the appointment of a Supervisory Committee to assist GoES on the interpretation of the Tau Group's EAE.
- In September 2011, the Tau Group completed the EAE and submitted it to GoES, a copy is available on the internet.
- In May 2012, Condor's Chairman met with the Director of the Department for Regulating Hydrocarbons and Mines at his office in the Ministry of the Economy in San Salvador.
- The Company has received assurances from a number of relevant Government officials that it will maintain its concession areas following the outcome of the moratorium process.
- In March 2013 Pacific Rim announced an independent valuation of its 1.7m oz reserves in El Salvador being worth over \$300m. Pacific Rim is currently engaged in legal proceedings with GoES over the ongoing moratorium.

It is the Company's view that although the situation remains uncertain and it is unlikely that the necessary environmental and drilling approvals to enable re-commencement exploration programmes on key projects will be forthcoming in the near future, the indications are that the GoES will allow exploration and mining following the EAE, Mining Policy Review and amendments to the current Mining Law. In the meantime operations in El Salvador remain on a care and maintenance basis.

GOING CONCERN

The operations of the Group are currently financed from funds which the Company has raised from shareholders. The Group has not yet earned revenues and is still in the exploration phase of its business. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. Further funding will be required from time to time to finance the Company's activities and after the balance sheet date the Company secured £7,000,000 by way of a private placing of new shares. The Directors prepare and monitor cash flow projections based on different funding scenarios and make assumptions about the availability of additional finance in the future.

The consolidated financial statements have been prepared on a going concern basis. The Directors consider the going concern basis to be appropriate based on cash flow forecasts and projections and current levels of commitments, cash and cash equivalents.

CONDOR GOLD PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks that include credit risk, liquidity risk, and market risks. The Group does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group and the Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is limited to the Group's receivable of £93,965. The exposure of the Group and the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Group's Statement of Financial Position. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

The Group does not hold any collateral as security.

2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To ensure liquidity, the Group maintains sufficient cash and cash equivalents on demand to meet its obligations as and when they fall due. The Group actively manages its working finance to ensure that sufficient funds exist for operations and planned expansion.

3. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

(i) Pricing and risks

The Directors consider there to be minimal price risk to the business. The Group, however, does have an unlisted equity investment whose price is exposed to market factors and realisation of which is dependent on the existence of willing buyers and therefore beyond the Group's control.

(ii) Interest rate cash flow risk

The Group does not have interest bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

(iii) Foreign exchange risk

The Group principally operates in US Dollars. The Directors believe that the contracts for transfers of funds to Central America are so small that there would be no benefit gained from hedging these contracts in the market. As such, currency is bought at the spot rates prevailing on the days transfers are to take place. This situation is monitored on a regular basis, and at present the Group does not have any formal policy for hedging against exchange exposure. The Group may, when necessary, enter into foreign currency forward contracts to hedge against exposure from currency fluctuations, however, the Group has not entered into any currency forward contracts to date.

CONDOR GOLD PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL RISK MANAGEMENT – continued

4. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue individually as going concerns, while maximising the return to Shareholders through the optimisation of debt and equity balances. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the Consolidated Statement of Changes in Equity.

Corporate governance

Corporate policies

Condor takes its health, safety, environmental and community responsibilities seriously, and has developed policies and systems to ensure that it explores in a safe, low impact and consultative manner, maximising the sustainability of its present and future operations for the benefit of all stakeholders.

Health and safety

Condor takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice. To this end, a new safety management system has been implemented for its exploration operations.

Environment

Condor operates in strictly adherence to local and Governmental standards with regard to environmental impact on the local community. This procedure includes pre-exploration checks and post-exploration remediation programs. Currently, no unfulfilled commitments exist to remediate land upon which the Company has conducted exploration work.

Community

Condor is committed to working consultatively and co-operatively within the communities in which it operates, which includes local subsistence farmers and pastoralists and firmly believes that future mining operations should be to the benefit of all. To this end, Condor personnel participate in cultural awareness programs and have forged close ties with landholders and maintain a constructive dialogue with the Department of Environment and local community representatives. Condor is also a sponsor of many community development and aid programs currently in place including the provision of clean water through drilling water wells, tree planting, the supply of school books and training of locals in both technical and non technical skills to assist their personal development.

Compliance with the UK Corporate Governance Code

The Directors recognise the value of the UK Corporate Governance Code (“the Code”), and whilst under AIM rules full compliance is not required, the Directors believe that the Company applies the recommendations insofar as is practicable and appropriate for a public Company of its size.

CONDOR GOLD PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL RISK MANAGEMENT – continued

Board of directors

The board of directors at the year end included one executive chairman and two non-executive directors who qualify as independent non-executive directors as defined by the Code. The directors are of the opinion that the recommendations of the Code have been implemented to an appropriate level. The board, through the chairman and non executive directors, maintain regular contact with its advisers and public relations consultants in order to ensure that the board develops an understanding of the views of major shareholders about the company.

The board meets regularly throughout the year and met over 12 times during the year to 31 December 2011. The board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. Day-to-day management is devolved to the country manager who is charged with consulting with the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among directors concerned where necessary and appropriate.

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the Company's expense, as and when required.

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the board.

Committees

Each of the following committees has its own terms of reference.

Audit committee

The Audit Committee comprises J Mellon (non-executive director) and R Davey (non-executive director). The committee meets at least twice a year, in regard to the audit work required and completed.

All directors received a copy of the respective audit committee reports prior to these meetings and had an opportunity to comment. The meetings were attended by the auditor.

The chief financial officer and a representative of the external auditor are normally invited to attend meetings. Other directors or staff may be invited to attend, as considered beneficial by the committee.

The Audit Committee's primary responsibilities are to review the effectiveness of the Company's systems of internal control, to review with the external auditor the nature and scope of their audit and the results of the audit, and to evaluate and select external auditors.

Remuneration committee

The Remuneration Committee plans to meet at least twice in each year. Its members are J Mellon (non-executive director) and R Davey (non-executive director), both of whom were in attendance at the meetings since their appointment date.

The Group's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee agrees with the board a framework for the remuneration of the chairman, the executive directors and the senior management of the Group. The principal objective of the committee is to ensure that members of the executive management of the company are provided incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company. Non-executive fees are considered and agreed by the board as a whole.

CONDOR GOLD PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL RISK MANAGEMENT – continued

Service Contracts

The Company has service contracts with its non-executive directors.

The service contracts also provide that the directors and parties related to the directors are entitled to participate in the share option arrangements operated by the Company as well as consultancy payments.

Details of the contracts currently in place for directors and related parties are as follows:

	Annual salary £'000	Consultancy payments £'000	Date of Contract	Unexpired term	Notice period
M L Child	100	50	13 July 2011	-	6 months
J Mellon	-	12	6 April 2011	-	6 months
R Davey	25	-	19 December 2011	-	3 months

Subject to the notice requirements described above, there is no provision in the service agreements for compensation to be payable on early termination of the contract.

