TECHNICAL REPORT ON THE LA INDIA GOLD PROJECT, NICARAGUA, DECEMBER 2014

Prepared For

Condor Gold Plc

Report Prepared by

srk consulting

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UK5963

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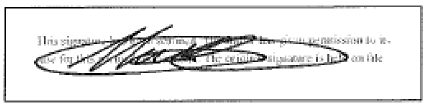

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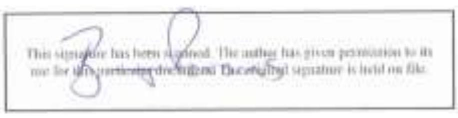

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EXECUTIVE SUMMARY TECHNICAL REPORT ON THE LA INDIA GOLD PROJECT, NICARAGUA, DECEMBER 2014

1 INTRODUCTION

SRK Consulting (UK) Limited (SRK) has been requested by Condor Gold Plc (Condor or the Company) to prepare a technical report on its' wholly owned La India Gold Project (La India or the Project).This technical report (the Technical Report) has been prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 and presents the most up to date MRE, the results of a Pre-Feasibility Study (PFS) completed on the Project in November 2014 and a Preliminary Economic Assessment (PEA) of two alternative options for developing the project that have not yet been progressed to the PFS stage.

The PFS envisages the mining of a single open pit, termed La India (the "Base Case") to produce 800,000 tonnes of ore per annum. The PEA covers two scenarios, one in which the mining is also undertaken from two additional open pits ("Scenario A"), termed America and Central Breccia Zone (CBX) and which increases the plant feed to 1.2 million tonnes per annum (mtpa), and one where the mining is extended to cover two underground operations, at La India and America respectively ("Scenario B"), and in which the processing rate is further increased to 1.6mtpa. In addition both PEA scenarios incorporate the mining of Inferred Mineral Resources which were not considered by the PFS.

The reporting standard adopted for the reporting of the Mineral Resource Estimate ("MRE") and Ore Reserve Estimate 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 (The CIM Code). The CIM Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee ("CRIRSCO").

This Qualified Persons (QPs) responsible for this report are Dr Tim Lucks, Mr Ben Parsons and Mr Gabor Bacsfalusi. Mr Parsons assumes responsibility for the MRE, Mr Bacsfalusi for the mining aspects and Dr Lucks for the report as a whole.

The financial analysis performed from the results of this feasibility study demonstrates the robust economic viability of the proposed La India project using the base case assumptions considered. The financial analysis of the two PEA scenarios considered highlight the flexibility, scalability and potential economic upside of La India Project.

2 PROPERTY DESCRIPTION

La India is located on the western flanks of the Central Highlands in the northwest of Nicaragua in the municipalities of Santa Rosa del Peñon and El Jicaral near the regional centre of Leon, approximately 70 km to the north of the capital city of Managua, Nicaragua.

Condor holds 100% ownership of a 281 km^2 concession package covering 98% of the historic La India Gold Mining District, north of Managua, Nicaragua. The concession package comprises nine contiguous concessions, of which five were awarded directly from the Government of Nicaragua ("the Government") between 2006 and 2014. The remaining four concessions were acquired from other owners.

Records exist for Industrial-scale gold mining centred on the La India deposit between 1936 and 1956, by Compania Minera La India and Noranda Mines of Canada. Production records suggest an estimated total production of some 575,000 oz gold from 1.73 Mt at 13.4 g/t Au.

SRK has produced five Mineral Resource Estimates on the La India Project prior to the latest Mineral Resource Estimate September 2014, including: January 2011, April 2011, December 2011, September 2012 and November 2013. In addition, a PEA for the La India Project was prepared by SRK in February 2013.

3 GEOLOGY

The La India deposit comprises high-grade low-sulphidation epithermal gold-silver mineralised veins hosted by Tertiary intermediate to felsic volcanic rocks. The host lithologies include basaltic andesite, andesite and dacite-rhyolite lavas, and andesitic and dacite pyroclastic deposits. Historical mining exploited higher grade veins within the district, with the bulk of the production from the high-grade veins on the La India and America Vein Sets.

4 EXPLORATION, DRILLING AND SAMPLING

Since the last Mineral Resource update in November 2013, the Company has used the results from airborne magnetic and radiometric surveys to develop a district-scale geological model of the La India Project's epithermal gold mineralisation system. Based on the geophysics and follow-up rock chip sampling, Condor completed a trenching campaign during 2014 which focused on testing a number of regional targets. Data from the 2014 trenching campaign has not been included in the September 2014 MRE.

No new drilling has been completed since the 2013 MRE. All work completed since this has been produced based on data verification and geological interpretation. The total size of the drilling database for La India Project is some 465 holes for 66,879 m.

All samples from the most recent drilling programmes have been sent for preparation to BSI-Inspectorate Laboratories sample preparation facility in Managua, and then dispatched to Reno Nevada (USA) for analysis by fire assay. Density determinations by an industry-standard wax-coated water immersion technique have provided a reasonable assessment of density for the deposit.

SRK is confident that the data provided by the Company is of sufficiently high quality, and has been subjected to a sufficiently high level of verification to support the MRE as presented here.

5 MINERAL RESOURCE ESTIMATES

The only changes made in producing the Mineral Resource presented here when compared to that derived in 2013 relate to a re-interpretation of the La India (wall-rock mineralisation) hangingwall vein domains and the grade interpolation parameters and methodology are essentially as used for the November 2013 MRE. In summary SRK has:

- Modelled mineralisation domains in 3D, including the re-interpretation of a series of hangingwall features based on increased confidence in the orientation, texture and subsequent continuity of the structures;
- Completed a statistical analysis of the sample assay data to determine an optimum sample composite length;
- Applied high-grade caps determined per estimation domain from log-probability and histograms;
- Created block models with block dimensions of 25x25x10 m (or 20x10x10 m for Central Breccia);
- Undertaken statistical and geostatistical analyses to determine appropriate interpolation algorithms for each mineralised domain;
- Undertaken a Quantitative Kriging Neighbourhood Analysis (“QKNA”) to test the sensitivity of, and refine, the above interpolation parameters;
- Used the above to above to interpolate grades into the block models;
- Visually and statistically validated the estimated block grades relkative to the original sample results; and
- Reported the Mineral Resource according to the terminology, definitions and guidelines given in the CIM Code.

Upon consideration of data quality, drill hole spacing and the interpreted continuity of grades controlled by the deposit, SRK has classified portions of the deposit in the Indicated and Inferred Mineral Resource categories

SRK has applied basic economic considerations to restrict the Mineral Resource to material that has reasonable prospects for economic extraction by open-pit and underground mining methods. To determine this, the Mineral Resource has been subject to a pit optimisation study using Whittle Software and a set of assumed technical and economic which were selected based on experience and benchmarking against similar projects.

The CIM Compliant Mineral Resource Statement is presented in Table ES 1 below.

Table ES 1: Mineral Resource Estimate, dated 30 September 2014

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 Project 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.
(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

6 MINERAL RESERVE

The Mineral Reserve Estimate derived for the Project by SRK is restricted to that portion of the La India deposit which could be realised through open pit mining methods as presented in Table ES 2.

Table ES 2: Mineral Reserve Estimate, dated 1 November 2014

Mineral Reserve Class	Diluted Tonnes	Diluted Grade		Contained Metal	
	(Mt dry)	(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**

1. Open pit mineral reserves are reported at a cut-off grade of 0.75 g/t Au and gold price of US$1,250, 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.
2. Average ore loss and dilution are estimated at 5% and 12%, respectively.
3. 91% Au and 69% Ag metallurgical recovery was used.
4. The reporting standard adopted for the reporting of the Mineral Reserve uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (2014) as required by NI 43-101.
5. SRK completed a site inspection to the deposit by Mr Gabor Bacsfalusi, BEng (MAusIMM(CP), Membership Number 308303, an appropriate “independent qualified person” as this term is defined in National Instrument 43-101.

The Mineral Reserve estimate has been constrained with estimates of gold price, mining dilution, process recovery, selling costs and sales royalties. Mining, processing, general and administrative operating costs were estimated based on expected mining rates and mill throughputs. These costs and modifying factors were considered along with the geotechnical parameters to form the basis for the open pit optimisation and subsequent pit design.

7 GEOTECHNCIAL MINE DESIGN CRITERIA

SRKs' geotechnical analysis of the La India Project has been based on the results from the comprehensive drilling programmes completed to date supplemented by limited surface and underground mapping. This work showed the rockmass strength to vary significantly over the length of the La India pit and provided recommendations for optimised pit slope angles for consideration in conjunction with geological structural and hydrogeological data, with resulting slope angles ranging from 47-50 degrees in the footwall and 46-49 degrees in the hangingwall of the La India mineralisation.

Based on the slope design recommendations, SRK prepared an engineered pit design for which a safety above the acceptance criteria was obtained on all the slopes analysed except for the Northern footwall domain due to the presence of faulting. Whilst the PFS pit design accounts for faulting behind the Northern footwall SRK has recommended that the fault structure (namely position and characteristics) should be further investigated at the FS level to allow a greater confidence in the current pit design.

8 MINING

Only Mineral Resources classified as Indicated were included in the pit optimisation process used to derive the open pit for the PFS.

Mining recovery and dilution factors for the La India open pit have been based on a regularised 2.5 m x 2.5 m x 2.5 m diluted mining model and a cut-off grade ("CoG") of 0.75 g/t Au. The average ore loss and dilution with the pit design is 5.2% and 12.4%, respectively. The mining operations assume a highly selective mining method in mineralised zones.

Based on the pit optimisation results, strategic planning objectives and the Company's key policy drivers, the 1,250 USD/oz shell (revenue factor 1.0) was selected for developing the mine design and strategic schedule. The 1,250 USD/oz pit shell is reflective of the maximum economic pit for the defined input parameters.

The engineered final and cutback designs have been completed in order to verify the technical feasibility of the optimised pit shells. The engineered pit designs are based on the selected 1,250 USD/oz pit shell.

The mine schedule has been produced in quarterly periods for the first four years and in annual periods thereafter.

Waste rock from the open pit mining operation will be stored and managed within two external waste rock dumps ("WRD"), namely the West WRD and the South WRD. In addition, in-pit backfill within the mining void ('Backfill North' and 'Backfill South') will be completed.

9 HYDROLOGY AND HYDROGEOLOGY

The La India project area is subject to intense rainfall events and a river currently flows through the proposed pit footprint. As such, mitigating the effects of the river is a major consideration with respect to the viability of the project.

Hydrology and surface water management has been investigated by SRK based on monitoring of the local surface water network, flood peak estimates, total watercourse length and the average channel slope, with study findings used to support the PFS design. Methods analysed to mitigate flooding risk include incorporating a dam upstream of the La India pit (with a pumping system to discharge water downstream), an additional attenuation structure ("Holding Pond") and additional dams proposed upstream of the Holding Pond.

With respect to groundwater the La India area is essentially a brownfield site, with water levels unlikely to ever recover to their pre-mining levels due to the presence of historical workings and the San Lucus drainage adit. Pumping tests were completed to characterise groundwater hydraulic properties. The groundwater system is dominated by the historical underground workings, drainage adit and permeable structures (including faults and veins), with significant inter-annual variability associated with groundwater re-charge.

SRK considers that the proposed dewatering operations at La India (including Pre-dewatering of the open pit through pumping of the abandoned workings) will result in groundwater levels dropping close to the levels of drawdown observed during the historical mining activity, with associated impacts on a number of springs, the discharge from the San Lucas drainage adit and baseflow to the Aquas Frias river. The consequences of these impacts are considered likely to be small.

The study findings have been incorporated in to a site wide water balance, which has been used to influence the surface water management design, design for storm events and size the various pumping systems throughout the La India site.

10 METALLURGICAL TESTWORK

SRK has designed and supervised a metallurgical development programme for the La India Project. PFS metallurgical studies were conducted on master composites and variability composites formulated from drill core from the La India Vein set.

The metallurgical programme was conducted by Inspectorate Exploration and Mining Services ("Inspectorate"). Solid liquid separation studies on final tailing products from each of the La India master composites were performed by Pocock Industrial ("Pocock").

The objectives of the metallurgical programme were to conduct baseline investigations to determine cyanidation, gravity concentration and flotation characteristics of the test composite; and generate adequate data to establish an optimised gold recovery process. These two aspects have then been used to design a process flowsheet.

The key results from the testwork as summarised as follows:

- The La India Project test composites are highly amenable to gold and silver recovery by cyanidation processing.
- The results of metallurgical studies demonstrate that material from the La India Gold Project can by processed by either a standard carbon in pulp (CIP) or carbon in leach (CIL) cyanidation process flowsheet that would include crushing, grinding, agitated cyanide leaching, gold and silver adsorption onto activated carbon, gold and silver desorption, electrowinning and refining.

- Gold recovery from the La India deposit is estimated at about 91% and includes a 2% reduction from reported extractions to allow for plant inefficiencies. Gold recoveries of 94.5% and 87% have been assumed for the America and CBZ deposits respectively.
- Silver recovery from the La India deposit is estimated at about 70% and includes a 2% reduction from reported extractions to allow for plant inefficiencies. For the America deposit a silver recovery of 70.5% has been applied.
- Testwork on variability composites from the La India system, yielded gold and silver recoveries that were similar to those obtained from the La India Master composites.

11 PROCESS DESIGN

Condor retained Lycopodium Minerals Canada Ltd ("Lycopodium") to undertake the process plan design aspects of the PFS. Lycopodium's scope of work included providing preliminary design, capital costs, and operating costs for an 800,000 tpa gold process plant and associated infrastructure.

The plant design developed by Lycopodium is for the treatment of 805,000 tpa with 92% mill availability, with standby equipment in critical areas. The process plant design allows for fluctuations in mine production throughput. The ore is clean, of high hardness and extremely high abrasion, and with average life-of-mine ("LoM") head grades of 3.0 g/t gold and 5.3 g/t silver. To accommodate for the variability in head grades, the plant has been designed for head grades of 3.4 g/t gold and 5.8 g/t silver. The overall process flowsheet has been based on a single stage *Semi*-Autogenous grind ("SAG") comminution and conventional CIL circuit.

The cost estimates for the 1.2 Mtpa and 1.6 Mtpa process plant were factored by SRK from the Lycopodium 0.8 Mtpa estimate.

12 WASTE GEOCHEMISTRY

A series of short term ("static") geochemical tests have been undertaken to allow the preliminary assessment of ARDML characteristics, with samples sent to Maxxam laboratories in Canada for analysis. Based on the conclusions drawn from the investigation SRK has recommended that the contact waters from the waste rock facility should be reutilised or treated to acceptable limits being to being discharged to receiving waters, with appropriate use of monitoring wells and waste rock dump (WRD) rehabilitation following closure.

The assessment of tailings geochemistry is based on testing undertaken by Inspectorate in support of the PFS metallurgical testing program. Based on the results of the study SRK has recommended that the appropriate tailings handling mechanisms are instated, including use of an appropriate seepage barrier, collection and re-circulation of seepage and use of appropriate closure design with groundwater monitoring.

With regards to the La India open pit, water quality is predicted to be of reasonable quality and is not predicted to require treatment prior to discharge.

13 TAILINGS WASTE MANAGEMENT

The tailings storage case considered for the PFS comprises: a maximum production rate of 800ktpa; and, a total tailings of tonnage of 6,900,000t (or 5,960,000m^3 assuming 1.157t/m^3 density).

The main features of the TSF engineering design have been designed to be both in line with typical industry requirements, but also with consideration for local project requirements including the need to mitigate against the impact from regional seismicity.

14 INFRASTRUCTURE

The proposed infrastructure assets and modifications to existing regional infrastructure required to support the operation of the La India Gold project are presented in Table ES 3.

Table ES 3: Summary of Infrastructure

Task	Subtask
Site Infrastructure	Mine Maintenance Area
	Accommodation Camp
	Explosives Storage Facility
	ROM Pad and haul roads
Project Regional Infrastructure	Road Diversion (2 Km)
	Power Transmission Line Diversion (3 Km)
Power Supply	Tie-in to the National Grid Transmission Infrastructure

15 ENVIRONMENTAL AND SOCIAL MANAGEMENT

The La India project will require an Environmental Impact Assessment (“EIA”) as part of the application for an Environmental Permit for exploitation. The Company has not yet formally commenced the permitting process, as key project engineering details required for the Environmental Permit application have only recently become available. In advance of the formal EIA procedure, environmental and social activities such as baseline data collection and general stakeholder engagement have commenced. Based on the current schedule, Condor expects to receive the Environmental Permit and subsequent environmental approvals in advance of construction of the project in Q1 2016

Condor intends to meet Nicaraguan regulatory requirements, as well as good international industry practice for environmental and social performance, as defined by the Equator Principles and IFC Performance Standards.

16 ECONOMIC EVALUATION

The key technical, operational and financial parameters of the PFS (Base Case) and PEA scenarios assuming a gold price of US$1,250/oz and a silver price of US$20/oz are summarised in Table ES 4 below.

Table ES 4: Key Technical, Operational and Financial Parameters

Parameter	Unit	PFS	PEA Scenario A	PEA Scenario B
Mill Feed	Mt	6.9	9.5	13.0
Gold Average Head Grade	g/t	3.0	2.8	3.2
Waste Mined	Mt	94.5	118.2	118.2
Strip ratio open pit	Waste:ore	13.6	12.4	12.4
Contained gold	koz	675	850	1,338
Contained silver	koz	1,185	1,376	1,965
Average gold recovery	%	91	91	92
Annual production years 1-8	oz gold	74,000	96,800	137,500
Annual production years 1-8	oz silver	99,200	120,300	153,300
Upfront capital cost	US$ million	110	127	169
Undiscounted payback (years)	Production year	<4	<4	<4
Operating cash costs	US$/oz	657	648	651
All-in sustaining costs	US$/oz	690	685	697

Infrastructure and Capital Costs for the PFS (Base Case)

The upfront capital cost for the PFS (Base Case) is US$110 million which assumes a contract mining model. The total pre-production capital cost for the PFS is US$102 million excluding contingency and the payback period for this amount is <4 years.

Table ES 5: Capital Costs

Capital Costs (US$ million)	PFS (Base Case)	PEA Scenario A	PEA Scenario B
Processing Plant[1]	48.1	61.3	72.8
Infrastructure	9.8	10.4	10.4
Mining pre-production costs	18.7	16.8	16.8
Mining support operations/equipment[2]	8.1	8.2	30.8
Tailing Storage Facility	6.0	7.6	11.0
Land Acquisition	7.0	8.0	8.0
Owners Costs	4.6	4.6	4.6
Upfront Capital Costs	**102.2**	**117.0**	**154.5**
Contingency[3]	7.6	10.2	14.2
Total Pre-Production Capital Costs	**109.9**	**127.2**	**168.7**

1. Includes EPCM
2. Assuming mining contract operations
3. A range of contingencies was used to calculate contingency depending on the confidence of the estimate of each contributing factor.

The PFS (Base Case) has been prepared on a contract mining basis, which is used widely in Mexico and Central America.

In addition to the upfront capital costs Table ES 6 below presents the sustaining and deferred capital costs estimated for the PFS (Base Case) and each of the PEA scenarios over the Life of Mine.

Table ES 6: Sustaining and Deferred Capital Costs

Sustaining and Deferred Capital Costs (US$ million)	PFS (Base Case)	PEA Scenario A	PEA Scenario B
Processing Plant	0.1	0.1	0.1
Infrastructure	3.6	3.6	3.6
Mining Equipment	2.4	2.8	51.8
Tailings Storage Facility	9.1	13.6	19.1
Land Acquisition	0.2	0.2	0.2
Closure Costs	9.0	9.8	10.0
Sustaining and Deferred Capital Costs	**24.4**	**29.9**	**84.7**
Contingency	3.1	4.8	10.3
Total Sustaining and Deferred Capital Costs	**27.5**	**34.8**	**95.0**

Life of Mine Operating Unit Cost

Table ES 7 below provides the Life of Mine unit operating cash costs based on a per tonne mined/mill feed basis.

The PFS (Base Case) mine plan has a stripping ratio of 13.6 t:t, and as such the project economics are sensitive to the mine operating cost. When benchmarked against similar gold projects in the Central American region the LOM mine operating cost of US$2.35/t sits within the overall range of costs of US$1.66/t to US$4.05/t (with a median of US$2.79/t).

The average ore loss and dilution factors have been estimated at 5% and 12%, respectively, based on a selective mining method using a regular block size of 2.5m.

Table ES 7: Life of Mine Operating Unit Cost

Category	Units	PFS (Base Case)	Scenario A	Scenario B
Mining o/p	(US$/t ore mined)	32.13	30.61	30.79
Mining u/g	(US$/t ore mined)	n/a	n/a	61.01
Processing	(US$/t mill feed)	20.56	18.52	18.58
Refinery	(US$/t mill feed)	0.35	0.27	0.30
G&A	(US$/t mill feed)	5.46	3.80	3.88

Cash Costs and All-in Sustaining Cash Costs

Table ES 8 below provides the operating cash costs and All-In Sustaining Cash Costs as defined by the World Gold Council US$ per oz gold produced.

Table ES 8: Operating Cash Costs and All-In Sustaining Cash Costs as Defined By The World Gold Council US$ Per Oz Gold Produced

Category (US$/oz gold)	PFS (Base Case)	PEA Scenario A	PEA Scenario B
Mining[1]	361	373	412
Processing	232	227	197
G&A	63	48	41
Operating Cash Costs	**657**	**648**	**651**
Freight and refining	4	3	3
Royalties	38	38	38
Sustaining Capital	17	20	27
By-Product Credits (silver)	(26)	(24)	(22)
All-in Sustaining Cash Costs	**690**	**685**	**697**

1. excludes the pre-production stripping costs

Economic Sensitivity Analysis for PFS (Base Case) and PEA scenarios

The economic analysis utilised an average gold price of US$1,250 per ounce over the LOM. This data is presented with a sensitivity, which examines the project economics at different gold prices (Table ES 9 to Table ES 11). It is the Company's view that a 5% discount rate is applicable as this is comparable with the results reported by the majority of other junior gold exploration companies listed on the TSX operating in Mexico, Central and South America.

Table ES 9: PFS (Base Case) Economic Sensitivity

	US$1,100/oz	US$1,250/oz	US$1,400/oz
Post-tax NPV (US$ million)			
0% discount	89.0	153.9	217.6
5% discount	44.2	91.7	138.0
8% discount	25.3	65.3	104.0
Post-tax IRR (%)	13.8%	22.0%	28.8%

*Note – the cost sensitivity reflects a change in the sale price presented in the financial model, but does not constitute re-optimisation of the underlying open pit optimisation studies.

Table ES 10: PEA Scenario A – Economic Sensitivity

	US$1,100/oz	US$1,250/oz	US$1,400/oz
Post-tax NPV (US$ million)			
0% discount	123.5	203.7	284.0
5% discount	66.2	124.2	182.2
8% discount	42.2	90.5	138.9
Post-tax IRR (%)	16.4%	24.6%	31.8%

*Note – the cost sensitivity reflects a change in the sale price presented in the financial model, but does not constitute re-optimisation of the underlying open pit optimisation studies.

Table ES 11: PEA Scenario B project economics sensitivity to gold price

	US$1,100/oz	US$1,250/oz	US$1,400/oz
Post-tax NPV (US$ million)			
0% discount	186.4	313.2	440.0
5% discount	97.1	186.6	276.1
8% discount	60.3	134.0	207.6
Post-tax IRR (%)	15.8%	23.8%	30.9%

*Note – the cost sensitivity reflects a change in the sale price presented in the financial model, but does not constitute re-optimisation of the underlying open pit optimisation studies.

17 CONCLUSIONS

The financial analysis performed from the results of the Pre-Feasibility demonstrates the robust economic viability of the proposed La India project using the Base Case assumptions considered. The financial analysis of the two PEA scenarios considered highlight the flexibility, scalability and potential economic upside of La India Project.

Specifically, the Base Case La India PFS Project returns a positive NPV of USD92M (at a 5% discount rate) and an IRR of 22%; where the operation produces 614 koz of gold at an average annual production of 79,300 oz of gold over the 7 years of maximum production, as part of a 9 year life of mine ("LoM").

Scenario A returns a positive NPV of USD124M (at a 5% discount rate) and an IRR of 25%; where the operation produces 774 koz of gold over an 8 year LOM at an average annual production of 96,800 oz.

Scenario B returns a positive NPV of USD187M (at a 5% discount rate) and an IRR of 24%; where the operation produces 1.2 Moz of gold over an 12 year LOM with an average annual production of 137,500 oz gold for the initial 8 years.

The project economics are most sensitive to the gold price, followed by the unit mining costs due to the high stripping ratio.

It should be noted that both PEA scenarios are preliminary in nature and include Inferred Mineral Resources that are considered too speculative geologically to support the economic criteria applied to Mineral Reserves. There is no certainty that the PEA results will be realised.

The following presents a summary of the perceived key risks and opportunities:

18 RECOMMENDATIONS

Based on the technical studies presented and the positive economic evaluation resulting from each of the scenarios investigated SRK considers the following:

- The Base Case technical studies completed warrant the development of the La India Project from the current PFS level of study to an FS level.

- That Scenario A warrants progressing to the next level of study. The most conventional route would be to step the technical studies associated to Scenario A through a PFS and then FS stage gate process, providing the PFS continued to support a positive technical and economic outcome. However, as a result of the benefit to the overall Project in terms of economies of scale it is understood that the Company is considering expediting the America and CBX studies as part of a combined FS programme.
- That Scenario B warrants further investigation. However, given the underground elements of the Project are the least developed, and due to the added complexity of the underground workings it is recommended that any further study associated to the underground potential initially progress to a PFS.

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TECHNICAL REPORT ON THE LA INDIA GOLD PROJECT, NICARAGUA, DECEMBER 2014

1 INTRODUCTION

SRK Consulting (UK) Limited (SRK) has been requested by Condor Gold Plc (Condor or the Company) to prepare a technical report on its' wholly owned La India Gold Project (La India or the Project).

La India is located on the western flanks of the Central Highlands in the northwest of Nicaragua, approximately 70 km to the north of the capital city of Managua.

SRK first produced a Mineral Resource Estimate (MRE) for the project in January 2011 and this has been subsequently updated several times following further drilling and geological interpretation. SRK's most recent MRE was reported publically in January 2014.

This technical report (the Technical Report) has been prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 and presents the most up to date MRE, the results of a Pre-Feasibility Study (PFS) completed on the Project in November 2014 and a Preliminary Economic Assessment (PEA) of two alternative options for developing the project that have not yet been progressed to the PFS stage.

The reporting standards adopted for the reporting of the MRE and Ore Reserve Estimate (PFS Case only) are the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (adopted May 2014) (the CIM Code). The CIM Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee (CRIRSCO).

The PFS envisages the mining of a single open pit, termed La India (the "Base Case") to produce 800,000 tonnes of ore per annum. The PEA covers two scenarios, one in which the mining is also undertaken from two additional open pits ("Scenario A"), termed America and Central Breccia Zone (CBX) and which increases the plant feed to 1.2 million tonnes per annum (mtpa), and one where the mining is extended to cover two underground operations, at La India and America respectively ("Scenario B"), and in which the processing rate is further increased to 1.6mtpa. In addition both PEA scenarios incorporate the mining of inferred Mineral Resources which were not considered by the PFS.

SRK notes that the PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to support the economic criteria applied to Mineral Reserves. There is no certainty that the PEA results will be realised.

This Qualified Persons (QPs) responsible for this report are Dr Tim Lucks, Mr Ben Parsons and Mr Gabor Bacsfalusi. Mr Parsons assumes responsibility for the MRE, Mr Bacsfalusi for the mining aspects and Dr Lucks for the report as a whole. The Process Plant Design has been completed by Lycopodium Minerals Canada Ltd ("Lycopodium"), with their respective QP being Mr MarKovic.

SRK has completed numerous site visits in undertaking its work. Notably, Mr Bacsfalusi most recently visited between 11th and 14th March 2014 and Mr Parsons between 28th April and 2nd May 2013. Many of the other SRK team members involved in the work presented here also visited during 2013 and 2014, including representatives of the Hydrology and Hydrogeology, Infrastructure, Tailings, Environmental and Social teams.

SRK's opinion contained herein and effective 21 December 2014, is based on information collected by SRK throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

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

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

Except as specifically required by law, SRK does not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this Technical Report or statements contained herein, required by and given solely for the purpose of complying with the mandate as outlined in this Technical Report and compliance with NI 43-101. SRK has no reason to believe that any material facts have been withheld by the Company.

2 RELIANCE ON OTHER EXPERTS

SRK's opinion is based on information provided to SRK by Condor throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. SRK has however, where possible, verified data provided independently, and completed several site visits to review physical evidence for the deposit.

SRK has not performed an independent verification of land title and tenure as summarised in Section 3.2 of this report. SRK did not verify the legality of any underlying agreement(s) that may exist concerning the permits or other agreement(s) between third parties, but has relied on the Company and its legal advisor for land title issues. However, it is noted that as part of the recent IFC investment process a full legal due diligence on the legal title of the concessions comprising the La India Project was performed to the IFC satisfaction resulting in an investment of GBP 3.5M.

As described in the Company's interim report to the 30 June 2014, the Company is currently in dispute with B2 Gold over a 3% Net Smelter Royalty ("NSR") on the La India concession. 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. The Company is currently in discussions with B2 Gold in relation to the NSR with a view to resolving this dispute.

3 PROPERTY DESCRIPTION AND LOCATION

3.1 Project Location

The package of concessions held by Condor covers 281 km^2, comprises some 98% of the historic La India Gold Mining District and is located in the municipalities of Santa Rosa del Peñon and El Jicaral in the León Department, San Isidro and Ciudad Dario in the Matagalpa Department, and San Nicolás in the Estelí Department of Nicaragua. The Project is centred on geographical coordinates 12° 44' 56" North, 86° 18' 9" West.

The Project is located on the western flanks of the Central Highlands of Nicaragua (Figure 3-1) between UTM WGS84, Zone 16 North coordinates 568,000m E and 588,000m E, and 1,408,000m N and 1,425,000m N.

Figure 3-1: Project Location (Source: Condor)

3.2 Mineral Tenure

In total Condor holds nine contiguous concessions. These are listed in Figure 3-2 and shown in Figure 3-2. Five of the concessions were awarded directly from the Government between 2006 and 2014. The remaining four concessions were acquired from other owners. The La India Concession was added to Condor's portfolio in late 2010 through a concession swap agreement with Canadian miner B2Gold, while the Espinito Mendoza, La Mojarra and HEMCO-SRP-NS (now renamed La Cuchilla) concessions were acquired from private companies in 2011, 2012 and 2013 respectively.

The current 68.5 km^2 La India Concession was originally part of a much larger, 353.0 km^2 El Limon –La India Concession. In 1994, the then owner, Repadre Capital Corporation, agreed a 3% Net Smelter Royalty (NSR) for this larger area with the then government. Due to new mining laws, effective in August 2001, much of the El Limon-La India Concession was however relinquished to the Government and became available for re-grant.

As commented in Section 1 above, Condor has received legal opinion from its lawyers in Nicaragua that the 3% NSR is invalid under Nicaraguan law but this remains the subject of a dispute between B2Gold and Condor.

Table 3-1: Concession Details for the La India Project

Concession Name	Concession Number	Expiry Date	Area (km²)
La India	61-DM-308-2011	February 2027	68.5
Espinito Mendoza	004-DM-2012	November 2026	2
Cacao	685-RN-MC-2006	January 2032	11.9
Santa Barbara	55-DM-169-2009	April 2034	16.2
Real de la Cruz	105-DM-197-2009	January 2035	7.66
El Rodeo	106-DM-198-2009	January 2035	60.40
La Mojarra	084-DM-386-2012	June 2029	27.00
La Cuchilla	031-DM-417-2013	August 2035	86.39
El Zacatoso	105-DM-570-2014	October 2039	1.00
Total			**281.5**

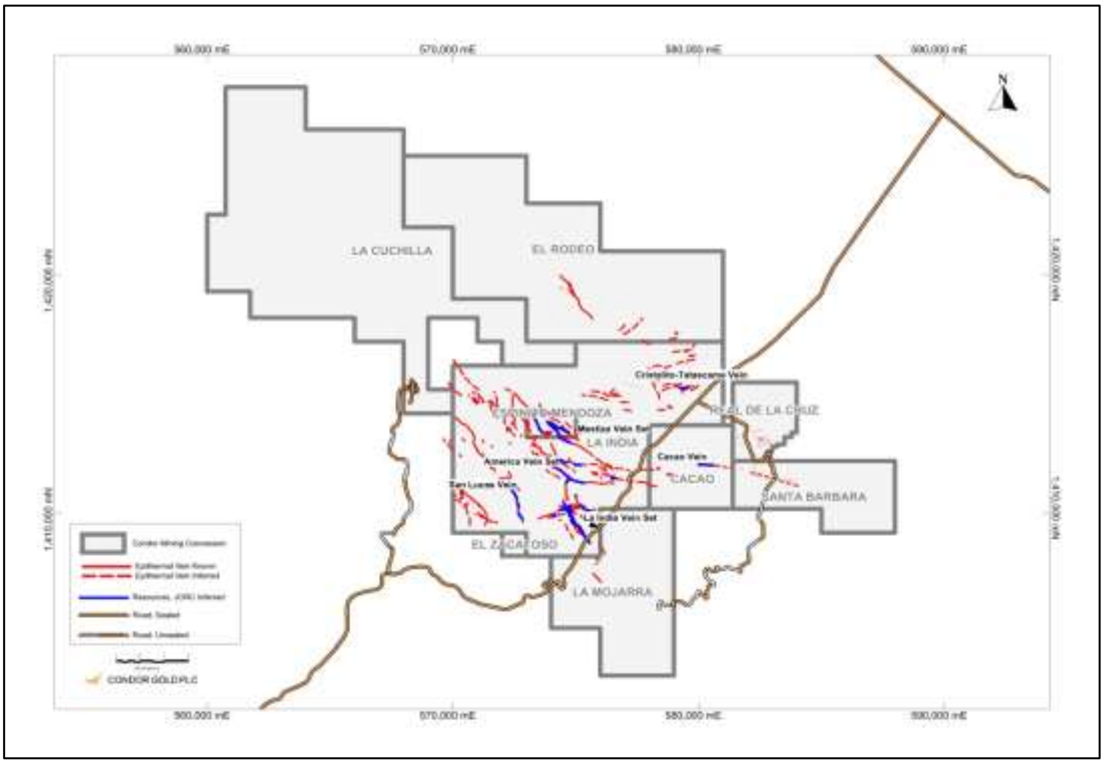

Figure 3-2: Location of La India Project, comprising 9 concessions

All concessions are renewable 25 year combined exploration and exploitation concessions. Under Nicaraguan law such concessions are subject to a “Surface Tax” based on the surface area and the age of the concession payable at six monthly intervals and a 3% government royalty on production. The La India, Espinito Mendoza and La Mojarra concessions were granted under an earlier mining law and as such are subject to a tax exemption, whilst work undertaken on the newer concessions is subject to Nicaraguan tax.

The Espinito Mendoza Concession is subject to ongoing payments to the previous owner valued at USD1,625,000 plus a bonus of 1% of the gold price of the JORC-compliant Ore Reserve calculated on 18th August 2015. A total of USD1,150,000 has been paid to date. The agreement also includes a commitment to complete 5,000 m of drilling on the concession before the 18 August 2015 and a 2.25% net smelter return on gold extracted from that concession. The remaining payment totals US$500,000 and is due for payment in a combination of shares and cash. Due to the lower gold price and queries surrounding the land title Condor is currently renegotiating this payment. The Espinito Mendoza Concession has been transferred in full to Condor's wholly owned Nicaraguan subsidiary. The seller also owns the surface rights to a 3.1 km² area covering 80% of the Espinito Mendoza Concession, including all known gold mineralisation, and parts of the adjacent La India Concession. Under the agreement Condor has free and unimpeded access and use of these surface rights and will gain ownership on 18th August 2015 subject to all obligations being met.

La Mojarra Concession was purchased from a third party for USD1,010,815 in cash and shares, the purchase process being completed in September 2014.

The La Cuchilla Concession was purchased in January 2013 for a consideration of USD275,000 by way of issuing new ordinary shares in Condor Gold plc at a price of GBP2.00 per ordinary share. Condor's further obligation under the purchase agreement is to pay HEMCO USD7.00 per ounce of gold of proven and probable reserves, as defined by the CIM Code, by an independent geological consultant appointed by Condor Gold plc. This payment may be made in shares of Condor Gold plc and is payable during the period that Condor holds the concession

Condor also has a claim on the surface rights to a further 30.4 km² covering all the known Mineral Resource areas of the La India Concession. Under the original sale agreements, the original land owners were allowed to maintain possession at the Company's discretion. Elsewhere on La India project, access to explore is negotiated with the land owners.

3.3 Permits and Authorization

Environmental permits to carry out exploration activity are obtained from the Ministry of the Environment and Natural Resources (MARENA). Two types of permit are required, an initial authorisation for prospecting obtained from the Regional Authority, which permits activities such as rock chip, soil sampling and trenching, and a permit to carry out exploration activity from the National Authority to allow drilling and other more extensive work. Table 3-2 details the current permits that have been obtained.

Table 3-2: Environmental Permits

Concession Name	Permit Category	Permit Number	Date Granted
La India	Exploration	DGCA-250-2003-CS037-2011	23/12/2011
Espinito Mendoza	Prospecting	LE-063191011	19/10/2011
Cacao	Exploration	23-2007	23/11/2007
Santa Barbara	Prospecting	DTM-030-09	03/06/2009
Real de la Cruz	Prospecting	DTM-007-10	12/03/2010
El Rodeo	Exploration	DGCA-P0018-0510-001-2011	12/03/2010
La Mojarra	under application	NA	Under application
La Cuchilla	Prospecting	LE-022/091012	09/10/2012
El Zacatoso	Under application	NA	Under application

3.4 Environmental Considerations

SRK has completed a detailed review of the Environmental studies currently being managed by Condor on the La India Project presented in Section 19 of this document.

3.5 Nicaraguan Mining Law

Three articles of legislation apply to exploration and mining activities in Nicaragua:

- Law No 387, Law for Exploitation and Exploration of Mines;
- Decree No. 119-2001, Regulation of Law No.387; and
- Decree No. 316, Law for Exploitation of Natural Resources.

The Nicaraguan Civil Code recognises the right of the owner of a property to enjoy and dispose of it within the limitations established by law. Notwithstanding this, natural resources are property of the State and only the State is authorised to grant mining exploitation concessions and rights.

A concession holder's main legal obligations are to:

- obtain permission from the owner of the land;
- obtain an environmental permit;
- pay royalties and surface rents; and
- file annual reports.

3.5.1 Types of Mining Titles

Since 2001 all Nicaraguan mining activities have been governed by a single type of mining concession known as an exploration and exploitation concession.

(a) Terms and Conditions governing grant

The Ministry of Development Industry and Commerce (Ministerio de Formento, Industria y Comercio - MIFIC) issues exploration and exploitation concessions to entities that file an application before the Natural Resources Directorate General (a division of MIFIC).

(b) Rights attached to Exploration Licence

Exploration and exploitation concession holders have the exclusive rights of exploitation, exploration and the establishment of facilities for collection and processing of minerals found in the area granted.

(c) Standard Conditions for Mining Concessions

Standard conditions apply to all exploration and exploitation concessions. In addition to those stated below in this item they include the obligation on the concession holder to:

- pay income taxes annually;
- provide an annual report on activities by the request of MIFIC;
- facilitate the inspections carried out by MIFIC representatives;
- comply with procedures issued for labour, security and environmental protection;
- within 30 days from the date the concession is issued, register it with the Public Registry and have it published in the official Gazette;

- obtain permission from the owners of the properties within the concession area prior to the commencement of activities;
- facilitate artisanal mining activities which will not exceed 1 per cent of the total area of the concession. The concession holder has the right choose which areas to assign to the artisanal miners and the normal practice is for the concession holder to allow them to work narrow high-grade veins that are not considered economic for commercial mining.

(d) Surface Tax

An exploration and exploitation concession holder is to pay a Surface Tax in advance every six months. Payments per hectare or part thereof are shown in Table 3-3.

Table 3-3: Surface tax payments due per hectare per year on exploration concessions in Nicaragua

Year	Amount per hectare per annum (USD)
1	0.25
2	0.75
3,4	1.50
5,6	3.00
7,8	4.00
9,10	8.00
11+	12.00

3.5.2 Reporting Requirements

Exploration and exploitation concession holders must provide to MIFIC an annual report which includes the following information:

- Number of personnel employed;
- industrial safety measures;
- mining activities conducted and their results;
- mining production;
- status of incorporation of the company, its accounts and any changes during the year; and
- details of the investments and expenses incurred in relation to the mining concession during the year.

3.5.3 Royalties Payable

Exploration and exploitation concession holders pay a royalty on the value of the extracted substances. The value is determined by subtracting the transportation expenses from the sale value of the substance. The percentage that must be paid is 3% of the value of the mineral exploited. The royalty payment is considered an expense and can be deducted from Income Tax obligations. Royalties are to be paid monthly. If payment is three months overdue, the concession may be irrevocably cancelled.

3.5.4 Term

Exploration and exploitation concessions are granted for an initial 25 year period, renewable for a further term of 25 years. Application for renewal must be filed at least six months before the expiry date. Renewal may be refused if the concession holder does not comply with the Mining Law.

3.5.5 Transfer and assignment

The Mining Law states that concessions may be divided, assigned, totally or partially transferred or leased and also allows for concessions to be mortgaged.

3.5.6 Relations with landowners

An exploration and exploitation concession holder cannot commence its mining activities until it has authorisation from the owner of the property. The authorisation must set out the terms and compensation for the use of the private property and infrastructure. A concession holder who acts without authority commits a serious violation and will be fined an equivalent to USD10,000.00.

Conflict between surface property rights and mining rights must be taken into consideration at the time of considering a mining project, particularly in areas where other commercial projects may be developed on the surface of the land. The holder of the concession may need to acquire, lease or take easements over the surface property.

3.5.7 Environmental Issues

Any person who wishes to initiate mining-related activities (exploration and exploitation) must first obtain an environmental permit from the Ministry of Environment and Natural Resources. A failure to obtain a permit is a breach of a standard term of the mining title and the mining concession may be cancelled. A water extraction permit from the National Water Authority (ANA) is a requirement to extract groundwater and will be required for the mine dewatering work.

3.5.8 Applicable legislation

All rights and obligations derived from the mining concession must comply with Nicaraguan legislation and submit to the jurisdiction of Nicaraguan courts. Disputes arising over the title of a mining concession are heard by the Civil District Courts. The Natural Resources Directorate General may act as a mediator between the parties, if the parties agree.

4 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

4.1 Accessibility

The La India Project lies approximately 70 km due north of the capital city of Managua, and north of Lake Managua on the western flanks of the Central Highlands (Figure 3-1).

The Project is accessed from Managua either by the paved León-Esteli Road (Highway 26) at a distance of approximately 210 km, or by the Panamerican highway via Sebaco (approximately 130 km). The nearest town with banking services is Sebaco at a distance of 32 km.

The majority of the mineralised areas are accessible to within a few hundred metres of the paved highway via dirt tracks which require maintenance during the wet season between May and November. The crossing of small rivers proves difficult during periods of high rainfall.

4.2 Climate

The La India Mining District is located in one of the drier areas in Nicaragua, with typical temperatures ranging between 20°C and 30°C. The wet season is characterised by intense afternoon rain storms between May and November. It is generally dry during the rest of the year.

4.3 Local Resources and Infrastructure

A major paved highway and power line runs northeast-southwest through the Project area providing excellent access to the Project. Transport within the concession consists mainly of un-surfaced roads of varying quality. A hydroelectric dam is located just beyond the eastern edge of the Project area, less than 10 km from the main deposits. Houses and communities located with a few kilometres of the highway are supplied with 220 V or 110 V mains electricity fed from a 24.9 kV, 3-phase power supply which runs along the highway.

Condors' office is located in the small town of La Cruz de La India which has a population of approximately 1,000 and is located between the highway and the main gold deposit of La India. The office has a dedicated internet connection setup via wireless relay. There is good mobile phone coverage in Cacao, Real de la Cruz and Santa Barbara. Further from the highway, mobile phone coverage is restricted to some hilltops and absent in the main mineralised localities.

Domestic water supply is via waterbores and wells. The historic underground workings at La India allow access to groundwater and a hydroelectric dam stores water all year round which may be used for commercial purposes such as drilling.

Nearby towns such as Santa Rosa del Peñon, San Isidro and Sebaco, all located less than a half hour drive away, can supply basic facilities. Most modern facilities can be found at the City of León, located approximately 100 km to the southwest or from the Capital City of Managua 180 km to the south by road.

4.4 Physiography

The area is characterised by high relief, at altitudes typically varying between 350 m and 600 m amsl in the areas of surface mineralisation. Altitude generally increases to the north where some hill summits reach almost 900 m altitude. The land is a mixture of rocky terrain covered by thorny scrub bushes and areas cleared for low quality crops and grazing. Surface water is ephemeral with most watercourses dry for over six months of the year.

5 HISTORY

5.1 Historical Mining Activities

The first evidence of mining activity in the area was by an English company, the Corduroy Syndicate, who operated a small mine on the Dos Hermanos Vein on the western edge of La India Concession sometime prior to the middle of the 20th Century.

Industrial-scale gold mining was initiated at La India in 1936 by the Compania Minera La India. By 1938, Noranda Mines of Canada had acquired a 63.75% interest in the company and mining continued until 1956. Between 1938 and 1956, Noranda's La India Mill is estimated to have processed approximately 100,000 tonnes or ore per annum ("tpa"). Monthly production records exist for the 8 years and 4.5 months of operation, between January 1948 and mid-May 1956 (Table 5-1 below, from Malouf 1978) during which time a total of 267,674 oz gold and 294,209 oz silver is reported to have been produced from 796,476 tonnes of ore. Production records have not been sighted for 1938-1947, however extrapolation of production suggests an estimated total production of some 575,000 oz gold from 1.73 Mt of ore. This is in broad agreement with the estimate made by Roscoe, Chow & Lalonde (RPA, 2003) of 576,000 oz from 1.7 Mt of ore. Roscoe, Chow & Lalonde (RPA, 2003) also estimated a head grade of 13.4 g/t Au by assuming a 78% recovery from the mill. SRK considers that a recovery of between 85% and 90% is more likely which would give a head grade range of between 11.6-12.8 g/t Au.

Peak annual production was some 41,000 oz gold in 1953. The bulk of production was from shrinkage and sub-level stope mining in two areas, the La India - California Vein where some 2 km of strike length was exploited to a maximum depth of 200 m below surface, and the America-Constancia Vein and part of the intersecting Escondido Vein where again approximately 2 km of strike length was exploited to a maximum depth of 250 m below surface. Limited production was also obtained from the San Lucas vein and Cristalito-Tatascame which SRK considers to have been test stopes and to have limited impact on the overall production.

Table 5-1: Summary of monthly production records and estimated production from the historic La India mill between 1938 and 1956*.

	Recorded Production Data				
		Grade (Recovered oz/short ton)		Bullion Produced (oz)	
Year	Short Tons	Au	Ag	Au (oz)	Ag (oz)
1948	112,114	0.2503	0.2970	28,065.67	33,272.11
1949	111,745	0.2657	0.2850	29,694.70	31,892.12
1950	93,465	0.2889	0.3380	27,003.70	31,611.45
1951	94,600	0.3814	0.4330	36,078.21	40,932.24
1952	102,970	0.3439	0.3640	35,414.14	37,519.70
1953	121,625	0.3442	0.3230	41,860.95	39,281.85
1954	102,955	0.3338	0.3530	34,369.81	36,238.02
1955	99,300	0.2498	0.3190	24,802.76	31,655.16
1956 (4.5 months)	39,169	0.2651	0.3010	10,383.67	11,806.71
1948-1956	**877,943**	**0.3049**	**0.3350**	**267,673.61**	**294,209.36**
Annual Average (over 8 years 4.5 months)	*104,269*	*0.3049*	*0.3350*	*31,790.21*	*34,941.73*

	Estimated Production				
mid-1938 to end 1947 (9.6 years)	1,000,980	*0.3049*	*0.3350*	305,186	335,441
Total Estimated	**1,878,923**	***0.3049***	***0.3350***	**572,860**	**629,650**

* Metric equivalents calculated using the following conversion factors: 1 oz = 31.103477g; 1 tonne = 1.1023 short ton; 1 oz/short ton = 34.285g/t; 1g/t = 0.02917 oz/short ton.

	Recorded Production Data – metric equivalent				
		Grade (Recovered g/t)		Bullion Produced (g)	
Year	Tonnes	Au	Ag	Au (g)	Ag (g)
1948	101,709	8.58	10.18	872,939.9	1,034,878.3
1949	101,374	9.11	9.77	923,608.4	991,955.8
1950	84,791	9.91	11.59	839,909.0	983,226.0
1951	85,821	13.08	14.85	1,122,157.8	1,273,135.0
1952	93,414	11.79	12.48	1,101,502.9	1,166,993.1
1953	110,337	11.80	11.07	1,302,021.1	1,221,802.1
1954	93,400	11.44	12.10	1,069,020.6	1,127,128.4
1955	90,084	8.56	10.94	771,452.1	984,585.5
1956 (4.5 months)	35,534	9.09	10.32	322,968.2	367,229.7
1948-1956	**796,465**	**10.45**	**11.49**	**8,325,580.0**	**9,150,934.1**
Annual Average (over 8 years 4.5 months)	*94,592*	*10.45*	*11.49*	*988,786.2*	*1,086,809.3*

	Estimated Production – metric equivalent				
mid-1938 to end 1947 (9.6 years)	908,083	10.45	*11.49*	9,492,348	10,433,369
Total Estimated	**1,704,548**	**10.45**	***11.49***	**17,817,928**	**19,584,303**

* Metric equivalents calculated using the following conversion factors: 1 oz = 31.103477g; 1 tonne = 1.1023 short ton; 1 oz/short ton = 34.285g/t; 1g/t = 0.02917 oz/short ton.

There has been intermittent artisanal mining activity, concentrated on the old mine workings, in the district since that time.

SRKs' re-constituted geological model of the veins suggests the depletion of some 1,465,000 tonnes of ore with a mean grade of 8.6 g/t (400,000 ounces) from the voids identified. SRK attributes the difference between this and the previously reported tonnages to be due to a number of factors. Notably:

- Potential additional mining which post-dates the depletion long-sections currently available. SRK has been supplied with the current long-section indicating depleted areas, and cross referenced these between plots completed by various owners of the Project to ensure consistency. Further work will be required to confirm any additional depletion including research into the last dated long-sections.
- The fact that SRKs' model incorporates lower grade intersections to ensure geological continuity which may be conservative and may have caused drop in the grades within the high-grade core domain. If the assumed mean grades from the historical production records are correct it represents some potential upside. Further work will be required to test this potential,
- Incomplete records of the project resulting in Inferred production for half of the mine life.

To test the risk of the potential underestimation of the amount of the Mineral Resource depleted, SRK has completed a high-level reconciliation based on the historical 2D long-sections, by calculating the areas, and using the associated underground channel samples to determine vein widths to estimate a complete volume for the depletion voids. This has been combined with the density and the mean head grade to estimate a depletion which is in the order of 1.25 Mt at 10.3 g/t for 420,000 oz of gold, which is in line with SRK estimates.

SRK consider the level of confidence in the La India depletions to be reasonable. The current level of drilling along strike and below the current depletion is to 50x50 m spacing. The Company and SRK have taken considerable effort to log all mining void intersections which have been validated against the expected model.

Given lower levels of drilling by the Company to date at America, SRK considers that estimates of depletions here will have a lower level of confidence but the current study has been supplemented with more detailed maps and level plans from the historical maps to ensure the position of the development levels is accurate.

There is no record that the Central Breccia, which is located just over 1 km from the America-Constancia underground workings, had been mined prior to 2011, and it is certain that it was not exploited by Noranda or by subsequent artisanal miners.

5.2 History of Exploration

The La India Mining District was explored extensively with Soviet government aid when mining in Nicaragua was state controlled (1986-1991). The organisation, INMINE, sampled the underground workings, excavated numerous surface trenches and drilled 90 holes on what is now the La India and Espinito Mendoza ("La India-ESP") concessions. INMINE also estimated that the entire District had the potential to host 2.4 Moz gold at a grade of 9.5 g/t Au (Soviet-GKZ classification C1+C2+P1) of which 1.8 Moz at 9.0 g/t Au fell within the La India-ESP Concession, including 2.3 Mt at 9.5 g/t Au for 709,000 oz gold at the within C1+C2 classification.

In 1994, the mining industry in Nicaragua was privatised and Canadian Company Minera de Occidente S.A.(Occidente) (subsequently renamed Triton Mining SA) obtained a large concession holding including the entire La India Project area excluding the Espinito San Pablo and Espinito Mendoza Concessions. The Espinito San Pablo Concession was subsequently sold to Minera de Occidente, and in 2011 was officially merged into the La India Concession. The Espinito Mendoza Concession was held by a private Nicaraguan company until 2006 when it was temporarily sold to Triton Mining S.A. ("Triton") until it was returned to the original owners and assigned to Condor in 2012.

Exploration during this period, 1994-2009, was undertaken by a combination of the concession holders Occidente/Triton and by joint venture or option partners. It is worth noting that the owners of Nicaraguan registered Triton have changed through time from a joint ownership by Triton Mining Corporation and Triton USA to Black Hawk Mining Inc (1998) to Glencairn Gold Corporation (Glencairn) (2003) to Central Sun (2007) and finally to B2Gold Corporation (2009).

The following outlines the principal periods of exploration undertaken by Triton and its joint venture partners on the La India Project during this period.

1996-1998

TVX Gold Inc ("TVX", a Canadian listed mining company) evaluated the La India Concession and outlined a resource of 540,000 oz gold and 641,000 oz silver on the La India and America-Constancia veins. TVX re-opened a number of adits and collected approximately 500 underground channel samples. It also mapped the principal veins at between 1:500 and 1:1000 scale using tape and compass mapping and trench sampled over 500 trenches for over 800 channel samples. The UTM coordinates presented on the map sheets at the start of each traverse appear to be NAD27 format, but field verification by the Company has demonstrated that the coordinates are inconsistent with field locations and that no consistency in the error is present. The reason for the difference in coordinates is not known, however Condor has undertaken and continues to undertake a programme of relocating TVX maps and trenches on a systematic basis. Only verified trench locations have been included in the digital database provided to SRK. TVX also drilled 12 drill holes for 2,204 m into the La India Vein system, principally targeting the down dip extension of the India Vein below mine workings and a couple of shallow drillvholes testing the orthogonal Arizona Vein.

1996-2010

Triton completed 8 drill holes for 1,509 m on the India Vein testing mineralisation down dip and along strike of the main mine workings. The assay results were not reported and the core was re-sampled by Condor in 2010/11, with the results incorporated in the most up to date exploration database.

2000-2001

Under an option agreement, Newmont Mining Ltd ("Newmont Mining") undertook regional mapping and some trench sampling in the district in this period targeting low grade bulk mineable stockwork zones. Its main area of focus was the north and east of the La India Project area.

2004-2005

Between 2004 and 2005, Gold-Ore Resources Ltd ("Gold-Ore"), through a joint venture with Glencairn over the northeastern part of the La India Concession, conducted underground sampling and drilled 10 DD core holes for 1,063 m into the Cristalito-Tatascame Vein of La India Concession. Underground sampling of the 570m level returned a weighted average of 1.6 m with a mean grade of 21.7 g/t Au. The drilling confirmed mineralisation over a 200 m strike length to a depth of 150 m with best intersections of 5.3 m at 9.43 g/t Au from 94.6 m in drillhole DDT-09. Three exploratory drill holes were also drilled by Triton beneath gold mineralised stockwork zones in the east of the Project area on what is now the Real de La Cruz Concession. They returned narrow zones of low to moderate grade in two of the drillholes.

2006

In 2006, Triton completed a number of twin trenches, including at least 9 on the Tatiana Vein, which confirmed the Soviet intersections. It also completed three drillholes on the part of the Tatiana Vein that falls within the Espinito-Mendoza Concession, the results of which were disappointing and included twinning of a Soviet drill hole PO74 which returned only 0.8 m at 6.94 g/t Au compared with the original Soviet intercept of 2.7 m at 11.25 g/t Au. It is noted that recovery through the mineralised zone was poor, typically less than 70%. This contrasts with the Soviet drilling which used short interval percussion drilling through the ore zone to avoid the recovery problem. It is speculated by the Company that the poor recovery in the DD drilling is the cause of the low grade, further verification work will be required to test this theory. In 2007, Triton published an NI43-101 Inferred Mineral Resource of 558 kt at 8.8 g/t Au for 158,600 oz gold for the part of the Tatiana Vein.

5.3 Previous Mineral Resource Estimates

SRK has previously produced five Mineral Resource Estimates on the La India Project prior to the latest Mineral Resource Estimate September 2014. The first was an Inferred Mineral Resource of 4.58 Mt at 5.9 g/t Au for 868,000 oz which was reported in line with the guidelines of Joint Ore Reserves Committee (JORC) Code on 4 January 2011. An updated Mineral Resource of 4.82 Mt at 6.4 g/t for 988,000 oz for the Project was then released on 13 April 2011 based on further validation of historical data by the Company and this was followed by an Inferred Mineral Resource Estimate for the Cacao Vein of 0.59 Mt at 3.0 g/t for 58,000 oz of gold reported on 5 October 2011, based on historical exploration by Condor, and applying the same modelling methodology as the La India deposit.

Between 2011 and August 2012 the Company drilled 140 drill holes for over 22,000m, and completed 2,500m of trenching. This data was combined with the historic exploration and mining data and used to produce an updated Mineral Resource estimate completed by SRK and announced in September 2012.

During 2012/2013, the exploration program focused on the potential for Open Pit mining at the La India Project, namely on the La India Vein, America Vein and Central Breccia deposit. During this period, the Company completed a total of 162 drillholes for 23,598 m. SRK produced an updated Mineral Resource Estimate on the 7 November 2013, including a maiden Mineral Resource for the Central Breccia deposit. The updated Mineral Resource on the La India Project was reported at 9.60 Mt at 3.5 g/t Au for 1,076,000 oz gold of Indicated Mineral Resources, and 8.80 Mt at 4.4 g/t Au for 1,250,000 oz gold in the Inferred category (Table 5-2).

Table 5-2: SRK CIM Compliant Mineral Resource Statement as at 7 November 2013 for the La India Project

SRK MINERAL RESOURCE STATEMENT SPLIT PER VEIN as of 7 November 2013 (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)	8,402	3.1	838	5.5	1,475
		La India/ California(2)	2.0 g/t (UG)	610	5.0	98	11.0	216
	America veinset	America Mine	0.5 g/t (OP)	226	8.4	61	5.3	38
		America Mine	2.0 g/t (UG)	358	6.8	79	4.4	51
Inferred	La India veinset	La India/ California(1)	0.5 g/t (OP)	1,057	2.4	81	4.1	139
		Teresa(3)	0.5 g/t (OP)	6	6.9	1		
		La India/ California(2)	2.0 g/t (UG)	1,095	5.2	183	11.4	403
		Teresa(2)	2.0 g/t (UG)	80	11.1	28		
		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)	957	3.2	99	5.8	178
		America Mine	2.0 g/t (UG)	839	4.8	129	6.6	179
		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		
		Espinito(3)	1.5 g/t	200	7.7	50		
	Central Breccia	Central Breccia(1)	0.5 g/t (OP)	939	1.9	57		
	San Lucas	San Lucas(3)	1.5 g/t	330	5.6	59		
	Cristalito-Tatascame	Cristalito-Tatascame(3)	1.5 g/t	200	5.3	34		
	El Cacao	El Cacao(3)	1.5 g/t	590	3.0	58		

(1) The Central Breccia pit is 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 USD1500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK projects. Metallurgical recovery assumptions of 93% for gold, based on assumptions provided by the Company Marginal costs of USD16.4/t for processing, USD3.8/t G&A and USD2.2/t for mining, slope angles defined by the Company Geotechnical study which range from angle 40 - 48°.

(2) Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.0 g/t Au over a minimum width of 1.0 m. Cut-off grades are based on a price of USD1500 per ounce of gold and gold recoveries of 93% for resources, costs of USD16.4/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 Au, 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 Project 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.

Table 5-3: Summary of La India Project Mineral Resource per Vein Set, dated 7 November 2013

SRK MINERAL RESOURCE STATEMENT SPLIT PER VEINSET as of 7 November 2013								
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)	8,402	3.1	838	5.5	1,475
			2.0 g/t (UG)	610	5.0	98	11.0	216
		America veinset	0.5g/t (OP)	226	8.4	61	5.3	38
			2.0 g/t (UG)	358	6.8	79	4.4	51
Inferred	Subtotal Areas	La India veinset	0.5g/t (OP)	1,063	2.4	82	4.1	139
			2.0 g/t (UG)	1,174	5.6	212	11.4	403
			1.5 g/t	470	4.7	71		
		America veinset	0.5g/t (OP)	957	3.2	99	5.8	178
			2.0 g/t (UG)	839	4.8	129	6.6	179
			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)	939	1.9	57		
		Other veins	1.5 g/t	1,120	4.2	151		

Table 5-4: Summary of La India Project, dated 7 November 2013

SRK MINERAL RESOURCE STATEMENT as of 7 November 2013 (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	0.5 g/t (OP) (1)	8,629	3.2	899	5.5	1513
			2.0 g/t (UG) (2)	968	5.7	177	8.6	267
		Subtotal Indicated		9,597	3.5	1,076	5.8	1781
Inferred	Grand total	All veins	0.5 g/t (OP) (1)	2,959	2.5	238	4.9 (7)	317
			2.0 g/t (UG) (2)	2,014	5.3	341	9.0	582
			1.5 g/t (3)	3,831	5.4	671		
		Subtotal Inferred		8,803	4.4	1,250	6.9 (8)	899

(1) The Central Breccia pit is 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 USD1500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK Projects. Metallurgical recovery assumptions of 93% for gold, based on assumptions provided by the Company Marginal costs of USD16.4/t for processing, USD3.8/t G&A and USD2.2/t for mining, slope angles defined by the Company Geotechnical study which range from angle 40 - 48°.

(2) Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.0 g/t Au over a minimum width of 1.0 m. Cut-off grades are based on a price of USD1500 per ounce of gold and gold recoveries of 93% for resources, costs of USD16.4/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 Au, 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.

(7) Back calculated silver grade based on a total tonnage of 2,020 kt as no silver estimates for Central Breccia (939 kt).

(8)Back Calculated silver grade based on total tonnage of material estimated for silver of 4,034 kt.

5.4 Previous Mining Studies

5.4.1 Mining Studies Prior to 2013

SRK does not have access to any technical studies previously undertaken on the La India concession prior to the work it has undertaken itself though it is clear that there have been some previous technical studies undertaken on the deposit.

Whilst the Soviet involvement in the deposit in the late 1980s was mostly exploration based, there are references in the geological reporting to a technical economic model ("TEM") produced by the Soviet entity, Severovostokzoloto ("Северовостокзолота"). This was a State-controlled holding company that controlled gold mining activities in Far East Russia and at the time was the largest gold mining company in the Russian Far East. In SRK's experience of Soviet exploration projects, the production of a TEM suggests that relatively detailed technical work would have been undertaken on the La India veinset. Since the breakup of the Soviet Union, Severovostokzoloto has been split into numerous entities and SRK considers it unlikely that this report would become available in the future.

The geological reports observed by SRK were co-authored by Mingeo ("Мингео"), the Soviet Ministry of Geology, and Zarubezhgeologia ("Зарубежгеология") a State-controlled company responsible for geological activities outside the Soviet Union. Mingeo has since been superseded by the Ministry of Natural Resources and Environment of the Russian Federation ("Министерство Природных Ресурсов и Экологии Росийской Федерации"). Zarubezhgeologia is still an operating enterprise, 100% owned by the Russian government.

A report by mining consultants, Micon (1998), commissioned by Diadem Resources, provides a brief overview of the planned mining proposed for this project. Key features of the business plan include:

- Production Rate - 145 ktpa (Years 1 to 4) and 250 ktpa (Years 5 to 12);
- Head Grade - 8.3 g/t Au;
- Mine Life - 12 years;
- Construction Capital - USD5 million; and
- Construction Period - 15 months.

The quoted production, however, was lower than the head grade at 8.3 g/t suggesting that the business plan proposed for La Mestiza was not based upon the geological data available. Micon's recommendation was for a significantly smaller production rate with a minimum mining width of 1.25 m. Dilution has been assumed to be 10%.

Black Hawk Mining completed an internal Scoping Study on the La India, Tatiana and America veins of La India in 1999, though this report was not made public. The study resulted in a project incorporating the following elements:

- Applied Cut-Off Grade - 8.0 g/t Au;
- Production Rate - 800 tpd (57 koz per annum);
- Mill Recovery - 84%;
- Operating Cost - USD36.30/t; and
- Construction Capital - USD6.5 million.

The 1999 study assumed a shrinkage stoping operation with production hauled to the processing facility at El Limon. Available data suggests that the results indicated the proposed mine was most sensitive to grade and gold price at a time when gold prices were beneath USD300/oz. The project did not proceed any further due to a lack of funds. Overall, it suggested that some veins had the potential for economic extraction (RPA 2003).

5.4.2 SRK 2013 PEA

This PEA was based on SRK's September Indicated and Inferred 2012 MRE and assumed the open pit and underground mining of the La India Project and underground mining at America and Mestiza.

The production assumed is summarised below.

Table 5-5: Key Production Statistics for 2013 PEA

Vein				Total
Project				
	Open Pit	Production	kt	7,306
		Grade	g/t	3.2
		Metal	koz	760
	Underground	Production	kt	5,461
		Grade	g/t	4.6
		Metal	koz	813
	Total	**Production***	**kt**	**12,767**
		Grade	**g/t**	**3.8**
		Metal	**koz**	**1,573**

***** LoMP does not include production from San Lucas, Cristalito-Tatescame or Cacao veins

A life of mine ("LoM") plan was developed for the PEA with a 10 year mine life for open pit production (maximum 1,000 ktpa) and a 15 year mine life for underground production (maximum 470 ktpa). In undertaking the technical-economic model for the mine plan, the following assumptions were applied:

- Mill Recovery - Au - 93%;
- Discount Factor - 5%;
- Royalty - 3% of Gold Price;
- Selling Costs - 5% of Gold Price;
- Corporate Tax Rate - 30%;
- VAT - not considered; and
- Amortisation - 10% straight line.

Operating costs were benchmarked from Thomas Reuters' GFMS database and Capital Costs from InfoMine's Cost Mine database. A summary of the key results of the financial model for the 2013 PEA is shown below in Table 5-6. The study was completed at a relatively high-level and no effort was made to optimise the mining schedule between open pit and underground material.

Table 5-6: Summary of Key Results from Financial Model 2013 PEA

Recovered Metal (koz)	Revenue (MUSD)	Capital Expenditure (MUSD)	Operating Expenditure (MUSD)	NPV (MUSD)	IRR	Payback Period (years)
1,463	2,049	287	842	324.9	33%	3

6 GEOLOGICAL SETTING AND MINERALIZATION

6.1 Regional Geology

The La India Mining District is located within a Tertiary-aged island arc volcanic setting formed on the edge of the Caribbean Tectonic Plate where it over-rides the subducting Cocos Plate, off-shore beneath the Pacific Ocean in what is colloquially known as the Pacific Rim of Fire. The La India epithermal gold system is near the southwestern margin of a broad belt of Tertiary volcanic rocks that forms the Central Highlands of Nicaragua. The Central Highland Volcanic Belt is bounded to the east by a major arc-parallel normal fault that marks the edge of the NW-SE orientated Nicaraguan Graben. The western boundary of the Central Highland volcanic belt is less well defined. The topography gradually drops to the East to a lower coastal plain where the surficial geology is a mix of Eocene-aged volcanic cover (Ehrenborg 1996) and older basement rocks. The basement rocks are pre-Jurassic low metamorphic grade phyllites and schists, granites, ultramafics and carbonate sediments (Venable 1994).

Two volcanic sequences are generally recognised in the Central Highlands:

- The Matagalpa Group - a widespread thick lower sequence of intermediate to felsic pyroclastic deposits and ignimbrites interpreted as having been deposited as a result of shield volcanism during the Oligocene.
- The Coyol Group - basaltic, intermediate and felsic volcanic flow and pyroclastic rocks originating from numerous volcanic centres forming felsic domes, basaltic to andesitic strato-shield volcanoes or caldera complexes and interpreted to be Miocene to Early Pliocene age (Ehrenborg 1996).

The Central Highland Volcanic Belt was originally formed from magma derived from the northeast-directed subduction of the Cocos Plate beneath the Caribbean Plate. Subsequent roll-back of the subduction zone has shifted the volcanic activity further southwest. Two principal structural fabrics are recognised in Nicaragua:

- Deep-seated arc-normal NE-SW orientated fabrics comprising both ductile shear zones in the Mesozoic basement rocks and more brittle fault s in the overlying Tertiary rocks, and
- Brittle deformation fabric of arc-parallel NW-SE orientated faults and associated linking structures. This structural fabric hosts the majority of the gold mineralised veins at La India.

In interpreting the structural setting of the Central Highlands and adjacent areas Weinberg (1992) recognised three post-Oligocene phases of deformation in Nicaragua as follows:

- Late Miocene to Early Pliocene: NE-SW–directed compression and uplift in close temporal association with opening of NE-oriented fractures;

- Pliocene to Early Pleistocene: rollback of the subduction zone resulting in extension along NW-trending normal faults of the Nicaragua Graben; and
- Late Pleistocene to Recent: dextral transcurrent deformation along arc-normal NE-SW trending faults under subduction-related stresses and associated with the active volcanism in the Nicaragua Depression.

6.2 District Scale Geology

6.2.1 Geological Setting

The La India Mining District is located towards the southwestern edge of the Central Highland Volcanic Arc within Middle Miocene to Early Pliocene strato-shield and caldera volcanic complexes of the Coyol Group (Ehrenborg 1996). At La India the volcanic complexes have been disrupted by a series of NW-SE and NE-SW orientated faults making it difficult to define the boundaries between adjacent volcanic complexes (Figure 6-1). Topographic and geophysical data suggests that the main La India gold mineralised area lies between two large volcanic calderas. The best defined, and interpreted as the younger, caldera is located approximately 6 km to the southeast of the concession area while a less well defined, interpreted as older, caldera lies approximately 6km to the northwest.

Hydrothermal fluids generated by volcanic activity prior to and after the formation of one or both calderas probably migrated through pathways generated by extensional faulting associated to the formation of the Nicaraguan Depression. Multiple fault displacements allowed for repetitive mineralisation as evidenced by the presence of multiple stage veins and breccias.

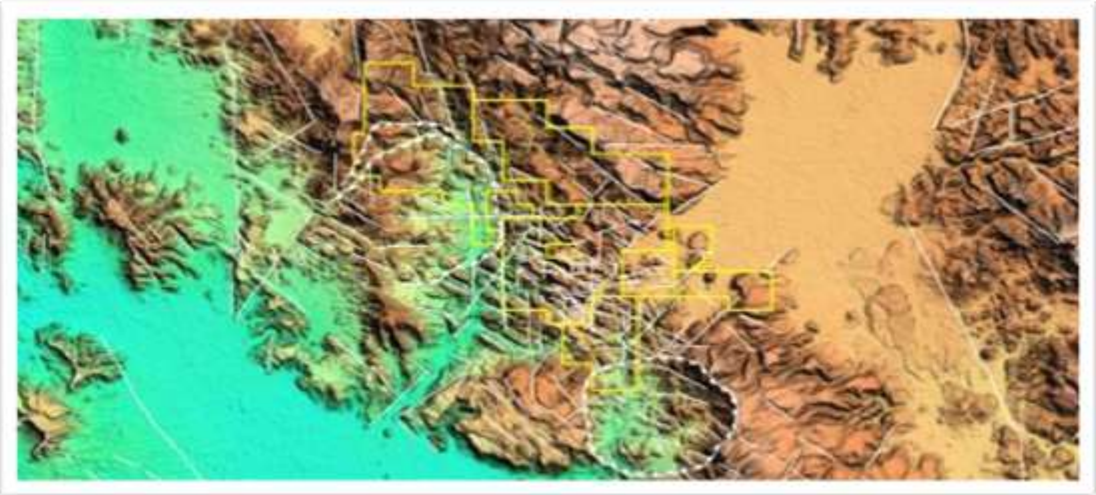

Figure 6-1: Interpretation of landforms and tectonic lineaments (white lines) in La India District.

Note: Map shows La India Project concession boundary (yellow) and major geological structures (white) (Source: Condor).

6.2.2 Rock Types

Only the central mineralised area of La India Mining District has been mapped to date, however reconnaissance exploration suggests that the same rock types are present throughout the district. Mapping and drill core re-logging exercises carried out across the three principal vein sets at the core of the mining district; La India, America and La Mestiza vein sets, have identified the following seven basic-felsic lava flows and pyroclastic deposits, assigned to the Coyol Group. The surface mapping and drill hole logging data was used to produce 3D interpretations of the main prospects. Although surface mapping has not been extended to the outlying mineral resources of Cacao, Cristalito-Tatascame and San Lucas, the same units are recognised on all three prospects.

A summary of the rocks from youngest to oldest is shown in Table 6-1 while Figure 6-2 is a local geological map.

Table 6-1: Summary of Major Rocktypes at La India

Unit	Long Name	Description
QA	Quaternary Alluvium	limited to the channels of semi-permanent rivers and creeks. It is comprised of unconsolidated fluvial sands, gravels and boulders transported by flash floods or during permanent flow in the months of June-November.
VIA	Porphyritic andesite	These appear as lava flows,found filling the La India and America valleys, as well hosting the Central Breccia resource. To the south and east of these valleys, laminar and massive porphyritic lavas form the ridges across the main road that runs through the district. Thickness varies depending on the prospect: at the La India valley, maximum thickness is approximately 130 m; in the Central Breccia closer to 150 m, and in the America Vein Set less than 100 m. Weathering is extreme close to surface but fresh at depths over 50 m. Andesite lava is greenish dark grey, feldspar-phyric with a fine grained groundmass. Joint surfaces are filled either with calcite or clay.
VF	Felsic Lava	Flow banded and massive rhyolite and rhyodacite lavas, possibly associated to the extrusion of lava domes. Forms the footwall to the La India vein. In the central part of La India vein massive felsic lavas slowly grade into flow banded lavas (Figure 6-2), maximum thickness known to extend beyond 200 m in drilling. The felsic lava domain comprises predominantly dacite to rhyolite lavas varying from pink grey to dark red to grey. Felsic lavas are very fine grained with joints filled predominantly with red-brown clay, iron staining in the weathered zone, or calcite filling in the unweathered rock. The weathered rock mass is of very poor to predominantly fair quality, whilst the unweathered to slightly weathered rock mass is a fair to good quality rock mass with some significant intervals of poor and very poor quality rock mass.
PPBf	Felsic pyroclastic Breccia	Both felsic pyroclastic breccias (Figure 6-2) and epiclastic deposits are part of an apron like stratigraphic sequence associated to the extrusion of a felsic lava dome. These consist mainly of angular clasts of flow banded rhyolites. Clast size and angularity increase towards the highest elevations, indicating that they are more proximal to the source. Thickness varies away from the La India valley where they are the thickest (approximately 100 m). Felsic pyroclastic breccia is typically a brown to yellow grey colour, and exhibits often a weak silicate alteration. Red-brown clay infill exists in association with sulfide mineralisation within a very-low grade carbonate breccia halo.
PPMf	Felsic Lapilli Tuff	Identified in some of the southern drill holes in the La India Vein Set consists of stratified, pumiceous tuffs to lapilli tuffs interbedded with felsic lavas
PPMi	Andesitic Lapilli tuff	Thick sequence (200 – 250 m) of grey to brown colored (when weathered or oxidized) andesitic lapilli tuffs and welded lapilli tuffs (ignimbrites) , underlie the pyroclastic breccias.. This rock unit consists predominantly of andesitic lapilli tuff, although abundant rhyolite lapilli tuff and small lenses of rhyolite lava are intercalated. The grouping of this lithological domain thus contains numerous small intercalations of other rock type. Lapilli clasts are typically well cemented in a fine grained matrix of similar composition than the lapilli clasts. Average andesite lapilli tuff is often vuggy, with hematite and silicic alteration. Joints are filled with red-brown clay, which is frequently sheared or clean.
VMB	Basaltic andesite lava	basaltic andesite lavas outcrop on the westernmost areas of all three vein sets predominantly plagioclase and pyroxene phenocrysts in a fine grained, aphyric matrix
PKS	Vocanicalsitc Sandstone	A sequence of fine sandstones and siltstones is found interbedded with andesitic lapilli tuffs and rhyolite agglomerates (Figure 6-2) at the bottom of a stream bed just north of La Mestiza Mine adit. These sandstones are stratified and cross-bedded indicating a fluvial origin

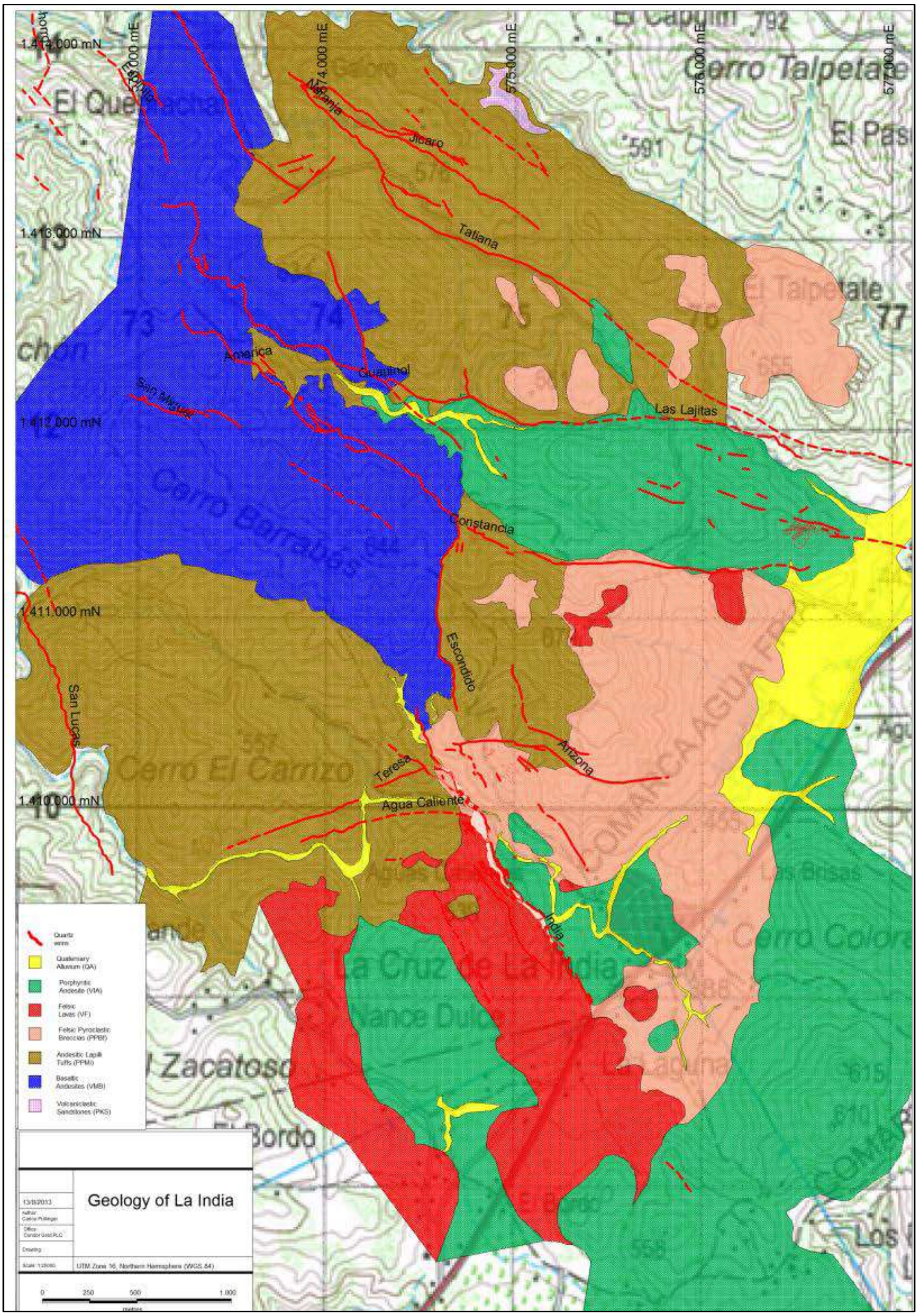

Figure 6-1: Geological map of the La India deposit (source: Carlos Pullinger, Condor) September 2012

Figure 6-2: Field Outcrop Photographs of Major Rocktypes at La India,

Note: from top left to bottom right of figure: flow banded rhyolite lava (VF) spines; close-up of (VF) flow banding; rhyolite breccia (PPBf) in outcrop scale; and bedded rhyolite agglomerates and sandstones (PKS)

6.2.3 Structural Geology

The La India Mining District is located near the intersection of two major regional structures: the NW-SE orientated arc-parallel normal fault of the Nicaraguan Graben located 10-30km to the southwest of the District, and a perpendicular NE-SW orientated arc-normal structure that forms a major topographic feature that cuts through the Project area (Figure 6-3).

