NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA

Prepared For

CONDOR GOLD PLC

Report Prepared by

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UK4929

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Report Title	NI43-101 PRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA
Effective Date:	25 February 2013
Signature Date	27 February 2013
Project Number:	UK4929

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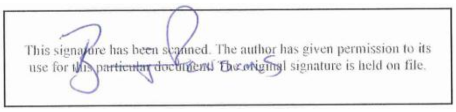

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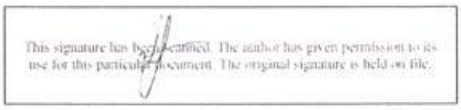

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NI43-101 PRELIMINARY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA – EXECUTIVE SUMMARY

1 EXECUTIVE SUMMARY (ITEM 1)

1.1 INTRODUCTION

SRK Consulting (UK) Ltd ("SRK") has produced a Preliminary Economic Assessment for Condor Gold Plc ("Condor" or the "Company") on the La India Project, dated 25 February 2013, based on the Mineral Resource Estimate of 14 September 2012, also produced by SRK. The Mineral Resource Estimate on the La India Project, dated 14 September 2012, comprises 12 individually modelled vein-hosted gold deposits. The deposits have been modelled and are described herein using the UTM coordinate grid.

The reporting standard adopted for the reporting of the Mineral Resources is that defined by the terms and definitions given in 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. The CIM reporting code ("CIM Code") is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee ("CRIRSCO").

The CIM Code, like the "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), 2004 Edition as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia", have been aligned with the CRIRSCO reporting template. Accordingly, SRK considers the CIM Code to be an internationally recognised reporting standard which is recognised and adopted world-wide for market-related reporting and financial investment.

In addition, SRK has undertaken a preliminary economic assessment ("PEA") on the estimated Resources (both Indicated and Inferred) to provide an initial assessment on the potential for future mining operations. The assessment includes investigations for both open pit and underground operations and aims to provide some context and direction for future exploration programmes. As part of this assessment, early stage geotechnical investigations have also been undertaken.

1.2 PROJECT DESCRIPTION

Condor holds 100% ownership of a 280 km^2 concession package covering 98% of the historic La India Gold Mining District, north of Managua, Nicaragua. The concession package comprises eight contiguous concessions. SRK has not carried out legal due diligence on the concessions as part of this PEA but can confirm that the mineralised bodies lie within the concession areas. The concessions encompass gold mineralised veins with a total strike length of over 18 km (Figure ES 1), including a significant area of historic underground mine workings. The veins extend over known strike lengths of between 0.5 km to 2.5 km based on surface trenches, which confirm relatively continuous structures, within which, zones of higher and low grades can be found.

The mineralisation predominantly occurs in individual veins that follow a regional structural control. Infill drilling during 2012 has resulted in an updated mineralisation model for the La India and the California veins, which display coalescing and bifurcating forms, with an associated increase in thickness where the veins coalesce. The California Vein consists of a number of structures which range in thickness up to 20 m with an average width of 8.2 m in the upper portion (open pit Mineral Resource), and 4.5 m wide in the deeper areas considered to be Mineral Resources amenable to underground mining, based on the 2012 geological model. In zones where these structures coalesce a horizontal thickness of up to 20 to 25 m is observed. The La India vein, as defined by historic underground sampling represents a single narrower (average 2.0 m) high grade core compared to the California structures, which typically represent lower-grade broader zones of mineralisation, which SRK considers may have potential for extraction using open pit methodologies, given a combined average thickness in the upper portions of the deposit of over 10 m true width based on the 2012 geological model.