Supplier payment policy

It is the Group's policy to pay suppliers in accordance with the terms of business agreed with them. The number of days' purchases outstanding for the group as at 31 December 2012 was 30 days (2010: 30 days).

Annual general meeting

Your attention is drawn to the Notice of Meeting enclosed with this report convening the Annual General Meeting of the Company at 2p.m. on 17 June 2013 at the offices of Speechly Bircham; 6 New Street Square, London, EC4A 3LX. The Notice of Meeting sets out and explains the special and ordinary business to be conducted at the meeting.

Directors Insurance

During the year the Company paid £7,568 (2011: £5,300) in respect of Directors professional indemnity insurance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

CONDOR GOLD PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Condor Gold Plc web site is the responsibility of the directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware, and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



M L Child
Chairman

Date: 23 May 2013

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
CONDOR GOLD PLC
FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Condor Gold Plc for the year ended 31 December 2012 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 26 and 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
CONDOR GOLD PLC
FOR THE YEAR ENDED 31 DECEMBER 2012

Opinion on the other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emphasis of matter – El Salvador assets

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in notes 1, 11 and 12 to the financial statements concerning the uncertainty arising from the present moratorium on processing of permits for mineral exploration and extraction in El Salvador. As set out in note 1, if the necessary permit renewals are not granted this would result in impairment of the Group's intangible assets and the Company's investments in El Salvador in the future and such impairment would be material.

Stephen Bullock (Senior statutory auditor)
For and on behalf of Crowe Clark Whitehill LLP (Statutory auditor)
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 23 May 2013

Note: The maintenance and integrity of the Condor Gold Plc website is the responsibility of the directors. The work carried out by the auditor does not involve consideration of these matters and accordingly the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were originally presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year Ended 31.12.12 £	Year Ended 31.12.11 £
Revenue		-	-
Administrative expenses		(3,258,653)	(1,975,408)
Operating loss	6	<u>(3,258,653)</u>	<u>(1,975,408)</u>
Finance income	5	<u>2,640</u>	<u>3,401</u>
Loss before income tax		<u>(3,256,013)</u>	<u>(1,972,007)</u>
Income tax expense	7	-	(140)
Loss for the year		<u>(3,256,013)</u>	<u>(1,972,147)</u>
Other comprehensive income:			
Currency translation differences		(169,824)	12,404
Other comprehensive (loss) / income for the year		<u>(169,824)</u>	<u>12,404</u>
Total comprehensive loss for the year		<u>(3,425,837)</u>	<u>(1,959,743)</u>
Loss attributable to:			
Non-controlling interest		(4,478)	(6,497)
Owners of the parent		<u>(3,251,535)</u>	<u>(1,965,668)</u>
		<u>(3,256,013)</u>	<u>(1,972,147)</u>
Total comprehensive loss attributable to:			
Non-controlling interest		(1,898)	(6,479)
Owners of the parent		<u>(3,243,949)</u>	<u>(1,953,264)</u>
		<u>(3,425,837)</u>	<u>(1,959,743)</u>
Loss per share expressed in pence per share:			
Basic and diluted (in pence)		<u>10.65</u>	<u>7.28</u>

The notes in pages 37 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	31.12.12 £	31.12.11 £
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	10	228,167	59,321
Intangible assets	11	10,250,474	7,064,914
		<u>10,478,641</u>	<u>7,124,235</u>
CURRENT ASSETS			
Trade and other receivables	13	520,551	349,968
Cash and cash equivalents		2,481,503	854,146
		<u>3,002,054</u>	<u>1,204,114</u>
TOTAL ASSETS		<u>13,480,695</u>	<u>8,328,349</u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	544,662	399,516
NON-CURRENT LIABILITIES			
Other payables	15	154,626	-
TOTAL LIABILITIES		<u>699,288</u>	<u>399,516</u>
NET CURRENT ASSETS		<u>2,457,392</u>	<u>804,598</u>
NET ASSETS		<u>12,781,407</u>	<u>7,928,833</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	6,679,826	5,583,451
Share premium		15,928,571	10,000,846
Legal reserves		71	71
Exchange difference reserve		594,280	764,104
Share options reserve		1,873,151	618,840
Retained earnings		(12,294,492)	(9,038,479)
		<u>12,781,407</u>	<u>7,928,833</u>
TOTAL EQUITY ATTRIBUTABLE TO:			
Non-controlling interest		(66,471)	(64,573)
Owners of the parent		12,847,878	7,993,406
		<u>12,781,407</u>	<u>7,928,833</u>

The financial statement were approved and authorised for issue by the Board of directors on 23 May 2013 and were signed on its behalf by:



M L Child - Chairman
Company No: 05587987

The notes in pages 37 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2012

	Share Capital	Share premium	Legal reserve	Exchange difference reserve	Share option reserve	Retained earnings	Total	Non Controllin g Interest	Total Equity
	£	£	£	£	£	£	£	£	£
At 1 January 2011	4,922,618	7,259,179	71	751,700	163,215	(7,219,400)	5,877,383	-	5,877,383
Comprehensive income:									
Loss for the year	-	-	-	-	-	(1,965,668)	(1,965,668)	(6,479)	(1,972,147)
Other comprehensive income:									
Currency translation differences	-	-	-	12,404	-	-	12,404	-	12,404
Total comprehensive income	4,922,618	7,259,179	71	764,104	163,215	(9,185,068)	3,924,119	(6,479)	3,917,640
Prior year non controlling interest losses	-	-	-	-	-	58,094	58,094	(58,094)	-
New shares issued	660,833	2,741,667	-	-	-	-	3,402,500	-	3,402,500
Share based payment	-	-	-	-	608,693	-	608,693	-	608,693
Share options lapsed	-	-	-	-	(153,068)	153,068	-	-	-
At 31 December 2011	5,583,451	10,000,846	71	764,104	618,840	(8,973,906)	7,993,406	(64,573)	7,928,833
Comprehensive income:									
Loss for the year	-	-	-	-	-	(3,251,535)	(3,251,535)	(4,478)	(3,256,013)
Other comprehensive income:									
Currency translation differences	-	-	-	(172,404)	-	-	(172,404)	2,580	(169,824)
Total comprehensive income	5,583,451	10,000,846	71	591,700	618,840	(12,225,441)	4,569,467	(66,471)	4,502,996
New shares issued	1,096,375	5,927,725	-	-	-	-	7,024,100	-	7,024,100
Share based payment	-	-	-	-	1,254,311	-	1,254,311	-	1,254,311
At 31 December 2012	6,679,826	15,928,571	71	591,700	1,873,151	(12,225,441)	12,847,878	(66,471)	12,781,407

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue.

Legal reserve represents the El Salvadorian statutory reserve calculated on results declared.

The exchange difference reserve is a separate component of Shareholders' equity in which the exchange differences, arising from translation of the results and financial positions of foreign operations that are included in the Company's Consolidated Financial Statements, are reported.

The share option reserve represents the amount recognised in previous years and the current year relating to the share options granted under the Group's share option scheme.

