

CONDOR GOLD PLC
Report and Accounts
Year ended 31 December 2015

CONDOR GOLD PLC

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FOR THE YEAR ENDED 31 DECEMBER 2015

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CONDOR GOLD PLC

HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2015

- Whittle Consulting completed an Enterprise Optimisation Study analysing the Net Present Value for four production scenarios, this increased the contained gold within pit shells by 30% and gold produced by 20% to 25% per annum;
- Recovered gold ranges from 866,000 oz gold to 1.54M oz gold over the life of the mine (see announcement of 22 January 2016);
- Detailed Environmental Impact Assessment completed and an application made for an Environmental Permit for open pit mining at La India. The base case is for a 2,800 tonne per day processing plant capable of producing 100,000 oz gold per annum;
- A further 1,952m of drilling completed, including an excellent drill intercept of 7.6m at 10.2g/t gold outside the main pit, which extends a high-grade ore shoot an extra 50m to the south and 60m to depth;
- 71km² soil geochemistry survey on the 313km² La India project revealed several gold anomalies;
- Structural geology study completed, which identifies the controls on gold mineralisation at La India Project. It has generated 33 gold exploration targets;
- Implementation of the IFC's Environmental and Social Action Plan.

POST PERIOD HIGHLIGHTS

- The updated Net Present Value and Internal Rates of Return contained in the Enterprise Optimisation Study were released detailing:
 - An NPV increase of 75% for the Indicated ounces of gold only used in the PFS;
 - An average NPV of US\$195M across the four production scenarios detailed in the Whittle Optimisation and IRRs averaging 31%;
- Renegotiation of the purchase price of the Espinito Mendoza Concession within Mestiza Vein Set permits conversion of a Soviet style resource of 785,000 oz gold at 10.1g/t gold to NI-43-101 standards;
- The Mestiza Vein Set is excluded from the PFS and PEAs and has the potential to add approximately 50,000 oz gold production per annum;
- £2.6M raised by way of a private placement of new ordinary shares, led by Ross Beaty, a high profile, successful Canadian mining entrepreneur, who invested £1.5M for a 7.2% shareholding in the Company;
- Progress on land acquisition. A new property company has been formed and a quarter of landowners have accepted an offer to purchase the surface rights/freehold land;
- Detailed geological mapping of the Andrea vein, following up on the soil surveys undertaken in 2015, has extended the Andrea vein from 2km to 6km.

CONDOR GOLD PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 financial year to 31 December 2015. Following the release in December 2014 of a robust, economically attractive NI 43-101 technical report detailing a Pre-Feasibility Study ("PFS") and two Preliminary Economic Assessments ("PEAs"), the Company spent much of 2015 executing a twin strategy of de-risking the La India Project, Nicaragua, by preparing and submitting an Environmental Impact Assessment ("EIA") to the Ministry of the Environment and Natural Resources ("MARENA") and developing and implementing a land acquisition policy to acquire approximately 800 hectares of rural land for the site infrastructure, while demonstrating a District scale gold deposit at La India Project through low cost exploration and enhancing the economics of the PFS and PEAs by engaging Whittle Consulting Limited ("Whittle") to optimise the mine schedules in the PFS and PEAs to maximum Net Present Value.

In April, Condor submitted a detailed Terms of Reference for an EIA to MARENA as required for an Environmental Permit. The Environmental Permit is the key permit for mining in Nicaragua. Many other permits, e.g. a water permit, depends upon having an "Environmental Permit". In November 2015, Condor formally submitted a 700-page EIA document, applying for an Environmental Permit to MARENA for the construction and operation of an open pit mine, a CIL processing plant and associated infrastructure at La India Project.

The EIA document considers the environmental and social impacts of gold production from the La India Open Pit mine plan, which is a single pit, detailed in the NI 43-101 compliant Pre-Feasibility Study ("PFS") released in December 2014 and the recent Whittle Enterprise Optimisation study as announced on 20 October 2015 and 22 January 2016 ("Whittle Optimisation"). The EIA draws on data from 15 different environmental and social baseline studies, some of which commenced in 2013. In addition to describing the potential impacts of a future commercial mine on the environment, the EIA also contains detailed environmental management plans and social management plans to monitor and control any such impacts.

The EIA describes a processing plant that will have a capacity of up to 2,800 tonnes per day ("tpd") (1.0 million tonnes per annum ("tpa")) with an upfront capital cost of approximately US\$120M. Using the Whittle Optimisation Study, production during the first 5 years averages 91,000 oz gold p.a. based on Indicated Ounces only. The Whittle Optimisation estimates 101,000 oz gold production p.a. once the Inferred Material within the pit is included with an all-in-sustaining-cash-cost of circa US\$700 per oz gold. The EIA includes processing of an additional 10,000 oz of gold p.a. from artisanal miners through the main processing plant, but the artisanal miners ore is excluded from the PFS, PEAs and Optimisation Studies. The Company is currently preparing the local community and key stakeholders for a public consultation.

Condor has signed an agreement with ProNicaragua, which in the Board's view materially de-risks the permitting process and construction of a mine at Mina La India. ProNicaragua is the official investment and export agency of the Government of Nicaragua, has Ministerial status and reports directly to the President. It was created as a project of the United Nations Development Program www.pronicaragua.org. Condor has cultivated relations with ProNicaragua for over 4 years and has been instrumental in ProNicaragua presenting and supporting the mining industry at the Prospectors and Developers Association of Canada ("PDAC") annual conference in Toronto. The agreement with ProNicaragua allows for two lawyers working for ProNicaragua to be assigned to Condor on a full time basis to assist with permitting, land acquisition and other social areas.

Condor has been working on a land acquisition programme for over 3 years and plans to acquire approximately 800 hectares of rural land for the production scenario in the PFS. ProNicaragua is assisting with a clean up of the land titles. Two independent valuations have been conducted and a strategy is being implemented to secure the rural land by paying 10% of the purchase price of the land to the landowners, who grant Condor an option to purchase the rural land for a two-year period. Offers to purchase the land have been made to all landowners; at the time of writing 26% have accepted.

Exploration activities during 2015 followed a dual approach of deep-drilling around the La India open pit mineral resource and reserve to test the potential to extend the current underground resource, and regional exploration, primarily focussed on identifying targets for hidden deep-seated gold mineralisation. The Company completed 1,952m of diamond core drilling. A drill intercept of 7.55m (6.2m true width) at 10.2g/t gold at a vertical depth of 260m below surface extends the known high grade gold mineralisation beneath La India open pit to the south by an extra 50m along strike and 60m to depth. The drill intercept was particularly significant as there is no evidence of gold mineralisation at surface above this intercept, demonstrating that hidden deep-seated high-grade gold mineralisation does occur at La India Project. This is encouraging for the Company's regional exploration programme as it targets similar hidden gold deposits.

A regional soil geochemistry survey designed to look for high-level, hydrothermal pathfinder elements above hidden deep-seated epithermal gold mineralisation was completed. During the year, Condor collected 5,942 soil samples covering 71 sq. km. The interpretation of the soil geochemistry, in conjunction with the field mapping has highlighted several areas for follow up exploration. Firstly, dispersed and isolated gold outcrop occurrences at the Tatascame area, located 6km north east of La India open pit mineral reserve, appear to be a strike continuation of the Andrea vein, thus extending the Andrea hydrothermal conduit from a 2km vein length to a 4 to 7km long corridor. Similarly soil geochemistry demonstrates that hydrothermal activity on the structure that hosts the 400m long Cristalito Resource of 202kt at 5.27g/t for 34,000 oz gold actually extends for at least 1,200m. Two soil anomalies were identified along strike to the south of La India open pit reserve on La Mojarrá concession and were drill tested by three holes for 628m drilling. The results were disappointing in that gold mineralisation wasn't returned, but barren calcite veining at a depth of up to 200m below surface suggests any gold mineralisation would be deeper than targeted.

CONDOR GOLD PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

Dr Tony Starling of Telluris Consulting Ltd completed a detailed study on the structural geology of the La India Gold District in the fourth quarter 2015. Thirty-three structural targets were identified in the study and are being assessed and prioritised.

Condor commissioned an independent optimisation study in 2015 to investigate strategic options to improve project economics. Whittle's Enterprise Optimisation is an integrated approach to maximising the Net Present Value (NPV) of a mining business by simultaneously optimising 10 different mechanisms across the mining value chain. Condor commissioned the independent optimisation study in 2015 to investigate strategic options to improve project economics. The Study is a strategic planning tool and is not NI 43-101 compliant. However, Whittle is the recognised world leader in a specialist field of maximising the economics of a mine and has completed work for major mining companies (<http://www.whittleconsulting.com.au>)

Four production scenarios were assessed, based on the study methodology employed by SRK and Condor.

- The PFS case includes measured and indicated material only from the La India open pit, with a processing capacity of 0.8 million tonnes per annum (mtpa) or 2,200 tonnes per day (tpd).
- The PEA 1.0 case also includes the La India open pit inferred material, with a process capacity of 1.0 mtpa or 2,800tpd.
- The PEA 1.2 case includes all of the La India open pit material, and also includes material from two nearby smaller pits, America and Central Breccia. The processing capacity for this case is 1.2 mtpa or 3,300tpd. This is known as scenario "A" in the SRK technical reports.
- The PEA 1.6 case adds underground mining from La India and America, over and above the material in PEA 1.2. The processing capacity for this case is 1.6 mtpa or 4,400tpd. This is known as scenario "B" in the SRK technical reports.

Validation runs for each case were produced. Optimised runs were generated using multi-mine scheduling, fully variable cut-off grade and stockpiling. Reduced capacity cases were run, also optimised for schedule, cut-off grade and stockpiling. Grind-throughput-recovery relationships were developed for the La India open pit material, and this methodology was used to further optimise the schedule for all cases. Pit and Phase optimisation was completed on the La India open pit using the Enterprise Optimisation economics, which improved NPV.

The optimised cases were developed from work done from May 2015 through to September 2015. The gold price for this work is \$1,250 per troy ounce, and the silver price is \$19.75/troz in order to have a like for like comparison with the PFS and PEAs. Metal recoveries were based on the PFS and PEA work completed in late 2014.

Post-tax results are indicated in **Table 1** for the four production scenarios. The Enterprise Optimisation methodology improved NPV in all cases, with decreasing improvements across the larger plant / open pit scenarios. This is due to the Grind-Throughput-recovery (GTR) work being isolated to La India Vein Set only due to limited metallurgical data on the America and Central Breccia. Similar results may be recognised when data is collected and assessed for the America and Central Breccia open pit and underground material. It is important to note that the 1.0 mtpa case does not have a PFS/PEA study equivalent, nor corresponding pit designs, so there is no comparison data. In these cases, improvements are measured against the initial Enterprise Optimisation calibration runs.

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**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Table 1 La India Project NPV for four production scenarios.

Post-tax NPV5, US\$M	PFS		PEA A	PEA B
	La India Open Pit IND	La India Open Pit IND + INF	La India Open Pit + Feeder Pits IND + INF	All Open Pits + Underground IND + INF
Study Cases (SRK 2014)	\$91.7	\$91.8	\$124.2	\$186.6
Base- Fixed Mining, nominal throughput	\$94.4	\$91.8	\$125.0	\$195.3
Nominal throughput- Prober COG, Stockpile, sched	\$98.0	\$109.7	\$143.6	\$212.4
Grind Throughput Recovery- La India (includes COG, sp, sched.)	\$122.3	\$131.1	\$166.0	\$234.7
EO Optimized Pit and Phases- all value levers	\$167.8	\$160.5	\$186.5	\$267.9
Improvement in NPV				
Study Cases (SRK 2014)	\$91.7	\$91.8	\$124.2	\$186.6
Full EO Results	\$167.8	\$160.5	\$186.5	\$267.9
NPV Improvement	77.7%	74.8%	49.2%	37.1%
Improvement in IRR				
Study Cases (SRK 2014)	22.0%	20.9%	24.6%	23.8%
EO Internal Rate of Return	30.7%	29.5%	32.1%	30.0%
IRR Improvement	39.4%	41.1%	30.5%	25.9%

Note: Shaded cells were not run by SRK, Whittle base case used instead.