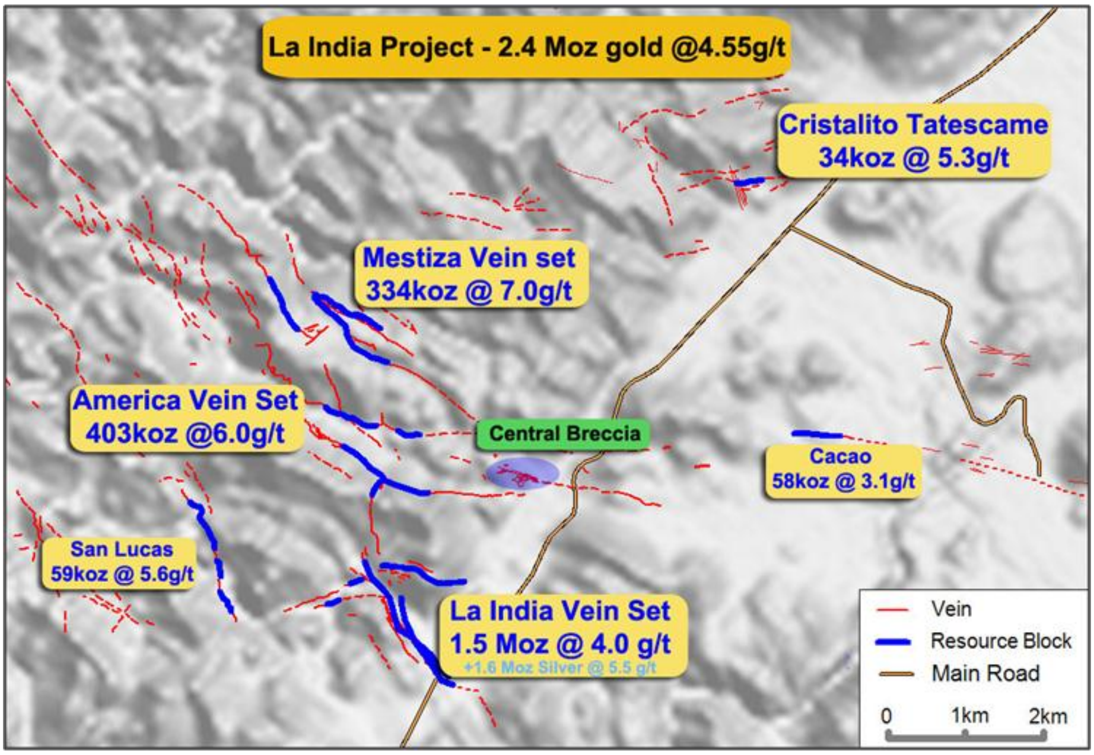


Figure ES 1: Plan Showing La India Project and Distribution of Mineral Resources, as Reported September 2012

During 2012, the Company has focused exploration within the areas surrounding the historical La India mine, where the Company targeted the La India vein and associated hangingwall mineralisation ("California veins"). The focus of the exploration has been to increase the confidence in the current Mineral Resource estimate, and to test for up-dip extensions to the California veins. Drilling has been completed using both diamond drilling ("DD") and reverse circulation ("RC") methods, plus a trenching programme to test for surface exposure of the California Veins.

1.3 PROJECT GEOLOGY

The La India License area contains narrow high-grade low-sulphidation epithermal gold-silver mineralised veins hosted by Tertiary andesite and rhyodacite. Historical mining targeted higher-grade areas and veins within the district. La India Underground Mine, which is located on La India Concession, produced an estimated 1.7 Mt at 13.4 g/t for 576,000 oz Au between 1938 and 1956, which exploited portions of the La India vein, California vein, and the America-Constancia veins.

The modelled veins 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 20 m in areas of significant swelling. Locally, the mineralised veins display anastamosing and bifurcating features, pinch and swell structures, fault brecciation and fault gouge.

The La India and California veins modelled during the September 2012 have dimensions broadly comparable with other veins on the La India Concession. SRK estimates the historic La India mine workings to have an average thickness of approximately 2.0 m, while by comparison the aggregate remnant wall rock mineralisation and the California veins average 8.2 m within the upper portion (open pit), and 4.5 m at depth (underground), but can reach up to 25 m wide in areas where multiple veins coalesce (Figure ES 2).