Retained earnings represent the cumulative net gains and losses recognised in the consolidated income statement.

CONDOR GOLD PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	31.12.12	31.12.11
		£	£
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,516	-
Investments	12	3,206,020	2,939,654
Trade and other receivables	13	8,763,659	4,837,053
		<u>11,973,195</u>	<u>7,776,707</u>
CURRENT ASSETS			
Trade and other receivables	13	37,309	24,964
Cash and cash equivalents		2,455,596	753,777
		<u>2,492,905</u>	<u>778,741</u>
TOTAL ASSETS		<u>14,466,100</u>	<u>8,555,448</u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	79,935	114,876
NON-CURRENT LIABILITIES			
Other payables	15	154,626	-
TOTAL LIABILITIES		<u>389,187</u>	<u>114,876</u>
NET CURRENT ASSETS		<u>2,103,718</u>	<u>663,865</u>
NET ASSETS		<u>14,076,913</u>	<u>8,440,572</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	6,679,826	5,583,451
Share premium		15,928,571	10,000,846
Share options reserve		1,873,151	618,840
Retained earnings		<u>(10,404,635)</u>	<u>(7,762,565)</u>
TOTAL EQUITY		<u>14,076,913</u>	<u>8,440,572</u>

The financial statements were approved and authorised for issue by the Board of directors on 23 May 2013 and were signed on its behalf by:



M L Child
Chairman

Company No: 05587987

CONDOR GOLD PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2012

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total £
At 1 January 2011	4,922,618	7,259,179	169,957	(6,330,093)	6,021,661
Comprehensive income: Loss for the period	-	-	-	(1,432,472)	(1,432,472)
Total comprehensive income	4,922,618	7,259,179	169,957	(7,762,565)	4,589,189
New shares issued	660,833	2,741,667	-	-	3,402,500
Share based payment	-	-	601,951	-	601,951
Share options lapsed	-	-	(153,068)	-	(153,068)
At 31 December 2011	5,583,451	10,000,846	618,840	(7,762,565)	8,440,572
Comprehensive income: Loss for the period	-	-	-	(2,642,070)	(2,642,070)
Total comprehensive income	5,583,451	10,000,846	618,840	(10,404,635)	5,798,502
New shares issued	1,096,375	5,927,725	-	-	7,024,100
Share based payment	-	-	1,254,311	-	1,254,311
At 31 December 2012	6,679,826	15,928,571	1,873,151	(10,404,635)	14,076,913

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue.

The share option reserve represents the amount recognised in previous years and the current year relating to the share options granted under the Group's share option scheme.

Retained earnings represent the cumulative net gains and losses recognised in the Company's income statement.

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	31.12.12	31.12.11
	£	£
Cash flows from operating activities		
Loss before tax	(3,256,013)	(1,972,007)
Share based payment	1,254,311	608,693
Depreciation charges	28,592	34,434
Loss on sale of tangible fixed assets	145	293,693
Impairment charge of intangible fixed assets	41,002	-
Reallocation of tangible fixed assets	-	(13,558)
Finance income	(2,640)	(3,401)
	<u>(1,934,603)</u>	<u>(1,052,146)</u>
Decrease/(increase) in trade and other receivables	(170,583)	(220,005)
Increase/(decrease) in trade and other payables	299,772	306,896
Income tax paid	-	(140)
	<u>(1,805,414)</u>	<u>(965,395)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(203,079)	(42,657)
Purchase of intangible fixed assets	(3,734,425)	(2,463,624)
Interest received	2,640	3,401
	<u>(3,934,864)</u>	<u>(2,502,880)</u>
Cash flows from financing activities		
Proceeds from share issue	7,024,100	3,402,500
	<u>7,024,100</u>	<u>3,402,500</u>
Net cash from financing activities	<u>7,024,100</u>	<u>3,402,500</u>
Increase / (decrease) in cash and cash equivalents	<u>1,283,822</u>	<u>(65,775)</u>
Cash and cash equivalents at beginning of year	854,146	922,275
Exchange losses on cash and bank	343,535	(2,354)
	<u>2,481,503</u>	<u>854,146</u>

The notes in pages 37 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Year Ended 31.12.12 £	Year Ended 31.12.11 £
Cash flows from operating activities		
Loss before tax	(2,642,070)	(1,585,538)
Share based payment	1,254,311	608,693
Share based payment to subsidiaries treated as investment	(271,468)	(259,295)
Historic share based payment to subsidiaries movement	5,102	(6,744)
Depreciation charges	457	-
Loss on disposal of investments	-	293,693
Finance income	(2,623)	(3,137)
	<u>(1,656,291)</u>	<u>(952,328)</u>
Increase in trade and other receivables	(3,938,952)	(2,647,599)
Decrease in trade and other payables	274,311	36,110
	<u>(3,664,641)</u>	<u>(2,611,489)</u>
Net cash absorbed in operating activities	<u>(7,289,527)</u>	<u>(3,563,817)</u>
Cash flows from investing activities		
Interest received	2,623	3,137
Purchase of tangible fixed assets	(3,972)	-
	<u>(1,349)</u>	<u>3,137</u>
Net cash from investing activities	<u>(1,349)</u>	<u>3,137</u>
Cash flows from financing activities		
Proceeds from share issue	7,024,100	3,402,500
	<u>7,024,100</u>	<u>3,402,500</u>
Net cash from financing activities	<u>7,024,100</u>	<u>3,402,500</u>
Increase / (decrease) in cash and cash equivalents	<u>1,701,819</u>	<u>(158,180)</u>
Cash and cash equivalents at beginning of year	753,777	911,957
Cash and cash equivalents at end of year	<u><u>2,455,596</u></u>	<u><u>753,777</u></u>

The notes in pages 37 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

General information

These consolidated financial statements are for Condor Gold Plc and its subsidiary undertakings. The Company is a public company registered in England and Wales on 10 October 2005 and is listed on the AIM Market of the London Stock Exchange. The address of its registered office is 6 New Street Square, London, EC4A 3LX. The nature of the Group's operation is described in the Directors' report.

Functional and presentation currency

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

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments that are measured at fair value.

The operations of the Group are currently financed from funds which the Company has raised from shareholders. The Group has not yet earned revenues and is still in the exploration phase of its business. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only and further funding will be required from time to time to finance those activities. As referred to in Note 21, after the balance sheet date the Company secured further funding of £7,000,000 by way of a private placing of new shares. The directors prepare and monitor cash flow projections based on different funding scenarios and make assumptions about the availability of additional finance in the future.

The directors consider the going concern basis to be appropriate based on cash flow forecasts and projections and current levels of commitments, cash and cash equivalents.

The financial statements have been rounded to the nearest pound.