Note: EO = Enterprise Optimization

Note: 5% discount rate used is standard for comparable TSX-listed companies

Table 2 below is a comparison of production scenarios to PFS and PEAs

	La India - PFS		La India	All Open Pits		All Open Pits + UG	
	Open Pit - PFS		Open Pit	PEA-A		PEA-B	
	PFS	Whittle EO	IND+INF Whittle EO	IND+INF PEA A	IND+INF Whittle EO	IND+INF PEA A	IND+INF Whittle EO
Nominal Processing Plant capacity tpd	2,200		2,800	3,300		4,400	
Nom. Capacity in M-tpa	0.8		1.0	1.2		1.6	
Contained gold koz	674	866	955	827	1,066	1,313	1,554
Recovered gold koz	614	796	882	752	985	1,203	1,437
1 st 5 years avg. production gold p.a. koz	76	91	101	94	118	138	165
Production improvement 1 st 5 years		20%	n/a		25%		20%

Overall, the independent optimisation analysis conducted by Whittle clearly demonstrates the potential to unlock substantial additional value from the La India Project. Across 3 production scenarios, NPV increases over 50%, IRRs average 30%, the payback on upfront capital costs is between two to three production years, and gold production increases on average 22% for the first 5 years. Whittle's study is a strategic planning tool, which is used to maximise the economics, particularly the NPV, ahead of a "build decision" and can often form part of a more detailed Definitive/Bankable Feasibility Study. It should be noted that WCL's study is not NI 43-101 compliant and would require re-generation of the PFS and PEAs to confirm the improvements.

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CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

A hearing was held in Vancouver, Canada on 27 to 29 May 2015 regarding an on-going dispute between B2Gold Corporation, Royal Gold Inc and Condor Gold plc over a 3% NSR on the 65km² of La India Concession. B2Gold Corporation is suing Condor in Nicaragua on matters relating to the 3% NSR dispute. The judge's ruling at the Vancouver hearing was received in September 2015. To quote the Judge: "In conclusion, I declare that La India Gold S.A. holds La India Concession subject to the royalty originally made between Minera de Occidente S.A. (now Triton, owned by B2Gold) as payor and Repadre Capital Corporation (now Royal Gold) as the present holder. The La India Concession, to the extent that it corresponds on the ground with the original concession subject of the royalty agreement, is, by clause 2.7 of the letter agreement, subject to the obligations of the royalty agreement." Condor has taken legal advice in Canada, Nicaragua and the UK on the implementation and enforceability of a Canadian ruling on a Nicaraguan incorporated company and has appealed the ruling. Please refer to note 11 of the financial statements for further details.

After many months of negotiation, Condor announced on 21st March 2016 that the Company settled a dispute over the purchase of the high grade Espinito-Mendoza Concession, which clears the way to advance the Concession and convert more of the Soviet classified resource on the Mestiza Vein Set of 2,392kt at 10.21g/t for 785,684 oz gold to western standards. The Mestiza Vein set hosts a NI 43-101 compliant mineral resource estimate of 1,490kt at 7.47g/t for 333,000 oz gold. In our experience, the Soviet GKZ classified resources on La India Project have generally converted to western standards upon tighter drill spacing and verification drilling of the previous drill holes. It is some comfort that Micon International's 1998 report on the Concession concluded that the property has good potential to become a small (500 to 800tpd), low cost mine. The Mestiza Vein Set is excluded from the Whittle Enterprise Optimisation of the PFS and PEA studies, which detailed 4 production scenarios ranging from 91,000 to 165,000 oz gold production per annum. Assuming the conversion of the Soviet Resources to Western standards, the inclusion of the Mestiza Vein set could see Mina La India increase its production scenario to over 200,000 oz gold per annum.

The International Finance Corporation ("IFC"), the private sector investment body of the World Bank, was an 8.6% shareholder in the Company at 31st December 2015. As part of a shareholder agreement with the IFC, Condor has to comply with the IFC Performance Standards, which are aimed at assuring the suitability of projects for direct financing. The IFC nominated Kate Harcourt to join the Board as a non-executive director in March 2015. A considerable amount of management time and money has been spent on implementing an Environmental and Social Action Plan ("ESAP"). To give other shareholders a flavour of what was involved during 2015, Condor successfully completed the following: 1) An Environmental and Social Management System (ESMS) which includes the necessary management plans and standard operating procedures as part of the operational control of the Health Safety Environmental and Community Policy to address existing environmental, social and health and safety risks from current exploration activities. 2) the design and implementation a surface and ground water participatory monitoring program to identify existing water quality and quantity conditions in the area to serve as baseline for the future ESIA, communicating these to the local population. 3) Updated a Stakeholder Engagement Plan, a Grievance Mechanism and completed a Communications Plan 4) Updated the Land Use and Compensation Plan. 5) Reviewed the plan for the management of artisanal miners. 6) Developed and updated a Human Resources Policy and develop a Security Policy and Code of Conduct for security personnel. At the IFC's request, Condor engaged two Independent Environmental and Social Consultants ("IESC"), who completed site visits in September 2015. The Company's implementation of the IFC's performance standards at La India Project is establishing an excellent base for the sustainability of a future mine and hopefully de-risks the Project for all shareholders.

In El Salvador, Condor's mineral 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. The moratorium on metallic mining in the Republic of El Salvador ("El Salvador") has now been in place for just over 9 years. In November 2013, OceanaGold Corporation completed the purchase of Pacific Rim Mining for circa US\$12m or US\$7 per total resource ounce gold equivalent.

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 Pacific Rim, and the takeover of Pacific Rim by OceanaGold, and by continuing to engage in the process including meetings with officials in El Salvador, that they are not currently impaired. However, in the circumstances, the Board continues its policy of writing down all further expenditure in relation to the El Salvador projects to the profit and loss account. The El Salvador assets carrying value included within this report total £4m.

Turning to the financial results for the year 2015, the operating loss was £3,061,611 (2014:£3,262,163). The Company did not raise money during the financial period. The Company made foreign exchange profit of £839,395 (2014: profit of £335,494). The decrease of cash and cash equivalents was £3,655,671 (2014: increase of £2,492,658). The net cash balance at 31st December 2015 was £1,105,457. On 4th April 2016, the Company announced it raised £2.6m by way of a private placement of 6,445,000 new ordinary shares at a placement price of 40 pence. A two thirds warrant, which is unlisted, was attached to each placement share. A total of 4,296,667 warrants were issued with an exercise price of 60 pence and a 2 year life. If exercised in full, the warrants would raise gross proceeds of £2,578,000. Ross Beaty subscribed for £1.5 million worth of the Placement and had a 7.18% shareholding in the Company post placement on an undiluted basis. The investment follows a site visit and technical due diligence. Mr Beaty is a Canadian mining entrepreneur with a successful track record of both building mining companies and developing mineral deposits for sale.

CONDOR GOLD PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

The strategy for 2016 is to obtain the Environmental Permit for a base case of a 2,800tpd processing plant for a single open pit at La India, with the capacity to produce approximately 100,000 oz gold per annum. The Company plans to secure approximately 800 hectares of freehold rural land required for the mining infrastructure during the year ahead by paying a 10% option with the right to acquire the land for a 2 year period. The Company intends to demonstrate the significant exploration upside of La India Project through detailed geological mapping of the District and a district scale soil survey programme, increasing the 71 sq. km cover by soil survey in 2015 to cover the entire 313 sq. km in 2016.

CONDOR GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 amounted to £3,061,611 (2014: £3,262,163). No dividends were paid during the year.

The Group, at the end of the financial period has interests in ten 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 Project 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.

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, possible acts of terrorism, criminal threats, 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 operations in that country being placed on care and maintenance.

CONDOR GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

PRINCIPAL RISKS AND UNCERTAINTIES - Continued

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, and currently claiming \$315m in damages.
- In November 2013, OceanaGold Corporation completed the purchase of Pacific Rim Mining for circa US\$12m or US\$7 per total resource ounce gold equivalent.

We continue to carefully monitor developments in El Salvador in relation to the present moratorium. Although there is a 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 Pacific Rim, and the takeover of Pacific Rim by OceanaGold, and by continuing to engage in the process including meetings with officials in El Salvador, that they are not currently impaired.

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. 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.

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 £945,327. 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.

CONDOR GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL RISK MANAGEMENT – continued

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 for its operations in Central America. The Directors believe that the contracts for transfers of funds to Central America are so small, as funds are remitted monthly in advance, 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.

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 2015 and 31 December 2014. 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.

ON BEHALF OF THE BOARD:



M L Child
Chairman

Date: 26 May 2016

CONDOR GOLD PLC

PROJECT OVERVIEW
FOR THE YEAR ENDED 31 DECEMBER 2015

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
	La Cuchilla	100% Owned	August 2035	86.39
	El Zacatoso	100% Owned	October 2039	1.00
	Tierra Blanca	100% Owned	June 2040	32.21
	Subtotal			313.26
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				408.76

All concessions in Nicaragua are combined exploration and exploitation concessions.

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).

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PROJECT OVERVIEW
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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		Silver		Gold Equivalent			CIM/JORC Category
		Grade (g/t)	Contained (koz)	Grade (g/t)	Contained (koz)	Grade (g/t)	Contained (koz)	Attributable Contained (koz)	
<i>Nicaragua Projects (100% Condor owned)</i>									
La India	9,600	3.5	1,083	6	1,792	3.6	1,110	1,110	Indicated
Project	8,500	4.5	1,233	7	865	4.6	1,246	1,246	Inferred
Total	18,100	4.0	2,316	6	2,656	4.1	2,356	2,356	Ind + Inf
Rio Luna	694	3.5	80	56	500	4.4	86	86	Inferred
Total	18,800	4.0	2,395	7	3,158	4.1	2,442	2,442	Ind+Inf
<i>El Salvador Projects (90% Condor owned)</i>									
Pescadito	7,100	1.9	434	97	22,100	3.4	764	688	Inferred
La Calera	6,000	1.6	313	-	-	1.6	317	285	Inferred
Total	13,100	1.8	747	53	22,380	2.6	1,081	964	Inferred
Grand Total	31,900	3.1	3,142	30	25,530	3.5	3,523	3,415	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 67:1. Attributable gold is calculated as 90% interest in El Salvador licences (remaining 10% gifted to the Condor Resources El Salvador Charitable Foundation).

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PROJECT OVERVIEW
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CURRENT LA INDIA PROJECT CIM CODE MINERAL RESOURCE

The following Mineral Resource estimations details Condor's CIM compliant Mineral Resource Statement as at 30th September 2014 for the La India Project, as signed off by Ben Parsons of SRK Consulting (UK) Ltd, a Competent Person as defined by the CIM Code.

Table 1. CIM Compliant Mineral Resource Statement as at 30 September 2014 for the La India Project (SRK Consulting (UK) Ltd.).