Faulting attributed to the extensional regime that forms the Nicaraguan Graben is particularly well developed near the graben-bounding fault where La India is situated. Structures developed at La India under this SW-directed extension are thought to have taken place at a very high crustal level as would be expected during rollback of the subduction zone. The La India Mining District is characterised by a system of multiple linked faults with differing dimensions and displacements which relate each other kinematically and spatially and have the overall geometry of a graben-like structure centred along a NW-SE orientated axis that runs through the America Vein Set at the centre of the La India District. The graben-like geometry is recognised by a dominantly north- to east-dip in structures located to the south and west of the axis, and a dominant south- and west-dip in structures located to the north and east of the axis.

The linkage structures between the faults are envisaged to have occurred at a relatively early stage in the development of the fault system; that is, after little displacement had occurred. Any displacements on a fault had to be accommodated away from the fault by the creation of new fractures, consistent with high-level brittle fault systems in massive volcanic rocks.

The major NE-SW striking structure that cuts through the southern part of La India Vein and forms a major downthrown Sebaco Graben block to the southeast is interpreted as a later, possibly post-mineralisation cross-cutting fault. The amount of movement along this fault where it cuts the La India vein is thought to be minimal as this location is interpreted to be close to the hinge of the fault and it is interpreted to be a scissor fault with increased downthrow along strike to the northwest where the Sebaco Plains are formed (Fig. 6-20). Regional mapping suggests that it is a long-lived structure as it can be traced for hundreds of kilometres into older basement material to the northeast.

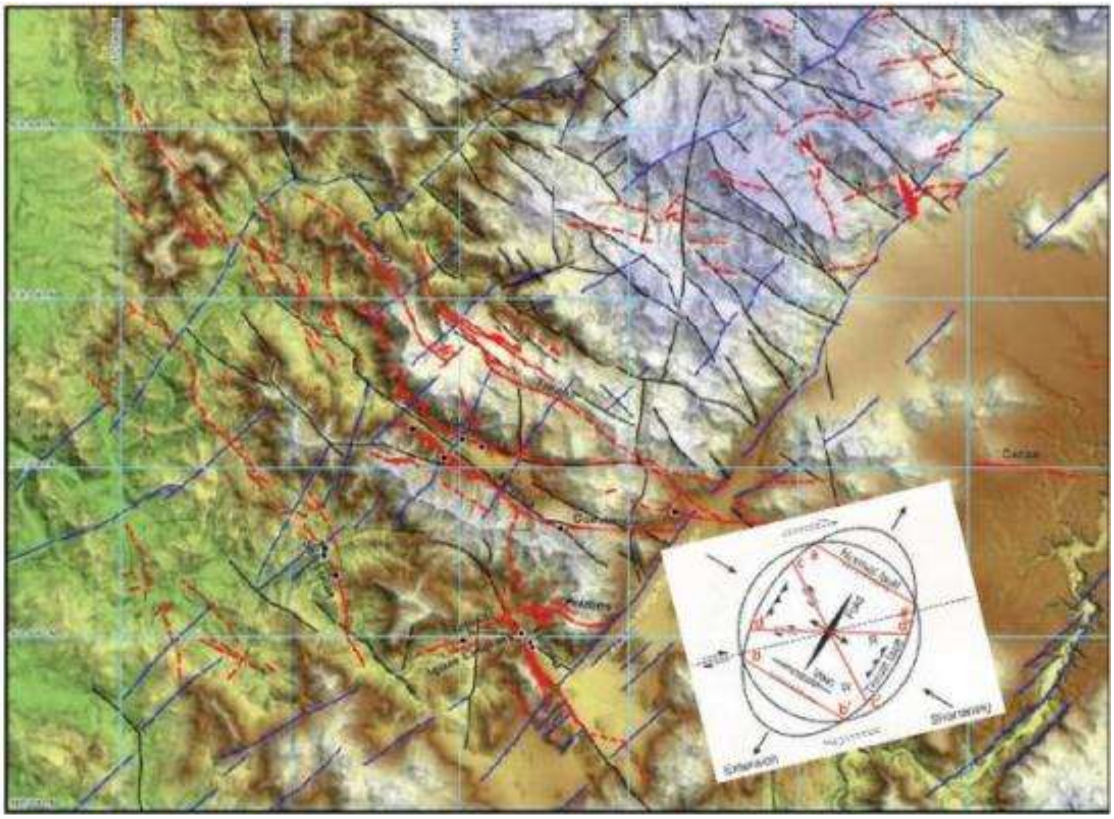

Figure 6-3: Interpretation of brittle structures and lineaments in the core mineralised area at La India over topography image.

Note: Map shows known vein traces (red), syn-mineralisation structures formed under southwest-directed extensional regime with associated Mohr Diagram (black) and post?-mineralisation NE-striking structures (blue) (Source: SRK).

6.2.4 Gold Mineralisation

The bulk of the gold mineralisation at La India District occurs as shallow, low sulphidation epithermal veins and breccia-fill within structures interpreted to have formed under the Pliocene to Early Pleistocene SW-directed extensional tectonic regime.

Faulting was active at the time of vein emplacement, with some areas displaying tectonic brecciation of early vein phases sealed by later vein phases. The following principal structural orientations developed syn- and post-gold mineralisation and therefore host gold mineralised epithermal veins as follows:

- Epithermal veins hosted by WNW-ESE trending structures, such as the America Vein, have the longest traces and are interpreted to have formed as a response to a NE-SW oriented extensional regime which formed the Nicaraguan Graben during the Late Miocene to Early Pliocene. The epithermal veins hosted by these structures are interpreted as tensional veins or as fault-hosted shear veins.
- Epithermal veins hosted by NNW-SSE to N-S oriented linking structures which formed between the WNW-ESE vein systems, relaying displacement through the system as whole. These veins filled spaces formed under a trans-tensional regime with the oblique stress direction forming overlapping arcuate veins linked by wide quartz breccia zones in the flagship NNW-SSE La India-California Vein.

- E-W to ENE-WSW trending epithermal veins interpreted by Condor as the final stage of development possibly associated with the late stage reactivation of deep-seated NE-trending structures.

Figure 6-4: Close-up of part of La India Vein showing fault brecciated and re-sealed early emplaced vein (bottom) in contact with later banded quartz vein (top) (Source: Condor)

Mineralisation Types

The fault infill of the La India vein comprises three principal types of vein core and breccia infill composition and textures. The components and their internal organization have been described in sequence (below) to define the deformation regime and para-genesis of the mineralisation events (Figure 6-5).

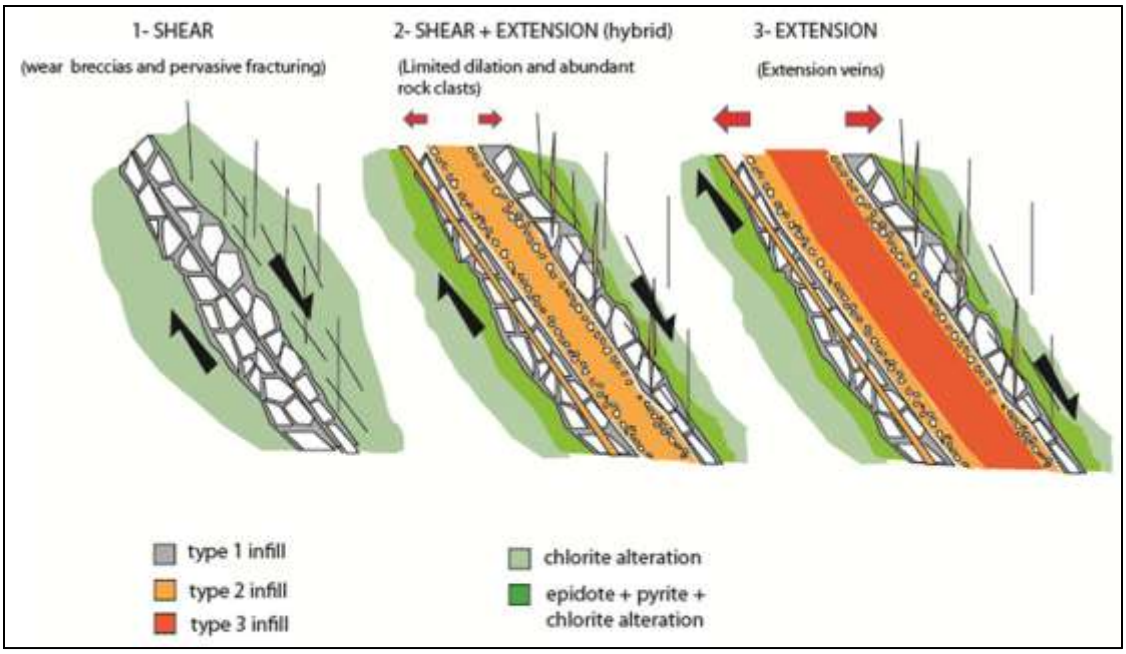

Figure 6-5: Mineralisation Types

Type 1

Early massive/banded grey-quartz cement occurring principally as stockwork, jig saw fit and hydraulic chaotic breccia facies. The Au mineralisation occurs at the lowest grade in this first stage (<1 ppm Au). The breccia facies occurs principally in the foot-wall with strong to pervasive silica alteration, the thickness is variable but can be up to 4 m wide.

Type 2

Fine white quartz occurs as banded and massive veins, commonly replacing platy calcite textures and tectonic breccia infills (Figure 6-6). This stage contains sulfide-rich bands of sphalerite ± pyrite with intermediate grades of up to approximately 10 ppm Au.

Type 3

This stage is characterized by coarse-grained white quartz + hematitic silica and interlayered fine grained sulfides. Crustiform, coloform and banded textures are dominant in this stage. Grades are highest in this stage with values commonly greater than 10 ppm Au

Some bands are composed of microcrystalline quartz + adularia. Fine-grained ore minerals consist of chalcopyrite with secondary malachite. SEM analyses identify acanthite -rich (Ag_2S). Ore-mineral bands are composed of chalcopyrite + sphalerite + jalpaite (Ag_3CuS_2) + pyrargyrite (Ag_3SbS_3) / proustite (Ag_3AsS_3) ± galena. This stage is exclusively observed in extensional regime veins and commonly cross-cuts early breccia facies.

The surrounding fault-wall damage has been observed over more than 10 m width at La India vein where it is composed by sheeted veins, stockwork zones with stage 1 and 2 infill cements.

Figure 6-6: Type 2 Gold Mineralised Breccia of the La India-California vein (Source: Condor, June 2012)

6.2.5 Vein Morphology

The morphology of the veins reflects the orientation of the structures that the veins fill. Condor has recognised the following styles of gold mineralised veins within La India Mining District.

- Stacked arcuate anastomosing veins and quartz breccias dipping between 45° and 75° along a 1.5 km strike length on the principal La India-California structure. This system is interpreted as forming under a trans-tensional stress regime with tectonic movement along a line of arcuate fault planes with stress transferred between fault planes through development of breccia zones (Figure 6-6).
- Single discrete planar veins and multiple parallel planar veins (America and La Mestiza vein sets) with strike continuity of 1-3 km and widths ranging from 0.5 m to 4 m.

6.2.6 Mineralisation

The gold in the low sulphidation epithermal quartz vein and quartz breccia gold mineralisation that constitutes the bulk of the mineral resource outlined to date occurs as fine grained electrum and native gold ranging in size from 11 to 315 microns in length and from 6 to 300 microns in width. Metallurgical tests carried out by Inspectorate at Lakefield, Ontario, Canada show that 70% of the gold is in the 75 to +50 micron size fraction. A minor proportion of the gold was reported to be present as blebs within iron oxy-hydroxides. Quantitative Evaluation of Minerals by Scanning Electron (QEMSCAN) carried out by Process Mineralogical Consulting Ltd as part of a metallurgical testwork by Inspectorate at Lakefield, Ontario, Canada, on mineralised material from La India and America Vein samples are mainly quartz and K-feldspar with minor amounts of plagioclase, micas (biotite + muscovite), clay minerals and Fe-oxide minerals (hematite, magnetite, ilmenite), as well as trace amounts of pyrite and mafic minerals (amphibole, chlorite, epidote) associated with propylitic alteration proximal to the La India veins.

Galvan (2012) indicates that propylitic alteration can be subdivided into early and late episodes. The early episode is associated with the central La India vein system and consist of chlorite and pyrite alteration haloes extending to less than 15 m wide around the central La India vein and associated with early (Type 1 and 2) grey quartz breccia infill. A second episode of propylitic alteration occurs towards the south of the La India deposit and consist of epidote + pyrite + chlorite ± calcite associated with Type 3 white quartz mineralisation extending around 16 m from the ore zone.

QEMSCAN analysis on mineralised material from the Central Breccia showed this to have a significantly different mineralogy to the other veins at La India being composed of mainly quartz, mica and carbonates (mainly calcite) with moderate amounts of K-feldspar plus minor amounts of plagioclase, pyrite and Fe-oxides and trace amounts of arsenopyrite, clays and mafic minerals.

6.3 Deposit Scale Geology

6.3.1 La India

The La India Vein Set comprises two cross-cutting structures. The bulk of the mineral resource is hosted by the India-California structure, a normal fault striking 330° and dipping ENE at approximately 70° in the southern zone, 50-60° in the central zone and 45° in the northern zone. The India-California structure displays evidence of trans-tensional movement with a sinistral transverse component inferred.

In the hangingwall zone a series of steep-dipping veins have formed in contact with the main structure that are interpreted as tension gash fill. The result is a thick mineralised sequence of anastomosing quartz veins and breccias. At the southern strike extent of the structure the mineralised veins do not reach surface but drilling has demonstrated that the mineralised fault system remains open along strike at depth.

A smaller mineral resource is contained within the approximately East-West striking Teresa-Agua Caliente-Arizona veins. These veins form a set of discrete, parallel, and vertical to steeply north-dipping veins.

The Company has produced a series of detailed geological sections which show the various volcanic lithologies, which have been used as a basis for the geological and mineralisation models. Figure 6-7 provides an example cross section through the central zone at La India, confirming the typical thicknesses and ENE dip of the high grade core (pink) and lower grade wall rock mineralisation (light blue) in context of the background volcanic host rock.

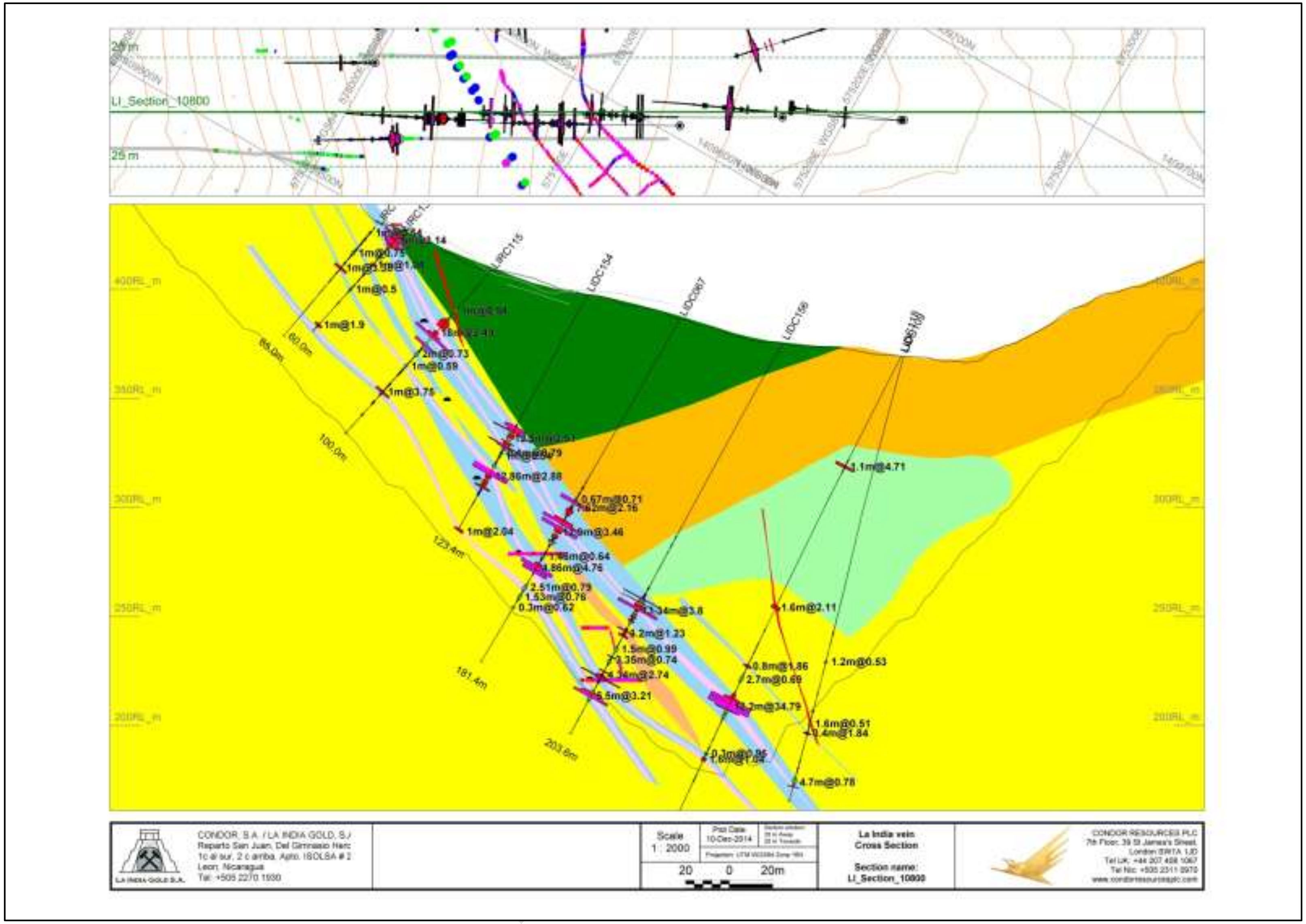

Figure 6-7: **Cross-section through La India 800 section in the Central zone (Source: Condor 2014)**

6.3.2 America Mine

The gold mineralisation at America occurs along the faulted contacts which separate three structural blocks. The America-Escondido structure forms two of the three recognised block boundaries. The structure is characterized by a 60° bend between the America fault which strikes 300° and dips approximately 55° to the northeast and the Escondido fault which strikes north and dips at approximately 45° to the east. Both the America and Escondido fault limbs are planar normal faults, typically 1-3m wide and characterized by the development of sand to gravel-grade cataclastic textures on the principal fault plane and small, metre-scale tension gashes in the hangingwall. A wider quartz breccia has developed at the flexure zone. The Constancia veins are hosted by a steeper dipping structure striking at 270-290° and dipping at approximately 70° to the north.

Figure 6-8 provides an example cross section of the intersection of the Constancia Vein with the America-Escondido flexure, confirming the typical thicknesses and dip directions of the mineralisation (light blue) in context of the drilling and topographic survey.

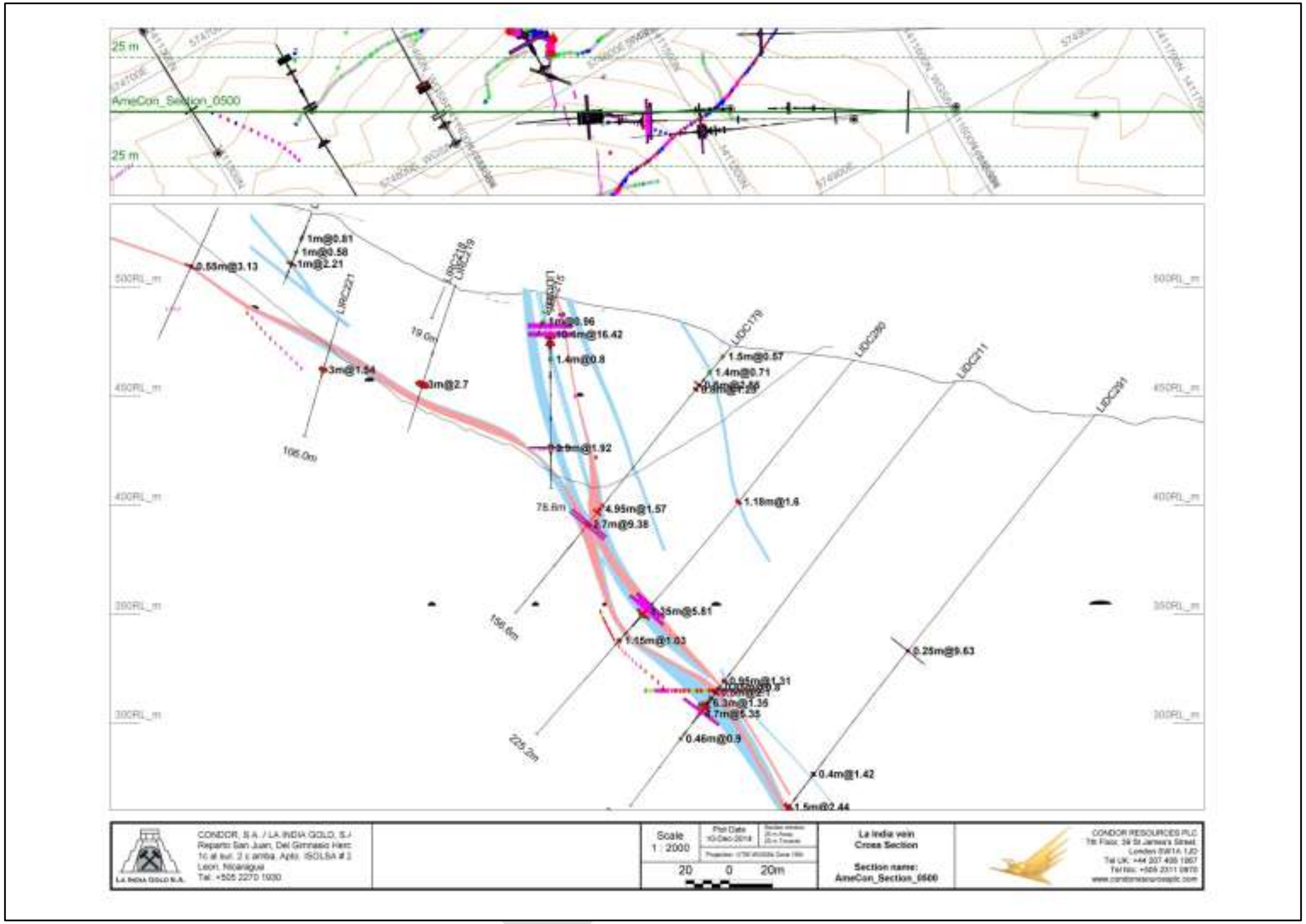

Figure 6-8: Cross-section through the intersection of the Constancia Vein with the America-Escondido flexure with the Constancia Vein(s) on the 500 Section (Source: Condor 2014)

6.3.3 Central Breccia

The Central Breccia is a multi-stage hydrothermal breccia deposit hosted by a massive porphyritic andesite located at the centre of the graben-like structure that runs down the axis of the America Vein Set near the intersection with the regional cross-cutting NE-Fault. Drilling has shown that the andesite overlies a felsic pyroclastic breccia. Two stages of hydrothermal breccia development are recognised, an early hydraulic breccia with evidence of clast movement and rotation and a silica-cemented microbreccia matrix, and a later crack and fill brecciation with calcite-cement containing anomalous gold values formed under a more passive dilational regime.

The Central Breccia deposit is interpreted as a breccia pipe and is characterised by wide zones of jigsaw-fit chlorite-altered andesite, cemented by silicified microbreccia and crystalline calcite.

Gold mineralisation is associated with a later calcite and quartz calcite crack and seal breccia. The breccia typically has gold grades of 0.1 to 0.2 g/t, within which high-grade zones (interpreted as shoots within the wider breccia pipe) typically over 10 m thick and grading between 2 g/t and 7 g/t gold occur. The high-grade zones are often associated with sulphide minerals and intense argillic alteration and quartz veins.

6.4 Weathering

In most cases, including the La India and America veins, gold mineralised quartz veins and breccia zones form resistant ridges. In contrast, in some cases, such as the La Mestiza and Cristalito-Tatascame areas, the gold mineralised structures occur within intensely weathered saprolitic bedrock (reported to extend to a depth of approximately 20 m). Within the saprolitic zone, gold values obtained from near surface vein material are only weakly anomalous, whereas samples from the base of the saprolitic zone are higher, suggesting either that the surface zone is above the higher-grade gold mineralisation of the boiling-zone of that near surface leaching and basal enrichment within the zone. Silver is also present, but there are no detailed reports describing its occurrence and character.

Near the topographical surface the rock types present signs of extensive weathering, being transformed into saprolite. This can extend up to 20 m depth and is defined as Moderate Weathered Rock (“MW”) and Highly Weathered Rock (“CW”) and can be generally described by:

- **Overburden Soils and Highly Weathered Rock – (CW)**
  Overburden consists of less than 1-10 m of colluvium showing little evidence of transportation and usually consisting of subangular to angular gravel to block sized rock fragments in a sandy to silty matrix. The overburden overlies highly weathered rock which often contains completely weathered intervals resembling a residual soil. The highly weathered rock contains frequent core stones of moderately to slightly weathered rock. The depth of the base of this unit varies but it is usually less than 20 m thick. The weathered rock is of weak strength and of very poor to occasionally moderate rock mass quality. Very close to close joint spacing prevails. Joints are filled with red brown clay and limonitic silt.

- **Moderately Weathered Rock mass – (MW)**
  Below the highly and completely weathered rock zone follows a 20-30 m thick undulating blanket of moderately weathered rock. The thickness of this weathered zone increases to 30-50 m in the southern hangingwall (SE pit area).

- **Fresh Rock Mass – (FR)**

  Fresh rock mass is the unaltered rock that lies below the highly and moderately weathered rock mass zone.

7 DEPOSIT TYPE

The gold mineralisation at La India is interpreted as to have been deposited in a high level, low sulphidation epithermal system. The mineralisation itself occurs associated both with quartz vein systems and within well-confined hydrothermal breccias.

The veins and stockwork zones are hosted within massive andesites, andesitic and felsic tuffs or felsic lava flow deposits. Veins are typically less than 3 m in width, but stockwork zones and stacked stockwork-vein zones can be up to 25 m wide.

Quartz veins, often including a brecciated component, vary in thickness and are most typically between 0.7 m and 2 m in thickness. In many areas, the wallrock hosts a breccia or stockwork zone with vuggy quartz veinlets up to 5 cm thick and accounting for up to 70% of the rock mass. The breccia/stockwork zone is typically up to 10 m thick and is associated with silica-haematite alteration. The quartz in the breccia zone may be gold mineralised, although the country rock component means that gold grades are diluted compared to the veins.

The grade of gold and silver can vary from a few grams per tonne to significant intersections with grades in excess of 30 g/t (>1 oz/t). Gold mineralisation occurs as fine gold-silver amalgam with a gold to silver ratio of 1 to 1.5.

The “Central Breccia” Deposit is interpreted as a gold-mineralised hydrothermal breccia with, low grade gold mineralisation is associated with carbonate breccia cement and high-grade gold mineralisation is associated with argillic alteration and sulphide mineralisation.

8 EXPLORATION

8.1 Mapping

8.1.1 Historical Mapping

A significant database was collated during the Soviet period between 1986 and 1991. Work completed during this period included geological mapping at 1:10.000 and 1:25.000 scales, geochemical prospecting at 1:10.000 scale, geophysical exploration (magnetic prospecting and electric exploration at 1:10.000 scale) and hydrogeological investigations, as well as land surveying work.

Between 2000 and 2001, Newmont Mining produced an interpretative geological map of the area, the aim of which was to define the extent of hydrothermal alteration, to locate and sample vein stockworks, and to identify bulk-mineable targets. Five areas with widespread hydrothermal alteration and encouraging surface gold values were identified, and a digital 1:50,000 scale geologic map and alteration overlay was produced. TVX also mapped the principal veins at between 1:500 and 1:1000 scale using tape and compass mapping and trench sampled over 500 trenches for over 800 channel samples.

8.1.2 Condor Mapping

Condor has completed a 1:5000 scale update of the geological map focused on the La India, America and Mestiza vein sets with on-going refinement of the historical maps. The results of the 2012 geological mapping completed by Condor is shown earlier in the report in Figure 6-1.

8.2 Geophysical Study

During 2013 the Company completed a geophysical survey of the Project. In total a 3,351 km line helicopter borne geophysics programme was completed comprising radiometric and magnetic surveys which resulted in a high quality dataset suited for interpretation on both regional and project scales. The main survey was flown on 100 m spaced lines with an azimuth of 030/210º with tie-lines flown at right angles to the main survey lines on 1,000 m line-spacing. The heliborne geophysics data has been processed by Lubbe Geophysics Inc (Lubbe).

The radiometric data sets correlates well with known mineralisation and can be used as a direct tool to map vein presence. The recognition of the geophysical properties associated with the known veins and extrapolation of those characteristics into other less well-mapped areas demonstrates that only a small part of La India Project has been tested by drilling, which increases the potential to find additional Mineral Resources within the area. The Company has identified two prospective regions in the north and northeast of La India Project which have similar geophysical signatures to the main Vein Sets.

The radiometric responses are robust and well-defined in the survey area. The potassium response, as well as the thorium to potassium ratio, has a strong correlation with areas of known veining in the core of the La India Project. Maps of these data sets show other areas within the Project area with a similar high potassium and low thorium:potassium ratio that may host undiscovered vein zones, which warrant further follow-up exploration.

The reduced-to-pole magnetic data shows a general WNW to NW-striking fabric over much of the survey area. The known veins are mostly parallel to these trends and are often associated with zones of disrupted magnetic signature that reflects the localised destruction of magnetite. Similar structures can be traced through less well explored parts of the Project area. The identification of disrupted signatures on these structures provides a targeting tool for future exploration.

The study identified a series of alternating NW-striking magnetic highs and lows evident when the 100m upward continued directional filter is applied suggests that the basement is made up from a series of parallel and sub-parallel horst/graben features, which supports the original geological model. It is hypothesised that sigmoidal patterns are possibly the result of the slight angles between the grabens, or alternatively, an indication of the presence of extensional faults, which will require further exploration to confirm.

In Lubbe's report to the Company, it has been concluded that radiometric and magnetic data can be correlated to the known gold mineralized veins. The mineralised veins are associated with elevated potassium, especially where elevated relative to thorium, and with destruction of the magnetic signature, effects attributable to potassic alteration and magnetite destruction respectively by the epithermal fluids that deposited the gold mineralised veins. The identification of a similar geophysical signature elsewhere in the Project area can be used to target exploration for both the discovery of new gold mineralization and the prioritization of the many existing gold anomalies recognized in the existing rock chip sampling database.

8.2.1 District-Scale Interpretation by Condor

Condor geologists have used the results from the airborne magnetic and radiometric surveys, in conjuction with satellite derived topographic data, to develop a district-scale geological model of the La India Project's epithermal gold mineralisation system. Topographic and magnetic data were used to identify the structural system that provides the conduits for gold-bearing fluids, with radiometric potassium concentration indicative of the amount of hydrothermal fluid flow.

Following geological interpretation, the most significant geophysical anomalies identified (referred to by Condor as 'backbones') relate to the structure that hosts the La India and America deposits, two structures in the south west of the Project area (San Lucas and Dos Hermanos) and a further structure towards the north east (Andrea). Eight priority targets were identified as under-explored areas within prospective geological settings, with initial follow-up rock chip sampling enabling a ranking of the targets and the development of regional exploration plans. Figure 8-1 shows the rock chip sampling results and exploration targets overlain on top of the regional radiometric (potassium: thorium) survey.

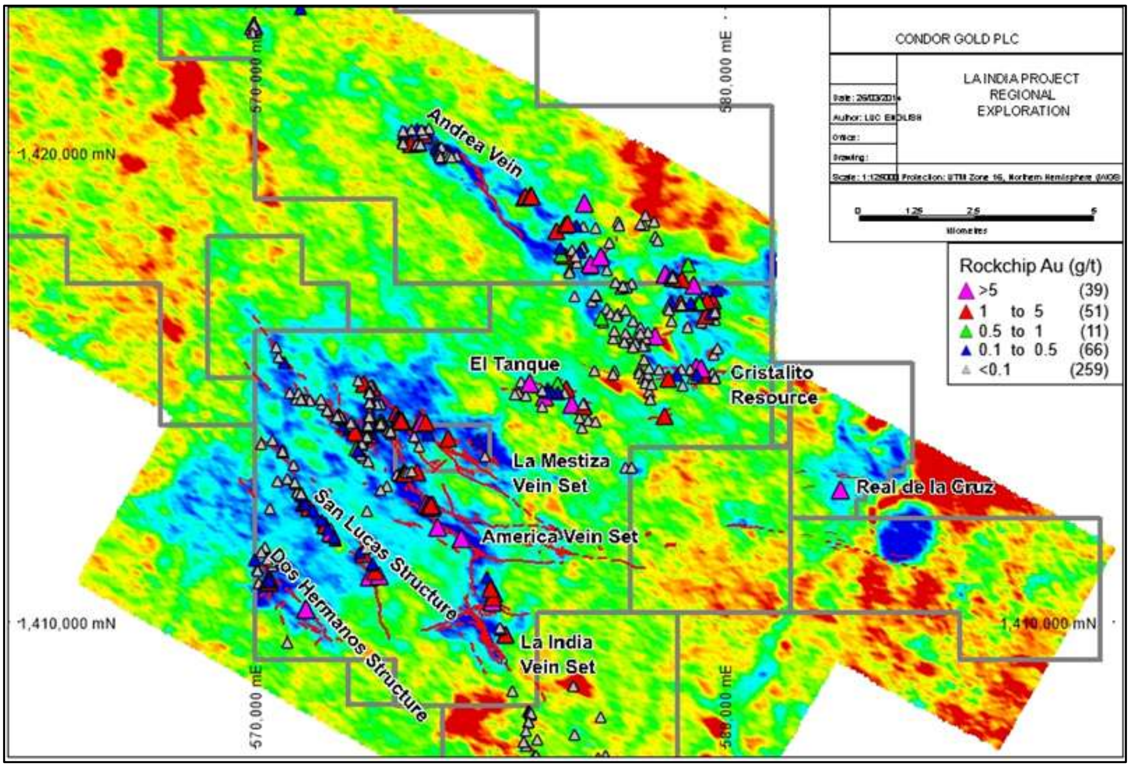

Figure 8-1: Exploration targets shown overlying radiometric potassium: thorium background (high potassium ratio coloured in blue): Source Condor 2014

8.3 Surface Trenching

Surface trenches have been excavated to access and sample in situ rock beneath overburden, which is typically less than 2.5 m in depth. Previous trenches and those produced by Condors prior to 2012 were excavated using manual methods, and there are therefore some areas with thicker cover where trenching failed to reach bedrock (resulting in areas where no samples were taken). In total almost 1,021 trenches for approximately 9,900 m have been completed historically during exploration by the different companies. The following trenching programmes have been completed by Condor:

- During 2011 Condor excavated a number of trenches to assist in the geological definition of certain veins by confirming the location of surface projections. An additional trench programme was completed over the central portion of the La India vein-system in an area which was mapped as having breccia material. The resultant trenches located a relatively wide breccias zone at surface (40 – 50 m wide) in two trenches 25 m apart, providing the Company with an area for further follow-up investigation. A 235 m manual trenching programme was completed to follow-up a gold mineralised rock chip sample collected on the Central Breccia Prospect. A significant surface mineralisation zone was defined which was subsequently confirmed by drilling.
- In 2012, Condor excavated a number of trenches using a mechanical excavator to sample bedrock beneath colluvial material that was between 2 m and 4 m deep on the hangingwall of the central portion of the La India Vein. The resulting mineralised intercepts which included some wide gold mineralised breccia zones were correlated with underlying drillhole samples to help guide the geological model to surface. Further infill and extension trenching using a combination of manual and mechanical trenching was completed on the Central Breccia to try and better constrain the surface gold mineralisation. A total of 1,392 m of trenching has been completed on the Central Breccia to date defining a 150 m x 300 m alteration zone and a 70 m x 150 m core containing zones of high-grade gold mineralisation.
- In 2013, Condor completed a number of trenching programmes, the focus of which was the America-Constancia-Escondido veins where a total of 37 trenches for 2,694.8 m were completed testing for potential additional mineralisation in the wall rock in proximity to the veins, and for additional parallel features. At La India 4 trenches (732 m) were excavated at the north west of the deposit. The final phase of trenching (5 trenches for 799 m) was completed within the Mestiza veinset between Tatiana and the Buenos Aires veins to test for potentially additional veins within this region of the deposit.
- In 2014 Condor completed another trenching campaign (Table 8-1) which focused on testing a number of regional targets (including Dos Hermanos, San Lucas and Real de la Cruz) that were identified as having potential near surface gold mineralisation based on geophysics and rock chip sampling. The most encouraging results were related to the Real de La Cruz Concession where 51 trenches for 3995m were completed and identified a low-grade surface gold anomaly along a 1,100m strike length. Data from the 2014 trenching campaign has not been included in the September 2014 Mineral Resource estimate.

Trenches were marked out with spray paint to every metre. Samples were taken metre by metre in areas of interest, alteration or veining, and occasionally two metre long samples in areas of unaltered ground, at the discretion of the supervising geologist. Trench samples were collected from a 5 to 10 cm wide channel on a clean wall of the trench approximately 5 to 10 cm above the trench floor. Wherever possible, samples were always taken from the same side of the trench. The samples were continuous channel samples taken using a geological hammer, a hammer and chisel or a hand-held motorised rock saw in areas of hard rock. Material was collected onto a cleaned sheet of plastic to avoid contamination. The sample was then poured into a labelled sample bag with an average weight of 3 to 4 kg.

Table 8-1: Summary of trenching completed by Condor during 2014 exploration campaign

Vein	Number of Trench	Minimum Length (m)	Maximum Length (m)	Sum Length (m)
Dos Hermanos	5	33	304	640
San Lucas	12	34	51	330
La India	6	7	163	321
El Chaparro	5	29	65	226
Real de La Cruz	13	12	542	2,646
Grand Total	41	7	542	4,163

8.4 Underground Sampling

Historically, some 10,000 original underground mine grade control channel samples were taken on 11 veins within the La India Project. This sample data has been digitised from original hand-drawn vertical long sections (VLP) at a 1 inch to 50 feet scale (c.1:600). The VLP show the sample width measured in feet to one decimal place and the grade measured in Troy ounces per Short Ton to two decimal places (equivalent to 0.34 g/t Au). Samples were collected at 6 foot (about 2 m) intervals along development drives and raises. It is assumed that the standard mining practice of collecting a horizontal channel sample across the development face using a lump hammer and chisel was followed. The data has been digitised and re-projected into the original 3D position for use in the mineral resource estimate.

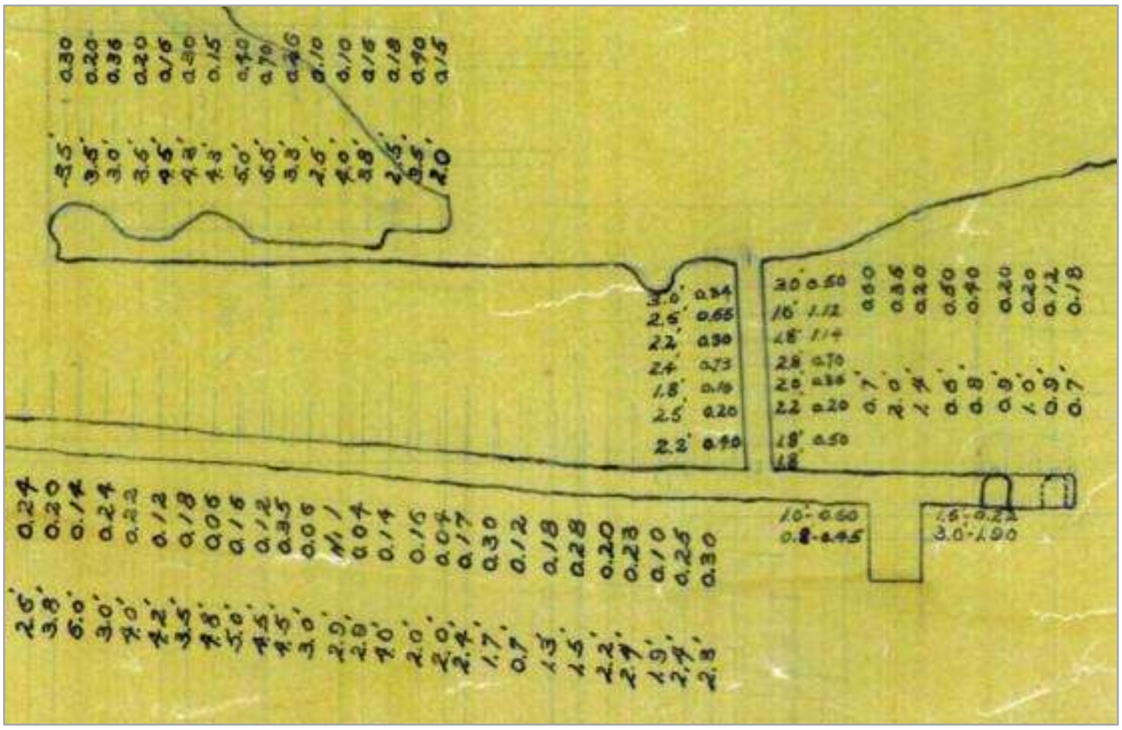

Figure 8-2: Example long section showing underground grade control data (Agua Caliente workings) (Supplied by Condor)

Figure 8-2 shows an example of underground grade control data showing width in feet (for example, 2.2') and gold grade in Troy oz per Short Ton (0.40). This example taken from a 1":50' (c.1:600) scale vertical long section of the Agua Caliente workings (La India Vein Set) drawn in 1939.

The historically reported underground widths and grade have been validated using more recent underground sampling (Section 11). Notably, between 1996 and 1997, TVX collected over 350 underground samples from accessible underground workings including La India, America and San Lucas. Geologically controlled roof and wall continuous chip channel sampling using a lump hammer and chisel was undertaken. Samples were taken perpendicular to the mineralised geological structure where possible. Gold-Ore also collected 32 underground samples from the upper level of the Cristalito-Tatascame underground workings in 2005 using a similar technique.

Condor has recently collected a limited number of underground mine sampling. In this case, separate samples have been taken horizontally from the hanging wall, vein and footwall in the side wall of the adits.

The protocol for mine sampling is summarised as follows:

- Samples were taken horizontally across the wall due to the high angle dip of the veins.
- The sample lengths were measured horizontally and are not true widths measured perpendicular to the vein.
- Samples were taken by Condor samplers under the instructions of a Condor geologist.
- The samples were taken in a continuous channel by hand using a lump hammer and chisel.

- The sample was collected directly into the sample bag which was held open immediately below the sample channel.
- Some of the larger pieces of rock were broken by hammer during the quartering process.
- The sample was collected in a small bag of thin plastic which was sealed by tying a knot in the top. The sample weight was 3.0 to 4.0 kg.
- The sample location and sample type was written in a book of consecutively numbered assay tags and a tear-off numbered tag was placed in the sample bag. A geological description was made and recorded on the drilling logs.
- The mine samplers recorded the sample location by sample number on a 1:50 scale hand-drawn cross-sectional log and filled out a Microsoft Excel spreadsheet recording collar, survey, sample and geology in a format that is compatible with Micromine 3D mining Software.

8.5 SRK Comments

SRK has reviewed the sampling methods and sample quality for the La India Project and is satisfied that the results are representative of the geological units seen and that no underlying sample biases have been introduced. SRK does however comment that in some areas due to topographic constraints that it has been difficult to ensure/verify that full sample have been taken. SRK recommends efforts be made to ensure consistent sample volumes are taken during all trench programmes which can be monitored by clearly marking the face of the trench prior to sampling to ensure a consistent width and where possible depth of sample is taken. The aim of the programme should be for a trench sample to have equal volume/weighting as a diamond drill hole. SRK would recommend a before and after sampling photo be taken of all trench sampling as part of an internal quality control programme. The analytical QAQC results for the 2013 trench sampling campaign are presented in Section 11.1.3.

The use of long trench sampling using a mechanical excavator to sample bedrock beneath colluvial material that was between 2 m and 4 m deep has proved a useful exploration tool since 2012 and has been successfully used to identify surface exposures of the La India – California veins, the more recently discovered Central Breccia deposit and the additional features parallel to the America and Constancia veins.

It is SRK’s view that the density and quality of samples is sufficient to support the Mineral Resource Estimate as reported.

9 DRILLING

9.1 Summary

This section briefly describes the exploration drilling data currently available, summarising the work completed by Soviet-INMINE, TVX and Gold-Ore and Triton.

A summary of the total metres drilled per programme and per vein is shown in Table 9-1. Note that in addition to the drilling shown in Table 9-1, Triton completed an additional three preliminary exploration holes on the Real de la Cruz vein. At present no Mineral Resources have however been declared for this target.

Table 9-1: Summary of Drilling Statistics per Company and Deposit (September 2014)*

		Data			
Company	**Prospect**	**Count**	**Sum Depth**	**Min Depth**	**Max Depth**
Soviet-INMINE (1987 - 1990)	America	18	2,539.7	69.4	432.4
	America-Guapinol	2	510.3	231.0	279.3
	Buenos Aires	12	1,126.6	60.0	143.4
	Espinito	6	1,043.6	146.0	201.2
	Guapinol	34	3,008.6	27.8	253.2
	La India	6	1,805.8	233.6	396.1
	Jicaro**	1	108.6	108.6	108.6
	Tatiana	20	2,107.4	56.8	182.1
Soviet-INMINE Total		99	12,250.5	27.8	432.4
Triton Minera (2004 - 2007)	La India	8	1,509.0	131.0	215.0
	Real de la Cruz	3	457.0	110.0	208.0
	Tatiana	3	619.1	180.0	253.5
Triton Minera Total		14	2,585.1	110.0	253.5
TVX (1996 - 1997)	Arizona	3	310.9	78.4	142.6
	La India***	9	1,892.9	124.1	300.6
TVX Total		12	2,203.8	78.4	300.6
Gold Ore (2005)	Tatescame	10	1,063.5	37.0	180.0
Gold Ore Total		10	1,063.5	37.0	180.0
Condor (2007 - 2013)	America	42	5,267.8	41.0	307.0
	Arizona	6	1,135.8	102.1	239.3
	Cacao	22	2,170.5	47.0	185.1
	Central Breccia	21	3,185.5	80.7	231.0
	Constancia***	10	1,522.3	46.8	265.6
	Escondido	14	1,090.9	19.0	167.3
	Guapinol	9	1,648.6	40.5	413.2
	La India***	180	28,618.7	32.0	327.0
	San Lucas	7	1,215.0	97.5	303.0
	San Lucas-Capulin	5	570.8	47.3	195.0
	Tatiana	11	1,792.5	94.1	227.4
	Teresa	2	367.3	135.6	231.6
	Teresa Agua Caliente	1	190.5	190.5	190.5
Condor Total		330	48,776.2	19.0	413.2
Grand Total		**465**	**66,879.1**	**19.0**	**432.4**

** Summary of drilling used as the basis for the September 2014 Mineral Resource Estimate*

*** Not included in current Mineral Resource.*

**** Includes wedged holes with depth counted from deviation from parent drill hole*

9.2 Approach

9.2.1 Soviet-INMINE

Soviet-INMINE drilling targeted six veins: La India, America, Guapinol, Espinito, Buenos Aires, and Tatiana, with the objective of evaluating the mineralized zones in the deep levels.

The drilling work in general was conducted in two stages; the initial, generally unsuccessful drilling phase was aimed at testing the depth potential of the principal veins. The more extensive second phase was aimed at testing veins with little or no historic mining such as the Guapinol, Espinito, Tatiana and Buenos Aires veins with a 160-480 m grid spacing, with infill drilling on an 80-160 m grid.

The drilling direction was perpendicular to the strike of the structure or at a high angle to the vein. The holes were drilled with an angle of 67-81º with an interception angle of the mineralized body of not less than 30º, the depth of the drilled holes ranged between 40-80 m in shallow holes and up to 140-180 m for deeper intersections. The drilling was continued a satisfactory distance beyond the vein into the footwall of the silicified zone and into fresh rock.

During the initial exploration (1987-1988), 8 deep holes of 230-340 m were drilled using traditional DD drilling techniques, but reported poor sample recovery as no specialist drilling fluids/muds were used. During the 1988–1989 exploration drilling campaign, predominantly shallower targets were tested by drilling with a modified method using SSK-59 and KSSK-76 rigs, and specialist drilling fluids/muds (bentonite and caustic soda), and core recovery improved significantly. The core diameter in the intersections of the mineralised intervals ranges from 35 mm (SSK-59) up to 57 mm (76 mm crown ejector). The length of the run in the mineralized zone, with the SSK-59 and KSSK-76 drilling equipment was limited to 0.6 m, and as a rule, it did not exceed 1.0-1.3 m.

9.2.2 TVX

TVX, between 1996 and 1998, completed a data verification programme focused on the La India vein and veins in close proximity. A total of 12 holes (DH-LI-01 to DH-LI-10) were drilled using conventional DD drilling techniques, which included two re-drills of holes with difficult ground conditions. Limited information exists on the downhole surveys of the drill holes, with only the initial planned collar dip and azimuths recorded in the database. All data has been captured digitally in a series of graphical logs which have been reviewed by SRK.

9.2.3 Triton

Triton completed a series of 8 drill holes at La India vein in 2004 (LIT-11 to LIT-18). No assay results are available for these drill holes and therefore the Company undertook a core re-sampling programme during 2011, submitting half core samples to certified laboratory BSI-Inspectorate for assaying and the results have been used to help produce the MRE presented here.

9.2.4 Gold-Ore

Gold-Ore completed 10 holes in 2004 at Cristalito-Tatascame using conventional DD drilling techniques. SRK has been supplied with downhole survey information for the start and the end of each hole, with hole lengths varying from 37 to 180 m. The digital database provided included geology logs of major units and a total of 238 gold assays were completed during the programme.

9.2.5 Condor

Condor has completed several drilling campaigns over the last seven years though no new drilling has been completed since the 2013 Mineral Resource estimate.

Cacao Concession (2007/2008 Campaign)

Of the 22 holes drilled at Cacao, 21 were drilled using a UDR650 multi-purpose drilling rig mounted on a six-wheel drive truck. The drilling rig was owned and operated by Honduras based R&R Drilling. All these drill holes were collared using the RC techniques, at which stage the drill rig’s compressor was supported by a 650/350 compressor mounted on a twin axle commercial truck. The water table was generally intercepted between 40-70 m depth. Wet sample return always occurred at the water table and drilling was then converted to NQ DD core drilling.

The collared RC drilling used 3½ inch diameter rod string composed of 3 m rods coupled to a 4½ inch bit face sampling hammer. DD core (BQ) drilling proved very slow, with poor recovery, often less than 60% in the mineralised zone. Poor recoveries led to trials of alternative drilling methods.

La India Concession (2011 Campaign)

Condor commenced this period of drilling on the 28 January 2011 as part of a 5,000 m drilling campaign with the aim of increasing the current levels of Inferred Mineral Resources along strike of known mineralisation. An initial programme of 5,000 m was planned, but based on positive results this was increased to approximately 12,000 m.

Condor drilled the ten known La India, America, Constancia, Guapinol, Arizona, Teresa, Agua Caliente, San Lucas and Tatiana veins and started drilling at the Central Breccia with the objective of evaluating the orientation of the orebody and to test the mineralized zones at depth, based on the results of the trench programme.

The initial drilling phase aimed at confirming vein potential with a 100 m spacing along strike and 50-80 m down-dip grid spacing.

During the programme, Condor used a number of drilling contractors:

- Nicaraguan company United Worker Drilling who used a Longyear 38 drilling rig powered by a diesel motor and capable of drilling HQ and NQ core. This drilling rig proved capable of drilling to a maximum depth of approximately 200 m and was mostly used for drilling holes less than 150 m depth.
- E Global Drilling Corporation of Canada through local subsidiary Energold Drilling who employed a portable, diesel-powered all-hydraulic drilling rig fitted to install casing to 50 m and to drill HQ, NTW, and, if required, BTW core using 5-foot long (1.52 m) thin-wall drilling rods.
- R&R Drilling of Honduras who used two conventional DD core rigs (a Longyear 38 and Boyles 56). Both rigs were capable of installing NW casing and drilling HQ and NQ core. The Boyles 56 was fitted with heavier drilling head and was utilised as the first choice rig for drill holes of over 250 m depth.
- Rodio-Swissboring of Guatemala who used a track-mounted Christensen CS-1000 dual purpose RC and DD core drilling rig to allow drilling using an RC pre-collar and DD core tail. The RC drilling employed a 4” face sampling hammer equipped with 5” to 4 ¾” button type bits and 4 ¾” to 4 ½” tricone roller bits and fed by a trailer-mounted diesel powered Ingersoll Rand XHP 1070 CFM 350 psi air compressor. Core drilling used NW casing and conventional HQ and NQ tools.

Conventional DD drilling techniques were used to complete the programme, with the exception of the R&R DD drill rigs which also utilised a pressure regulator to limit the amount of water at the drill bit. The method was employed in an attempt to limit the potential washing away of high-grade fine material and resulted in improved core recovery. The majority of the holes were drilled using HQ down to a maximum of approximately 200 m before stepping down to NQ.

A total of 78 drill holes were completed between January and December 2011, which included four re-drills. The minimum hole length within the programme was recorded at 92.1 m (Guapinol), with the longest recorded as reaching 327.0 m (La India). A total of 68 holes were completed and assayed and were used to produce SRK's 2011 Mineral Resource update. The total metres drilled during the programme was 12,013 m.

La India Concession (2012 Campaign)

Condor completed 59 drill holes for 7,101 m (including 2,675 m RC drilling and 4,426 m of DD drilling) between mid-April and the end of July 2012, on the La India-California vein trend with the aim of increasing the portion of the overall Mineral Resource within the Indicated category, namely in areas considered to have open pit and underground mining potential.

Drill results were received for the Guapinol and America veins, which totalled 7 holes on Guapinol (1,474 m) and one hole on America (307 m). SRK notes that these holes were drilled at the end of the 2011 drilling programme, and not included in the December 2011 Mineral Resource estimate.

In addition, Condor completed five drill holes for 866 m on the Central Breccia Prospect which was discovered in 2011 along the America Vein Set trend. These holes were completed at the end of 2011 and early in 2012, but were not included in the 2012 mineral resource estimate due to the limited amount of drilling.

The predominant drilling direction at the La India-California veins has been to the southwest which is perpendicular to the main orientation of the veins. The drilling was completed from surface using DD and RC drilling techniques using the drilling contractors listed below:

- E Global Drilling Corporation of Canada through local subsidiary Energold Drilling with a portable, diesel-powered all-hydraulic drilling rig fitted to install NW casing to 50 m and to drill HQ, NTW, and if required BTW core using 5 foot long (1.52 m) thin-wall drilling rods.
- R&R Drilling of Hondurus using two conventional Boyles 56 DD core drilling rigs. capable of installing NW casing and drilling HQ and NQ core.
- Rodio-Swissboring of Guatemala using a track-mounted Casagrande C-8 reverse circulation (RC) drilling rig cabable of drilling up to 120m depth. The RC drilling employed a 4" face sampling hammer equipped with 5" to 4 ¾" button type bits fed by a trailer-mounted diesel powered Ingersoll Rand 900CFM 350 psi air compressor.
- Canchi Perforaciones de Nicaragua S.A. from Panama employing a track-mounted CANCHI JS 1500 drilling rig using a hydraulic system capable of drilling PQ, HQ and NQ core and powered by a 6 cylinder turbo diesel motor. This company was engaged at the end of the programme to drill two trial holes using PQ starter in an attempt to improve recovery and penetration for deeper drill holes.

La India Concession (2013 Campaign)

Three rigs owned by Canchi Perforaciones de Nicaragua S.A., one rig operated by Rodio-Swissboring and one Energold (E Global Drilling) rig were retained to complete a drilling campaign of 162 drill holes for this 23,598 m programme (Figure 9-1) completed between November 2012 and August 2013.

The RC and DD drilling on La India and America was undertaken by Perforaciones de Nicaragua S.A using track-mounted CANCHI JS 1500 drilling rigs and Rodio-Swissboring using a track-mounted Christensen CS1000 drilling rig set-up to also drill PQ core.

A combination of bit sizes were used throughout the programme, with holes initially collared using PQ to maximise the sample volume and recovery for as deep as possible before stepping down to HQ. In holes where PQ was not available, these holes were drilled using HQ down to 200 m before stepping down to NQ. The portable Energold drilling rig which can drill HQ or smaller diameter core was used for the Central Breccia drilling campaign where ground conditions are better and HQ drilling provides good penetration and core recovery.

The majority of the drilling was infill drilling on the La India Open Pit area designed to convert potentially open pittable Inferred resource ounces to the more confident Indicated category. Smaller exploration drilling programmes were also completed on the America Vein Set and Central Breccia Prospect designed to test for open pit potential. A summary of the drilling completed on La India Project between November 2012 and August 2013 includes:

- 13,956 m drilling programme completed on La India Open Pit resource aimed at proving over 1 Moz gold in the Indicated Category ahead of a Prefeasibility Study.
- 1,836 m geotechnical drilling programme designed to enable pit slope angles to be defined more confidently.
- 5,486 m drilling programme on America Vein Set aimed at testing for open pit potential Mineral Resources.
- 2,680 m drilling on Central Breccia Prospect to define the maiden Mineral Resource for this prospect.

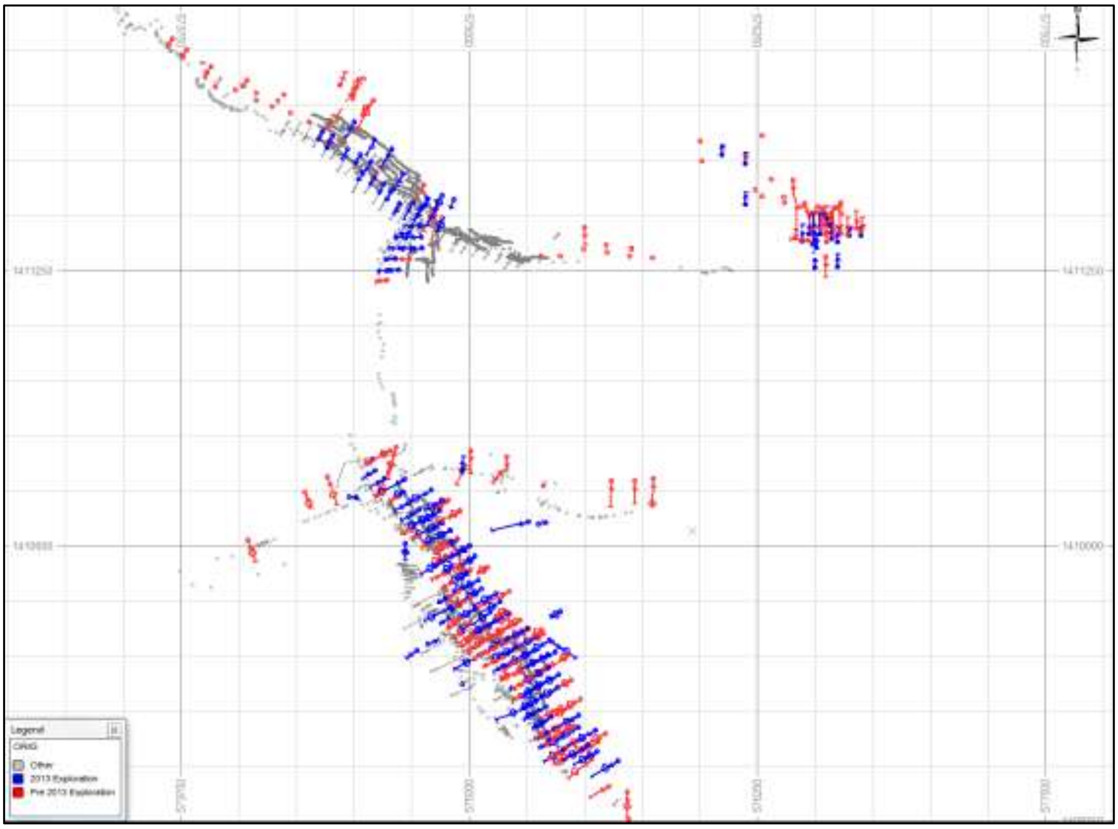

Figure 9-1: Location of the 2013 exploration campaign drilling shown in Blue

The selective infill drilling on the La India-California veins were drilled from surface at a drill spacing of 50 x 50 m, within the area defined as a potential open pittable target as part of the September 2012 Mineral Resource update. The drillholes were predominantly orientated between -50 and -75º to the south west.

At America, the Company focused this phase of exploration drilling towards confirmation of the presence of wall-rock mineralisation (that borders a higher-grade mineralised “core”) on the America-Escondido vein and mineralised structures in the hanging-wall at Constancia, in an attempt to test the potential for an open-pit mining project.

The drilling on the America prospect comprised drilling from surface at a grid spacing of 50–100 m. Drillholes were typically angled at -50º (below horizontal) and orientated either towards the south west on the America and Constancia veins or to the west on the Escondido Vein.

The drilling at the Central Breccia prospect comprised drilling from surface at a grid spacing of 25–50 m. Drillholes were typically angled at -50º (below horizontal), predominantly orientated towards the north, with some scissor holes orientated to the south and two orientation holes orientated to the north west. Drilling was completed using DD methods.

Sample Integrity

During the Condor drilling campaigns:

- DD core was geotechnically logged at the rig to determine core recovery and rock quality designation (RQD). This was completed by the assigned geologist. Once completed, the drill core was transported back to the core shed for further processing.
- The core was photographed (both wet and dry) and logged by a geologist at the core shed, marked for metre intervals and orientation marked where possible.
- Drill core was sampled based on geological boundaries, such as quartz vein contacts, with sampling completed into the hangingwall and footwall for 2-3 m above and below the vein, no sampling was carried out for intervening rock. In such places the sample limits were adjusted to coincide with the geological contacts within a sample range of 0.2-1.5 m.
- Where drill core orientation surveying had been successful the core was cut along the vertical axis and the right hand side of the drill core was submitted for assay. If no orientation was possible, as was the case for the majority of the core, the core was orientated with the dominant foliation approximately perpendicular to the core axis, the core was cut vertically and the right hand side submitted for assay. Half core samples were submitted for assay throughout the length of core recovered. In zones of poor recovery or broken core the Company attempted to select half the material.

Collar Surveying

Surveys were completed by a qualified civil engineer to a high degree of confidence using Condor-owned Thales Differential Global Positioning System (DGPS). The data was processed using GNSS solutions software version 2.00.03 by Thales Navigation. Data has been provided to SRK in digital format using UTM grid coordinates.

The base station for the DGPS was set up using Government Survey Benchmark BM15 (also referred to as E26), with all drill collar surveys adjusted to the official BM15 coordinates of Latitude (WGS84) 12 44’ 49.80’’ N, Longitude (WGS84) 86 18’ 05.69’’ W and Orthometric Elevation 387.8 m. The BM15 coordinates were subsequently transposed using the GNSS Software to UTM WGS84 Zone 16N coordinates 575815.197E, 1409278.068N, Orthometric Elevation 387.8 m.

Drill hole collar elevations were validated for errors using a Satellite derived digital elevation model (”DEM”) with 1m resolution. It is SRK’s view that the collar locations are located with a high degree of confidence. Collar locations are marked on completion with a cemented block detailing key hole information including, borehole name, dip and azimuth.

Hole Orientation

The 2012 to 2013 comprised drilling on multiple veins and therefore drilling orientations have been adjusted accordingly with the aim of achieving the best intersection angle based on the current geological understanding. The La India and California veins from surface to a spacing of 50 x 50 m. Drillholes, where regularly spaced, are orientated between -60 and -75º predominantly orientated to the SW (Figure 9-2).

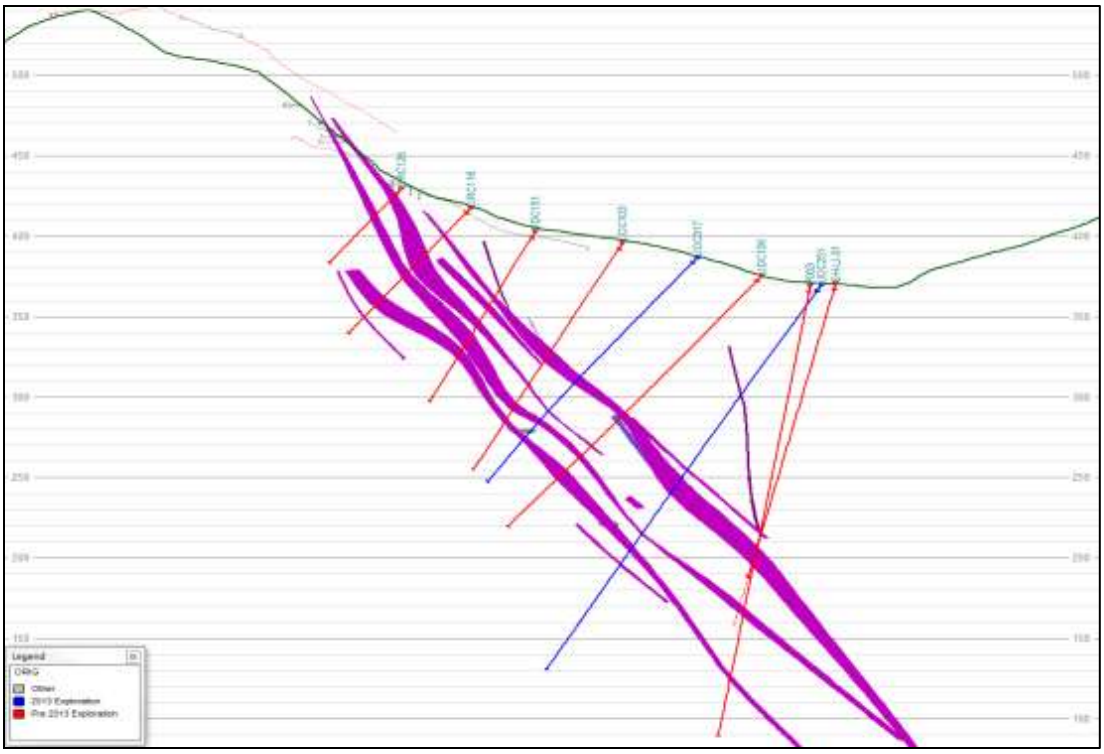

Figure 9-2: Cross section (Section Line - 850) through the La India-California veins showing holes drilled to the SW, confirming the width of ore zones; blue = 2013 campaign drilling (Source: SRK)

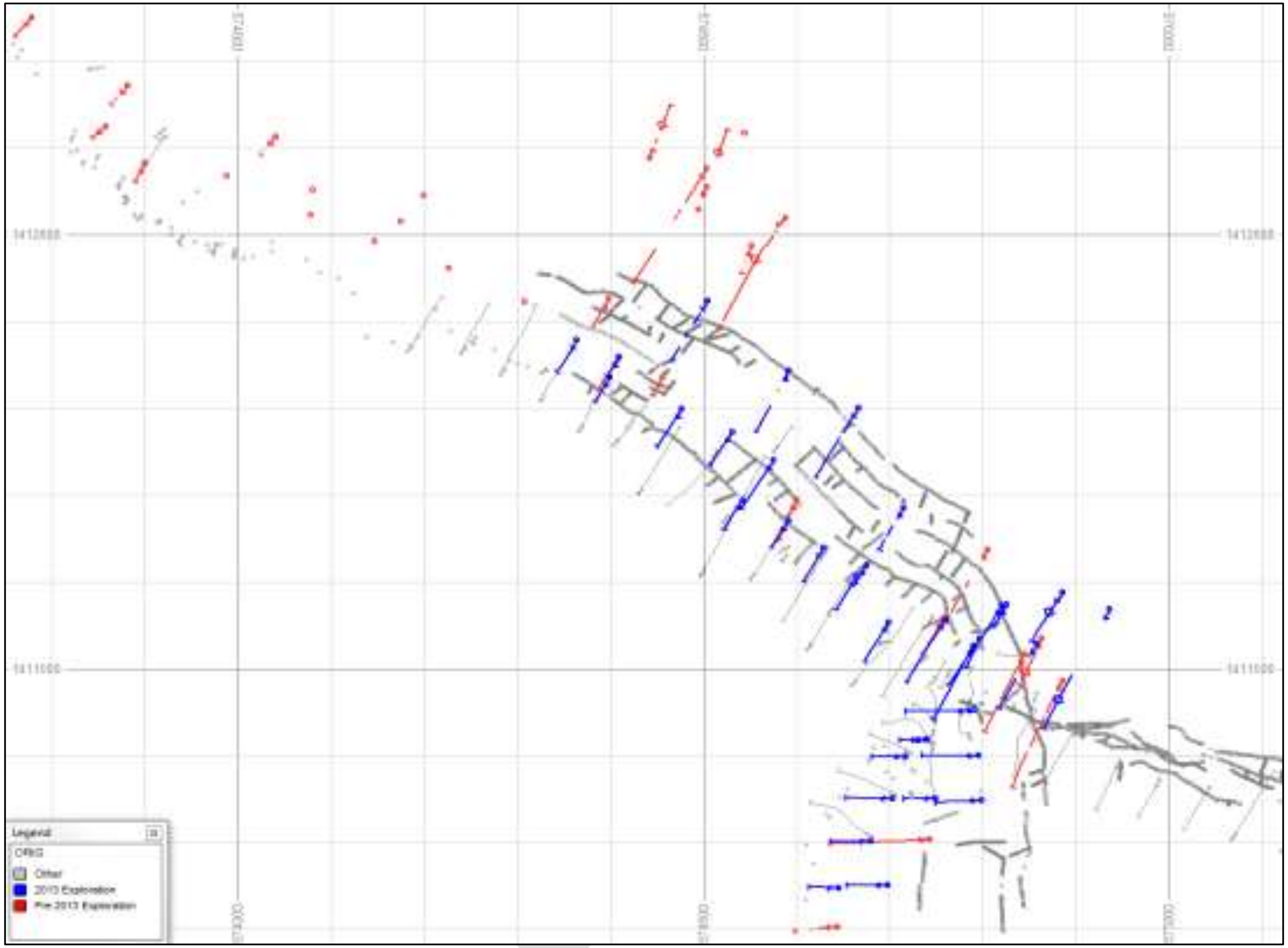

Figure 9-3: **Plan showing drilling directions at America-Constancia-Escondido veins showing holes drilled SW along the America and to the west on Escondido; blue = 2013 campaign drilling (Source: SRK)**

Downhole Surveying

SRK has been supplied with downhole survey information for the start and the end of each hole, with readings at approximately every 30 m using a clockwork Tropari, a Reflex EZ-shot digital single shot or a Camteq Proshot digital single shot downhole survey measurement.

SRK noted during the site inspection in 2011 that the Company had difficulty in completing downhole surveys on the RC drill holes, with only the upper portion of the holes recorded. RC holes drilled during the 2012-2013 campaign were surveyed post-drilling at 5 m intervals using a Camteq Proshot single shot downhole survey instrument within 2 inch PVC pipe inserted down the open hole.

Core Storage

All of Condor's drillcore from the La India and Cacao concessions is stored at the Company's core storage facility at in the village of Mina La India. The core sheds are purpose-built covered and ventilated structures with individual core box racks for ease of access and improved ventilation to reduce the dangers of rotting of the core boxes (Figure 9-4 and Figure 9-5).

Condor states the following in terms of its storage of historical drillcore:

- The historical core drilled by the Soviets between 1986 and 1991 has not been preserved.
- The historical DD drillcore has previously been stored at core storage facilities at El Limon Mine owned by B2Gold in October 2010.
- The historical core drilled by TVX (1996-97) and Triton (19), including all historical core drilled on the Espinito Mendoza Concession (three drillholes) and Real de la Cruz Concession (three drillholes) was moved to core racks to La India.

Figure 9-4: Core Storage Facility at the La India Project Site (June 2012)

Figure 9-5: Core Laydown Facility at the La India Project Site (June 2012)

Core Recovery

Difficult drilling conditions have been reported during the various campaigns at the La India Project. The Company has implemented a number of tests in an attempt to reduce any potential core loss, which included an investigation into triple tube DD drilling techniques (which revealed no significant improvement); in 2012, R&R drilling utilised a pressure regulator which limits the amount of water at the drill bit (where water pressure is maintained at 350 PSI); and, most recently (2013 campaign), drilling using wide PQ bits and rods has improved the drilling recovery.

SRK has completed a study on the core recovery from the various drilling campaigns completed at La India. Whilst it is noted that core recovery has not been recorded for all samples, the analysis shows that for the majority (greater than 50%) of samples the core recovery has been in excess of 90% (82.5%), which largely relates to the country rock at the project (Figure 9-6).

To review the core recovery within the different veins and associated alteration zones, SRK has copied out of the database all samples with gold grades greater than 0.5 g/t Au. The results indicated a mean recovery of 87.1%, with an increase in the proportion of the population reporting greater than 90% recovery as 74% during the 2013 campaign, which is an increase from 68% in the 2012 campaign, confirming the improvements made by switching to the use of PQ rods.