Interpretations and amendments to published standards effective in 2012

The following are the new IFRS and IFRIC interpretations and amendments to published standards effective in 2012 that are relevant to the Group:

- IAS 1 Amendment – Presentation of items of other comprehensive income
- IFRS 1 Amendments – Severe hyperinflation and removal of fixed dates for first-time adopters
- IFRIC 14 (Amendment) Prepayments of a minimum funding requirement
- Revised IAS 24 Related Party Disclosures
- Annual Improvements to IFRS
- IFRS 7 Amendments to Financial Instruments Disclosures

The adoption of the above IFRS and IFRIC Interpretations did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for presentation and disclosures in the financial statements.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES - continued

Interpretations and amendments to accounting standards

The Group has not adopted the following IAS and IFRS and its interpretations that have been adopted by the European Union and are in issue as at the date of this report but not yet effective:

Reference	Effective date (Annual periods beginning on or after)
IAS 1 Amendment – Presentation of items of other comprehensive income	01/07/2012
IAS 19 Amendment – Employee Benefits	01/01/2013
IAS 12 Amendments - Deferred tax: Recovery of Underlying Assets	01/01/2012
IFRS 7 and IAS 32 Offsetting financial assets and financial liabilities	01/01/2013
IAS 27 Separate Financial Statements	01/01/2013
IAS 28 Investments in Associates and Joint Ventures	01/01/2013
IFRS 10 Consolidated Financial Statements	01/01/2013
IFRS 11 Joint Arrangements	01/01/2013
IFRS 12 Disclosure of Interests in Other Entities	01/01/2013
IFRS 13 Fair Value Measurement	01/01/2013
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	01/01/2013
Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	01/01/2013

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application.

Basis of consolidation

The Group financial statements consolidate the accounts of its subsidiaries; Minerales Morazan S.A. De C.V., Condor S.A., La India Gold S.A. and Cerro Quiroz Gold S.A. under the acquisition method. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Cerro Quiroz Gold S.A. is currently dormant, with no previous trading activity.

Entities that the group has significant influence but are not subsidiaries or joint ventures are accounted for as associates. The results and assets and liabilities of the associate were included in the consolidated accounts using the equity method of accounting.

All the Group's companies have 31 December as their year end. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Business combinations

On the acquisition of a subsidiary, fair values are attributed to the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions necessary for recognition, on the basis of fair value at the acquisition date. Those mineral reserves and resources that are able to be reliably measured are recognised in the assessment of fair values on acquisition.

Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchase goodwill. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of acquisition is less than the value attributable to such net assets, the difference is treated as negative goodwill and is recognised immediately in the income statement.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES – continued

Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 50% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 50% on cost

Investments

Investments in subsidiaries are stated at cost less provision for any impairment in value.

Financial instruments

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at recognition. Where financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all risks and rewards of ownership.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents include cash-in-hand and deposits held with banks.

Investments which are held for trading are accounted for at fair value through profit and loss. Investments are treated as held for trading if they are:

- (i) acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (iii) a derivative (except for derivatives that are designated as effective hedging instruments).

In addition, the Group classifies investments as financial assets at fair value through profit and loss where the investment eliminates or significantly reduces valuation or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases.

The net gain or loss recognised in profit and loss incorporates any dividend or interest earned on the financial asset.

(b) Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided using the balance sheet method on temporary difference at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Intangible assets – exploration costs, licences and minerals resources

Exploration expenditure comprises costs which are directly attributable to researching and analysing data. Licences include the costs incurred in acquiring mineral rights and, the entry premiums paid to gain access to areas of interest. Mineral resources include amounts paid to third parties to acquire interests in existing projects.

When it has been established that a mineral deposit has development potential, all costs (direct and applicable overheads) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable.

In the event of production commencing, exploration costs, licences and mineral resources are amortised through administrative expenses, over the expected life of the mineral reserves on a unit production basis. Other pre-trading expenses are written off as incurred. For the purposes of impairment testing, intangible assets are allocated to specific projects with each licence reviewed annually. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation of a foreign operation, assets and liabilities are translated at the balance sheet rates, income and expenses are translated at rates ruling at the transaction date. All resulting exchange differences shall be recognised in other comprehensive income and accumulated in equity.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES - continued

Share based payments

The fair value of equity instruments granted to directors, employees and consultants is charged to the income statement with a corresponding increase in equity. The fair value of share options is measured at grant date, using the Black-Scholes model, and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest, except where forfeiture is due to criteria, as stated in the share option agreements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when product is physically transferred onto a vessel, train, conveyor or other delivery mechanisms. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method (EIR).

Critical accounting estimates and judgements

The preparation of financial information in conformity with generally accepted accounting standards requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period.

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following assumptions that have the most significant effect on the amounts recognised in the financial information:

a) Impairment of intangible assets and investment in subsidiaries

The Group tests annually for impairment or more frequently if there are indications that the intangible assets and/or investments might be impaired.

Determining whether the intangible assets and/or investments are impaired requires an estimation of the value in use of the cash generating units to which the intangible assets belong to. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and the suitable discount rate in order to calculate the present value.

In particular, the present moratorium on processing applications for mineral exploration and extraction in El Salvador gives rise to a critical judgement in preparing the financial statements. The factors considered by the Board in arriving at its judgement in relation to El Salvador are set out in note 10, 11 and 12.

The situation in relation to the moratorium in El Salvador continues to be closely monitored on an ongoing basis by the directors in the light of local intelligence, and the board remain hopeful that the moratorium in El Salvador will be lifted and that the Company's significant assets in El Salvador will once again be able to be further utilised.

b) Share based payments

The Group has made awards of options on its un-issued share capital to certain directors and employees as part of their remuneration package.

The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions are described in more detail in note 17.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES - continued

Classes of equity and reserves

Called up share capital represents the nominal value of share in issue at the reporting date.

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue.

Legal reserve represents the El Salvadorian statutory reserve calculated on results declared.

The exchange difference reserve is a separate component of Shareholders' equity in which the exchange differences, arising from translation of the results and financial positions of foreign operations that are included in the Company's Consolidated Financial Statements, are reported.

The share option reserve represents the amount recognised in previous years and the current year relating to the share options granted under the Group's share option scheme.

Retained earnings represent the cumulative net gains and losses recognised in the consolidated income statement.

2. REVENUE AND SEGMENTAL REPORTING

The Group's operating segments have been determined based on geographical areas.

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

Revenue and results

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in note 1.

The segment results are the measures that are reported to the Groups' chairman in order to assess the segments' performance during the period.

The Group has not generated revenue during the year.

The Group's results by reportable segment for the year ended 31 December 2012 are as follows:

	UK	El Salvador	Nicaragua	Consolidation
	£	£	£	£
RESULTS				
Operating loss	2,644,693	44,796	574,266	3,258,653
Interest income	2,623	17	-	2,640
Income tax expense	-	-	-	-
Included in operating loss				
Impairment of intangibles	-	41,002	-	41,002
Depreciation	457	-	23,217	23,674

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. REVENUE AND SEGMENTAL REPORTING - continued

Assets

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in note 1.