SRK MINERAL RESOURCE STATEMENT SPLIT PER VEIN as of 30 September 2014 ^{(4),(5),(6)}								
Category	Area Name	Vein Name	Cut-Off	gold			silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)
Indicated	La India veinset	La India/California ⁽¹⁾	0.5 g/t (OP)	8,267	3.1	832	5.5	1,462
		La India/California ⁽²⁾	2.0 g/t (UG)	706	4.9	111	10.6	240
	America veinset	America Mine	0.5 g/t (OP)	114	8.1	30	4.9	18
		America Mine	2.0 g/t (UG)	470	7.3	110	4.7	71
Inferred	La India veinset	La India/California ⁽¹⁾	0.5 g/t (OP)	895	2.4	70	4.3	122
		Teresa ⁽³⁾	0.5 g/t (OP)	4	6.6	1		
		La India/California ⁽²⁾	2.0 g/t (UG)	1,107	5.1	182	11.3	401
		Teresa ⁽²⁾	2.0 g/t (UG)	82	11.0	29		
		Arizona ⁽³⁾	1.5 g/t	430	4.2	58		
		Agua Caliente ⁽³⁾	1.5 g/t	40	9.0	13		
	America veinset	America Mine	0.5 g/t (OP)	677	3.1	67	5.5	120
		America Mine	2.0 g/t (UG)	1,008	4.8	156	6.8	221
		Guapinol ⁽³⁾	1.5 g/t	751	4.8	116		
	Mestiza veinset	Tatiana ⁽³⁾	1.5 g/t	1,080	6.7	230		
		Buenos Aires ⁽³⁾	1.5 g/t	210	8.0	53		
		Espenito ⁽³⁾	1.5 g/t	200	7.7	50		
	Central Breccia	Central Breccia ⁽¹⁾	0.5 g/t (OP)	922	1.9	56		
	San Lucas	San Lucas ⁽³⁾	1.5 g/t	330	5.6	59		
	Cristalito-Tatescame	Cristalito-Tatescame ⁽³⁾	1.5 g/t	200	5.3	34		
	El Cacao	El Cacao ⁽³⁾	1.5 g/t	590	3.0	58		

(1) The La India, America and Central Breccia pits are amenable to open pit mining and the Mineral Resource Estimates are constrained within Whittle optimised pits, which SRK based on the following parameters: A Gold price of USD1,500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK Projects. Metallurgical recovery assumptions of 91% for gold, based on assumptions provided by the Company Marginal costs of USD19.2/t for processing, USD5.63/t G&A and USD2.47/t for mining, slope angles defined by the Company Geotechnical study which range from angle 46 - 48°.

(2) Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.0 g/t over a minimum width of 1.0m. Cut-off grades are based on a price of USD1,500 per ounce of gold and gold recoveries of 91% for resources, costs of USD19.0/t for processing, USD10.0/t G&A and USD50.0/t for mining, 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, and have not been updated as part of the current study due to no further detailed exploration.

(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

(5) The reporting standard adopted for the reporting of the MRE uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.

(6) SRK Completed a site inspection to the deposit by Mr Benjamin Parsons, MSc (MAusIMM(CP), Membership Number 222568, an appropriate "independent qualified person" as this term is defined in National Instrument 43-101.

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**PROJECT OVERVIEW
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Table 2. Summary of La India Project Mineral Resource Statement as of 30 September 2014 (SRK Consulting (UK) Ltd.).

SRK MINERAL RESOURCE STATEMENT SPLIT PER VEINSET as of 30 September 2014								
Category	Area Name	Vein Name	Cut-Off	gold			silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)
Indicated	Subtotal Areas	La India veinset	0.5g/t (OP)	8,267	3.1	832	5.5	1,462
			2.0 g/t (UG)	706	4.9	111	10.6	240
		America veinset	0.5g/t (OP)	114	8.1	30	4.9	18
			2.0 g/t (UG)	470	7.3	110	4.7	71
Inferred	Subtotal Areas	La India veinset	0.5g/t (OP)	899	2.5	71	4.3	122
			2.0 g/t (UG)	1,189	5.5	211	11.3	401
			1.5 g/t	470	4.7	71		
		America veinset	0.5g/t (OP)	677	3.1	67	5.5	120
			2.0 g/t (UG)	1,008	4.8	156	6.8	221
			1.5 g/t	751	4.8	116		
		Mestiza veinset	1.5 g/t	1,490	7.0	333		
		Central Breccia	0.5g/t (OP)	922	1.9	56		
		Other veins	1.5 g/t	1,120	4.2	151		

Table 3. Summary of La India Project Mineral Resource Statement as of 30 September 2014 (SRK Consulting (UK) Ltd.).

SRK MINERAL RESOURCE STATEMENT as of 30 September 2014 ^{(4),(5),(6)}								
Category	Area Name	Vein Name	Cut-Off	gold			silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)
Indicated	Grand total	All veins	0.5g/t (OP) ⁽¹⁾	8,382	3.2	862	5.5	1480
			2.0 g/t (UG) ⁽²⁾	1,176	5.9	221	8.2	312
		Subtotal Indicated		9,557	3.5	1,083	5.8	1792
Inferred	Grand total	All veins	0.5g/t (OP) ⁽¹⁾	2,498	2.4	194	4.8 ⁽⁷⁾	242
			2.0 g/t (UG) ⁽²⁾	2,197	5.2	366	8.8	622
			1.5 g/t ⁽³⁾	3,831	5.4	671		
		Subtotal Inferred		8,526	4.5	1,231	7.1 ⁽⁸⁾	865

(1) The La India, America and Central Breccia pits are amenable to open pit mining and the Mineral Resource Estimates are constrained within Whittle optimised pits, which SRK based on the following parameters: A Gold price of USD1,500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK Projects. Metallurgical recovery assumptions of 91% for gold, based on assumptions provided by the Company Marginal costs of USD19.2/t for processing, USD5.63/t G&A and USD2.47/t for mining, slope angles defined by the Company Geotechnical study which range from angle 46 - 48°.

(2) Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.0 g/t over a minimum width of 1.0m. Cut-off grades are based on a price of USD1500 per ounce of gold and gold recoveries of 93 percent for resources, costs of USD19.0/t for processing, USD10.0/t G&A and USD50.0/t for mining, 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, and have not been updated as part of the current study due to no further detailed exploration.

(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

(5) The reporting standard adopted for the reporting of the MRE uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (December 2005) as required by NI 43-101.

(6) SRK Completed a site inspection to the deposit by Mr Benjamin Parsons, MSc (MAusIMM(CP), Membership Number 222568, an appropriate "independent qualified person" as this term is defined in National Instrument 43-101.

(7) Back calculated silver grade based on a total tonnage of 1,576 Kt as no silver estimates for Central Breccia (922 Kt).

(8) Back Calculated silver grade based on total tonnage of material estimated for silver of 3,7731 Kt, for veins where silver assays have been recorded in the database

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CURRENT LA INDIA PROJECT CIM CODE MINERAL RESERVE

Table 3. La India Open Pit Mineral Reserve Estimate for La India Project Mineral Resource Statement as of 21 December 2014 (SRK Consulting (UK) Ltd.).

Mineral Reserve Class	Diluted Tonnes (Mt dry)	Diluted Grade		Contained Metal	
		(g/t Au)	(g/t Ag)	(koz Au)	(koz Ag)
Proven	-	-	-	-	-
Probable	6.9	3.0	5.3	675	1,185
Total	6.9	3.0	5.3	675	1,185

**Open pit mineral reserves are reported at a cut-off grade of 0.75 g/t Au assuming: metal price of USD 1,250 per ounce gold, processing cost of USD 20.42 per tonne milled, G&A cost of 5.63 USD per tonne milled, 10 USD/oz Au selling cost, 3% royalty on sales and a processing recovery of 91%.*

CURRENT RIO LUNA CONCESSION CIM CODE MINERAL RESOURCE

The following JORC compliant Mineral Resource and Reserve estimates contained within Condor Gold PLC's 100%-owned Rio Luna Concession is signed off by Ben Parsons of SRK Consulting (UK) Ltd., a Competent Person as defined by the CIM Code.

Table 4. JORC Compliant Mineral Resource Statement as at 28 November 2011 for the Rio Luna Concession (SRK Consulting (UK) Ltd.).

SRK Mineral Resource Statement, Rio Luna Deposit, 28 th November 2011							
Category	Vein Name	Tonnes (kt)	Gold Grade (g/t)	Contained Gold (oz)	Tonnes (kt)	Silver Grade (g/t)	Contained Silver (oz)
Inferred	El Paraiso	395	4.01	52,000			
Inferred	El Rodeo	20	2.66	2,000			
Inferred	San Andreas	280	2.88	26,000	26	56	500,000
Inferred	Subtotal	695	3.50	80,000	26	56	500,000

Mineral Resources are reported at a cut-off grade of 1.5 g/t. Cut-off grades are based on a price of US\$1200 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals. 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. All composites have been capped where appropriate. The Concession is wholly owned by and exploration is operated by Condor Gold plc.

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**REVIEW OF OPERATIONS
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NICARAGUA – OPERATIONS REPORT

Following-up on the release of a positive Pre-feasibility (“PFS”) and supplementary Preliminary Economic Assessments (“PEA’s”) on mining at the La India Project in Nicaragua, released at the end of 2014, the Company has sought to secure permits and land access for development of the core La India open pit gold mine. An Environmental Impact Assessment (“EIA”) for an Environmental Permit was submitted in November 2015 and preparations are underway for the public consultation which is required prior to approval of the permit.

The La India Project mine plan has been refined and improved with the input of sophisticated mine planning software developed by Whittle Consulting Limited. The Whittle Enterprise optimisation study demonstrates that the production and economics of mining envisaged in the PFS could be improved substantially by applying variable grind-throughput-recovery techniques and improved pit optimisation through a technique known as pit planning and pit phasing, and in the PEA scenarios further improved by additional use of stockpiling and improved underground mine scheduling. Significantly, the optimisation study suggests that the La India open pit could potentially be extended deeper to produce 822k oz gold, and with the addition of the satellite pits envisaged in the PEA’s produce a total of 985k oz gold from open pit mining. Once underground production is added, total production could be 1,437k oz gold over life of mine. The overall economics would be significantly improved with the payback period reduced to between two and three years, an Internal Rate of Return (“IRR”) of no less than 30% and a Net Present Value (“NPV”) of between US\$167.8M for the La India open pit only and US\$267.9M with the addition of two satellite pits and underground mining.

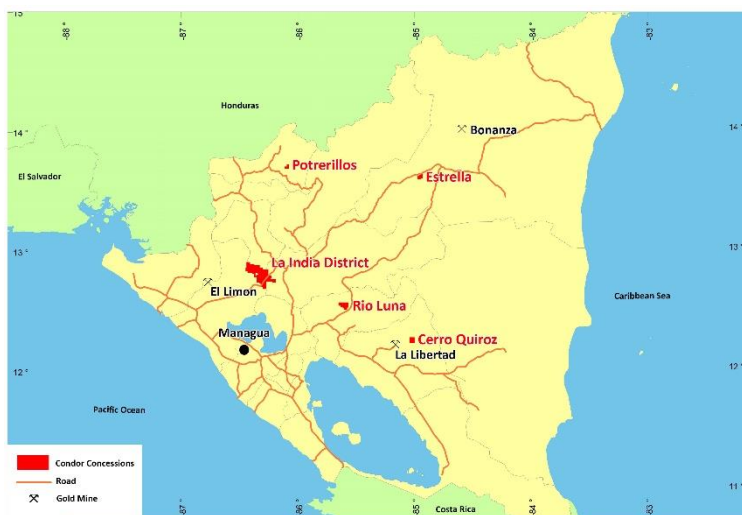


Figure 1. Location of Condor Gold’s concessions in Nicaragua.

Exploration activities have followed a dual approach during 2015: (1) deep-drilling was completed around the La India open pit mineral resource and reserve to test the potential to extend the current underground resource, and (2) regional exploration primarily focussed on identifying targets for hidden deep-seated gold mineralisation.

The resource extension drilling around La India open pit mineral resource and reserve successfully demonstrated that high-grade gold mineralisation continues at depth along strike to the South. This zone potentially contains an entire preserved epithermal zone, untouched by historic mining, as evidenced in the surface geology where the upper geological levels, above the epithermal mineralised zone have not been removed by erosion. Future infill and additional extension drilling will be required to add this zone to the existing underground resource.

A 71km² multi-element soil geochemistry survey designed to detect enrichment in pathfinder elements that may reveal the presence of hidden deep-seated gold mineralisation was completed over targeted areas. A structural geology study was commissioned to improve the identification of the geological structures that host gold mineralisation, and the identification of the areas, or structural blocks, most likely to preserve the epithermal zone beneath the surface. Several of the targets identified in these studies were tested and a number of other targets identified for follow-up exploration. The exploration focus going into 2016 is on assessing soil geochemical and structural targets and developing comprehensive geological maps of the 313 sq km La India Project.