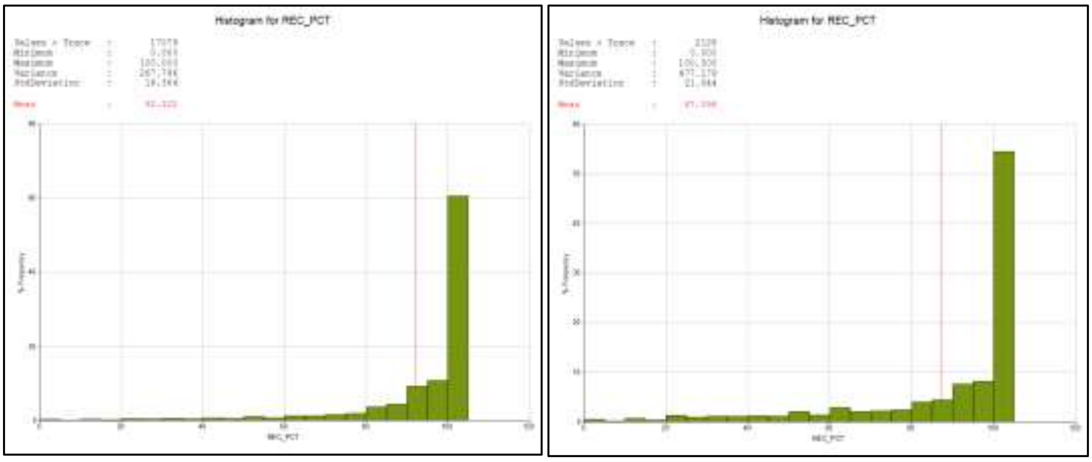

Figure 9-6: Histogram of Core Recovery for all samples (left) and in samples with gold grades in excess of 0.5 g/t Au (right); September 2013

To test for any possible bias in the resultant gold grades, SRK plotted a scatter plot showing percent recovered versus gold grade (Figure 9-7). The resultant chart highlights 7 samples in which gold values of greater than 5 g/t Au were recorded, but with core recovery of less than 20%. Further investigation indicated at least one of these holes had been redrilled, and two of the holes relate to instances where mining voids (on the historic La India Mine) have been intersected on the La India vein, which are subsequently depleted from the geological model.

All samples were verified on a case by case basis for inclusion in the Mineral Resource estimate. Details of SRK's data verification procedures and the samples excluded are documented in Section 11.1.5.

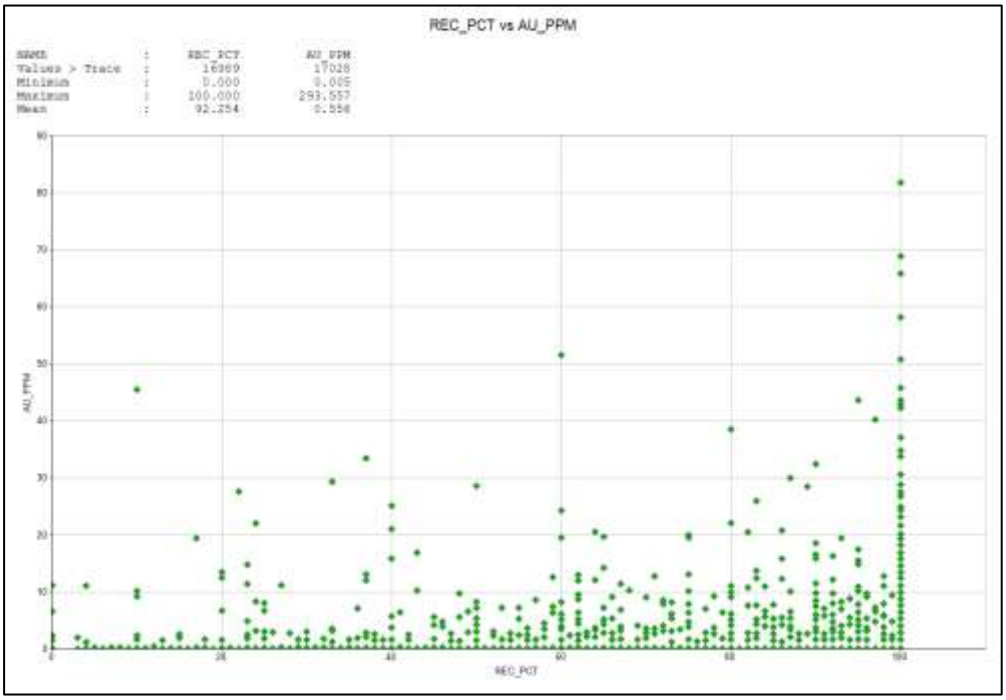

Figure 9-7: Analysis of gold grades versus sample recovery at La India - California

The analysis also highlighted that the best grades are typically recorded in samples with 100% recovery. SRK has concluded that while a number of high-grade intersections have been recorded for samples with low recovery, there is also potential for low recoveries to report lower grades. It is possible this could be related to the loss of fines during the drilling process, and therefore all efforts should be made to maximise the core recovery. In summary, SRK has noted the difficult ground conditions in previous reports for DD drilling and sampling at La India, but is satisfied that the Company is taking appropriate measures where possible to ensure core recovery is maximised.

Sampling Procedures

RC Sample Sampling Collection and Procedure

RC samples were collected in plastic buckets directly from a cyclone receiver and manually passed through a riffle splitter on site. The splitter was set to divide the samples into an approximate 20:80 ratio; the smaller sample was collected directly into 40 x 25 cm cotton sample bags, whilst the larger bulk sample was collected in 80 x 40 cm plastic bags. Both sample bags were labelled by drillhole ID and depth interval using a marker pen on the outside of the bag and with an aluminium tag placed inside the bag. Usually, a composite sample of 4 m (or less where it coincided with the end of a hole) was collected from the larger bulk sample bags.

The composite sample was collected using the 'spear-sampling' method with a section of 5 cm diameter plastic pipe cut at a low angle to its long-axis at the sampling end. Composite samplers aimed to collect approximately 0.6 kg of sample from each metre interval to provide a composite sample weighing between 2-3 kg. Where mineralisation was suspected or composite samples had returned assay results exceeding 0.1 g/t Au, then the single metre original riffle split sample was submitted for assay. The bags were re-labelled with a unique sample number with both a marker pen on the outside of the bag and a new aluminium tag inside the bag and protected within a clear plastic bag to prevent damage and contamination during transport. Note that only single metre riffle split samples are considered valid for use in the resource calculation, composite samples are only used to provide evidence of the presence of gold.

To compare the results of RC with DD drilling, the Company comleted an initial verification study for three selected twin holes during 2012. Due to the presence of historical mining being intersected in at least one of the holes a direct comparison was not easy, however in general the DD holes appropriately supported the distribution of mineralisation shown in the RC holes. Furthermore, SRK completed a QQ plot analysis for RC versus DD data for the November 2013 Mineral Resource update, which confirmed a reasonably good correlation between the two data types, with differences (in data >10 g/t Au) explained by differences in spatial sample distribution, and the results presented in Section 11.1.5.

Drill Core Sampling Procedure

The DD core was marked for metre intervals and orientation marks where possible, photographed and logged by a geologist at the drill site. Drill core was sampled at 1 m intervals except where geological boundaries, such as quartz vein contacts occurred. In such places, the sample limits were adjusted to coincide with the geological contacts within a sample range of 0.2-1.5 m. Where drill core orientation surveying had been successful, the core was cut along the vertical axis and the right hand side of the drill core was submitted for assay. If no orientation was possible, as was the case for the majority of the core, the core was orientated with the dominant foliation approximately perpendicular to the core axis, the core cut vertically and the right hand side submitted for assay. Half core samples were submitted for assay throughout the length of core recovered. Bulk density measurements were made only on samples exceeding 10 cm in length, with measurements typically taken at a frequency of one sample per core box (2-4m), however with additional samples selected at the geologist's discretion.

SRK Comments

SRK has reviewed the drilling, sampling and core-logging methodologies used by Condor on an ongoing basis and has worked closely with the Condor geological team during the re-logging and interpretation of the hangingwall vein interpretations. SRK is satisfied that all the available information has been gathered in a correct and detailed manner and that the interpretations are consistent with the geological model.

SRK has reviewed the sampling methods and sample quality for drilling database for the La India project and is satisfied that the results are representative of the geological units seen. Furthermore, no underlying sample biases have been identified. SRK has reviewed the core handling and logging and sampling procedures employed by the Company during the site visit which showed clearly marked sampling intervals. It is SRK's view that the sampling intervals and density of samples are adequate for the definition of the Mineral Resource Estimate presented herein.

10 SAMPLE PREPARATION, ANALYSIS AND SECURITY

10.1 Historical Preparation and Analysis

No reports describing the sample preparation and analysis of the underground grade control samples collected during the previous mining operations are available. In line with common practice at the time, it is assumed that samples were prepared and analysed at an on-site laboratory using standard techniques of the time; fire assay with gravimetric finish. The gold grade is recorded in troy ounces per short ton to two decimal places which equates to a reported precision and minimum reported grade of 0.34285 g/t Au. No silver assay results are available.

During its exploration programme, the Soviet-aided INMINE completed laboratory investigations using fire assay for gold and silver with atomic absorption analysis. Gold results are repoted with 0.1g/t and silver with a 5g/t detection limit. In some cases, semi-quantitative spectral analysis has been conducted for 23 elements. Other tests completed include ore mineralogical analysis, silica rock analysis, petrography and mineralogical analysis.

For the fire assay, all the channel and core samples were sent. The preparation and analysis for gold and silver was conducted at the INMINE Laboratory in Managua, as per the Swedish methodology used by all the geological and mining companies in Nicaragua:

- the sample material was crushed down to 3-5 mm with a weight of 150-200 g and passed through a 200 mesh;
- the +3-5 mm fraction was returned to the customer;
- the split for analysis was pulverized;
- 25 g was assayed for Au and Ag using Fire Assay with AA finish; and
- the remainder of the material remains at the laboratory as a duplicate.

TVX drilling, trenching and underground channel samples were analysed for gold and silver using fire assay with atomic absorption analysis at Skyline Assayers & Laboratories of Tucson, Arizona. Results are given to 0.01 g/t Au and 0.1 g/t Ag.

Gold-Ore states that a qualified technician sawed all drill core samples submitted for analysis on the Cristalito-Tatascame Prospect. Blind blank samples were inserted into the sample stream to monitor laboratory sample preparation. All samples were fire assayed for gold with a gravimetric finish at CAS Laboratories in Tegucigalpa, Honduras.

10.2 Condor Approach

10.2.1 Sample Security and Custody

The Chain of Custody procedures used for sample security by Condor during its drilling programmes were as follows:

- At the drill rig, the drilling contractors were responsible for removing the core from the bore barrel (using manual methods), and placing the core in prepared core trays (3 m length). RC samples were split using a riffle splitter at the rig, and the material retained for sample analysis was packed in to sample bags. The drill core was transported to the core shed for selection of sampling intervals and initial sample preparation. Once completed and the half core photographed, the core boxes were stored in the core storage facility on site.
- Sample shipments were accompanied with the laboratory submittal forms and were transported to Managua. The samples were transported by Condor employees to the preparation facilities. Upon reception at the sample preparation facility, the laboratory company checked that the samples received matched the work order and signed that it had accepted the samples.
- Once the sample preparation was, the laboratory dispatched the sample pulps by courier to selected overseas laboratories.

The coarse sample rejects and sample pulps from the preparation facilities in Managua were picked up by Condor technicians during routine sample shipments to the preparation facilities. The coarse rejects and pulps were returned to the Condor core shed at La India for long-term storage.

10.2.2 Sample Preparation and Analysis

Drilling and trench samples collected from the end of October 2007 onwards until 2011 were prepared and analysed by CAS Laboratories of Honduras in their laboratory in Tegulcigalpa. Samples were oven dried in stainless steel trays at less than 60°C and crushed such that 90% of material passed a 6.3 mm mesh screen. The material was split down to a 250 g sub-sample which was pulverised in a ring and puck mill such that 95% passes a 106 μm (150) mesh screen. Then 30 g samples were fused at 1,100°C with a 100 g pre-mixed flux of 62% PbO, soda ash, borax and silica, with flour added to achieve a 30 g button. Cupellation was achieved at 900°C with a 2 mg Ag liquid inquart. The gold was analysed with AAS with a 3 ppb detection limit. Samples returning over 1 ppm gold are re-run by fire assay with a gravimetric finish. For each 20 samples undergoing fire assay, two repeats, a standard and a blank are analysed as a quality control.

It should be noted that CAS Laboratories were not accredited at the time, although they had initiated proceedings to gain accreditation.

Drilling and underground sampling completed during the 2011 to 2013 Condor programmes have been sent to BSI-Inspectorate Managua (“BSI Managua”) for sample preparation, and then dispatched to Reno Nevada (USA) or Vancouver (Canada) for analysis.

Samples were oven dried where required and crushed such that >80% passed a 2 mm (-10) mesh screen. The sample was then split to a 250-300 g sample which was pulverised in a ring and puck mill such that 95% passed a 106 μm (150) mesh screen.

Samples were then analysed for gold by fire assay with AAS finish with a 5 ppb detection limit. Samples returning over 3 ppm gold were re-analysed by fire assay with a gravimetric finish for a 0.34 ppm gold detection limit. Silver was analysed by aqua regia digest and AA finish with a 0.1 ppm reported detection limit.

10.2.3 Density Analysis

In total, 519 bulk density measurements have been taken on the La India prospect. The Company completes a quality control check on the density by measuring the sample before and after the immersion in water. A total of 19 samples have reported values with greater than 10% difference and have been excluded from the analysis. The average density is in the order of 2.43 g/cm^3, but can vary between 1.57 g/cm^3 and 4.01 g/cm^3, based on the degree of weathering, with the current database skewed toward highly to moderately weathered zones. In comparison historical reports had indicated a density of between 2.55 – 2.70 g/cm^3. While SRK noted improvements could be made to the current protocols to increase the confidence in the bulk density measurements, based on the recent analysis and the differences to the historical reports, SRK considered a reduction of the density from 2.6 g/cm^3 to 2.5 g/cm^3 to be acceptable and used this for the first time in preparing its 2012 Mineral Resource Estimate.

Additional density information collected from a series of geotechnical boreholes in 2013 has improved knowledge of the weathering profile at the La India deposit. SRK was provided with this data which had been coded against the weathering profiles and broken down the deposit into highly, moderately and unweathered domains. Based its analysis of this data, and for the purpose of its November 2013 MRE, SRK therefore adjusted the density values from the default of 2.5 g/cm^3 for all material to a variable density based on the level of oxidation (more common best practice). This was done using weathering surfaces created for the geotechnical models and by then coding the density data accordingly. Density values were then assigned as follows:

- Oxide (Highly weathered) = 2.2 g/cm^3;
- Transition (moderately weathered) = 2.37 g/cm^3; and
- Fresh (unweathered) = 2.5 g/cm^3

SRK recommends the improvements made to the size of the density database available for the La India deposit be continued on the remaining veins where currently a single value has been used for all material, due to insufficient geological information to define suitable weathering profiles.

10.3 SRK Comments

In terms of the historical sampling and analytical methods, SRK has relied on the work documented within historical (INMINE) reports provided by the Company. The Company has however (during the course of the 2011/2012 drilling programs) completed check sampling on selected historical drill holes and SRK has only used the historical data where it has comfort in the quality of this.

It is also worth noting that the proportion of drilling completed by the Company at the La India-California and the America-Constancia veins is now significantly larger that completed previously by INMINE, and therefore reduces the influence of drilling from this period.

With regards the Companys' approach, it is SRK's view that the sample preparation, security and analytical procedures used are consistent with generally accepted industry best practice and should not have introduced any bias into the assay database used to derive the MRE presented here.

11 DATA VERIFICATION

11.1.1 Routine Verification

Condor has completed routine data verification as part of its on-going exploration programmes. This data verification can be sub-divided into two main types, verification of historical database and internal verification of Condor's on-going exploration programme respectively. During the latest phase of exploration documented in the 2013 MRE, verification completed on the historical database included the following:

- Validation of historical trench locations in the field using DGPS measurements.
- Verification of the position of the La India underground sampling shown on georeferenced historical maps against the 2013 3D sample database.
- Re-projection of the America-Escondido and Constancia mine level centrelines. The Company initially "ground-truthed" known reference points in an attempt to more accurately geo-reference the historic mine plans. SRK subsequently digitised the updated positions of the levels and adjusted the position of the underground channel samples accordingly.
- Provision of high resolution vertical longitudinal section ("VLP") images of depletion outlines of the America-Escondido and Constancia veins, which SRK has (using the "ground-truthed" GPS data) geo-referenced to deplete the mined portions of the block model. SRK notes significant improvement for the America-Escondido mine depletion (when compared to the previous model) given the use of three VLP depletion sub-areas which more accurately accounts for the significant change in strike at the southern extent of the vein.

Checks completed on Condor's on-going exploration programme activities include:

- validation for all tabulated data inclusive of re-logging of the geology and mining voids (from boreholes) for the principal veins, and re-interpretation (based on mapping and trench sampling) of the previously separate Escondido and America veins for form a continuous America-Escondido Vein; and
- validation of assays from the 2013 sampling program using Standards and Blanks inserted routinely into each batch submitted to the laboratory.

Following SRK recommendations from the 2013 MRE, the Company completed a detailed relogging exercise of the hangingwall and vertical structures. The aim of the study was to determine the different phases of quartz veins and possible dip angles relative to the core orientation. Using the information generated the Company has been able to correlate intersections between holes along strike and down dip with a higher degree of confidence than has previously been the case.

11.1.2 Hangingwall Vein Reinterpretations

One of the conclusions from the November 2013 Mineral Resource estimate was that a review of the key geological features of these zones may result in an increase of confidence. Subsequent to the November 2013 MRE, Condor's geological team have focused work on the reinterpretation of a series of hangingwall features previously described as vertical features that have been classified as Inferred in the 2013 Mineral Resource. The aim of the study was through increased confidence in the orientation and continuity of the structures to re-examine the classification and potentially upgrade this material to Indicated so that it could be considered in the Mineral Resource Estimate forming part of the PFS.

To focus the study of the hangingwall vein structures SRK completed a review of the location of "Inferred" ("INF") material within the proposed mineable material of the November 2013 (USD1200) pitshell, and broke the Inferred Mineral Resource down into four key areas:

1. hangingwall zones (vertical and parallel features);
2. material in the valley sides deemed inaccessible for drilling and therefore unlikely for future conversion;
3. breccia domain, and;
4. southern zone;

The Company has focused its review work on confirming the interpretation within the "Vertical" hangingwall domains, where the work completed by the Company includes:

- relogging of diamond drillcore;
- identification of mineralization styles, Vein Type 1, 2 & 3;
- definition of angle to core for major structures (n.b. the core is not orientated); and
- geological interpretation (wireframe modelling).

The Company geological team visited SRK to review the processes employed by the Company and initial results. SRK agrees that it is the most appropriate method, without further studies, to maximize the understanding and hence interpretation from the core available. Due to the core not being orientated, SRK notes that the level of confidence of core angles to intercept are considered lower in terms of levels of geological confidence/reliance as true angles cannot be defined. The initial investigation was completed during the technical meeting using core photographs, with subsequent verification / validation exercises completed by the Condor geological team on site.

The wireframes presented by Condor confirmed the majority of the previous interpretations developed during the November 2013 MRE, while presenting a number of adjustments to some of the hangingwall structures. Using the data coded by Condor's initial geological information (vein names, angle of intersection of vein to core, vein styles) SRK reviewed each wireframe on a case by case basis with the following ranking system in terms of confidence.

- number of sections showing strike continuity;
- number of sections with multiple holes (requirement to display dip continuity on a minimum of two sections);
- number of boreholes per structure;

- number of samples per structure;
- number of structural measurements; and
- presence of underground or surface mapping/measurements.

11.1.1 Historical Depletion

In order to quote the Mineral Resource Estimate, SRK has depleted the current block model based the historical information available for mined out volumes. Key verification and validation work completed by SRK included:

- Validation of all tabulated data including re-logging of the geology and mining voids (from boreholes) for the principal veins, and re-interpretation (based on mapping and trench sampling) of the previously separate Escondido and America veins as a continuous America-Escondido Vein.
- Re-projection of the America-Escondido and Constancia mine level centrelines. The Company initially "ground-truthed" known reference points to more accurately geo-reference the historic mine plans. SRK subsequently digitised the updated positions of the levels and adjusted the position of the underground channel samples accordingly.

In addition, the Company provided SRK with high resolution vertical longitudinal section (VLP) images of depletion outlines of the America-Escondido and Constancia veins, which SRK has (using the "ground-truthed" GPS data) geo-referenced to deplete the mined portions of the block model. In addition interpreted mined voids were validated against post mined drilling.

SRK note significant visual improvement in spatial positioning and volume of depleted areas for the America-Escondido mine depletion (when comparing the 2D historic long sections against the previous model) given the use of 3 VLP depletion sub-areas which more accurately accounts for the significant change in strike at the southern extent of the vein.

The La India Mine was in operation between 1938 and 1956. Detailed production records only exist for 1948 to 1956 during which period the La India mill processed 796,465 tonnes for 267,673 oz gold at a recovered grade of 10.45 g/t (with an estimated head grade of 13.5 g/t). Historical reports have suggested the production profile between 1938 and 1948 for the La India mill processed approximately 100,000 tonnes per annum ("tpa") at the same grade for an estimated total production of some 575,000 oz gold from 1.73 Mt at 10.45 g/t Au. The mining has been completed from two main areas which included the La India – California veins, and the America-Constancia-Escondido veins to the northwest. It is SRK current view that the estimated historical production rate (that accounts for a period of missing production information) over estimates the production for the historical mine, but without the historical production records it remains difficult to verify.

SRK currently estimates the historical depletion of the La India / California, America (and limited production from) San Lucas vein and Cristalito-Tatascame veins at approximately 1,465 kt at 8.6 g/t Au for 400 koz gold. In addition test stoping is reported to have occurred at the Buenos Aires and Espenito veins. SRK attributes the differences between these two values to a number of factors:

- Potential additional mining which post-dates the depletion long-sections currently available. SRK has been supplied with the current long-section indicating depleted areas, and cross referenced these between plots completed by various owners of the Project to ensure consistency. Further work will be required to confirm any additional depletion including research into the last dated long-sections, or via additional drilling or via underground access),
- SRK has combined intersections from the latest drilling campaigns including lower grade material to ensure geological continuity; this new data could result in a drop in the grades within the high-grade core domain. If the assumed mean grades from the historical production records can be achieved it represents some potential upside. Further work will be required to test this potential,
- The 575 Koz production estimate, assumes full production for half of the mine life, at a constant head grade, which cannot be confirmed based on the current information.

To test the risk of the potential under depletion of Mineral Resource SRK has completed a high-level reconciliation based on the historical 2D long-sections, by calculating the areas, and using the associated underground channel samples to determine vein widths to estimate a complete volume for the depletion voids. This has been combined with the density and the mean head grade to estimate a depletion which is in the order of 1.25 Mt at 10.3 g/t for 420,000 oz of gold, which is in line with SRK estimates. The differences in the grade could be a result of the inclusion of new lower grade drilling intercepts which result in a dilution of the grade within the high-grade core.

SRK consider the level of confidence in the La India depletions to be reasonable enough to define the Mineral Resources as Indicated. The current level of drilling along strike and below the current depletion is to 50x50 m spacing. Figure 11-1 shows a plot of high-grade core intersections versus the depletion, SRK notes that the post mining drilling campaigns have provided extensive data on void locations, and that the interpreted void wireframe honour that drilling. The Company and SRK have taken considerable effort to log all mining void intersections which have been validated against the expected model. Intersections of high-grade core located within depletion on the long sections relate to parallel, yet undepleted features.

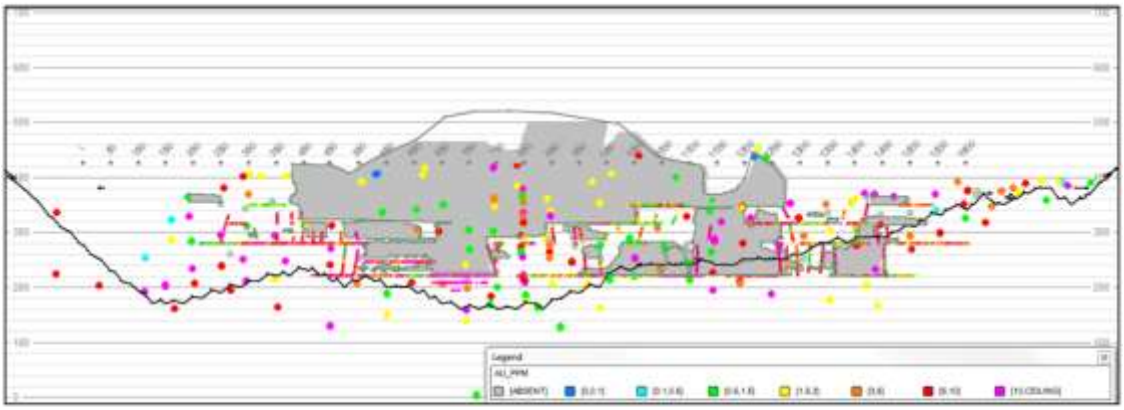

Figure 11-1: Long section at La India showing intersection of high-grade core versus depletion

As an additional check on the reliability of the void wireframes, the Company ‘ground-truthed’ the voids by relogging of all Condor drilled core relating to the open pit resources and plotting the drilling intercepts (all post-mining) with the void zones from the historical maps and surrounding area. The Company report no instances of logged voids outside of the wireframe, nor were there instances of drilled rock inside the wireframes, and as such consider that this exercise effectively demonstrates that interpretation errors must be less than the drill spacing, and should on average be no worse than half the drill spacing.

Given lower levels of drilling by the Company to date at America, SRK consider the depletions in this area to have a lower level of confidence (of additional mining), but the current study has been supplemented with more detailed maps and level plans from the historical maps to ensure the position of the development levels is consistent with the regard accuracy for Indicated and Inferred Mineral Resources.

SRK recommend the Company investigate the possible access into the upper levels of the historical La India Mine. If access can be achieved safely a programme of detailed mine survey should be completed to compare to the current model depletions for validation purposes. Furthermore, additional infill drilling at Amercia will provide a greater level of confidence in the position and volume of the current modelled mine depletions.

11.1.2 Historical Quality Assurance and Quality Control (QAQC) Procedures

QAQC results for the historical drilling data is limited to a series of internal control (duplicate) analysis completed by INMINE exploration. Results of the analytical duplicates completed between 1988 - 1989 suggested at times a level of error (can this be defined “slight” or “high/low bias”) at higher grades, which was considered potentially due in part to the nugget effect and limitations with the sample preparation and assay methodologies used at the time.

In relation to the historic underground channel sampling, whilst no routine QAQC procedures were carried out, SRK has reviewed the underground widths and grades against more recent underground sampling by TVX between 1996-1997 and concluded that the comparisons are with reasonable levels of error. In addition SRK has reviewed differences between the INMINE sample grades and historic mine production data.

SRK highlights that whilst there is a limitation in terms of QAQC for the historical data, within these areas of sampling, where these samples have greatest influence, the block model has been depleted to account for the historical workings, and therefore the impact of these samples is significantly reduced.

11.1.3 QAQC for Condor 2013 Submissions to BSI Laboratories

The following control measures have been implemented by the Company to monitor both the precision and accuracy of sampling, preparation and assaying. Results shown have been limited to the QAQC samples inserted during routine 2013 sample submissions.

Certified Reference Materials ("CRM"), blanks and duplicates were submitted into the sample stream, equating to a QAQC sample insertion rate of approximately 7%, as illustrated in Table 11-1 and Table 11-2. In every 30 samples sent to the laboratory, a CRM and blank have been inserted as QA-QC materials. In addition, field duplicates from RC drilling are inserted at a frequency of approximately 5% with a minimum of one per drill hole.

Table 11-1: Summary of Analytical Quality Control Data (for Drilling Samples) Produced by the Company for the Project

Condor Gold Analytical Quality Control Data – 2012/ 2013 Exploration Program			
Sampling Program	Count	Total (%)	Comment
	Gold	Gold	
Sample Count	11,116		
Fine Blanks	358	3.2%	
CRM Samples	357	3.2%	Sourced from Geostats PTY LTD
Field duplicates	99	0.9%	
Total QC Samples	814	7.3%	

Table 11-2: Summary of Analytical Quality Control Data (for Trench Samples) Produced by the Company for the Project

Condor Gold Analytical Quality Control Data – 2012/ 2013 Exploration Program			
Sampling Program	Count	Total (%)	Comment
	Gold	Gold	
Sample Count	6,426		
Fine Blanks	201	3.1%	
CRM Samples	197	3.1%	Sourced from Geostats PTY LTD
Field duplicates	73	1.1%	
Total QC Samples	471	7.3%	

Insertion of CRM

The Company has introduced three different CRM into the analysis sample stream, inserted at regular intervals. The CRM for gold have been supplied by Geostats, Australia (Table 11-3). Summary statistics for each CRM sample are shown per sample type in Table 11-4.

CRM results are monitored by the Company on a routine basis as each batch is reported from the laboratory. The internal guidelines used by the Company are that standards reporting within the range of two times the standard deviation from the mean value are acceptable, whilst those reporting outside of this range are rejected and (where significant) requested for reanalysis.

SRK has reviewed the CRM results and is satisfied that they demonstrate in general a high degree of accuracy at the assaying laboratory (with the exception of a limited number of anomalies) and hence give sufficient confidence in the assays for these to be used to derive a Mineral Resource estimate. CRM charts are presented in Appendix A.

Table 11-3: Summary of Certified Reference Material Produced by Geostats and submitted by the Company in sample submissions

Standard Material	Gold; Au (ppm)		
	Certified Value	SD	Company
G910-3	4.02	0.17	Geostats PTY LTD
G909-5	2.63	0.10	Geostats PTY LTD
G310-8	7.97	0.29	Geostats PTY LTD

Table 11-4: Analysis of gold assays versus assigned CRM values for 2013 Submissions

Sample Type	Standard Code	Lab	Count	Assigned	Mean	Variance	Maximum	Minimum
Drill	Standard G910-3	Au FA - BSI_NEVADA	109	4.02	3.90	-2.98%	4.30	3.31
Drill	Standard G909-5	Au FA - BSI_NEVADA	146	2.63	2.60	-1.07%	2.94	2.37
Drill	Standard G310-8	Au FA - BSI_NEVADA	102	7.97	7.88	-1.17%	8.75	6.24
Trench	Standard G910-3	Au FA - BSI_NEVADA	31	4.02	3.98	-0.96%	4.26	3.61
Trench	Standard G909-5	Au FA - BSI_NEVADA	118	2.63	2.58	-2.03%	2.97	2.11
Trench	Standard G310-8	Au FA - BSI_NEVADA	48	7.97	7.99	0.28%	8.70	7.51

Blanks

A fine grained blank of building sand purchased in Managua is included in the sample stream. In total, 358 blanks have been inserted at regular intervals within the sample stream for drilling, which represents some 3.2% of total sample submissions from the 2013 drilling programme. For the 2013 trench sampling program, a total of 201 blanks were inserted which represents some 3.1% of total trench sample submissions.

SRK has reviewed the results from the blank sample analysis, and has determined that there is little evidence for sample contamination at BSI Nevada. Blank sample analysis charts are presented in Appendix A.

Duplicates

The field duplicates for drilling were selected from samples expected to contain gold mineralization and collected as a second riffle split from the bulk sample on site upon completion of drilling a hole. Duplicate channel samples were taken adjacent to the original sample by enlarging the channel.

In total, 99 duplicates for drilling were submitted for analysis which represents some 0.9% of total sample submissions from the 2013 drilling programme. For the trench sampling program, a total of 73 blanks were inserted which represents some 1.1% of total trench sample submissions.

The duplicates for drilling show a relatively good correlation to the original samples, with a correlation coefficient of 0.95. Duplicates for trench sampling show a poorer correlation, with a coefficient in the order of 0.8. The difference in the mean grades for the trench duplicates indicates a high geological variability (and potential of a significant nugget effect) in the trench sampling at the Project that is not resolved by sample preparation. Duplicate charts are presented in Appendix A.

In context of a deposit with noted high geological variability, SRK is reasonably confident in the repeatability of the sample preparation process.

11.1.4 Check Assaying

Selected samples from BSI Nevada have been resubmitted to ALS Laboratories (“ALS”) with sample preparation completed in BSI Managua and the analysis completed at ALS Vancouver.

Sample selection was completed by the Company. Samples were selected by sorting the drilling assay database by gold value and then selecting: every 5th sample that assayed over 1 g/t Au to represent 20% of the high grade samples, every 10th sample (10%) in the 1.0-0.5 g/t Au range and every 100th sample (1%) that returned assays in the 0.5 g/t – 0.1 g/t Au range.

In total, 205 samples were selected from the drilling database for check assaying at the certified Umpire Laboratory ALS, which represents some 2% of the 2013 assay database. SRK recommends that this should be increased to 5% for future exploration programs. The pulp sample stored by Inspectorate was sent directly to ALS for assay of gold only by Fire Assay with gravimetric finish, a similar process to that applied by Inspectorate.

Summary statistics for the selected samples are shown per laboratory in Table 11-5, with a check analysis chart shown in Figure 11-2

Both datasets display similar minimum and maximum values, with similar sample variances reported, and a correlation coefficient in excess of 0.99, indicating the sample distributions are closely comparative. A review of the precision using a half absolute relative difference ranked plot (HARD analysis) indicated that 90% of all values are within 20% error.

Table 11-5: Summary statistics of BSI versus ALS duplicate assays

Type	Laboratory	Count	Mean	Variance	Maximum	Minimum
Check Samples	Au FA - BSI_NEVADA	205	3.926	77.66	105.27	0.10
Check Samples	AuFA - ALS_Vancouver	205	3.927	77.84	105.50	0.02

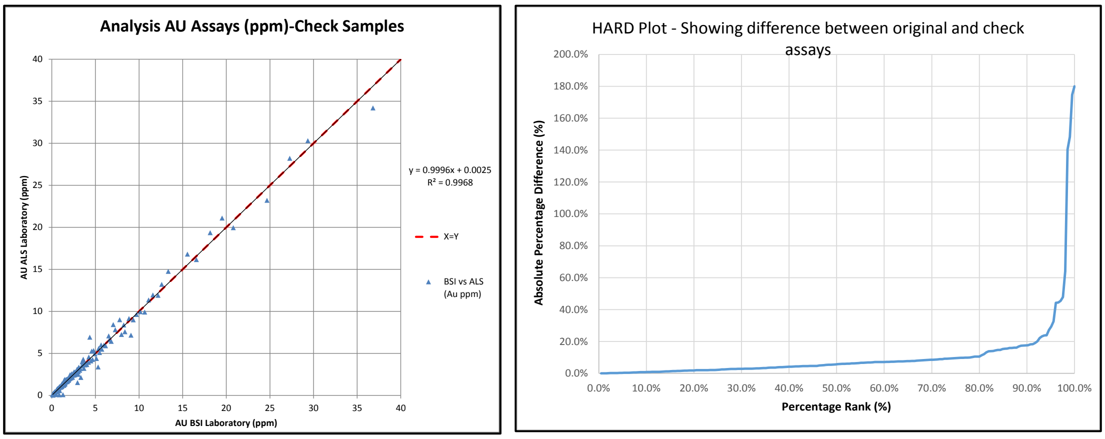

Figure 11-2: Scatter Plot and Hard analysis to show Check Assay Samples Analysed at BSI Nevada and ALS Vancouver

SRK Comments

In the opinion of SRK, the analytical results delivered by BSI for the drilling and trench samples from the La India Project are sufficiently reliable to support mineral resource evaluation. SRK recommends that for future drilling programs that the Company could implement a number of changes to the QAQC programme to bring it further into line with generally considered industry best practice:

- Regular submission of duplicate core material (quarter core), in addition to RC material, to identify whether the level of geological variability is comparable in both sample types.

  QAQC samples should be inserted at random to limit the chance of the laboratory quickly identifying the QAQC and treating with more care than routine samples submissions.

11.1.5 Verifications by SRK

Site Visits

SRK has undertaken numerous site visits to the Project and during these has:-

- witnessed the extent of the exploration work completed to date;
- reviewed drill cores for selected holes, to confirm both geological and assay values stored in the database show a reasonable representation of the deposit;
- discussed updated geological and structural interpretations and inspect drill core;
- inspected the drilling rig(s) and sampling completed; and
- inspected core logging and sample storage facilities.

SRK was able to verify the quality of geological and sampling information and develop an interpretation of gold grade distributions appropriate to use in the Mineral Resource model.

Verification of Sampling Database

SRK has completed several phases of data validation on the digital sample database supplied by the Company which has included:

- Searching for sample overlaps or significant gaps in the interval tables, duplicate or absent samples, errors in the length field, anomalous assay and survey results. The Company’s geological team were notified of any issues that required correction or further investigation. No material issues were noted in the final sample database.
- Reviewing the electronic database against Condor’s 2D geological sections.

- Excluding the historic drillholes and underground channels in the database that did not pass all aspects of SRK's and the Company's validation procedures, typically relating to missing assay or sample length data, or spatial positioning. This analysis has been completed on a case by case basis. The drillholes were used as a guide for geological modelling but were excluded from all statistical analyses and the resource estimate. Notably SRK has:
  - Excluded historic drillholes: **P004:** drilled by Soviet-INMINE and representing some 0.2% of the modelled sample data. SRK noted no assay data over the mineralised zone, which conflicted with mineralised adjacent historic hole P004B, situated 10m up-dip on section. The Company informed SRK that no geological log existed for P004, and in the absence of data SRK elected to remove P004. SRK has restricted the classification in this area to reflect the lower confidence in the drilling information.
  - Excluded historic underground channels: 2.5% and 5.0% of the sample database was excluded at La India and America (respectively) on the basis of an absent length field, negative assay or erroneous spatial positioning away from long-section verified sampling positions.
- Subsequent to confirmation by the Company, SRK has also excluded poor quality drillholes (in terms of core recovery) that have been superseded by more recent or more successful, adjacent drilling that achieved a higher core recovery:
  - **LIDC129:** drilled by Condor, represents some 0.9% of the modelled sample data. SRK noted a poor core recovery over the mineralised zone and therefore elected with Condor to exclude this hole and (instead) use twin hole LIRC120 to guide the zone contacts.
  - **DH-LI-10:** drilled by TVX, representing historic drilling and some 0.4% of the modelled sample data. SRK noted conflicting information in the positioning of the zone contacts. On the basis of improved recovery, SRK use twin hole DH-LI-10A in place of DH-LI-10.
  - **LIDC057B:** drilled by Condor, represents some 0.2% of the modelled sample database. Represents a failed re-drill of LIDC057, which (in light of the failure) remains the better data for modelling. Removed due to slight conflict in grade with LIDC057.
- Searching for absent gold and silver values within the mineralised zones. Excluding the logged mining voids (representing the La India Mine), SRK noted the presence of a limited number of (generally isolated) absent sample intervals, typically relating to core loss in less competent rock. SRK has treated these absent values on a case by case basis and where (logged as lost core and) sufficiently supported by surrounding mineralised samples and adjacent drilling, ignored the core loss data during the composite process. Where absent sample intervals are interpreted to represent a pinch in the mineralised structure, in relation to historic underground channel sampling at La India (some 5% of the database), SRK has replaced these with trace values for gold (0.001 g/t Au);

- Reviewing the position of drill hole and trench collar surveys against the 2 m resolution topographic contour surface provided by the Company. Where the collars had not been surveyed using DGPS measurements (namely some 25% of the database), SRK projected the collar points on to the contour surface to ensure accurate correlation between mineralised zones intersected in the drilling
- Reviewing Quantile-Quantile (“QQ”) plots at La India for:
    - o Domained drillhole and trench intercepts, to compare the distribution of the sample populations (Figure 11-3). SRK noted the trench samples population reported higher in values less than 6 g/t Au, which is considered to be largely due to the historic exploration programs which only sampled surface vein material (and excluded the lower grade wall-rock) within trenches. SRK also noted the drillhole population reported higher in values greater than 8 g/t Au, resulting from the sample spatial distribution whereby the higher grade zones are typically intersected at depth (away from trench samples). Given the variability in the QQ plot (in addition to relatively poor QAQC correlation between original versus duplicate trench sample results), SRK tested the sensitivity of removal of trench sampling (from gold grade interpolation) on block grade estimates at La India. The impact on the global mean gold grade and metal of excluding the trench samples is within 0.6% both within the Resource pit and underground;
    - o domained DC and RC intercepts, to compare the distribution of the sample populations (Figure 11-4). SRK noted a good correlation <10 g/t Au, with bias of higher grades towards DC due to the sample spatial distribution (Figure 11-5) whereby the higher grade zones are typically intersected in DC at depth (away from shallower zones intersected by RC drilling).
    - o Historic drilling versus drilling completed by Condor (namely some 4% (for 102 m) versus 96% (for 2,296 m) of the domained sample data), to compare sample distributions for the modelled high-grade core (“HGC”) and lower grade wall-rock (“WR”) domains. SRK note for the HGC domain (Figure 11-6) an apparent bias of higher grades towards Condor’s drilling due to the relatively limited desurveyed historic sample population (namely 20 historic versus 197 Condor) and more geographically widespread distribution of Condor’s drilling (which has more frequently intersected higher grade zones) during the on-going exploration program as confirmed visually in Figure 11-7 (which also highlights the variable grade distribution). In contrast, the plot for the WR domain (Figure 11-8) shows an apparent bias of higher grades towards the historic drilling, which is also as a function of the differences in number of samples (79 historic versus 1,953 Condor) and geographic distribution with Condor’s infill programs also intersecting the (historically poorly-explored) lower grade zones (Figure 11-9).
    - o Domained drilling intercepts versus historic underground channel samples on the HGC, to compare the distribution of the sample populations (Figure 11-10). SRK notes a strong correlation up to 15 g/t Au, but with a bias of higher grades towards the drill samples above 15 g/t Au. SRK considers the bias to be as a result of improved accuracy in the measuring of upper detection limits in the current laboratory analysis (for drill samples), contrasting with the historic analysis completed for the underground channels. Comparable spatial grade distribution is shown in Figure 11-11, with comparative raw log histograms shown for gold (to show higher grades returned by the drilling) in Figure 11-12.

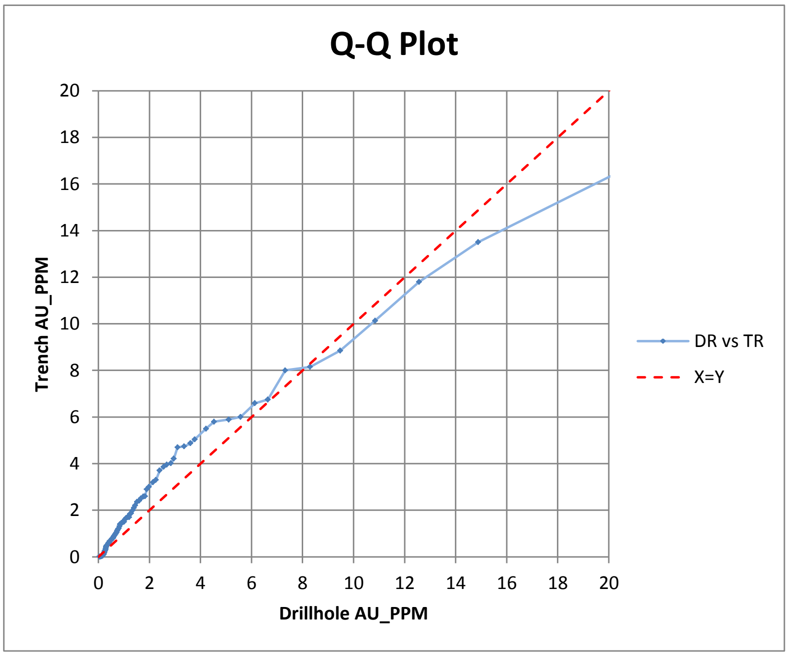

Figure 11-3: QQ Plot Trench (TR) versus Drill hole (DC) Samples (GROUP>0.5)

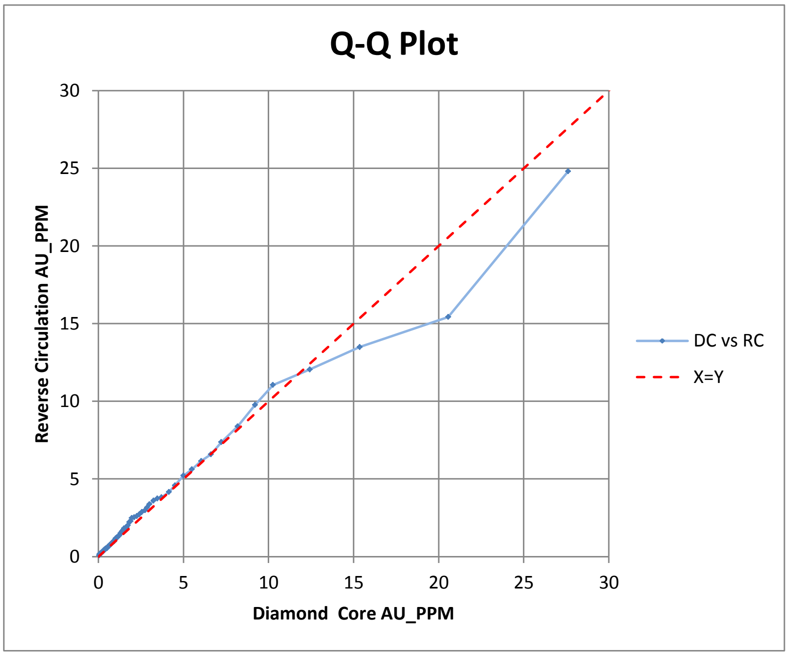

Figure 11-4: QQ Plot Reverse Circulation (RC) versus Drillcore (DC) Samples (GROUP>0.5)

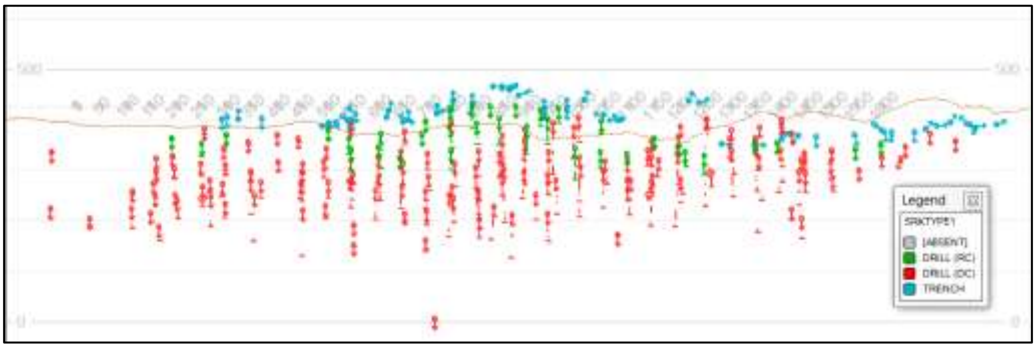

Figure 11-5: La India 2D Long Section showing Distribution of Sample Types

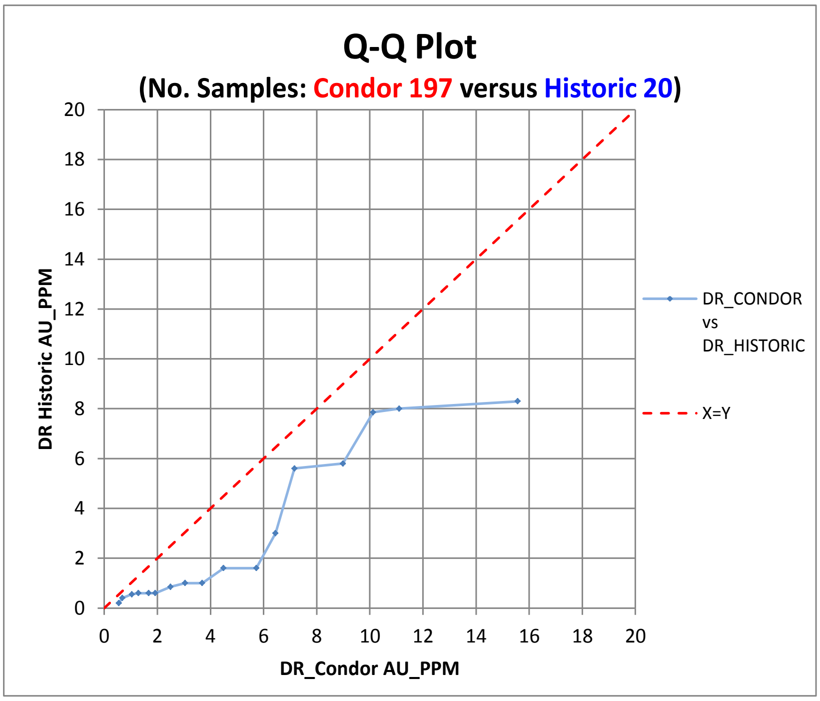

Figure 11-6: QQ Plot Historic Drilling versus Condor Drilling in the HGC domain (GROUP>0.5)

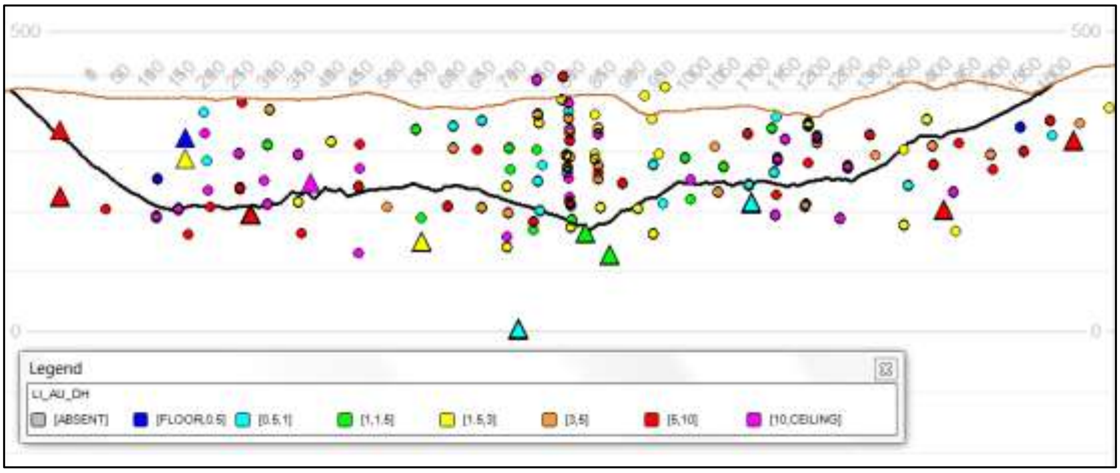

Figure 11-7: Historic Drill Samples (triangles) versus Condor Drilling (circles) in the HGC domain (GROUP>0.5) (pit and surface intersection, looking SE)

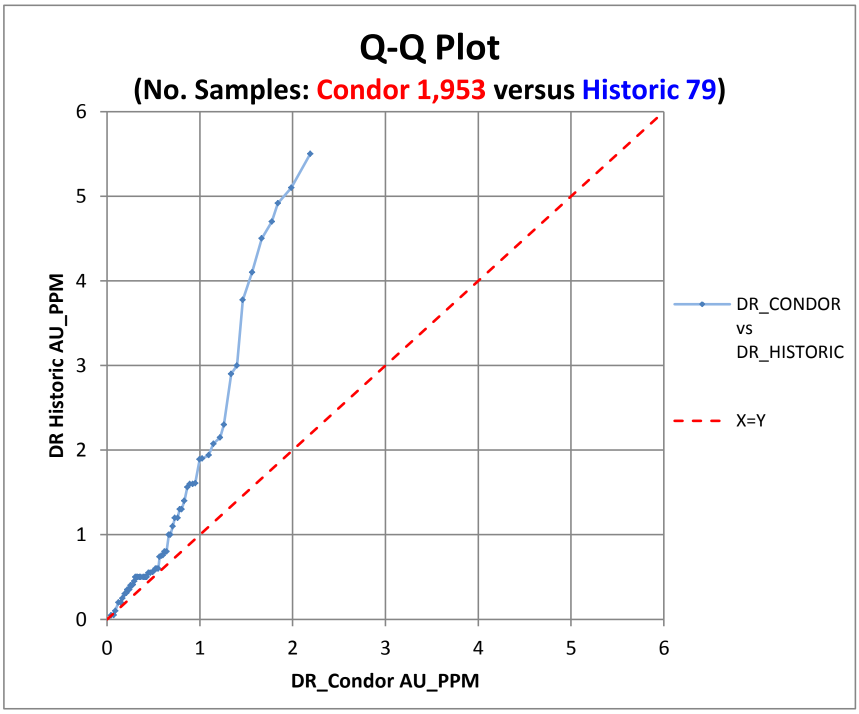

Figure 11-8: QQ Plot Historic Drilling versus Condor Drilling in the WR domain (GROUP>0.5)

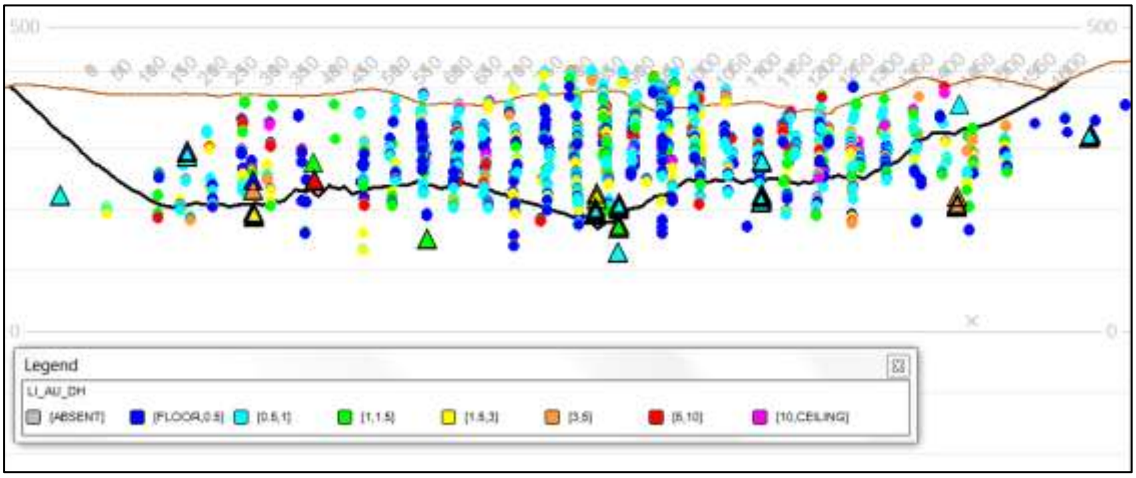

Figure 11-9: Historic Drill Samples (triangles) versus Condor Drilling (circles) in the WR domain (GROUP>0.5) (pit and surface intersection, looking SE)

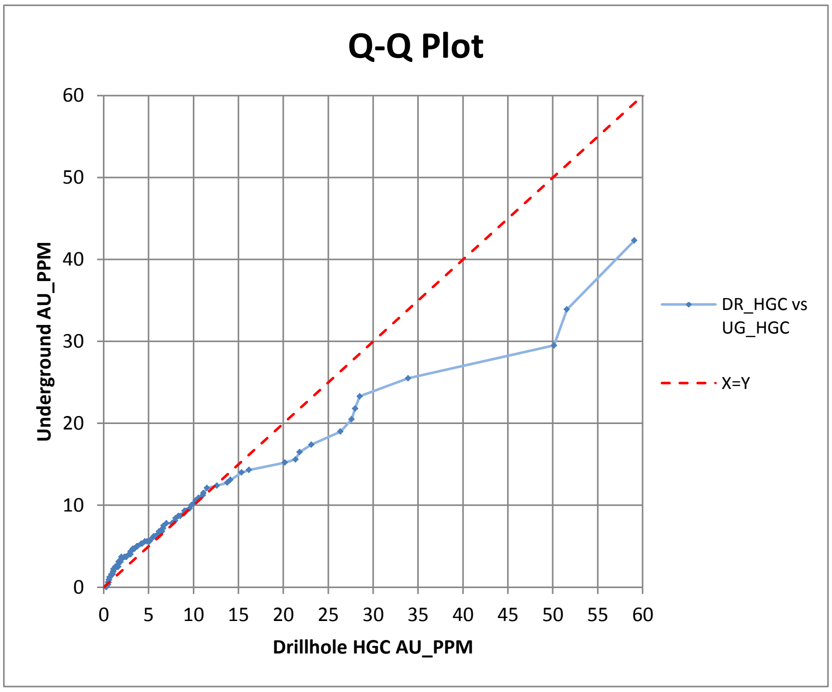

Figure 11-10: QQ Plot Drill Samples versus Underground Samples in the HGC domain (GROUP>0.5)

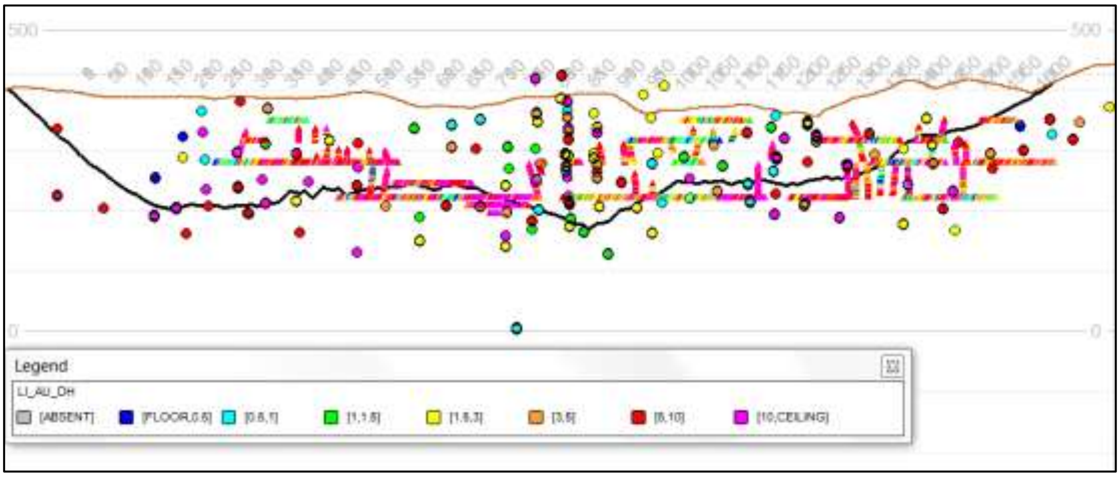

Figure 11-11: Drill Samples (circles) versus Underground Samples (triangles) in the HGC domain (GROUP>0.5) (pit and surface intersection, looking SE)

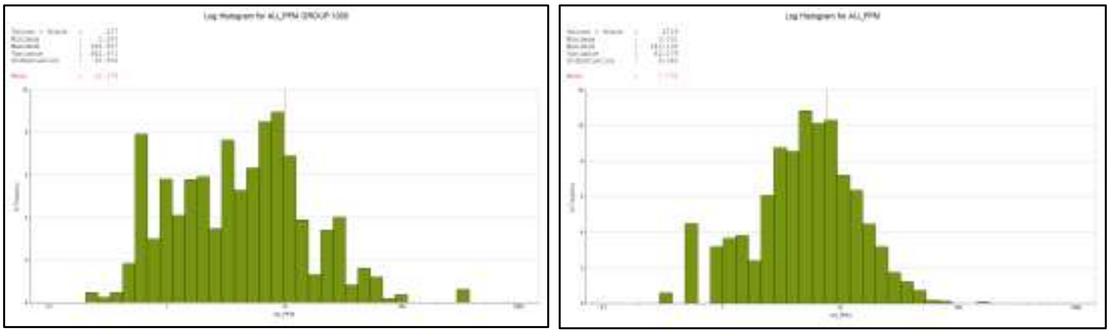

Figure 11-12: Log Histogram for Raw Sample Gold Assays, showing Drill Samples (left) and Historic Underground Samples (right); HGC domain

SRK has also completed a re-estimation of the La India vein based on a number of scenarios to test the influence of the historical grade control data on block estimate:

- Scenario 1: Removal of the UG samples and keeping the High Grade Core ("HGC") domain. The results indicated a reasonable reconciliation between the different estimates with some localised relative drop (visual) in grade in some of the HGC domains (SRK noted these areas typically represented mined out and depleted sections in the SRK model). In addition, SRK noted localised drops in grade in the areas of the wall rock domains where the UG sampling deviates across the HGC veins/ flexure zone. The result for the open pit grade tonnage at the 0.5 g/t Au cut-off was a -0.1% reduction in tonnage with a -7% drop in Au grade. The underground grade and tonnage remained relatively unchanged as expected (as it was below the influence of UG sampling).
- Scenario 2: Removal of the UG samples and removing the High Grade ("HGC") domain. The results showed a relative visual increase in average grade throughout the main La India domains (comparing to the original wall rock domains). The result for the open pit grade tonnage at the 0.5 g/t Au cut-off was a 0.5% increase in tonnage with a -6% drop in Au grade. At depth, SRK notes that the estimate is smoothed as the higher grade core samples are diluted into lower grade wall rock samples.

11.1.6 SRK Comments

Overall, SRK is confident that the verification procedures used by the Company and by SRK have enabled data of uncertain quality to be identified and excluded from the database used to drive the MRE presented below and that the databases used is of sufficient quality to support the estimates as presented.

While QQ plots produced by SRK of domained borehole sample assay data have revealed apparent differences between the historic and Condor phases of exploration, SRK considers these differences to be primarily because the recent drilling has been focussed in different areas. Visual comparison on long section of the latest versus historical drilling show the grades are generally in line with the grades in the adjacent recent holes. It should also be noted that the majority of historic samples are located within the lower confidence (Inferred) areas of the model and they represent a relatively limited proportion (4.0%) of the global domained borehole sample database. SRK does not consider the use of the historical drilling to materially impact on the current estimate.

The sampling database comprises a number of different sampling types. SRK tested the influence of the different sampling types using QQ Plots. In the case of trench versus boreholes additional analysis was taken to determine the influence of excluding trenching from the estimation process. Results indicated relatively limited sensitivity (0.6%) in the global mean grade of the deposit. SRK has also completed an investigation into the sensitivity of using the historical underground channel sampling database. While some degree of variability exists, the underground channel samples provide high-resolution information on the local grade distributions within the high-grade core(s), which (where present) enables more detailled geological interpretation. SRK also highlights that within the areas of sampling where these samples have greatest influence SRK has depleted the historical workings, and therefore the samples will have limited impact. Ultimately SRK elected to use all phases of exploration sampling in producing the Mineral Resource Estimate.

12 MINERAL PROCESSING AND METALLURGICAL TESTING

The mineral processing and metallurgical testwork undertaken to date is commented upon in Section 17 of this report.

13 MINERAL RESOURCE ESTIMATION

13.1 Introduction

The MRE presented here is based on some 61,800 m of drilling, 11,426 m of trench sampling and over 9,000 original underground mine grade control channel samples on 9 veins within the La India Project area. The effective date of the Mineral Resource statement is 30 September 2014.

No new drilling has been completed since the November 2013 Mineral Resource estimate (note that while this is termed the November 2103 estimate, as it is based on data available at that time, it was only publically reported when completed in January 2014). All work completed since the November 2013 Mineral Resource estimate has been based on data verification and geological interpretation.

This section describes the Mineral Resource estimation methodology and summarizes the key assumptions considered by SRK. In the opinion of SRK, the MRE reported herein is a reasonable representation of the global Mineral Resources (both globally and locally representative for the La India deposit) found in the Project at the current level of sampling. The Mineral Resource has been reported in accordance with the CIM Code.

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserves.

The database used to estimate the Project Mineral Resources was audited by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries for gold mineralisation and that the assay data are sufficiently reliable to support Mineral Resource estimation.

Leapfrog Modelling Software ("Leapfrog") was used to construct the geological solids, whilst Datamine Studio Version 3 ("Datamine") was used to prepare assay data for geostatistical analysis, construct the block model, estimate metal grades and tabulate the resultant Mineral Resources. Isatis software was used for geostatistical analysis and variography.

13.2 Resource Estimation Procedures

The resource estimation methodology involved the following procedures:

- database compilation and verification;
- construction of wireframe models for the centrelines of mining development per vein;
- definition of resource domains;
- data conditioning (compositing and capping) for statistical analysis, geostatistical analysis;
- variography;
- block modelling and grade interpolation;

- resource classification and validation;
- assessment of "reasonable prospects for economic extraction" and selection of appropriate reporting cut-off grades; and
- preparation of the Mineral Resource Statement.

13.3 Resource Database

SRK was supplied with a Microsoft Excel Database, which has been exported from the Company's (DataShed) database. Gold grade assays are provided for drilling, trenching and underground channel samples, with silver assays restricted to drilling and trenching programs, based on exclusion of silver from the historic underground channel sampling assay protocols. The files supplied had an effective cut-off date of 27 September 2013. Separate files were supplied for the drilling, trench and underground sampling programmes. The Company's reinterpretation of hangingwall mineralisation was provided to SRK on 23 May 2014. The database has been reviewed by SRK and imported into Datamine to complete the Mineral Resource Estimate. SRK is satisfied with the quality of the database for use in the construction of the geological block model and associated Mineral Resource Estimate.

SRK has been working with the Company since 2010 when the Company acquired the Project, and have continually validated the data captured as part of each Mineral resource update conducted on the Project.

13.4 Statistical Analysis – Raw Data

A statistical analysis has been undertaken on all relevent data pertaining to the Project area. The statistical analysis was used to determine whether different geological domains could be identified. The statistical investigations included descriptive and distribution analyses and assessment of outlier statistics. Histograms and log histograms have been plotted against cumulative frequency for sample gold and (where sufficiently available) silver assays.

An initial global statistical analysis was undertaken on the raw drill data. The statistical distributions for each of the individual deposit zones display similar properties and tend towards log-normal where sufficient data populations exist, typically showing skewed (largely positive) distributions.

Global statistical analysis for gold at the La India Project is shown in Figure 13-1.

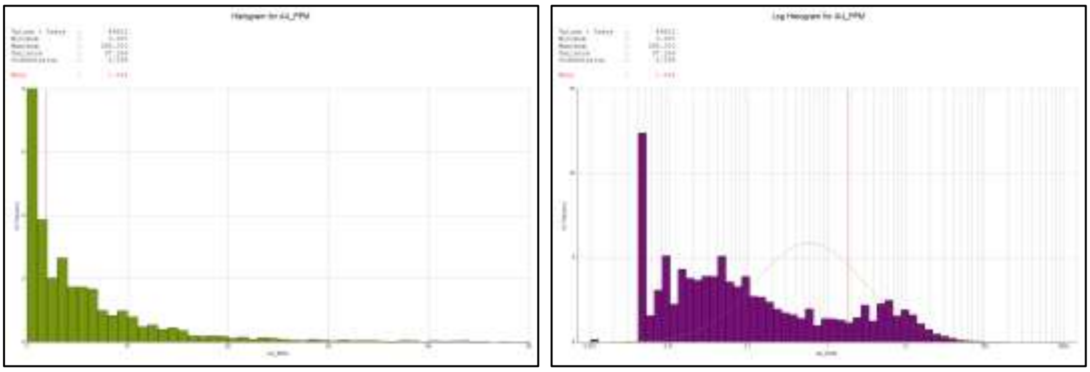

Figure 13-1: Incremental and Log Histogram of Length Weighted La India Project Gold Assays

13.5 Deposit Modelling

13.5.1 Introduction

All electronic data was initially imported into Datamine for visual validation against the topography, and preliminary review in plan and section.

For the November 2013 Mineral Resource Estimate, SRK was provided with updated geological interpretations in the form of defined vein intercepts (tabulated in Excel), interpretive 2D sections and more accurately geo-referenced historic mine plans (used in defining the centreline of the veins where mine development exists), by the Company. The focus of the geological modelling for the November 2013 Mineral Resource update was to update the La India/ California ("La India") and America-Escondido and Constancia ("America") models, and complete an initial interpretation for the Central Breccia deposit.

The main geological units modelled for the November 2013 update were:

- High-grade "core" mineralisation at La India and America;
- Lower-grade wall-rock mineralisation at La India and America
- 'Breccia Zone' at La India);
- Stockwork or "breccia pipe" at Central Breccia;
- Fault network at La India;
- Definition of base of oxide material;
- Definition of top of fresh material at La India.

SRK was provided with updated geological interpretations for the La India hangingwall mineralisation by the Company for the September 2014 Mineral Resource estimate, which consisted of defined vein intercepts (tabulated in Excel) and wireframe surfaces. The geological units updated for the September 2014 Mineral Resource estimate were limited to the La India (wall-rock mineralisation) hangingwall vein wireframes.

13.5.2 Geological Wireframes

Fault Network

A fault network for the La India deposit has been interpreted by SRK in conjunction with Condor's geological staff using a combination of surface mapping, topographic contours, core logging and core photographs. The structural model, which has been reviewed by the Company, has been used to guide step-across or offset features in the mineralisation domains, and help determine changes in the dip of the hanging wall mineralisation.

Oxidation Surface

The base of oxidation ("completely weathered base") surface at La India was constructed based on borehole logging provided by the Company.

A base of oxidation surface has also previously been interpreted for the "Espinito Mendoza" Tatiana and Buenos Aires vein wireframes, constructed (in absence of relevant borehole logging) using historical 2D vertical longitudinal projections. Further details for the Espinito Mendoza modelling is provided in the previous SRK Resource Report entitled: NI43-101 Mineral Resource Estimate on the La India Gold Project, Nicaragua, dated 14 September 2012.

Fresh Surface

The top of fresh ("moderately weathered base") surface at La India was constructed based on borehole logging provided by the Company.

13.5.3 Mineralisation Wireframes

The broad modelling criteria used to identify (gold) mineralised structures utilises a gold cut-off grade of 0.5 g/t Au with a minimum thickness of 0.5 m (producing a cut-off grade of 0.25 g/t Au over 1.0 m). Domain boundaries are further guided by geological logging ("XVN" and "ZXU" or "XVB" representing vein and breccia respectively), whereby 0.2-0.3 g/t Au material is included where the geological structure is evident (based on logging codes).

The Company's 2013 infill drilling campaign on the La India Project significantly increased the size of the geological database. As a result, the geological understanding and model interpretation is now more robust, such that a more successful correlation of high-grade underground sampling to supporting drill holes along strike and down-dip has been achieved, with the potential for smoothing of high-grade "core" sampling in to areas of lower grade wall-rock domains reduced.

Details relating to the development of modelling methodology for the mineralisation wireframes constructed for previous SRK Resource updates are provided in the SRK Resource Report entitled: NI43-101 Mineral Resource Estimate on the La India Gold Project, Nicaragua, dated 14 September 2012.

High-Grade "Core" Mineralisation

The high-grade "core" (HGC) mineralisation is primarily defined by:

1. Historic underground channel samples that were collected at 6 foot (approximately 2 m) intervals along the levels and raises surrounding the material that was planned for extraction by stoping.

2. Interpreted as the high-grade vein material intersected by drilling at or near the expected location of the historic mine workings.

3. Mining voids intersected by drilling at or near the expected location are interpreted as drives or stopes. (across a series of strike and dip extensive quartz veins), and is interpreted to represent the historically mined portion of the structure.

Interpretation of the HGC structure in areas of mining development is relatively clear given the abundance of channel samples, mine voids in borehole logs and development surveys, whereas in areas of less densely spaced sampling (for example down-dip of the mine) a greater consideration is required. Interpreted HGC intervals have been provided or verified (against the drillcore) by the Company geologists to prevent of misallocation of mineralised intercepts. Modelled HGC intervals were selected based on elevated gold grades, lithology logs, and historic underground maps and mine plans.

SRK created 3D vein wireframes from selected sample intercepts using the interval selection tool in the Leapfrog Modelling Software.

Wall-Rock Mineralisation

Wall-rock (WR) mineralisation represents both broad zones that envelope (or occur at the periphery of) the HGC, and more discontinuous lenses situated in the hanging wall and footwall. The WR is generally lower-grade and defined by logging as stacked veinlets, brecciated material, or typically short-lived quartz veins. The underground channel samples generally did not extend into the WR mineralisation.

SRK has sub-divided the WR mineralisation at La India/ California in to three separate groups on the basis of spatial location and orientation, namely structures parallel to the HGC mineralisation (“Main”), near-vertical structures in the hangingwall (“Hanging Wall”) and the brecciated zone (“Breccia Zone”) intermediate to the principal NW-SE striking structures where the historic mining is interpreted to have stepped across parallel HGC zones.

SRK created 3D vein wireframes from selected sample intercepts using the interval selection tool in the Leapfrog Modelling Software.

An example section showing WR mineralisation encompassing a central HGC is provided in Figure 13-2.

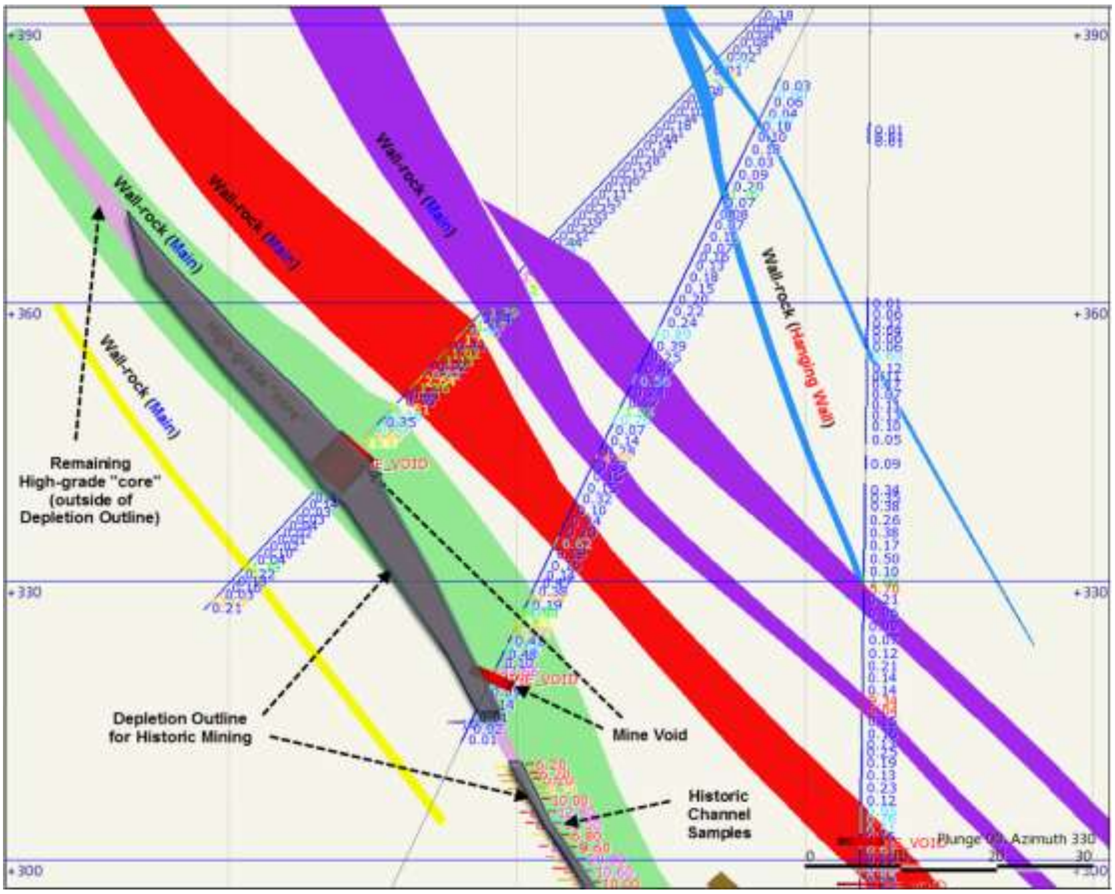

Figure 13-2: La India Deposit Cross Section 900 showing High-Grade "Core" and Wall-rock ("Main" and "Hanging Wall") domains with mining depletion; SRK November 2013

Vertical Vein Modelling

As discussed in Section 11.1.2 of this report, the Company in conjunction with SRK has completed a detailed geological review of the hangingwall vertical veins. Once the data was reviewed in the core, the information was interpreted taking into surface mapping and underground structural measurements (Zopilote Adit). The information was then imported into Leapfrog for preliminary analysis and geological modelling. The final reinterpretation then exported to Datamine for the purpose of estimation. The changes in the geological interpretation are highlighted in Figure 13-3.

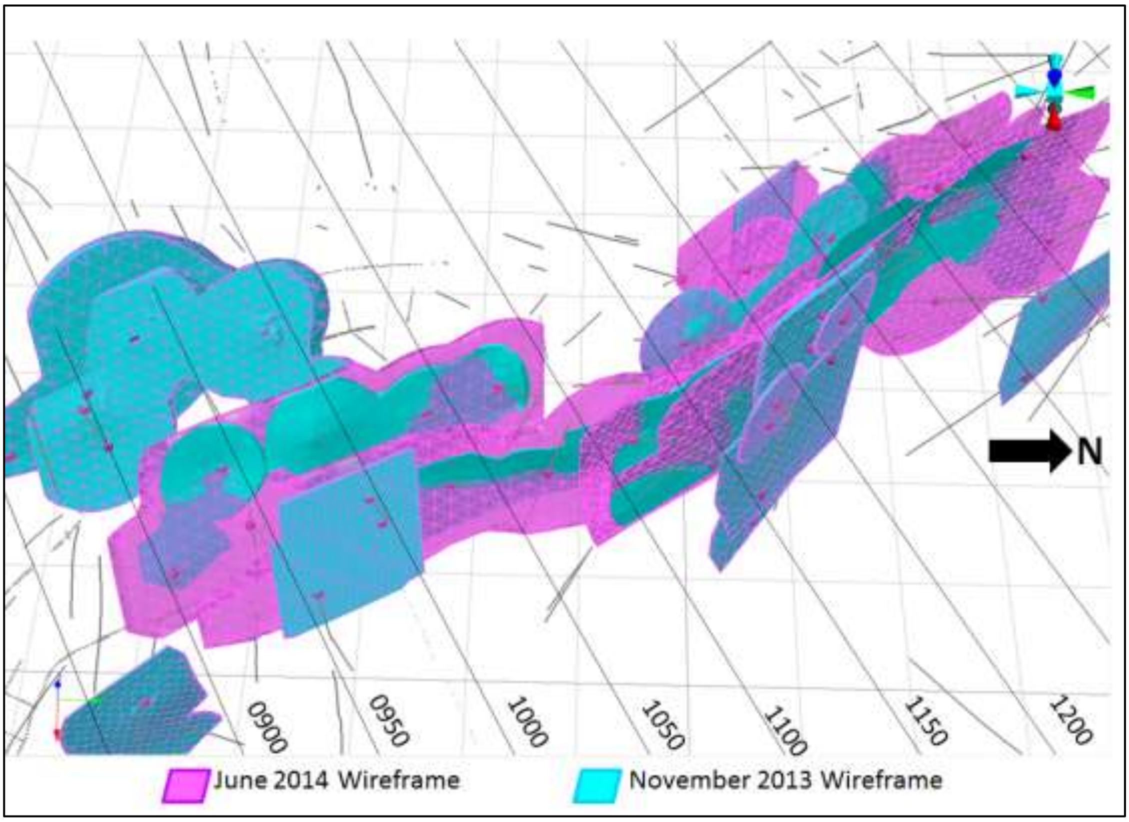

Figure 13-3: La India 3D view showing changes between November 2013 and June 2014 interpretation. Reviewed Samples highlighted in Red

Breccia Pipe Mineralisation

The interpretation of the Central Breccia mineralisation domains was undertaken jointly by SRK and the Company and was guided through the application of implicit modelling approaches using Leapfrog 3D grade threshold interpolations (supplemented with 2D geological sections provided by the Company), for a range of grade thresholds and structural orientations and controls. This approach was used due to the difficulty in linking sectional interpretations in 3D using conventional explicit modelling methods, due to poor grade continuity of gold grades.