	UK £	El Salvador £	Nicaragua £	Consolidation £
ASSETS				
Total assets	<u>2,496,421</u>	<u>4,319,372</u>	<u>6,664,902</u>	<u>13,480,695</u>
LIABILITIES				
Total liabilities	<u>389,187</u>	<u>545</u>	<u>309,556</u>	<u>699,288</u>

The Group had intercompany debt owed to the UK at 31 December 2012 split segmentally as follows:

Due from El Salvador	£1,968,595
Due from Nicaragua	£6,795,064

The Group's results by reportable segment for the year ended 31 December 2011 are as follows:

	UK £	El Salvador £	Nicaragua £	Consolidation £
RESULTS				
Operating (profit)/loss	1,588,675	65,057	321,676	1,975,408
Interest income	3,137	264	-	3,401
Income tax expense	-	-	140	140

Assets

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in note 1.

	UK £	El Salvador £	Nicaragua £	Consolidation £
ASSETS				
Total assets	<u>778,741</u>	<u>4,394,293</u>	<u>3,155,315</u>	<u>8,328,349</u>
LIABILITIES				
Total liabilities	<u>114,876</u>	<u>4,461</u>	<u>280,179</u>	<u>399,516</u>

The Group had intercompany debt owed to the UK at 31 December 2011 split segmentally as follows:

Due from El Salvador	£1,921,087
Due from Nicaragua	£2,915,966

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

4. STAFF COSTS

	31.12.12	31.12.11
	£	£
Wages and salaries	431,403	253,095
Social security costs	20,169	6,784
	<u>451,572</u>	<u>259,879</u>

Staff costs included within additions to exploration costs during the year were £273,926 (2011: £194,095).

The average monthly number of Group and Company employees during the year were as follows:

	Group		Company	
	2012	2011	2012	2011
Directors	3	3	3	3
Employees	82	111	-	-
	<u>85</u>	<u>114</u>	<u>3</u>	<u>3</u>

Directors remuneration, which form part of key management personnel is described below. There are no other key management personnel in the opinion of the directors.

Short Term Employee Benefits:

	Salary Payments		Related Party Payments *		Total	
	2012	2011	2012	2011	2012	2011
	£	£	£	£	£	£
M L Child	100,000	56,000	50,000	75,400	150,000	131,400
K P Eckhof	-	3,000	-	3,500	-	6,500
J Mellon	-	-	12,000	9,000	12,000	9,000
R Davey	41,100	-	-	-	41,100	-
Total	<u>168,000</u>	<u>68,000</u>	<u>50,000</u>	<u>78,900</u>	<u>218,000</u>	<u>146,900</u>

* Refer to note 18 for listing of related parties

The Company has adopted a discretionary bonus scheme by which bonuses are paid to directors, employees and consultants and used by the recipients to subscribe for new Ordinary Shares at market value. A total of up to 15 percent of the total share capital in issue from time to time will be made available for this purpose without the Board having first obtained the consent of the Shareholders. The amount of any bonus payable under this scheme will be subject to approval by the remuneration committee. At the year end no bonuses were paid.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

4. STAFF COSTS - continued

No share options have been exercised by the directors.

The interests of the directors in options to subscribe for ordinary shares of the Company were:

	Exercise price (p)	Latest exercise date	As at 1 January 2012	Granted during the year	Exercised in the year	Lapsed in the year	As at 31 December 2012
DIRECTORS							
M L Child	20	23 Dec 2013	450,000	-	-	-	450,000
	180	15 Apr 2016	250,000	-	-	-	250,000
	100	27 Jun 2017	-	250,000	-	-	250,000
J Mellon	180	15 Apr 2016	250,000	-	-	-	250,000
	100	27 Jun 2017	-	100,000	-	-	100,000
R Davey	180	10 Jan 2012	-	100,000	-	-	100,000
	100	27 Jun 2017	-	100,000	-	-	100,000

The options all have a life of five years from the date they were issued. The exercise price varies dependent on the date of issue.

There are no vesting conditions attached to these options. However, if the individual's engagement with the company is terminated, the options lapse within 30 days.

The market price of the shares at 31 December 2012 was 156p (2011: 137.50p).

The market price during the year ranged from 48p to 196p (2011: 85p to 182.50p).

No directors had any interests in warrants to subscribe for ordinary shares of the company during the year.

5. FINANCE INCOME

	31.12.12 £	31.12.11 £
Deposit account interest	<u>2,640</u>	<u>3,401</u>

6. LOSS BEFORE TAX

The loss before tax is stated after charging:

	31.12.12 £	31.12.11 £
Depreciation – owned assets	457	-
Auditor's remuneration: Audit of company	19,500	19,248
Foreign exchange differences	72,563	30,067
Impairment of intangible assets (See note 11)	41,002	-
Rent – operating leases	8,335	10,757
	<u> </u>	<u> </u>

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

7. TAXATION

Analysis of the tax charge	31.12.12 £	31.12.11 £
Current tax: Tax	-	140
Total tax charge in income statement	<u>-</u>	<u>140</u>
 Reconciliation of the tax charge		
	31.12.12 £	31.12.11 £
Loss before tax	<u>(2,642,070)</u>	<u>(1,972,147)</u>
Loss before tax multiplied by standard rate of Corporation tax in the UK of 20% (2011: 20%)	(528,414)	(394,401)
Effects of: Non-taxation income/(non-deductable expenses)	(2,434)	(7,350)
Deferred tax not provided	530,848	401,751
Differences in overseas taxation rates	<u>-</u>	<u>-</u>
Total tax charge in income statement	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to certain losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised. The unrecognised deferred tax asset was £2.3million (2011: £1.8million).

8. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £2,642,070 (2011: £1,432,472).

9. LOSS PER SHARE

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

A reconciliation is set out below:

Basic EPS	31.12.12 £	31.12.11 £ *
Loss for the period	3,256,013	1,959,743
Weighted average number of shares	30,570,427	26,925,588
Loss per share (in pence)	<u>(10.65)</u>	<u>(7.28)</u>

In accordance with IAS 33 and as the Group has reported a loss for the year, the share options are anti-dilutive.

*Rebased in line with IAS 33 for the share consolidation on 25 June 2012.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

10. PROPERTY, PLANT AND EQUIPMENT

Group	Improvements to rental property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Computer equipment & software £	Totals £
Cost or valuation:						
At 1 January 2011	906	14,055	19,924	46,146	43,894	124,925
Additions	340	2,172	7,787	29,337	3,021	42,657
Disposals	-	-	-	-	(855)	(855)
Reclassification	(977)	-	-	14,535	-	13,558
Exchange difference	(69)	(229)	(611)	(2,584)	(1,305)	(4,798)
At 31 December 2011	200	15,998	27,100	87,434	44,755	175,487
Additions	115,839	52,573	5,655	22,397	6,615	203,079
Disposals	-	-	-	-	(145)	(145)
Exchange difference	(16)	(812)	(1,622)	(6,181)	(1,782)	(10,413)
At 31 December 2012	116,023	67,759	31,133	103,650	49,443	368,008
Accumulated depreciation and impairment:						
At 1 January 2011	-	(2,179)	(18,063)	(30,596)	(34,157)	(84,995)
Charge for period	-	(14,085)	59	(17,075)	(3,333)	(34,434)
Disposals	-	-	-	-	855	855
Reclassification	-	2,714	191	1,108	(4,013)	-
Exchange difference	-	(1)	376	1,150	883	2,408
At 31 December 2011	-	(13,551)	(17,437)	(45,413)	(39,765)	(116,166)
Charge for period	(11,602)	(2,183)	(2,170)	(9,982)	(2,654)	(28,591)
Disposals	-	-	-	-	-	-
Exchange difference	-	168	(643)	6,625	(1,234)	4,916
At 31 December 2012	(11,602)	(15,566)	(20,250)	(48,770)	(43,653)	(139,841)
Net Book Value:						
At 31 December 2011	200	2,447	9,663	42,021	4,990	59,321
At 31 December 2012	104,421	52,193	10,883	54,880	5,790	228,167