Concession	Soil Samples	Rock Chip Samples	Trenches Completed	Trench (m)	Trench Samples	Drill holes Completed	Drilling (m)	Drilling Samples
La India	2540	68				4	1324	486
Cacao	544	6						
Santa Barbara	142	2						
Real de la Cruz	507							
El Rodeo	757	7						
El Zacatoso		9						
La Cuchilla	227							
La Mojarra	1005	5				3	628	407
Totals	5722	97				7	1952	893

Summary of drilling, trenching, rock chip and soil geochemistry sampling completed in 2015.

CONDOR GOLD PLC

REVIEW OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2015

La India Project

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

La India Project is a 313km² concession package covering an estimated 98% of the historic La India Gold Mining District. The District supported production of up to 41k oz gold per annum at over 11g/t head grade from underground mining between 1938 and 1956. The Project area currently contains a combined inferred and indicated mineral resource of 18.1Mt at 4.0g/t for 2.32M oz gold including an open pit resource of 10.9Mt at 3.0g/t for 1.06M oz gold.

A Pre-Feasibility Study (“PFS”) on open-pit mining at La India and two supplementary Preliminary Economic Assessments (“PEA’s”) which explored the possibility of including two additional satellite open pits, and underground mining beneath the La India and America open pits, were announced on the 14th November and released on the 21st December 2014. The study defined the first mineral reserve on the Project since mining ceased in 1956, with an open pit Probable Mineral Reserve of 6.9Mt ore at 3.0g/t gold and 5.3g/t silver for a total of 675,000 oz gold and 1,185,000 oz silver on the principal La India Vein.

The PFS demonstrates that the base case of mining La India open pit reserve only would support a 0.8Mtpa processing plant to produce 614,000 oz gold over a 9 year mine life at an average annual gold production of 79,300 oz per annum. The PEA’s suggest that the addition of satellite open pits at the nearby America Vein Set and Central Breccia gold mineralisation could support a 1.2Mtpa plant and increase annual production to 96,800 oz gold per annum for a total production of 774,000 oz gold over an 8 year mine life. The development of an underground mine from the La India and America open pits would increase production to 1.6Mtpa for 1.2M oz gold production over a 12 year mine life. The studies were conducted according to the CIM code and reported to NI43-101 standard.

Mining Studies

An Enterprise Optimisation analysis of the PFS study and PEA cases presented in the 43-101 Technical Report of December 2014 was completed by Whittle Consulting Limited. See Chairman’s report and announcements dated 20th October 2015 and 22nd January 2016.

Land Acquisition

Condor has been working on a land acquisition programme for over 3 years and plans to acquire approximately 800 hectares of rural land for the production scenario in the PFS. ProNicaragua is assisting with a clean up of the land titles. Two independent valuations have been conducted and a strategy is being implemented to secure the rural land by paying 10% of the purchase price of the land to the landowners, who grant Condor an option to purchase the rural land for a two-year period. Offers to purchase the land have been made to all landowners; at the time of writing 26% have accepted.

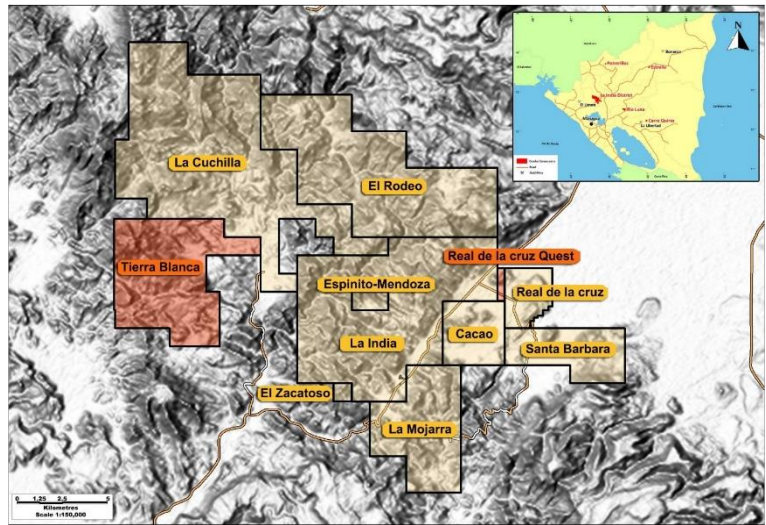


Figure 2. Location of Condor Gold’s concessions on La India Project. Granted concessions shaded yellow, applications shaded red.

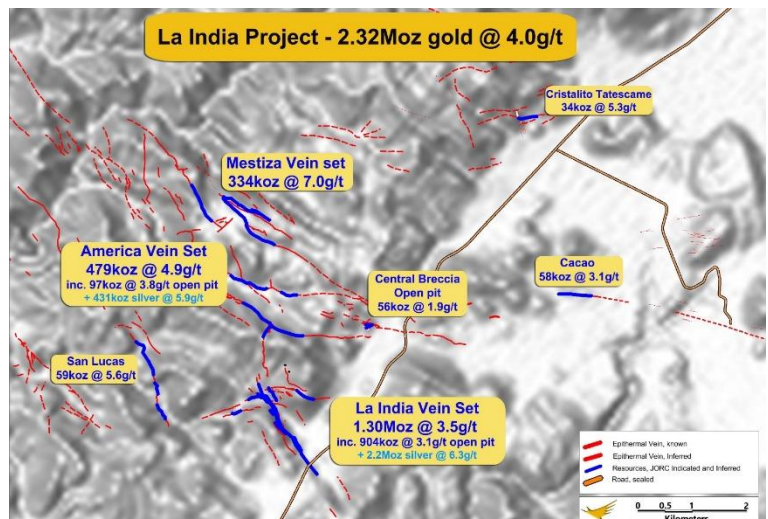


Figure 3. The surface distribution of Mineral Resources on la India Project.

**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Environmental Permit Application

An Environmental Impact Assessment (“EIA”) for an Environmental Permit was submitted to the Nicaraguan Government’s Ministry of the Environment and Natural Resources (“MARENA”) in November 2015. The application is for permission to undertake open pit mining at La India as envisaged in the PFS study released in December 2014. Preparations are underway for the public consultation which is required prior to approval of the permit.

Exploration Activity

During the year Condor collected 5942 soil samples covering 71km² area, 97 rock chip samples, and completed 7 diamond core drill holes for 1952m of drilling. The regional soil sampling was supplemented by geological mapping and a structural geology study. The exploration programme was designed to demonstrate the potential to expand and extend future gold production beyond that envisaged in the La India Project PFS and PEA studies. The initial drilling tested the potential to extend underground mining to greater depths beneath the planned La India open pit. Soil sampling, mapping and the structural geology study were used to look for evidence of undiscovered hidden deep-seated gold mineralisation beyond the core resource zone. The last three drill holes tested two of the regional soil targets generated.

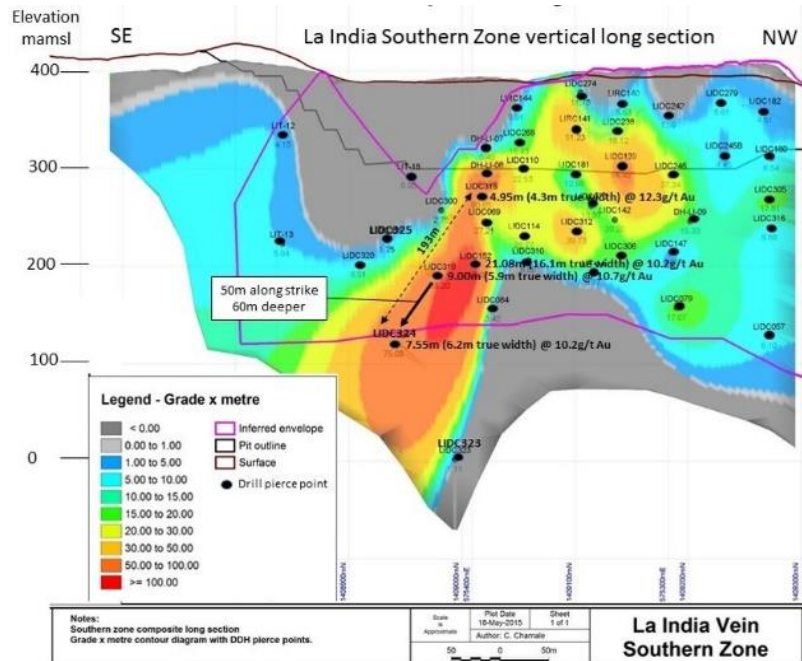


Figure 4. Ongoing collection of base-line meteorological data at La India as part of the EIA studies.

Four **diamond core drill holes** for 1324m were drilled to test the depth potential of gold mineralisation beneath and along strike of the proposed La India open pit which currently contains a combined inferred and indicated mineral resource of 11.5Mt at 3.5g/t for 1.30M oz gold of which the underground component is only 1.8Mt at 5.0g/t for 294,000 oz gold, figures that reflect the Company’s exploration strategy leading up to the PFS study which was to drill for open pit resources, rather than the full extent of high-grade gold mineralisation. The latest drilling demonstrated that high-grade gold mineralisation remains open along strike to the south at depth with an intercept of 7.55m (6.2m true width) at 10.2g/t gold at a vertical depth of 260m below surface. This intercept extended the known high-grade gold mineralisation at La India an extra 50m along strike and 60m to depth. The drill intercept was particularly significant as there is no evidence of gold mineralisation at surface above this intercept, demonstrating that hidden deep-seated high-grade gold mineralisation does occur at La India. This is encouraging for the Company’s regional exploration programme which targets similar hidden gold deposits.



Figure 5. Above: Deep gold mineralised drill core extending known mineralisation of the La India Vein along strike with an intercept of 7.55m (6.2m true width) at 10.2g/t gold. Right: Vertical long-section showing the location of the drill intercept (LIDC324) which extends a high-grade shoot a further 50m along strike and 60m to depth (open along strike and to depth). Blue-red colour shows computer generated contour of grade x width (gm/t).



**REVIEW OF OPERATIONS
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A regional soil geochemistry survey designed to look for high-level hydrothermal pathfinder elements above hidden deep-seated epithermal gold mineralisation was completed. The fine-fraction B-horizon soil was analysed for 53 elements at ultra-trace detection limits using ACME Laboratories in Vancouver's standard ICP-MS method. This method was selected based on the results of a 214 sample orientation survey completed in 2014 in which different soil horizons and different analytical methods were compared. The regional soil geochemistry survey database currently comprises 6156 samples, including the orientation survey samples, over a priority 71km² area selected during a District-scale prospectivity exercise undertaken by Condor geologists in 2013 and refined in 2014. The soil survey area was selected by integrating geophysics, surface geology and the existing exploration data. The selected area has a geological structural setting conducive to the transport and deposition of gold-bearing hydrothermal fluids, and surface geology characteristics of a high-level setting above the boiling zone where epithermal gold deposition is most likely to occur.



Figure 6. Training session on soil samples for multi-element ultra-trace geochemical analysis.

Interpretation of the soil geochemistry, in conjunction with field mapping, has improved the geological bedrock map through the identification of felsic, intermediate and mafic geochemical signatures, and identified alteration and mineralisation trends in areas where rock outcrops are sparse. For example dispersed and isolated gold outcrop occurrences at the Tatascame area, located 6km northeast of the La India open pit mineral reserve, show a clear linear soil anomaly with a northwest-southeast orientation which appears to be a strike continuation of the Andrea Vein, thus extending the Andrea hydrothermal conduit from a 2km long vein to a 4 to 7km long corridor. Similarly soil geochemistry demonstrates that hydrothermal activity on the structure that hosts the 400m long Cristalito Resource of 202kt at 5.27g/t for 34,000 oz gold actually extends for at least 1200m.