The selected structural orientations used to control modelling followed regional principal lineaments (NE-SW and WNW-ESE), and the most visually representative grade threshold of 0.5 g/t Au, selected to honour the grade and geological continuity within appropriate economic considerations and without introducing high levels of internal geological dilution into the model.

SRK subsequently built solid mineralisation wireframes, which were terminated at depth (towards the east) against the barren pyroclastic unit, modelled using geologically logged codes.

13.5.4 Mineralisation Model Coding

A summary of the key mineralisation zones versus statistical and estimation zone code and modelled wireframe name for the Project is provided in Table 13-1. KZONE refers to the estimation zone individual to each vein structure, whereas GROUP refers to the statistical zone where (following initial analysis) datasets have been combined for statistical and geostatistical procedures.

Figure 13-4 to Figure 13-9 provide images of the La India, America and Central Breccia deposit wireframes, which have been reviewed by the Company's geological team for approval and have been deemed acceptable for use in the MRE.

The modelled mineralised structures at the La India Project are geologically continuous along strike for up to 2.5 km, showing a down-dip extent that ranges from 150 m to greater than 350 m, and a thickness that commonly varies between 0.5 to 2.5 m, reaching over 5 m at America and 20 m at La India in areas of significant (wall-rock) swelling.

Table 13-1: List of Numeric Codes used within Datamine to define Estimation Zones;

Deposit sub-area	Deposit	Deposit code	KZONE	GROUP
Agua Caliente-Teresa	Teresa	1	100	1000
	Agua Caliente	2	120	-
America	America-Escondido	3	3010 - 3500	3000
	Constancia	4	2010 - 2520	2000
Arizona	Arizona	5	110	-
Buenos Aires	Buenos Aires 1	6	110	-
	Buenos Aires 2	6	120	-
Cacao	Cacao vein	7	100	-
	Cacao grade shell	7	200	-
Central Breccia	Central Breccia	8	100 - 1000	1000
Cristalito-Tatascame	Cristalito-Tatascame	9	(June 2011 estimate)	-
Espinito	Espinito	10	100	-
Guapinol	Guapinol	11	110	-
La India	La India/ California (Main)*	12	110 - 329	1000
	La India/ California (Hanging wall)	12	410 - 530	2000
	La India/ California (Breccia zone)	12	610 - 650	3000
San Lucas	San Lucas	13	110	-
Tatiana	Tatiana main vein	14	120	-
	Tatiana splay vein	14	130	-

**Note the HGC mineralisation at La India/ California is included within the "Main" domain, namely GROUP 1000*

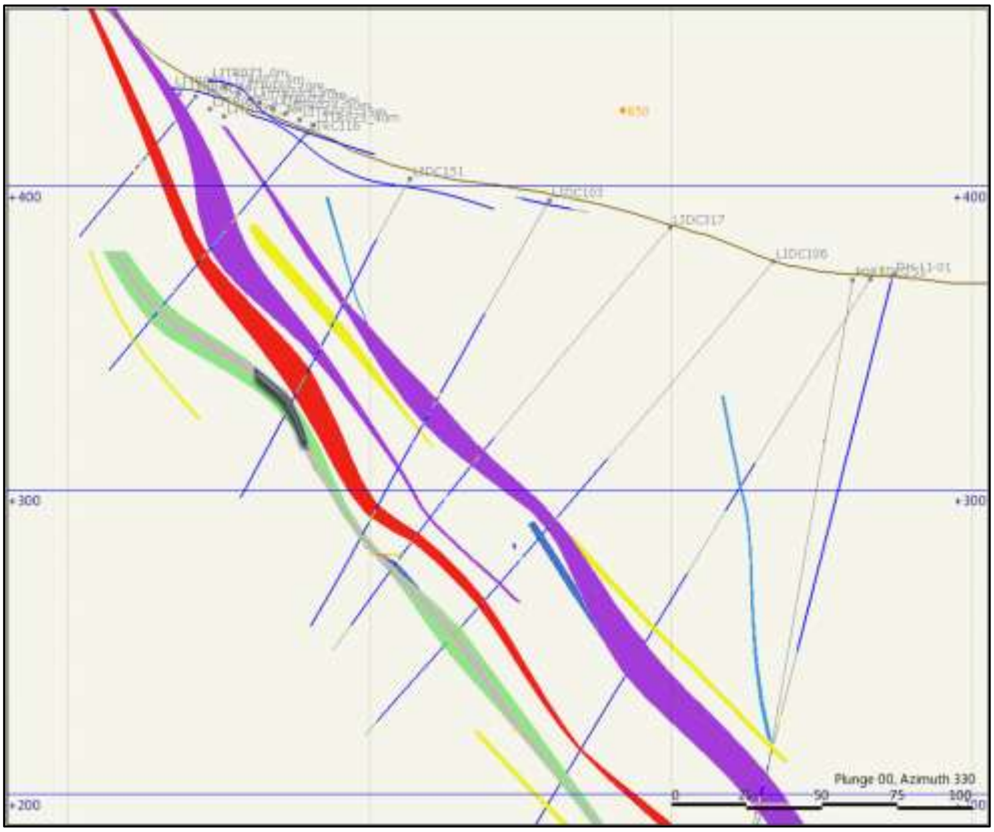

Figure 13-4: La India Deposit Cross Section 850; November 2013

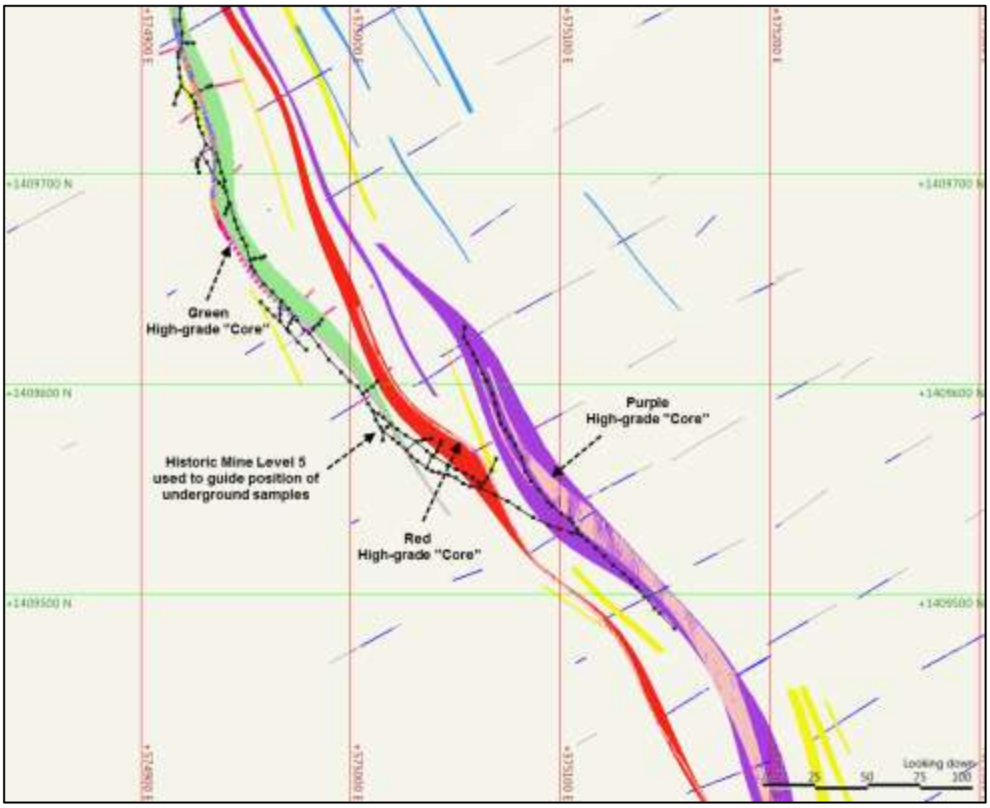

Figure 13-5: La India Deposit Plan Section 315 (Mine Level 5), showing interpreted step-across of historic mining development from hanging wall to footwall structure; November 2013

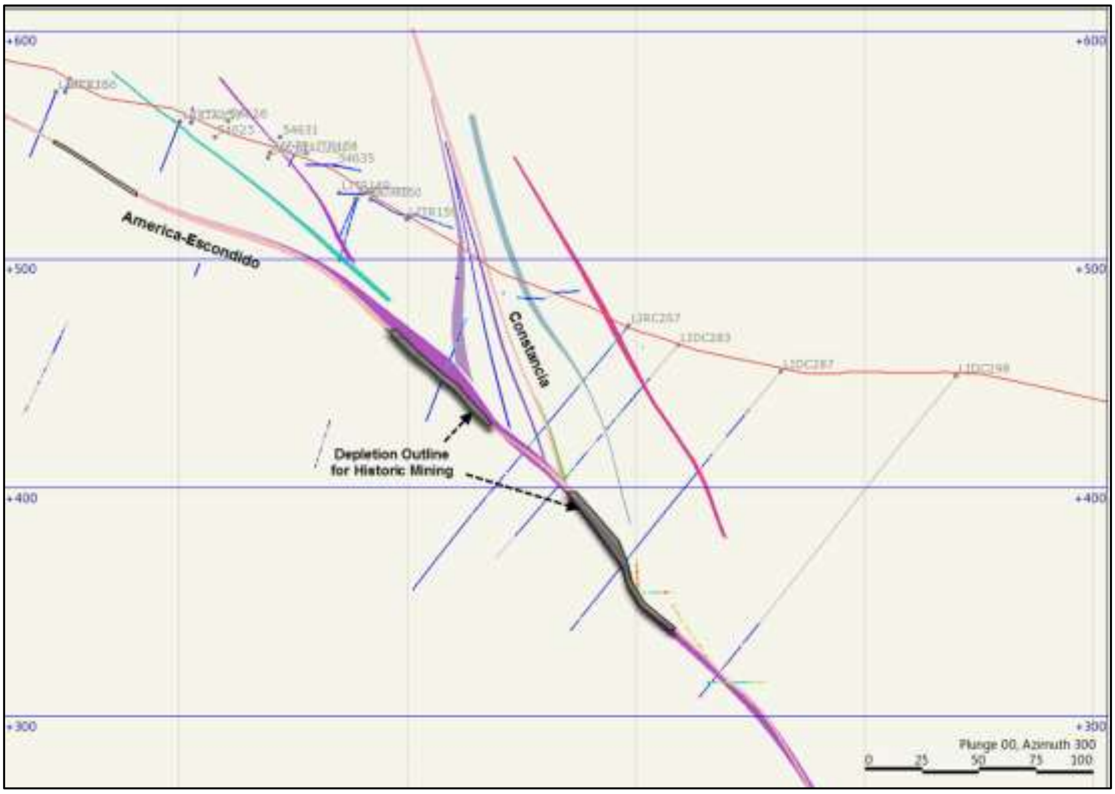

Figure 13-6: America Project Cross Section (Y=1411570), showing the junction of the America-Escondido and Constancia Veins; November 2013

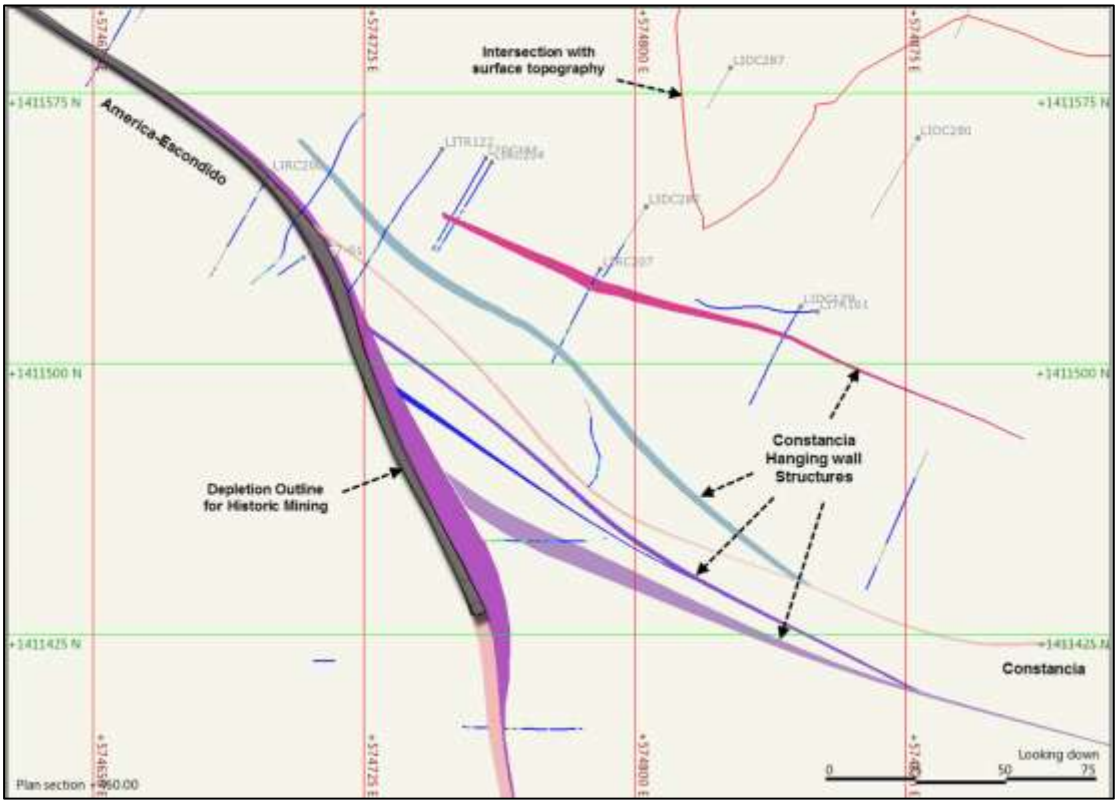

Figure 13-7: America Project Plan Section 460, showing vein strike orientation and position of the mineralisation in the Hanging wall of Constancia; November 2013

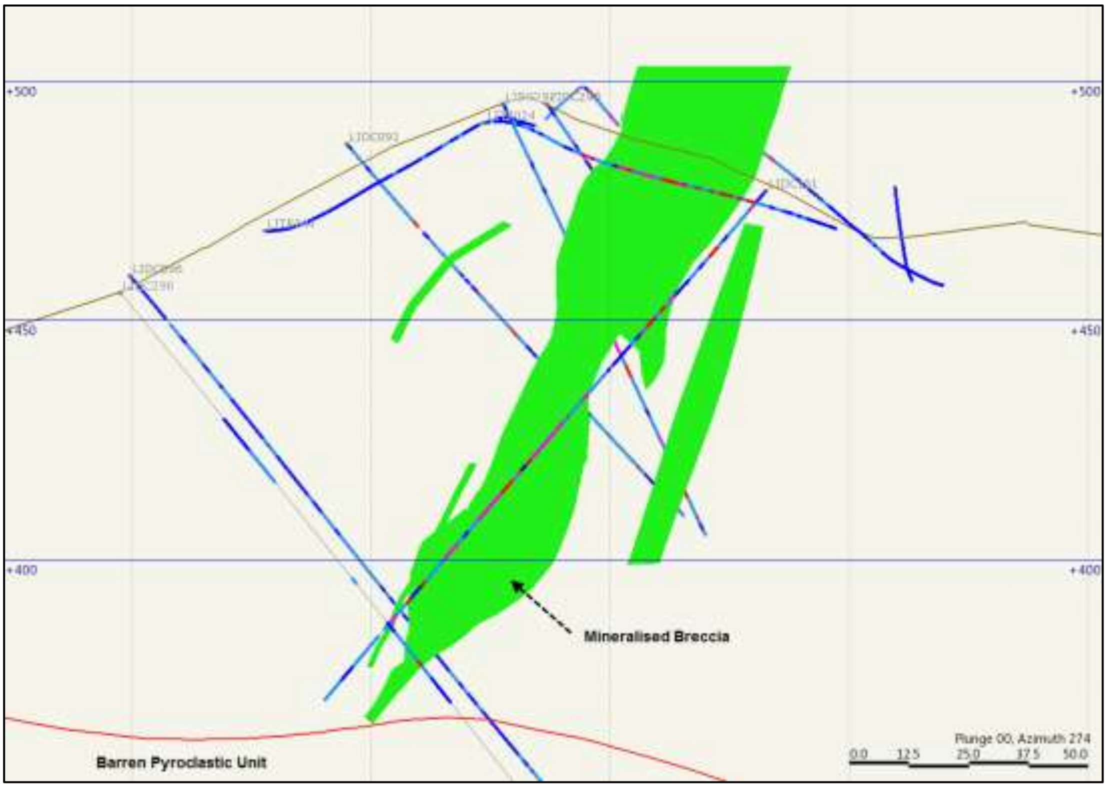

Figure 13-8: Central Breccia Cross Section (X=576572); November 2013

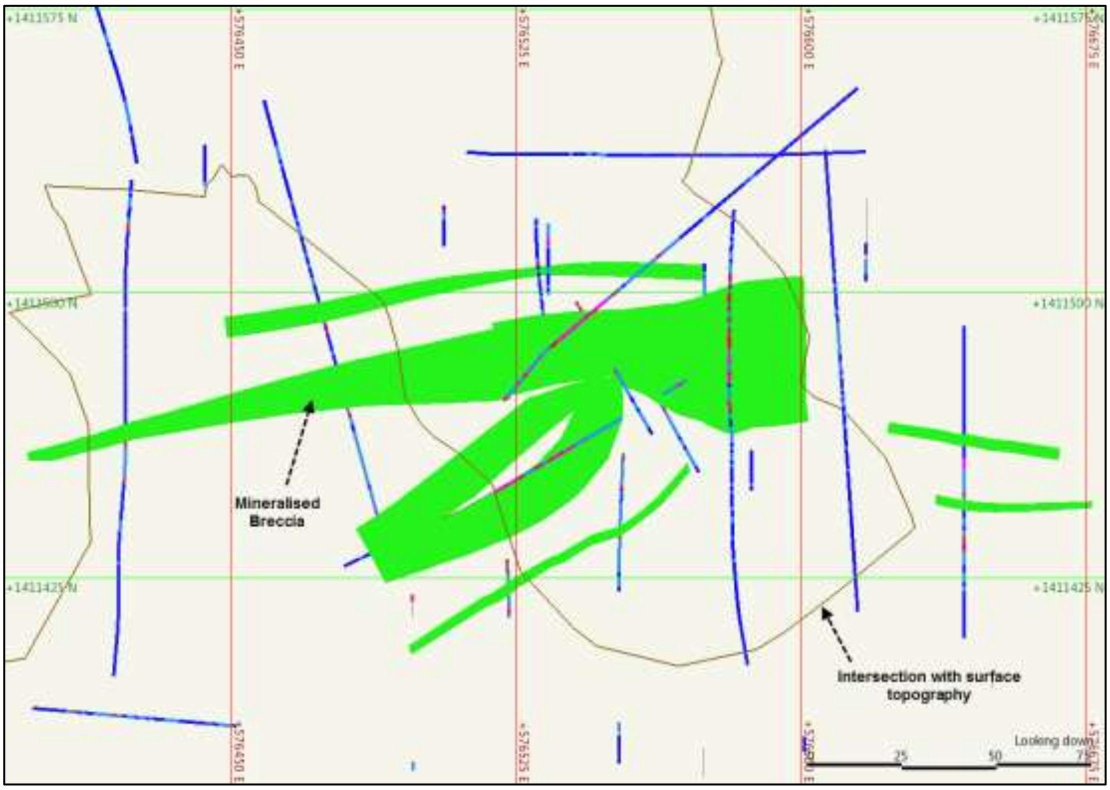

Figure 13-9: Central Breccia Plan Section 470, showing vein strike orientation and intersection with surface topography; November 2013

13.5.5 Accounting for Mine Depletion

For the November 2013 Mineral Resource estimate update, the underground sampling was re-projected to fit with the mining void data recorded in borehole logs and improved georeferenced control points (based on entrances to mine and shafts), enabling a more accurate sample positioning in relation to the upper levels of the La India and America Mines. The thickness data associated with the borehole mining voids has been used in combination with the current underground samples (and associated widths) to create a depletion volume (inside 2D long-section depletion outlines) in an attempt to accurately remove the mined areas from the mineralisation model.

Data verification work completed on the historic depletion is detailed in Section 11.1.1.

No additional re-projection or verification work has been completed by SRK for the underground sampling or depletion since the November 2013 Mineral Resource estimate.

Based on the work completed by SRK, it is estimated that a total of some 860,000 t at 8.3 g/t Au for some 230,000 oz of gold has been mined on La India, and some 410,000 t at 9.5 g/t Au for some 125,000 oz of gold has been mined on America from within the SRK defined depletion volumes, plus 170,000 t at 7.85 g/t Au for 43,000 oz of gold from the remaining other veins.

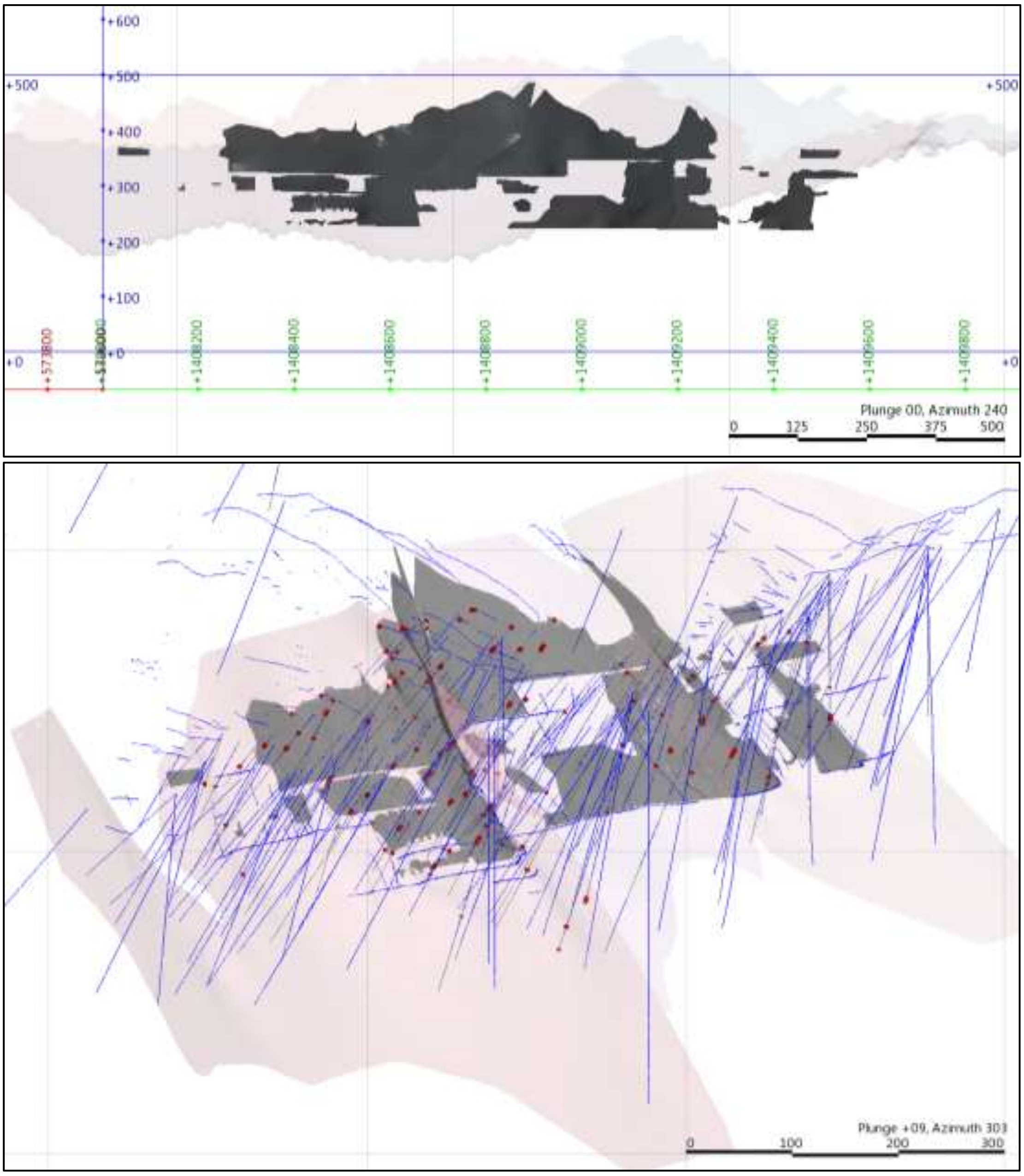

Figure 13-10: Long section of the La India Mining depletion (green) outline within 2013 Whittle pit (top); 3D view of depletion within (pink) HGC domain (bottom)

13.6 Compositing

Prior to the undertaking of a statistical analysis, the samples were composited into equal lengths to provide a constant sample volume, honouring sample support theories.

SRK analysed the mean length of the underground channel, trench and drill hole samples in order to determine appropriate composite lengths. At La India and America, the mean length of the sample data approximates to 1.0 m (Figure 13-11), suggesting that a composite length of 1.0 – 2.0 m is appropriate. The 2.0 m composite length was selected given indication from composite length analysis (completed during the September 2012 SRK Mineral Resource Estimate) for a reasonable reconciliation to the raw data mean grade whilst allowing an overall reduction to the variance. SRK also elected to use the option within Datamine to utilise all sampling within the flagged veins (MODE=1), which enables more of the narrower vein samples to be incorporated in to the composites while limiting any potential bias.

For the Central Breccia deposit, the mean length of the sample data approximates to 1.0 m; however, given the broad nature of the zones of mineralisation (with the average mineralised intercept length greater than 10 m), SRK selected a 3.0 m composite which provided a reasonable reconciliation to the mean grade and sufficiently reduced the variance, whilst retaining an appropriate number of samples for grade interpolation. A composite length analysis was completed for the Central Breccia deposit (to test the sensitivity of the mean and variance on composite length), with the results illustrated in Appendix A.

In summary, the compositing utilised for the November 2013 Mineral Resource Estimate is shown below.

- La India and America: 2.0 m composite; 0.25 m minimum sample length; and
- Central Breccia: 3.0 m composite; 1.0 m minimum sample length.

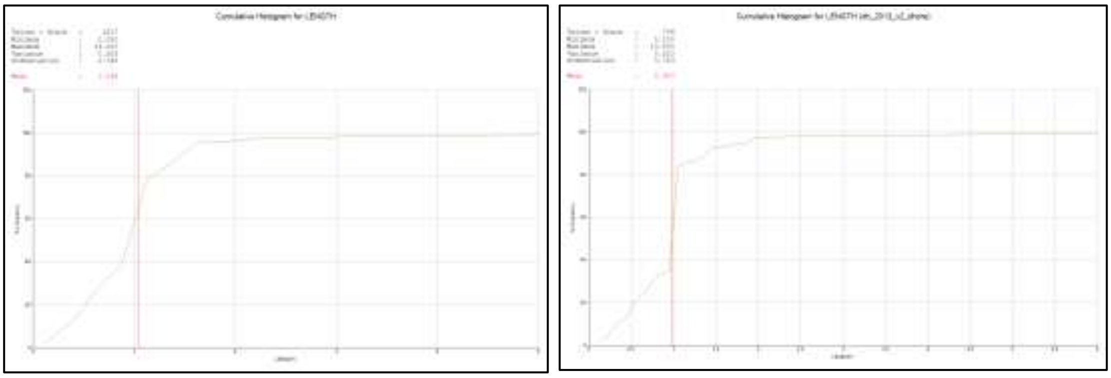

Figure 13-11: Cumulative Histogram Showing the Mean Length of Raw Samples within the Modelled La India (left) and America (right) Mineralised Domains

13.7 Evaluation of Outliers/Statistical Analyses

High grade capping is typically undertaken where data is no longer considered to be part of the main population. SRK has completed the analysis of the composited data based on log probability plots, raw and log histograms which can be used to distinguish the grades at which samples have significant impacts on the local estimation and whose affect is considered extreme.

Log histograms and log-probability plots (as illustrated in Figure 13-12) related to the November 2013 MRE model updates are shown per domain in Appendix A.

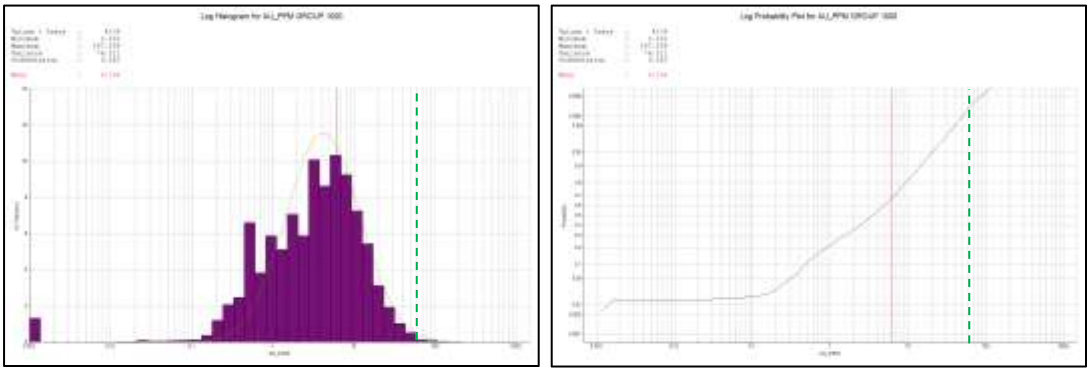

Figure 13-12: Log Histogram and Log Probability Plot for gold at La India – La India (Main/ GROUP 1000) samples showing selected grade capping

Figure 13-2 and Table 13-3 show the selected capping limits (based on the analysis) and a comparison of the mean grades within each domain based on the grade capping applied.

The results show in general the reduction in gold grade is in the order of 0–2%, with the exception of La India (Breccia Zone), Constancia, Cacao and Buenos Aires which have reductions of 9.5%, 6.1%, 11.0% and 11.0%, respectively. These reductions are caused by the skewed raw data population with isolated outlier high-grade samples. The large drop in grade at Buenos Aires is also influenced by the relatively small sample population. In terms of the silver, whilst there is a discrepancy in percentage terms where the cap has been applied, the corresponding differences in mean grade can be attributed to a few isolated outlier high-grade samples.

Overall, SRK deems the global reduction in the grade to be within acceptable margins.

Table 13-2: Analysis of Mean Gold Grades per Vein before and After Grade Capping; November 2013*

Deposit	Field	Count	Min	Max	Mean (g/t)	Cap (g/t)	Var	Std Dev	Cov	% Diff	Abs Mean Diff
Agua Caliente	AU	125	0.59	89.14	8.90	60	78.36	8.85	0.99	-2.45	0.21
	AUCAP	125	0.59	60.00	8.69		50.39	7.10	0.82		
America-Escondido	AU	3086	0.00	161.70	8.06	95	124.76	11.17	1.38	-1.07%	0.09
	AUCAP	3086	0.00	95.00	7.98		105.49	10.27	1.29		
Arizona	AU	238	0.00	23.30	5.17	25	24.42	4.94	0.96	0.00	0.00
	AUCAP	238	0.00	23.30	5.17		24.42	4.94	0.96		
Buenos Aires	AU	76	0.00	59.50	9.03	30	115.23	9.11	1.01	-11.02	0.90
	AUCAP	76	0.00	30.00	8.13		70.79	7.25	0.89		
Cacao	AU	572	0.01	99.70	1.03	25	12.38	2.07	2.02	-11.04	0.10
	AUCAP	572	0.01	25.00	0.92		3.21	1.12	1.21		
Central Breccia	AU	169	0.02	17.70	1.70	-	6.21	2.49	1.46	-	-
	AUCAP	169	0.02	17.70	1.70		6.21	2.49	1.46		
Constancia	AU	1367	0.00	566.00	10.89	110	505.76	22.49	2.07	-6.06%	0.66
	AUCAP	1367	0.00	110.00	10.23		172.84	13.15	1.29		
Espinito	AU	457	0.03	62.77	9.20	50	80.23	8.96	0.97	-0.51	0.05
	AUCAP	457	0.03	50.00	9.15		76.11	8.72	0.95		
Guapinol	AU	388	0.05	60.65	6.93	40	45.64	6.76	0.97	-1.41%	0.10
	AUCAP	388	0.05	40.00	6.84		37.13	6.09	0.89		
La India/ California (Main)	AU	4109	0.00	197.36	6.16	60	74.31	8.62	1.40	-1.26%	0.08
	AUCAP	4109	0.00	60.00	6.08		59.18	7.69	1.27		
La India/ California (Hanging wall)	AU	105	0.19	26.69	2.50	-	17.54	4.19	1.68	-	-
	AUCAP	105	0.19	26.69	2.50		17.54	4.19	1.68		
La India/ California (Breccia Zone)	AU	97	0.00	55.70	6.42	72	53.45	7.31	1.14	-9.51%	0.61
	AUCAP	97	0.00	20.00	5.81		17.66	4.20	0.72		
San Lucas	AU	839	0.00	73.70	6.03	50	53.02	7.28	1.21	-1.12	0.07
	AUCAP	839	0.00	50.00	5.97		45.79	6.77	1.13		
Tatiana	AU	68	0.05	45.80	4.84	30	26.13	4.67	0.97	-1.82	0.09
	AUCAP	68	0.05	30.00	4.76		20.75	4.24	0.89		
Teresa	AU	281	0.00	72.80	11.11	60	140.34	11.85	1.07	-0.77%	0.09
	AUCAP	281	0.00	60.00	11.03		131.09	11.45	1.04		

**Note that the Cristalito-Tatascame vein has not been updated from the initial SRK resource estimate (dated June 2011), given no changes to the sample database. It is therefore excluded from the November 2013 grade capping summary statistics. Full statistics for Cristalito-Tatascame are provided in the SRK June 2011 Resource Report.*

Table 13-3: Analysis of Mean Silver Grades per Vein before and After Grade Capping; November 2013*

Deposit	Field	Count	Min	Max	Mean (g/t)	Cap (g/t)	Var	Std Dev	Cov	% Diff	Abs Mean Diff
America-Escondido	AG	266	0.10	86.67	6.03	-	64.19	8.01	1.33	-	-
	AGCAP	266	0.10	86.67	6.03		64.19	8.01	1.33		
Constancia	AG	100	0.10	85.07	6.19	-	180.64	13.44	2.17	-	-
	AGCAP	100	0.10	85.07	6.19		180.64	13.44	2.17		
La India/ California (Main)	AG	1321	0.10	834.03	5.97	100	670.73	25.90	4.34	12.70%	0.76
	AGCAP	1321	0.10	100.00	5.21		96.96	9.85	1.89		
La India/ California (Hanging wall)	AG	105	0.30	72.21	5.81	-	104.30	10.21	1.76	-	-
	AGCAP	105	0.30	72.21	5.81		104.30	10.21	1.76		
La India/ California (Breccia Zone)	AG	8	0.54	4.08	1.90	-	1.44	1.20	0.63	-	-
	AGCAP	8	0.54	4.08	1.90		1.44	1.20	0.63		

**Silver assays are restricted to drilling and trenching programs, based on exclusion of silver from the historic underground channel sampling assay protocols.*

13.8 Geostatistical Analyses

SRK completed geostatistical analysis on the La India Project during the November 2013 Mineral Resource Estimate. Given that no new drilling has been completed and the changes to the mineralisation wireframes have been minimal for the 2014 Resource update, the results from the November 2013 study have been retained and are discussed below.

Variography is the study of the spatial variability of an attribute, in this case gold and silver grade. ISATIS Software ("Isatis") was used for geostatistical analysis for the Project. In order to define variograms of sufficient clarity, the data has been calculated using a Pairwise Relative Variogram in Isatis, with the resultant variograms rescaled to the variance of a given zone.

In completing the analysis, the following has been considered:

- azimuth and dip of each zone was determined;
- the down-hole variogram was calculated and modelled to characterise the nugget effect;
- experimental pairwise relative semi-variograms, were calculated to determine directional variograms for the along strike, cross strike and down-dip directions;
- directional variograms were modelled using the nugget and sill defined in the down-hole variography, and the ranges for the along strike, cross strike and down-dip directions; and
- (where relevant) all variances were re-scaled for each mineralised lens to match the total variance for that zone.

Directional pairwise relative variograms were attempted for all vein zones. The resultant experimental semi-variograms were in general poorly defined and therefore pairwise omni-directional structures were selected for fitting of the final variogram models.

An example of the pairwise relative variograms modelled for the La India "Main" and "Hanging Wall" mineralisation domains (GROUP 1000, 2000) for gold are shown in Figure 13-3, with variograms modelled for the America domains (America-Escondido and Constancia) for gold shown in Figure 13-14, and variograms for all zones shown in Appendix A.

Full geostatistical studies for gold per vein zone (for the deposits not updated as part of the current study) were undertaken during the SRK resource estimates dated June 2011 and

December 2011.

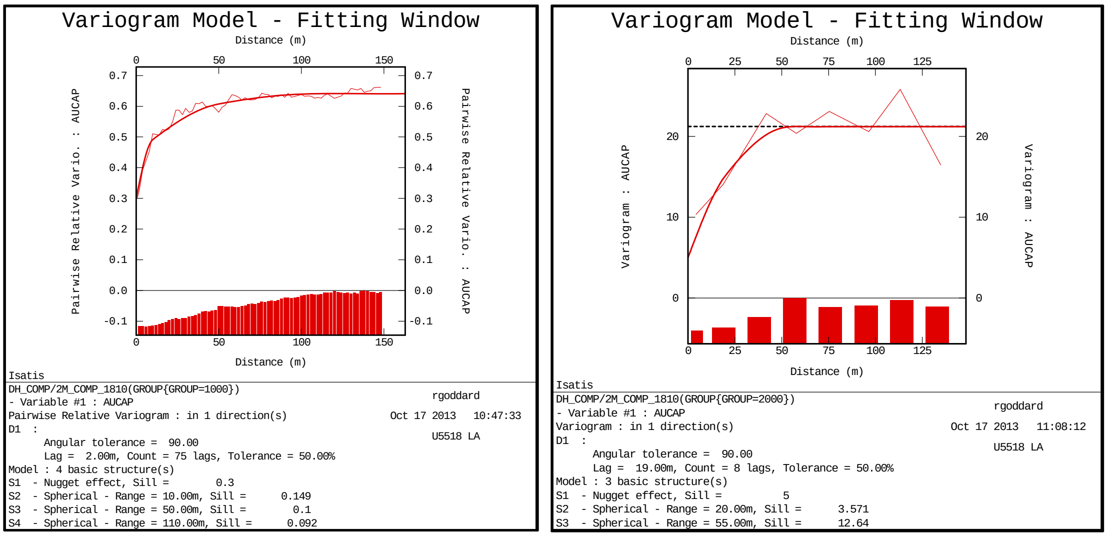

Figure 13-13: Summary of modelled semi-variogram parameters for the La India "Main" and "Hanging Wall" mineralisation domains (GROUP 1000, 2000) for gold (shown left and right); November 2013

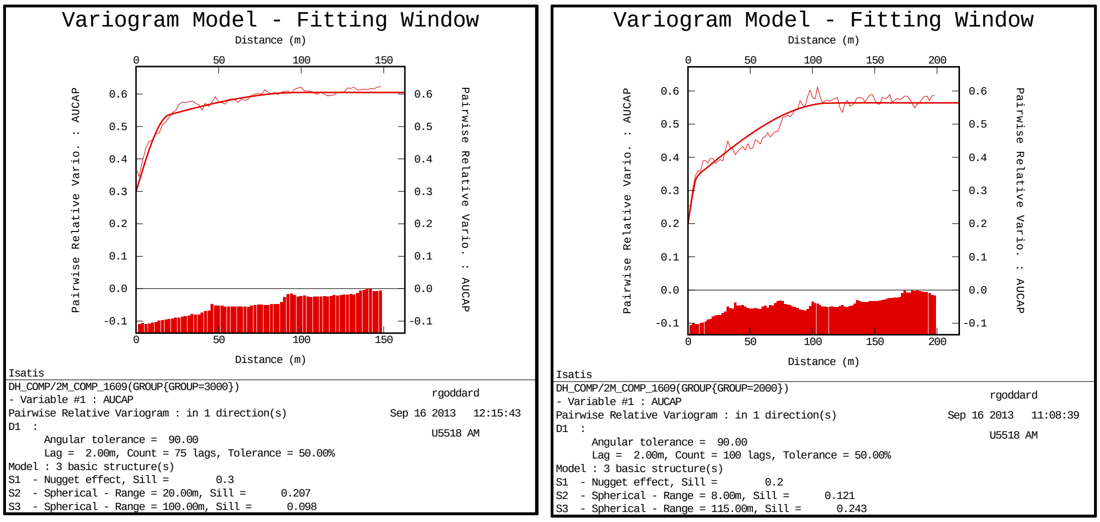

Figure 13-14: Summary of modelled semi-variogram parameters for the America "America-Escondido" and "Constancia" mineralisation domains (GROUP 3000, 2000) for gold (shown left and right); November 2013

When compared to the previous Mineral Resource Estimates, the approach to modelling the variograms and associated parameters remains reasonably consistent with the previous (September 2012) interpretation for La India and America, with the exception of the following key differences:

- Separate variograms modelled for the La India "Main" and "Hanging Wall" domains. SRK noted a reduction in the nugget (from 45% to 25%) and range (from 110 m to 55 m) in the "Hanging Wall" structures when compared to the La India "Main" domain, which is consistent with the interpretation for relatively discontinuous "Hanging Wall" lenses.

The final variogram parameters for the Project are displayed in Table 13-4.

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Table 13-4: Summary of semi-variogram parameters (November 2013)

Deposit	Variogram Parameter	Rotation Z	Rotation Y	Rotation X	Co	C1	A1 – Along Strike (m)	A1 – Down Dip (m)	A1 – Across Strike (m)	C2	A2 – Along Strike (m)	A2 – Down Dip (m)	A2 – Across Strike (m)	C3	A3 – Along Strike (m)	A3 – Down Dip (m)	A3 – Across Strike (m)	Nugget Effect (%)
La India/ California	AUCAP-GROUP 110	0	0	0	32.65	16.22	10	10	10	10.88	50	50	50	10.01	110	110	110	47%
	AUCAP-GROUP 120	0	0	0	5.60	2.78	10	10	10	1.87	50	50	50	1.72	110	110	110	47%
	AUCAP-GROUP 130	0	0	0	38.45	19.10	10	10	10	12.82	50	50	50	11.79	110	110	110	47%
	AUCAP-GROUP 140	0	0	0	25.05	12.44	10	10	10	8.35	50	50	50	7.68	110	110	110	47%
	AUCAP-GROUP 210	0	0	0	3.41	1.70	10	10	10	1.14	50	50	50	1.05	110	110	110	47%
	AUCAP-GROUP 220	0	0	0	4.16	2.07	10	10	10	1.39	50	50	50	1.28	110	110	110	47%
	AUCAP-GROUP 230	0	0	0	10.54	5.23	10	10	10	3.51	50	50	50	3.23	110	110	110	47%
	AUCAP-GROUP 240	0	0	0	1.99	0.99	10	10	10	0.66	50	50	50	0.61	110	110	110	47%
	AUCAP-GROUP 250	0	0	0	5.59	2.78	10	10	10	1.86	50	50	50	1.71	110	110	110	47%
	AUCAP-GROUP 260	0	0	0	45.34	22.52	10	10	10	15.11	50	50	50	13.91	110	110	110	47%
	AUCAP-GROUP 1000	0	0	0	27.70	13.76	10	10	10	9.23	50	50	50	8.49	110	110	110	47%
	AUCAP-GROUP 2000	0	0	0	4.13	2.95	20	20	20	10.45	55	55	55	0.00	0	0	0	24%
	AUCAP-GROUP 3000	0	0	0	8.27	4.11	10	10	10	2.76	50	50	50	2.54	110	110	110	47%
	AGCAP-GROUP 1000	0	0	0	47.14	23.89	5	5	5	14.61	30	30	30	11.31	150	150	150	49%
	AGCAP-GROUP 2000	0	0	0	45.74	26.23	15	15	15	32.33	65	65	65	0.00	0	0	0	44%
	AGCAP-GROUP 3000	0	0	0	0.70	0.36	5	5	5	0.22	30	30	30	0.17	150	150	150	49%
America	AUCAP-GROUP 2010	0	0	0	1.67	1.01	8	8	8	2.02	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2020	0	0	0	0.02	0.01	8	8	8	0.02	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2030	0	0	0	57.83	34.99	8	8	8	70.26	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2040	0	0	0	0.44	0.27	8	8	8	0.54	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2050	0	0	0	0.90	0.55	8	8	8	1.10	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2060	0	0	0	4.79	2.90	8	8	8	5.82	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2510	0	0	0	3.19	1.93	8	8	8	3.88	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 2520	0	0	0	64.31	38.91	8	8	8	78.13	115	115	115	0.00	0	0	0	35%
	AUCAP-GROUP 3010	0	0	0	7.67	5.29	20	20	20	2.51	100	100	100	0.00	0	0	0	50%
	AUCAP-GROUP 3020	0	0	0	0.08	0.06	20	20	20	0.03	100	100	100	0.00	0	0	0	50%
	AUCAP-GROUP 3030	0	0	0	0.16	0.11	20	20	20	0.05	100	100	100	0.00	0	0	0	50%
	AUCAP-GROUP 3500	0	0	0	53.42	36.86	20	20	20	17.45	100	100	100	0.00	0	0	0	50%
	AGCAP-GROUP 2000	0	0	0	2.56	1.55	8	8	8	3.11	115	115	115	0.00	0	0	0	35%
	AGCAP-GROUP 3000	0	0	0	24.36	16.81	20	20	20	7.96	100	100	100	0.00	0	0	0	50%
Central Breccia	AUCAP-GROUP 100	0	0	0	0.08	0.26	6	6	6	0.06	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 200	0	0	0	2.61	8.56	6	6	6	2.00	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 300	0	0	0	0.13	0.42	6	6	6	0.10	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 400	0	0	0	1.71	5.61	6	6	6	1.31	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 500	0	0	0	0.05	0.16	6	6	6	0.04	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 700	0	0	0	0.03	0.09	6	6	6	0.02	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 800	0	0	0	0.01	0.02	6	6	6	0.00	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 900	0	0	0	0.11	0.36	6	6	6	0.08	70	70	70	0.00	0	0	0	20%
	AUCAP-GROUP 1000	0	0	0	0.01	0.05	6	6	6	0.01	70	70	70	0.00	0	0	0	20%

13.9 Block Model and Grade Estimation

Block model prototypes were created per deposit area for the Project, based on UTM coordinates. Block model parent cells were chosen to reflect the average drill hole spacing along strike and on section, namely 25 x 25 x 25 m (X,Y,Z). For the La India, America and Central Breccia deposits, SRK has produced block models with a slightly reduced block dimension in the vertical orientation of 25 x 25 x 10 m (X,Y,Z) to improve the resolution for the potential for open pit extraction to be evaluated. A relatively narrower block dimension (10 m) was used in the across strike orientation at Central Breccia in attempt to better reflect the higher grades within the core of the deposit.

To improve the geometric representation of the geological model, sub-blocking is allowed initially to a resolution to a minimum of 1.0 m along strike, 1.0 m across strike and 1.0 m in the vertical direction. A summary of the block model parameters are included in Table 13-5.

Table 13-5: Details of Block Model Dimensions (June 2014)

Deposit	Dimension Axis	Origin Co-ordinate	Block Size (m)	Number of Blocks	Minimum Subcell size (m)
Agua Caliente	X	573400	25	58	1
	Y	1409600	25	36	None
	Z	-50	25	30	1
America	X	573400	25	110	1
	Y	1410750	25	74	0.5
	Z	-50	10	85	1
Arizona	X	574550	25	58	1
	Y	1409900	25	28	None
	Z	-50	25	30	1
Buenos Aires	X	573850	25	46	1
	Y	1413250	25	30	None
	Z	0	25	28	1
Cacao	X	579950	25	26	1
	Y	1411950	25	8	None
	Z	150	25	17	1
Central Breccia	X	576300	20	20	1
	Y	1411200	10	50	0.5
	Z	300	10	30	1
Cristalito-Tatascame	X	579000	25	32	1
	Y	1415100	25	12	None
	Z	-50	25	30	1
Espinito	X	572400	25	84	None
	Y	1412000	25	122	1
	Z	-50	25	30	1
Guapinol	X	572900	25	102	1
	Y	1411800	25	66	None
	Z	-50	25	30	1
La India/ California	X	574250	25	74	1
	Y	1408600	25	84	1
	Z	-200	10	100	1
San Lucas	X	572100	25	42	None
	Y	1409450	25	78	1
	Z	-50	25	30	1
Tatiana	X	573000	25	116	1
	Y	1412150	25	86	None
	Z	-150	25	54	1
Teresa	X	573400	25	58	1
	Y	1409600	25	36	1
	Z	-50	25	30	1

Using the wireframes created and described in Section 13.5.2 several codes have been written in the block model to describe each of the major geological properties of the rock types. Table 13-6 summarises geological fields created within the block model and the codes used.

Table 13-6: Summary of block model fields used for flagging different geological properties

Field Name	Description
SVOL	Search Volume reference (range from 1 - 3)
KV	Kriging Variance
SLOPE	Slope of regression
NSUM	Number of samples used to estimate the block
AU	Kriged gold value
AUIDW	IDW validation estimate for gold
AG	Kriged silver value
AUIDW	IDW validation estimate for silver
CLASS	Classification
GROUP	Mineralised structures grouped by domain
KZONE	Kriging zone for estimation
DENSITY	Density of the rock
DEPL	Flag to denote depleted areas of model
TTHK	True thickness estimate using wireframe data
AUGMT	Accumulated gold grade (AU*TTHK)
HG	High grade sliding cap zone
LG	Low grade sliding cap zone

13.10 Final Kriging Parameters

In the current update, there have been no significant changes in the interpolation parameters used and SRK has maintained the search ranges and parameters as defined in the November 2013 Mineral Resource estimate with minor adjusts to include new domain coding where appropriate. Ordinary Kriging (“OK”) was used for the grade interpolation for the Project and all major domain boundaries have been treated as hard boundaries during the estimation process, with the exception of the Central Breccia deposit whereby selected coalescing structures share the influence of certain mineralised sample intervals. For the November 2013 and September 2014 MRE update, more localised search ellipses have been used in areas of infill drilling, to reflect the closer data spacing and hence better informed local block grade estimates.

Restrictive searches have been used locally on the high-grade “core” (“HGC”) at La India to prevent relatively very high gold grade samples in areas of lower drilling density from over influencing the surrounding block estimates, and thus honouring the geological interpretation (for a variable gold grade distribution) favoured by SRK and the Company.

The selected OK parameters are based on the results of a quantitative Kriging Neighbourhood Analysis (“QKNA”), and are presented (where relevant, using Datamine field names, Table 13-7) in Table 13-8 and Table 13-9.

Table 13-7: Summary of Datamine Field Names for Estimation Parameters

Estimation Parameters	Description
KZONE	Kriging zone for estimation
ELEMENT	Element
SREFNUM	Search reference number
SMETHOD	Estimation method (2 = OK)
SDIST1	Search distance 1 (dip)
SDIST2	Search distance 2 (strike)
SDIST3	Search distance 3 (across strike)
SANGLE1	Search angle 1 (dip direction)
SANGLE2	Search angle 2 (dip)
SANGLE3	Search angle 3 (plunge)
SAXIS1	Search axis 1 (z)
SAXIS2	Search axis 2 (x)
SAXIS3	Search axis 3 (z)
MINNUM1	Minimum sample number (SVOL1)
MAXNUM1	Maximum sample number (SVOL1)
SVOLFAC2	Search distance expansion (SVOL2)
MINNUM2	Minimum sample number (SVOL2)
MAXNUM2	Maximum sample number (SVOL2)
SVOLFAC3	Search distance expansion (SVOL3)
MINNUM3	Minimum sample number (SVOL3)
MAXNUM3	Maximum sample number (SVOL3)
MAXKEY	Maximum number of samples per drill hole
SANGL1_F	Dynamic Anisotropy ("0" = not used)
SANGL2_F	

Table 13-8: Summary of Final (Datamine) Kriging Parameters for the La India Project

DEPOSIT	ZONE (GROUP/ KZONE)	ELEMENT	SREFNUM	SMETHOD	SDIST1	SDIST2	SDIST3	SANGLE1	SANGLE2	SANGLE3	SAXIS1	SAXIS2	SAXIS3	MINNUM1	MAXNUM1	SVOLFAC2	MINNUM2	MAXNUM2	SVOLFAC3	MINNUM3	MAXNUM3	MAXKEY	SANGL1_F	SANGL2_F
Agua Caliente	120	AUCAP	1	2	55	40	100	70	55	0	3	2	2	15	30	2	3	10	3	2	10	20	0	0
America-Escondido/ Constancia[1]	2000	AUCAP	1	2	120	120	90	0	0	0	3	1	3	15	30	1.5	5	30	4	2	25	20	TRDIPDIR	TRDIP
	3000	AUCAP	2	2	60	60	40	0	0	0	3	1	3	15	30	2	5	30	4	2	25	20	TRDIPDIR	TRDIP
	3010, 2040	AUCAP	3	2	60	60	20	0	0	0	3	1	3	5	10	1	3	10	1	1	10		TRDIPDIR	TRDIP
	3010, 2040	WR[2]	4	2	40	40	40	0	0	0	3	1	3	1	1	1	1	1	1	1	1		TRDIPDIR	TRDIP
	2000	AUCAP	5	2	60	40	45	20	70	80	3	1	3	15	30	1.5	4	30	3	2	25	20	0	0
	3000	AUCAP	6	2	60	25	40	35	55	-65	3	1	3	15	30	2	5	30	4	2	25	20	0	0
Arizona	110	AUCAP	1	2	80	40	100	5	60	-65	3	1	3	15	30	1.5	4	10	5	2	10	20	0	0
Buenos Aires	110	AUCAP	1	2	67.5	67.5	100	-55	60	0	3	2	3	6	18	1.5	4	24	2	2	24	25	0	0
Central Breccia	100,500,600	AUCAP	1	2	35	35	10	170	75	0	3	1	3	6	20	2	6	20	3	1	20	5	0	0
	400,800,900	AUCAP	2	2	35	35	10	180	60	0	3	1	3	6	20	2	6	20	3	1	20	5	0	0
	200,300,700	AUCAP	3	2	35	35	10	155	65	0	3	1	3	6	20	2	6	20	3	1	20	5	0	0
Espinito	100	AUCAP	1	2	45	45	100	-15	70	0	3	2	3	25	30	1.5	5	25	2.5	2	25	25	0	0
Guapinol	110	AUCAP	1	2	60	40	100	-70	65	-5	3	2	3	4	16	1.5	3	10	3	2	10	20	0	0
La India/ California[3]	KZONE<200	AUCAP	1	2	60	40	100	60	55	80	3	1	3	15	20	1.5	3	3	4	2	8		0	0
	GROUP1000	AUCAP	2	2	60	40	100	60	55	80	3	1	3	6	24	2	6	24	4	2	32		0	0
	GROUP2000	AUCAP	3	2	60	60	30	60	70	0	3	1	3	4	24	2	4	24	4	2	32		0	0
	GROUP3000	AUCAP	4	2	60	60	30	60	55	0	3	1	3	15	24	2	6	24	4	2	32		0	0
San Lucas	110	AUCAP	1	2	50	25	100	-25	-75	15	3	2	3	15	20	2	5	30	4	2	25	20	0	0
Tatiana	120, 130	AUCAP	1	2	112.5	75	75	215	63	0	3	1	3	6	16	1.33	4	24	1.66	2	32		0	0
Teresa	1000	AUCAP	8	2	55	40	100	70	80	0	3	2	2	15	30	2	3	10	3	2	10	20	0	0

[1]GROUP 2000 and 3000 relate to the Constancia and America-Escondido Veins respectively, whilst KZONE 2040 and 3010 (respectively) relate to the wall rock domains at Constancia and America-Escondido.

[2]WR relates to an indicator estimate for the presence of wall rock mineralisation, utilised in Classifying the estimated grade and tonnage in the wall rock domains.

[3]Restrictive searches (confined to visually selected areas on the La India HGC domain (KZONE 130)) at La India use a high grade cap of 60 g/t Au (within a 60 x 40 m radius), with lower cap at 30 g/t Au selected for the estimates outside of the restrictive search. A 10 g/t Au cap is used for the restrictive searches where lower grade samples are interpreted to have a greater influence on the block estimate. Capping limits were defined during outlier analysis from review of log histogram and probability plots, and from local visual assessments within the areas influenced by the restrictive search.

Table 13-9: Summary of Final (Isatis) Kriging Parameters for the La India Project

DEPOSIT	ZONE (GROUP/ KZONE)	ELEMENT	ROTATION AXIS						SEARCH RANGE			MIN	MAX	SECOND RANGE			MIN	MAX	THIRD RANGE			MIN	MAX	MAXKEY
			ANGLE1	AXIS	ANGLE2	AXIS	ANGLE3	AXIS	ALONG STRIKE	DOWN DIP	ACROSS STRIKE			ALONG STRIKE	DOWN DIP	ACROSS STRIKE			ALONG STRIKE	DOWN DIP	ACROSS STRIKE			
Cacao[1]	100,200	AUCAP	180	3	84	1	0	3	40	20	10	All samples in target block		40	20	10	4	18	100	70	20	4	18	2

[1]The format for the final kriging parameters for Cacao differs slightly from the other veins, given estimation using the Isatis software. In this case the Isatis option of using all samples within the target block (for SVOL1 only) has been utilised to allocate an appropriate degree of confidence to local block estimates. QKNA has shown that removing this option has only minor sensitivity on the global mean grade and tonnage. The numerical references used to determine the Axis are converted as follows: 1 = X, 2 = Y and 3 = Z.

13.11 Model Validation and Sensitivity

13.11.1 Sensitivity Analysis

Grade estimation for the November 2013 MRE and the subsequent September 2014 Mineral Resource update was performed in Datamine using OK, based on the optimum parameters determined through a QKNA exercise completed as part of the November 2013 MRE. The QKNA was not updated as part of the September 2014 update. The below provides a summary of the November 2013 QKNA exercise, which was based on varying kriging parameters during a number of different scenarios. The slope of regression, kriging variances, block estimates and percentage of blocks filled in each search were recorded and compared for each scenario. The following parameters were changed during the QKNA exercise:

- minimum number of samples;
- maximum number of samples; and
- search ellipse sizes.

The QKNA exercise completed for the November 2013 MRE focused on the areas of recent infill drilling at the Project, completed most significantly on the La India and America deposits.

SRK initially focused testwork on increasing the block grade variability in the HGC domain within the drill defined areas down-dip of the La India mine. Whilst there is a degree of sensitivity in the mean block grade to a change in the estimation parameters (notably in relation to number of samples, Table 13-10), SRK noted an improved visual validation using a more localised search ellipse (appropriate to the drillhole spacing) with a relatively low minimum and maximum number of samples. SRK has therefore reduced the size of the search ellipse and adjusted the minimum number of samples such that a minimum of two or three drillholes are used per block estimate in the down-dip areas that are appropriately informed with sample data.

At America, the indication for relatively high-grade variability from recent drilling on the Constancia vein (and hanging-wall structures) also warranted the use of a more localised search ellipse and a relatively low minimum number of samples in order to allow block grade estimates to (visually) better reflect the sample variability. SRK noted relatively limited sensitivity in the mean block grade to the change in the estimation parameters.

SRK also noted an improvement to the visual grade distribution at America in areas of significant vein flexure through use of dynamic block search parameters (Datamine's Dynamic Anisotropy). The use of dynamic searches has been applied for the wall-rock domains (to honour local variations in strike and dip) and at the southern extent of the America-Escondido vein, where the mineralised structure shows a significant change in strike orientation from NW-SE to N-S.

SRK has not completed an updated QKNA analysis as part of the September 2014 update given the minor adjust to relatively low tonnage zones, in the hangingwall only. SRK considers the current analysis to remain valid for the purpose of the Mineral Resource estimation.

Table 13-10: QKNA Number of Samples for the La India Project; La India (Main) HGC Domain, KZONE 130 (November 2013)

DETERMINE MINIMUM SAMPLE NUMBER					GRADE					
RUN	Min	Max	Search	SVOL	AUOK	AUIDW	SLOPE	NUM	KV	% Fill
1	15	20	60x40x100	1	9.55	9.53	0.49	20	18.89	33.0%
	3	3	60x40x100	2	12.60	11.99	0.17	3	44.31	40.0%
	2	3	60x40x100	3	8.08	6.79	0.07	3	46.08	27.1%
2	15	20	60x40x100	1	9.55	9.53	0.49	20	18.89	33.0%
	4	4	60x40x100	2	12.86	12.63	0.19	4	40.28	35.5%
	2	4	60x40x100	3	9.91	8.23	0.09	4	40.38	31.5%
3	15	20	60x40x100	1	9.55	9.53	0.49	20	18.89	33.0%
	3	3	60x40x100	2	12.60	11.99	0.17	3	44.31	40.0%
	2	8	60x40x100	3	9.08	8.59	0.08	8	34.95	27.1%
4	15	20	60x40x100	1	9.55	9.53	0.49	20	18.89	33.0%
	4	4	60x40x100	2	12.86	12.63	0.19	4	40.28	35.5%
	2	8	60x40x100	3	9.47	9.06	0.10	8	33.85	31.5%
5	15	20	60x40x100	1	9.55	9.53	0.49	20	18.89	33.0%
	5	30	60x40x100	2	11.08	11.11	0.25	22	28.05	32.1%
	2	25	60x40x100	3	10.06	10.42	0.13	22	28.85	34.9%

During the testwork at La India, SRK also noted the tendency for the (relatively) very high gold grade samples in areas of lower drilling density (with highly variable gold grades) to over influence the surrounding local block estimates. In attempt to restrict the influence of these very high grade samples, without overly penalising the estimated block grades, SRK has created a restricted initial search (60 x 40 m radius), based on the initial structure (sill) of the semi-variogram, for this domain that allows the full influence of the very high grades over a local scale, which is then followed by a non-restricted search that has less of an influence from the very high grade sample. SRK has also applied this methodology for selected lower grade samples where, locally the restrictive search allows the lower grade sample to have a greater influence on the block estimate.

The restricted searches have an ellipse size that is appropriate to the first major structure of the variogram range at La India and sample distribution per vein, and have been applied for (visually) selected areas on the La India HGC domain (KZONE 130), Figure 13-15.

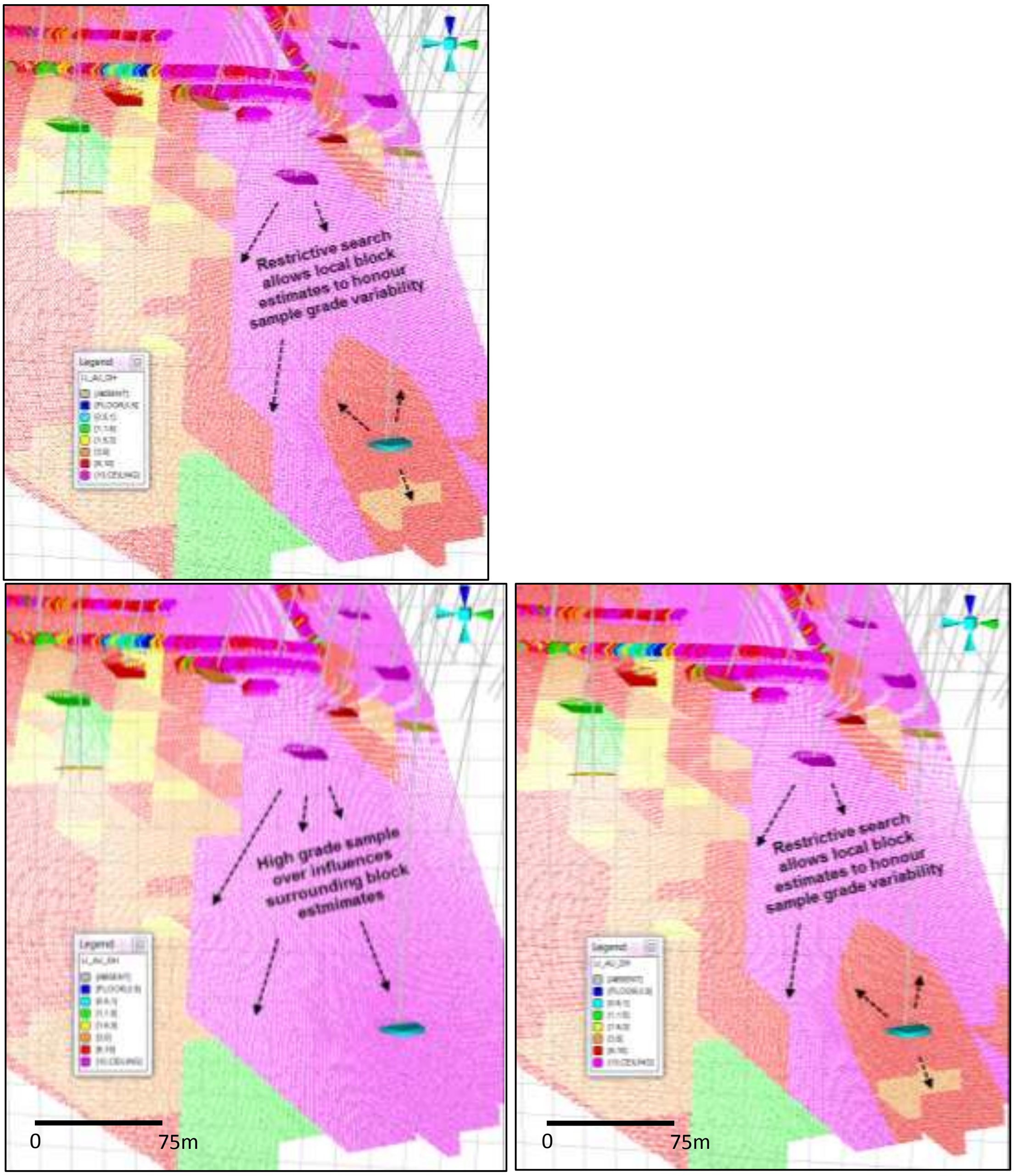


Figure 13-15: QKNA for use of Restrictive Searches within the La India (Main) HGC Domain, KZONE 130 (November 2013)

SRK is satisfied that no global bias is introduced through the final selected parameters, and considers the estimated block grades to appropriately honour the geological interpretation and grade variability. SRK has run a number of scenarios to test the sensitivity of using the different sample types to confirm no significant bias is introduced by combining the datasets.

13.11.2 Block Model Validation

SRK has validated the block model using the following techniques, with (where relevant) a relative block model density of 2.5 g/cm^3:

- visual inspection of block grades in comparison with drill hole data;
- sectional validation of the mean samples grades in comparison to the mean model grades; and

- comparison of OK block model statistics with IDW block estimates and composite sample grades .

Visual Validation

Visual validation provides a comparison of the interpolated block model on a local scale. A thorough visual inspection has been undertaken in 3D, comparing the sample grades with the block grades, which demonstrates in general good comparison between local block estimates and nearby samples, without excessive smoothing in the block model. Figure 8-16 shows an example of the visual validation checks and highlights the overall block grades corresponding with composite sample grades. Long section visual validation is presented for the La India and America deposits in Figure 13-16 to Figure 13-18, with additional visual validation images shown in Appendix A..SRK note in a limited number of cases, within areas of low sample density (notably along strike or down-dip from more established underground sampling), local grade discrepancies do occur between composite and block grades (as a result of smoothing). The degree of smoothing has resulted in more averaged grades for the individual veins with more limited data. In areas of high levels of smoothing SRK has considered grade continuity as a factor during the classification process.

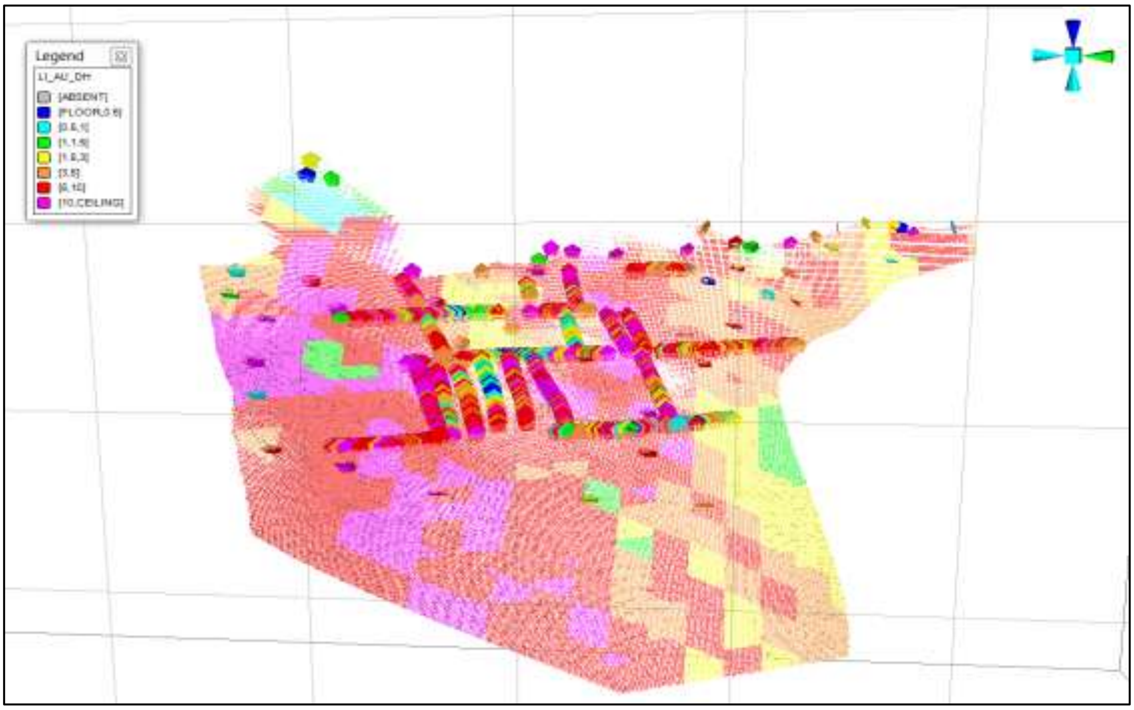


Figure 13-16: La India Block Model 3D projection showing visual validation of modelled boreholes intercepts to grade estimates on HGC KZONE 140; scale: 1 grid square = 150 m

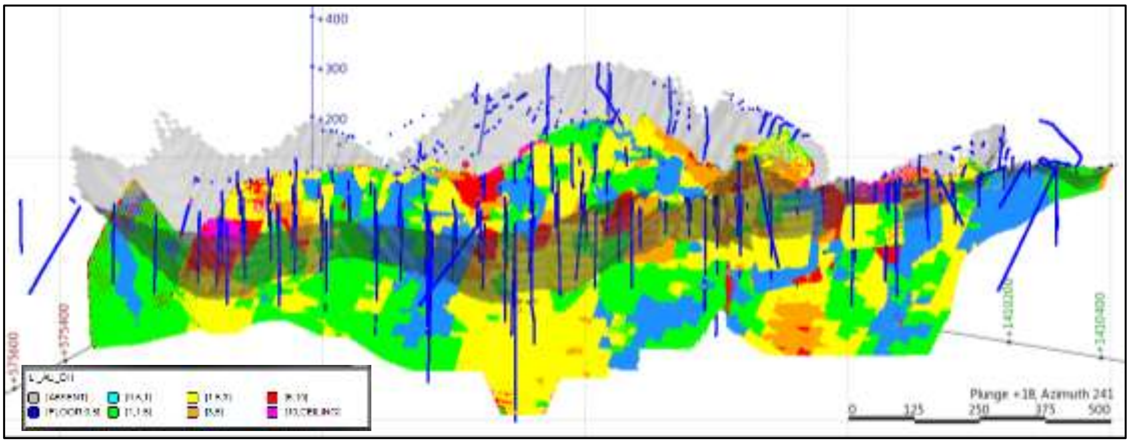


Figure 13-17: Long section projection (3D) for the La India deposit*

*Long section projection (3D) shows the block model (Au>0.5 g/t) and composite drill hole samples coloured by gold grade, in context of USD1500/oz Resource Pit Shell. Note that the presence of lower grade wall rock mineralisation is shown masking the (internal) high grade core in this image.

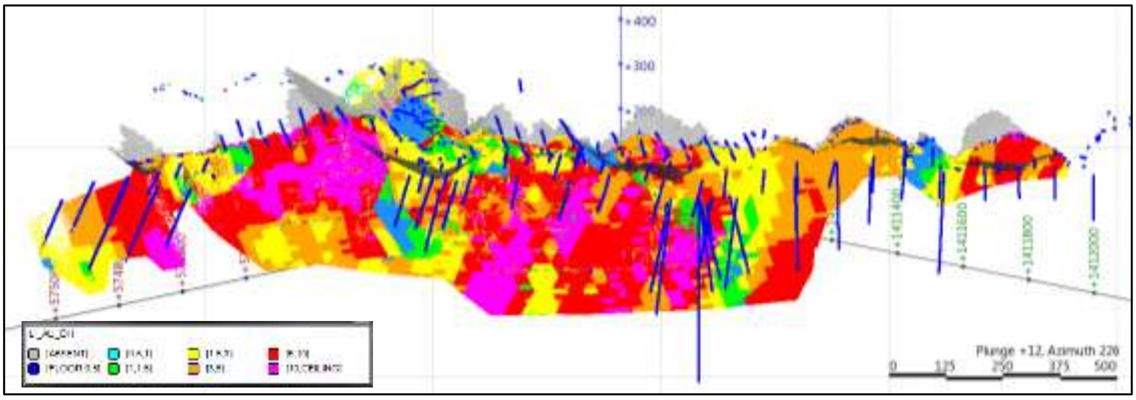


Figure 13-18: Long section projection (3D) for the America deposit*

*Long section projection (3D) shows the block model (Au>0.5 g/t) and composite drill hole samples coloured by gold grade, in context of USD1500/oz Resource Pit Shell. Note that the high grade core mineralisation is clearly evident in this image

Sectional Validation

As part of the validation process, the input composite samples are compared to the block model grades within a series of coordinates (based on the principle directions). The results of which are then displayed on charts to check for visual discrepancies between grades. Figure 13-19 shows the results for the gold grades for the La India (Main) HGC domain (KZONE=130) based on section lines cut along Y-coordinates.

The resultant plots show a reasonable correlation between the block model grades and the composite grades, with the block model showing a typically smoothed profile of the composite grades as expected. SRK notes that in less densely sampled areas, minor grade discrepancies do exist on a local scale. Overall, however, SRK is confident that the interpolated grades reflect the available input sample data and the estimate shows no sign of material bias.

Validation plots per deposit for gold (for selected domains) are shown in Appendix A with full analysis for the deposits not updated during the current phase of work provided in the previous SRK Resource Report entitled: NI43-101 Mineral Resource Estimate on the La India Gold Project, Nicaragua, dated 14 September 2012, and included in the report NI43-101 Preliminary Economic Assessment ("PEA"), dated 5 March 2013, located on the Company website.