The current year depreciation charge for the subsidiaries of £28,134 (2011: £6,190) is included within the addition to exploration costs in the year.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

10. PROPERTY, PLANT AND EQUIPMENT – continued

Company	Fixtures & fittings £	Computer Equipment £	Totals £
Cost:			
At 1 January 2011 and 1 January 2012	-	11,186	11,186
Additions	2,338	1,634	3,972
At 31 December 2012	<u>2,338</u>	<u>12,820</u>	<u>15,158</u>
Depreciation:			
At 1 January 2011	-	(11,186)	(10,281)
Charge for the year	-	-	(905)
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2012	-	(11,186)	(11,186)
Charge for the year	(139)	(318)	(457)
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2012	<u>(139)</u>	<u>(11,504)</u>	<u>(11,643)</u>
Net Book Value:			
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>
Net book Value:			
At 31 December 2012	<u>2,199</u>	<u>1,316</u>	<u>3,515</u>

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. INTANGIBLE ASSETS

Group	Exploration costs £	Mineral resources £	Licences £	Total £
Cost or valuation:				
At 1 January 2011	3,738,862	3,620,141	472,036	7,831,039
Additions	2,463,624	-	-	2,463,624
Disposals	-	(293,693)	-	(293,693)
Exchange difference	17,148	-	-	17,148
At 31 December 2011	<u>6,219,634</u>	<u>3,326,448</u>	<u>472,036</u>	<u>10,018,118</u>
Additions	3,734,425	-	-	3,734,425
Disposals	-	-	-	-
Exchange difference	(507,863)	-	-	(507,863)
At 31 December 2012	<u>9,446,196</u>	<u>3,326,448</u>	<u>472,036</u>	<u>13,244,680</u>
Accumulated depreciation and impairment:				
At 1 January 2011	(1,817,658)	(663,510)	(472,036)	(2,953,204)
Impairment for year	-	-	-	-
At 1 January 2011	<u>(1,817,658)</u>	<u>(663,510)</u>	<u>(472,036)</u>	<u>(2,953,204)</u>
Impairment for year	(41,002)	-	-	(41,002)
At 31 December 2012	<u>(1,858,660)</u>	<u>(663,510)</u>	<u>(472,036)</u>	<u>(2,994,206)</u>
Net Book Value:				
At 31 December 2011	<u>4,401,976</u>	<u>2,662,938</u>	<u>-</u>	<u>7,064,914</u>
At 31 December 2012	<u>7,587,536</u>	<u>2,662,938</u>	<u>-</u>	<u>10,250,474</u>

During the prior year the Group increased its' holding in La India Gold SA to 100%, the additional 20% holding was acquired at £nil cost as in line with certain conditions of the concession swap agreement in the prior year.

During the prior year the Company donated 10% of its' stake in Minerales Morazan S.A. de C.V. to the Condor Resources El Salvador Charitable Trust, a related Charity, set up for the prevention and relief of poverty in the Republic of El Salvador.

In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequentially, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use. The group generally estimates value in use using a discounted cash flow model.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

11. INTANGIBLE ASSETS (CONTINUED)

The calculation of value in use is most sensitive to the following assumptions:

- Production volumes
- Discount rates
- Metal prices
- Operating costs

In arriving at its assessment as to whether an impairment review is required in relation to its Nicaragua assets, which amounted to £5,938,972 (2011: £2,680,235) at the balance sheet date, the following factors were considered:

The exploration assets are in good standing;

- Substantive expenditure is planned on further exploration for and evaluation of mineral resources in Nicaragua project areas;
- Results from exploration for evaluation of mineral resources to date lead the directors to believe that the projects can be development into significant commercial reserves;
- Sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is likely to be recovered in full from successful development or by sale.
- Condor's Nicaraguan concessions have an average life of 20years outstanding.
- La India Project Mineral Resource increased to 16.2 million tonnes at 4.6 g/t gold for 2,375,000 oz gold in accordance with the CIM Standards code. This includes 5.3 million tonnes at 4.4 g/t for 751,000 oz gold in the Indicated category with the balance in the Inferred Category.
- Updated Mineral Resource includes open pit resource of 8.21 million tonnes at 3.6g/t for 954,000 oz gold, including 534,000 oz in the Indicated category.
- 11,010m drilled on La India Project during the period.
- Drilling and trenching indicated open pit potential at Central Breccia with best drilling intercept of 13.70m (8.8m true width) at 6.70g/t gold from 4,630m.
- Discovery of remnant wallrock gold mineralisation at America historic mine, a target for open pit resource.
- Acquisition of 86 sq km La Mojarrá Concession added to La India Project.
- £6.75M raised by way of private placements.

In light of the above, the Board does not consider the Nicaragua exploration licences and related intangible assets to require impairment reviews and has continued to capitalise exploration expenditure in relation to those projects.

In arriving at its assessment as to whether an impairment review is required in relation to its El Salvador assets, which amounted to £4,311,502 (2011 £4,385,168) at the balance sheet date, the following were considered in the context of the ongoing moratorium in that country;

- Whilst the Company's exploration licences in El Salvador are currently suspended as a result of the moratorium on mining activities they have not been revoked, nor have they expired.
- The Company has received assurances from a number of relevant government officials that it will maintain its concession areas following the outcome of the moratorium process.
- Exploration for and evaluation of mineral resources in the El Salvador project areas show excellent potential through additional drilling. The gold resource of 747,000 oz has the potential to double to 1.5m oz and the silver resource has the potential to increase from 22.4m oz to over 50m oz, which would be a large commercial reserve.
- Gold and silver prices have increased significantly since the El Salvador projects were last drilled.
- Condor remains committed to continuing its exploration and evaluation activities in the El Salvador project areas
- Another company with 1.7m oz reserves in El Salvador recently announced details of an independent valuation of its assets in excess of \$300 million.
- The directors consider the most likely outcome of the present moratorium will be a resumption of mining activities in El Salvador.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

12. INVESTMENTS

Company	Equity in subsidiary undertakings £	Capital contribution £	Total £
Cost:			
1 January 2011	3,625,719	11,843	3,637,562
Capital contribution relating to share based payment	-	259,295	259,295
Disposals	(293,693)	-	(293,693)
31 December 2011	3,332,026	271,138	3,603,164
Capital contribution relating to share based payment	-	271,468	271,468
Disposals	-	(5,102)	(5,102)
At 31 December 2012	3,332,026	537,504	3,869,530
Impairment:			
Charge at 1 January 2011	(663,510)	-	(663,510)
At 31 December 2011 and 31 December 2012	(663,510)	-	(663,510)
Net Book Value:			
At 31 December 2011	2,668,516	271,138	2,939,654
At 31 December 2012	2,668,516	537,504	3,206,020

In assessing whether an impairment is required for the carrying value of an asset, reference has been made to the underlying intangible assets discussed in note 11.