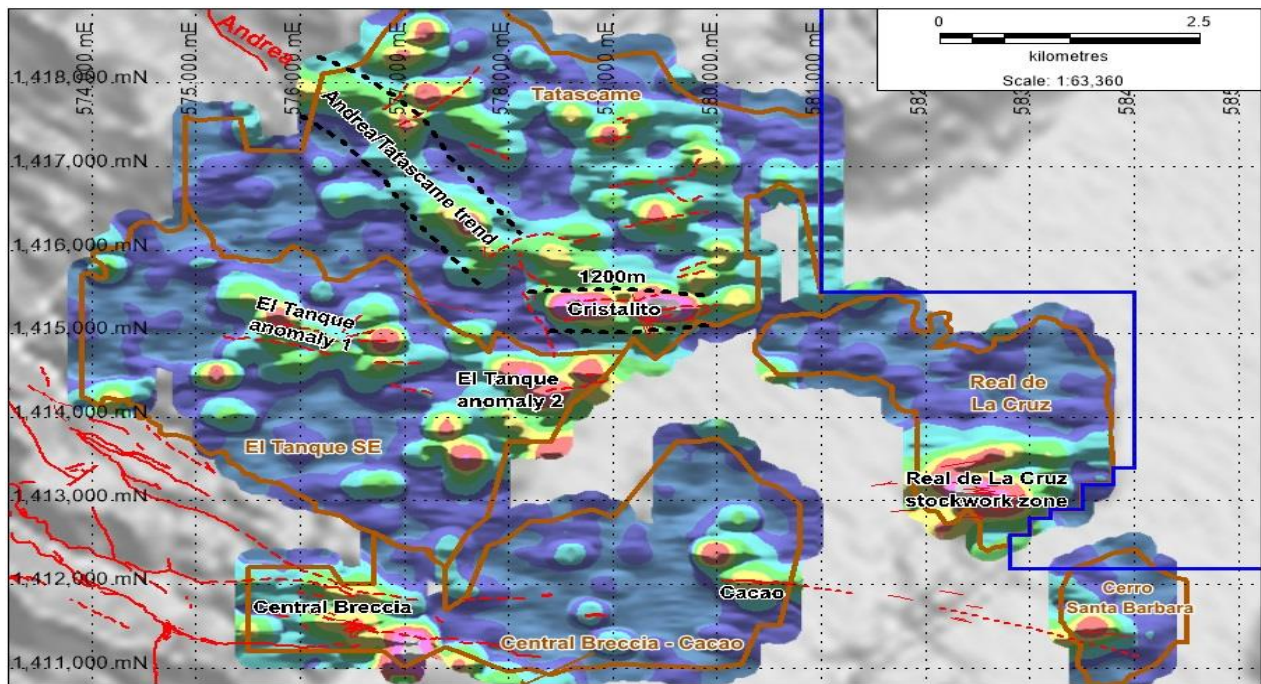


Figure 7. Principal soil gold anomalies identified on the Cacao-Central Breccia trend, El Tanque area, Tatascame area, Santa Barbara Hill and Real de La Cruz area. Yellow-red colours indicate gold enrichment in soil.

Field assessments of the soil anomalies commenced, with two soil anomalies that were identified along the strike to the southeast of La India open pit reserve on La Mojarrá Concession drill-tested by three drill holes for 628m drilling. The drilling on the El Carrizal and Cerro El Pilon soil anomalies returned high-level epithermal alteration and barren calcite veining at depths of up to 200m below surface at both localities suggesting that any gold mineralisation would be deeper and therefore beyond the target depth of the current exploration programme in these two targets.

**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Dr Tony Starling of Telluris Consulting Ltd was engaged to undertake a study on the **structural geology** of the La India Gold District. The study draws on the most recent academic and field studies to establish the position of La India Project within the Tertiary magmatic arc and tectonic framework, and represents a significant step forward in understanding both the structures that host, and the structures that offset, the gold mineralisation in the La India District. At regional scale the study improves understanding of the structural framework that controlled the flow and deposition of epithermal gold. At resource scale the work will enhance and improve confidence in future resource models. The findings, when integrated with ongoing geological mapping, geophysical, topographic and the existing exploration database provide a framework to interpret soil geochemistry anomalies and define and prioritise targets for further exploration for hidden deep-seated gold deposits.



Figure 8. Examining the Guapinol fault plane with consultant structural geologist Dr Tony Starling.

Dilational structures on faults that were active during the main phase of gold mineralisation, the second of three tectonic deformation phases identified in the geological history of La India District, have been identified as the main exploration targets for high-grade gold mineralisation. Where these structures occur in areas that were downthrown in the third and last deformation phase they are considered the most likely places to hide epithermal gold deposits at depth. Thirty-three structural targets have been identified in the study. All the targets are being assessed by detailed geological field mapping and the structural targets that occur in downthrown blocks and which coincide with soil geochemical anomalies characteristic of high-level hydrothermal activity above a gold-mineralised epithermal vein deposit are being prioritised for follow-up exploration.

New Concession Acquisition

On the 23rd June 2015, Condor was granted the Tierra Blanca 25 year exploration and mining Concession. This new concession adds an additional 32 km² to the western side of the La India Project concession package, increasing the La India Project to a 313km² area. The Tierra Blanca Concession is a greenfield exploration area with a highly prospective geological setting, covering a caldera complex within a broad epithermal gold mineralisation corridor that runs for 75km from the La India gold District to Nicaraguan producer B2Gold's Villa Nueva Project.

Other Project Areas

Rio Luna Concession

The Rio Luna Concession covers an area of 43 square kilometres in the Central Highlands of Nicaragua and contains 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, distributed between three separate vein sets. In total this equates to 87,000 oz gold equivalent at 3.9g/t gold equivalent (using a gold:silver ratio of 1:60). The Mineral Resource estimate was calculated by Independent Geological Consultants SRK (UK) Ltd 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 the 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.

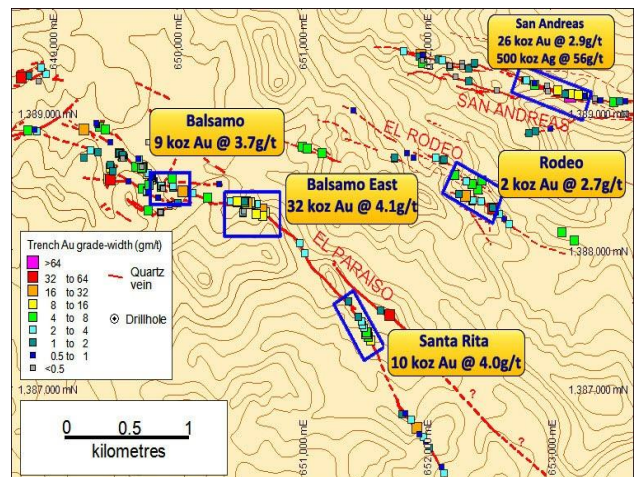


Figure 9. The location of Mineral Resources on the Rio Luna

This Mineral Resource Estimate demonstrates that where drilling has tested segments of the epithermal veining 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 defined additional areas of surface mineralisation along strike of the resource blocks remaining to be drill tested.

CONDOR GOLD PLC

REVIEW OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2015

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 and processed 20-50 tonne per day. 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 continue 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.

Trench and underground channel sampling by previous explorers and confirmed by Condor 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, often only exploiting one of the two-three structures returned an average intercept of 0.9m at 8.53g/t gold. Exploration for gold mineralisation away from the historic mine area has only returned one positive assay result from quartz vein float located approximately 1200m along strike of the historic gold mine workings which suggests that gold mineralisation extends over a strike length of over 1.5km. The challenge on this concession is to extend the size of the mineralised zone beyond the 400m strike length positively 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.

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 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 Potreriillos Concession. Channel sampling of trenches and old mine adits on the Potreriillos Concession carried out by Condor 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 and only 4km from the recently opened Jabali open pit gold mine 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. Over the last 4 years B2Gold have completed a programme of rockchip and soil sampling, and excavated 10 trenches on the principal 1.5km long gold mineralised vein.

EL SALVADOR – OPERATIONS REPORT

Condor has continued to maintain a presence in El Salvador, monitoring political activity on mining and following Oceana Gold, social investment activities, through their local Foundation, in the historical El Dorado Mine area.



Figure 10. Location of Condor Gold's concessions in Nicaragua.

CONDOR GOLD PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2015.

DIRECTORS

The Directors shown below have held office during the year:

M L Child
J Mellon
R Davey
P Flindell
K Harcourt – appointed 02/03/2015

SUBSTANTIAL SHAREHOLDERS

On 4 May 2016 the Company was aware of the following interests in 5% or more of the Company's issued share capital:

Shareholders	Number of ordinary shares	Holding %
Regent Pacific Group	3,977,274	7.61
Mr M Child	3,967,500	7.59
International Finance Corporation	3,900,000	7.46
Oracle Management Limited	3,954,645	7.57
Ross Beaty	3,750,000	7.18

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 2015 were:

Directors	Holding	31 December 2015		31 December 2014	
		Number of shares	Number of options	Number of shares	Number of options
M L Child	Direct	3,917,500	2,050,000	3,886,250	1,700,000
	Indirect	1,250	-	1,250	-
R Davey	Direct	32,500	650,000	32,500	500,000
	Indirect	-	-	-	-
J Mellon	Direct	38,820	800,000	38,820	-
	Indirect	4,499,496	-	4,327,274	650,000
P Flindell	Direct	-	362,500	-	212,500
	Indirect	-	-	-	-
K Harcourt	Direct	-	50,000	-	-
	Indirect	-	-	-	-

CONDOR GOLD PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015	Granted during the year	Exercised in the year	Lapsed in the year	As at 31 December 2015
DIRECTORS							
M L Child	180	20 Dec 2015	250,000	-	-	(250,000)	-
	100	27 Jun 2017	250,000	-	-	-	250,000
	100	30 Jun 2018	600,000	-	-	-	600,000
	100	23 Jul 2019	600,000	-	-	-	600,000
	100	7 Jul 2020	-	600,000	-	-	600,000
J Mellon	180	15 Apr 2016	250,000	-	-	-	250,000
	100	27 Jun 2017	100,000	-	-	-	100,000
	100	30 June 2018	150,000	-	-	-	150,000
	100	23 July 2018	150,000	-	-	-	150,000
	100	7 Jul 2020	-	150,000	-	-	150,000
R Davey	100	15 Apr 2016	100,000	-	-	-	100,000
	180	27 Jun 2017	100,000	-	-	-	100,000
	100	30 Jun 2018	150,000	-	-	-	150,000
	100	23 July 2019	150,000	-	-	-	150,000
	100	7 Jul 2020	-	150,000	-	-	150,000
P Flindell	160	3 October 2018	62,500	-	-	-	62,500
	100	24 July 2019	150,000	-	-	-	150,000
	100	7 Jul 2020	-	150,000	-	-	150,000
K Harcourt	100	7 Jul 2020	-	50,000	-	-	50,000

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

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 strict 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 2015

Board of directors

The board of directors at the year end included one executive chairman and three 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, for both committee board meetings and full operational board meetings. During the year to 31 December 2015 the board met for a total of 12 board meetings. 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.

Risk Committee

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

The Risk Committee's primary responsibilities are to identify and review the risks the group faces and to review the safeguards in place to mitigate those risks.

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.

CONDOR GOLD PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

Service Contracts Continued

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	-	25	6 April 2011	-	2 months
R Davey	25	-	19 December 2011	-	2 months
K Harcourt	18	-	2 March 2015	-	2 months
P Flindell	-	25	28 August 2014	-	2 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.

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 11:30a.m. on 23 June 2016 at the offices of The Institute of Directors; 116 Pall Mall, London, SW1Y 5ED. 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 £13,005 (2014: £13,250) 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 (IFRSs¹) 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.

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.