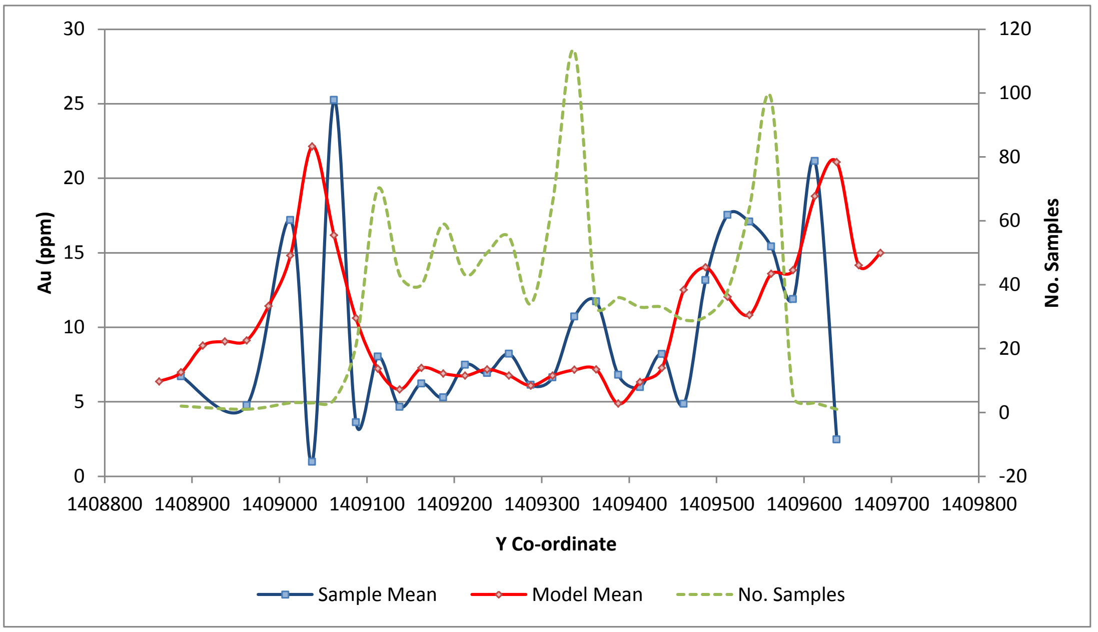


Figure 13-19: Validation Plot (Northing) showing Block Model Estimates versus Sample Mean (25m Intervals) for KZONE 130

Statistical Validation

The block estimates for September 2014 have been compared to the mean of the composite samples (Table 13-11, La India Deposit) which indicate the overall percentage difference in the mean gold grades typically vary between 1% – 10% in terms of the OK estimates versus the composites, which SRK deems to be within acceptable levels.

SRK notes a higher percentage difference in the means for the La India Main (WR) zone KZONE 220, which is as a result of the sample mean being skewed by a few high grade underground samples that influence a relatively small proportion of the tonnage.

Statistical comparisons are provided per deposit for gold and silver Appendix A with descriptive analysis provided for deposits not updated for the current phase of work in the previous SRK Resource Report.

Based on the visual, sectional and statistical validation results, SRK has accepted the grades in the block model.

Table 13-11: Summary Block Statistics for Ordinary Kriging and Inverse Distance Weighting Estimation Methods at La India for gold*

GROUP	KZONE	FIELD	ESTIMATION METHOD	Composite Mean AU (g/t)	Declustered Mean AU (g/t)	Block Estimate AU (g/t)	% Difference AU	Absolute Difference AU (g/t)
1000	110	AU	OK	6.25	5.71	5.50	-3.8%	0.22
		AUIDW	IDW	6.25	5.71	5.43	-4.9%	0.28
	120	AU	OK	4.47	3.44	3.38	-1.9%	0.06
		AUIDW	IDW	4.47	3.44	3.11	-9.8%	0.34
	130	AU	OK	9.39	9.81	10.46	6.7%	0.65
		AUIDW	IDW	9.39	9.81	10.50	7.0%	0.69
	140	AU	OK	7.16	7.65	8.38	9.6%	0.74
		AUIDW	IDW	7.16	7.65	8.15	6.6%	0.50
	210	AU	OK	1.98	1.93	1.92	-0.7%	0.01
		AUIDW	IDW	1.98	1.93	1.95	0.9%	0.02
	220	AU	OK	1.77	1.59	1.39	-12.7%	0.20
		AUIDW	IDW	1.77	1.59	1.42	-10.9%	0.17
	230	AU	OK	3.04	2.36	2.31	-2.2%	0.05
		AUIDW	IDW	3.04	2.36	2.39	1.0%	0.02
	240	AU	OK	1.90	1.96	1.97	0.2%	0.00
		AUIDW	IDW	1.90	1.96	2.03	3.4%	0.07
	250	AU	OK	2.48	2.37	2.36	-0.5%	0.01
		AUIDW	IDW	2.48	2.37	2.58	8.9%	0.21
	260	AU	OK	5.26	5.14	5.12	-0.4%	0.02
		AUIDW	IDW	5.26	5.14	4.86	-5.5%	0.28
	301 - 329	AU	OK	1.20	1.29	1.30	1.4%	0.02
		AUIDW	IDW	1.20	1.29	1.32	2.9%	0.04
2000	410 - 530	AU	OK	1.84	1.96	1.98	1.0%	0.02
		AUIDW	IDW	1.84	1.96	1.89	-3.6%	0.07
3000	610	AU	OK	6.81	6.78	6.47	-4.6%	-0.31
		AUIDW	IDW	6.81	6.78	6.50	-4.1%	-0.28
	620 - 650	AU	OK	2.51	2.63	1.44	-45.4%	-1.19
		AUIDW	IDW	2.51	2.63	1.39	-47.3%	-1.24

**Note: (1) The raw composite mean has (where appropriate) been used in place of the declustered mean for optimal statistical comparison with the block estimate; (2) KZONE comparisons combined per GROUP have been made for the hanging wall structures that occur spatially along the same trend. (3) within the breccia zone average grade of borehole samples is 1.05 g/t versus 3.4 g/t from underground samples, more drilling is required to improve the confidence within these domains.*

13.12 Mineral Resource Classification

Block model quantities and grade estimates for the La India Project were classified according to the CIM Code.

Mineral Resource classification is typically a subjective concept. Industry best practices suggest that resource classification should consider both the confidence in the geological continuity of the mineralized structures, the quality and quantity of exploration data supporting the estimates and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating both concepts to delineate regular areas at similar resource classification.

Data quality, drillhole spacing and the interpreted continuity of grades controlled by the mineralisation domains have allowed SRK to classify portions of the deposits in the Indicated and Inferred Mineral Resource categories.

Whilst the classification criteria remains in line with previous SRK Mineral Resource Estimates, full details of classification methodology for the deposits not updated as part of the current phase of work are provided in the previous SRK Resource Report entitled: NI43-101 Mineral Resource Estimate on the La India Gold Project, Nicaragua, dated 14 September 2012.

The following guidelines apply to SRK's classification:

Measured

No Measured Mineral Resources have been reported due to the variability between section lines of the geological continuity of the veins, the relatively high nugget variance seen in the semi-variogram (relating to low geostatistical confidence), and the reliance of a significant proportion of block estimates on historical underground sampling and associated historic mine depletion surveys. Further work via DD drilling or underground sampling if the historical adits can be opened under safe working conditions, will be required by the Company before it is considered possible to declare Measured Mineral Resources.

Indicated

Indicated Mineral Resources are those which have grade interpolated using typically more than three boreholes/channels used for the estimates, within domains which are deemed to have sufficient geological and grade continuity. Indicated Mineral Resources for the current Mineral Resource update have been given at the following approximate data spacing, as function of the confidence in the geological interpretation, grade estimates and modelled variogram ranges:

- At La India, 50 x 50 m (X,Y) from the nearest sample with a minimum of two holes used per estimate. Geological continuity should be shown along strike and down-dip by multiple intersections. The Company's latest infill drilling program on the La India Project significantly increased the size of the geological database during 2013. As a result of the increased database and the detailed relogging exercise completed during 2014, the geological understanding and model interpretation is now more robust, such that additional grade and tonnage estimates have been classified at the Indicated level of confidence. The relogging has increase the confidence in a number of the hanging wall structures which have been drilled to 50 x 50 m, where dip and strike continuity has been demonstrated. SRK has taken the decision to upgrade some of the previously classified Inferred material to Indicated. This exercise has been completed on a case by case basis per structure. In the cases where material remains Inferred selected infill drilling is required to investigate whether these Mineral Resources could be converted to Indicated.
- At America, 20 x 20 m (X,Y) from the nearest sample, limited to the areas surrounding the historical underground mine sampling. Geological modelling of the wall rock has been difficult based on a 50 x 50 m drilling pattern due to historical mining activity whereby portions of the wall rock have potentially been mined.

For the Central Breccia deposit, an Indicated Mineral Resource has not been quoted for the deposit at this stage given the noted lack of geological continuity between drill sections, and based on the current level of data. Targeted infill drilling is required to add confidence to current geological interpretation and local block grade estimates, prior to reporting material in the Indicated category.

Inferred

Inferred Mineral Resources comprise the blocks that display reasonable strike continuity and down-dip extension based on the current borehole intersections, limited to within distances to reflect the geological confidence and variogram ranges, and no further than 100 m beyond sample data. The majority of these blocks have been estimated within search volumes 2 or 3 and therefore require infill drilling to improve the quality of the geological interpretation and grade estimate. Inferred Mineral Resources have been given at the following approximate data spacing:

- At La India approximately 60-70 m (up to a maximum of 100m) from the nearest sample, and hangingwall structures which have not demonstrated geological continuity. Given the uncertainty with some of the geological interpretation of the hangingwall structures, however, most areas where the drill spacing is 50x50m have also been reported as Inferred due to uncertainty in the correlation of individual veins reflecting a combination of limited continuity and uncertainty associated with the number of veins to correlate. Selected infill drilling and would be required to convert these Mineral Resources to the Indicated category.
- At America approximately 60-70 m (up to a maximum of 100 m) from the nearest sample. For the wall-rock domains, given the interpretation of a variable continuity along the strike of the vein, SRK has restricted Inferred block grade estimates to within a 40 m radius of sample data to reflect the limit of visual continuity and initial variogram ranges.
- At Central Breccia approximately 70 m from the nearest sample.

SRK has only allowed extrapolation of the Inferred Mineral Resource below trenches where the down-dip continuity is supported adjacent to them on the same vein, and here extrapolated the Inferred boundary down-dip to 50 m.

An example of SRK's Mineral Resource classification for the La India deposit is shown in Figure 13-20.

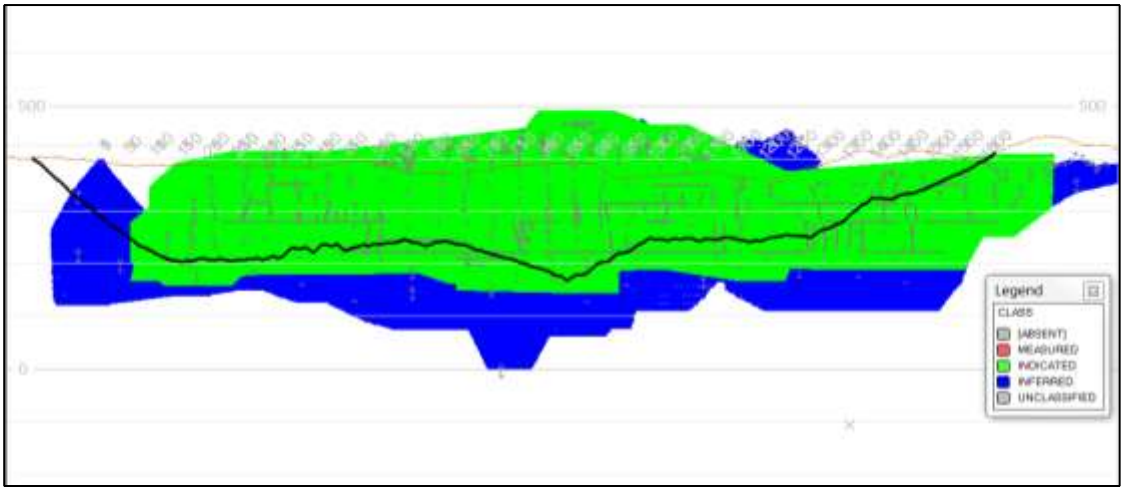


Figure 13-20: 2D Long Section showing SRK's wireframe-defined Mineral Resource Classification for the La India Deposit Main domain with 2013 Whittle Pit outline; November 2013

13.13 Mineral Resource Statement

The CIM Code defines a mineral resource as:

"(A) concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge".

The "reasonable prospects for eventual economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries.

Reporting Criteria and Cut-off Derivation

SRK has applied basic economic considerations to determine which portion of the in-situ Mineral Resource has reasonable prospects for economic extraction by open-pit mining methods. To determine this, the Mineral Resource has been subject to a pit optimisation study using Whittle Software, using a set of assumed technical and economic parameters shown in Table 13-12. The technical and economical parameters reflect the base costs applied to the PFS pit optimisation exercise, with the exception of the production rate which was assumed to be 1.2 Mtpa for the Mineral Resources. It is this difference that equates to the differences observed between the numbers quoted above and the average mining and processing costs presented in the mining studies Section 15.3.1.

SRK has used a gold price of USD1,500/oz to derive a pit outline and underground cut-off grade to restrict the resource estimate to that material with potential to be exploited at the project. This remains consistent with the November 2013 Mineral Resource Statement. It is SRK's view that a price of USD1,500 remains reasonable for the purpose of defining a Mineral Resource.

SRK has applied a cut-off grade of 0.5 g/t Au for the material with potential to be mined by open-pit mining methods, which is based on benchmarking against similar projects and remains consistent with the November 2013 Mineral Resource estimate.

SRK has maintained the underground Mining cut-off grade at 2.0 g/t Au as focus in the PFS has been limited to the open pit.

For the purpose of reporting the underground Mineral Resource, SRK has assumed an accumulated grade of 2.0 g/t Au is required over a mineralisation width of 1.0 m, to eliminate areas of lower-grade material within thinner portions of the vein.

Mineral Resources not investigated further to the November 2013 MRE remain as previously quoted by SRK (22 December 2011) and are reported at a cut-off grade of 1.5 g/t Au, and have not been updated as part of the current study due to no further detailed exploration.

Table 13-12: Summary of key assumptions for Conceptual Open Pit Optimisation (Whittle)

Parameter	Value	Unit
Gold Price*	1,500	USD/oz
Silver Price	24	USD/oz
Mining Cost	2.47	USD/tmoved
Processing Cost	19.20	USD/tore
General and Administrative	5.63	USD/tore
Mining Dilution Open Pit	12	%
Mining Recovery Open Pit	95	%
Mining Dilution Underground	15	%
Mining Recovery Underground	95	%
Overall Pit Slope – La India	46 – 48 based on geotechnical domains	Deg
Overall Pit Slope – America/Central Breccia	40	Deg
Gold Process Recovery	91	%
Silver Process Recovery	69	%
Royalty	3	%
Selling Cost Au	10	USD/oz

**SRK elected to use market consensus long term gold price forecasts from over 30 contributors, to which a 20% uplift has been applied, resulting in a long term optimistic gold price of USD1,500/oz. SRK has further tested the sensitivity of the Mineral Resource to price to confirm stable conditions and that the increase in price does not have a material impact on the quoted Mineral Resource Statement. The technical and economical parameters reflect the base costs applied to the PFS pit optimisation exercise, with the exception of the production rate which was assumed to be 1.2 Mtpa for the Mineral Resources. It is this difference that equates to the differences observed between the numbers quoted above and the average mining and processing costs presented in the mining studies Section 15.3.1.*

The CIM Compliant Resource Statement for the La India Project is shown per deposit is shown in Table 13-13 with a summary of the Mineral Resources per veinset shown in Table 13-14, and a summary of the global Mineral Resource shown in Table 13-15.

Table 13-13: SRK CIM Compliant Mineral Resource Statement as at 30 September 2014 for the La India Project

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		
		Espinito[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.

Table 13-14: Summary of La India Project Mineral Resource per Vein Set, dated 30 September 2014

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 13-15: Summary of La India Project, dated 30 September 2014

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

Grade Sensitivity Analysis

The results of grade sensitivity analysis completed per deposit are tabulated in Table 13-16 to Table 13-20.

This is to show the continuity of the grade estimates at various cut-off increments at each of the vein sub areas and the sensitivity of the Mineral Resource to changes in cut-off. The tonnages and grades in these figures and tables should not however be interpreted as Mineral Resources. Table 13-16 indicates that the La India Open pit resources is relatively insensitive to increases in cut-off grade, that is to say an increase in cut-off grade from 0.5 g/t Au to 3.0 g/t Au is reflected in a drop from 832 Koz at a grade of 3.13 g/t Au, to 547 Koz at a grade of 6.36 g/t Au respectively.

Table 13-16: Block Model Quantities and Grade Estimates*, La India Open Pit at various cut-off Grades

Grade - Tonnage Table, La India Open Pit 30 September 2014										
Cut-off	Indicated					Inferred				
Grade	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
0.10	8,740	2.98	838	5.25	1,475	995	2.24	72	3.91	125
0.20	8,740	2.98	838	5.25	1,475	995	2.24	72	3.91	125
0.30	8,595	3.03	837	5.33	1,473	971	2.29	71	3.99	125
0.40	8,513	3.05	836	5.37	1,471	961	2.31	71	4.02	124
0.50	**8,267**	**3.13**	**832**	**5.50**	**1,462**	**895**	**2.45**	**70**	**4.25**	**122**
0.60	8,101	3.18	829	5.59	1,456	888	2.46	70	4.27	122
0.70	7,824	3.27	824	5.74	1,443	872	2.49	70	4.32	121
0.80	7,402	3.42	813	5.96	1,417	839	2.56	69	4.40	119
0.90	6,947	3.59	801	6.20	1,385	815	2.61	68	4.47	117
1.00	6,709	3.68	794	6.33	1,365	738	2.79	66	4.76	113
1.50	5,452	4.24	743	7.09	1,243	416	4.01	54	6.43	86
2.00	4,389	4.84	683	7.87	1,110	314	4.76	48	7.08	71
2.50	3,457	5.54	616	8.80	978	260	5.27	44	7.51	63
3.00	2,674	6.36	547	10.00	860	206	5.95	39	7.85	52

**The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. All figures are rounded to reflect the relative accuracy of the estimate.*

Table 13-17: Block Model Quantities and Grade Estimates*, La India Underground at various cut-off Grades

Grade - Tonnage Table, La India Underground 30 September 2014										
Cut-off	Indicated					Inferred				
Grade	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
1.60	935	4.14	125	9.21	277	1,390	4.43	198	10.08	450
1.70	870	4.33	121	9.56	267	1,290	4.65	193	10.50	436
1.80	806	4.53	117	9.94	258	1,228	4.79	189	10.77	425
1.90	743	4.76	114	10.32	247	1,173	4.93	186	11.04	416
2.00	**706**	**4.91**	**111**	**10.60**	**240**	**1,107**	**5.11**	**182**	**11.27**	**401**
2.10	672	5.05	109	10.87	235	1,051	5.27	178	11.60	392
2.20	623	5.28	106	11.40	228	1,011	5.39	175	11.87	386
2.30	581	5.50	103	11.77	220	954	5.58	171	12.26	376
2.40	516	5.90	98	12.73	211	872	5.89	165	12.84	360
2.50	476	6.18	95	13.40	205	818	6.11	161	13.35	351

Table 13-18: Block Model Quantities and Grade Estimates*, America Open Pit at various cut-off Grades

Grade - Tonnage Table, America Open Pit 30 September 2014										
Cut-off Grade	Indicated					Inferred				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
0.10	114	8.10	30	4.93	18	681	3.06	67	5.50	120
0.20	114	8.10	30	4.93	18	681	3.06	67	5.50	120
0.30	114	8.10	30	4.93	18	681	3.06	67	5.50	120
0.40	114	8.10	30	4.93	18	681	3.07	67	5.50	120
0.50	**114**	**8.10**	**30**	**4.93**	**18**	**677**	**3.08**	**67**	**5.52**	**120**
0.60	114	8.10	30	4.93	18	651	3.18	67	5.70	119
0.70	114	8.10	30	4.93	18	632	3.25	66	5.81	118
0.80	114	8.10	30	4.93	18	629	3.27	66	5.83	118
0.90	114	8.10	30	4.93	18	627	3.28	66	5.84	118
1.00	114	8.10	30	4.93	18	581	3.46	65	6.12	114

Table 13-19: Block Model Quantities and Grade Estimates*, America Underground at various cut-off Grades

Grade - Tonnage Table, America Underground 30 September 2014										
Cut-off Grade	Indicated					Inferred				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
1.60	472	7.25	110	4.72	72	1,085	4.60	160	6.71	234
1.70	472	7.25	110	4.72	72	1,074	4.63	160	6.72	232
1.80	472	7.26	110	4.72	72	1,042	4.71	158	6.78	227
1.90	471	7.27	110	4.72	71	1,027	4.75	157	6.81	225
2.00	**470**	**7.28**	**110**	**4.72**	**71**	**1,008**	**4.81**	**156**	**6.82**	**221**
2.10	466	7.32	110	4.71	71	993	4.85	155	6.85	219
2.20	463	7.35	109	4.71	70	960	4.94	152	6.92	214
2.30	461	7.37	109	4.71	70	921	5.06	150	7.05	209
2.40	457	7.42	109	4.69	69	897	5.13	148	7.15	206
2.50	451	7.49	109	4.67	68	854	5.26	144	7.37	202

Table 13-20: Block Model Quantities and Grade Estimates*, Central Breccia Open Pit at various cut-off Grades

Grade - Tonnage Table, Central Breccia Open Pit 30 September 2014										
Cut-off Grade	Indicated					Inferred				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
0.10	-	-	-	-	-	927	1.87	56	-	-
0.20	-	-	-	-	-	927	1.87	56	-	-
0.30	-	-	-	-	-	927	1.87	56	-	-
0.40	-	-	-	-	-	925	1.87	56	-	-
0.50	**-**	**-**	**-**	**-**	**-**	**922**	**1.87**	**56**	**-**	**-**
0.60	-	-	-	-	-	910	1.89	55	-	-
0.70	-	-	-	-	-	882	1.93	55	-	-
0.80	-	-	-	-	-	848	1.98	54	-	-
0.90	-	-	-	-	-	801	2.04	53	-	-
1.00	-	-	-	-	-	725	2.16	50	-	-

Accumulated Grade Sensitivity Analysis

For the reporting of the underground Mineral Resource SRK used accumulated grade as a reporting criteria.

To show the sensitivity of the updated underground Mineral Resource to changes in the accumulated gold grade ("AUGMT"), specifically between AUGMT of 2.0 g/t and 2.3 g/t over a minimum mining width of 1 m (with the latter relating to the reporting requirement for the previous SRK La India Mineral Resource), SRK has presented comparative grade-tonnage tables at various cut-off increments Table 13-21 to Table 13-24.

Table 13-21: Indicated Block Model Quantities and Grade Estimates*, La India Underground for variable accumulated gold grades

Grade - Tonnage Table, Indicated, La India Underground 30 September 2014										
Cut-off Grade	AUGMT >= 2.0					AUGMT >= 2.3				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
1.60	935	4.14	125	9.21	277	921	4.17	123	9.26	274
1.70	870	4.33	121	9.56	267	857	4.36	120	9.62	265
1.80	806	4.53	117	9.94	258	794	4.56	117	10.00	255
1.90	743	4.76	114	10.32	247	733	4.79	113	10.38	244
2.00	706	4.91	111	10.60	240	696	4.94	111	10.66	239
2.10	672	5.05	109	10.87	235	665	5.08	108	10.92	233
2.20	623	5.28	106	11.40	228	616	5.31	105	11.44	227
2.30	581	5.50	103	11.77	220	575	5.52	102	11.82	219
2.40	516	5.90	98	12.73	211	511	5.92	97	12.77	210
2.50	476	6.18	95	13.40	205	472	6.21	94	13.44	204
3.00	394	6.91	87	14.88	188	392	6.92	87	14.89	188

**The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. All figures are rounded to reflect the relative accuracy of the estimate.*

Table 13-22: Inferred Block Model Quantities and Grade Estimates*, La India Underground for variable accumulated gold grades

Grade - Tonnage Table, Inferred, La India Underground 30 September 2014										
Cut-off Grade	AUGMT >= 2.0					AUGMT >= 2.3				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
1.60	1,390	4.43	198	10.08	450	1,363	4.47	196	10.11	443
1.70	1,290	4.65	193	10.50	436	1,264	4.69	191	10.54	428
1.80	1,228	4.79	189	10.77	425	1,206	4.83	187	10.81	419
1.90	1,173	4.93	186	11.04	416	1,152	4.97	184	11.08	410
2.00	1,107	5.11	182	11.27	401	1,090	5.14	180	11.33	397
2.10	1,051	5.27	178	11.60	392	1,036	5.30	177	11.65	388
2.20	1,011	5.39	175	11.87	386	999	5.42	174	11.91	382
2.30	954	5.58	171	12.26	376	942	5.61	170	12.30	372
2.40	872	5.89	165	12.84	360	861	5.92	164	12.88	356
2.50	818	6.11	161	13.35	351	811	6.13	160	13.36	348
3.00	620	7.19	143	15.43	308	617	7.21	143	15.42	306

Table 13-23: Indicated Block Model Quantities and Grade Estimates*, America Underground for variable accumulated gold grades

Grade - Tonnage Table, Indicated, America Underground 30 September 2014										
Cut-off Grade	AUGMT >= 2.0					AUGMT >= 2.3				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
1.70	472	7.25	110	4.72	72	457	7.37	108	4.76	70
1.80	472	7.26	110	4.72	72	457	7.37	108	4.76	70
1.90	471	7.27	110	4.72	71	456	7.38	108	4.77	70
2.00	470	7.28	110	4.72	71	456	7.38	108	4.77	70
2.10	466	7.32	110	4.71	71	452	7.43	108	4.77	69
2.20	463	7.35	109	4.71	70	450	7.46	108	4.77	69
2.30	461	7.37	109	4.71	70	448	7.48	108	4.76	69

Table 13-24: Inferred Block Model Quantities and Grade Estimates*, America Underground for variable accumulated gold grades

Grade - Tonnage Table, Inferred, America Underground 30 September 2014										
Cut-off Grade	AUGMT >= 2.0					AUGMT >= 2.3				
	Quantity	Gold		Silver		Quantity	Gold		Silver	
Gold (g/t)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)	(Kt)	Grade (g/t)	Metal (Koz)	Grade (g/t)	Metal (Koz)
1.70	1,074	4.63	160	6.72	232	1,029	4.71	156	6.85	227
1.80	1,042	4.71	158	6.78	227	1,001	4.79	154	6.91	222
1.90	1,027	4.75	157	6.81	225	988	4.83	153	6.94	221
2.00	1,008	4.81	156	6.82	221	971	4.88	152	6.95	217
2.10	993	4.85	155	6.85	219	958	4.92	151	6.98	215
2.20	960	4.94	152	6.92	214	926	5.01	149	7.05	210
2.30	921	5.06	150	7.05	209	890	5.12	147	7.18	205

13.13.1 Vein Thickness Variability

A summary of the average true thickness per vein on the La India Project is illustrated in Table 13-25.

The reported thickness data has been restricted to areas of appropriate geological confidence and is shown sub-divided by open pit and underground resource categories.

Table 13-25: Summary of Average True Thickness per Vein on the La India Project (November 2013)

Type	Vein	Type	Average True Thickness (m)
Underground Resource	America-Escondido	WR	5.1
		HGC	1.5
	Constancia	WR	3.0
		HGC	1.0
	Arizona	Single domain	2.0
	Buenos Aires		0.9
	Espinito		0.8
	Guapinol		1.5
	San Lucas		1.6
	Tatiana		2.4
	Teresa		1.0
	Agua Caliente		1.4
	La India/ California (main)	WR	4.4
		HGC	1.4
	La India/ California (Hanging Wall)	Single domain	1.0
Open Pit Resource	America-Escondido	WR	3.8
		HGC	1.7
	Constancia	WR	1.0
		HGC	1.0
	La India/ California (main)	WR	6.5
		HGC	1.8
	La India/ California (Hanging Wall)	Single domain	2.6
	La India/ California (Breccia Zone)		4.7

13.13.2 Comparison to Previous Mineral Resource Estimates

In terms of a global reconciliation on the Project between the November 2013 and September 2014 Mineral Resource, there has only been a marginal change accounting for an increase in the proportion of Indicated Mineral Resources has increased by +7 koz (<0.7%) compared to November 2013. In addition, there has been a drop in the proportion of Inferred material by -18 koz or a reduction of (-1.4%) in terms of contained metal due to a combination of material upgraded to Indicated and changes in the economic assumptions for pit optimisation (based on work completed during the La India PFS study).

Focusing on the La India Veinset Open Pittable Mineral Resource (the basis of the PFS) within the Indicated category there has been a marginal reduction in the Mineral Resource from 8.4 Mt at a grade of 3.1 g/t Au for 838 koz Au, to 8.3 Mt at a grade of 3.1 g/t Au for 832 koz (-0.7%). While the proportion of Inferred Mineral Resources has reduced from 1.1 Mt at a grade of 2.4 g/t Au for 81 koz, to 0.9 Mt at a grade of 2.4 g/t Au for 70 koz (-13.1%), which is due in part to upgrading material previously classified as Inferred to Indicated material.

The decrease in the potential open pittable Indicated Mineral Resource for the La India Vein Set has been offset by an increase in the Indicated portion potentially mineable via underground methods of 96 kt, which, whilst accompanied by a marginal decrease in the grade from 5.0 g/t to 4.9 g/t Au, provides a total gain of +13 koz contained gold.

The most significant changes in the Mineral Resource statement due to the increased cost inputs to the pit optimisation study are noted within the America Open pit. The September 2014 Mineral Resource represents a decrease of 392 kt with the grade dropping from 4.2 g/t to 3.8 g/t Au (-10%), resulting in a drop in the contained metal with potential to mine via open pit methods of 31 koz of Indicated material, and 32 koz of Inferred material. These loses have, however, been offset by an increase in the proportion of material within the underground Mineral Resource of 31 koz Indicated and 27 koz Inferred.

The reason for the drop in the America Open Pittable Mineral Resource is that given the increased costs it does not pay to mine the higher grade flexure as deep in the 2014 statement compared to the November 2013 statement. The loss of potentially higher grade material within a known high-grade flexure also results in the drop of the overall grade. Based on these results, this proportion of the America vein set remains sensitive to changes in open pit parameters. There remains a degree of uncertainty in the geological understanding which will require further drilling to improve the confidence in the geological interpretation before a decision can be taken on the potential mining method appropriate.

The initial Mineral Resource definition drilling was completed at Central Breccia during 2013 and confirmed the presence of a breccia pipe on which a geological wireframe has been created. Changes in the cost inputs to the pit optimisation study, and the associated changes to the limiting pit shell, have reduced the 2013 Mineral Resource for the deposit to 922 kt at a grade of 1.9 g/t Au for 56 koz of contained gold, all of which is considered open pittable. This represents a marginal drop of -17 kt for a total of -1 koz contained gold, compared to the November 2013 Mineral Resource statement.

Given the overall reduction in the Mineral Resource, SRK has completed a number of reconciliation exercises to understand where significant changes have occurred. In summary, SRK concludes that the reduction in the Mineral Resource at La India is essentially a result of increases in the cost inputs to the pit optimisation study (including mining costs, processing cost and G&A).

13.14 Interpretations and Conclusion

SRK considers the exploration data accumulated by the Company is generally reliable and suitable for the purpose of this Mineral Resource Estimate.

SRK has undertaken 3D modelling to construct updated mineralisation wireframes for the La India, America and Central Breccia deposits.

SRK used the 3D solids created in Leapfrog to code the drillholes to differentiate between mineralisation and waste, and undertook statistical and geostatistical analyses on the composited data, as constrained by the modelled wireframes.

In comparison to the previous Mineral Resource Estimate (November 2013), the Company has not completed any additional drilling at La India, America or Central Breccia. The focus of the work has been on increasing the knowledge of the other technical disciplines. Geological work has been focused on relogging and interpretation of previously Inferred hangingwall vertical veins. Work included characterisation of vein types, orientations (relative to core axis) and interpretation of features as steep, moderate or shallow dipping. An updated geological model has been produced by SRK based on the findings of this study.

Conceptual pit shells have been used as a depth constraint for reporting. In addition to this, a cut-off grade has also been applied, based on gold grades. A cut-off grade of 0.5 g/t Au has been used for reporting of the Open Pit Mineral Resource. For the reporting of the Underground Mineral Resource, SRK has assumed a minimum accumulated grade of 2.0 g/t Au is required over a mineralisation width of 1.0 m to eliminate areas of lower-grade material within thinner portions of the vein. The cut-off grade has been selected to keep consistency with the November 2013 MRE. Information used has been based on benchmark studies against similar projects. There is limited impact in terms of the changes in Mineral Resources related to the change in the cut-off grades within the pits as a result of the relatively sharp contact used in defining the Mineralisation wireframes.

The 2014 Mineral Resource Estimation on the project area is a CIM/JORC-compliant Indicated Mineral Resource of 9.5 Mt at 3.6 g/t Au for 1,083,000 oz gold, and a further 8.5 Mt at 4.5 g/t Au for 1,231,000 oz gold in the Inferred Category, all contained within a 9 km radius within the La India Project area. In addition, there is 1,792,000 oz silver at a grade of 5.8 g/t Ag, in the Indicated category, and 865,000 oz at a grade of 7.3 g/t Ag within the Inferred category, which is restricted to the La India deposit and (some 95%, in terms of volume when reporting global silver estimates above a 0 g/t Ag cut-off, of) America-Escondido and Constancia where Condor have added sufficient quantity and quality to the silver databases. No silver estimates have been completed for Central Breccia given the lower silver sample grades encountered (-65% lower) when compared to La India and America.

SRK has investigated the sensitivity of the La India open pit Mineral Resource to cut-off grade, the results of which indicate that the La India Open pit resources is relatively insensitive to increases in cut-off grade, that is to say an increase in cut-off grade from 0.5 g/t Au to 3.0 g/t Au is reflected in a drop from 832 Koz at a grade of 3.13 g/t Au, to 547 Koz at a grade of 6.36 g/t Au respectively.

SRK attributes the drop in tonnage compared to the Nov

ember 2013 estimate to be a result of the increase in assumed operating costs which have reduced the depth of the open-pit used to constrain this. While the tonnage has reduced there has been a marginal (+1%) increase in grade. Despite the decrease, there has been a slight increase in the portion of Indicated Mineral Resources, as losses due to the increase in costs have been offset by the improved classification of some material following detailed relogging of the hangingwall structures completed by the Company since the November 2013 Mineral Resource Estimate.

To increase the confidence in the current Mineral Resource or to increase the Mineral Resource further, another phase of drilling will be required to infill existing drilling grids and to test for extensions along strike or down-dip.

14 MINERAL RESERVE ESTIMATE

14.1 PFS Base Case

This section presents the Mineral Reserve statement derived by SRK for the Project. This is constrained to an open pit designed by SRK for the PFS which is derived from the Indicated Mineral Resource presented above and based on a pit shell which was optimised assuming a gold price of 1,250 USD/oz and the following cost parameters:

- A mining operating cost of 2.46 USD/t_{mined}
- A processing and G&A operating cost of 26.25 USD/t_{milled}
- Estimated gold process recovery of 91%
- Royalty of 3% of revenue
- An estimated selling cost of 10 USD/oz Au

The Mineral Reserve Estimate is based on a regularised 2.5 m x 2.5 m x 2.5 m diluted mining model and a cut-off grade ("CoG") of 0.75 g/t Au. The average ore loss and dilution with the pit design was 5.2% and 12.4%, respectively. No Mineral Reserve estimates were produced for the PEA options as these also involve the mining of Inferred Mineral Resources.

The Mineral Reserve Statement is presented in Table 14-1.

Table 14-1: Mineral Reserve Estimate

Mineral Reserve Class	Diluted Tonnes (Mt dry)	Diluted Grade (g/t Au)	(g/t Ag)	Contained Metal (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%.*

Whilst the technical parameters that form the basis of the Mineral Reserve statement are in SRK's opinion reasonable, it is noted that the deposit is sensitive to metal price. This tonnage and grade sensitivity (reported from the pit optimisation results at a fixed cut-off grade of 0.75 g/t Au) is shown in Figure 14-1.

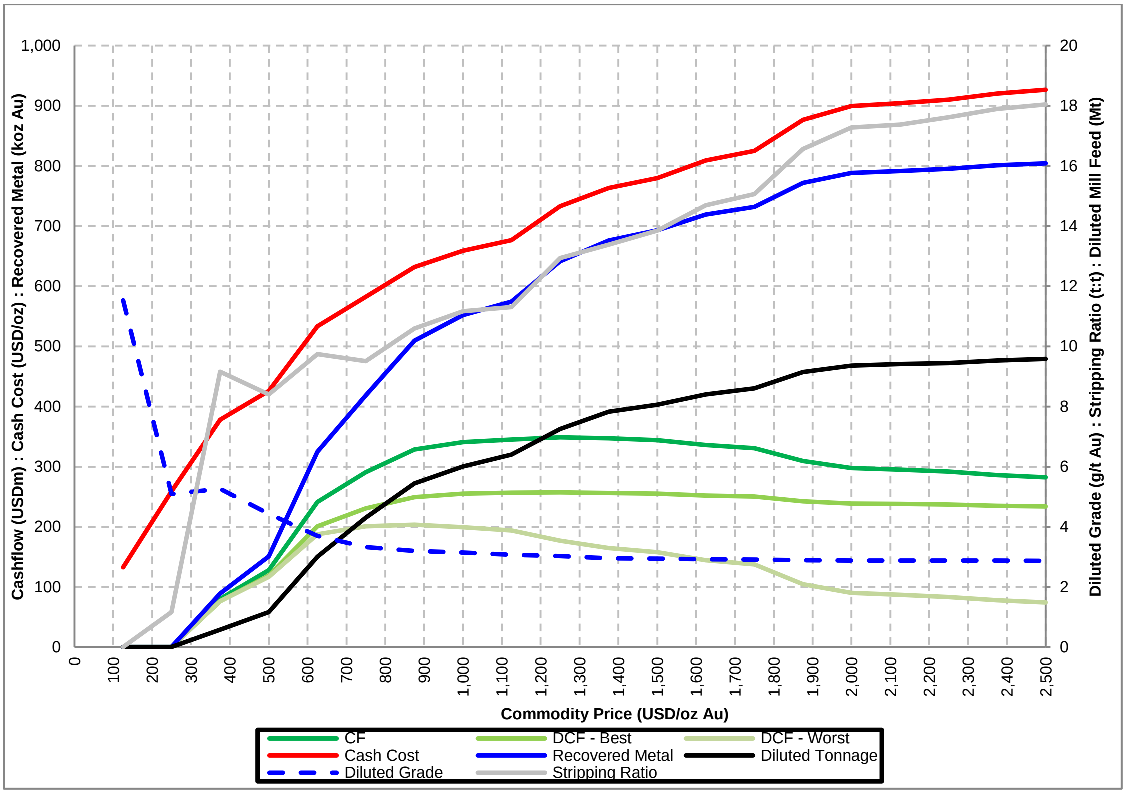


Figure 14-1: Tonnage and Grade Sensitivity to Metal Price (0.75 g/t Au cut-off)

The Mineral Resource model which was used as the basis for the mineral reserve estimate has been depleted based on the available historical longitudinal sections and recent exploration drilling to model the historical mined out (underground) areas. SRK currently estimates the historical depletion of approximately 1,465 kt at 8.6 g/t for 400 koz gold. It should be noted that:

- The Company and SRK have taken considerable effort to log all mining void intersections which have been validated against the depleted long section; and
- The post mining drilling campaigns have provided extensive data on void locations providing information on depletion thickness. The spatial extents of the depletion are based on the historical longitudinal sections.

Additional investigation through drilling or underground access and survey may however be required in order to define any additional depletion which post-dates the information currently available and to further improve definition of the depletion thicknesses. No further modifying factors have been applied in addition to the depletions applied to the mineral resource block model. Additional details on the depletion process are provided in Section 13.5.5

Other than discussed herein, SRK is not aware of any mining, metallurgical, infrastructure, permitting, environmental, legal, title, taxation, socio-economic, marketing or other relevant factors that could materially affect the Mineral Reserve Estimate.

14.2 PEA Scenario A

No Mineral Reserves have been defined for PEA Scenario A.

14.3 PEA Scenario B

No Mineral Reserves have been defined for PEA Scenario B.

15 MINING METHODS

15.1 Geotechnics

15.1.1 PFS Base Case

The PFS envisages the development of a large open pit to exploit the La India deposit which is planned to be approximately 1,800 m long, 560 m wide, with a maximum depth of 300 m. The main geotechnical challenge to the project is the variability in rockmass strength. Several large scale structures exist in the pit area (Figure 15-1). Most of these are favourably orientated; however, a few structures are unfavourably orientated or positioned, and thus may affect the stability of some of the slopes.

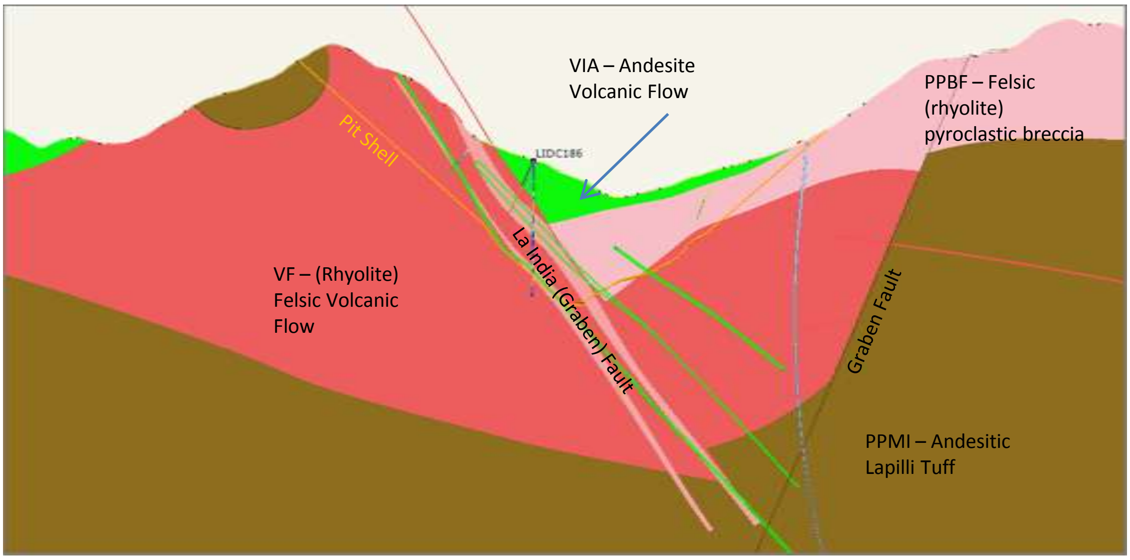


Figure 15-1: Geological cross section through the central portion of the La India gold deposit

A preliminary geotechnical assessment as part of a PEA released in February in 2013 concluded that additional geotechnical data was required to achieve a PFS level of geotechnical input, and, consequently, a drilling programme, comprising a total of 10 inclined cored and orientated boreholes, 1,700 m in total, has since been completed. Five of these drill holes were drilled at the perimeter of the proposed final pits while the other five were spread across the length of the pit and were drilled deeply into the footwall.

An initial geotechnical PFS study was delivered to Condor in September 2013 and this was then updated in July 2014 once the optimisation work for the PFS had been completed.

Geotechnical data of high quality and accuracy have been collected from a comprehensive geotechnical drilling programme supplemented by some limited surface and underground geotechnical mapping. Analysis of the geotechnical information concluded that rockmass strength varies significantly over the length of the pit which required defining a set of geotechnical domains for both the hangingwall and footwall slopes in order to provide greater flexibility in the pit slope stability analysis.

The geotechnical drilling programme completed for the PFS focussed on obtaining a reasonable geotechnical characterisation of the entire pit area. The main focus of the investigation though, was on the rockmass of the central pit portions as it is here that the pit slopes are highest and optimised slopes angles for this area have the greatest impact on reducing the amount of waste rock to be mined. SRK considers that the geotechnical information of these domains has been sufficiently well defined. Future geotechnical studies should therefore focus more on resolving remaining geotechnical uncertainties and the hydrogeological understanding.

The confidence of the slope angles is a function of the confidence in all the data forming the geotechnical model which comprise all geotechnical, geological, structural and hydrogeological information. Geotechnical, geological structural, and hydrogeological data have all been defined to a high level of confidence.

SRK proposed the following slope geometry for all fresh rock slopes to be used when developing the engineered pit, to achieve the recommended inter-ramp angle:

- 20 m bench height
- 75° bench face angle
- 8 m berm width
- 100m maximum stack height
- 30 m ramp/geotechnical berm width
- 56° inter-ramp angle

The overall slope angle is therefore governed by the overall slope height and overburden thickness.

The inter-ramp slope was limited to a height of 100m. On the south west slopes however (Domains 1 and 2), factor of safety calculated were higher (see Table 15-1), giving an opportunity to steepen the overall slope angle by reducing the geotechnical berm width to 20m, where possible.

Table 15-1 below summarises the slope design adopted by domain while Table 15-2 presents the slope stability factors based on the resulting designed pit.

Table 15-1: Updated Recommended Pit Slopes Design

Pit Slope	Domain ID	Design Bench Face Angle (°)	Bench Height (m)	Bench Width (m)	Max Bench Stack Height (m)	GT Berm/Ramp Width (m)	Design IRA (°)	Indicative Overall Slope Angle (°)
Overburden	1-8	35	10	5	n/a	n/a	35	27
Footwall	1	75	20	8	100	30/20	56	47-49
	2	75	20	8	100	30/20	56	48-50
	3	75	20	8	100	30	56	47
	4	75	20	8	100	30	56	49
Hanging-wall	5	75	20	8	100	30	56	49
	6	75	20	8	100	30	56	46
	7	75	20	8	100	30	56	49
	8	75	20	8	100	30	56	48

Table 15-2: Engineering Pit Stability Analyses

Section	Slope Height (m)	OSA (°)	FoS
Section 1_FW_A	171	44	1.1
Section 1_FW_B	165	39	2.16
Section 2_FW	245	48	1.87
Section 3_FW	195	44	2.46
Section 1_HW	236	44	1.26
Section 2_HW	190	36	2.08
Section 4_HW	154	45	1.36

The factors of safety in Table 15-2 are higher than those generated by the stability analyses presented in Table 15-1 largely due to the fact that these slopes are not as high as those originally tested and are slightly flatter due to the introduction of ramps offsets into the design.

A factor of safety above the acceptance criteria was obtained on all the slopes analysed except for the Northern footwall slopes due to the fault behind this pit wall. Two pits were therefore designed, one with the fault behind the slope (case A) and one where the fault is mined out (case B). The stability of the Northern footwall slope is achieved when the fault is mined out (case B). This however represents an additional 8.6Mt of waste to mine, which is 9% of the total waste amount proposed. Due to the uncertainty in the position and characteristics of this fault behind the northern footwall slope it was decided to present the PFS on the basis of case A, with the recommendation that the fault structure be investigated further at the FS level.

15.1.2 PEA Scenario A

Scenario A considers the expansion of the La India pit to reflect the inclusion of Inferred Mineral Resources and the addition of the two feeder open pits at America and CBX.

The expansion of the La India pit is accounted for in an additional pushback which expands the open pit limits to the south. The Scenario A expanded pit does not encounter any lithological units not intercepted in the Base Case and retains overall pit wall heights within that investigated under the Base Case analysis. As a result for the same open pit geotechnical parameters were used for the pit optimisation and pit design as for the Base Case.

A detailed geotechnical assessment has not been performed for either the America or CBX deposits and as such the open pit slope angles proposed for America and CBZ have been inferred from the La India results, by decreasing the overall slopes to account for the smaller pit size and additional ramps. An overall slope angle of 40° was therefore assumed when developing optimised pit for America and CBZ.

15.1.3 PEA Scenario B

Scenario B introduces underground components at La India and America. In order to define geotechnical properties for the proposed underground options at La India and America the rock mass rating of the footwall, hangingwall and orebody has been assessed by photologging of a number of boreholes that intersect the underground orebody (LIDC074, 082, 158, 159, 163, 176 and 202).

Photologging was carried out with reference to the Q system, where the value Q is defined by the following equation:

$$Q = \frac{RQD}{J_n} x \frac{J_r}{J_a} x \frac{J_w}{SRF}$$

Where: RQD is the Rock Quality Designation

J_n is the Joint set number

J_r is the joint roughness number

J_a is the joint alteration number

J_w is the joint water reduction factor

and SRF is the stress reduction factor

J_w is chosen equal to 0.66, corresponding to medium water inflow or pore pressure and occasional outwash of joint fillings. SRF is equal to 7.5, corresponding to multiple shear zones.

The photologging was split into three categories: hangingwall, orebody and footwall as follows:

Hangingwall

Logged hangingwall intervals present a heterogeneous distribution of rockmass quality. Felsic lava (VF) and rhyolite pyroclastic breccia lithologies (PPM) were encountered. No distinction concerning the Q value distribution was observed between the two lithologies.

The Q rating was converted to RMR (required for mining method selection) using the published relationship RMR = 9lnQ + 44.

Logged hangingwall intervals present a heterogeneous distribution of rockmass quality. Felsic lava (VF) and rhyolite pyroclastic breccia lithologies (PPM) were encountered. No distinction concerning the Q value distribution was observed between the two lithologies.

70% of the logged length belong to the ‘extremely poor’ to ‘poor’ categories with a Q value smaller than 4. Those zones generally have a joint alteration number of 8 which correspond to a clay coating of the joint surfaces. These intervals have 2 distinct joint sets minimum. Joint roughnesses are undulating, smooth to rough. The average RQD is 20%, averaging the very poor intervals where the RQD is minimal (equal to 10%) and the poor interval with an average RQD of 66%. Many of these zones are qualified as sheared, shattered or crushed zones. These zones of weakness are in average 0.8m thick, up to 3.5m.

30% of the logged intervals are qualified as fair to very good, with a Q value greater than 4. These more competent intervals are 1.80 m thick on average and moderately to slightly weathered. The RQD average is 90%. FeO staining is observed on joint surfaces. A couple of 0.2 to 0.35 m thick, massive intervals are encountered, in between zone of weaker strength.

Typical intersections of hangingwall rock are presented in Figure 15-2.

Figure 15-2: Hangingwall Core Intersections

Ore Zone

Q values calculated for the orebody zone mostly have an exceptionally poor to poor rockmass. 81% of the logged intervals fall into these categories. Numerous intervals are qualified as sheared zones with sand and clay recovered or crushed/broken zones. Zones of weakness are 1.40 m thick on average, up to 2.30 m. Joints are filled with sand, clay or present a stained surface. Fair to good rockmass is sporadically encountered, with an average RQD value of 80%. Typical intersections of orebody rock are presented in Figure 15-3.

Figure 15-3: Ore Zone Core Intersections

Footwall

Around 86% of the intervals logged in the footwall zone have a Q value below 4 (extremely poor to poor rockmass). Soft, friable rock is observed as well as many sheared zones with clayey sand infill. RQD averages approximately 30%. Fair to good, slightly weathered intact rock is occasionally encountered, containing numerous cemented joints. A typical intersection of footwall rock is presented in Figure 15-4.

Figure 15-4: Footwall Core Intersection

Results

The results of the average rock mass rating values for the hangingwall, orebody and footwall are presented in Table 15-3. These values were subsequently used to principally inform the selection of the underground mining method and design criteria.

Table 15-3: Average Rock Mass Rating

Mining Unit	Average RMR	Rock Quality
Footwall	32	Poor
Orebody	35	Poor
Hangingwall	37	Poor

15.2 Hydrology and Hydrogeology

15.2.1 PFS Base Case

Hydrology and Surface Water Management

The project is situated in the Agua Fria catchment and its nested sub-catchments, which together constitute a sub-catchment of the much larger Rio Sinecapa Basin. There are a total of six sub-catchments that will naturally drain into the La India open pit with a combined area of 13.85 km^2. The project area is subject to intense rainfall events and the alignment of the existing river flows through the proposed pit footprint. The mine plan cannot be developed without altering the river within the pit area. Mitigating the effects of the river is a major consideration with respect to the viability of the Project. Surface water management options have therefore been investigated in greater detail than would normally be anticipated for a PFS level design.

Insufficient long term flow data was available for the Agua Fria or neighbouring catchments to complete an in-depth analysis of regional flow data in support of the PFS. Monitoring of the local surface water network was initiated with the installation of weirs at five locations throughout the project site in 2013. Stage-discharge relationships are being developed through regular measurement of flows and stage. SRK has developed preliminary stage-discharge relationships using international standards which demonstrate a good correlation with monitored flow and stage data.

Preliminary flood peak estimates based on catchment area, total watercourse length and the average channel slope have been made to support the PFS design. Flood flows are typically characterised using flood frequency analysis, unit hydrograph analysis or distributed hydrological modelling. While there is currently insufficient data to undertake a flood frequency analysis or distributed hydrological model, a preliminary assessment of flood peaks has been achieved using simplified empirical calculations (Rational Method) and a unit hydrograph analysis method (SCS Method). There is good agreement between the methods in the predicted time of concentrations and resulting time to peak of the Agua Fria catchment (12-13 hours). The estimated peak discharge of a 1 in 100 flood event is 64 – 230 m^3/s.

Various methods were analysed to mitigate the flooding risk with respect to the pit due to the river, of which the most viable option is considered to be incorporating a dam upstream of the pit with a pumping system to discharge water downstream. A preferred dam location has been identified to the north east of the existing La India village, the “La Simona Dam”, which minimises construction costs while maximising the watershed area and storage capacity (Figure 15-5).

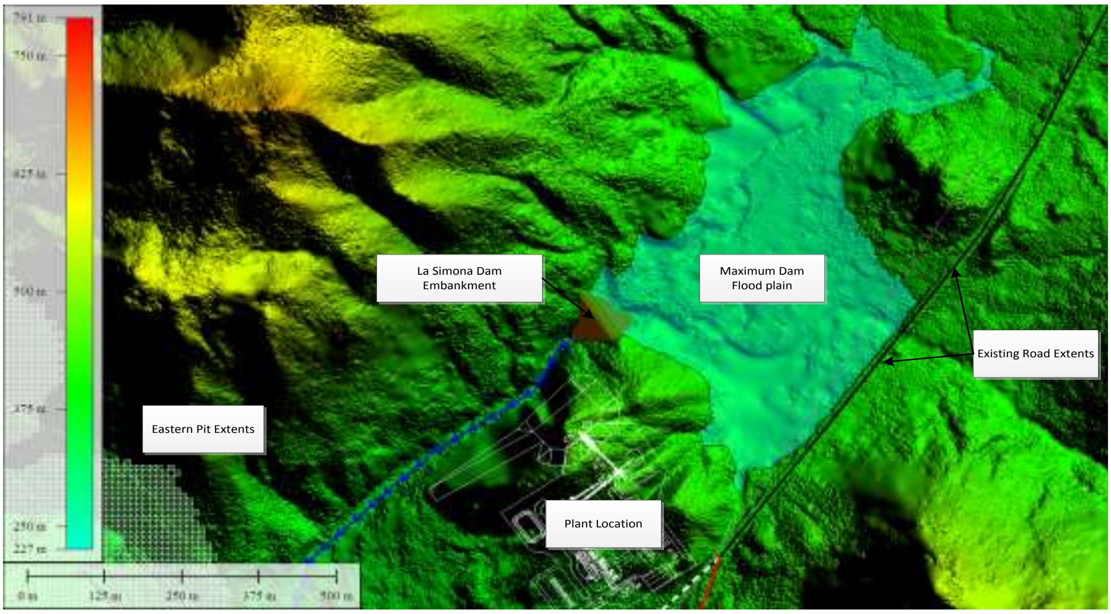


Figure 15-5: La Simona Dam extents

Runoff from the catchment downstream of the La Simona Dam is still significant and could lead to an unacceptably high runoff discharging into the pit. Due to the proposed pit location, terrain and alignment of existing and proposed roads, placement of a river diversion around the pit was not deemed viable and it is rather proposed that an additional attenuation structure (“Holding Pond”) be built at the confluence between the proposed pit and the existing La India village (Figure 15-6). The pond will be located close to the final pit limit and it is therefore believed that the pond should be lined to minimise infiltration. Additional dams are proposed upstream of the Holding Pond to reduce the size of the Holding Pond and minimise its impact on other mining infrastructure. The ponds will be connected via culverts that will cross under the NIC-26 road, utilising existing water courses where possible. The cross sectional areas have been sized to accommodate a 1 in a 100 year event selected to minimise potential erosion or saturating of the road embankment at the culvert location, and proposed alignment has been selected to minimise construction of additional culverts beneath the road.

Pumps will be located in the La Simona Dam, existing road dam, Holding Pond and in-pit sump to transfer the water between the respective holding facilities and the neighbouring catchment to the south east as applicable. It is considered preferable to concentrate pumps within a small area to aid maintenance and operational activities.

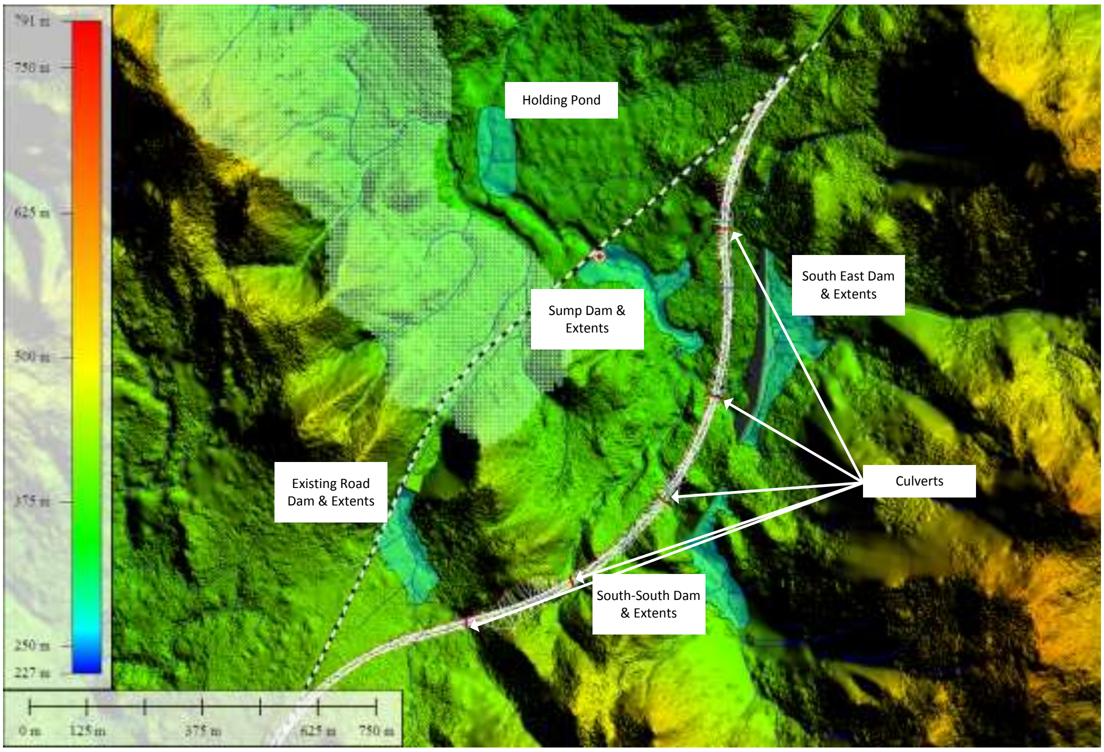


Figure 15-6: The Holding pond and upstream dams

Hydrogeology and Dewatering

The La India area is essentially a brownfield site with respect to groundwater. Water levels are unlikely to ever recover to their pre-mining levels due to the presence of historical workings and the San Lucus drainage adit. This does not appear to have had a major impact on the community water supplies in the area which target a shallow perched groundwater system.

Interpretation of historical data (Malouf (1978)) suggests that a groundwater inflow rate of 1200 to 1400 gpm (75.7 to 88.3L/s) corresponds to the average long-term discharge rate from the San Lucas drainage adit when the groundwater level in the historical workings is maintained at an elevation of 213mASL. At some point since the closure of the previous mining operations in 1958 the San Lucas drainage adit has become blocked and has resulted in heads backing up to an elevation of approximately 313mASL through the La India workings.

Hydraulic properties have been estimated from falling head tests and a long duration pumping test. Attempts were made to carry out spinner and heart pulse testing during the 2013 geotechnical drilling campaign. However both methods were unsuccessful.

Thirty eight falling head tests have been completed at twenty six locations in the La India project area to generate typical values of hydraulic conductivity for the bedrock aquifer. The tests indicate that faults and historical workings are typically more permeable than the bedrock matrix implying that groundwater flow is structurally controlled. Interaction between the water column and fault structures is visible in a number of locations. Estimated average hydraulic conductivity range from 3E-09m/s (matrix) through 1E-07m/s (faults) to 3E-02m/s (workings).

A 14 day pumping test was completed in March/April 2013 in the historical La India workings (just above Level 6, 279masl), maintaining a discharge rate of approximately 75L/s. Groundwater levels were monitored in 30 observation wells throughout the test. The maximum drawdown achieved at the pumping well and in the monitoring network was 2.07m and 2.41m respectively. Approximately 45% of wells do not appear to show a response to pumping due to insufficient hydraulic connection with the pumping station. They include all wells in the shallow alluvial aquifer and a number of deep bedrock wells. All other wells do show a response and are typically connected by structures (faults, historical workings, drainage adit) to the pumping station. The influence of pumping can be observed over distances of several kilometres, including in the America workings to the north.

The groundwater system at La India is relatively well understood for a project at PFS due to the availability of historical dewatering information (Malouf (1978)) and the data obtained during the course of the PFS. It is suggested that the groundwater regime comprises two aquifers; a shallow, perched aquifer in the colluvial/alluvial material and a deep, fractured bedrock aquifer

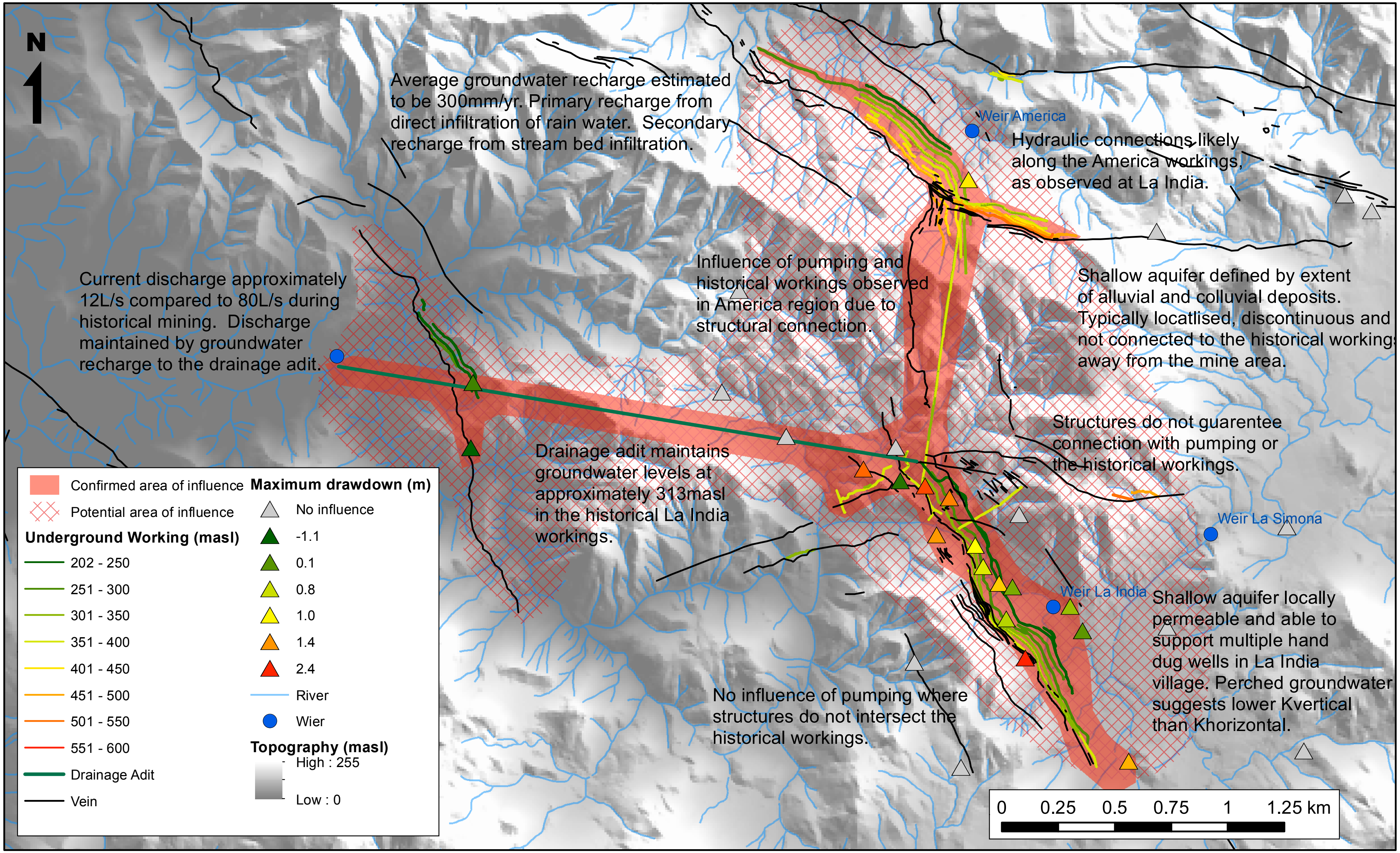
The system is dominated by the historical underground workings and drainage adit which continue to have a significant impact on the deep bedrock groundwater system. There are also permeable structures and veins within the deep bedrock which have caused the impacts of historical workings to extend into adjacent catchments. Away from the mine workings and major permeable structures groundwater levels are expected to mimic topography in a subdued form. The impact of the historical workings is significantly more limited in the shallow perched groundwater system, implying that the shallow and deep aquifers are broadly independent.

Groundwater recharge at La India occurs as a result of direct infiltration of rainfall through the soil zone (primary mechanism) and infiltration through stream beds where the groundwater table is lower than the elevation of the stream bed (secondary mechanism). A recharge assessment estimates groundwater recharge of 72–771mm/yr (average 279mm/yr). Whilst it is acknowledged that groundwater recharge is subject to large uncertainty, it is evident that significant inter-annual variability can be expected. For the purposes of the PFS an average groundwater recharge rate of 300mm/yr is assumed.

The principle groundwater discharges in the La India area comprise discharge to natural springs and baseflow to streams, discharge from abandoned mine working via the San Lucas drainage adit and abstraction from community water supply wells (shallow aquifer only). There is also seepage from the shallow aquifer to the deeper aquifer which could potentially be exacerbated by exploration boreholes creating a hydraulic connection between the shallow and deep groundwater system.

In order to estimate the possible extent of the cone of depression from the dewatered La India workings the historical dewatering rates and estimated groundwater recharge rate have been used to estimate the total area of the cone of depression. A total groundwater catchment in the order of $8km^2$ is inferred, suggesting that no widespread regional propagation of drawdown is occurring. The area of influence will be extremely sensitive to the extent of the connected, permeable network.

A summary of the conceptual model is shown in Figure 15-7.



	U5693	LA INDIA PFS	
srk consulting		Conceptual Hydrogeological Model	Figure 15-7

P:\U5693 La India PFS\Project\CAD\GIS\0 mxd files\FIGURE Conceptual Model.mxd

The proposed dewatering operations at La India will result in groundwater levels dropping further, and close to the levels of drawdown observed during the historical mining activity in the 1950s. The impacts on the regional groundwater levels will therefore be greater than currently observed but comparable to what was observed historically. This will likely impact on a number of springs, the discharge from the San Lucas drainage adit, and baseflow to the Aquas Frias river. The consequences of these impacts are likely to be small as the dewatering water is of good quality and will be discharged to the Aquas Frias. Any flow reductions will therefore be mitigated by dewatering discharge and a net increase in flow is considered more likely as a result. SRK is not aware of any negative impacts that will arise from an increase in flow, but this will need to be confirmed as part of the ESIA process.

Pre-dewatering of the open pit will be achieved through pumping of the abandoned workings. Full dewatering of the deepest sections of the pit will not be achievable and it is assumed that the operation will need to revert to sump pumping when the pit floor cuts through the lowest workings. The logistics of dewatering the underground workings requires further evaluation at FS as there is not currently an open shaft that penetrates to the deepest levels of the historical workings.

The long-term benefit of unblocking the San Lucas drainage adit along its full length is clear, with greatly reduced dewatering costs through life of mine. SRK has assumed the drainage adit remains blocked for the purposes of PFS dewatering costings. A detailed assessment of the practicalities of refurbishing the San Lucas drainage adit should be undertaken early in the FS. It is noted that water level data suggests that there may be multiple blockages along the course of the drainage tunnel and there is strong possibility that full refurbishment of the drainage adit will not be practicable. Site Wide Water Balance

Site Wide Water Balance

The site wide water balance has been used to inform the surface water management design and size the various pumping systems throughout the site. It incorporates the final open pit, final waste rock dump (WRD) footprints, TSF, surface water management infrastructure and pit dewatering infrastructure. Transient data for the TSF in terms of embankment raises was incorporated within the TSF Water Balance as it was deemed important to model the changes during dam embankment raises. The model developed has been used to incorporate different climate conditions, groundwater inflow rates, surface water runoff thresholds, tailings production rates (including water demand and consumption) and transient dam stage capacity.

A design storm event was selected to evaluate the proposed surface water and de-watering needs of the Project. It was decided that all structures should be able to withstand of a 1 in 10 year 24 hour storm event which is similar to the perceived life of mine. Any event with a magnitude greater than 1 in 10 is likely to result in pit floor flooding. The impact of an extreme rainfall event was also investigated using data collected in 1998 during Hurricane Mitch. The surface water structures cannot accommodate the high rainfall intensity and overflow occurs into the pit. The depth of modelled flooded water within the pit following the rainfall event is relatively high (13.2m) but below the expected bench height which will minimise the loss of mining productivity. The model predicts that it takes approximately 280 days for the pit flooding to dissipate to zero after the initial rainfall from the hurricane; this accounts for additional rainfall during the period. The de-watering time could be reduced by introducing additional pumps to remove the water faster. The occurrence of a hurricane is extreme and designing a pit dewatering system to accommodate such an event would be considered excessive.

15.2.2 PEA Scenario A

La India Open Pit

The expansion of the La India pit assumed in this scenario would require an additional pushback which expands the open pit limits to the south. Given that there is no material change in the open pit footprint or the open pit operating depth it is anticipated that the water management strategy presented for the Base Case will be equally as applicable to the La India Scenario A open pit. In the case of the associated surface water management infrastructure (e.g. holding ponds, water diversion structures) these have been placed outside of the Scenario A open pit limits so no modifications are required.

America Open Pit

Malouf (1978) states that historical mining in the America Vein system was above the water table. The access from La India to America is at the 349 mASL elevation. The workings were dry down to the 700 level at 237 mASL. The only realistic explanation for dry conditions at this depth is a strong hydraulic connection with the dewatered La India workings to south. Further evidence of the strong hydraulic connection was obtained from the recently conducted pumping test in the La India underground workings as part of the PFS/Base Case studies.

The dewatered workings are demonstrated by drill hole LIDC291 which is drilled directly beneath the deepest portions of the proposed America pit. The water level in LIDC291 is currently at approximately 313 mASL and the deepest section of the open pit is at 397.5 mASL. This suggests that the main pit and America will be dry and dewatering will only be required to manage incident precipitation and storm water inflows, not groundwater. This assumption will need to be verified as it is possible that perched groundwater is present, and it is not known whether all the historical workings remain drained. It is envisaged that the data required to confirm the absence of perched groundwater can be obtained from water level surveys of existing and proposed exploration boreholes or from Vibrating Wire Piezometers installed as part of a geotechnical drilling programme.

Figure 15-8 shows a long section through the America workings looking SSW. The easternmost pit at America has a pit floor elevation of 505mASL. LIDC047, approximately 100 m to the east, has a static water level of 505mASL, indicating that that little or no dewatering will be required in this area.

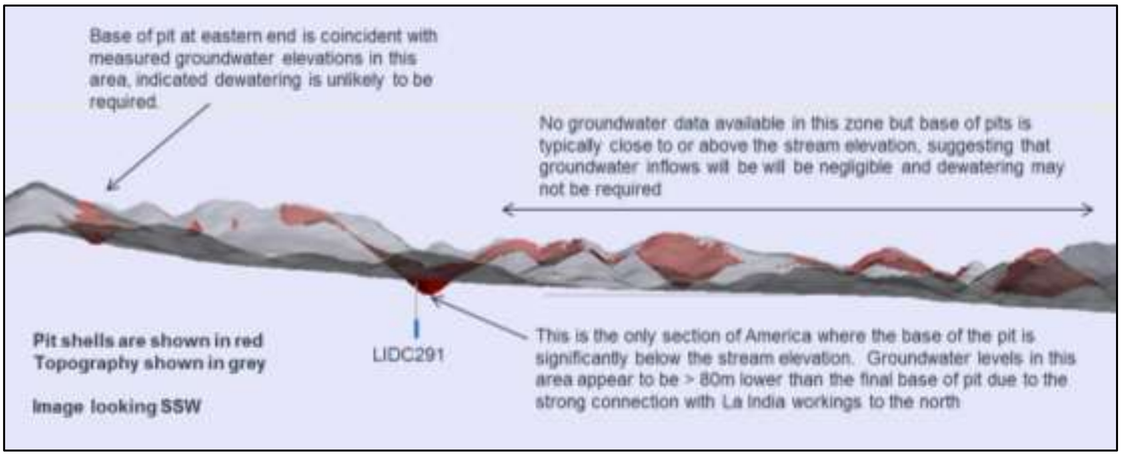


Figure 15-8: Long section through the America workings looking SSW

There is no groundwater level data available to the west of LIDC291 at present. It is not, therefore, possible to confirm whether any dewatering of the western pits at America will be required. However, based on the fact that all of the pits to the west of the main pit are elevated above the stream bed elevation, there is a strong possibility that the pits will be dry and significant groundwater inflows are not anticipated. Water levels in this area should be confirmed during future studies through the conversion of exploration and geotechnical holes to standpipe piezometers.

The America pits are located within a separate catchment to La India (Figure 15-9). As can be seen in Figure 15-9 the pits cut across a number of minor tributaries to the main drainage immediately north of the pits. The deepest sections of the pits are generally located on the interfluves of these tributaries. A surface water management plan will consequently need to be developed during future studies to minimise run-off into the pits. This will need to incorporate interception trenches, sumps and diversion channels.

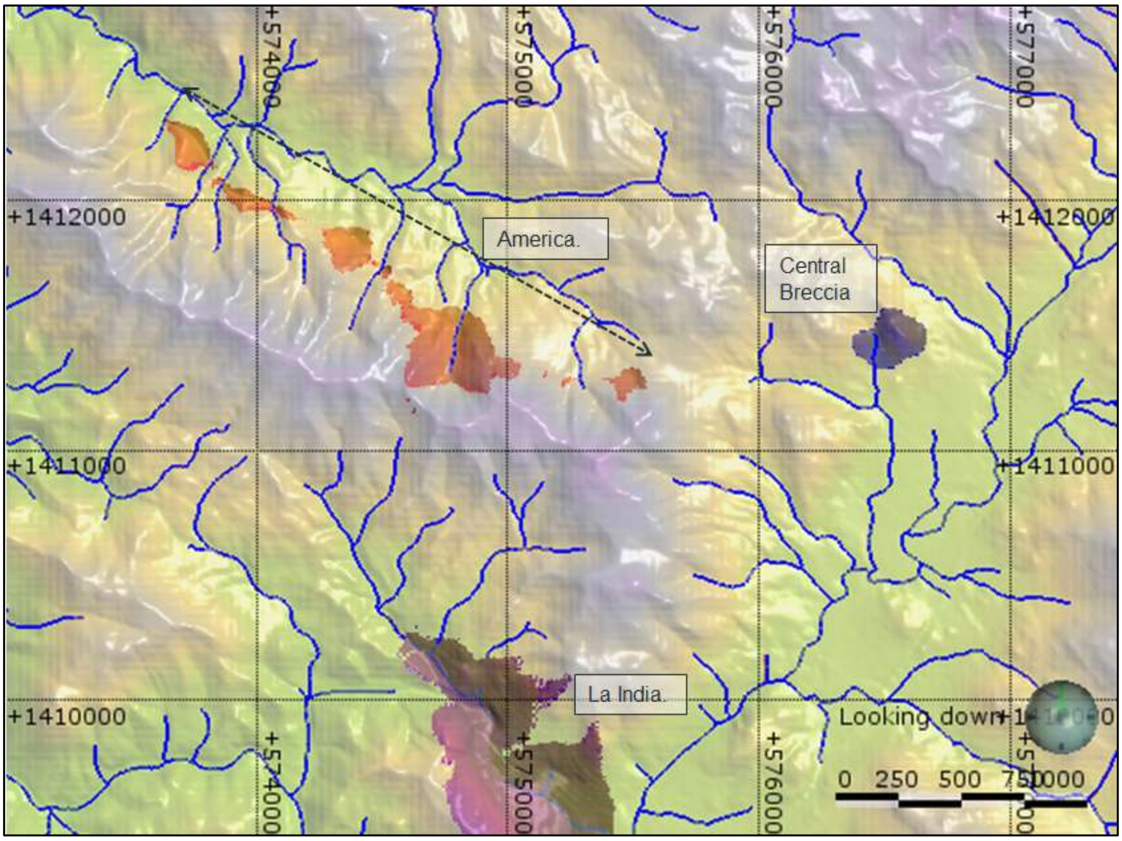


Figure 15-9: Plan view of America pits showing topography and major drainages

It is anticipated that the waste rock dumps at America will impact on the main drainage to the north of the pits. The waste rock dump designs will need to be refined during future studies to minimise run-off from the tributaries to the north of the main drainage. Sediment control on the main drainage will also be required to manage sediment from stripping and waste rock dump runoff. It will not be practical or cost effective to pump the affected America waters into the current La India catchment. The design will, therefore, require the identification of an appropriate discharge point and an additional compliance location. The compliance point location will need to consider downstream water usage and community water usage surveys will need to be extended to cover the downstream catchment.

Central Breccia Open Pit

An initial evaluation of the available data for the Central Breccia area has indicated that it comprises massive material and is very different to La India. It appears to be a very well healed thermal breccia with very few, if any, open joints. Two boreholes at Central Breccia were monitored during the PFS pumping test and, unlike America, showed no response to pumping of the La India workings.