Included within investments above is £2,643,238 (2011: 2,643,238) in relation to El Salvadorian assets.

The capital contribution relating to share based payments relates to 255,300 share options granted by the Company to employees of a subsidiary undertaking in the Group during the year, and a further 345,000 from the prior year. Refer to note 17 for further details of share options.

The Company's investments at the balance sheet date in the share capital of companies include the following:

Name	Country of incorporation	Interest %	Class of shares	Nature of the business	Share capital and reserves £	Loss for the year £
Minerales Morazan S.A. de C.V.	El Salvador	90	Ordinary	Gold and silver exploration	(664,707)	(44,779)
Condor S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(900,206)	(409,415)
La India Gold S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(9,090)	(164,851)
Cerro Quirioz Gold S.A.	Nicaragua	20	Ordinary	Gold and silver exploration	-	-

During the prior year the Company donated 10% of its stake in Minerales Morazan S.A. de C.V. to Condor Resources El Salvador Charitable Trust, a related Charity, set up for the prevention and relief of poverty in the Republic of El Salvador.

CONDOR GOLD GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.12 £	31.12.11 £	31.12.12 £	31.12.11 £
Current:				
Other receivables	482,698	321,033	1,800	1,800
Prepayments	37,853	28,935	35,509	23,164
	<u>520,551</u>	<u>349,968</u>	<u>37,309</u>	<u>24,964</u>
Non-current:				
Amounts owed by Group undertakings	-	-	10,419,672	6,493,066
Provision	-	-	<u>(1,656,013)</u>	<u>(1,656,013)</u>
	<u>-</u>	<u>-</u>	<u>8,763,659</u>	<u>4,837,053</u>
	<u>520,551</u>	<u>349,968</u>	<u>8,800,968</u>	<u>4,862,016</u>

In assessing whether an impairment is required for the carrying value of an asset, reference has been made to the underlying intangible assets discussed in note 11.

14. FINANCIAL INSTRUMENTS

The Group uses financial instruments such as trade receivables and payables and other items that arise directly from its operations. The main purpose of these financial instruments is to help finance the Group's operations.

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group's financial instruments, which are recognised in the balance sheet, comprise financial assets at fair value recognised through profit and loss, cash and cash equivalents, receivables and payables. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

The Group does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

There were no financial instruments not recognised in the balance sheet of the Company and the Group.

14.1 Financial instruments by category

	Group		Company	
	31.12.12 £	31.12.11 £	31.12.12 £	31.12.11 £
Assets as per balance sheet				
Loans and receivables:				
Other receivables	520,551	349,968	37,309	24,964
Cash and cash equivalents	<u>2,481,503</u>	<u>854,146</u>	<u>2,455,596</u>	<u>753,777</u>
Total	<u>3,002,054</u>	<u>1,204,114</u>	<u>2,492,905</u>	<u>778,741</u>

	Group		Company	
	31.12.12 £	31.12.11 £	31.12.12 £	31.12.11 £
Liabilities as per balance sheet				
Loans and receivables:				
Trade and other payables	361,996	332,943	335,496	61,443
Accrued expenses	<u>337,292</u>	<u>66,573</u>	<u>53,691</u>	<u>53,433</u>
Total	<u>699,288</u>	<u>399,516</u>	<u>389,187</u>	<u>114,876</u>

The Directors consider the carrying value of the financial assets and liabilities to approximate their fair values.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

14. FINANCIAL INSTRUMENTS – continued

14.2 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest-rate risk. These risks are limited by the Group's financial management policies and practices described below:

(a) Foreign currency exchange risks

The Group does not hedge its foreign currencies. The directors believe that the contracts for transfers of funds to Central America are so small, there would be no benefit gained from hedging these contracts on the market. The situation is monitored on a regular basis. Transactions with vendors are mainly denominated in a number of currencies. Therefore the directors consider that the currency exposure arising from these transactions is not significant to the Group.

At present the Group does not have any formal policy for hedging against exchange exposure. The Group may, when necessary, enter into foreign currency forward contracts to hedge against exposure from currency fluctuations, however, the Group has not entered into any currency forward contracts to date.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
USD 1	0.6311	0.6250	0.6191	0.6416
NIO 1	0.0273	0.0274	0.0257	0.0278

(b) Credit risk

As the Group had no turnover during the year; there is no significant concentration of credit risk. The Group does not have written credit risk management policies or guidelines.

The Group's cash is held in reputable banks. The carrying amount of these financial assets represent the maximum credit exposure.

No collateral was held as security and other credit enhancements during the period. No financial assets are impaired or past due at the end of the reporting period.

(c) Liquidity risks

To ensure liquidity, the Group maintains sufficient cash and cash equivalents to meet its obligations as and when they fall due.

(d) Cash flow and fair value interest rate risks

The Group has no interest-bearing liabilities. Interest rates on bank deposits are based on the relevant national inter bank offered rates. The Group has no fixed interest rate assets.

The main financial risks for the Group are set out on page 1 of the Directors' Report.

At 31 December 2012 the currency and interest rate profile of the financial assets and liabilities of the Group was as follows:

	31.12.12		31.12.11	
	£	Weighted average interest rate	£	Weighted average interest rate
Financial assets:				
GBP – cash and cash equivalents	2,556,146	0.20%	748,368	0.62%
USD – cash and cash equivalents	(90,262)	0.00%	99,878	1.42%
NIO – cash and cash equivalents	15,619	0.00%	5,900	0.00%
Total	<u>2,481,503</u>		<u>854,146</u>	

A decrease of 1% on the interest rates offered by the bank will result in a decrease in interest receivable of £2,640 (2011: £5,639).

(e) The Group prepares budgets and forecasts to project its future spend, and manages the capital available accordingly.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

15. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.12	31.12.11	31.12.12	31.12.11
	£	£	£	£
Current:				
Trade payables	35,460	273,226	19,247	59,443
Social security and other taxes	16,053	33,707	5,766	-
Other payables	155,857	2,000	155,857	2,000
Accrued expenses	337,292	90,583	53,691	53,433
	<u>544,662</u>	<u>399,516</u>	<u>234,561</u>	<u>114,876</u>
Non-current:				
Other payables	154,626	-	154,626	-
	<u>154,626</u>	<u>-</u>	<u>154,626</u>	<u>-</u>
Total	<u>699,288</u>	<u>399,516</u>	<u>389,187</u>	<u>114,876</u>

No interest is charged on the trade payables. The Company and the Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. The directors do not consider that is a material risk to the Group.

16. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Ordinary shares £	Share premium £	Total £
At 31 December 2010	492,262	4,922,618	7,259,179	12,181,797
Proceeds from shares issued	66,083	660,833	2,741,667	3,402,500
	<u>558,345</u>	<u>5,583,451</u>	<u>10,000,846</u>	<u>12,584,296</u>
At 31 December 2011				
Consolidation of share capital	27,917			
Proceeds from shares issued	5,482	1,096,375	5,927,725	7,024,100
At 31 December 2012	<u>33,399</u>	<u>6,679,826</u>	<u>15,928,571</u>	<u>22,608,397</u>

On 25 June 2012 the Company underwent a share consolidation, whereby all 1p ordinary shares were consolidated into 20p ordinary shares.

The company has one class of ordinary shares which carry no right to fixed income nor have any restrictions attached.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

17. EQUITY-SETTLED SHARE OPTION SCHEME AND WARRANTS

a) Share Options

The Company has established a share option scheme for Directors, employees and consultants to the Group.

The options all have a maximum life of five years from the date they were issued. The exercise price is dependent on the date of issue.

There are no vesting conditions attached to these options, however, if the individual's engagement with the Company is terminated, the options lapse within 30 days.

Details of the share options outstanding during 2011 were as follows:

Date of Grant	1 January 2011 No. of shares	Issued in Year	Exercised in year	Forfeit or lapsed in year	31 December 2011	Date from which options are first exercisable	Lapse date
24/03/2006	6,950,000	-	-	(6,950,000)	-	31/05/2006	30/05/2011
23/12/2008	16,100,000	-	(3,000,000)	-	13,100,000	31/05/2006	30/05/2011
31/12/2010	1,950,000	-	-	-	1,950,000	01/01/2011	30/12/2015
15/04/2011	-	17,900,000	-	-	17,900,000	16/04/2011	14/04/2015
15/08/2011	-	1,250,000	-	-	1,250,000	16/08/2011	14/08/2015
10/10/2011	-	400,000	-	-	400,000	11/10/2011	09/10/2015
	25,000,000	19,550,000	(3,000,000)	(6,950,000)	34,600,000		

Details of the share options outstanding during 2012 were as follows:

Date of Grant	1 January 2012 No. of shares (restated*)	Issued in Year	Exercised in year	Forfeit or lapsed in year	31 December 2012	Date from which options are first exercisable	Lapse date
23/12/2008	555,000	-	(100,000)	-	455,000	24/12/2010	23/12/2013
10/09/2009	100,000	-	(47,500)	-	52,500	11/09/2010	10/09/2014
31/12/2010	97,500	-	(47,500)	-	50,000	01/11/2011	31/12/2015
15/04/2011	895,000	-	-	(62,500)	832,500	16/04/2012	15/04/2016
15/08/2011	62,500	-	-	-	62,500	16/07/2012	18/08/2016
10/10/2011	20,000	-	-	-	20,000	11/10/2012	10/10/2016
	1,730,000	847,000	(195,000)	(75,500)	2,307,800		

* The number of shares shown here have been restated for the share consolidation on 25 June 2012.

The weighted average exercise price per share is 116p (2011: 110p) and the average contractual life is 5 years (2011: 4 years).

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

17. EQUITY-SETTLED SHARE OPTION SCHEME AND WARRANTS - continued

The estimated fair value of the options granted in 2012 was £1,176,058 (2011: £1,116,182) and has been fully recognised within administration expenses, on a pro-rata basis over the vesting period. This fair value has been calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2012	2011
Share price	156p	137.4p
Exercise price	100p	180p
Expected volatility	140%	129.38%
Expected life (yrs.)	3	3
Risk free rate	3.5%	3.5%
Expected dividend yield	-	-

A movement from the share option reserve of £1,254,311 (2011: £455,625) was made during the year reflecting the movements on issued warrants and options during the year.

Expected volatility was determined with reference to the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average remaining contractual life of the share options outstanding at the end of the period is 3 years (2011: 2 years).

b) Warrants

During the previous year the Company issued warrants to its consultants for services provided.

The warrants all have a maximum life of two and a half years from the date they were issued.

No warrants were outstanding during 2012.

The estimated fair value of the warrants granted in 2012 was £nil (2011: £nil).

This fair value has been calculated using the Black-Scholes option pricing model as detailed above.

18. RELATED PARTY TRANSACTIONS

During the year the Company received consultancy advice from the following related parties:

Company	Related party	31.12.12 £	31.12.11 £	Outstanding at year end £
Iguana Resources Pty Ltd	K P Eckhof	-	3,500	-
Burnbrae Limited	J Mellon	12,000	9,000	-
Axial Associates Limited	M L Child	50,000	75,400	-

All key management receives their remuneration from the subsidiary they work for. The remuneration of key management in the subsidiaries is capitalised within exploration costs.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

18. RELATED PARTY TRANSACTIONS - continued

During the year the Company loaned funds to its subsidiaries details of which are set out below:

	31.12.12	31.12.11
	£	£
Condor S.A. (Nicaragua)		
Brought forward loan balance	751,293	331,841
Additional loans during the period	1,093,477	419,451
Closing balance	<u>1,844,770</u>	<u>751,293</u>
	31.12.12	31.12.11
	£	£
Minerales Morazan S.A. (El Salvador)		
Brought forward loan balance	1,921,087	1,869,095
Additional loans during the period	47,508	51,992
Closing balance	<u>1,968,595</u>	<u>1,921,087</u>
	31.12.12	31.12.11
	£	£
La India Gold S.A. (Nicaragua)		
Brought forward loan balance	2,164,673	-
Additional loans during the period	2,785,621	2,164,673
Closing balance	<u>4,950,294</u>	<u>2,164,673</u>

19. OPERATING LEASES

The Group has no operating lease commitments at the end of 2012 or 2011.

20. CONTROLLING PARTY

There is no ultimate controlling party.

21. POST BALANCE SHEET EVENTS

On 5 February 2013 the Company announced that it was purchasing the HEMCO concession adjacent to the La India project. This acquisition was funded by the issue of 87,330 new shares at £2 per share.

Additionally, since the period end, the Company has secured further funding of £7,000,000 by way of private placing of 4,375,000 new ordinary shares and 1,458,333 warrants, to aid the company in focusing on providing a large commercial reserve on its 1,620,000oz gold resource at La India Project in Nicaragua. The warrants have a 2 year life, and an exercise price of £2.20.

22. CONTINGENT LIABILITY

The Company has a contingent liability to make further payment for La Mojarra concession, upon the receipt of a drilling permit from the local authorities, at the balance sheet date this had not been received. The amounts that will become due upon receipt of the drilling permits for this concession would be \$200,000 and \$250,000 in shares.

The Company has an additional contingent liability in relation to a claim from an ex-consultant of the Company for £300,000, the Company is vigorously defending this claim and current internal expectations of costs are around £75,000.