CONDOR GOLD PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The maintenance and integrity of the Condor Gold Plc web site, which includes compliance with AIM Rule 26, 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:

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
CONDOR GOLD PLC
FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Condor Gold Plc for the year ended 31 December 2015 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.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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.

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, 12 and 13 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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
CONDOR GOLD PLC
FOR THE YEAR ENDED 31 DECEMBER 2015

Opinion on the other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

Leo Malkin (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:

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 2015

	Notes	Year Ended 31.12.15 £	Year Ended 31.12.14 £
Administrative expenses		(3,066,679)	(3,265,730)
Operating loss	6	<u>(3,066,679)</u>	<u>(3,265,730)</u>
Finance income	5	<u>5,068</u>	<u>3,567</u>
Loss before income tax		<u>(3,061,611)</u>	<u>(3,262,163)</u>
Income tax expense	7	-	-
Loss for the year		<u>(3,061,611)</u>	<u>(3,262,163)</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Currency translation differences		839,395	335,494
Other comprehensive (loss) / income for the year		<u>839,395</u>	<u>335,494</u>
Total comprehensive loss for the year		<u>(2,222,216)</u>	<u>(2,926,669)</u>
Loss attributable to:			
Non-controlling interest		(125)	(4,352)
Owners of the parent		<u>(3,061,486)</u>	<u>(3,257,811)</u>
		<u>(3,061,611)</u>	<u>(3,262,163)</u>
Total comprehensive loss attributable to:			
Non-controlling interest		(3,825)	(1,748)
Owners of the parent		<u>(2,218,391)</u>	<u>(2,924,921)</u>
		<u>(2,222,216)</u>	<u>(2,926,669)</u>
Loss per share expressed in pence per share:			
Basic and diluted (in pence)	9	<u>7.62</u>	<u>8.12</u>

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 £
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	10	318,513	321,558
Intangible assets	11	18,374,085	16,607,111
		<hr/>	<hr/>
		18,692,598	16,928,669
CURRENT ASSETS			
Trade and other receivables	13	945,327	967,416
Cash and cash equivalents		1,105,457	4,761,128
		<hr/>	<hr/>
		2,050,784	5,728,544
TOTAL ASSETS		20,743,382	22,657,213
		<hr/>	<hr/>
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	559,984	571,117
		<hr/>	<hr/>
TOTAL LIABILITIES		559,984	571,117
		<hr/>	<hr/>
NET CURRENT ASSETS		1,490,800	5,157,427
		<hr/>	<hr/>
NET ASSETS		20,183,398	22,086,096
		<hr/>	<hr/>
SHAREHOLDERS' EQUITY			
Called up share capital	16	9,161,463	9,161,463
Share premium		27,442,728	27,442,728
Legal reserves		71	71
Exchange difference reserve		1,549,871	710,476
Share options reserve		3,556,198	3,236,680
Retained earnings		(21,526,933)	(18,465,322)
		<hr/>	<hr/>
		20,183,398	22,086,096
		<hr/>	<hr/>
TOTAL EQUITY ATTRIBUTABLE TO:			
Non-controlling interest		(77,012)	(73,187)
Owners of the parent		20,260,410	22,159,283
		<hr/>	<hr/>
		20,183,398	22,086,096
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board of directors on 26 May 2016 and were signed on its behalf by:



M L Child - Chairman
Company No: 05587987

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share Capital	Share premium	Legal reserve	Exchange difference reserve	Share option reserve	Retained earnings	Total	Non Controlling Interest	Total Equity
	£	£	£	£	£	£	£	£	£
At 1 January 2014	7,664,792	22,228,265	71	371,053	2,551,670	(15,130,353)	17,685,498	(68,877)	17,616,621
Comprehensive income:									
Loss for the year	-	-	-	-	-	(3,257,812)	(3,257,812)	(4,351)	(3,262,163)
Other comprehensive income:									
Currency translation differences	-	-	-	335,453	-	-	335,453	41	335,494
Total comprehensive income	7,664,792	22,228,265	71	706,506	2,551,670	(18,388,165)	14,763,139	(73,187)	14,689,952
New shares issued	1,496,671	5,214,463	-	-	-	-	6,711,134	-	6,711,134
Share based payment	-	-	-	-	685,010	-	685,010	-	685,010
At 31 December 2014	9,161,463	27,442,728	71	706,506	3,236,680	(18,388,165)	22,159,283	(73,187)	22,086,096
Comprehensive income:									
Loss for the year	-	-	-	-	-	(3,061,486)	(3,061,486)	(125)	(3,061,611)
Other comprehensive income:									
Currency translation differences	-	-	-	843,095	-	-	843,095	(3,700)	839,395
Total comprehensive income	9,161,463	27,442,728	71	1,549,601	3,236,680	(21,449,651)	19,940,892	(77,012)	19,863,880
New shares issued	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	319,518	-	319,518	-	319,518
At 31 December 2015	9,161,463	27,442,728	71	1,549,601	3,556,198	(21,449,651)	20,260,410	(77,012)	20,183,398

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.

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 £
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,305	3,056
Investments	12	3,516,852	3,945,734
Other receivables	13	18,552,024	16,369,851
		<u>22,070,181</u>	<u>20,318,641</u>
CURRENT ASSETS			
Other receivables	13	33,267	71,408
Cash and cash equivalents		1,083,086	4,749,512
		<u>1,116,353</u>	<u>4,820,920</u>
TOTAL ASSETS		<u>22,186,534</u>	<u>25,139,561</u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	479,014	483,095
TOTAL LIABILITIES		<u>479,014</u>	<u>483,095</u>
NET CURRENT ASSETS		<u>637,339</u>	<u>4,337,825</u>
NET ASSETS		<u>22,707,520</u>	<u>24,656,466</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	9,161,463	9,161,463
Share premium		27,442,728	27,442,728
Share options reserve		3,556,198	3,236,680
Retained earnings		(17,452,869)	(15,184,405)
TOTAL EQUITY		<u>22,707,520</u>	<u>24,656,466</u>

The financial statements were approved and authorised for issue by the Board of directors on 26 May 2016 and were signed on its behalf by:



M L Child
Chairman

Company No: 05587987

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total £
At 1 January 2014	7,664,792	22,228,265	2,551,670	(12,727,064)	19,717,663
Comprehensive income: Loss for the period	-	-	-	(2,457,341)	(2,457,341)
Total comprehensive income	7,664,792	22,228,265	2,551,670	(15,184,405)	17,260,322
New shares issued	1,496,671	5,214,463	-	-	6,711,134
Share based payment	-	-	685,010	-	685,010
At 31 December 2014	9,161,463	27,442,728	3,236,680	(15,184,405)	24,656,466
Comprehensive income: Loss for the period	-	-	-	(2,268,464)	(2,268,464)
Total comprehensive income	9,161,463	27,442,728	3,236,680	(17,452,869)	22,388,002
New shares issued	-	-	-	-	-
Share based payment	-	-	319,518	-	319,518
At 31 December 2015	9,161,463	27,442,728	3,556,198	(17,452,869)	(22,707,520)

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.

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.15	31.12.14
	£	£
Cash flows from operating activities		
Loss before tax	(3,061,611)	(3,262,163)
Share based payment	748,400	685,010
Depreciation charges	56,933	10,643
Impairment charge of intangible fixed assets	37,158	37,156
Finance income	(5,068)	(3,567)
	<u>(2,224,188)</u>	<u>(2,532,921)</u>
Decrease/(increase) in trade and other receivables	22,089	11,299
Increase/(decrease) in trade and other payables	(11,133)	(79,100)
	<u>(2,213,232)</u>	<u>(2,600,722)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(53,611)	(31,544)
Purchase of intangible fixed assets	(2,225,448)	(1,350,079)
Interest received	5,068	3,567
	<u>(2,273,991)</u>	<u>(1,378,056)</u>
Cash flows from financing activities		
Proceeds from share issue	-	6,711,134
	<u>-</u>	<u>6,711,134</u>
Net cash from financing activities	-	6,711,134
(Decrease) / increase in cash and cash equivalents	<u>(4,487,223)</u>	<u>2,732,356</u>
Cash and cash equivalents at beginning of year	4,761,128	2,268,470
Exchange gains cash and bank	831,552	(239,698)
	<u>1,105,457</u>	<u>4,761,128</u>

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31.12.15 £	Year Ended 31.12.14 £
Cash flows from operating activities		
Loss before tax	(2,268,464)	(2,457,341)
Share based payment	748,400	164,139
Depreciation charges	1,751	1,853
Finance income	(5,059)	(3,538)
	<u>(1,523,372)</u>	<u>(2,294,887)</u>
Increase / (decrease) in trade and other receivables	(2,144,112)	(1,804,277)
Decrease / (increase) in trade and other payables	(4,001)	(97,778)
	<u>(3,671,485)</u>	<u>(4,196,942)</u>
Cash flows from investing activities		
Interest received	5,059	3,538
Purchase of tangible fixed assets	-	(707)
	<u>5,059</u>	<u>2,831</u>
Cash flows from financing activities		
Proceeds from share issue	-	6,711,134
	<u>-</u>	<u>6,711,134</u>
Net cash from financing activities	-	6,711,134
(Decrease) / increase in cash and cash equivalents	(3,666,426)	2,517,023
Cash and cash equivalents at beginning of year	4,749,512	2,232,489
	<u>4,749,512</u>	<u>2,232,489</u>
Cash and cash equivalents at end of year	<u>1,083,086</u>	<u>4,749,512</u>

The notes in pages 36 to 57 form an integral part of these financial statements

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 Croft Chambers, 11 Bancroft, Hitchin, Herts, SG5 1JQ. 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 (sterling) ("£") 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. 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. On the basis of those cash flow projections, the directors consider that the Company is unlikely to require additional financial resources in the twelve month period from the date of approval of these financial statements to enable the Company to undertake its planned programme of exploration activity and to meet its commitments. The directors are confident that should predictions change and the Company requires further financing that they will be able to raise the required funds and/or manage the level of expenditure and therefore consider the going concern basis to be appropriate.

The financial statements have been rounded to the nearest pound.

Interpretations and amendments to published standards effective in 2015

The adoption of 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.

Standards, amendments and interpretations to published standards not yet effective

The Directors have considered those Standards and Interpretations, which have not been applied in the Financial Statements but are relevant to the Group's operations, that are in issue but not yet effective and do not consider that any will have a material impact on the future results of the Group.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

Basis of consolidation

The Group financial statements consolidate the accounts of its subsidiaries; Minerale 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 over but are not subsidiaries or joint ventures, are accounted for as associates. The results and assets and liabilities of the associates 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.

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.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES – continued

Financial instruments - continued

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.

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.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

Intangible assets – exploration costs, licences and minerals resources

Exploration expenditure comprises all costs which are directly attributable to the exploration of a project area.

Licences costs are those acquiring mineral rights and, the entry premiums paid to gain access to areas of interest.

Mineral resources costs are those 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.

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.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

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 11, 12 and 13.