Based on the available information, it is considered likely that the deposit is of low permeability and cannot be effectively dewatered by abstraction boreholes. If this is the case the deposit will be mined wet with sump pumps used to manage groundwater inflows. The acceptability of this approach from a geotechnical perspective will need to be evaluated as part of any FS and a horizontal drain programme may be required during operations if slopes are sensitive to pore pressure.

Permeability testing will be built into the FS resource and geotechnical drilling programmes. A dedicated hydrogeological drilling programme will only be required if high permeability structure is encountered during resource and geotechnical drilling. If high permeability structure is encountered, pilot dewatering holes should be drilled to evaluate the potential to dewater the pit in advance of mining.

No significant surface water management issues are anticipated at Central Breccia. The upstream catchment is relatively small and the pit rim appears to be significantly higher than the flood levels on the La Simona River to the east. The La Simona catchment is already incorporated into the La India PFS water balance.

The waste rock dump is currently situation to the SE of the pit, on the La Simona flood plain. The impact of the waste dump La Simona River will need to be evaluated during the FS. It may also be possible to use the waste to attenuate the flood peaks on the La Simona River and reduce the likelihood of overspill of the La Simona stormwater dam into the La India pit.

15.2.3 PEA Scenario B

La India Underground

The development of underground workings beneath the open pit will require detailed evaluation and risk assessment given the potential for flooding of the open pit. A flooded pit would pose a significant risk to the underground workings due to the presence of historical workings, open drill holes and permeable structures between the open pit and the underlying workings.

The risks posed from flooding of the open pit can be mitigated in a number ways. Systematic grouting of exploration drill holes that have potential to connect the open pit with underground development should be carried out from surface prior to mining where practicable. Drill holes intercepted during underground development can also be plugged to prevent water inrushes.

Inflows from high permeability zones that are structurally controlled can be controlled through implementation of a systematic cover drilling and pre-grouting programme during underground development. This is standard practice in underground mines that have limited pumping capacity or are prone to significant groundwater inrushes.

Open pit surface water management can also be tailored to reduce the risk of inrushes to underground. Sumps on the pit floor should be located such that they are not directly above active stoping areas for example.

Future studies will need to consider a wide range of options if underground operations are going to take place beneath the open pit. These options will include engineering the surface water management system to handle larger storm events, pre-grouting of the underground development to minimise the connection with the overlying pit, or engineering the underground dewatering system such that it can accommodate the anticipated peak inflows. Setting aside of worked stopes for emergency water storage should also be considered.

It is envisaged that the underground dewatering system would have comparable pumping capacity to the proposed in-pit dewatering system, and the point of discharge would be the same as for the open pit dewatering system. SRK also considers that there is an opportunity of using the underground workings to drain the open pit in a controlled manner. This could be achieved through over-engineering of the underground dewatering system and targeting the open pit with drain holes drilled from underground. These drain holes are equipped with ball valves and pressure gauges which enable full control of inflows to the underground workings. Such opportunities should be evaluated in detail during future studies.

America Underground

Similarly to La India, the dewatering of underground workings at America has not been considered as part of the PFS.

The amount of water anticipated to drain into the open pits in this case though is minimal when compared to the La India pit. The upstream catchments are significantly smaller and no groundwater seepage is expected.

Direct precipitation to the open pit and runoff from the upstream catchments will however need to be accounted for in the design of the underground dewatering system. It is envisaged that the pumping rates will be substantially lower than La India, and the flooding risks will likjely be able to be minimised at a reasonable cost through correct sizing of the underground pumping stations. Furthermore, there is a possibility that America underground workings will be drained by the La India dewatering system, further reducing the demands on the America dewatering system. Historical workings at America were drained down to the 700 level (237mASL) due to the strong hydraulic connection with La India.

15.3 Mining

15.3.1 PFS Base Case

Introduction

A PFS level open pit mining study has been completed on the La India deposit consisting of the development of a mining block model, pit optimisation, mine design, production scheduling, mining equipment and labour estimation, mining operating strategy and mining cost estimation. No underground mining methods have been evaluated in this case.

Mining Model

Mining recovery and dilution factors for the La India open pit have been based on a regularised 2.5 m x 2.5 m x 2.5 m diluted mining model and a cut-off grade (“CoG”) of 0.75 g/t Au. The cut-off grade has been derived from preliminary cost and technical parameters defined at the commencement of the study. The average ore loss and dilution with the pit design is 5.2% and 12.4%, respectively. The mining operations assume a highly selective mining method in mineralised zones.

Pit Optimisation

The pit optimisation parameters are shown in Table 15-4 and have been used to derive the metal price sensitivity curve (Figure 15-10). Based on the pit optimisation results, strategic planning objectives and the Company’s key policy drivers, the 1,250 USD/oz shell (revenue factor 1.0) was selected for developing the mine design and strategic schedule. The 1,250 USD/oz pit shell is reflective of the maximum economic pit for the defined input parameters.

Table 15-4 : La India Pit Optimisation Parameters

Parameters	Units	PFS Case	Basis
Resource Classification			
Included Resources		Indicated	
Production			
Production Rate	(ktpa)	800	Based on scoping level studies
Geotechnical			
Weathered	(°)	35	Geotechnical Assessment
North Hanginwall	(°)	47	Geotechnical Assessment and Ramps
North Foot Wall	(°)	48	Geotechnical Assessment and Ramps
Central Hanging Wall	(°)	47	Geotechnical Assessment and Ramps
Central Foot Wall	(°)	47	Geotechnical Assessment and Ramps
South Hanging Wall	(°)	48	Geotechnical Assessment and Ramps
South Foot Wall	(°)	46	Geotechnical Assessment and Ramps
Mining Factors			
Dilution	(%)	0	Regularised Model
Recovery	(%)	100	Regularised Model
Processing			
Recovery Au	(%)	91	Test work 90-92 % expected
Recovery Ag	(%)	69	Test work 65-73 % expected
Operating Costs			
Average Mining Cost	(USD/t_{moved})	2.46	Based on preliminary cost estimate
Base Mining Cost	(USD/t_{moved})	2.15	
Incremental Mining Cost	(USD/t_{moved}/$_{10m}$)	0.03	Preliminary cost estimate
Reference Level	(Z Elevation)	380	Average Pit Exit
Processing	(USD/t_{ore})	20.42	Provided by Lycopodium
Tailings	(USD/t_{ore})	0.20	SRK Estimate
G&A	(USD/t_{ore})	5.63	
	(USDm/yr)	4.50	Provided by Condor
Selling Cost Au	(USD/oz)	10.00	Provided by Condor
Royalty Au	(%)	3.00	Provided by Condor
Royalty Ag	(%)	3.00	Provided by Condor
Metal Price			
Gold	(USD/oz)	1,250	Consensus Economics LTP
Silver	(USD/oz)	20.00	
Other			
Discount Rate	(%)	10	
Cut-Off Grade			
Marginal	(USD/t_{ore})	26.25	
	(g/t Au)	0.75	

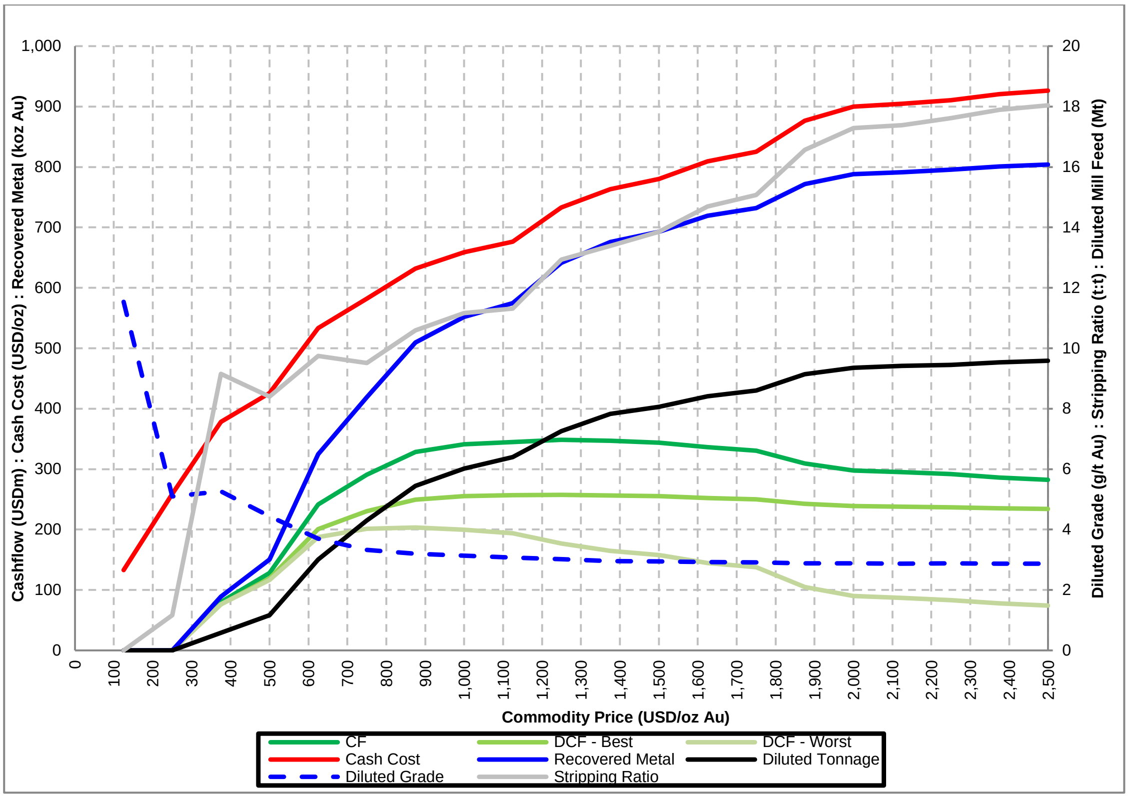


Figure 15-10: Tonnage and Grade Sensitivity to Metal Price (0.75 g/t Au cut-off)

Mine Layout

The mining operation consists of a conventional drill, blast, load and haul operation with material hauled to the WRDs, backfill areas, LG stockpile, HG stockpile, RoM stockpile or directly tipped at the crusher. The mine layout is shown in Figure 15-11.

Road layouts have been estimated based on the pit exits of the cutbacks and location of the WRDs, HG and LG stockpiles, RoM stockpile and crusher.

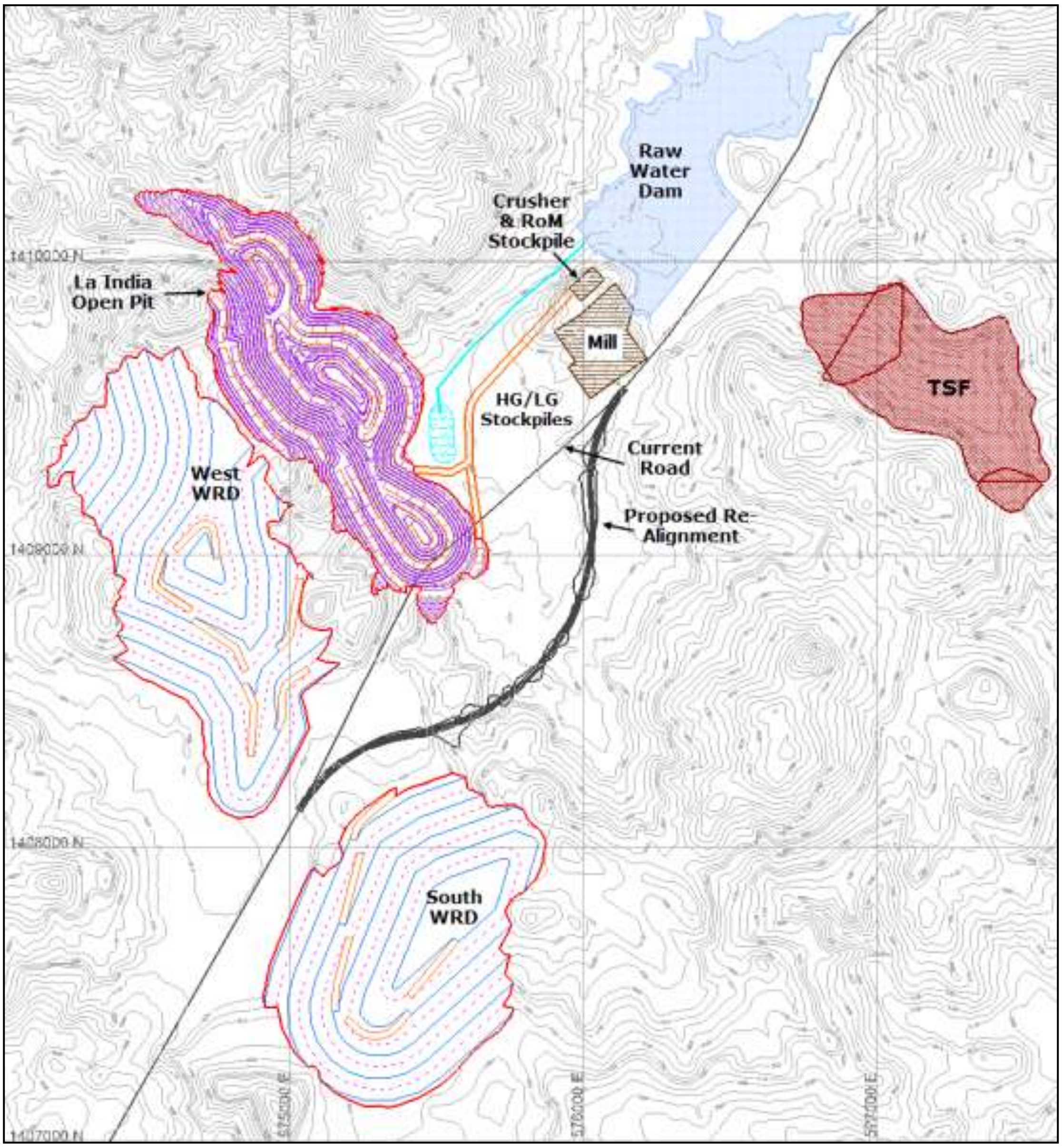


Figure 15-11: Pre-Feasibility Study - Mine Site Layout

Pit Phasing and Mine Design

The engineered final and cutback designs have been designed in order to verify the technical feasibility of the optimised pit shells. The engineered pit designs are based on the selected 1,250 USD/oz pit shell. The design criteria for the open pit are shown in Table 15-5 below..

Table 15-5: Base Case – Open Pit Design Criteria

Project Parameters	Units	90t Truck Fleet	36t Truck Fleet
Truck Turning Radius	(m)	14.2	10.2
Minimum Mining Width	(m)	30	20
Road Width (Dual Lane)	(m)	23	17
Road Width (Single Lane)	(m)	16	12
Ramp Grade	(%)	10	10

The La India WRD designs have been engineered based on the waste inventory within the designed pits. Wherever possible backfill into the mined out pit areas was considered to minimise the WRD footprints.

The pit design quantities and grades are presented in Table 15-6 with the cutback sequence shown in Figure 15-12.

Table 15-6: PFS - Pit Design Cutback Quantities and Grade

La India Phase	Total (Mt)	Waste (Mt)	Mill Feed* (Mt)	(g/t Au)	(g/t Ag)	Strip Ratio (t:t)
Cutback 1	34.1	30.7	3.4	2.6	5.2	9.1
Cutback 2	14.8	13.7	1.1	4.0	6.7	12.6
Cutback 3	26.6	24.9	1.6	3.1	4.7	15.3
Cutback 4	26.0	25.1	0.9	3.1	5.4	29.3
Total	**101.5**	**94.5**	**6.9**	**3.0**	**5.3**	**13.6**

*Note: Includes Indicated Mineral Resources only at 0.75 g/t Au cut-off. Cutback 1 includes pre-strip material

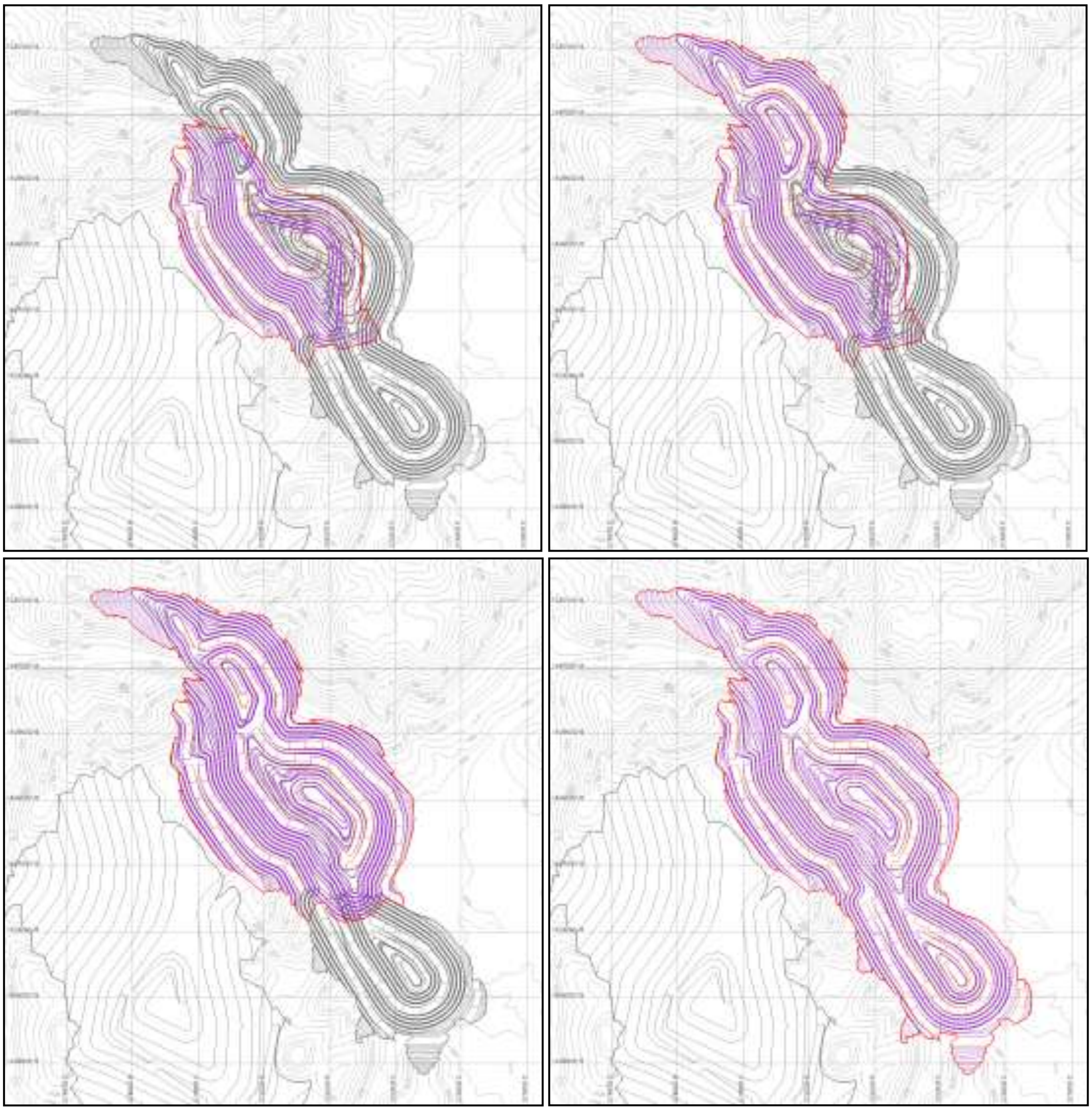


Figure 15-12: Base Case - La India Open Pit Cutback Designs

Life of Mine Plan

The PFS mining schedule was produced using the Deswik Scheduler, Landform, and Haulage Modules. The mine schedule has been produced in quarterly periods for the first four years and in annual periods thereafter. The open pit mining and mill feed schedules are shown in Table 15-7 and Table 15-8 respectively. The pre-production waste stripping begins at the top of the western hillside. Due to the hard nature of the surface rock, a cut and fill access ramp has been proposed to access the upper levels. The access ramp requires 161k bcm of cut, which will require drill and blast, and 278k lcm of fill.

Table 15-7: Base Case – Life of Mine Plan Physicals

Mining Physicals	Units	Total	-2	-1	1	2	3	4	5	6	7	8	9
Total Material Movement	**(kt)**	**102,892**	**1,500**	**5,730**	**8,870**	**12,595**	**17,000**	**17,018**	**16,812**	**14,050**	**7,109**	**1,586**	**621**
Ex-Pit Summary													
Expit Rock Mined	(kt)	101,471	1,500	5,730	8,832	12,595	17,000	17,018	16,812	14,050	6,993	942	0
Stripping Ratio	(t:t)	13.6	0.0	149.8	9.4	10.4	14.2	20.1	15.1	11.4	9.2	5.0	0
Expit Waste	(kt)	94,529	1,500	5,692	7,982	11,489	15,879	16,210	15,767	12,914	6,309	786	0
Expit Mill Feed	(kt)	6,942	0	38	849	1,106	1,121	808	1,045	1,136	683	156	0
High Grade	(kt)	4,248	0	10	433	585	677	579	564	775	516	108	0
Low Grade	(kt)	2,694	0	28	416	521	444	229	481	360	167	47	0
Stockpile Reclaim	(kt)	1,420	0	0	38	0	0	0	0	0	117	644	621
High Grade	(kt)	21	0	0	10	0	0	0	0	0	0	0	11
Low Grade	(kt)	1,399	0	0	28	0	0	0	0	0	117	644	610

Table 15-8: Base Case – Mill Feed Schedule

Processing Schedule	Units	Total	1	2	3	4	5	6	7	8	9
Total Mill Feed	**(kt)**	**6,942**	721	800	800	800	800	800	800	800	621
	(g/t Au)	**3.02**	2.6	2.9	3.3	3.5	4.1	4.0	3.5	1.6	1.2
	(g/t Ag)	**5.31**	5.0	5.8	6.5	6.1	6.1	6.0	6.0	3.1	2.5
High Grade	**(kt)**	**4,248**	443	585	677	579	564	764	516	108	11
	(g/t Au)	**4.2**	3.6	3.6	3.7	4.4	5.4	4.1	4.8	4.1	3.3
	(g/t Ag)	**5.9**	5.2	5.8	6.5	6.1	6.1	6.0	6.0	3.1	2.5
Low Grade	**(kt)**	**2,694**	278	215	123	221	236	36	284	692	610
	(g/t Au)	**1.2**	1.2	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
	(g/t Ag)	**6.4**	6.1	6.8	7.3	7.5	7.5	6.1	7.9	7.1	3.8

Mining Equipment and Operations

The mining equipment schedule has been based on a contractor operation. The majority of the equipment requirements have been developed by a Mining Contractor (the “Mining Contractor”) who are currently operating in the Central American region. The Mining Contractor was provided with the following schedule information from SRK: site conditions, ex-pit material movements, rehandle requirements, haulage travel times and distances and drill and blast volumes.

The Mining Contractor has based its estimates on an 11 m^3 waste shovel (Komatsu PC1250) with 91 t haul trucks (Caterpillar 777F). The Mining Contractor has assumed a 4.6 m^3 loading unit (Caterpillar 390) with 53 t haul trucks (Caterpillar 773F). A summary of the mining fleet requirements is shown in Table 15-9.

Table 15-9: Pre-Feasibility Study - Mining Fleet Estimate

Equipment Type	Make	Model	Description	Fleet Maximum
Primary Shovel	Komatsu	PC1250-8	Diesel Hydraulic Backhoe 11 m^3 class	1
Secondary Shovel	CAT	390 DL	Diesel Hydraulic Backhoe 5.4 m^3 class	2
Primary Loader	CAT	988H	Wheel Loader 5-6 m^3	1
Primary Truck	CAT	777F	Haul truck 91 t	8
Secondary Truck	CAT	773F	Haul truck 53 t	5
Primary Drill	Sandvik	1500	102 to 152 mm DTH drill	2
Secondary Drill	Sandvik	700	76 to 115 mm DTH drill	1
Track Dozer	CAT	D8T	Track Dozer 300 hp	2
Grader	CAT	16M	Grader 5 m	1
Water Truck	CAT	773	Water Truck	1
Compactor	HAM	3520	Soil Compator	1
Grade Control Drill	Benchmark		89 to 127 mm RC drill	1
Light Vehicle	Benchmark		Light vehicle	8

The blasting activities at the La India operation will be divided into mineralisation and waste production blasts. The blasting parameters used by the Mining Contractor for the budget estimate are shown in Table 15-10.

Table 15-10: Pre-Feasibility Study - Blasting Parameters

Blasting Parameters	Units	Mineralisation	Waste
Bench Height	(m)	5	10
Hole Diameter	(mm)	102	127
Spacing	(m)	2.7	3.7
Burden	(m)	3.4	4.6
Stemming Height	(m)	2.0	2.0
Charge Height	(m)	3.5	8.5
Charge per Hole	(kg)	26	90
Powder Factor	(kg/m^3)	0.51	0.51

15.3.2 PEA Scenario A

Introduction

From a mining perspective, this scenario assesses the upside potential of the Project by extending the open pit mine at La India to exploit the Inferred Mineral Resource and introducing open pit mining at the America and CBZ deposits neither of which were included in the PFS.

Mining Model

Mining recovery and dilution factors for the open pits are based on regularised block models with dimensions of 2.5 m x 2.5 m x 2.5 m for La India and CBZ and 2.0 m x 2.0 m x 2.5 m for America. The variability in the global ore loss and dilution correspond to the mineralisation geometry for the three deposits. La India has narrow mineralisation and therefore is expected to have 11% ore loss and 15% dilution. CBZ has much wider mineralisation and therefore lower ore loss and dilution, 8% and 1%, respectively. America has the narrowest mineralisation, which is reflected in the 7% ore loss and 76% dilution. These modifying factors are reported against an unconstrained model at a 0.7 g/t Au cut-off grade.

Pit Optimisation

SRK has undertaken open pit optimisations for the La India, America and CBZ deposits; a single optimisation scenario has been run for each deposit inclusive of Indicated and Inferred Mineral Resources. Based on the pit optimisation results, strategic planning objectives and the Company’s key policy drivers, the 1,250 USD/oz shell (revenue factor 1.0) was selected for developing the mine design for the La India deposit. The 1,250 USD/oz optimised pit shells have been used as a basis for mine planning at the America and CBZ deposits.

The pit optimisation parameters are shown in Table 15-11. These parameters were representative of the best estimate of cost, recovery and geotechnical parameters at the time of optimisation based on the scoping level findings and benchmarking. The resulting metal price sensitivity curves are shown in Figure 15-13 to Figure 15-15.

Table 15-11: PEA - Pit Optimisation Parameters

Parameters	Units	La India	America	La India
Resource Classification				
Included Resources		Indicated, Inferred	Indicated, Inferred	Inferred
Geotechnical				
Weathered	(°)	35		
North Hangingwall	(°)	47		
North Foot Wall	(°)	48		
Central Hanging Wall	(°)	47	40	40
Central Foot Wall	(°)	47		
South Hanging Wall	(°)	48		
South Foot Wall	(°)	46		
Mining Factors				
Dilution	(%)	0	0	0
Recovery	(%)	100	100	100
Processing				
Recovery Au	(%)	91	94.5	87
Recovery Ag	(%)	69	70.5	NA
Operating Costs				
Average Mining Cost	(USD/t_{moved})	2.46	2.45	2.43
Base Mining Cost	(USD/t_{moved})	2.15	2.15	2.15
Incremental Mining Cost	(USD/t_{moved}/$_{10m}$)	0.03	0.03	0.03
Reference Level (Ore/Waste)	(Z Elevation)	380	400/450	400/440
Processing	(USD/t_{ore})	19.00	19.00	19.00
Tailings	(USD/t_{ore})	0.20	0.20	0.20
G&A	(USD/t_{ore})	5.63	5.63	5.63
	(USDm/yr)	4.50	4.50	4.50

Selling Cost Au	(USD/oz)	10.00	10.00	10.00
Royalty Au	(%)	3.00	3.00	3.00
Royalty Ag	(%)	3.00	3.00	3.00
Metal Price				
Gold	(USD/oz)	1,250	1,250	1,250
Silver	(USD/oz)	20.00	20.00	NA
Other				
Discount Rate	(%)	10	10	10
Cut-Off Grade				
Marginal	(USD/t_{ore})	24.83	24.83	24.83
	(g/t AuEq)	0.7	0.7	0.7

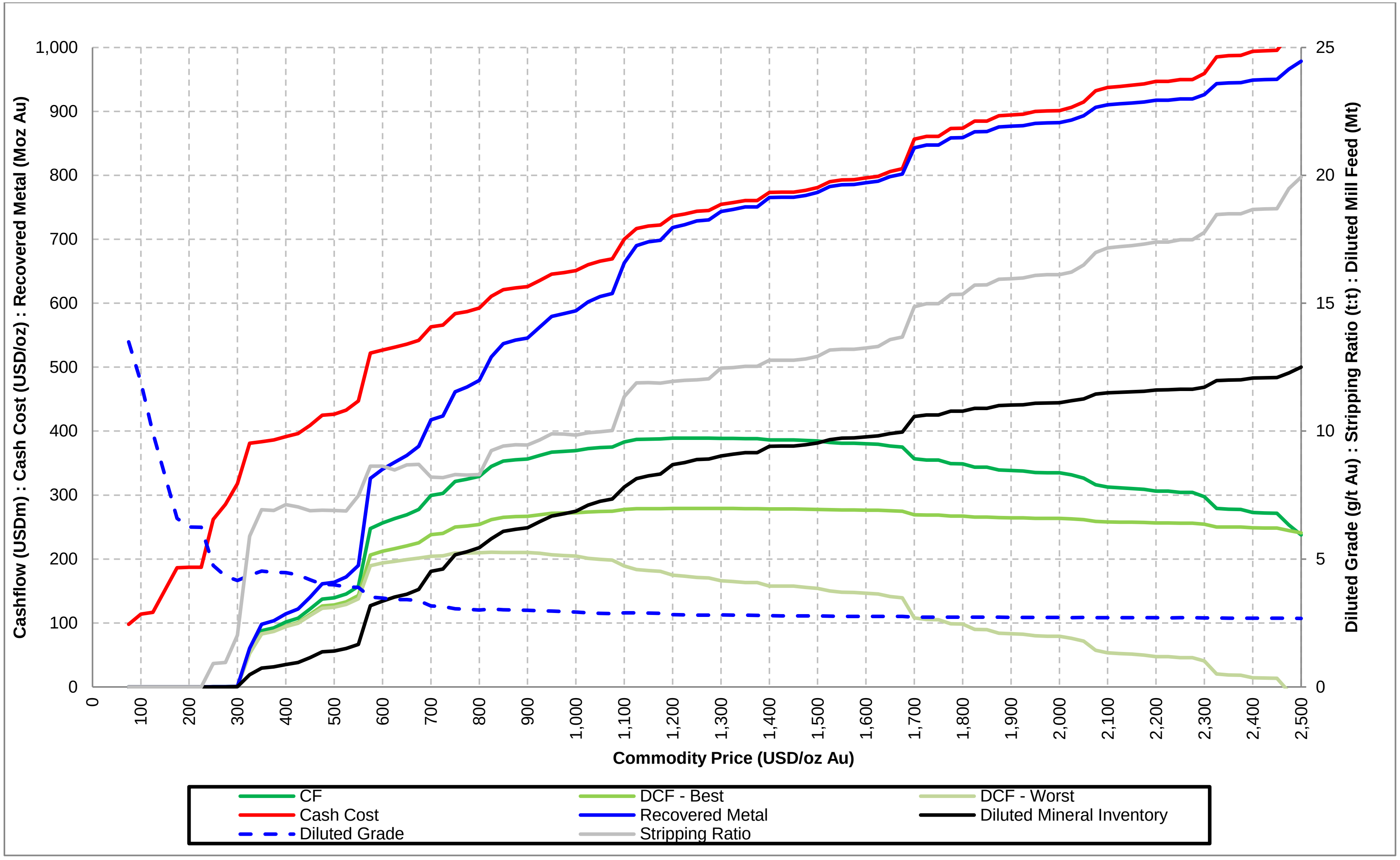


Figure 15-13: PEA - La India Pit Shell Metal Price Sensitivity

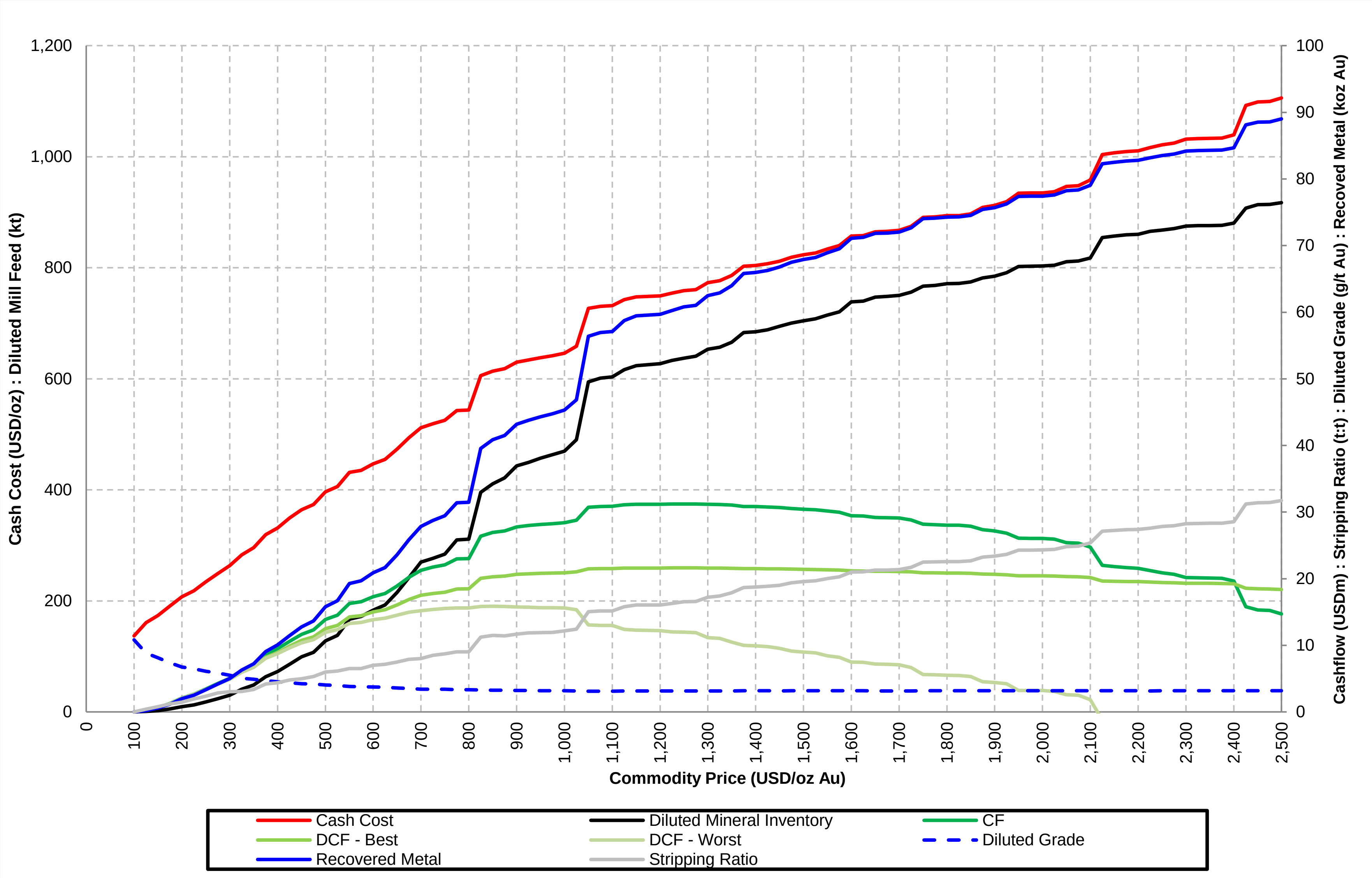


Figure 15-14: **America Pit Shell Metal Price Sensitivity**

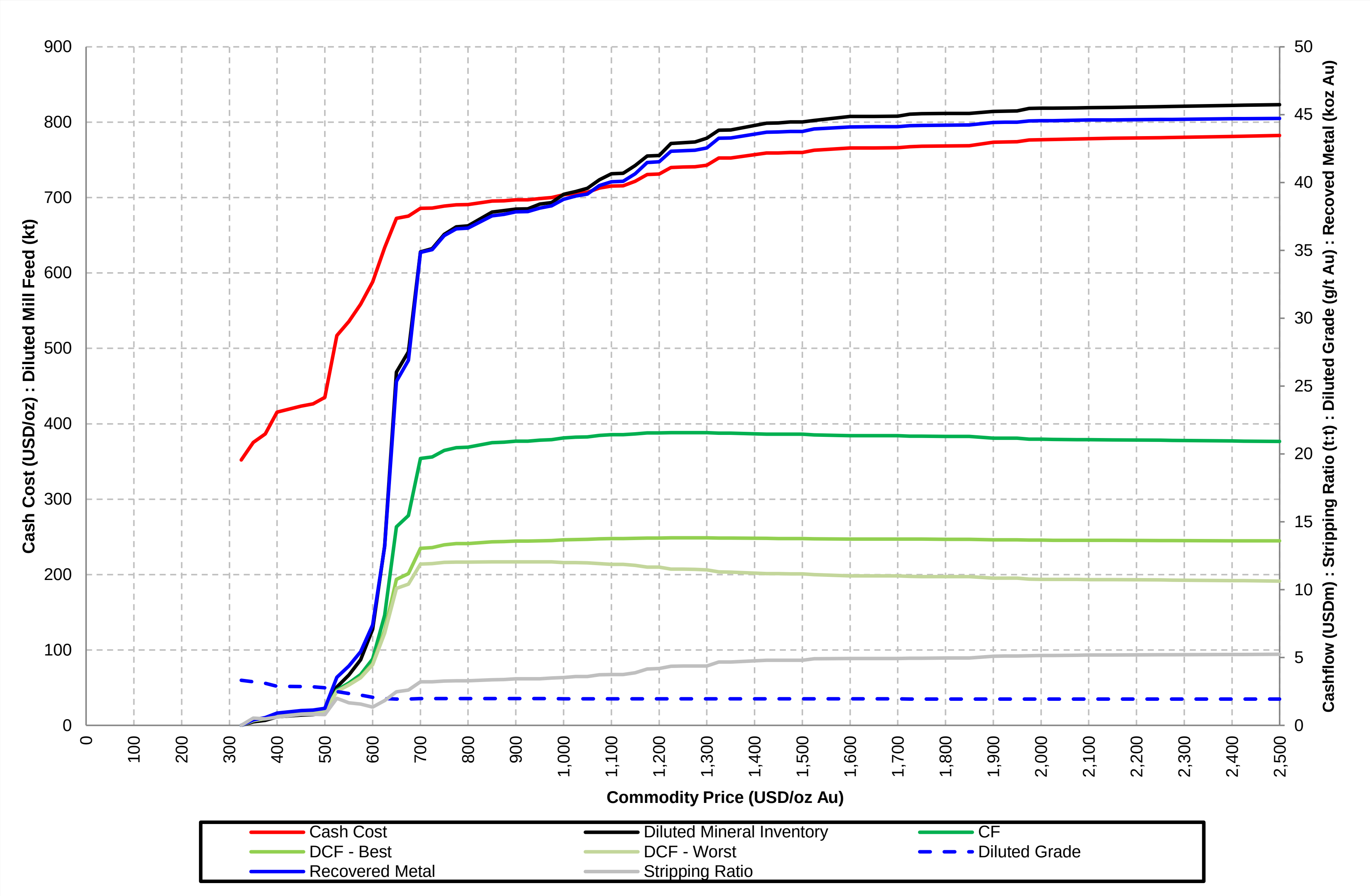


Figure 15-15: CBZ Pit Shell Metal Price Sensitivity

Mine Layout

The envisaged mining operation will consist of a conventional drill, blast, load and haul operation with material hauled to the WRDs, backfill areas, LG stockpile, HG stockpile, RoM stockpile or directly tipped at the crusher. The mine layout is shown in Figure 15-16.

Road layouts have been estimated based on the pit exits of the cutbacks and location of the WRDs, HG and LG stockpiles, RoM stockpile and crusher.

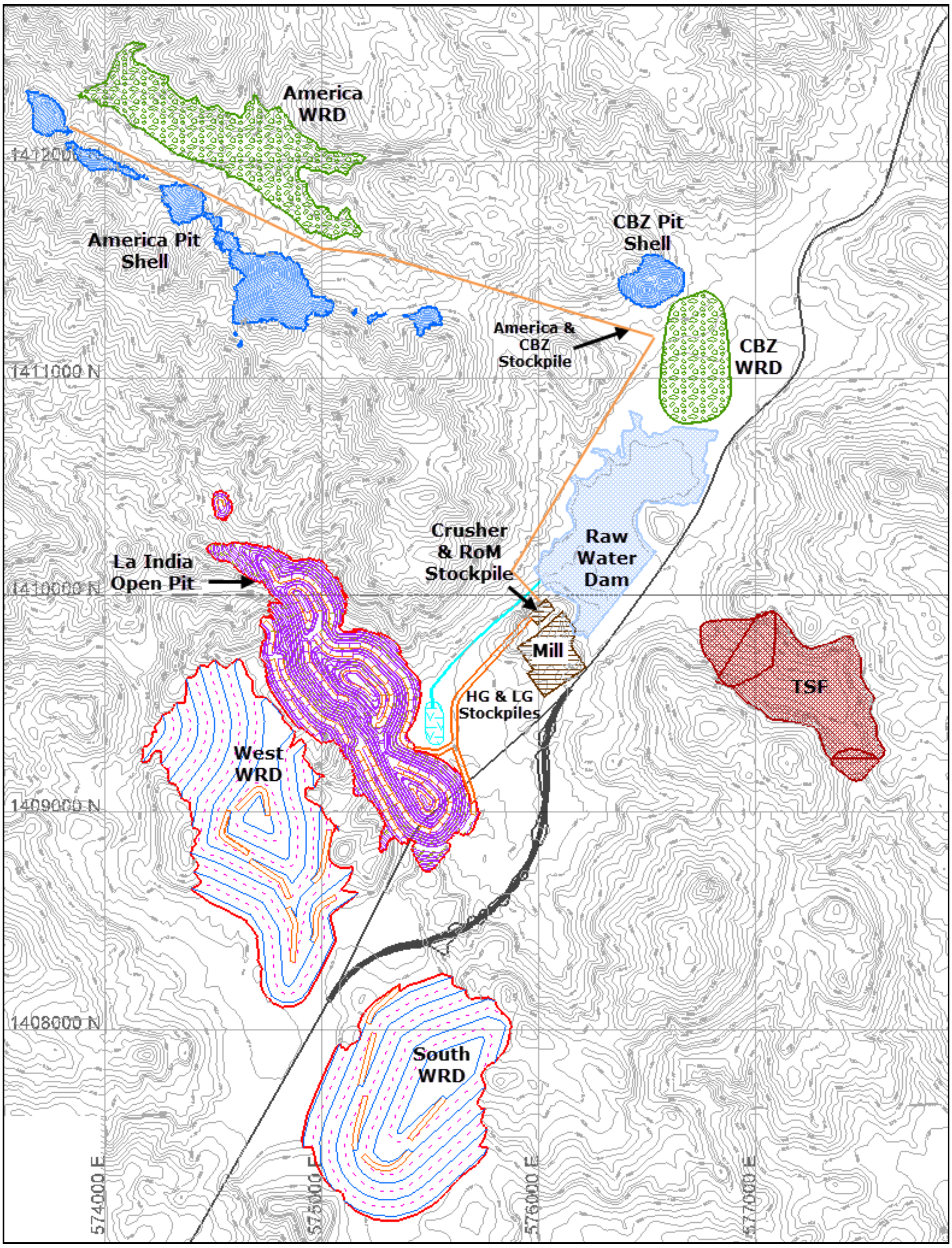


Figure 15-16: PEA - Mine Site Layout

Pit Phasing and Mine Design

The engineered final and cutback designs for La India have been completed in order to verify the technical viability of the optimised pit shells. The engineered pit designs are based on the selected 1,250 USD/oz pit shell. The engineered cutback designs have been modified only slightly from the Base Case, with no significant changes to Cutback 1, 2 or 3, an extension to the south for Cutback 4 and the inclusion of a 5th pit in the north. The design criteria for the La India open pit are not changed from the Base Case.

No engineered pit designs have been completed for America and CBZ, as their contribution to the overall mill feed is limited. Production tonnages and grades reported for these two deposits are therefore based on the optimised pit shells and no modifications have been made to account for engineering losses.

No changes have been made to the WRDs from the PFS cases except for the delineation of likely dumping areas for the America and CBZ deposits.

The tonnages and grades reported from the La India pit design and the America and CBZ optimised pit shells is shown in Table 15-12.

Table 15-12: PEA – Tonnage and Grade by Deposit

Deposit	Total (Mt)	Waste (Mt)	Mill Feed* (Mt)	(g/t Au)	(g/t Ag)	Strip Ratio (t:t)
La India	112.3	104.3	8.1	2.8	4.9	12.9
America	11.2	10.5	0.6	3.1	4.6	16.5
CBZ	4.2	3.4	0.8	2.0	0.0	4.4
Total	**127.7**	**118.2**	**9.5**	**2.8**	**15.4**	**12.5**

*Note: Includes Indicated and Inferred Classified Mineral Resources above a 0.70 g/t Au cut-off

Life of Mine Schedule

The mine schedule was carried out in the Datamine's NPV Scheduler. The mine schedule has been produced in annual increments and the open pit mining and mill feed schedules are shown in Table 15-13 and Table 15-14 respectively.

Table 15-13: PEA Scenario A – Open Pit Life of Mine Plan Physicals

	Units	Project Year Total	-2	-1	1	2	3	4	5	6	7	8
Open Pit Material Movement												
Total Open Pit												
Waste Expit	**(kt)**	**118,178**	**1,501**	**5,651**	**9,146**	**12,371**	**13,384**	**15,520**	**15,406**	**16,932**	**17,070**	**11,195**
Mill Feed Expit	**(kt)**	**9,489**	**0**	**48**	**1,144**	**1,340**	**1,225**	**1,209**	**1,224**	**1,299**	**1,013**	**986**
	(g/t Au)	**2.79**	**0.00**	**1.66**	**2.30**	**2.21**	**2.44**	**2.97**	**3.25**	**2.67**	**3.25**	**3.50**
	(g/t Ag)	**4.51**	**0.00**	**2.45**	**4.37**	**4.18**	**4.83**	**5.17**	**4.98**	**3.47**	**4.64**	**4.68**
Mill Feed Expit to Crusher	**(kt)**	**8,031**	**0**	**0**	**1,052**	**1,120**	**1,106**	**1,016**	**1,043**	**1,027**	**865**	**803**
Mill Feed Expit to Stockpile	**(kt)**	**1,458**	**0**	**48**	**92**	**221**	**118**	**193**	**182**	**272**	**149**	**183**
Stockpile Rehandle	**(kt)**	**1,458**	**0**	**0**	**83**	**80**	**94**	**184**	**157**	**173**	**335**	**351**
La India												
Waste Expit	(kt)	104,251	1,501	5,651	7,948	9,582	10,892	13,984	13,958	14,974	15,435	10,327
Mill Feed Expit	(kt)	8,079	0	48	1,052	1,120	1,106	1,016	1,043	1,027	865	803
	(g/t Au)	2.84	0.00	1.66	2.34	2.19	2.43	3.09	3.37	2.71	3.34	3.64
	(g/t Ag)	4.94	0.00	2.45	4.72	4.67	5.03	5.44	5.22	3.93	5.07	5.75
Mill Feed Expit to Crusher	(kt)	8,031	0	0	1,052	1,120	1,106	1,016	1,043	1,027	865	803
Mill Feed Expit to Stockpile	(kt)	48	0	48	0	0	0	0	0	0	0	0
Stockpile Rehandle	(kt)	48	0	0	0	0	0	0	0	0	0	48
America												
Waste Expit	(kt)	10,547	0	0	973	2,333	2,334	1,296	1,281	1,312	1,017	0
Mill Feed Expit	(kt)	637	0	0	17	77	76	134	149	117	67	0
	(g/t Au)	3.14	0.00	0.00	1.89	3.72	3.11	2.69	2.82	3.70	3.47	0.00
	(g/t Ag)	4.61	0.00	0.00	2.37	4.85	4.52	5.46	4.41	3.97	4.88	0.00
Mill Feed Expit to Crusher	(kt)	0	0	0	0	0	0	0	0	0	0	0
Mill Feed Expit to Stockpile	(kt)	637	0	0	17	77	76	134	149	117	67	0
Stockpile Rehandle	(kt)	637	0	0	17	77	76	134	149	117	67	0
CBZ												
Waste Expit	(kt)	3,380	0	0	225	457	158	241	168	645	618	869
Mill Feed Expit	(kt)	773	0	0	76	143	43	59	32	155	82	183
	(g/t Au)	1.96	0.00	0.00	1.76	1.54	1.54	1.48	1.45	1.64	2.11	2.92
	(g/t Ag)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mill Feed Expit to Crusher	(kt)	0	0	0	0	0	0	0	0	0	0	0
Mill Feed Expit to Stockpile	(kt)	773	0	0	76	143	43	59	32	155	82	183
Stockpile Rehandle	(kt)	773	0	0	66	3	18	50	8	56	269	303

Table 15-14: PEA Scenario – Mill Feed Schedule

	Units	Project Year Total	-2	-1	1	2	3	4	5	6	7	8	9	10	11	12
Deposit Mill Feed																
Total Open Pit	**(kt)**	**9,489**	**0**	**0**	**1,135**	**1,200**	**1,200**	**1,200**	**1,200**	**1,200**	**1,200**	**1,154**	**0**	**0**	**0**	**0**
	(g/t Au)	**2.79**	**0.00**	**0.00**	**2.30**	**2.29**	**2.46**	**2.98**	**3.29**	**2.75**	**2.98**	**3.24**	**0.00**	**0.00**	**0.00**	**0.00**
	(g/t Ag)	**4.51**	**0.00**	**0.00**	**4.41**	**4.67**	**4.92**	**5.21**	**5.08**	**3.75**	**3.92**	**4.10**	**0.00**	**0.00**	**0.00**	**0.00**
	(koz Au)	**850**	**0**	**0**	**84**	**88**	**95**	**115**	**127**	**106**	**115**	**120**	**0**	**0**	**0**	**0**
	(koz Ag)	**1,376**	**0**	**0**	**161**	**180**	**190**	**201**	**196**	**145**	**151**	**152**	**0**	**0**	**0**	**0**
La India	(kt)	8,079	0	0	1,052	1,120	1,106	1,016	1,043	1,027	865	851	0	0	0	0
	(g/t Au)	2.84	0.00	0.00	2.34	2.19	2.43	3.09	3.37	2.71	3.34	3.52	0.00	0.00	0.00	0.00
	(g/t Ag)	4.94	0.00	0.00	4.72	4.67	5.03	5.44	5.22	3.93	5.07	5.56	0.00	0.00	0.00	0.00
	(koz Au)	737	0	0	79	79	86	101	113	89	93	96	0	0	0	0
	(koz Ag)	1,282	0	0	160	168	179	178	175	130	141	152	0	0	0	0
America	(kt)	637	0	0	17	77	76	134	149	117	67	0	0	0	0	0
	(g/t Au)	3.14	0.00	0.00	1.89	3.72	3.11	2.69	2.82	3.70	3.47	0.00	0.00	0.00	0.00	0.00
	(g/t Ag)	4.61	0.00	0.00	2.37	4.85	4.52	5.46	4.41	3.97	4.88	0.00	0.00	0.00	0.00	0.00
	(koz Au)	64	0	0	1	9	8	12	14	14	7	0	0	0	0	0
	(koz Ag)	94	0	0	1	12	11	24	21	15	10	0	0	0	0	0
CBZ	(kt)	773	0	0	66	3	18	50	8	56	269	303	0	0	0	0
	(g/t Au)	1.96	0.00	0.00	1.76	1.54	1.54	1.48	1.45	1.64	1.68	2.43	0.00	0.00	0.00	0.00
	(g/t Ag)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(koz Au)	49	0	0	4	0	1	2	0	3	15	24	0	0	0	0
	(koz Ag)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Mining Equipment and Operations

No estimate of the mining fleet requirements have been undertaken for the open pit PEA case. The mining is assumed to be undertaken using contract mining using the same type of fleet proposed in the PFS study.

15.3.3 PEA Scenario B

Introduction

In summary, Scenario B comprises Scenario A with the addition of greater milling capacity to accommodate feed from the envisaged underground mining operations at La India and America. The open pit mining methods, mining models, pit optimisations, mine layouts, pit design, life of mine schedule and equipment selection remain unchanged from Scenario A expect for minor differences in stockpile movements to integrate the open pit and underground mine schedules. The following section outlines the underground mining assessment undertaken to establish Scenario B and presents a combined open pit and underground mill feed schedule.

The scope of the underground mining assessment for the present study is limited to conceptual level work to exploit the America, Guapinol, La India, Teresa, Agua Caliente and Arizona veins.

Figure 15-17 shows the relative locations of the veins under consideration.

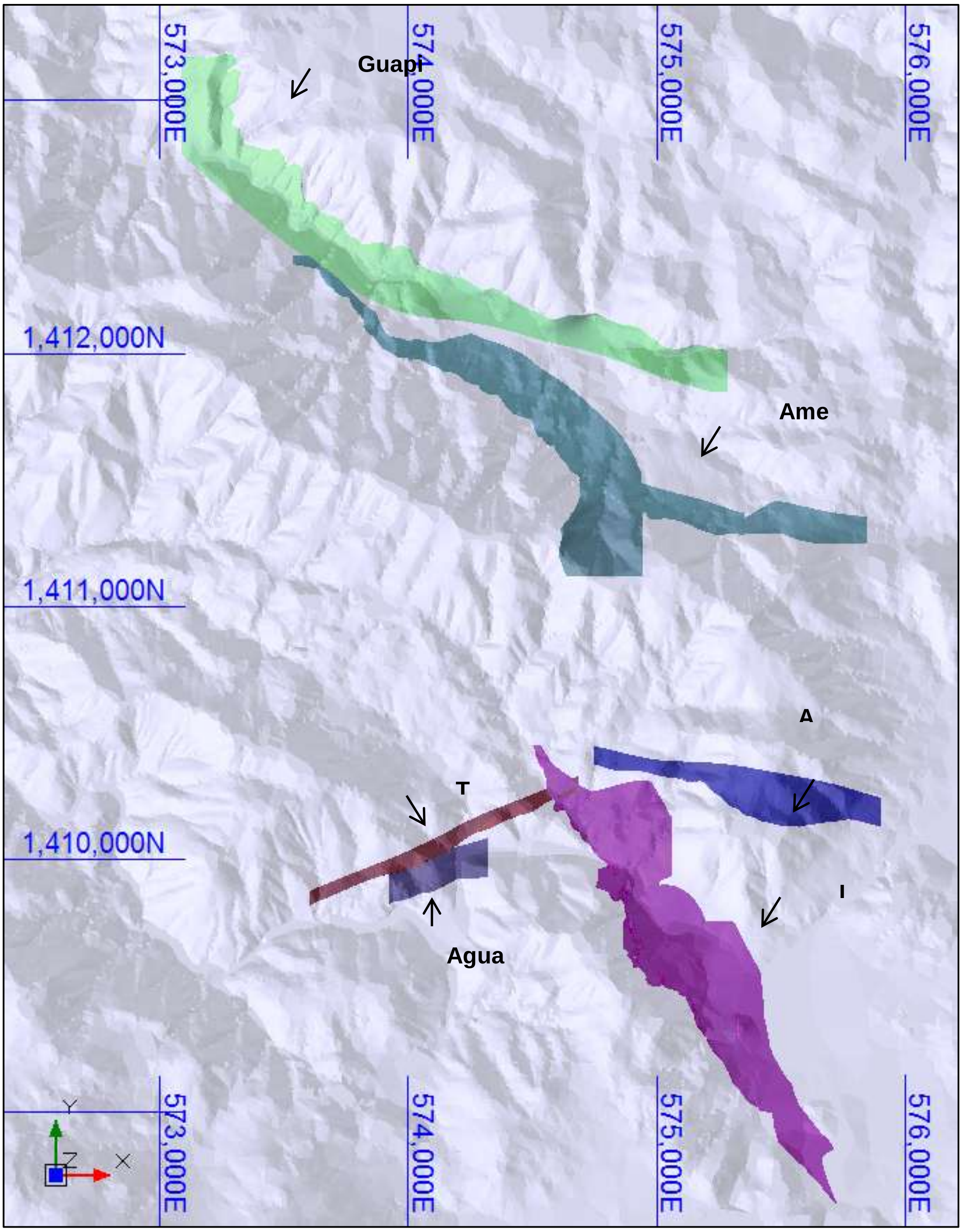


Figure 15-17: La India Concession Veins

Underground Mining Method Selection

Underground mining method selection is determined by the geological and geotechnical characteristics of a deposit. Given the limited data available in this case, the mining method selection was informed by benchmarking geologically and regionally similar projects.

Determination of an appropriate mining method for any deposit depends on a number of inter-related factors. These fall broadly into three categories, namely:

- Physical characteristics, such as depth, geometry, and grade distribution;

- Production considerations, for instance target tonnages and feed grades; and
- Environmental considerations, such as subsidence, groundwater inflows and local workforce skill levels.

The Nicholas Method provides a quantitative approach to mining method selection by ranking the various mining methods against the physical characteristics of a deposit. SRK has applied a modified approach to the Nicholas Method called the UBC (University of British Columbia) Method (Miller-Tait et al 1995). This method provides a starting point for mining method consideration.

In undertaking the UBC Method, SRK used the input parameters outlined in Table 15-15. 'Ore Thickness' varies considerably over the deposit and demonstrates thicknesses of 'very narrow (<3 m)' and 'narrow (3 to 10 m)'. On a preliminary basis 'narrow (3 to 10 m)' was applied; applying 'very narrow (<3 m)' has only a negligible impact on the results. Table 15-16 highlights the four mining methods most favoured using the UBC Method.

Table 15-15: Fixed Inputs for UBC Method

Parameter	Input
General Shape	Platy-Tabular
Ore Thickness	Narrow (3 to 10 m)
Grade Distribution	Erratic
Ore Plunge	Steep (>55°)
Depth	Intermediate (100 to 600 m)
Rock Mass Rating: Ore Zone	Weak (20 to 40)
Rock Mass Rating: Hangingwall	Weak (20 to 40)
Rock Mass Rating: Footwall	Weak (20 to 40)
Rock Substance Strength: Ore Zone	Weak (5 to 10)
Rock Substance Strength: Hangingwall	Weak (5 to 10)
Rock Substance Strength: Footwall	Weak (5 to 10)

Table 15-16: Results of UBC Method

Ranking	Mining Method
1	Cut and Fill (38)
2	Square Set Stoping (27)
3	Shrinkage Stoping (21)
4	Sub-Level Stoping (20)

Cut and fill mining and square set stoping are the highest ranking underground methods followed by shrinkage stoping and sub-level stoping. Square set stoping is rarely used in modern mines. Descriptions of the other methods are presented below.

Due to the limited geotechnical information available, no definitive conclusions can be made on the mining methods to be applied. All three mining methods discussed have their advantages and disadvantages with potential applications at the La India deposits.

The selected mining method will be required to follow the pinch and swell of the deposit but also meet the production requirements.

There are some preliminary concerns regarding the strength of the rock mass within the mineralised zones that will form the roof of any excavation and waste material in the hangingwall. Shrinkage stoping puts workers in the stope at a greater exposure to the risks of ground falls; the risk is exacerbated in weak ground conditions as there is unlikely to be much active ground support (bolts, shotcrete, etc). The low mechanisation of the method will also limit production rates.

Cut and fill will be the most expensive method due to the need for supplying, transporting and placing fill. However, the method is considered safer, provides more ore selectivity and can provide better resource recovery. The additional time for placement and curing of fill extends a stope cycle time and increases the number of mining activities to be scheduled. However, it is a fully mechanised method that will be suitable for variable geology.

In localised areas where rock conditions are more favourable and veins are wider, sublevel stoping may be applied to improve productivity and reduce costs. The use of backfill will improve recovery of the Mineral Resource, but at a higher cost.

Whilst previous studies have suggested shrinkage stoping, review of the available geotechnical data makes this method less favourable as the rock mass has been found to be weaker than originally anticipated based on recent drilling. At this stage, cut and fill is the most likely candidate given its operational flexibility and high selectivity, which would enable preferential mining of high grade material in the veins while minimising dilution (both internal and external) and maximising recovery.

On the basis of this assessment, SRK has applied mechanised cut and fill mining as the preferred mining method for the purposes of this study.

Modifying Factors

SRK has applied modifying factors based on past experience with underground cut-and-fill operations. The use of backfill in the mining method limits the need to leave pillars for stability; the mining recovery factor is limited to losses due to operational aspects such as spillage and blasting underbreak. The mining recovery factor used is 95% of in-situ stope tonnage is applied.

Internal dilution is accounted for in the stope optimisation process, including 0.2m in waste material from the vein contacts (dilution skin). Additional external dilution (at 0% ore grade) from blasting overbreak and backfill ingress into the ore stream is incorporated at a rate (dilution factor) of 5% of mined tonnage is applied.

These factors assume that industry best practices with regard to drilling, blasting and loading will be employed in order to maximise recovery and limit dilution.

Cut-off Grade

Due to the different metallurgical recoveries for the America and La India deposits defined in the metallurgical test work, a separate cut-off grade is estimated for both deposits.

The cut-off grade estimates assume the following inputs:

- Mill Recovery (La India) - Au - 91%;
- Mill Recovery (America) - Au - 93%;
- Gold Price - USD1,250/oz;
- Royalty - 3%; and
- Selling Costs - USD10/oz.

The operating costs are discussed in Section 21.5 and, for underground mining, are estimated at a total of 84.80 USD/t (including mining, processing and general & administrative costs). This equates to a cut-off grade of 2.41 g/t Au for La India and 2.32 g/t Au for America. The sensitivity of this cut-off grade against metal price and mining costs for both deposits is demonstrated in the tables below.

Table15-17: Sensitivity of Cut-Off Grade Calculations – La India

	Metal Price				
Mining Cost (USD/t_{ore})	USD1,050/oz (USD30.6/g)	USD1,150/oz (USD33.6/g)	USD1,250/oz (USD36.5/g)	USD1,350/oz (USD39.5/g)	USD1,450/oz (USD42.4/g)
65	2.21 g/t	2.01 g/t	1.85 g/t	1.71 g/t	1.59 g/t
75	2.54 g/t	2.32 g/t	2.13 g/t	1.97 g/t	1.84 g/t
85	2.88 g/t	2.63 g/t	**2.42 g/t**	2.24 g/t	2.08 g/t
95	3.22 g/t	2.94 g/t	2.70 g/t	2.50 g/t	2.33 g/t
105	3.56 g/t	3.25 g/t	2.99 g/t	2.76 g/t	2.57 g/t

Table15-18: Sensitivity of Cut-Off Grade Calculations – America

	Metal Price				
Mining Cost (USD/t_{ore})	USD1,050/oz (USD30.6/g)	USD1,150/oz (USD33.6/g)	USD1,250/oz (USD36.5/g)	USD1,350/oz (USD39.5/g)	USD1,450/oz (USD42.4/g)
65	2.12 g/t	1.94 g/t	1.78 g/t	1.65 g/t	1.53 g/t
75	2.45 g/t	2.23 g/t	2.05 g/t	1.90 g/t	1.77 g/t
85	2.78 g/t	2.53 g/t	**2.33 g/t**	2.15 g/t	2.00 g/t
95	3.10 g/t	2.83 g/t	2.60 g/t	2.41 g/t	2.24 g/t
105	3.43 g/t	3.13 g/t	2.88 g/t	2.66 g/t	2.48 g/t

For the purposes of this study, SRK has used a base case gold cut-off grade of 2.42g/t Au for underground mining of La India and 2.33 g/t Au for America.

Equivalent gold grades that take into account the economic benefit derived from recoverable silver were added into the resource block models. The equivalency is based on a US$20/oz Ag metal price, with a 3% royalty and 69% metallurgical recovery.

Operating Strategy

At this level of study, no mine designs or equipment selection studies have been completed. Given the mountainous terrain and overlying open pits, it has been assumed that:

- the mine would be accessed via decline driven into the mountainside or pit wall;
- ore would be trucked to surface;

- modern mechanised mining equipment such as drill jumbos would be used; and the mines' workforce will primarily be from the local area with minimal expatriate staff..

Underground Optimisation

Identification of underground stoping areas has been undertaken on each of the mineralised veins included in the Mineral Resource for the La India and America deposits. It is limited to those zones below the proposed open pit mining and incorporates both Indicated and Inferred Mineral Resources.

The process was undertaken using the Deswik Stope Optimiser software package. The algorithm uses a spatial framework in conjunction with mine planning parameters such as minimum stope size, cut-off grade, and an expected dilution from FW/HW contacts to produce a set of stope wireframes that contain a mineable tonnage that can be used for technical and economic assessment.

The input parameters used for the optimisation of the La India and America deposits are detailed below.

Table 15-19: Input Parameters Used for DSO Optimisation

Input Parameter	Value
Cut-Off Grade	2.4 g/t Au (La India)
	2.3 g/t Au (America)
Mining Block Height	30 m
Mining Block Length	10 m
Minimum Mining Width	2.0 m
Hangingwall Dilution Skin	0.2 m
Footwall Dilution Skin	0.2 m
Dilution Grade	0 g/t Au_{eq}
Minimum Pillar Between Parallel Stopes	10 m

The optimisation was performed using sub-blocked geological models. The optimisation is performed on the calculated gold equivalent grade in the block model.

The optimising process considers strike and dip by the geological wireframes for each vein. No dilution grade or "grade halo" effect has been considered for material lying outside of the geological wireframes. The results of the optimisation are summarized in Table 15-20 and Table 15-21 and sectional and plan views through the La India and America underground stopes are presented in Figure 15-18 to Figure 15-21.

SRK notes that these figures include Inferred Mineral Resources and have not been adjusted to account for isolated or smaller pockets of ore that may not be economic to mine. As a result, more detailed mine designs developed from the derived optimiser shapes are likely to have a lower tonnage than suggested in the table. However, this approach is considered adequate for the purpose of a preliminary investigation.

Table 15-20: Results of Underground Stope Optimisation Expressed in In-Situ Terms

Vein	Indicated					Inferred					Waste
	In-Situ Rock (kt)	Au Metal (koz)	Au Grade (g/t)	Ag Metal (koz)	Ag Grade (g/t)	In-Situ Rock (kt)	Au Metal (oz)	Au Grade (g/t)	Ag Metal (oz)	Ag Grade (g/t)	Tonnes
Arizona	0.0	0	0.0	0	0.0	233.7	35	4.7	0	0.0	51.6
Agua Cal	0.0	0	0.0	0	0.0	36.7	11	9.1	0	0.0	24.9
La India	438.8	78	5.5	175	12.4	681.7	127	5.8	270	12.3	180.8
Teresa	0.0	0	0.0	0	0.0	52.3	21	12.7	0	0.0	54.1
America	248.3	64	8.0	37	4.6	575.2	112	6.0	138	7.4	405.5
Guapinol	0.0	0	0.0	0	0.0	364.6	65	5.6	0	0.0	180.3
Total	**687.1**	**142**	**6.41**	**212**	**9.60**	**1,944.2**	**371**	**5.94**	**408**	**6.52**	**897.3**

Table 15-21: Results of Underground Stope Optimisation Expressed as ROM

Vein	Tonnes (kt)	Au Metal (koz)	Au Grade (g/t)	Ag Metal (koz)	Ag Grade (g/t)
Arizona	285	33	3.7	0	0.0
Agua Cal	61	10	5.2	0	0.0
La India	1,298	195	4.7	423	10.1
Teresa	106	20	6.0	0	0.0
America	1,226	167	4.2	166	4.2
Guapinol	544	62	3.5	0	0.0
Total	**3,520**	**487**	**4.31**	**589**	**5.20**

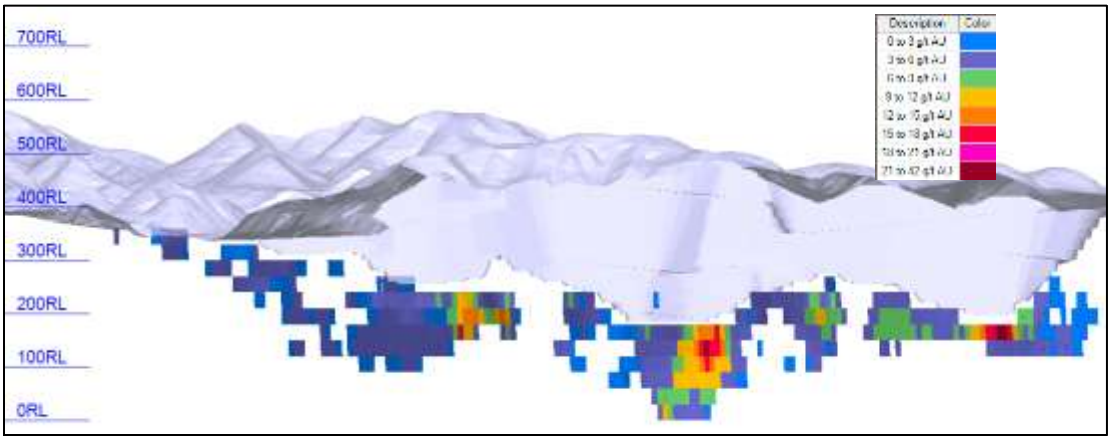


Figure 15-18: Section view of La India Vein underground stopes perpendicular to strike of La India open pit

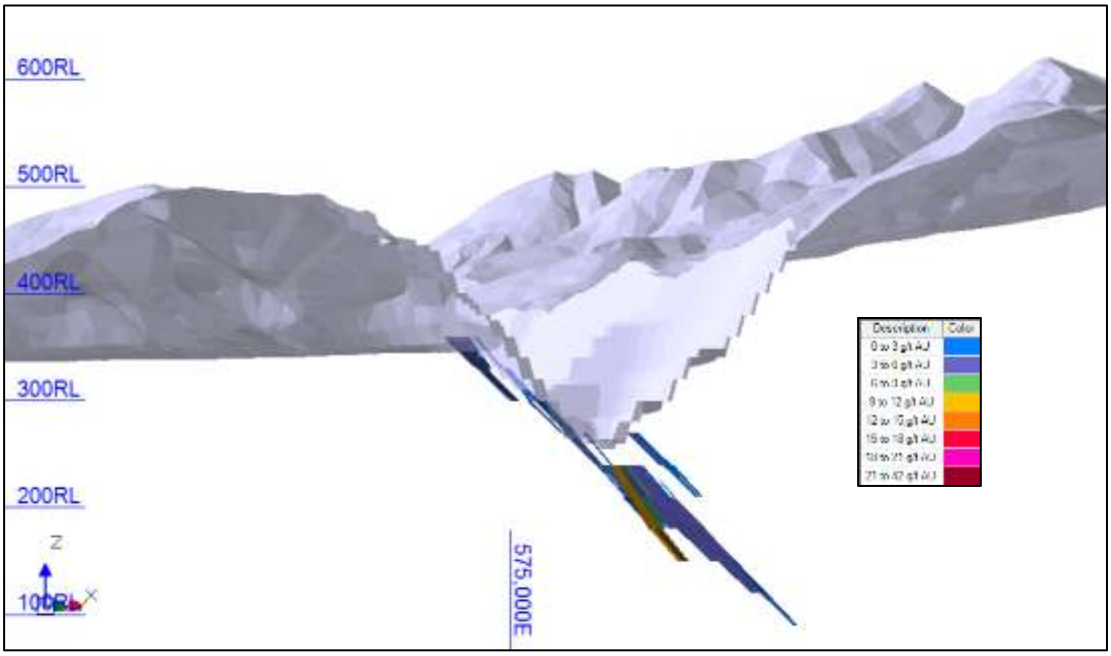


Figure 15-19: Section view of La India underground Stopes along strike of La India open pit

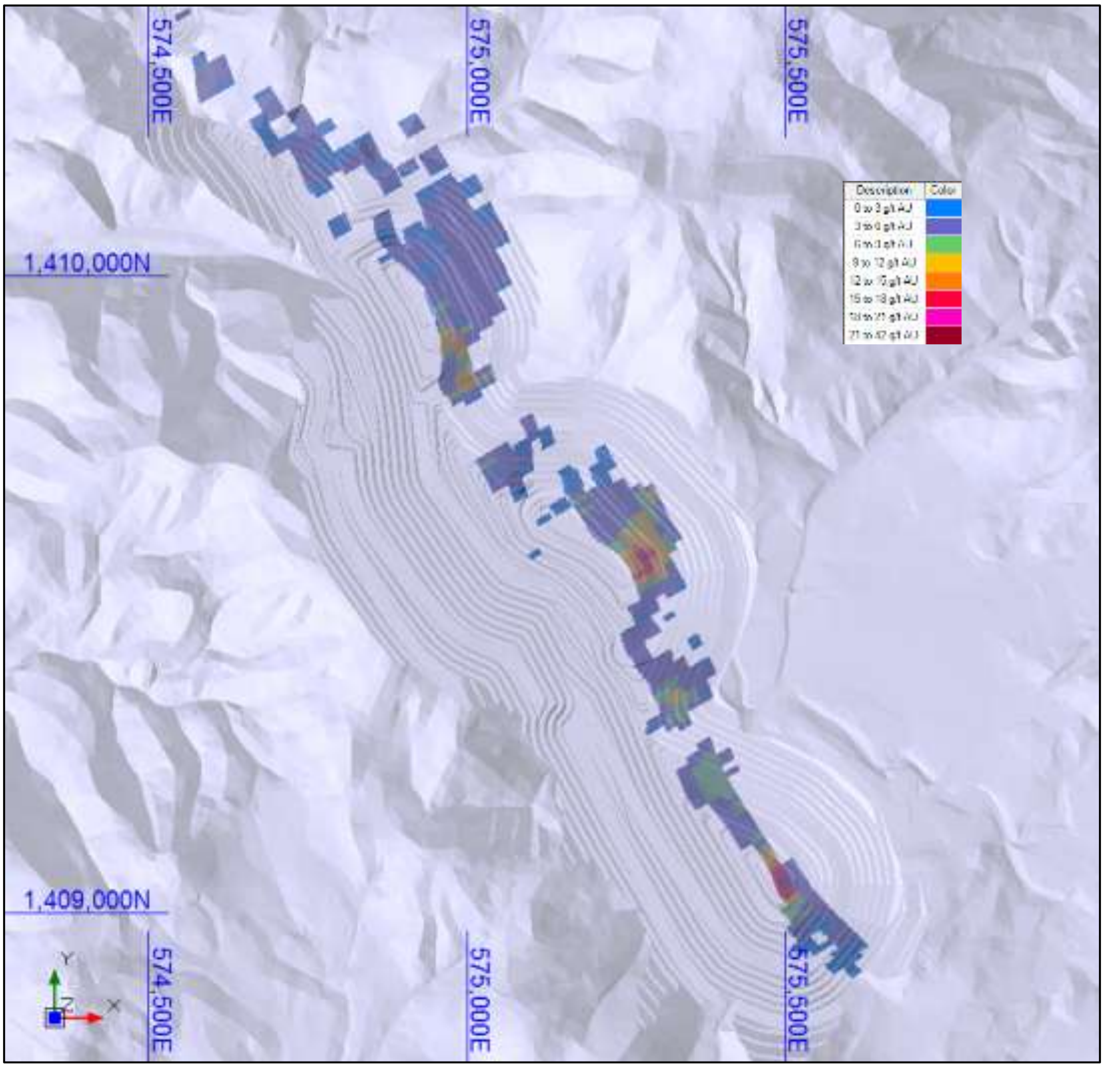


Figure 15-20: Plan view of La India Vein Underground stopes beneath La India open pit

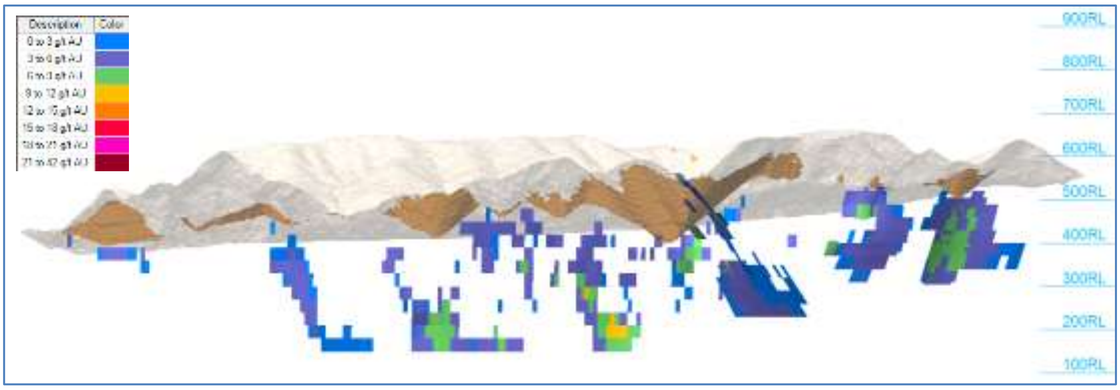


Figure 15-21: Section view perpendicular to strike of America open pit, showing underground stopes

Underground Mine Schedule

The maximum achievable production rate at a mine is usually a function of the number of work areas that can be mined simultaneously and the productivity of the equipment employed. The production rate applied will then be a trade-off between capital costs of the required equipment and the economic returns. This level of detail is rarely available prior to a PFS level of study. Consequently, benchmarking and comparative methods are more commonly applied to determine estimates for production rates in the early stages of a mines development. Two common methods for this are Taylor's Formula and Tatman's Formula.

The results achieved from Taylor's Formula are considered overly conservative when compared with the vertical advance rate per year so Tatman's Formula has been used as a basis for the analysis.

Tatman's Formula uses multipliers derived from empirical data to predict a vertical rate of mining, and converts this into an annual tonnage using the average tonnage per vertical metre (Tatman 2012). The data from which the multipliers were derived were based on steeply dipping, tabular deposits. The multipliers proposed by Tatman's Formula are listed in Table 15-22.

Table 15-22: Multipliers Proposed by Tatman's Formula

	Rate Multiplier		
Seam Thickness (m)	Low Risk	Medium Risk	High Risk
<5	<20	20 to 50	>50
5 to 10	<50	50 to 70	>70
>10	<30	30 to 70	>70

A medium risk approach has been applied to this study as:

- Limited geotechnical data is available to finalise the stope design, mining method or understand the technical complexity face when extracting the ore;
- There is no history of mining at rates better than industry standards within the local mining industry from which experienced miners can be drawn;
- Condor currently has no operating mines from which the relative performance of the company can be assessed;

- No additional capital has been allowed for to establish a mine operating at better than industry standard; and
- The Mineral Resource is distributed over a small number of thin veins suggesting that the practical limit to extraction rate will be development.

The production rates estimated using Tatman's Formula are provided in Table 15-23.

Table 15-23: Tatman's Formula Calculations

MSO Block Model	Low Risk (ktpa)	Medium Risk (ktpa)	High Risk (ktpa)
La India	76	133	189
Arizona	24	42	59
Agua Caliente	11	20	28
Teresa	18	31	44
America	60	105	150
Guapinol	45	79	114

As a basis for the schedule, SRK has limited the production rates used in the life of mine plan to those proposed using Tatman's Formula with medium risk strategy of 35 vertical metres advance per year. Geographically, the different veins are centred around different regions. Consequently, SRK has broken the considered underground Mineral Resource into two veinsets: La India and America. Each of these veinsets is treated as an independent operation, sharing infrastructure and feeding a central processing facility; the estimated production rate from each area is summarized in Table 15-24.

Table 15-24: Maximum Production Rate for Each Mine

Mine	Production Rate (ktpa)
La India	225
America	185
Total	**410**

SRK recommends that future studies develop suitable production rates using the productivity of selected equipment and availability of mining blocks taking into consideration the limitation imposed by lateral and vertical development, and stope filling requirements.

Underground Life of Mine Plan

The following assumptions have been made for the proposed life of mine plan:

- Underground production rates are unaffected by open pit production;
- Underground mining from the La India-California vein can be undertaken in parallel with open pit production using a crown pillar, which is assumed to be mined after depletion of the open pit Resources;
- Underground production begins at the same time as open pit production and should be planned to finish close to when the pits finish, for a targeted mine life of 12 years;
- Where possible, priority is given to mining the areas with the highest available grade;
- Mining sequence is bottom-up, with no sill pillars;
- The underground run-of-mine will be supplemented with material from the open pits, to provide a mill feed of 1.2Mtpa.

The stope shapes from the stope optimisation process formed the basis of the underground mine plan and schedule. Stope wireframes were grouped by veinset, vein and level, then sequenced from the bottom up in order to model the variability of the head grade over the life of the mine. Production rates for each vein were applied to the relevant stopes and a steady production rate from each veinset was targeted. A summary of the underground mine schedule for each veinset is presented in Figure 15-22 and Figure 15-23. A summary of the total material produced from underground sources is presented in Figure 15-24.

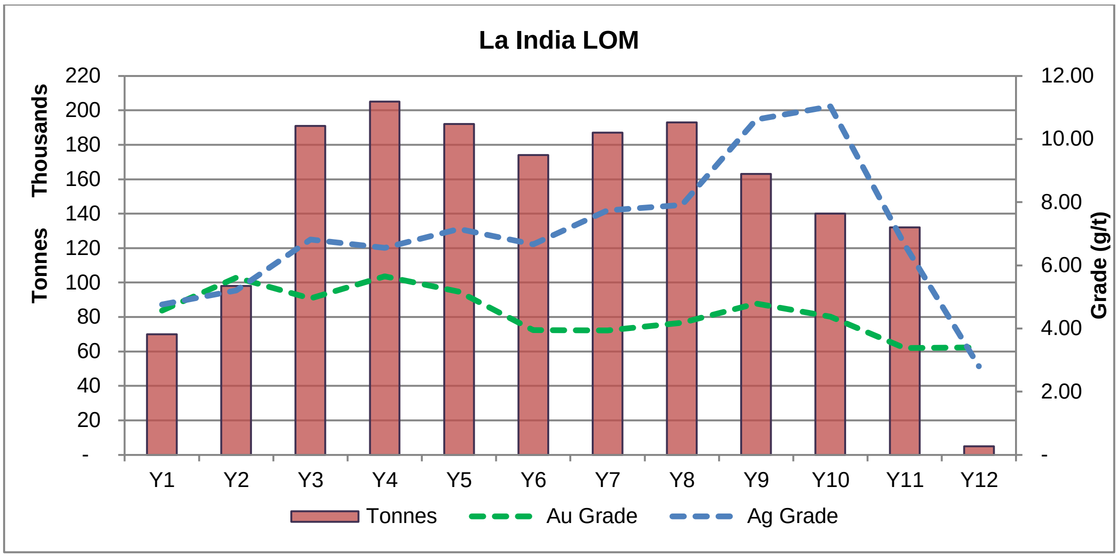


Figure 15-22: La India Underground Mine Schedule

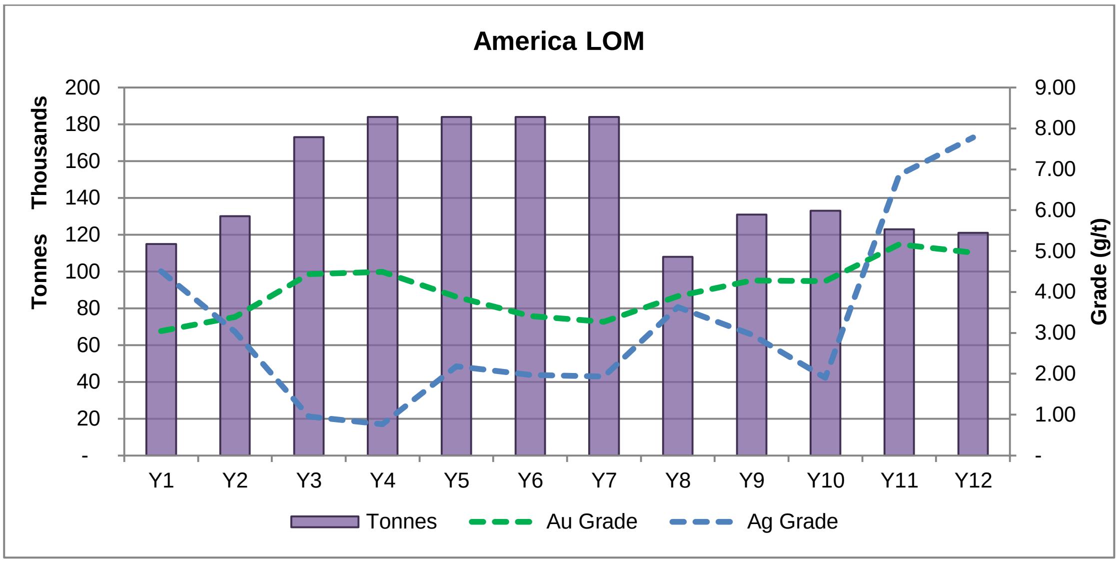


Figure 15-23: America Underground Mine Schedule

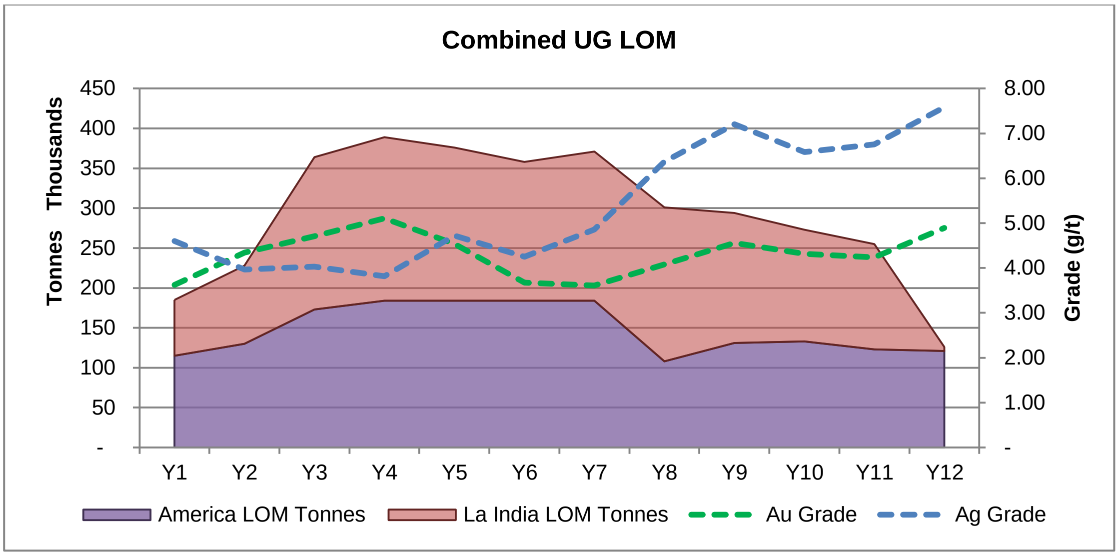


Figure 15-24: Combined UG Mine Plan

The two mines have similar production profiles, with peak production in the fourth year of mining. The production rate decreases as smaller veins, such as Teresa and Agua Caliente in the La India UG mine are depleted. The peaks and troughs in head grade from each mine complement each other to produce a combined underground feed head grade that varies between 4 and 5 g/t over the life of mine, with higher grade material mined in the first five years and in the last three years of the 12 year mine life. The silver grade increases over the life of mine, but as only the La India and America block models were updated to include silver in the block model estimation this information is incomplete.

Further scheduling work should assess potential for mining high grade material earlier in order to improve early cash flow and thereby improve the project's financial performance.

Combined Mill Schedule

The combined open pit and underground mining physicals schedules and mill feed schedule are shown in Table 15-25 and Table 15-26.

Table 15-25: PEA Scenario B– Open Pit and Underground Life of Mine Plan Physicals

	Units	Project Year Total	-2	-1	1	2	3	4	5	6	7	8	9	10	11	12
Open Pit Mining																
Total Open Pit																
Waste Expit	**(kt)**	**118,178**	**1,501**	**5,651**	**9,146**	**12,371**	**13,384**	**15,520**	**15,406**	**16,932**	**17,070**	**11,195**	**0**	**0**	**0**	**0**
Mill Feed Expit	**(kt)**	**9,489**	**0**	**48**	**1,144**	**1,340**	**1,225**	**1,209**	**1,224**	**1,299**	**1,013**	**986**	**0**	**0**	**0**	**0**
	(g/t Au)	**2.79**	**0.00**	**1.66**	**2.30**	**2.21**	**2.44**	**2.97**	**3.25**	**2.67**	**3.25**	**3.50**	**0.00**	**0.00**	**0.00**	**0.00**
	(g/t Ag)	**4.51**	**0.00**	**2.45**	**4.37**	**4.18**	**4.83**	**5.17**	**4.98**	**3.47**	**4.64**	**4.68**	**0.00**	**0.00**	**0.00**	**0.00**
Mill Feed Expit to Crusher	**(kt)**	**8,031**	**0**	**0**	**1,052**	**1,120**	**1,106**	**1,016**	**1,043**	**1,027**	**865**	**803**	**0**	**0**	**0**	**0**
Mill Feed Expit to Stockpile	**(kt)**	**1,458**	**0**	**48**	**92**	**221**	**118**	**193**	**182**	**272**	**149**	**183**	**0**	**0**	**0**	**0**
Stockpile Rehandle	**(kt)**	**1,458**	**0**	**0**	**83**	**77**	**118**	**193**	**181**	**216**	**358**	**232**	**0**	**0**	**0**	**0**
La India																
Waste Expit	(kt)	104,251	1,501	5,651	7,948	9,582	10,892	13,984	13,958	14,974	15,435	10,327	0	0	0	0
Mill Feed Expit	(kt)	8,079	0	48	1,052	1,120	1,106	1,016	1,043	1,027	865	803	0	0	0	0
	(g/t Au)	2.84	0.00	1.66	2.34	2.19	2.43	3.09	3.37	2.71	3.34	3.64	0.00	0.00	0.00	0.00
	(g/t Ag)	4.94	0.00	2.45	4.72	4.67	5.03	5.44	5.22	3.93	5.07	5.75	0.00	0.00	0.00	0.00
Mill Feed Expit to Crusher	(kt)	8,031	0	0	1,052	1,120	1,106	1,016	1,043	1,027	865	803	0	0	0	0
Mill Feed Expit to Stockpile	(kt)	48	0	48	0	0	0	0	0	0	0	0	0	0	0	0
Stockpile Rehandle	(kt)	48	0	0	0	0	0	0	0	0	0	48	0	0	0	0
America																
Waste Expit	(kt)	10,547	0	0	973	2,333	2,334	1,296	1,281	1,312	1,017	0	0	0	0	0
Mill Feed Expit	(kt)	637	0	0	17	77	76	134	149	117	67	0	0	0	0	0
	(g/t Au)	3.14	0.00	0.00	1.89	3.72	3.11	2.69	2.82	3.70	3.47	0.00	0.00	0.00	0.00	0.00
	(g/t Ag)	4.61	0.00	0.00	2.37	4.85	4.52	5.46	4.41	3.97	4.88	0.00	0.00	0.00	0.00	0.00
Mill Feed Expit to Crusher	(kt)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mill Feed Expit to Stockpile	(kt)	637	0	0	17	77	76	134	149	117	67	0	0	0	0	0
Stockpile Rehandle	(kt)	637	0	0	17	77	76	134	149	117	67	0	0	0	0	0
CBZ																
Waste Expit	(kt)	3,380	0	0	225	457	158	241	168	645	618	869	0	0	0	0
Mill Feed Expit	(kt)	773	0	0	76	143	43	59	32	155	82	183	0	0	0	0
	(g/t Au)	1.96	0.00	0.00	1.76	1.54	1.54	1.48	1.45	1.64	2.11	2.92	0.00	0.00	0.00	0.00
	(g/t Ag)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mill Feed Expit to Crusher	(kt)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mill Feed Expit to Stockpile	(kt)	773	0	0	76	143	43	59	32	155	82	183	0	0	0	0
Stockpile Rehandle	(kt)	773	0	0	66	0	43	59	32	98	291	183	0	0	0	0
Underground Mining																
Total Underground	**(kt)**	**3,520**	**0**	**0**	**185**	**228**	**364**	**388**	**376**	**358**	**371**	**301**	**294**	**273**	**256**	**126**
	(g/t Au)	**4.31**	**0.00**	**0.00**	**3.62**	**4.34**	**4.71**	**5.11**	**4.53**	**3.67**	**3.60**	**4.08**	**4.57**	**4.32**	**4.23**	**4.91**
	(g/t Ag)	**5.20**	**0.00**	**0.00**	**4.60**	**3.96**	**4.03**	**3.82**	**4.72**	**4.26**	**4.85**	**6.37**	**7.21**	**6.58**	**6.74**	**7.60**
La India - Mill Feed	(kt)	1,750	0	0	70	98	191	205	192	174	187	193	163	140	132	5
	(g/t Au)	4.60	0.00	0.00	4.57	5.63	4.95	5.66	5.17	3.96	3.93	4.18	4.78	4.36	3.37	3.60
	(g/t Ag)	7.52	0.00	0.00	4.76	5.21	6.81	6.57	7.16	6.68	7.72	7.89	10.60	10.99	6.65	3.01
America - Mill Feed	(kt)	1,769	0	0	115	130	173	184	184	184	184	108	131	133	123	121
	(g/t Au)	4.02	0.00	0.00	3.05	3.37	4.45	4.50	3.87	3.41	3.27	3.91	4.30	4.28	5.14	4.96
	(g/t Ag)	2.91	0.00	0.00	4.51	3.02	0.96	0.77	2.18	1.97	1.93	3.64	2.97	1.91	6.84	7.77

Table 15-26: PEA Scenario B– Mill Feed Schedule

Mill Feed Schedule	Units	Project Year Total	-2	-1	1	2	3	4	5	6	7	8	9	10	11	12
Combined Mill Feed																
Total	**(kt)**	**13,009**	**0**	**0**	**1,320**	**1,425**	**1,589**	**1,597**	**1,600**	**1,600**	**1,594**	**1,336**	**294**	**273**	**256**	**126**
	(g/t Au)	**3.20**	**0.00**	**0.00**	**2.49**	**2.62**	**2.96**	**3.49**	**3.56**	**2.93**	**3.11**	**3.57**	**4.57**	**4.32**	**4.23**	**4.91**
	(g/t Ag)	**4.70**	**0.00**	**0.00**	**4.43**	**4.57**	**4.64**	**4.85**	**4.92**	**3.77**	**4.08**	**4.98**	**7.21**	**6.58**	**6.74**	**7.60**
	(koz Au)	**1,338**	**0**	**0**	**106**	**120**	**151**	**179**	**183**	**151**	**160**	**153**	**43**	**38**	**35**	**20**
	(koz Ag)	**1,965**	**0**	**0**	**188**	**209**	**237**	**249**	**253**	**194**	**209**	**214**	**68**	**58**	**55**	**31**
Open Pit																
La India	(kt)	8,079	0	0	1,052	1,120	1,106	1,016	1,043	1,027	865	851	0	0	0	0
	(g/t Au)	2.84	0.00	0.00	2.34	2.19	2.43	3.09	3.37	2.71	3.34	3.52	0.00	0.00	0.00	0.00
	(g/t Ag)	4.94	0.00	0.00	4.72	4.67	5.03	5.44	5.22	3.93	5.07	5.56	0.00	0.00	0.00	0.00
	(koz Au)	737	0	0	79	79	86	101	113	89	93	96	0	0	0	0
	(koz Ag)	1,282	0	0	160	168	179	178	175	130	141	152	0	0	0	0
America	(kt)	637	0	0	17	77	76	134	149	117	67	0	0	0	0	0
	(g/t Au)	3.14	0.00	0.00	1.89	3.72	3.11	2.69	2.82	3.70	3.47	0.00	0.00	0.00	0.00	0.00
	(g/t Ag)	4.61	0.00	0.00	2.37	4.85	4.52	5.46	4.41	3.97	4.88	0.00	0.00	0.00	0.00	0.00
	(koz Au)	64	0	0	1	9	8	12	14	14	7	0	0	0	0	0
	(koz Ag)	94	0	0	1	12	11	24	21	15	10	0	0	0	0	0
CBZ	(kt)	773	0	0	66	0	43	59	32	98	291	183	0	0	0	0
	(g/t Au)	1.96	0.00	0.00	1.76	0.00	1.55	1.53	1.51	1.58	1.73	2.92	0.00	0.00	0.00	0.00
	(g/t Ag)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(koz Au)	49	0	0	4	0	2	3	2	5	16	17	0	0	0	0
	(koz Ag)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Underground																
La India	(kt)	1,750	0	0	70	98	191	205	192	174	187	193	163	140	132	5
	(g/t Au)	4.60	0.00	0.00	4.57	5.63	4.95	5.66	5.17	3.96	3.93	4.18	4.78	4.36	3.37	3.60
	(g/t Ag)	7.52	0.00	0.00	4.76	5.21	6.81	6.57	7.16	6.68	7.72	7.89	10.60	10.99	6.65	3.01
	(koz Au)	259	0	0	10	18	30	37	32	22	24	26	25	20	14	1
	(koz Ag)	423	0	0	11	16	42	43	44	37	47	49	56	50	28	0
America	(kt)	1,769	0	0	115	130	173	184	184	184	184	108	131	133	123	121
	(g/t Au)	4.02	0.00	0.00	3.05	3.37	4.45	4.50	3.87	3.41	3.27	3.91	4.30	4.28	5.14	4.96
	(g/t Ag)	2.91	0.00	0.00	4.51	3.02	0.96	0.77	2.18	1.97	1.93	3.64	2.97	1.91	6.84	7.77
	(koz Au)	229	0	0	11	14	25	27	23	20	19	14	18	18	20	19
	(koz Ag)	166	0	0	17	13	5	5	13	12	11	13	12	8	27	30

16 RECOVERY METHODS

16.1 PFS Base Case

16.1.1 Mineral Processing

Condor retained Lycopodium to undertake the process plan design aspects of the PFS. Lycopodium's scope of work included providing preliminary design, capital costs, and operating costs for an 800,000 tpa gold process plant and associated infrastructure.

The results of this metallurgical investigation demonstrate that material from La India can by processed by either a standard CIP cyanidation process or by CIL cyanidation that would include crushing, grinding, agitated cyanide leaching, gold and silver adsorption onto activated carbon, gold and silver desorption, electrowinning and refining. Preliminary process design criteria, based on the results of this metallurgical investigation are presented in Table 16-1.

Table 16-1: Preliminary Design Criteria for the La India Gold Project

Unit Operation	Units	Criteria
Grinding		
SAG Mill Comminution Index (Axb)		40
Bond Ball Mill Work Index (BWi)	kwh/t	21.9
Bond Abrasion Index (Ai)		1.08
Grind Size (P_{80})	microns	75
Cyanidation		
Slurry Density7	%	45
Retention Time	Hours	35
Cyanide Leach Concentration	g/L	0.15 to 0.5
Slurry pH		10.5 – 11
Cyanide Consumption	kg/t	0.65 -0.94
Lime Consumption	kg/t	0.931 – 1.4
Thickening		
Flocculant Dosage	g/t	40-55
Maximum Underflow Density	%	64
Specific Settling Area (Conventional)	m^2/Mt/d	0.15-0.27
Net Feed Loading (High Rate)	m^3/m^2/hr	3.2-4.6

Source: SRK

The plant design developed by Lycopodium (Figure 16-1) is for the treatment of 805,000 tpa with 92% mill availability, with standby equipment in critical areas. The process plant design allows for fluctuations in mine production throughput. The ore is clean, of high hardness and extremely high abrasion, and with average life-of-mine ("LoM") head grades of 3.0 g/t gold and 5.3 g/t silver. To accommodate for the variability in head grades, the plant is designed for head grades of 3.4 g/t gold and 5.8 g/t silver. The overall process flowsheet is based on a single stage *Semi*-Autogenous grind ("SAG") comminution and conventional Carbon in Leach ("CIL") circuit.

The process circuit designed for the project can be summarised as follows:

- Ore will be direct dumped into a Run of Mine ("ROM") bin, which will then be fed to a jaw crusher via the primary apron feeder. The crushed rock will be conveyed to a surge bin. The surge bin will discharge via an apron feeder to the SAG mill feed conveyor and overflow to a dead stockpile as required. A front end loader ("FEL") will reclaim crushed ore to the SAG mill feed conveyor;

- Grinding will be accomplished by a single stage SAG mill in closed circuit with cyclones to achieve the target grind size. The milled product will be thickened in a pre-leach thickener prior to the CIL circuit. A hybrid CIL circuit, consisting of 1 leach tank and 6 adsorption tanks will leach and adsorb gold from the milled ore onto activated carbon;
- An *Anglo American Research Laboratories ("*AARL") elution circuit will recover gold from the loaded carbon, and electrowinning and smelting processes will produce doré bar at site. Cyanide in the CIL tailings will be detoxified using the SO_2 / air process prior to the tailings being disposed of in the subaerial tailings storage facility. Process water supply for the operations will be supplied by recycled water from the TSF, supplemented by mine dewatering.

A copy of the complete Lycopodium PFS report is presented in Appendix B, which includes the process flow diagrams ("PFD") prepared for the Project.

The process plant design includes the required integrated support and operational infrastructure including the main power supply infrastructure, primary security, and administration functions and the maintenance and warehousing structures to support the process plant. The maximum power demand for the process plant will be 6.6 MW, and the average running load will be 4.9 MW, supplied from a 138 kV, 3-phase power supply.

The investigation and analysis carried out are considered appropriate to PFS level design.

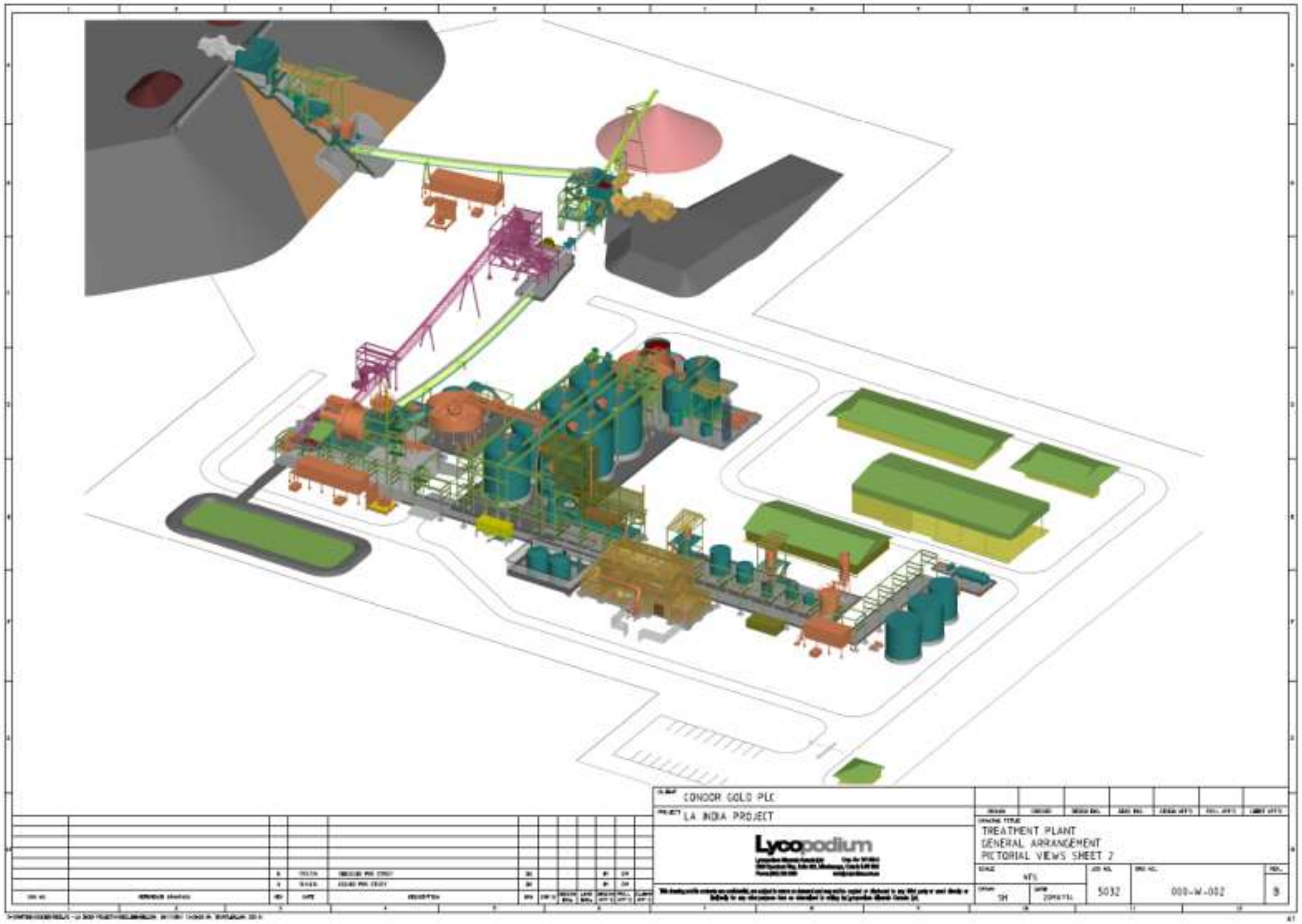


Figure 16-1: Treatment plant general arrangement (pictoral view)

16.1.2 Processing Waste

The tailings storage requirements considered for the Base Case comprises a maximum production rate of 800ktpa, producing a total tailings tonnage of 6,900kt (or 5,960,000m^3 assuming 1.157t/m^3 density). The proposed tailings storage facility ("TSF") layout is presented in (Figure 16-2). The main features of the TSF engineering design are summarised below:

- The TSF has been designed according to the following factors: required storage capacity for the project duration; anticipated geotechnical and geochemical tailings characteristics; regional seismicity; sub-grade ground conditions; visual impact; operational factors including noise and dust; and, concepts for facility closure.
- The TSF includes dams at the western and eastern ends of the valley to form the impoundment void:
    - The dams are constructed from waste rock derived from the mining operation, which are sequentially raised in a 'downstream' manor in-line with tailings production to take into consideration the seismic conditions at the project.
    - A starter facility is constructed with sufficient capacity for the first two years of mining.
    - Subsequently the dam raises occur in Years 2 and 4.
    - The downstream toe of the dam will include a filter, seepage capture trenches and a sump from where water will be returned to the TSF impoundment pond.
- The impoundment is fully lined with HDPE to minimise seepage of contact water to the receiving environment:
    - Liner design includes a founding layer of selected engineered granular fill and a geotextile protector.
- Tailings are delivered to the TSF via a pipeline with deposition from perimeter spigots to promote beaching away from the dams and to promote ponding of water within the centre of the impoundment.
- Contact water is returned from the impoundment pond to the processing plant via a floating barge decant.

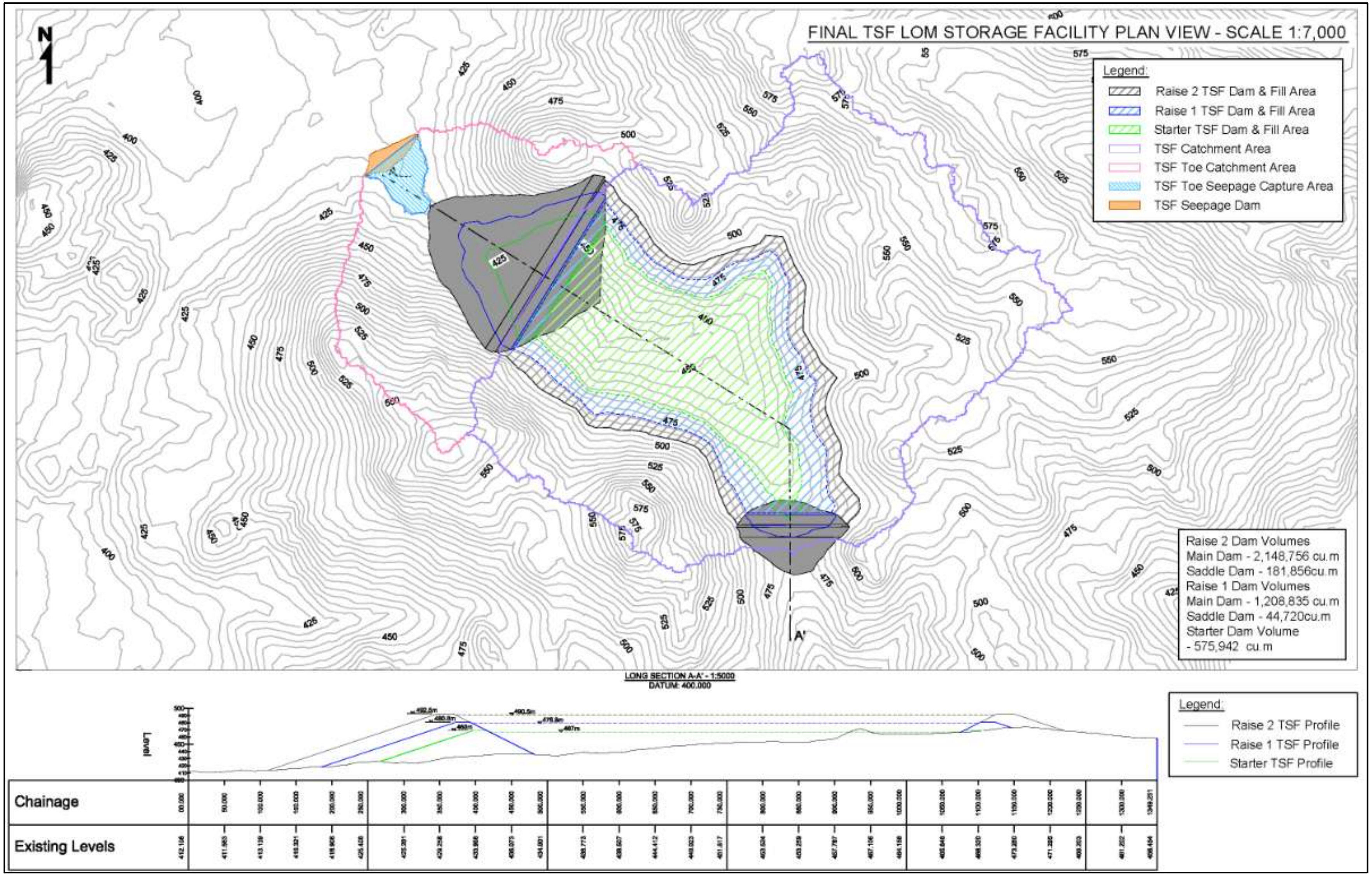


Figure 16-2: Base Case proposed TSF layout

16.2 PEA Scenario A

16.2.1 Mineral Processing

Scenario A is based on the same basic process plant design as presented for the Base Case factored to account for a larger through put of 1.2 Mtpa.

16.2.2 Processing Waste

Scenario A considers a maximum production rate of 1.2Mtpa, producing a total tailings tonnage of 9,489kt (or 8,201,000m^3 assuming 1.157t/m^3 in place density).

It is considered that the most appropriate strategy for tailings management is the same as that adopted within the Base Case, with capacity of the single valley-fill tailings storage facility located in the same position, increased to accommodate the higher tonnages/volumes of tailings required by Scenario A.

A layout and cross sections are included in Appendix C where the key TSF engineering design criteria are the same as those adopted for the Base Case; including A HDPE liner, floating barge decant, and associated pipelines and spigotting.

- The Scenario A TSF includes dams at the western and eastern ends of the valley to form the impoundment void:
  - The dams are constructed from waste rock derived from the mining operation, which are sequentially raised in a 'downstream' manor in-line with tailings production to take into consideration the seismic conditions at the project.
  - It is assumed that a starter facility will be constructed with sufficient capacity for the first two years of mining.
  - The dam raises occur in Years 2 and 4 (total volume of fill required for dam construction is 3.9Mm3).
  - The downstream toe of the dam will include a filter, seepage capture trenches and a sump from where water will be returned to the TSF impoundment pond.

16.3 PEA Scenario B

16.3.1 Mineral Processing

Scenario B is based on the same basic process plant design as presented for the Base Case factored to account for a larger through put of 1.6 Mtpa.

16.3.2 Processing Waste

Scenario B considers a maximum production rate of 1.6Mtpa, producing a total tailings tonnage of 13,070kt (or 11,297,000m^3 assuming 1.157t/m^3 in place density).

It is considered that the most appropriate strategy for tailings management is the same as that adopted within the Base Case, with capacity of the single valley-fill tailings storage facility located in the same position, increased to accommodate the higher tonnages/volumes of tailings required by Scenario B.

A layout and cross sections are included Appendix C where the key TSF engineering design criteria are the same as those adopted for the Base Case and Scenario A.

- The Scenario B TSF includes dams at the western and eastern ends of the valley to form the impoundment void:
  - The dams are constructed from waste rock derived from the mining operation, which are sequentially raised in a 'downstream' manor in-line with tailings production to take into consideration the seismic conditions at the project.
  - It is assumed that a starter facility is constructed with sufficient capacity for the first two years of mining.
  - The dam raises occur in Years 2, 5 and 8 (total volume of fill required for dam construction is 5.7Mm^3).
  - The downstream toe of the dam will include a filter, seepage capture trenches and a sump from where water will be returned to the TSF impoundment pond.

17 PROJECT INFRASTRUCTURE

17.1 PFS Base Case

17.1.1 Introduction

The proposed infrastructure assets and modifications to existing regional infrastructure required to support the Base Case operation are presented in Table 17-1.

Table 17-1: Summary of Infrastructure

Task	Subtask
Site Infrastructure	Plant Site and Associated Infrastructure
	Mine Maintenance Area
	Accommodation Camp
	Explosives Storage Facility
	ROM Pad and haul roads
Project Regional Infrastructure	Road Diversion (2 Km)
	Power Transmission Line Diversion (3 Km)
Power Supply	Tie-in to the National Grid Transmission Infrastructure

17.2 Plant Site and Associated Infrastructure

A single-storey administration building, 39m x 19m, will be located near the main site entrance gate. The building will have a reception area, offices, meeting rooms, a main conference room, medical clinic, kitchenette and washrooms. The offices are for managers, engineers, geologists, and clerks. A parking lot and transport and pick-up area is located adjacent to the administration building.

A combined laboratory and plant office building, 46m x 12m, will be used to test metallurgical accounting samples from the process plant, mining and exploration operations.

A plant kitchen and dining hall, 17.4m x 6.4m, will include a seating area for up to 80 people with kitchen, and food storage. The plant change house and ablutions building will be 17.4m x 6.4m. It will include separate male and female showers, bathrooms, and change room with lockers.

A main security gatehouse as well as a separate process plant security gatehouse will be included.

A septic system will be utilized for sewage disposal. Septic tanks will be located at the process plant. The septic tank sludge will be removed by vacuum truck at regular intervals.

17.2.1 Mine Maintenance Area

The mine maintenance area ("MMA") will comprise the following mine support / maintenance and mine operations assets:

- vehicle workshop and tyre change;
- refuelling point;
- stores / warehouse;
- ablutions and change rooms for mining staff (including laundry);
- waste management area;
- mining administration and control offices, medical facility;
- lighting / security; and
- utilities and services.

The mine support infrastructure is located in proximity to the processing plant. Selected functionality at the processing plant shall be shared such as laundry and the laboratory. Each building has been specified and sized as required to support the proposed mining operation. The layout is designed to segregate heavy vehicle ("HV") and light vehicle ("LV") traffic as far as is reasonably possible.

A temporary mine maintenance facility is provided during the pre-strip phase of the project consisting of a temporary workshop facility, cabin style offices, welfare and ablutions, fuel storage and wash down facilities. The permanent fuel storage facility will be located and then relocated to the permanent facility.

17.2.2 Accommodation

The Condor staffing plan considers that general labour and operatives will reside locally however senior and mid-level management will require local purpose built accommodation. The accommodation block will be located in proximity to the operations and comprise self-contained unit with bedrooms, canteen and dining area with recreation area. The senior accommodation comprises a 10-person unit with single private bedroom each with a private bathroom. Mid-level accommodation unit comprises three 10-person units with single private bedroom and shared bathroom facilities.

17.2.3 Explosives Storage

An explosives store provides secure storage for ammonium nitrate ("AN"), emulsion and the explosive detonators. To reduce requirements for safe distances from stored explosive material, all explosive cells will be surrounded by an earth mound and only the minimum support facilities will be provided for staff in this area. The required storage capacity is derived from the blasting requirements within the mining schedule. The explosives store will be sized for one months' storage capacity.

The PFS is based on the standards set out by the United States Bureau of Alcohol, Tabaco Firearms and Explosive ("ATF") and the Government of Western Australia Department of Mines and Petroleum "Code of Practice, Safe storage of solid ammonium nitrate". The explosive storage facility layout has been developed based on the project design criteria. A perimeter fence and security gate will secure the compound and control access to prevent any unauthorised access. The explosive magazines within the facility will be mounded for additional protection and separated by a minimum distance of 50 m.

17.2.4 Power Supply

Access to power from the national grid is readily available at the La India project. A 138 kV line owned by the Nicaraguan National Transmission Company ("ENATREL") lies adjacent to the property and can be used as a ready source of power, subject to installation of a tie-in and 138 / 11 kV transformer and switchgear.

This option of drawing power from the national grid has been selected as the power solution for the project and a tie-in will be constructed adjacent to the processing plant and mine maintenance area during the re-alignment works for the existing 138 kV power transmission line

Condor has undertaken investigations as to the likely cost of power supply to the project. Although firm quotations could not be secured at this point, the investigations reasonably demonstrated power can be supplied to the La India project within the cost range of USc 18 to 19 / kWh.

It is noted that the final power cost will be determined from negotiations with individual suppliers at the feasibility study stage, Condor is confident based on the discussions to date that a price of USc 18 / kWh can be achieved. On this basis, a price of USc 18 / kWh has been used in the study.

A "self-generation option" utilising HFO generator sets remains an option. This option would result in increased capital expenditure, however, power cost would be likely be lower and would be directly linked to the international HFO prices. The project team will solicit tenders for HFO fired self-generation systems at feasibility study stage.

17.2.5 Regional Infrastructure

Road Diversion

The NIC-26, cuts across the mining area and requires a diversion to be completed during the second year of production. Considering constraints imposed by anticipated fly-rock exclusion zoning a road diversion alignment has been developed. The total road length of the NIC-26 diversion is 2 km.

The NIC-26 diversion aims to replace "like for like" with a 7.3 m wide bituminous carriageway comprising two 3.65 m wide lanes, with appropriate allowances for a verge and footway on each side of the road. The pavement design corresponds to a traffic design speed of 60 kph. The road design and curvatures are based on international road construction standards and are considered adequate for national highways in Nicaragua.

Power Transmission Diversion

The project area is bisected by a 138 kV transmission line. The transmission line comprises a double circuit three phase transmission line which splits at a “triple junction” into two single circuit three phase lattice pylon transmission lines, carrying power to the north and to the south.

To facilitate the project development, the single circuit sections of the transmission line will be re-aligned to avoid influencing or compromising the development of the open pit and waste rock dumps. The power diversion will comprise:

- Construction of 3.00 km of new single circuit three phase transmission line; and
- Dismantling of 2.75 km of single circuit three phase transmission line.

The new transmission line will replace the current comparable length and realigns the existing configuration some 300 m to the south, broadly following the road diversion alignment covering similar topography.

17.3 PEA Scenario A

In order to support the inclusion of the La India, America and Central Breccia open pit associated to Scenario A the following additional infrastructure requirements are proposed:

It is proposed that the processing plant and mine maintenance area remain in the location identified within the Base Case. Based on the anticipated increase in mining equipment (1 . excavator and 10% increase in truck numbers), SRK considers the mine maintenance area defined for the Base Case to be adequate to support the revised operation with the additional of satellite support facilities at the America and CBX operations. The satellite support facilities; a small control room, security and fencing, including ablutions and first aid station, will be positioned at the ROM stockpile adjacent to CBZ.

Given the size of the America and CBZ fleet, refuelling will be undertaken by mobile refuelling truck.

Additional inter-site logistics infrastructure will also be required; with the intention that ore mined from the America and CBZ zones is hauled to a stockpile adjacent to the CBZ pit and from there a dedicated truck fleet, comprising 20 t on-highway trucks, is used to haul the ore to the RoM pad and primary ore crusher.

The haulage route will utilise the right of way currently defined for the explosive magazine which will, as a consequence, require relocation to a safe distance. A 7.5 m wide, 2.5 km long, unbound access road shall be defined which will also be used for returning mining equipment to the mine maintenance area for overhaul and servicing.

In addition, the increased ultimate pit shell may affect the duration during which safety controls are imposed on the road diversion and an assessment would need to be made as to the safe distance of the power diversion. No additional regional highway or power diversions are required.

17.4 PEA Scenario B

SRK considers the current surface infrastructure assets defined for the Scenario A to be adequate to support the proposed underground mining operation. Minor modifications however may be required to house underground-specific installations (e.g. ventilation). An underground workshop would be proposed and costed with the underground mining capital expenditure estimate.

A revised electrical load schedule would need to be assessed against the current power generation unit. Changes to dewatering volumes will also need to be defined and the water management infrastructure capacities reviewed.

18 MARKET STUDIES AND CONTRACTS

No market studies have been completed or contracts established for the Project.

19 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

19.1 PFS Base Case

19.1.1 Environmental and Social Setting

The project is located within the Central Highlands of Nicaragua and is surrounded by valleys bound by fairly steep sided hills with elevations between 440 and 580 mamsl. The climate is characterised as tropical savannah with high temperatures and humidity, which remain relatively constant throughout the year, and seasonal variations in rainfall. The mean annual rainfall for the project area is 1,240 mm, which falls predominantly between May and October (wet season).

The project is located within the catchment of the Agua Fría River that flows westwards to the Sinecapa River, from where it drains southwards into Lake Managua. Seasonal rainfall results in high variation of flows in surface water drainage channels, and some channels (including sections of the Agua Fría) have no flow during the dry season. Surface waters and groundwater across the concession area have a circum-neutral to mildly alkaline pH with generally low metal concentrations, with the exception of arsenic. Groundwater is heavily influenced by historical underground workings from previous mining activities and the associated drainage adits. The community water supply wells in the area are associated with a shallow perched groundwater system that does not appear to be connected with the deeper groundwater regime. The topsoil layer is thin, with low organic content and high susceptibility to erosion, limiting land uses to forestry and pastoral farming.

The project falls within the tropical and sub-tropical dry broadleaf forest ecoregion. The original forest habitat within this ecoregion has a significant degree of endemism; however, less than 2% of this habitat remains due to anthropological impacts such as, agriculture, forestry, and urbanisation. The predominant habitats in the concession area are secondary forest, hedges/ boundaries, crops, and grassland with no endemic vegetation species. Riparian habitats have the highest faunal species diversity and a number of mammal, bird and reptile species of conservation concern have been recorded in the concession area.

From a social perspective, the project is situated across three municipalities; El Jicaral and Santa Rosa del Peñón (Leon Department) and San Isidro (Matagalpa Department). La Cruz de la India (also known as La India village) is the closet village to the project and is located adjacent to the outline of the open pit limits. The population of La India village is approximately 1,000 (230 households), consequently the population within the 7 km^2 area directly impacted by the mine and associated facilities (Plant, TSF and WRD) is about 1200. Some 17 other small villages with a combined population of 5,000 are located within the wider 280 km^2 area of the La India Project. The proportion of people characterised as economically active is 51%. The primary employment industries are mining and quarrying (mainly artisanal mining), manufacturing, agriculture and commerce. The average level of poverty and extreme poverty within the villages was 22.7% and 4.4%, respectively. No archaeological sites of conservation importance are affected by the project.

19.1.2 Status of Primary Approvals

Condor intends to meet Nicaraguan regulatory requirements, as well as good international industry practice for environmental and social performance, as defined by the Equator Principles and IFC Performance Standards.

The La India project will require an Environmental Impact Assessment ("EIA") as part of the application for an Environmental Permit for exploitation. Condor has not yet formally commenced the permitting process, as key project engineering details required for the Environmental Permit application have only recently become available. In advance of the formal EIA procedure, environmental and social activities such as baseline data collection and general stakeholder engagement have commenced. Based on the current schedule, Condor expects to receive the Environmental Permit and subsequent environmental approvals in advance of construction of the project in Q1 2016.

19.1.3 Environmental and Social Management

Condor's environmental and social team comprises six permanent Nicaraguan staff, including and led by a Chief Environmental Officer. Although the EIA process has not formally commenced, the Condor team has been managing a suite of baseline studies to provide input to the EIA process. The specialist studies have resulted in the collection of considerable environmental and social data from within the La India concession area. Following the PFS, additional data collection will be required to characterise the total area of potential impact from the project. Following this, Condor intends to manage the impact assessment and reporting components of the EIA process using the on-site environmental team, advised by external Nicaraguan environmental advisor. The Company will need to ensure that a rigorous and transparent methodology is applied to avoid perceptions of bias in the process by stakeholders.

19.1.4 Stakeholder Engagement

Since 2011, Condor has conducted stakeholder engagement activities with local and national government institutions, local community representatives and artisanal miners within the La India concession. Condor formalised a grievance mechanism in May 2013 to record and systematically address complaints from stakeholders. Through these engagement activities Condor has developed a constructive relationship with project stakeholders though details relating to the proposed mining activities have only recently been developed and have not yet been disclosed.

In 2014, Condor developed a Stakeholder Engagement Plan to plan strategic engagement activities and strengthen channels of communication. Development of the plan included a comprehensive stakeholder identification and analysis exercise. Condor also developed a stakeholder database alongside the Stakeholder Engagement Plan to maintain stakeholder details and centrally record future engagement activities.

Specific project details have not yet been shared with stakeholders, however, general perceptions, concerns and expectations regarding the development of a mining project were collected through opinion surveys. Opinions about the Company were also collected. Key concerns identified through the surveys include employment, impacts on artisanal mining, population influx, maintaining constructive relationships with the Company, need for transparency in agreements and contracts, deterioration of water quality and availability, vegetation removal, air pollution, poor waste management and occupational health and safety risks. As commonly seen for new mining projects in areas of limited economic opportunities, expectations of the surrounding communities are high. Once project details are disclosed, Condor will have to carefully manage concerns and expectations to maintain stakeholder relationships.

19.1.5 Technical Matters

Key environmental and social issues have been identified for the La India project, these are:

Land acquisition will be required to obtain surface rights for the construction of the proposed mine and associated infrastructure. Given the presence of households and land-based livelihoods within the project area, resettlement activities will be required to mitigate the effects of physical and economic displacement. Resettlement is a complex and sensitive process involving significant negotiations with affected parties that require substantial time and financial resources. If resettlement is managed poorly, conflict may occur between affected parties and the Company. Condor has developed a land acquisition policy to outline the process for land acquisition and definition of responsibilities between Condor and the government. In parallel with the land acquisition process, Condor will proceed with resettlement planning for the physical relocation of the La India village and compensation process for economic displacement. SRK has prepared a resettlement strategy on behalf of Condor to outline the process of resettlement planning in accordance with Good International Industry Practice (“GIIP”).

Artisanal and small-scale mining (“ASM”) is evident within the La India Project and some of the extraction sites occur within the proposed La India open pit limits. Condor acknowledges the significance of the potential risks associated with ASM and has been proactively addressing these risks throughout the exploration phase. Condor has established constructive relationships with the artisanal miners in the area and has considered the expectations and issues/ concerns communicated by the artisanal miners in the development of a strategic plan for management of ASM. Condor will co-ordinate livelihood restoration activities associated with the resettlement process alongside the implementation of the strategic plan for artisanal mining.

Surface and groundwater impacts from project activities can be managed, however, impacts on water resources and downstream receptors, such as community water users and aquatic ecosystems, need to be clearly defined and evaluated to ensure that management measures are sufficient to control negative effects. If such impacts are not well managed, costly actions may be required to retrospectively remediate unacceptable effects and relationships with surrounding stakeholders may deteriorate.

Historic liabilities exist within the La India Project area due to existing disturbance and potential environmental contamination from historic mining operations and existing artisanal and small scale mining activities. Water quality sampling has shown elevated arsenic concentrations but no sampling of soil or sediment quality is yet available. If liability risks are unmanaged, Condor could be legally obliged to remediate past environmental or social damage that has occurred.

Community health and safety impacts from dust, noise, heavy vehicle traffic are likely for local communities. Due to the proximity of La India village to the project, it has been assumed that these impacts cannot be mitigated to an acceptable level and, as such, La India village will require resettlement. Impacts on the next closest community receptors to the project, Nance Dulce and El Bordo, need to be adequately defined to understand whether impacts can be mitigated to an acceptable level.

19.1.6 Closure Planning

A conceptual closure plan ("CCP") for the La India project has been prepared by SRK for the PFS. The CCP includes a summary of the legal framework and obligations for closure, environmental and social considerations, closure actions, assumptions, schedule and conceptual cost estimate.

19.1.7 Summary of Environmental and Social Risks

The following environmental and social risks have been identified for the La India project based on the studies completed up to and including the PFS.

- Delays obtaining the Environmental Permit leading to project schedule delays.
- Potential enforcement of an environmental bond leading to increased financial provisions.
- Independence and quality of in-house EIA.
- Potential changes in stakeholder relationships leading to deterioration in social licence to operate.
- Schedule delays or increased costs from land acquisition and resettlement process.
- Delays or loss of local support due to management of artisanal miners.
- Insufficient data and quantitative modelling to appropriately identify and manage impacts on water availability and quality.
- Potential responsibility for remediation of historic liabilities.
- Insufficient data to appropriately identify and manage impacts on community health and safety.
- Increases in closure cost due to inaccurate assumptions in conceptual closure design.

SRK notes that the IFC has recently become an 8.5% shareholder in Condor Gold plc and has indicated their intention to appoint a senior environmental and social specialist to the Board as a non executive director. The appointment of thes positions should in part mitigate against the risk associated to the independence and quality of an in-house EIA as the Company has agreed to the IFC performance standards. However, support may be required from experienced and qualified technical experts to define and assess impacts in accordance with good international industry practice.

19.2 PEA Scenario A

The environmental studies, permitting and social impacts as described refers to the environmental and social section of the Base Case and only focuses on the material differences in risks due to the inclusion of additional resource areas. Scenario A is limited to open pit mining at La India, America and Central Breccia Mineral Resource areas.

19.2.1 Environmental and Social Setting

The La India, America and Central Breccia resource areas are located within the La India concession area. The climate, soil, vegetation and land use is similar across the concession area and is therefore as described in the PFS.

The America Mineral Resource area is located 1 km north of the La India open pit in an adjacent but parallel valley. The Quebrachal River flows NW through the valley past the America deposit, towards the El Quebrachal community. Similar to the Agua Fría River, the El Quebrachal River is part of the regional Sinecapa catchment area and joins the San Lucas River 1 km upstream of the confluence with the Sinecapa River).

The America deposit is mid-way between two communities; Agua Fría (population 400) and El Quebrachal (population 70), at a distance of 1.5 km from each. Eight artisanal mining operations occur within or adjacent to the proposed pit outline. Ten 10 artisanal mills operate within the Agua Fría community and one within El Quebrachal.

The Central Breccia Mineral Resource area is within the Agua Fría surface water catchment, upstream of the La India open pit. The closest community to Central Breccia is Agua Fría village, located 0.5 km south east of the deposit. The current configuration of the waste rock dump may require the physical relocation of part of the Agua Fría community. There may be an opportunity to avoid this through re-configuration of the dump during later stages of project design. There are no artisanal miners currently located within the Central Breccia pit outline.

19.2.2 Changes to environmental and social risks

The environmental and social risks described in the Base Case apply equally to the La India open pit component of both PEA scenarios. The addition of the America and Central Breccia open pit components (Scenario A) increase the surface disturbance areas affected by the project and increase the number of stakeholders directly affected by the project.

Changes to the risks identified for the PFS as a result of including the America and Central Breccia resource areas (Scenario A) are shown in Table 19-1.

Table 19-1: Changes to environmental and social risks for Scenario A

Risks identified in PFS for La India open pit	Changes to risks considering addition of America and Central Breccia resource areas
Environmental and social approvals	
Delays obtaining the Environmental Permit leading to project schedule delays	As the permitting process has not yet commenced for the La India open pit project, Condor can add the America and Central Breccia resource areas into the initial Environmental Permit application or permit these components at a later stage. If included in the initial permit application, the risk of project schedule delays could be increased due to the increased number of directly affected stakeholders to be consulted and larger, more complex project that requires permitting. The conceptual design associated with the additional project components may also delay the submission of the Environmental Permit application until required project details are available.
Potential enforcement of an environmental bond leading to increased financial provisions	A larger project could result in a larger environmental bond, if enforced by MARENA, but the likelihood of enforcement is still unknown.
Environmental and social management	
Independence and quality of EIA	Other than the need for additional data to appropriately characterise impacts, there is no overall change to this risk. The baseline studies conducted by Condor to date nominally cover the La India concession area and therefore include the America and Central Breccia resource areas. Gaps in the scope and extent of the existing studies for the La India open pit will need to be filled by additional data collection studies prior to the commencement of the impact evaluation process. Further modifications to the scope of work for data collection can be made to address the inclusion of the America and Central Breccia project components for a minor increase in cost.
Stakeholder engagement	
Potential changes in stakeholder relationships leading to deterioration in social licence to operate	The consideration of the America and Central Breccia areas will increase the project's direct area of influence and the number of directly affected stakeholders (although these areas have lower populations).This may increase the likelihood of the risk and require an increased effort of engagement
Key technical matters	
Schedule delays or increased costs from land acquisition and resettlement process	Land acquisition and economic resettlement will be required at America and Central Breccia. Central Breccia may also require physical relocation of part of the Agua Fria community, though there may be an opportunity to avoid this through re-configuration of the waste rock dump during later stages of project design. The additional number of individuals affected by resettlement will increase the costs of resettlement and may increase the risk of delays compared with the La India open pit scenario.
Delays or loss of local support due to management of artisanal miners	Artisanal miners occur within the America resource area and members of the Agua Fría community close to the Central Breccia resource area rely on artisanal mining as an income generating activity. The increased number of artisanal miners affected by the project may increase the challenges and costs associated with management of artisanal miners and could increase the risk of delays.
Geochemical characterisation of waste material	Geochemical characterisation of waste rock from the America and Central Breccia zones will be required to understand the risk of acid rock drainage and metal leaching from these materials.
Insufficient data and quantitative modelling to appropriately identify and manage impacts on water availability and quality	Baseline data is required to characterise the hydrological and hydrogeological conditions at America and Central Breccia resource areas and additional modelling would be needed to define the impacts to water resources. As data collection and analysis is also required for the La India open pit scenario, the overall risk from the PFS is unchanged.
Potential responsibility for remediation of historic liabilities	Artisanal mining activity within the America open pit outline may represent additional liability risks for Condor.
Insufficient data to appropriately identify and manage impacts on community health and safety	Additional baseline data is required from the communities of El Quebrachal and Agua Fría to supplement the existing studies. Air quality, noise, traffic and vibrations impact modelling would also be needed to define the community health and safety impacts for these potential receptors. As this data collection and analysis is also required for the La India open pit scenario, the overall risk is unchanged.
Closure	
Increases in closure cost due to inaccurate assumptions in conceptual closure design	The status of assumptions for La India open pit remain unchanged but the inclusion of waste rock facilities for America and Central Breccia open pits will lead to an increase in the closure costs. The magnitude of change will depend on the volume of waste rock, design of waste rock facilities and geochemical characterisation of the material. Assuming a 50% increase in waste material from the La India open pit scenario, the closure cost could increase by USD 500,000.

19.3 PEA Scenario B

The risks outlined in 19.2.2 also apply to Scenario B. The inclusion of La India and America underground components also change the methods of mining activities planned. The additional risks specific to Scenario B due to the inclusion of underground mining are as follows:

- **Subsidence**: Depending on the geotechnical conditions of the deposit, the development of underground workings at La India and America presents a risk of surface subsidence, which may affect the safety and livelihoods of land users. This risk should be considered in future stages of project design from a technical and a community health and safety perspective.
- **Changes to groundwater levels and community water availability**: The dewatering of underground workings may affect the surrounding groundwater levels, impacting on community water supplies. The studies conducted in La India to date suggest the community wells are not strongly connected to the deeper groundwater system and are unlikely to be affected by dewatering activities of the La India open pit. No information is available for likely effects at America. Hydrogeological modelling studies should be conducted to confirm the effect of dewatering of underground operations at La India and America to understand the nature and scale of management measures required.

19.4 Recommendations

The design of the America and Central Breccia open pit project components (Scenario A), and La India and America underground components (Scenario B), is less advanced than the La India open pit component and the baseline data is less comprehensive. The inclusion of these components in the same EIA process as La India open pit would therefore delay the permitting process. Condor should review the timelines for permitting in relation to the overall project implementation schedule to determine whether the additional project components should be permitted in parallel or subsequent to La India open pit project.

To proceed with the EIA process for the PEA scenarios, Condor will need to re-evaluate the baseline studies conducted to date and identify gaps in scope and spatial extent of additional data required. Once identified, scopes of work can be developed for supplementary baseline data collection, in parallel with the data collection for the La India open pit base case if needed. Condor will also need to update the Stakeholder Engagement Plan to reflect the changes to directly affected stakeholders.

Following the completion of baseline data collection, Condor will need to define and assess project impacts and proposed appropriate management measures, as discussed for the PFS. Once complete, the EIA report will need to be discussed with a wide group of stakeholders to obtain a social licence to operate.

20 CAPITAL AND OPERATING COSTS

20.1 Operating Costs

20.1.1 PFS Base Case

Mining

Approach

A mining cost model has been developed to assess the mining capital and operating expenditures expected for the La India open pit operation based on a contractor mining option as stipulated by the Client. The Scenario B mine schedule has been used as a basis for the cost estimation.

The cost estimate is based primarily on a sole contractor budget received from the Mining Contractor in November 2014. Additional mine owner costs have been developed by SRK based SRK's internal cost database and the 2013-2014 Infomine cost database[1].

The resulting operating costs estimates have been benchmarked to similar open pit gold operations with epithermal vein hosted mineralisation located in Latin America.

Mining Equipment

Although this study has used various makes and models of equipment to develop operating costs, this report does not recommend one particular manufacturer or equipment model over any others. Where specific equipment models or manufacturers have been referred to, it is merely to acknowledge where information has been derived, or to provide the reader with an example of the type of equipment being discussed.

The description of the equipment selected by the Mining Contractor and used in the cost estimate is shown in Table 20-1.

Table 20-1: Mine Equipment Description

Equipment	Make	Model	Description
Primary Shovel	Komatsu	PC1250-8	Diesel Hydraulic Backhoe 11 m^3 class
Secondary Shovel	CAT	390 DL	Diesel Hydraulic Backhoe 5.4 m^3 class
Primary Loader	CAT	988H	Wheel Loader 5-6 m^3
Primary Truck	CAT	777F	Haul truck 91 t
Secondary Truck	CAT	773F	Haul truck 53 t
Primary Drill	Sandvik	1500	102 to 152 mm DTH drill
Secondary Drill	Sandvik	700	76 to 115 mm DTH drill
Track Dozer	CAT	D8T	Track Dozer 300 hp
Grader	CAT	16M	Grader 5 m
Water Truck	CAT	773	Water Truck
Compactor	HAM	3520	Soil Compator
Grade Control Drill	Benchmark		89 to 127 mm RC drill
Light Vehicle	Benchmark		Light vehicle

[1] Infomine, 2013-2014. Equipment Cost Calculator. [online] Available at: <http://costs.infomine.com/> [Accessed January 31, 2014].

Operating Cost Estimate

As noted earlier, the majority of the operating cost estimate has been provided by a contractor budget quote from the Mining Contractor. The equipment unit operating costs for owner equipment has been based on the 2013-2014 Infomine cost database.

Both SRK and the Mining Contractor estimates have used a budget fuel pricing provided by Distribuidora Nicaragüense de Petróleo (“DNP”) of 86 USc/l (3.25 USD/gallon).

The explosive costs used by the Mining Contractor have been provided by Condor, with 750 USD/t for ANFO and 1,000 USD/t for emulsion.

The owner labour rates for the cost estimate have been provided by the Condor based on benchmarking of similar operations and are inclusive of on-costs. The annual salaries are shown in Table 20-2.

Table 20-2: Salary Rates

Position	Units	Cost
Supervisors	USDkpa	55.0
Professionals	USDkpa	50.0
Technician	USDkpa	20.0
Skilled Operator	USDkpa	13.0
Semi-Skilled Operator	USDkpa	10.0
Unskilled Operator	USDkpa	5.0

The dewatering costs are based on power requirements for the pumps. A power cost of 18.0 USc/kWh has been incorporated based on the expected cost in the region. The miscellaneous costs include survey equipment and mining software.

The Mining Contractor has provided SRK with variable contract rates as shown in Table 20-3 based on the material movements, haulage travel times and distances and site conditions. The rates provided include all mining equipment required for drilling, blasting, loading, hauling, ancillary machinery, road maintenance, waste dump maintenance, equipment maintenance and tools, and operators. The pre-split cost provided by the Mining Contractor was in additional to those rates listed in Table 20-3 and has been estimated at 9.13 USD/m drilled.

Table 20-3: PFS Base Case Contractor Unit Rates

Material	Units	Average	-2	-1	1	2	3	4	5	6	7	8	9
HG Mill Feed to Plant	(USD/bcm)	**5.89**		6.41	6.56	5.81	5.21	5.01	5.03	5.82	6.54	14.55	
LG Mill Feed to Plant	(USD/bcm)	**6.03**		6.41	6.56	5.81	5.21	5.01	5.03	5.82	6.54	14.55	
HG to Stockpile	(USD/bcm)	**6.10**		6.41				5.01		5.82			
LG to Stockpile	(USD/bcm)	**5.63**		6.41	6.56	5.81	5.21	5.01	5.03	5.82			
Waste to Dump	(USD/bcm)	**4.91**	6.75	4.93	5.25	4.75	4.76	4.65	4.64	4.66	5.94	9.70	
Inferred to Dump	(USD/bcm)	**4.85**		4.93	5.25	4.65	4.53	4.55	4.57	4.66	5.94	9.70	
HG Stockpile to Plant	(USD/bcm)	**2.72**			2.72						2.72	2.72	2.72
LG Stockpile to Plant	(USD/bcm)	**2.82**			2.82				2.82	2.82	2.82	2.82	2.82
Average	**(USD/bcm)**	**4.95**	**6.75**	**4.94**	**5.37**	**4.85**	**4.79**	**4.67**	**4.67**	**4.76**	**5.95**	**7.28**	**2.82**

The average mining operating unit costs per tonne ex-pit are shown in Table 20-4. The total annual operating costs are shown in Table 20-5. A 5% contingency has been added to the mine operating costs associated with the mineralisation and 50% of the waste to account for the additional costs of mining the void areas, which has not been taken into account in the physicals schedule. The operating costs are estimated at a ±25% level of confidence according to the guidelines of the Cost Estimation Handbook, 2013[2].

Table 20-4: PFS Base Case Average Mining Operating Unit Costs per tonne mined

Operating Costs – Category	Units	Average
Owner – Labour	(USD/t)	0.06
Owner – Equipment	(USD/t)	0.07
Owner – Miscellaneous*	(USD/t)	0.04
Contractor – Load, haul, drill and blast	(USD/t)	2.07
Contractor – Pre-split	(USD/t)	0.05
Dewatering	(USD/t)	0.02
Contingency	(USD/t)	0.06
Total	**(USD/t)**	**2.35**

**Includes sampling, software and survey equipment*

[2] *Cost Estimation Handbook*, 2013. Victoria: The Australian Institute of Mining and Metallurgy.

Table 20-5: PFS Base Case Mining Operating Cost Estimate

	Units	Total	-2	-1	1	2	3	4	5	6	7	8	9
Operating Costs	**(USDm)**	**240.5**	**4.9**	**13.8**	**23.0**	**29.0**	**37.0**	**36.2**	**36.0**	**32.0**	**20.5**	**7.0**	**1.2**
Owner – Labour	(USDm)	**7.0**	0.4	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.3
Owner – Equipment	(USDm)	**6.5**	0.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.4	0.1
Owner – Miscellaneous	(USDm)	**3.6**	0.1	0.2	0.4	0.5	0.6	0.5	0.5	0.5	0.3	0.1	0.0
Contractor - Load, haul, drill and blast	(USDm)	**211.1**	4.0	11.9	20.2	25.7	33.4	32.4	32.1	28.2	17.4	5.1	0.8
Contractor - Pre-split	(USDm)	**4.7**	0.1	0.3	0.3	0.4	0.6	0.8	0.7	0.7	0.5	0.1	
Dewatering	(USDm)	**1.9**		0.0	0.0	0.2	0.1	0.2	0.2	0.3	0.4	0.4	
Contingency	(USDm)	**5.8**			0.6	0.8	1.0	0.9	0.9	0.8	0.5	0.2	

Operating Cost Benchmarking

SRK has benchmarked the mining operating cost estimate against comparable operations based on 2013 historical information sourced from commercially available and internal databases. The database has been filtered to 9 comparable records based on the following criteria:

- Open pit drill and blast operations;
- Total material movement rates of less than 20 Mtpa;
- Gold deposits with epithermal style mineralisation; and
- Latin American site locations.

The results of the benchmarking are shown in Figure 20-1 with the La India cost estimate (2.35 USD/t mined) highlighted in red, it is noted that the benchmarks do not differentiate between owner and contract mining operations. SRK considers that the cost estimate is reflective of a PFS level estimate and should not require any additional contingency other than the 5% added to account for the impact of the historical working backfill volumes.

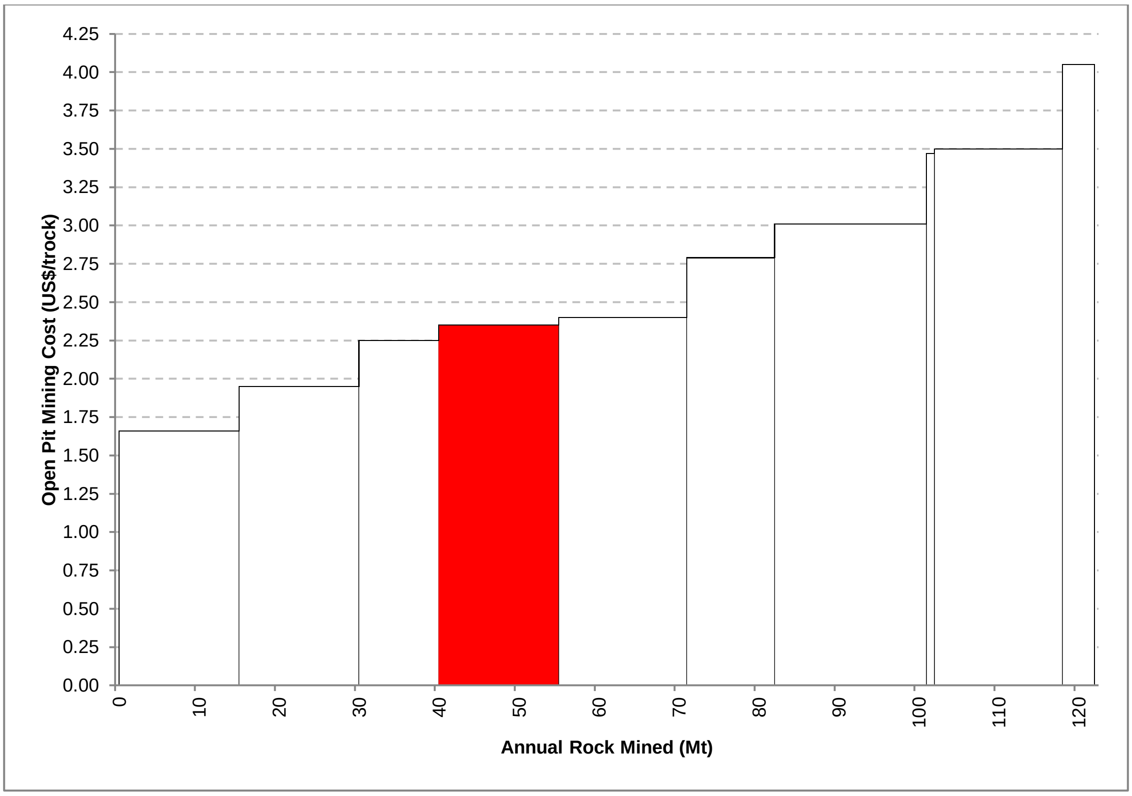


Figure 20-1: Open Pit Operating Cost Benchmark (La India Cost Estimate in Red)

Mineral Processing

Process operating costs have been developed according to industry standards applicable to a gold processing plant producing doré. The operating costs include all process plant direct costs associated with the Project and equate to LoM Average of 20.56 USD/t mill feed, based on an annual throughput rate of 800 ktpa, combined with an additional cost of USD0.05/t mill feed for water treatment.

Mineral Processing Waste

Operating costs comprise power associated with return water pumping and those associated with maintenance of systems associated with the TSF. Operating expenditures are estimated to be approximately USD35,000/year.

20.1.2 PEA Scenario A

Mining

The mining operating cost estimate for this scenario has been based on the average unit costs derived from the PFS. The majority of the PFS operating cost estimate has been provided by a sole contractor budget quote from the Mining Contractor. The equipment unit operating costs for owner equipment has been based on the 2013-2014 Infomine cost database. SRK notes several key aspects of the mining operating costs:

- Both SRK and the Mining Contractor estimates have used a budget fuel pricing provided by Distribuidora Nicaragüense de Petróleo (“DNP”) of 86 USc/l (3.25 USD/gallon).
- The explosive costs used by the Mining Contractor have been provided by Condor, with 750 USD/t for ANFO and 1,000 USD/t for emulsion.
- The dewatering costs are based on power requirements for the pumps. A power cost of 18.0 USc/kWh has been incorporated based on the expected cost in the region.
- The rehandle cost for the mill feed at America and CBZ has been estimated at 1.40 USD/t.

The average unit mining operating costs per tonne ex-pit are shown in Table 20-6. The total annual operating costs are shown in Table 20-6 and Table 20-5. A 10% contingency has been added to the America and CBZ operating costs to account for the additional costs associated with these deposits, which have not been included in the contractor quote for the PFS. The operating costs are estimated at a ±30% level of confidence according to the guidelines of the Cost Estimation Handbook, 2013[3].

Table 20-6: PEA Scenario A Average Unit Operating Costs

Operating Costs	Units	Scenario A
Ex-Pit Mine	(USD/t)	2.34
America/CBZ Rehandle	(USD/t)	0.02
Dewatering	(USD/t)	0.01
Contingency	(USD/t)	0.03
Total	**(USD/t)**	**2.40**

Mineral Processing

Process operating costs for Scenario A are based on costs provided by Lycopodium for the 0.8 Mtpa Base Case plant. SRK has applied the fixed (per annum) and variable (per tonne mill feed) costs equally to the 1.2 Mtpa plant, which SRK considers appropriate considering the PEA level of study. SRK has added USD0.05/t for water treatment cost.

[3] *Cost Estimation Handbook*, 2013. Victoria: The Australian Institute of Mining and Metallurgy.

The resulting annual operating costs (at full capacity) are presented in Table 20-7. Overall unit costs resulting from the economic analysis will differ from these numbers, due to the plant not operating at full capacity during the entire life of mine.

Table 20-7: PEA Scenario A Processing Plant Operating Cost Summary

Parameter	Scenario A	
	(USDk/annum)	(USD/t)
Power	9,314	7.76
Labour	1,977	1.65
Consumables	9,972	8.31
Maintenance Materials	594	0.49
Laboratory	256	0.21
Total	**22,113**	**18.43**

Mineral Processing Waste

The Scenario A processing waste operating costs are assumed to be consistent with the Base Base.

20.1.3 PEA Scenario B

Open Pit Mining

The Scenario B mining operating costs are consistent with the Scenario A costs, with the exception of the dewatering costs. The dewatering costs extend beyond the open pit mine life in Scenario B to ensure that the pit remains dewatered while the underground operation is complete. The Scenario B mining operating cost are presented in Table 20-8.

Table 20-8: PEA Scenario B Average Unit Operating Costs

Operating Costs	Units	Scenario B
Ex-Pit Mine	(USD/t)	2.34
America/CBZ Rehandle	(USD/t)	0.02
Dewatering	(USD/t)	0.02
Contingency	(USD/t)	0.03
Total	**(USD/t)**	**2.41**

Underground Mining Operating Costs

SRK has undertaken a high-level benchmarking exercise to compare the La India Concession with existing underground operations of similar scale, both in Nicaragua and the wider Latin American mining industry using information largely derived from the GFMS Gold Mine Economics Service (Reuters 2013).

There are currently two operating gold mines in Nicaragua with publically available information, both operated by B2 Gold:

- El Limon; and
- La Libertad.

Operating costs for the benchmarked underground operations of individual mines operating in Latin America varied from USD19.50 to 82.00 /t in 2011 (Figure 20-2). Nicaragua's El Limon Mine, has the smallest production rate and as would be expected has higher production costs than the weighted average costs for 2011 of approximately USD40 /t.

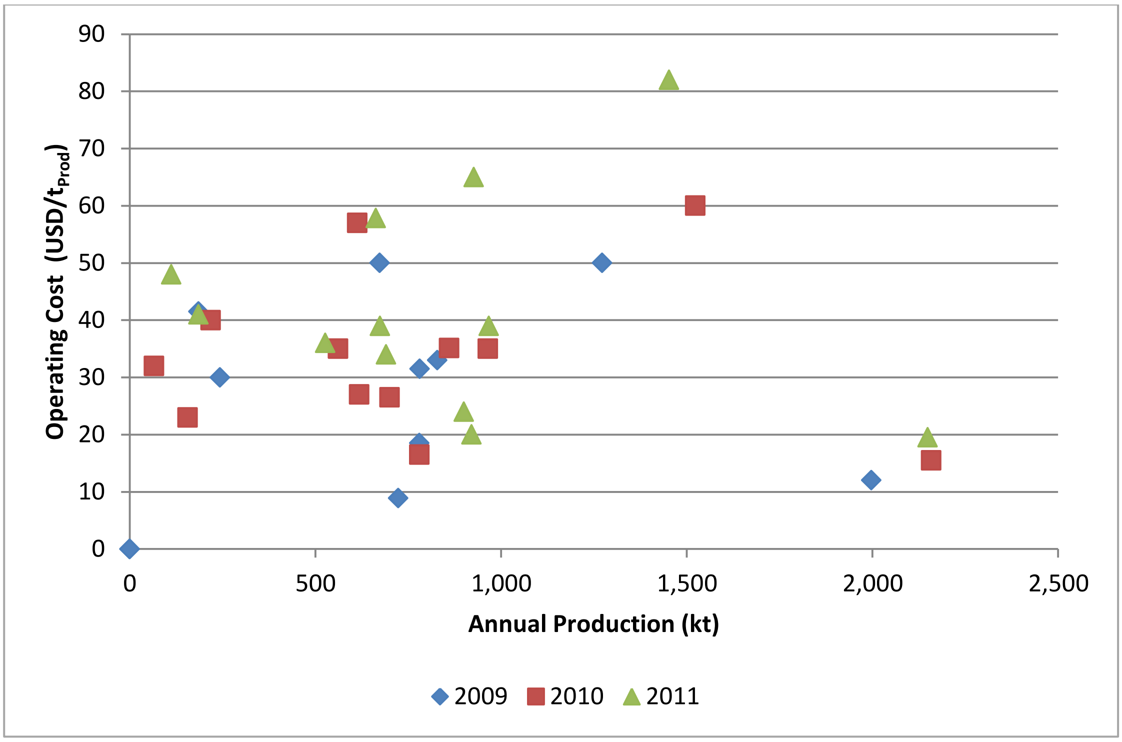


Figure 20-2: Operating Cost per Tonne of Production Mined for Selected Underground Gold Mining Operations in Latin America (Thomson Reuters 2013)

Based on the benchmarking exercise SRK has assumed an operating cost of USD60.00 /t for underground mining.