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 going concern, price volatility, future dividend yields, expected life of the options and interest rates. These assumptions are described in more detail in note 17.

c) Going Concern

The Group reviews its going concern status, via comparisons to budgets, cash flow forecasts, and access to further financing. At the balance sheet date the group had £1,105,457 of cash, and since the period end date the Company raised £2.578m. Further to the £2.578m fundraise, a further £0.24m has been raised since the period end date due to the exercising of a non-dilute clause contained in a shareholder's agreement. The Company believes that this is more than adequate to fund the next 12 months activities. The Group's financial statements have been prepared on a going concern basis. The Group's financial statements do not reflect any adjustments as would be required if they were prepared on any other basis.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 are as follows:

	UK £	El Salvador £	Nicaragua £	Consolidation £
RESULTS				
Operating loss	2,273,524	1,260	757,113	3,066,679
Interest income	5,059	9	-	5,068
Income tax expense	-	-	-	-
Included in operating loss				
Impairment of intangibles	-	34,782	-	34,782
Depreciation	1,752	-	-	1,752

The Group's results by reportable segment for the year ended 31 December 2014 are as follows:

	UK £	El Salvador £	Nicaragua £	Consolidation £
RESULTS				
Operating loss	2,460,879	43,545	761,306	3,265,730
Interest income	3,538	29	-	3,567
Income tax expense	-	-	-	-
Included in operating loss				
Impairment of intangibles	-	37,158	-	37,158
Depreciation	1,853	-	8,790	10,643

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. REVENUE AND SEGMENTAL REPORTING - continued

Assets - 2015

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>3,637,848</u>	<u>1,822,107</u>	<u>15,283,427</u>	<u>20,743,382</u>
LIABILITIES				
Total liabilities	<u>479,014</u>	<u>467</u>	<u>80,503</u>	<u>559,984</u>

The group had intercompany debt owed to the UK at 31 December 2015 split segmentally as follows:

Due from El Salvador	£2,699,080
Due from Nicaragua	£18,560,983

Assets - 2014

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>4,823,976</u>	<u>4,724,504</u>	<u>13,108,733</u>	<u>22,657,213</u>
LIABILITIES				
Total liabilities	<u>483,095</u>	<u>562</u>	<u>87,460</u>	<u>571,117</u>

The Group had intercompany debt owed to the UK at 31 December 2014 split segmentally as follows:

Due from El Salvador	£2,045,674
Due from Nicaragua	£14,324,177

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

4. STAFF COSTS

	31.12.15	31.12.14
	£	£
Wages and salaries	3,364,613	2,163,922
Social security costs	180,608	138,505
	<u>3,545,222</u>	<u>2,302,427</u>

Staff costs included within additions to exploration costs during the year were £2,520,619 (2014: £2,080,548).

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

	Group		Company	
	2015	2014	2015	2014
Directors	5	4	3	4
Employees	45	85	1	2
	<u>49</u>	<u>89</u>	<u>4</u>	<u>6</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	
	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£
M L Child	100,000	100,000	50,000	50,000	150,000	150,000
K Harcourt	10,500	-	12,375	-	22,875	-
J Mellon	-	-	25,000	25,000	25,000	25,000
R Davey	32,900	30,000	-	-	32,900	30,000
P Flindell	-	-	46,950	54,490	46,950	54,490
Total	<u>143,400</u>	<u>130,000</u>	<u>134,325</u>	<u>129,490</u>	<u>277,725</u>	<u>259,490</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 2015

4. STAFF COSTS - continued

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 2015	Granted during the year	Exercised in the year	Lapsed in the year	As at 31 December 2015
DIRECTORS							
M L Child	180	15 Apr 2016	250,000	-	-	(250,000)	-
	100	27 Jun 2017	250,000	-	-	-	250,000
	100	30 Jun 2018	600,000	-	-	-	600,000
	100	23 Jul 2019	600,000	-	-	-	600,000
	100	7 Jul 2020	-	600,000	-	-	600,000
J Mellon	180	15 Apr 2016	250,000	-	-	-	250,000
	100	27 Jun 2017	100,000	-	-	-	100,000
	100	30 June 2018	150,000	-	-	-	150,000
	100	23 July 2018	150,000	-	-	-	150,000
	100	7 Jul 2020	-	150,000	-	-	150,000
R Davey	100	23 July 2019	150,000	-	-	-	150,000
	180	15 Apr 2016	100,000	-	-	-	100,000
	100	27 Jun 2017	100,000	-	-	-	100,000
	100	30 June 2018	150,000	-	-	-	150,000
	100	7 Jul 2020	-	150,000	-	-	150,000
P Flindell	160	3 October 2018	62,500	-	-	-	62,500
	100	24 July 2019	150,000	-	-	-	150,000
	100	7 Jul 2020	-	150,000	-	-	150,000
K Harcourt	100	7 Jul 2020	-	50,000	-	-	50,000

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 2015 was 21.75p (2014: 67.5p).

The market price during the year ranged from 20p to 76p (2014: 55p to 118p).

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

5. FINANCE INCOME

	31.12.15	31.12.14
	£	£
Deposit account interest	<u>5,068</u>	<u>3,567</u>

6. LOSS BEFORE TAX

The loss before tax is stated after charging:

	31.12.15	31.12.14
	£	£
Depreciation – owned assets	1,752	1,853
Fees payable to the company's auditor for the audit of parent company and consolidated financial statements	20,000	21,000
Foreign exchange differences	5,428	26,434
Impairment of intangible assets (See note 11)	34,782	37,156
Rent – operating leases	6,945	6,945

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. TAXATION

Analysis of the tax charge	31.12.15	31.12.14
	£	£
Current tax: Tax	-	-
Total tax charge in income statement	<u>-</u>	<u>-</u>
 Reconciliation of the tax charge		
	31.12.15	31.12.14
	£	£
Loss before tax	<u>(2,268,464)</u>	<u>(3,262,163)</u>
Loss before tax multiplied by standard rate of Corporation tax in the UK of 20% (2014: 20%)	(453,693)	(652,433)
Effects of:		
Non-taxation income/(non-deductible expenses)	(12,887)	(15,318)
Deferred tax not provided	466,580	667,751
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 £2,427,709 (2014: £1,976,594).

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 £2,268,465 (2014: £2,457,341).

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:

	31.12.15	31.12.14
	£	£
Basic earnings per share		
Loss for the year	3,061,611	3,262,163
Weighted average number of shares	40,183,746	40,183,746
Loss per share (in pence)	<u>(7.62)</u>	<u>(8.12)</u>
 Diluted earnings per share		

In accordance with IAS 33 and as the Group has reported a loss for the year, the share options and warrants as detailed in note 17 are anti-dilutive. Accordingly, diluted earnings per share is the same as basic earnings per share.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2014	166,806	101,389	31,341	126,598	57,438	483,572
Additions	17,598	4,196	2,632	65	7,057	31,548
Exchange difference	(8,898)	(5,387)	(1,511)	(6,729)	(2,243)	(24,768)
At 31 December 2014	175,506	100,198	32,462	119,934	62,252	490,352
Additions	17,773	47,544	1,152	3,915	2,050	72,434
Disposals	-	-	(816)	(14,188)	(3,819)	(18,823)
Exchange difference	11,833	6,285	1,204	8,156	1,824	29,302
At 31 December 2015	205,112	154,027	34,002	117,817	62,307	573,265
Accumulated depreciation and impairment:						
At 1 January 2014	(20,869)	(29,776)	(22,451)	(63,425)	(48,526)	(185,047)
Charge for period	4,483	(4,344)	(1,510)	(6,414)	(2,858)	(10,643)
Exchange difference	7,568	6,935	1,912	8,096	2,386	26,897
At 31 December 2014	(8,818)	(27,185)	(22,049)	(61,743)	(48,998)	(168,793)
Charge for period	(19,546)	(26,268)	(3,633)	(17,193)	(6,096)	(72,736)
Exchange difference	(12,425)	(6,545)	(621)	5,773	595	(13,223)
At 31 December 2015	(40,789)	(59,998)	(26,303)	(73,163)	(54,499)	(254,752)
Net Book Value:						
At 31 December 2014	166,688	73,013	10,413	58,191	13,253	321,558
At 31 December 2015	164,323	94,029	7,699	44,654	7,808	318,513

The current year depreciation charge for the subsidiaries of £70,985 (2014: £8,543) 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 2015

10. PROPERTY, PLANT AND EQUIPMENT – continued

Company	Fixtures & fittings £	Computer Equipment £	Totals £
Cost:			
At 1 January 2014	2,601	14,736	17,337
Additions	-	707	707
	<hr/>	<hr/>	<hr/>
At 1 January 2015	2,601	15,443	18,044
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2015	<u>2,601</u>	<u>15,443</u>	<u>18,044</u>
Depreciation:			
At 1 January 2014	(767)	(12,368)	(13,135)
Charge for the year	(650)	(1,203)	(1,853)
	<hr/>	<hr/>	<hr/>
At 1 January 2015	(1,417)	(13,571)	(14,988)
Charge for the year	(651)	(1,101)	(1,752)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	<u>(2,068)</u>	<u>(14,672)</u>	<u>(16,740)</u>
Net Book Value:			
At 31 December 2014	<u>1,184</u>	<u>1,872</u>	<u>3,056</u>
Net book Value:			
At 31 December 2015	<u>533</u>	<u>771</u>	<u>1,304</u>

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

11. INTANGIBLE ASSETS

	Exploration costs £	Mineral resources £	Licences £	Total £
Group				
Cost or valuation:				
At 1 January 2014	13,950,365	3,326,448	472,036	17,748,849
Additions	1,310,793	286,134	-	1,596,927
Exchange difference	326,212	-	-	326,212
At 31 December 2014	<u>15,587,370</u>	<u>3,612,582</u>	<u>472,036</u>	<u>19,671,988</u>
Additions	2,223,078	-	-	2,223,078
Disposals	-	(428,882)	-	(428,882)
Exchange difference	7,560	-	-	7,560
At 31 December 2015	<u>17,818,008</u>	<u>3,183,700</u>	<u>472,036</u>	<u>21,473,744</u>
Accumulated depreciation and impairment:				
At 1 January 2014	(1,892,175)	(663,510)	(472,036)	(3,027,721)
Impairment for year	(37,156)	-	-	(37,156)
At 31 December 2014	<u>(1,929,331)</u>	<u>(663,510)</u>	<u>(472,036)</u>	<u>(3,064,877)</u>
Impairment for year	(34,782)	-	-	(34,782)
At 31 December 2015	<u>(1,964,113)</u>	<u>(663,510)</u>	<u>(472,036)</u>	<u>(3,099,659)</u>
Net Book Value:				
At 31 December 2014	<u>13,658,039</u>	<u>2,949,072</u>	<u>-</u>	<u>16,607,111</u>
At 31 December 2015	<u>15,853,895</u>	<u>2,520,190</u>	<u>-</u>	<u>18,374,085</u>

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.

The Company continues to review its position in El Salvador, in 2015 the Company has had several meetings with officials, and continues to keep local representation in the country.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 El Salvador assets, which amounted to £4,028,756 (2014: £4,724,504) 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.
- The purchase of Pacific Rim Mining (in El Salvador) for circa US \$12m or US \$7 per total resource ounce gold equivalent.

In arriving at its assessment as to whether an impairment review is required in relation to its Nicaragua assets, which amounted to £14,345,337 (2014: £13,108,733) 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 developed 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.
- Sensitivity analyses have been performed to the key assumptions listed above which would not result in an impairment to these assets.
- The La India Concession was added to Condor's portfolio in late 2010 through a concession swap with Canadian miner B2Gold, following a Letter Agreement signed on 31 August 2010 between Condor and B2Gold. The current 68.5 sq km La India Concession was originally part of a much larger, 353.0 sq km El Limon –La India Concession, which in 1994 granted a 3% Net Smelter Royalty ("NSR") to Repadre Capital Corporation. Due to new mining laws, effective in August 2001, much of the El Limon-La India Concession was relinquished to the Government and became available for re-grant. Condor has received legal opinion from its lawyers in Nicaragua that the 3% NSR is invalid under Nicaraguan law. B2Gold provided Condor with a copy of a royalty agreement some 2 years after the concession swap. A hearing was held in Vancouver, Canada in May 2015 regarding the on-going dispute between B2Gold Corporation, Royal Gold Inc and Condor Gold plc over the NSR on the 65km² of La India Concession. The judge's ruling at the Vancouver hearing was received in September 2015. To quote the Judge: "In conclusion, I declare that La India Gold S.A. holds La India Concession subject to the royalty originally made between Minera de Occidente S.A. (now Triton, owned by B2Gold) as payor and Repadre Capital Corporation (now Royal Gold) as the present holder. The La India Concession, to the extent that it corresponds on the ground with the original concession subject of the royalty agreement, is, by clause 2.7 of the letter agreement, subject to the obligations of the royalty agreement." Condor has taken legal advice in Canada, Nicaragua and the UK on the implementation and enforceability of a Canadian ruling on a Nicaraguan incorporated company and has appealed the ruling.
- The Company published an updated 43-101 on its website on the 21st December 2014, this includes a PFS on La India Project which has demonstrated a robust, economically viable base case on La India open pit with a post-tax IRR of 22% assuming a US\$1,250 gold price. Maiden Probable Mineral Reserves are 6.9Mt at 3.0g/t for 675,000 oz gold. A 0.8Mtpa plant produces average annual production of 79,300 oz gold over 7 years with lower quartile all-in-sustaining cash costs ("AISC") of US\$690 per oz gold. A high-grade 3g/t gold open pit mineral reserve has resulted in a relatively small 2,300tpd plant with resultant low upfront capital cost of US\$110 million including contingency.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

11. INTANGIBLE ASSETS (CONTINUED)

- In January 2016 the Company announced the findings of a Whittle Consulting Enterprise Optimisation Study analysing the Net Present Value for four production scenarios; this increased the contained gold within pit shells by 30% and gold produced by 20% to 25% per annum. Recovered gold ranges from 866,000 oz gold to 1.54M oz gold over the life of mine (see announcement of 22 January 2016).