An additional operating cost provision of 2.0 USD/t has been made to the America underground production cost to include transport of ore from the portal to the crusher, which is in line with similar costs incorporated into the open pit mining operating cost estimate.

Mineral Processing

Process operating costs for the Scenario B are based on costs provided by Lycopodium for the 0.8 Mtpa Base Case plant. SRK has applied the fixed (per annum) and variable (per tonne mill feed) costs equally to the 1.6 Mtpa plant, which SRK considers appropriate considering the PEA level of study. SRK has added USD0.05/t for water treatment cost.

The resulting annual operating costs (at full capacity) are presented in Table 20-7. Overall unit costs resulting from the economic analysis will differ from these numbers, due to the plant not operating at full capacity during the entire life of mine.

Table 20-9: PEA Scenario B Processing Plant Operating Cost Summary

Parameter	Scenario B	
	(USDk/annum)	(USD/t)
Power	12,015	7.51
Labour	1,977	1.24
Consumables	13,054	8.16
Maintenance Materials	594	0.37
Laboratory	256	0.16
Total	**27,896**	**17.44**

Mineral Processing Waste

The Scenario A processing waste operating costs are assumed to be consistent with the Base Case.

20.1.4 Scenario A & B Summary

The following units costs (Table 20-10) have been derived from the technical economic model over the Life of Mine as based on the operating cost inputs from the various disciplines. The overall accuracy of the operating cost estimates is in the range of ±40-50%, which is consistent with a PEA level of study.

SRK notes that the LoM unit cost for Scenario B are higher on a per tonne basis due to the tail of solely underground production at a lower production rate, resulting from the impact of fixed costs and higher unit mining costs.

Table 20-11 provides the operating cash costs and All-In (Sustaining Cash) Costs as defined by the World Gold Council in their guidance note on non-GAAP metrics.

Table 20-10: LoM Unit Operating Costs per tonne

Category	Units	Scenario A	Scenario B
Mining o/p[1)]	(USD/t ore mined)	30.61	30.79
	(USD/t TMM)[1)]	2.40	2.41
Mining u/g	(USD/t ore mined)	n/a	61.01
Processing	(USD/t mill feed)	18.52	18.58
Refinery	(USD/t mill feed)	0.27	0.30
G&A	(USD/t mill feed)	3.80	3.88

1) Excluding any pre-production stripping costs.
2) TMM – Total Material Mined (ore plus waste).

Table 20-11: LoM Cash Costs reporting in line with the World Gold Council's Guidance Note

Category	Units	Scenario A	Scenario B
Mining	(USD/oz gold)	373	412
Processing	(USD/oz gold)	227	197
G&A	(USD/oz gold)	48	41
Operating Cash Costs	**(USD/oz gold)**	**648**	**651**
Freight and refining	(USD/oz gold)	3	**3**
Royalties	(USD/oz gold)	38	**38**
Sustaining Capital	(USD/oz gold)	20	**27**
By-Product Credits (silver)	(USD/oz gold)	(24)	(22)
All-in Sustaining Cash Costs	**(USD/oz gold)**	**685**	**697**
Pre-stripping	(USD/oz gold)	22	14
Project Capital Expenditure	(USD/oz gold)	168	175
All-in Costs	**(USD/oz gold)**	**875**	**885**

20.2 Capital Costs

20.2.1 PFS Base Case

Mining Capital Cost Estimate

A mining cost model has been developed to assess the mining capital expected for the La India open pit operation based on a contractor mining option as stipulated by the Client.

The cost estimate is based primarily on a sole contractor budget received from the Mining Contractor in November 2014. Additional mine owner costs have been developed by SRK based SRK's internal cost database and the 2013-2014 Infomine cost database[4].

The owner's mining equipment capital costs for grade control drills and light vehicles are shown in Table 20-12. SRK has used the 2013-2014 Infomine cost database as a benchmark.

The mobilisation and demobilisation contractor costs, as provided by the Mining Contractor are shown in

Table 20-13.

Table 20-12: Owner's Mine Equipment Capital Unit Costs

Equipment	Basis of Estimate	Capital Cost (USDk)
Secondary Grade Control RC Drill	Benchmark	670
Light Vehicle	Benchmark	43

Table 20-13: Contractor Mobilisation and Demobilisation Fees

Item	Units	Cost
Mobilisation	(USDk)	810
Camp Facility	(USDk)	850
Workshop Facility	(USDk)	550
Office Facilities	(USDk)	200
Demobilisation	(USDk)	910

[4] Infomine, 2013-2014. Equipment Cost Calculator. [online] Available at: <http://costs.infomine.com/> [Accessed January 31, 2014].

The dewatering capital costs are based on the pump purchase requirements. The miscellaneous costs include survey equipment and mining software.

The mining capital cost estimate is shown in Table 20-14. No contingency has been added to the mining capital expenditures. The capital costs are estimated at a ±25% level of confidence according to the guidelines of the Cost Estimation Handbook, 2013[5].

[5] *Cost Estimation Handbook*, 2013. Victoria: The Australian Institute of Mining and Metallurgy.

Table 20-14: PFS Base Mining Capital Cost Estimate

	Units	Total	-2	-1	1	2	3	4	5	6	7	8	9
Capital Costs	**(USDm)**	**10.5**	**2.9**	**5.0**	**0.0**	**0.0**	**0.5**	**0.2**	**0.3**	**0.4**	**0.1**		**0.9**
Equipment Capital	(USDm)	**1.0**	0.2	0.8									
Equipment Replacements	(USDm)	**0.3**								0.3			
Dewatering	(USDm)	**5.5**		4.4	0.0	0.0.	0.5	0.2	0.3	0.0	0.1		
Miscellaneous	(USDm)	**0.3**	0.3					0.0					
Contractor	(USDm)	**3.3**	2.4										

Processing Plant

The process plant capital cost estimate only includes the treatment plant and selected infrastructure as outlined in Lypodium's design report. The Work Breakdown Structure (WBS) is based on the standard Lycopodium Minerals WBS for gold projects. The basis of the estimate includes:

- The estimate is based on executing the project on an EPCM basis.
- Major equipment pricing based on competitive bids received from well-established vendors. For minor equipment, quotations and actual equipment costs from other recent similar Lycopodium projects were utilized and are considered representative for the La India Project.
- Unit rates for earthworks, concrete, steelwork, plate work, field-erected tankage, buildings and labour were based on quotations from local Nicaraguan contractors.
- No engineering work was completed except for preliminary process engineering, plant layout, conceptual mechanical engineering design, and conceptual electrical engineering design. The database quantities used for compiling the estimate were based on similar projects.
- Lycopodium's capital costs include the process plant facility and corresponding buildings and roads.
- The capital costs are presented in US dollars as at the second quarter 2014 (2Q14) to an accuracy of +/-25%.

The pre-feasibility study capital estimates are based on a single stage crushing, SAG Mill circuit with a 2,300tpd throughput. Table 20-15 summarises the capital cost estimate. Capital cost details are fully presented in Lycopodium's process design report.

Table 20-15: PFS Base Case Capital Cost Estimate Summary (US$, 2Q14, +/-25%)

Scope	Main Area	Project Totals USD	Contingency USD	Total Project USD
Lycopodium Directs	100 Treatment Plant	31,649,965	3,901,534	35,551,499
	200 Reagents & Plant Services	3,003,706	260,549	3,264,165
	300 Infrastructure	2,359,383	274,062	2,633,446
Lycopodium Directs Total		**37,013,054**	**4,436,055**	**41,449,109**
Lyco Indirects	000 Construction Indirects	3,718,640	410,047	4,128,687
	500 Management EPCM Costs	7,328,000	732,800	8,060,800
Lycopodium Indirects Total		**11,046,640**	**1,142,847**	**12,189,487**
Grand Total		**48,059,694**	**5,578,903**	**53,638,597**

Source: Lycopodium

As advised by Lycopodium, 20% of the capital spend is to be expended during Year -2, with the remaining 80% to be spend in Year -1. SRK notes that the plant capital estimate includes an EPCM rate of approximately 18% and an overall contingency of 12% (varying for the various elements).

Site Infrastructure

The total direct capital cost for project infrastructure has been estimated at **USD12.4M**, which is summarised in Table 20-16. Contingency has been applied at a rate of 15% on all direct and EPCM costs. EPCM (at 15%) has been included for the areas of work that the Owner's team does not envisage of undertaking themselves.

Table 20-16: PFS Base Case Capital Cost Summary Infrastructure

Description	Year	Units	Direct Cost	EPCM	Contingency	Total Cost
La India Mine Maintenance Area	-1 (87%), remainder 1-2	(USDk)		-	323	2477
NIC-26 Road Diversion	2	(USDk)	2,871	431	495	3797
Explosives Store	-1	(USDk)	646	-	97	743
Power Transmission Diversion	-2	(USDk)	901	135	155	1192
ROM Pad / Haul Roads	-1	(USDk)		-	371	2842
Accomodation	-1	(USDk)	365	-	55	420
Power Generation	-1	(USDk)	2,277	342	393	3011
Pre-Strip MMA	-2	(USDk)		-	113	863
Total		(USDk)	**12,435**	**907**	**2,001**	**15,343**

The owner's team is to cover construction management of some of the minor infrastructure related projects, and hence only 15% EPCM has been applied to the road diversion and power related elements of the site infrastructure capital estimate. A 15% contingency has been applied to all infrastructure related elements.

Tailings Storage Facility

The PFS cost estimation has been undertaken based upon assessment of; material take-offs (volumes, areas, distances etc.); construction work requirements/durations; unit costs provided by the Client (obtained for the project from discussion with Vendors/Contractors); and, SRK experience of other similar projects in similar geographic and topographic settings.

A summary of project and sustaining capital expenditure is presented in Table 20-17. EPCM has been estimated at 15% for the starter dam, and 7.5% for the subsequent raises, assuming that the owner's team will undertake a portion of the works required. An overall 10% contingency has been applied which is considered appropriate for this level of study.

Table 20-17: Capital Cost Summary Tailings Storage Facility

Description	Year	Units	Direct Cost	EPCM	Contingency	Total Cost
Project						
Starter Dam	-1	(USDk)	5,174	776	595	6,546
Sustaining						
Raise 1	2	(USDk)	3,564	267	383	4,215
Raise 2	4	(USDk)	4,934	370	530	5,834
Total TSF		**(USDk)**	**13,673**	**1,414**	**1,509**	**16,595**

SRK notes that for the initial starter dam a 15% EPCM has been applied, whilst this is reduced for the subsequent dam raises to 7.5%, to reflect an element of work assumed to be undertaken by the Company. A 10% contingency has been applied to all tailings related elements.

Land Acquisition/Resettlement

The Company has estimated the land acquisition and resettlement costs as presented in Table 20-18. SRK notes that the Company plans to spent 10% of the land acquisition costs during the next phase of study prior to the start of construction, and hence this amount has been subtracted from the estimate as currently in the TEM.

Table 20-18: Land Acquisition and Resettlement Costs

Parameter	Total (USDk)	To be Sunk During BFS	Total in TEM (USDk)
Civil and Structures Cost	6,336	10%	5,702
Rural Land Required	944	10%	850
Purchase Land for New Village Location	30	10%	27
El Bordo resettlement	600	0%	600
Total Land Acquisition/Resettlement	**7,910**		**7,179**

Closure

A conceptual closure plan (CCP) for the La India project has been prepared by SRK for the PFS. The CCP includes a summary of the legal framework and obligations for closure, environmental and social considerations, closure actions, assumptions, schedule and conceptual cost estimate. The closure cost estimate is USD 10 million.

SRK notes that a slightly higher contingency has been applied to the closure cost estimate as compared with the other areas of work, this reflects the uncertainties associated with the conceptual nature of some parts of the cost estimate, for which less engineering has been completed.

Owner's Cost

Owner's costs have been estimated by the Company totalling USD4.6m over the two year construction period. The owner's team will undertake the management of the construction of some of the minor infrastructure related projects.

Contingency

A range of contingencies has been applied to the various areas of the project depending on the confidence in the estimate of each contributing factor.

Summary

A summary of the capital expenditure over the life of the operation (split into pre-production and sustaining/deferred) is presented in Table 20-19. Overall accuracy of the capital expenditure estimates is deemed to be in the range of ±25%, in line expectations from a PFS level of study.

Table 20-19: Summary PFS Base Case Capital Expenditure

Parameter	Units	Pre-production	Sustaining/ Deferred	Total LoM	Total LoM (Incl EPCM/Contingency)
Mining Pre-production	(USDm)	18.7	0.0	18.7	18.7
Mining Equipment	(USDm)	8.1	2.4	10.5	10.5
Processing Plant	(USDm)	40.7	0.1	40.8	53.7
Infrastructure	(USDm)	9.3	3.2	12.4	15.3
Tailing Storage Facility	(USDm)	5.2	8.5	13.7	16.6
Land Acquisition/Resettlement	(USDm)	7.0	0.2	7.2	7.2
Closure	(USDm)	0.0	9.0	9.0	10.6
Owners Costs	(USDm)	4.6	0.0	4.6	4.6
Subtotal	**(USDm)**	**93.6**	**23.3**	**117.0**	**137.3**
EPCM	(USDm)	8.6	1.1	9.6	
Contingency	(USDm)	7.6	3.1	10.7	
Total	**(USDm)**	**109.9**	**27.5**	**137.3**	

20.2.2 PEA Scenario A

Open Pit Mining

The mining capital cost estimate for this scenario has been based on the cost estimate developed for the PFS and as such is based on a contractor mining option as stipulated by the Client.

As already commented, the PFS cost estimate is based primarily on a sole contractor budget received from the Mining Contractor in November 2014. Additional mine owner costs have been developed by SRK based SRK's internal cost database and the 2013-2014 Infomine cost database[6].

The mining owner equipment capital costs assumed are shown in Table 20-20. SRK has used the 2013-2014 Infomine cost database as a benchmark.

The mobilisation and demobilisation contractor costs, as provided by the Mining Contractor are shown in

Table 20-21.

Table 20-20: Mining Equipment Capital Unit Costs

Equipment	Basis of Estimate	Capital Cost (USDk)
Secondary Drill	Benchmark	670
Light Vehicle	Benchmark	43

Table 20-21: Contractor Mobilisation and Demobilisation Fees

Item	Units	Cost
Mobilisation	(USDk)	810
Camp Facility	(USDk)	850
Workshop Facility	(USDk)	550
Office Facilities	(USDk)	200
Demobilisation	(USDk)	910

The dewatering capital costs are based on the pump purchase requirements. The miscellaneous costs include survey equipment and mining software.

The mining capital cost estimate developed for Scenario A is shown in Table 20-22 . A contingency of 10% has been applied to the capital costs. The capital costs are estimated at a ±35% level of confidence according to the guidelines of the Cost Estimation Handbook, 2013.

Table 20-22: Mining Capital Cost Estimate Scenario A

	Units	Total	-2	-1	1	2	3	4	5	6	7	8	9	10	11
Capital Costs	**(USDm)**	**12.0**	**3.2**	**5.8**	**0.0**	**0.0**	**0.6**	**0.2**	**0.3**	**0.4**	**0.5**	**1.0**			
Equipment Capital	(USDm)	**1.0**	0.2	0.8											
Equipment Replacements	(USDm)	**0.3**								0.3					
Dewatering	(USDm)	**5.9**		4.5	0.0	0.0	0.5	0.2	0.3	0.0	0.4				
Miscellaneous	(USDm)	**0.3**	0.3						0.0						
Contractor	(USDm)	**3.3**	2.4									0.9			
Contingency	(USDm)	**1.1**	0.3	0.5	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1			

Mineral Processing

Plant capital expenditure for this scenario has been adapted from the estimate for the PFS, as prepared by Lycopodium . As the PFS plant is designed at a capacity of 0.8 Mtpa, the capital expenditure for the 1.2 Mtpa plant has been factored, using the so called “0.6 rule”, outlined below.

$$Capital\ expenditure\ plant\ capacity\ B = \frac{Capital\ Expenditure\ plant\ capacity\ A}{\left(\frac{plant\ capacity\ A}{plant\ capacity\ B}\right)^{0.6}}$$

SRK considers this approach appropriate for a PEA level of study. The estmate so derived is presented in Table 20-23.

Table 20-23: PEA Scenario A Capital Estimate Processing Plant

Parameter	Units	Scenario A
Treatment Plant	(USDk)	40,367
Reagents & Plant Services	(USDk)	3,831
Infrastructure	(USDk)	3,009
Construction Indirects	(USDk)	4,743
Management Costs (incl EPCM)	(USDk)	9,346
Contingency	(USDk)	7,115
Total	**(USDk)**	**68,412**

Mineral Processing Waste

Capital and sustaining capital costs have been estimated for Scenario A adopting the same unit rates as for the PFS. Summaries are provided in Table 20-24. Costs have been estimated using same raising strategy as assumed for the PFS.

Total tailings estimated:

- Scenario A: 9,489,000t (or 8,201,000m3 assuming 1.157t/m3 in place density).

Contingency has been applied at a rate of 10% on all direct and EPCM costs. EPCM has been included at 15% for the started dam, and 7.5% for the raises.

Table 20-24: Scenario A Capital Cost Summary Tailings Storage Facility

Description	Year	Units	Direct Cost	EPCM	Contingency	Total Cost
Scenario A						
Starter Dam	-1	(USDk)	6,610	992	760	8,362
Raise 1	2	(USDk)	5,043	378	542	5,963
Raise 2	4	(USDk)	7,565	567	813	8,946
Total Scenario A		**(USDk)**	**19,218**	**1,937**	**2,116**	**23,271**

Infrastructure

Cost estimation commensurate with a PEA has been completed to inform the capital cost estimate which is to a reported to have been prepared to an accuracy of ±40-50 %.

The capital cost estimation for the PFS is maintained for the PEA, with additional expenditure as detailed below and in Table 20-25. Contingency has been applied at a rate of 15% on all direct and EPCM costs. EPCM has been included for the areas of work that the Owner's team does not envisage of undertaking themselves.

Table 20-25: PEA Scenario A Capital Cost Summary Infrastructure

Description	Units	Direct Cost	EPCM	Contingency	Total Cost
La India Mine Maintenance Area	(USDk)	2,154	-	323	2477
NIC-26 Road Diversion	(USDk)	2,871	431	495	3797
Explosives Store	(USDk)	646	-	97	743
Power Transmission Diversion	(USDk)	901	135	155	1192
ROM Pad / Haul Roads	(USDk)	2,471	-	371	2842
Accommodation	(USDk)	365	-	55	420
Power Generation	(USDk)	2,277	342	393	3011
Pre-Strip MMA	(USDk)	750	-	113	863
Additional for PEA	(USDk)	623	-	93	716
Haul Road	(USDk)	375	-	56	431
Satellite Mining Support Facility	(USDk)	248	-	37	285
Total	(USDk)	**13,058**	**907**	**2,095**	**16,060**

For the additional expenditure for Scenario A, the following are noted:

- Although the explosives magazine and access road will be relocated, it is proposed the existing cost is maintained.
- A cost for the 2.5 km ROM haul road (unbound, crushed and graded rock) is required of which 0.5 km is existing right of way along the ROM ramp. Therefore, a 2.0 km haul road is required for 20 t on-highway vehicles (approximately USD20/m^2).
- HV vehicle and 20 t haul truck fleet maintenance will be carried out at the La India MMA and refuelling will be by mobile refuelling truck;
- The satellite support area (welfare, security and controls facility, lighting, fencing, earthworks and drainage) will be located at the CBZ stockpile facility.
- SRK notes there may be an opportunity for a mobile crusher and conveyor linking America and CBZ to the processing plant.

Other Costs

Land acquisition/settlement costs are based on the same method applied for the PFS, with additional expenditure for the CBZ dump areas.

The conceptual level closure cost estimate as developed for the La India PFS has formed the basis of the closure cost estimate for Scenario A but this also includes a high level estimate of the potential closure scenarios and associated costs for the expanded project case including: additional waste rock dumps; the inclusion of seepage control systems and restriction of access to the sites.

Owners costs are as estimated by the Company as per the PFS.

20.2.3 PEA Scenario B

Open Pit Mining

The Scenario B open pit mining capital costs are consistent with the Scenario A costs, with the exception of an additional USD0.7m for dewatering and associated contingency. The dewatering costs extend beyond the open pit mine life in Scenario B to ensure that the pit remains dewatered while the underground operation is complete. A summary of the open pit mining capital costs for Scenario B is presented in Table 20-26.

Table 20-26: PEA Scenario B Mining Capital Cost Estimate

	Units	Total	-2	-1	1	2	3	4	5	6	7	8	9	10	11
Capital Costs	**(USDm)**	**12.7**	**3.1**	**5.8**	**0.0**	**0.0**	**0.6**	**0.2**	**0.3**	**0.3**	**0.5**	**1.6**	**0.2**	**0.0**	
Equipment Capital	(USDm)	**1.0**	0.2	0.8											
Equipment Replacements	(USDm)	**0.3**								0.3					
Dewatering	(USDm)	**6.7**		4.5	0.0	0.0	0.5	0.2	0.3	0.0	0.4	0.5	0.1	0.0	
Miscellaneous	(USDm)	**0.3**	0.3						0.0						
Contractor	(USDm)	**3.3**	2.4									0.9			
Contingency	(USDm)	**1.2**	0.3	0.5	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	

Underground Mining Capital Costs

The underground capital costs are based on cost models developed by InfoMine USA, Inc. in its Mining Cost Service Database (InfoMine 2013), which provides benchmark cost data for various elements of an operating mine. The information is based on industry survey data undertaken in the USA. SRK has sourced the information from the ‘Cut and Fill cost model, which forms the basis of the estimated capital costs for underground mining.

InfoMine capital estimates are categorised into the major processes and investments for underground mining, including:

- Equipment;
- Shafts;
- Drifts;
- Crosscuts;
- Access raises
- Ore passes;
- Ventilation raises;
- Surface facilities;
- Working capital;
- Engineering and management; and
- Contingency.

SRK has estimated the capital mining costs for each of the underground mines individually by plotting the maximum production rate for each mine on the trendline produced by the InfoMine estimates for each category. SRK has also made the following adjustments:

- Reduced the Surface Facility costs by 50% as many of these will be shared between the underground mines and with the open pit and processing operations;
- Reduced Engineering and Management by 30% as savings could be expected from all mines (as well as open pit and processing) coming under a single contract;
- Contingency of 10% applied on InfoMine estimates; and
- Total estimates rounded (up and down) to the nearest USD100,000.

Existing underground development is assumed to have no value as it is assumed most will be excavated within the open pit and the remainder would be stripped and rehabilitated to allow for mechanised transportation.

Pre-production capital cost estimates derived from this evaluation for each underground operation are shown in Table 20-27.

Table 20-27: Pre-production and Construction Capital Cost Estimates for Underground Mining

Company	La India (MUSD)	America (MUSD)	Total (MUSD)
Pre-production and Mine Construction Capital	27.8	29.8	57.6

The capital costs are expended in the first three years of the LoMP according to the following distribution:

- Year 1 – 40%;
- Year 2 – 40%; and
- Year 3 – 20%.

All capital requirements after this period are assumed to be covered by a sustaining capital value assumed to be 5% of the total operating cost for any given year.

Mineral Processing

Plant capital expenditure for this scenario has been adapted from the estimate for the PFS, as prepared by Lycopodium . As the PFS plant is designed at a capacity of 0.8 Mtpa, the capital expenditure for the 1.6 Mtpa plant have been factored, using the so called "0.6 rule", as outlined above. The capital expenditure summary is presented in Table 20-28.

Table 20-28: PEA Scenario B Processing Plant Capital Estimate

Parameter	Units	Scenario B
Treatment Plant	(USDk)	47,972
Reagents & Plant Services	(USDk)	4,553
Infrastructure	(USDk)	3,576
Construction Indirects	(USDk)	5,636
Management Costs (incl EPCM)	(USDk)	11,107
Contingency	(USDk)	8,456
Total	**(USDk)**	**81,301**

Mineral Processing Waste

Capital and sustaining capital costs have been estimated for Scenario B adopting the same unit rates as for the PFS. A Summary is provided in Table 20-29. Costs have been estimated using same raising strategy as assumed for the PFS, with an extra raise stage for the longer life of mine for Scenario B.

Total tailings estimated:

- Scenario B: 13,070,000t (or 11,297,000m^3 assuming1.157t/m^3 in place density).

Contingency has been applied at a rate of 10% on all direct and EPCM costs. EPCM has been included at 15% for the started dam, and 7.5% for the raises.

Table 20-29: PEA Scenario B Capital Cost Summary Tailings Storage Facility

Description	Year	Units	Direct Cost	EPCM	Contingency	Total Cost
Scenario B						
Starter Dam	-1	(USDk)	9,565	1,435	1,100	12,100
Raise 1	2	(USDk)	6,260	470	673	7,402
Raise 2	4	(USDk)	5,913	443	636	6,992
Raise 3	6	(USDk)	5,565	417	598	6,581
Total Scenario B		**(USDk)**	**27,303**	**2,765**	**3,007**	**33,075**

Infrastructure

It is assumed for the purpose of Scenario B that any additional infrastructure costs associated with the underground components are accounted for in the underground mining capital estimate.

Other Costs

Land acquisition/settlement costs are based on the same method applied for the PFS, with additional expenditure for the CBZ dump areas.

The conceptual level closure cost estimate as developed for the La India PFS has formed the basis of the closure cost estimate for Scenario B but this also contains the items listed previously for Scenario A plus additional costs to address the underground elements of the project including the capping of shafts and mine portals.

Owners costs are as estimated by the Company as per the PFS.

20.2.4 Scenario A & B Summary

Table 20-30 presents a summary of the capital expenditure estimates for Scenario A and Table 20-31 presents a summary of the capital expenditure estimates for Scenario B.

Table 20-30: PEA Scenario A - Summary Capital Expenditure

Parameter	Units	Pre-production	Sustaining/ Deferred	Total LoM	Total LoM (Incl EPCM/Contingency)
Mining pre-production	(USDm)	16.8	0.0	16.8	16.8
Mining equipment	(USDm)	8.2	2.8	10.9	12.0
Processing Plant	(USDm)	52.0	0.1	52.1	68.5
Infrastructure	(USDm)	9.9	3.2	13.1	16.1
Tailing Storage Facility	(USDm)	6.6	12.6	19.2	23.3
Land Acquisition/Resettlement	(USDm)	8.0	0.2	8.2	8.2
Closure	(USDm)	0.0	9.8	9.8	12.4
Owners Costs	(USDm)	4.6	0.0	4.6	4.6
Subtotal	**(USDm)**	**106.2**	**28.6**	**134.7**	**162.0**
EPCM	(USDm)	10.8	1.4	12.2	
Contingency[1)]	(USDm)	10.2	4.8	15.1	
Total	**(USDm)**	**127.2**	**34.8**	**162.0**	

1) A range of contingencies was used to calculate contingency depending on the confidence of the estimate of each contributing factor.

Table 20-31: PEA Scenario B - Summary Capital Expenditure

Parameter	Units	Pre-production	Sustaining/ Deferred	Total LoM	Total LoM (Incl EPCM/Contingency)
Mining pre-production	(USDm)	16.8	0.0	16.8	16.8
Mining equipment	(USDm)	30.8	51.8	82.5	90.8
Processing Plant	(USDm)	61.7	0.1	61.8	81.4
Infrastructure	(USDm)	9.9	3.2	13.1	16.1
Tailing Storage Facility	(USDm)	9.6	17.7	27.3	33.1
Land Acquisition/Resettlement	(USDm)	8.0	0.2	8.2	8.2
Closure	(USDm)	0.0	10.0	10.0	12.7
Owners Costs	(USDm)	4.6	0.0	4.6	4.6
Subtotal	**(USDm)**	**141.5**	**82.9**	**224.4**	**263.7**
EPCM	(USDm)	13.0	1.8	14.8	
Contingency[1)]	(USDm)	14.2	10.3	24.5	
Total	**(USDm)**	**168.7**	**95.0**	**263.7**	

1) A range of contingencies was used to calculate contingency depending on the confidence of the estimate of each contributing factor.

21 ECONOMIC ANALYSIS

21.1 Introduction

SRK has prepared a Technical Economic Model (“TEM”) for the La India PFS (Base Case), Scenario A and Scenario B. The economic outputs, include annual cash flows, the payback period, net present values (“NPVs”) and an internal rate of return (“IRR”) for the various cases are presented herein.

The outcome is dependent on a variety of technical assumptions, capital cost and operating cost inputs which are presented below. The projections as presented cannot be assured; they are necessarily based on technical assumptions that are subject to change during subsequent stages of technical study and various economic assumptions which are largely beyond the control of the Company. Future cash flows and profits derived from such projections are inherently uncertain and actual results may be significantly more or less favourable.

The TEM has been generated to constitute the economic evaluation of the Base Case, Scenario A and Scenario B in consideration of the accompanying technical and economic parameters. The TEM has not been generated to present a valuation of the Asset.

21.2 Financial Assumptions

Assumptions with regards to refinery terms, royalty, working capital, depreciation, taxation and macro-economics are described below.

SRK notes that value added tax (“VAT”) and its impact on cash flows has not been incorporated in to the assessment.

21.2.1 Refinery Terms

The Company has received a quotation for treatment charges, transportation and metal payability terms. The quotation assumes a weekly shipment, which has been applied to anticipated fortnightly shipments.

In summary, the refinery terms applied in the TEM are:

- Treatment charge of USD0.75/oz of gold;
- Payabilities of:
  - 99.9% for gold,
  - 99.0% for silver;
- Frequency of shipment every two weeks, with a base rate of USD4,194/shipment;
- Insurance charges of USD0.10 per USD1,000 of declared value; and
- Airfreight charges of USD5.76/kg, for calculation purposes based on the assumption that the doré consists solely of gold and silver.

21.2.2 Royalty

According to Nicaraguan Law, the holder of the mining concession is obliged to pay extraction rights, herein referred to as a royalty. It is calculated as 3% of total revenue, and is deductible for corporate income tax purposes.

21.2.3 Working Capital

Working capital has been allowed for in the cash flow with the following delays assumed:

- Debtors: 10 days; and
- Creditors and stores: 30 days.

21.2.4 Deprecation

Annual depreciation rates as advised by Ernst & Young Nicaragua, S.A. ("EY") are presented in Table 21-1. An accelerated depreciation is allowable for operations with a shorter life and has been modelled. This resulted in all capital expenditure items for the PFS being depreciated at either 15% or 20% per annum.

Table 21-1: Straight-Line Deprecation Rates[7]

Asset type	Annual Depreciation (%)
Industrial buildings	10%
Commercial buildings	5%
Residences located on agricultural farms	10%
Fixed assets of agricultural farms	10%
Buildings held for rental	3%
Freight or mass transportation equipment	20%
Other transportation equipment	12.5%
Industrial machinery and equipment installed permanently	10%
Industrial machinery and equipment not installed permanently	15%
Agricultural and agro-industrial equipment	20%
Elevators and air conditioning equipment	10%
Communication equipment	20%
Furniture and office equipment	20%
Computers (central processing unit, monitor and keyboard)	50%
Media equipment (video cameras)	50%
Other machinery and equipment	20%

21.2.5 Taxation

Corporate income tax is payable at 30%. Royalties and depreciation of capital investment are both tax deductible. In addition, pre-operating expenses (such as pre-stripping) have on prior occasions been authorised by the Tax Authorities to be accumulated, and amortised over a three-year period starting in the tax year the company becomes operational.

Once in production, operating losses may be carried forward for three years to offset taxable income for those years. Net operating losses may not be carried back.

21.2.6 Macro-economics

The TEM presents all inputs and results in USD in real 2014 money terms, with no further consideration in respect of inflationary or exchange rate related aspects. For determination of the capital and operating costs inputs, an exchange rate of 25 Cordoba to the USD has been assumed.

[7]" From "E&Y Condor tax advice Nicaragua - 31 de Oct 2012.pdf

21.2.7 Commodity Prices

The TEM assumes flat prices of USD1,250/oz for gold and USD19.75/oz for silver.

SRK has compared these with consensus market forecast ("CMF") prices, which are derived from the median of analysts' forecasts in nominal terms and de-escalated to 2014 monetary terms. The August 2014 CMF long term prices for gold and silver are presented in Table 21-2. A sensitivity analysis to commodity prices will be presented in Section 21.3.5 for the Base Case, Section 21.4.3 for Scenario A and Section 21.5.3for Scenario B.

Table 21-2: Consensus Market Forecast Commodity Prices

Commodity	Units	LTP
Gold		
August CMF	(USD/oz)	1,250
Silver		
August CMF	(USD/oz)	20.00

21.3 PFS Base Case

21.3.1 Technical Assumptions

The Base Case production schedule is based on the following:

- Open pit mining of the La India deposit, including:
  - 6.94 Mt of ore, containing 3.02 g/t gold and 5.31 g/t silver,
  - 94.53 Mt of waste,
  - Rehandle of 1.42 Mt of ore,
  - Resulting in a total material moved of 102.89 Mt;
- Two years of pre-production stripping followed by 8 years of mining;
- Year 9 solely stockpiled material fed to the mill;
- Mill feed production rate of 800 ktpa;
- Metallurgical recoveries of 91% for gold and 70% for silver; and
- Mining, as per quote supplied by a Mining Contractor.

The TEM assumes a two-year construction period, starting in January 2016. SRK notes that all cost are in USD and 2014 money terms.

21.3.2 Capital Expenditure

A summary of the capital expenditure over the life of the operation (split into pre-production and sustaining/deferred) is presented in Table 21-3. Overall accuracy of the capital expenditure estimates is deemed to be ±25%, in line with expectations from a PFS level of study.

Table 21-3: Summary PFS Base Case Capital Expenditure

Parameter	Units	Pre-production	Sustaining/ Deferred	Total LoM	Total LoM (Incl EPCM/Contingency)
Mining Pre-production	(USDm)	18.7	0.0	18.7	18.7
Mining Equipment	(USDm)	8.1	2.4	10.5	10.5
Processing Plant	(USDm)	40.7	0.1	40.8	53.7
Infrastructure	(USDm)	9.3	3.2	12.4	15.3
Tailing Storage Facility	(USDm)	5.2	8.5	13.7	16.6
Land Acquisition/Resettlement	(USDm)	7.0	0.2	7.2	7.2
Closure	(USDm)	0.0	9.0	9.0	10.6
Owner’s Costs	(USDm)	4.6	0.0	4.6	4.6
Subtotal	**(USDm)**	**93.6**	**23.3**	**117.0**	**137.3**
EPCM	(USDm)	8.6	1.1	9.6	
Contingency	(USDm)	7.6	3.1	10.7	
Total	**(USDm)**	**109.9**	**27.5**	**137.3**	

21.3.3 Operating Costs

The units costs presented in Table 21-4 have been derived from the TEM over the Life of Mine based on the operating cost inputs from the various disciplines.

A contingency has been added to a specific area of the mining cost, amounting to approximately 2.5% of the overall mining cost. No other contingencies have been added.

Overall accuracy of the operating cost estimates is deemed to be ±25%, in line with expectations from a PFS level of study.

Table 21-4: PFS Base Case LoM Unit Operating Costs per Tonne

Category	Units	LoM Average
Mining 1)	(USD/t ore mined)	32.13
	(USD/t TMM) 2)	2.35
Processing	(USD/t mill feed)	20.56
Refinery	(USD/t mill feed)	0.35
G&A	(USD/t mill feed)	5.46

1) Excluding any pre-production stripping costs.
2) TMM – Total material mined (ore plus waste)

The PFS mine plan has a stripping ratio of 13.6 t:t. The high waste tonnages results in the project economics being sensitive to the mine operating cost. When benchmarked against similar gold projects in the Central American region the total mine operating cost of USD2.35/t lies within the overall range of between USD1.66/t to USD4.05/t (with a median of USD2.79/t).

Table 21-5 provides the operating cash costs and All-In (Sustaining Cash) Costs as defined by the World Gold Council in their guidance note on non-GAAP (generally accepted accounting principles) metrics[8].

[8] Publication of the World Gold Council’s Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs, Press Release, 27 June 2013.

Table 21-5: PFS Base Case LoM Cash Costs Reported in Line with the World Gold Council Guidance Note

Category	Units	LoM Average
Mining	(USD/oz gold)	361
Processing	(USD/oz gold)	232
G&A	(USD/oz gold)	63
Operating Cash Costs	**(USD/oz gold)**	**657**
Freight and Refining	(USD/oz gold)	4
Royalties	(USD/oz gold)	38
Sustaining Capital	(USD/oz gold)	17
By-Product Credits (silver)	(USD/oz gold)	-26
All-In Sustaining Cash Costs	**(USD/oz gold)**	**690**
Pre-stripping	(USD/oz gold)	30
Project Capital Expenditure	(USD/oz gold)	176
All-in Costs	**(USD/oz gold)**	**896**

21.3.4 Results Cash Flow Analysis

A year by year summary of the TEM workings and outputs is included in Appendix D and a summary is presented in Table 21-6. Undiscounted payback will occur during the fourth year of production.

Table 21-6: PFS Base Case TEM Outputs

Category	Units	LoM Average
Total Revenue	(USDm)	782.9
Gold	(USDm)	766.7
Silver	(USDm)	16.2
Total Operating Costs	(USDm)	447.9
EBITDA[2)]	(USDm)	335.0
Profit Tax	(USDm)	62.5
Net Profit	(USDm)	272.5
Capital Expenditure[3)]	(USDm)	118.6
Project[3)]	(USDm)	91.2
Deferred/Sustaining	(USDm)	27.5
Net Free Cash	(USDm)	153.9

1) This includes USD18.7m pre-production stripping costs which have been captured under pre-production project capital in Table 19-4.
2) EBITDA – Earnings Before Income Tax, Depreciation and Amortisation.
3) Excludes the pre-production stripping costs of USD18.7m.

The NPV and IRR results for the project (both pre-tax and post-tax) are presented in Table 21-7 for a range of discount rates.

It is the Company's view that a 5% discount rate is applicable as this is comparable with the results reported by the majority of other junior gold exploration companies listed on the TSX operating in Mexico, Central and South America. At a 5% discount rate the project yields an NPV of USD92m and an IRR of 22% (post-tax, pre-finance).

Table 21-7: PFS Base Case NPV and IRR Results at range of Discount Rates

		Units	Pre-Tax	Post-Tax
NPV				
	0% discount rate	(USDm)	216	154
	5% discount rate	(USDm)	135	92
	8% discount rate	(USDm)	100	65
	10% discount rate	(USDm)	81	51
IRR		(%)	26.8%	22.0%

21.3.5 Sensitivity Analysis

Table 21-8 presents a post-tax, pre-finance NPV and IRR sensitivity to gold price and discount rate. SRK notes that for this sensitivity, the silver price has been increased or decreased proportionally to the gold price. Table 21-9 presents a NPV sensitivity to changes in mining costs.

Table 21-8: PFS Base Case Project NPV and IRR at a Range of Discount Rates and Gold Prices[1)]

		Units	USD1,100/oz	USD1,250/oz	USD1,400/oz
Post-tax NPV					
	0% discount rate	(USDm)	89	154	218
	5% discount rate	(USDm)	44	92	138
	8% discount rate	(USDm)	25	65	104
	10% discount rate	(USDm)	15	51	85
Post-tax IRR		(%)	13.8%	22.0%	28.8%

1) The sensitivity reflects a change in the sale price presented in the financial model, but does not constitute re-optimisation of the underlying open pit optimisation studies.

Table 21-9: PFS Base Case Project NPV Sensitivity to Mining Cost

Change in Mining Cost	Units	NPV (5% Discount rate) (USDm)
-30%	(USDm)	130
-20%	(USDm)	117
-15%	(USDm)	111
-10%	(USDm)	105
-5%	(USDm)	98
0%	(USDm)	92
5%	(USDm)	85
10%	(USDm)	79
15%	(USDm)	72
20%	(USDm)	65
30%	(USDm)	52

Figure 21-1 graphically presents the NPV (at 5% discount rate) sensitivity to overall changes (up to +/- 30%) in commodity prices, operating costs and capital expenditure. As commonly seen, changes in commodity prices have the biggest impact on NPV. Changes in capital expenditure have a lesser impact on NPV, due to the relatively low upfront capital requirement due to the mining contractor assumption.

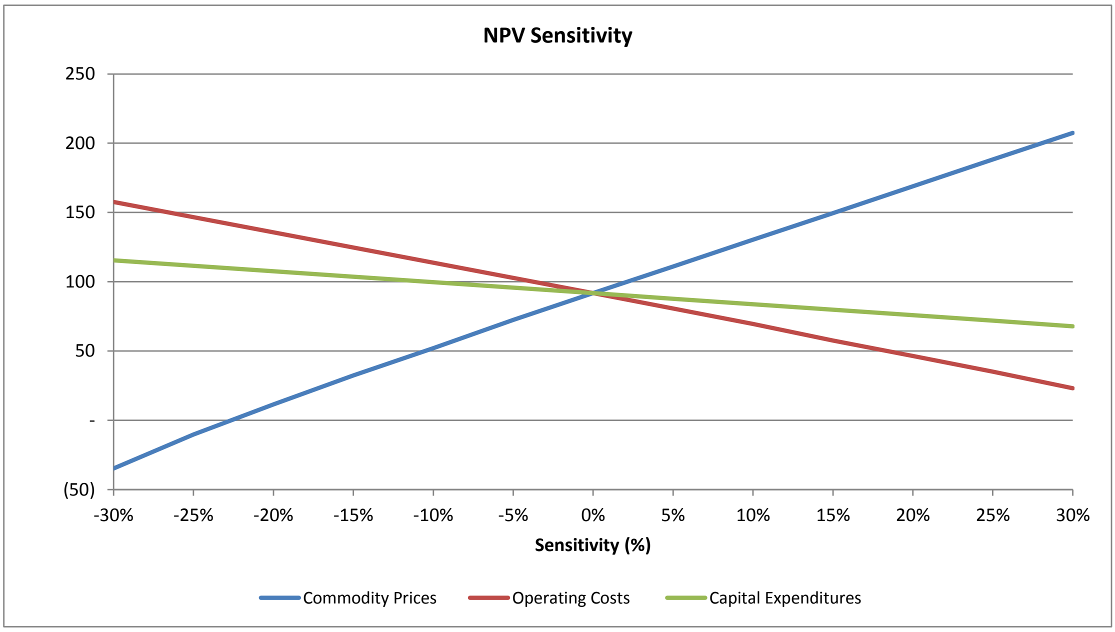


Figure 21-1: PFS Base Case NPV Sensitivity (at 5% Discount Rate) to Gold Price, Operating Costs and Capital Expenditure

21.4 PEA Scenario A

21.4.1 Assumptions

All assumptions used for the PFS with regards to construction period, refinery charges, depreciation, taxation, working capital, macro-economics and commodity prices are assumed to be valid for Scenario A.

The metallurgical recoveries applied to the various deposits were as follows:

- La India: 91.0% for gold, 69.9% for silver;
- America: 94.5% for gold, 70.5% for silver; and
- CBZ: 87% for gold (no silver present).

21.4.2 Results

An annual summary of the TEM for Sceanrio A is included in Appendix D, and a consolidated summary is presented in Table 21-10. Undiscounted payback for the scenario will occur during the fourth year of production.

Table 21-10: PEA Scenario A TEM Outputs

Category	Units	Scenario A
Total Revenue	(USDm)	985.7
Gold	(USDm)	966.8
Silver	(USDm)	18.8
Total Operating Costs	(USDm)	550.9
EBITDA[2)]	(USDm)	434.8
Profit Tax	(USDm)	85.9
Net Profit	(USDm)	348.9
Capital Expenditure[3)]	(USDm)	145.1
Project[3)]	(USDm)	110.4
Deferred/Sustaining	(USDm)	34.8
Net Free Cash	(USDm)	203.7

1) This includes pre-production stripping costs which have been captured under pre-production project capital in Table 20-30.
2) EBITDA – Earnings Before Income Tax, Depreciation and Amortisation.
3) Excludes the pre-production stripping costs.

The NPV and IRR results for the project (post-tax) are presented in Table 21-11 for a range of discount rates.

At a 5% discount rate the Scenario A yields an NPV of USD124.2m and an IRR of 24.6% (post-tax, pre-finance).

Table 21-11: PEA Scenario A NPV and IRR Results at range of Discount Rates

		Units	Scenario A
Post-tax NPV			
	0% discount rate	(USDm)	204
	5% discount rate	(USDm)	124
	8% discount rate	(USDm)	91
	10% discount rate	(USDm)	72
Post-tax IRR		(%)	24.6%

21.4.3 Sensitivity Analysis

Table 21-12presents post-tax, pre-finance NPV (and IRR) sensitivity to gold price and discount rate for Scenario A. SRK notes that for this sensitivity, the silver price has been increased or decreased proportionally to the gold price.

Figure 21-2 graphically presents the NPV (at 5% discount rate) sensitivity to overall changes (up to +/- 30%) in commodity prices, operating costs and capital expenditure for Scenario A. As commonly seen, changes in commodity prices have the biggest impact on NPV (note: the sensitivity reflects a change in the sale price presented in the financial model, but does not constitute re-optimisation of the underlying open pit optimisation studies). Changes in capital expenditure have a lesser impact on NPV, due to the relatively low upfront capital requirement due to the mining contractor assumption.

Table 21-12: PEA Scenario A - Project NPV and IRR at a Range of Discount Rates and Gold Prices[1)]

		Units	USD1,100/oz	USD1,250/oz	USD1,400/oz
Post-tax NPV					
	0% discount rate	(USDm)	124	204	284
	5% discount rate	(USDm)	66	124	182
	8% discount rate	(USDm)	42	91	139
	10% discount rate	(USDm)	29	72	115
Post-tax IRR		(%)	16.4%	24.6%	31.8%

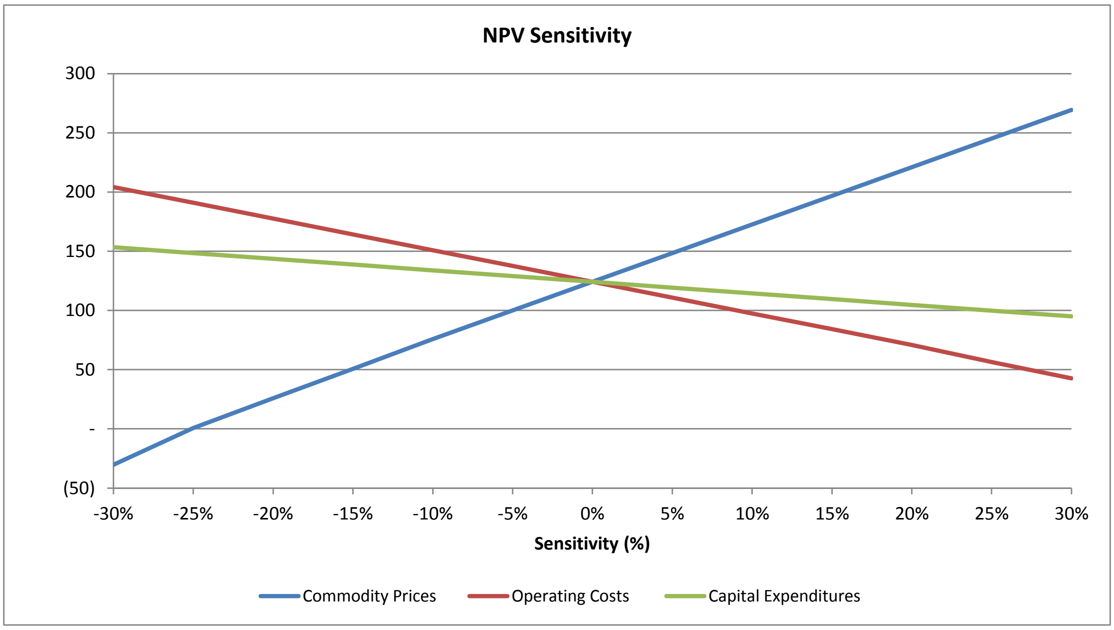


Figure 21-2: PEA Scenario A - NPV Sensitivity (at 5% Discount Rate) to Gold Price, Operating Costs and Capital Expenditure

21.5 PEA Scenario B

21.5.1 Assumptions

All assumptions as used for the PFS with regards to construction period, refinery charges, depreciation, taxation, working capital, macro-economics and commodity prices are assumed to be valid for Scenario B.

The metallurgical recoveries applied to the various deposits were as follows:

- La India: 91.0% for gold, 69.9% for silver;
- America: 94.5% for gold, 70.5% for silver; and
- CBZ: 87% for gold (no silver present).

21.5.2 Results

An annual summary of the TEM for Scenario B is included in Appendix D and a consolidated summary is presented in Table 21-13 Undiscounted payback for the scenario will occur during the fourth year of production.

Table 21-13: PEA Scenario B TEM Outputs

Category	Units	Scenario B
Total Revenue	(USDm)	1,557.7
Gold	(USDm)	1,530.8
Silver	(USDm)	26.9
Total Operating Costs	(USDm)	865.1
EBITDA[2)]	(USDm)	692.7
Profit Tax	(USDm)	132.7
Net Profit	(USDm)	560.0
Capital Expenditure[3)]	(USDm)	246.9
Project[3)]	(USDm)	151.9
Deferred/Sustaining	(USDm)	95.0
Net Free Cash	(USDm)	313.2

1) This includes pre-production stripping costs which have been captured under pre-production project capital in Table 20-31.

2) EBITDA – Earnings Before Income Tax, Depreciation and Amortisation.
3) Excludes the pre-production stripping costs.

The NPV and IRR results for the project (post-tax) are presented in Table 21-14 for a range of discount rates.

At a 5% discount rate Scenario B yields an NPV of USD186.6m and an IRR of 23.8% (post-tax, pre-finance).

Table 21-14: PEA Scenario B NPV and IRR Results at range of Discount Rates

	Units	Scenario B
Post-tax NPV		
0% discount rate	(USDm)	313
5% discount rate	(USDm)	187
8% discount rate	(USDm)	134
10% discount rate	(USDm)	106
Post-tax IRR	(%)	23.8%

21.5.3 Sensitivity Analysis

Table 21-15 presents post-tax, pre-finance NPV (and IRR) sensitivities to gold price and discount rate for Scenario B. SRK notes that for this sensitivity, the silver price has been increased or decreased proportionally to the gold price.

Figure 21-3 graphically presents the NPV (at 5% discount rate) sensitivity to overall changes (up to +/- 30%) in commodity prices, operating costs and capital expenditure for Scenario B. As commonly seen, changes in commodity prices have the biggest impact on NPV (note: the sensitivity reflects a change in the sale price presented in the financial model, but does not constitute re-optimisation of the underlying open pit optimisation studies). Changes in capital expenditure have a lesser impact on NPV, due to the relatively low upfront capital requirement due to the mining contractor assumption.

Table 21-15: PEA Scenario B - Project NPV and IRR at a Range of Discount Rates and Gold Prices[1)]

		Units	USD1,100/oz	USD1,250/oz	USD1,400/oz
Post-tax NPV					
	0% discount rate	(USDm)	186	313	440
	5% discount rate	(USDm)	97	187	276
	8% discount rate	(USDm)	60	134	208
	10% discount rate	(USDm)	41	106	171
Post-tax IRR		(%)	15.8%	23.8%	30.9%

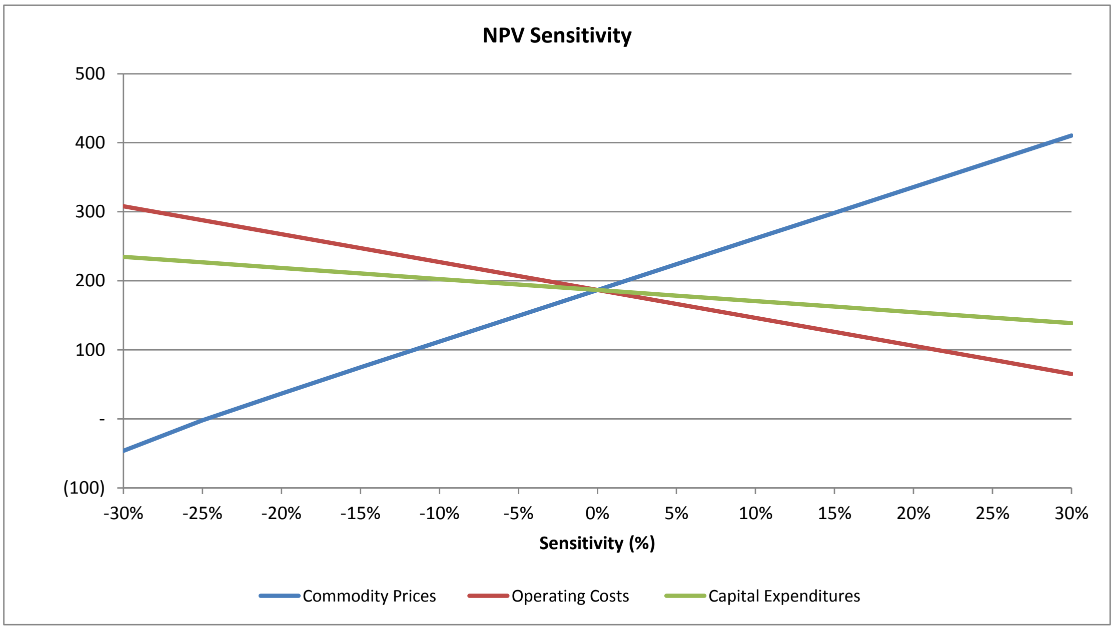


Figure 21-3: PEA Scenario B - NPV Sensitivity (at 5% Discount Rate) to Gold Price, Operating Costs and Capital Expenditure

21.6 Conclusions

The PFS economic evaluation of the La India project presents an economically viable project returning a positive NPV of USD92m (at a 5% discount rate) and an IRR of 22%; where the operation produces 79 koz of gold at full production from a 800 ktpa process plant, for some 9 years. The project economics are most sensitive to the gold price, followed by the unit mining costs due to the high stripping ratio. The positive economic evaluation supports taking the project forward to a feasibility stage of study.

Under the current set of technical and economic assumptions, both PEA scenarios return a positive NPV and IRRs of approximately 24% suggesting that notwithstanding the limited amount of technical work that has been undertaken on these scenarios to date, further studies and exploration into these are justified.

22 ADJACENT PROPERTIES

Whilst SRK understand there are no other properties adjacent to the La India Project with NI43-101 compliant Mineral Resources, the Company has provided the following information:

- To the west a cooperative of artisanal miners holds a concession over the El Pilar vein which contained a Soviet GKZ-Resource of 75 kt at 17.6 g/t Au for 43,000 oz gold at the P category. The El Pilar Vein, which is currently being exploited by artisanal miners, is the only recognised gold mineralisation in La India Mining District not held by Condor.
- The nearest operating mine is B2Gold El Limon Mine which is located approximately 80 km to the west via the NIC 26 highway.

A map of the adjacent properties that bound Condor's La India Concession boundaries is illustrated in Figure 22-1.

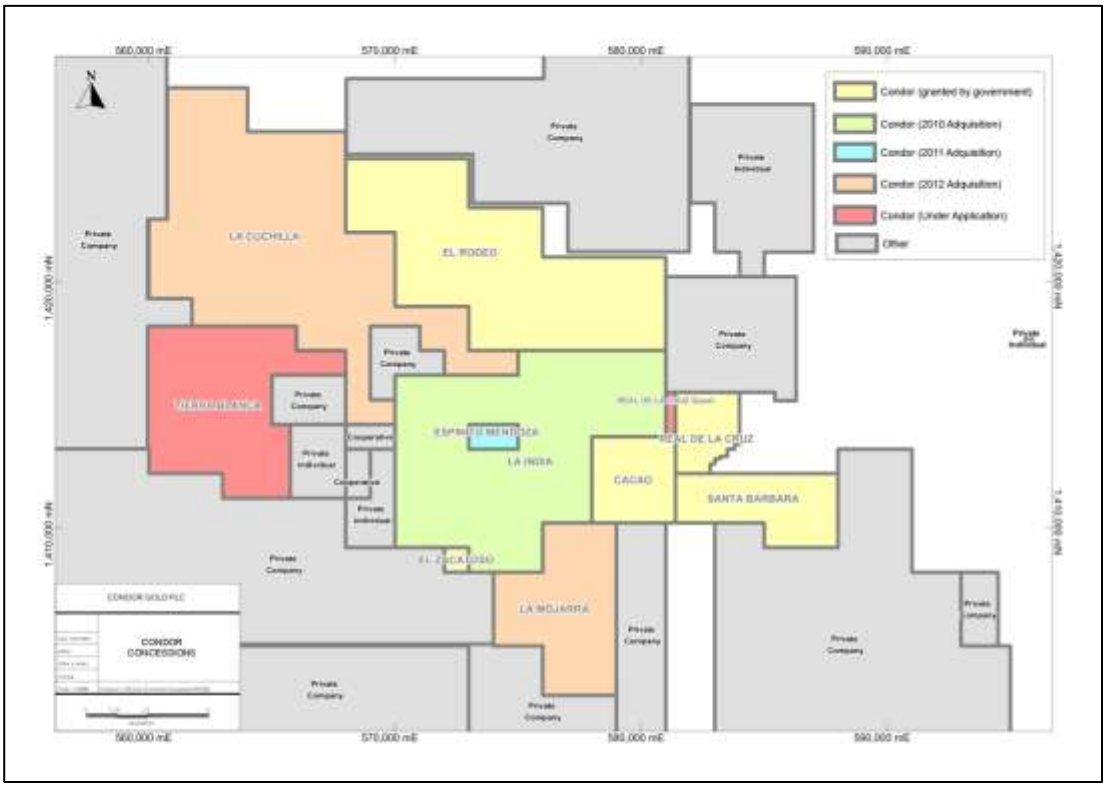


Figure 22-1: Adjacent Properties in relation to Condor's La India Concession (Source: Condor, December 2014)

23 OTHER RELEVANT DATA AND INFORMATION

There is no other relevant data available about the La India Project.

24 INTERPRETATION AND CONCLUSIONS

This technical report has been prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 and presents the most up to date MRE, the results of a Pre-Feasibility Study (PFS) completed on the Project in November 2014 and a Preliminary Economic Assessment (PEA) of two alternative scenarios for developing the project that have not yet been progressed to the PFS stage.

The PFS envisages the mining of a single open pit, termed La India (the "Base Case") to produce 800,000 tonnes of ore per annum. The PEA covers two scenarios, one in which the mining is also undertaken from two additional open pits ("Scenario A"), termed America and Central Breccia Zone (CBX) and which increases the plant feed to 1.2 million tonnes per annum (mtpa), and one where the mining is extended to cover two underground operations, at La India and America respectively ("Scenario B"), and in which the processing rate is further increased to 1.6mtpa. In addition both PEA scenarios incorporate the mining of inferred Mineral Resources which were not considered by the PFS.

The reporting standards adopted for the reporting of the MRE and Ore Reserve Estimate (PFS Case only) are the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (adopted May 2014) (the CIM Code). The CIM Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee (CRIRSCO).

SRK notes that the PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to support the economic criteria applied to Mineral Reserves. There is no certainty that the PEA will be realised.

This technical report provides a summary of the results and findings from each of the major technical disciplines which have been summarised as a series of technical and economic inputs into a TEM. The financial analysis performed from the results of the Pre-Feasibility demonstrates the robust economic viability of the proposed La India project using the Base Case assumptions considered. The financial analysis of the two PEA scenarios considered highlight the flexibility, scalability and potential economic upside of La India Project.

The following sections present a summary of the perceived key risks and opportunities:

24.1 Risks

24.1.1 Base Case

The following key risks are considered for the Base Case:

- There is a risk of potential for the under accounting of previous mining. SRK recommends that further verification work is completed on this issue, but due to current safety of accessing the underground workings SRK acknowledges that a detailed survey is not currently feasible.
- The main risk to the surface water scheme is the potential for flooding downstream of any of the dams. Potential flooding could result in the loss of infrastructure, pit floor flooding or loss of life. Monitoring systems will be required for the dams to minimise the potential risk.

- The mining cost estimate and equipment requirements have been provided by a sole contractor based on operational experience. However SRK notes that the haulage estimate appears aggressive and that additional trucks may be required in peak periods. There is a risk that when the Client obtains contract bids when commencing the operation they may be higher than the budget quote provided for this study. Multiple contractor bids should be obtained during the next stage of the project so that a consensus on equipment requirements and costs can be obtained.
- The major contributors to process operating cost are power and grinding media. Power costs present the biggest risk in variance to project operating costs. No firm power supply quotation has been received, therefore confirming power costs and grinding media consumption should be a key part of the next phase of study.
- The power diversion has been defined to a concept level and although a budget quotation for construction costs has been received, the exclusion zone for fly rock needs to be assessed in detail to ascertain whether an alternative alignment needs to be considered.
- The current timeline expected for obtaining the Environmental Permit may be optimistic. Permitting delays maybe caused by the planning and management of the stakeholder engagement process (including artisanal miners), unforeseen stakeholder input causing changes to the scope of the EIA, or changes in project design. In addition, schedule delays, project social licence to operate or increased costs could also be impacted by land acquisition and resettlement process.

24.1.2 Scenario A

All of the above risks identified for the Base Case are equally applicable to Scenario A. Additional technical risks apply but these primarily relate to the lower level of study conducted to date (e.g. open pit geotechnics, metallurgical testwork), which is reflected in these studies only be referred to at a PEA level.

As the environmental permitting process has not yet commenced for the La India open pit project, Condor can add the America and CBX resource areas into the initial Environmental Permit application or permit these components at a later stage. If included in the initial permit application, the risk of project schedule delays could be increased due to the increased number of directly affected stakeholders to be consulted and larger, more complex project that requires permitting. The conceptual design associated with the additional project components may also delay the submission of the Environmental Permit application until required project details are available.

24.1.3 Scenario B

All of the above risks identified for the Base Case are equally applicable to Scenario B. As per Scenario A, additional technical risks apply but these primarily relate to the lower level of study conducted to date, which is reflected in these studies only be referred to at a PEA level. However, the underground elements of the Project are the least developed of the Project and due to the added complexity of the underground workings (e.g. underground geotechnics and water management) at La India and America may pose significant operation challenges which need to be fully investigated at both the PFS and if the latter is successful, FS level.

24.1.4 Opportunities

The following key opportunities have been identified for the Base Case:

- The deposit remains open to the south, where indications from on-site structural observations suggest the possibility of extending the current interpretation and potential thickening of the vein. In addition, chip sampling results indicate the presence of further mineralisation 2km to the south of the La India deposit. In order to delineate additional potential mineralisation further drilling will be required targeting this material at depth, which is more likely to be considered an underground target.
- The La India deposit remains open at depth, with mineralisation appearing to follow subvertical high grade shoots.
- In addition to the known mineralisation at the America and Central Breccia deposits, there is potential to add to the open pit and underground resource base through additional exploration within the region, as part of follow up activities investigating the results of the rock chip and geophysical surveys.
- The water balance assumes that rainfall and surface water runoff rates are uniform across the model domain. Improved monitoring of rainfall and river flow may demonstrate that rainfall and surface water runoff are lower than assumed in some catchments in the project area which could allow the size of surface water infrastructure to be reduced.
- There may be potential for reducing wear material costs if future metallurgical studies demonstrate lower ore abrasion characteristics.
- With an increase in the resource base there is the opportunity to increase the Project production rate and benefit from further economies of scale.
- Potential for selective handling of waste rock to minimise mitigation costs and to select low reactivity waste for TSF dam construction.
- The TSF capacity requirement has been calculated based upon assumed parameters for in-place density (1.157t/m^3) which may be conservative. Any increase in density will reduce capacity requirements which will reduce the overall size of the facility and associated capital and sustaining capital costs.
- The construction/civil contractor rates provided were reported to be general rates and further definition of the scope of work together with turnkey quotations could potentially yield lower capital costs estimates for the project.
- Condor has opportunities to invest more resources and time than currently planned during the project development phase in the identification, assessment and management of key environmental and social impacts. Improved impact management could reduce the environmental and social risks to the project in the long term.

24.1.5 Scenario A

All of the above opportunities are equally applicable to Scenario A with the addition of the following:

- Through a detailed open pit geotechnical investigation it may be possible to optimise the open pit slope angles applied to the America and CBX deposits.

24.1.6 Scenario B

All of the above opportunities are equally applicable to Scenario B with the addition of the following:

- Dewatering of the underground workings may lead to greater efficiency in the dewatering of the open pit, by using the underground workings to drain the open pit in a controlled manner. This can be achieved through over-engineering of the underground dewatering system and targeting the open pit with drain holes drilled from underground.

25 RECOMMENDATIONS

25.1 PFS Base Case

SRK considers that the technical studies completed warrant the development of the La India Project from the current PFS level of study to an FS level.

It is recommended that any further studies are supported by an initial resource drilling programme designed to improve confidence in the geological interpretation and de-risk significant areas of tonnage and grade and increase confidence in the continuity of the Mineral Resource intended to be mined early in the Project life. Furthermore additional drilling at the southern edge of the deposit and at depth below the current pit limits should be considered as will assist in confirming the limits of the proposed open pit to a higher level of confidence.

Based on a review of the geological model in conjunction with the PFS and MRE open pit shells SRK proposed to the Company a phased drilling approach with the following meters required to complete the various Phases, either focusing on the initial two pushbacks which target approximately 475 koz of the Mineral Resource, or focusing on increasing the geological continuity in the model between sections 10,650 – 11,250 (approximately 475 koz), where the veins step over. SRK estimates approximately 4,000 – 5,000 m will be required to complete these programs at an estimated cost of USD 950,000 - 1,200,000. The drilling will provide the additional benefits of increasing the confidence in the vertical veins, and by including some holes on infill lines, increase the confidence in both the geological model and the mine depletion model. To increase the proposed program to cover the four pushbacks proposed in the PFS, a further 3,000 – 4,000 (USD 700,000 – 950,000) of potential additional drilling targeting areas at depth or in the northern or southern end of the pit may provide further confidence.

In addition to the drilling focused on the open pit the Company has defined a programme to test the depth extension of one of the high-grade sub-vertical domains at depth for 1,000 m at an estimated cost of USD 240,000. The Company also propose to test for the potential of an underground target at depth to the southeast of the proposed la India open pit, it is estimated that this will require approximately 3,000 m of drilling at an estimated cost of USD 700,000.

In summary SRK have proposed an additional 11-13,000m of drilling at La India, for an estimated cost in the region of of USD 3,000,000, but recommend that the drilling should be completed in Phases with an initial Phase of between 4,000 – 5,000 m at an estimated cost of USD 950,000 - 1,200,000 to confirm the geological interpretation and further verify the depletion model.

In conjunction with the resource drilling it is recommended that the necessary field investigations are progressed to support the FS technical studies and ESIA process. Based on in-country experience, and a proposed work programme for an FS and ESIA (managed by the Company), a budget of between USD 3.6 – 5.0M is anticipated (excluding exploration drilling costs described above). It is envisaged that the FS program will include the following key components in addition to increased design and costing detail: completion of additional metallurgical testwork; infrastructure site investigations; development of the waste management studies (including geochemical testwork); and, the development of the hydrogeological and hydrological designs.

25.2 Scenario A

Based on the results of the Scenario A PEA it is SRK's opinion that Scenario A warrants progressing to the next level of study. The most conventional route would be to step the technical studies associated to Scenario A through a PFS and then FS stage gate process, providing the PFS continued to support a positive technical and economic outcome.

However, as a result of the benefit to the overall Project in terms of economies of scale it is understood that the Company is considering expediting the America and CBX studies as part of a combined FS programme. This would require substantial additional fieldwork, testwork and analysis to bring the CBX and America components to an equivalent level as the La India deposit, and pose an increase in Project risk. Whilst it is more difficult to estimate the cost of completing such a programme given the lower level of current understanding it is estimated that it might require an additional 1,000 – 2,000 m of drilling for Central Breccia, for an estimated cost of USD 250,000 – 450,000. It is SRK opinion that further drilling is warranted at America to increase the geological understanding of the deposit. The focus for infill drilling should be on the flexure zone between the intersections of America-Constancia-Escondido, where apparent thickening of the deposit has been noted in the drilling to date. Once completed the geological model should be updated to provide a potential decision on the best mining method for the deposit. SRK anticipate the required drilling programme to complete these tasks would be between 1,500 m to 3,000 m, for an estimated cost of USD 360,000 – 720,000.

Upon completion of the exploration furthermore SRK estimate the associated costs for the FS and ESIA (managed by the Company) of between USD 5.2and 6.7M (excluding exploration drilling costs).

25.3 Scenario B

Based on the results of the Scenario B PEA it is SRK's opinion that Scenario B also warrants further investigation. Given the underground elements of the Project are the least developed, and due to the added complexity of the underground workings it is recommended that any further study associated to the underground potential initially progress to a PFS, and is not expedited straight to FS.

It is understood by SRK that the development of the underground potential it is not part of the immediate Project development plan and will be investigated at a later stage once the open pit components have been progressed.

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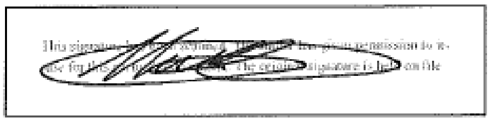

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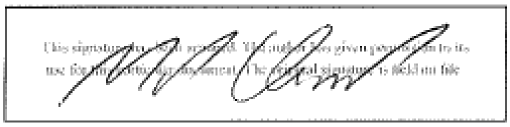

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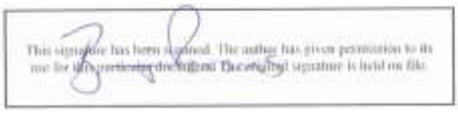

Ben Parsons,
Principal Consultant
(Resource Geology)
SRK Consulting (US) Inc

Gabor Bacsfalusi,,
Senior Consultant
(Mining Engineering)
SRK Consulting (UK) Limited

srk consulting

SRK Consulting (UK) Limited
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17 Churchill Way
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United Kingdom
E-mail: enquiries@srk.co.uk
URL: www.srk.co.uk
Tel: + 44 (0) 2920 348 150
Fax: + 44 (0) 2920 348 199

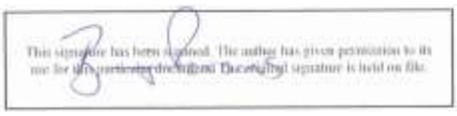
CERTIFICATE OF QUALIFIED PERSON

I, Benjamin Parsons, MSc, MAusIMM (CP) do hereby certify that:

1. I am a Principal Consultant (Resource Geology) of SRK Consulting (U.S.), Inc., 7175 W. Jefferson Ave, Suite 3000, Denver, CO, USA, 80235.
2. This certificate applies to the technical report titled “Technical Report on the La India Gold Project, Nicaragua, November 2014” with an Effective Date of 21 December, 2014 (the “Technical Report”) prepared for Condor Gold Plc.
3. I graduated with a degree in Exploration Geology from Cardiff University, UK in 1999. In addition, I have obtained a Masters degree (MSc) in Mineral Resources from Cardiff University, UK in 2000 and have worked as a geologist for a total of 14 years since my graduation from university. I am a member of the Australian Institution of Materials Mining and Metallurgy (Membership Number 222568) and I am a Chartered Professional.
4. I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.
5. I have personally inspected the subject project 28 April to 2 May 2013.
6. I am co-author of this report and responsible for the preparation of database and compilations of the geological model. I am responsible for Sections 5 to 11 and Section 13 of the Technical Report.
7. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
8. I have not had prior involvement with the property that is the subject of the Technical Report.
9. I have read NI 43-101 and Form 43-101F1 and the sections of the Technical Report I am responsible for have been prepared in compliance with that instrument and form.
10. As of the aforementioned Effective Date, to the best of my knowledge, information and belief, the sections of the Technical Report I am responsible for contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 21st Day of December, 2014.

“Signed and Sealed”



Ben Parsons (MAusIMM (CP), MSc)

Principal Consultant (Resource Geology)

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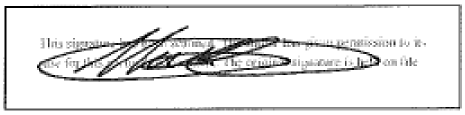
CERTIFICATE OF QUALIFIED PERSON

I, Tim Lucks, PhD, MAusIMM (CP) do hereby certify that:

1. I am a Principal Consultant (Geology & Project Management) of SRK Consulting (U.K) Ltd., 5th Floor, Churchill House, 17 Churchill Way, Cardiff, CF10 2HH, Wales, UK.
2. This certificate applies to the technical report titled “Technical Report on the La India Gold Project, Nicaragua, November 2014” with an Effective Date of December 21, 2014 (the “Technical Report”) prepared for Condor Gold Plc.
3. I graduated with a degree in Geology and Mineral Exploration from Imperial College, London, UK in 1999. In addition, I have obtained a PhD in Mineral Deposit Geology from Leeds University, UK in 2004, and have over ten years’ experience in a combination of Exploration and Mineral Resource Geology and Project Management. I am a member of the Australian Institution of Materials Mining and Metallurgy (Membership Number 304968) and I am a Chartered Professional.
4. I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.
5. I have not personally inspected the subject project.
6. I am co-author of this report and responsible for the overall coordination of the Technical Report.
7. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
8. I have not had prior involvement with the property that is the subject of the Technical Report.
9. I have read NI 43-101 and Form 43-101F1 and the sections of the Technical Report I am responsible for have been prepared in compliance with that instrument and form.
10. As of the aforementioned Effective Date, to the best of my knowledge, information and belief, the sections of the Technical Report I am responsible for contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 21st Day of December, 2014.

“Signed and Sealed”



Tim Lucks, PhD, MAusIMM

Principal Consultant (Geology & Project Management)

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CERTIFICATE OF QUALIFIED PERSON

I, Gabor Bacsfalusi, BEng, MAusIMM (CP) do hereby certify that:

1. I am a Senior Consultant (Mining Engineering) of SRK Consulting (U.K) Ltd., 5th Floor, Churchill House, 17 Churchill Way, Cardiff, CF10 2HH, Wales, UK.
2. This certificate applies to the technical report titled “Technical Report on the La India Gold Project, Nicaragua, November 2014” with an Effective Date of December 21, 2014 (the “Technical Report”) prepared for Condor Gold Plc.
3. I graduated with a degree in Mining Engineering from McGill University, Montreal, Canada in 2006. In addition, I have eight years’ experience in open pit engineering in operational and consulting roles. I am a member of the Australian Institution of Materials Mining and Metallurgy (Membership Number 308303) and I am a Chartered Professional.
4. I have undertaken an inspection of the La India project site March 11th to 14th 2014.
5. I am responsible for the Open Pit Mining Methods included with Section 14 and 15.3 of this report.
6. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
7. I have not had prior involvement with the property that is the subject of the Technical Report.
8. I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.
9. I have read NI 43-101 and Form 43-101F1 and the sections of the Technical Report I am responsible for have been prepared in compliance with that instrument and form.
10. As of the aforementioned Effective Date, to the best of my knowledge, information and belief, the sections of the Technical Report I am responsible for contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 21st Day of December, 2014.

“Signed and Sealed”

Gabor Bacsfalusi, BEng, MAusIMM (CP)

Senior Consultant (Mining Engineering)

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CERTIFICATE OF QUALIFICATION

I, Dan Markovic, P.Eng. do hereby certify that:

1. I am currently employed as Project/Study Manager in the consulting firm Lycopodium Minerals Canada Ltd. located at 5060 Spectrum Way, Mississauga, Ontario, Canada, L4W 5N5.
2. This certificate accompanies the report, dated 21 December, 2014, and titled "Technical Report on the La India Gold Project, Nicaragua, December 2014".
3. I graduated with a Bachelor of Applied Science degree in Materials and Metallurgical Engineering from Queen's University, Kingston, Ontario, Canada, in 1993.
4. I am in good standing as a member of the Professional Engineers of Ontario (#90426818).
5. I have practiced my profession continuously since my graduation. My relevant experience includes consulting and managing mining projects in various stages of the execution cycle from scoping, pre-feasibility and feasibility studies through detailed design. I have been involved in gold, nickel, iron ore, copper, phosphate and uranium mining projects in North America, South America, Eurasia, and West Africa.
6. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
7. I am independent of the Issuer and related companies applying all of the tests in section 1.5 of National Instrument 43-101.
8. I am one of the authors of this Technical Report titled "Technical Report on the La India Gold Project, Nicaragua, December 2014" prepared for Condor Gold PLC, effective as of December 21, 2014. I am responsible for the Process Plant Design sections contained within Section 16.1.1 of the technical report and the associated Appendix B.
9. I have visited the La India project site June 9th and June 10th, 2014.
10. As of the date of the certificate, to the best of my knowledge, information and belief, the Technical Report contains the necessary scientific and technical information to make the Technical Report not misleading.
11. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

Dated this 21st Day of December, 2014.

"Signed and Sealed"

"Dan Markovic"

Dan Markovic, P. Eng.