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.

12. INVESTMENTS

Company	Equity in subsidiary undertakings £	Capital contribution £	Total £
Cost:			
1 January 2014	3,332,026	756,347	4,088,373
Capital contribution relating to share based payment 31 December 2014	285,957	234,914	520,871
	3,617,983	991,261	4,609,244
Disposal relating to share based payment	(428,882)	-	(428,882)
At 31 December 2015	3,189,101	991,261	4,180,362
Provision for impairment:			
Charge at 1 January 2014	(663,510)	-	(663,510)
At 31 December 2014 and December 2015	(663,510)	-	(663,510)
Net Book Value:			
At 31 December 2014	2,954,473	991,261	3,945,734
At 31 December 2015	2,525,591	991,261	3,516,852

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.

The capital contribution relating to share based payments relates to 264,000 share options granted by the Company to employees of a subsidiary undertaking in the Group during the previous 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	(768,867)	(1,251)
Condor S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(1,195,273)	(138,580)
La India Gold S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(1,013,388)	(618,533)
Cerro Quirioz Gold S.A.	Nicaragua	20	Ordinary	Gold and silver exploration	-	-

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
	£	£	£	£
Current:				
Other receivables	911,858	897,919	4,919	23,242
Prepayments	33,469	69,497	28,348	48,166
	<u>945,327</u>	<u>967,416</u>	<u>33,267</u>	<u>71,408</u>
Non-current:				
Amounts owed by Group undertakings	-	-	20,208,037	18,025,864
Provision	-	-	<u>(1,656,013)</u>	<u>(1,656,013)</u>
	<u>-</u>	<u>-</u>	<u>18,552,024</u>	<u>16,369,851</u>
	<u>945,327</u>	<u>967,416</u>	<u>18,585,291</u>	<u>16,441,259</u>

In assessing whether an impairment is required for the carrying value of the amounts owed by Group undertakings to the Company, 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	
	31.12.15	31.12.14	31.12.15	31.12.14
	£	£	£	£
Assets as per balance sheet				
Loans and receivables:				
Other receivables	945,327	967,416	33,267	71,408
Cash and cash equivalents	<u>1,105,457</u>	<u>4,761,128</u>	<u>1,083,086</u>	<u>4,749,512</u>
Total	<u>2,050,784</u>	<u>5,728,544</u>	<u>1,116,353</u>	<u>4,820,920</u>

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14. FINANCIAL INSTRUMENTS – continued

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
	£	£	£	£
Liabilities as per balance sheet				
Loans and receivables:				
Trade and other payables	280,522	315,772	294,105	304,864
Accrued expenses	<u>279,462</u>	<u>255,345</u>	<u>184,909</u>	<u>178,231</u>
Total	<u>559,984</u>	<u>571,117</u>	<u>479,014</u>	<u>483,095</u>

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

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	
	2015	2014	2015	2014
USD	0.6540	0.6072	0.6745	0.6437
1				
NIO 1	<u>0.0239</u>	<u>0.0231</u>	<u>0.0238</u>	<u>0.0240</u>

A decrease of 1% in the relative strength of sterling (GBP) to US dollars (USD) would result in an increased realised foreign exchange losses of £5,040 (2014: £4,409).

The Nicaraguan Cordoba (NIO) is set on a crawling peg to the US Dollar, with a fixed 5% devaluation per annum. Therefore the Directors do not currently consider any change in the relative strength of the Cordoba to be a risk to the Company. Should NIO break away from its crawling peg to the USD, the Directors will review this risk.

(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.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14. FINANCIAL INSTRUMENTS – continued

(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 within the Strategic Report on pages 6 – 8.

At 31 December 2015 the currency and interest rate profile of the financial assets and liabilities of the Group was as follows:

	31.12.15		31.12.14	
	£	Weighted average interest rate	£	Weighted average interest rate
Financial assets:				
GBP – cash and cash equivalents	1,083,086	0.20%	4,749,512	0.20%
USD – cash and cash equivalents	685	0.00%	1,249	0.00%
NIO – cash and cash equivalents	<u>21,686</u>	0.00%	<u>10,367</u>	0.00%
Total	<u>1,105,457</u>		<u>4,761,128</u>	

A decrease of 1% on the interest rates offered by the bank will result in a decrease in interest receivable of £5,068 (2014: £3,567).

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

15. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
	£	£	£	£
Current:				
Trade payables	(46,856)	(12,527)	(22,588)	(12,269)
Social security and other taxes	18,124	18,664	7,439	7,499
Other payables	309,254	309,635	309,254	309,634
Accrued expenses	279,462	255,345	184,909	178,231
	<u>559,984</u>	<u>571,117</u>	<u>479,014</u>	<u>483,095</u>
Total	<u>559,984</u>	<u>571,117</u>	<u>479,014</u>	<u>483,095</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.

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Ordinary shares £	Share premium £	Total £
At 31 December 2014	38,223	7,664,792	22,228,265	29,893,057
Proceeds from shares issued	7,584	1,496,671	5,214,463	6,711,134
At 31 December 2014	<u>45,807</u>	<u>9,161,463</u>	<u>27,442,728</u>	<u>36,604,191</u>
Proceeds from shares issued	-	-	-	-
At 31 December 2015	<u>45,807</u>	<u>9,161,463</u>	<u>27,442,728</u>	<u>36,604,191</u>

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

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 2014 were as follows:

Date of Grant	1 January 2014 No. of shares	Issued in Year	Exercised in year	Forfeit or lapsed in year	31 December 2014	Date from which options are first exercisable	Lapse date
10/09/2009	50,000	-	-	-	50,000	11/09/2010	10/09/2014**
31/12/2010	50,000	-	-	-	50,000	01/11/2011	31/12/2015
15/04/2011	717,400	-	-	-	717,400	16/04/2014	15/04/2016
15/08/2011	43,500	-	-	-	43,500	16/07/2012	18/08/2016
10/10/2011	20,000	-	-	-	20,000	16/07/2012	10/10/2016
20/12/2012	847,000	-	-	(89,300)	757,700	21/12/2013	20/12/2017
01/07/2013	1,412,500	-	-	(12,500)	1,400,000	01/07/2014	30/06/2018
23/07/2014	-	1,530,500	-	(17,000)	1,513,500	24/07/2015	22/07/2019
	<u>3,140,400</u>	<u>1,530,500</u>	-	<u>(118,800)</u>	<u>4,552,100</u>		

CONDOR GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Details of the share options outstanding during 2015 were as follows:

Date of Grant	1 January 2015 No. of shares	Issued in Year	Exercised in year	Forfeit or lapsed in year	31 December 2015	Date from which options are first exercisable	Lapse date
10/09/2009	50,000	-	-	(50,000)	-	11/09/2010	10/09/2014
31/12/2010	50,000	-	-	(50,000)	-	01/11/2011	31/12/2015
15/04/2011	717,400	-	-	(247,400)	470,000	16/04/2014	15/04/2016
15/08/2011	43,500	-	-	(43,500)	-	16/07/2012	18/08/2016
10/10/2011	20,000	-	-	(20,000)	-	16/07/2012	10/10/2016
20/12/2012	757,700	-	-	(211,300)	546,400	21/12/2013	20/12/2017
01/07/2013	1,400,000	-	-	(259,900)	1,140,100	01/07/2014	30/06/2018
23/07/2014	1,513,500	-	-	(100,000)	1,413,500	24/07/2015	22/07/2019
07/07/2015	-	1,429,000	-	(62,000)	1,367,000	07/07/2015	06/07/2020
	4,552,100	1,429,000	-	(1,044,100)	4,937,000		

During the year 340,000 share options expired (2014: 37,500) and 704,100 were forfeited (2014: 81,300).

The weighted average exercise price per share is 157p (2014: 142p) and the average contractual life is 5 years (2014: 5 years).

The estimated fair value of the options and warrants granted in 2015 was £773,891 (2014: £1,152,275) 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:

	2015	2014
Share price	61p	86p
Exercise price	67p	100p
Expected volatility	147.26%	144.38%
Expected life (yrs.)	5	5
Risk free rate	0.820%	1.370%
Expected dividend yield	-	-

A movement from the share option reserve of £319,518 (2014: £685,010) 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 4 years (2014: 3 years).

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

b) Warrants

During the year the Company did not issue any warrants to its consultants for services provided (2014: NIL). No warrants were issued as part of share subscriptions during the year (2014: 1,950,000).

The warrants all previously issued had a maximum life of two and a half years from the date they were issued, other than the 2014 warrants which have a 4 year life.

The estimated fair value of the warrants granted in 2015 was £NIL (2014: £1,357,423).

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:

<u>Company</u>	<u>Related party</u>	<u>31.12.15</u>	<u>31.12.14</u>	<u>Outstanding at</u>
		<u>£</u>	<u>£</u>	<u>year end</u>
				<u>£</u>
Burnbrae Limited	J Mellon	2,000	25,000	-
Axial Associates Limited	M L Child	50,000	50,000	-
	P Flindell	11,538	54,490	3,750
	K Harcourt	13,204	-	-

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.

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

	<u>31.12.15</u>	<u>31.12.14</u>
	<u>£</u>	<u>£</u>
Condor S.A.		
Brought forward loan balance	3,253,314	2,519,823
Additional loans during the period	614,694	715,491
Closing balance	<u>3,868,008</u>	<u>3,235,314</u>
	<u>31.12.15</u>	<u>31.12.14</u>
	<u>£</u>	<u>£</u>
Minerales Morazan S.A.		
Brought forward loan balance	2,045,674	2,008,136
Additional loans during the period	37,785	37,538
Closing balance	<u>2,083,459</u>	<u>2,045,674</u>
	<u>31.12.15</u>	<u>31.12.14</u>
	<u>£</u>	<u>£</u>
La India Gold S.A.		
Brought forward loan balance	11,088,863	9,935,630
Additional loans during the period	1,511,694	1,153,233
Closing balance	<u>12,600,557</u>	<u>11,088,863</u>

19. OPERATING LEASES

The Group has an operating lease for rent. The total value of minimum lease payments is £16,670 (2014: £16,670), and the amount due within one year is £8,335 (2014: £8,335).

20. CONTROLLING PARTY

There is no ultimate controlling party.

CONDOR GOLD PLC

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21. POST BALANCE SHEET EVENTS

After the year end a placement was completed with proceeds amounting to £2.6m, issuing 6,445,000 shares and 4,296,667 warrants with an exercise price of 60 pence, two year life and exercise consideration of £2.58m, should they all be exercised.

22. CONTINGENT LIABILITIES

A previous claim made by an ex-employee (Mr P O'Hare) was settled during the period. A payment has been made to settle with the ex-employee, being £550,000, and an initial payment of £250,000 towards legal costs. However, the legal costs are yet to be agreed and Condor are currently working to agree the legal costs via mediation.