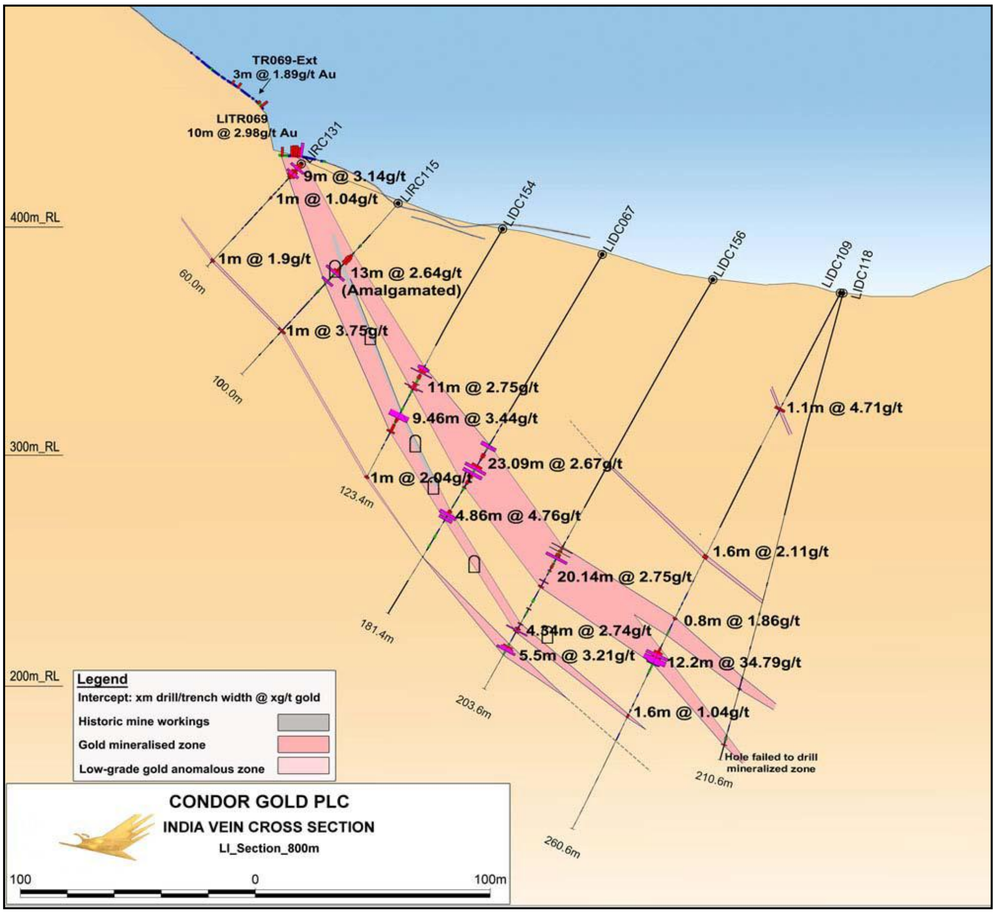


Figure ES 2: Cross Section 800 Showing California Vein Thickening (Source: Condor)

1.4 EXPLORATION DRILLING AND SAMPLING

The exploration history and data available for the project is complex with largely Soviet-sponsored exploration and resource evaluation carried out between 1986 and 2000. Condor has since undertaken a major data capture programme to collate all historic data from the numerous companies into a single database for all veins within the Condor-owned license areas. The most up-to date version of the database for La India has been supplied to SRK for use in the current Mineral Resource Estimate.

The 2012 programme has comprised of selective infill drilling on 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 -90º, predominantly orientated to the south west.

All recent samples were sent for preparation to BSI-Inspectorate Laboratories sample preparation facility in Managua, and then dispatched to Reno Nevada (USA) or Vancouver (Canada) for analysis by fire assay.

The December 2011 SRK Mineral Resource Report documented a merging of parallel vein structures into a central brecciated zone, based on a few significant drillhole intersections. Subsequent drilling during 2011/2012 has confirmed this initial interpretation and further emphasised the presence of coalescing veins that bifurcate and re-join, most notably within the central region of mineralised structure, which SRK has modelled based on the initial interpretation provided by the Condor geological staff.

1.5 DATA QUALITY AND QUANTITY

The September 2012 Mineral Resource update was based on some 40,298 m of drilling, 7,200 m of trench sampling and over 9,000 original underground mine grade control channel samples on nine of the veins within the La India Project area. The 2012 exploration program (59 drillholes) focused on the La India and California veins, providing an additional 4,426 m of diamond drilling, 2,675 m of reverse circulation drilling and 2,500 m of trenching. The programme was completed between mid-April and the end of July 2012 on the La India-California vein trend, with the aim of increasing the overall mineral resource at Indicated category by targeting areas considered to have open pit and underground mining potential. In addition the Company completed 7 holes on Guapinol (1,474 m) and one hole on America (307 m) prior to the September 2012 Mineral Resource update. All samples taken during the 2011 and 2012 programme have been assayed for gold and silver.

A Quality Assurance/Quality Control (QAQC) programme has demonstrated that sample preparation and laboratory performance for the various drilling campaigns provided sample assays which are considered appropriate for the purpose of defining an Indicated and Inferred Mineral Resource. Density determinations have been obtained from the previous reports and work completed by the Soviets. SRK has not independently verified the sample and density data used for the estimates, however SRK has undertaken a site-visit and observed the geological setting and mineralisation.

During the 2012 exploration program, Condor twinned a portion of the RC drillholes with DD drillholes to investigate the presence of smearing of gold grades downhole. SRK is of the opinion that the DD holes appropriately support the distribution of mineralisation shown in the RC holes and thus RC is suitable for estimation and reporting of Mineral Resources. SRK recommends the Company continues with the programme of twinned DD and RC during the 2013 exploration programme.

All data has currently been verified by Senior staff onsite and is stored in a Micromine database. SRK recommended the Company migrated the database into either a commercial geological database system, or into a customised Access or SQL based system, which would ensure data quality and provide an audit trail of any changes made to the data. SRK understands the Company have purchased a commercial database system and are currently in the process of migrating the historical databases. SRK has not verified the data transfer as part of the current scope of work, but will audit the database prior to the next Mineral Resource Estimate due Q3 2013.

1.6 DATA VALIDATION

The Company has undertaken basic validation for all tabulated data. As part of the September 2012 Mineral Resource Estimate, to independently verify the information incorporated within the latest drill programme, SRK:

- Completed a review of selected drill core for selected holes, to confirm both geological and assay values stored in the database show a reasonable representation of the project;
- Visited an underground adit and surface outcrops to check the presence of vein mineralisation at depth and at surface;
- Verified the quality of geological and sampling information and developed an interpretation of gold grade distributions appropriate to use in the resource model;
- Reviewed the QAQC database provided for the 2011/2012 drill programme, which show no overall bias is present;
- Reviewed the Company Database updated during the 2012 exploration programme, including validating against historical data, discussions with Senior Geologist related to any data related issues;
- Reviewed the Bulk Density measurements captured by the Company during the 2012 exploration programme; and
- Refined the position of underground samples (originally based on historical level plans of mine development) using mining void data recorded in the borehole logs.

SRK is satisfied with the quality of assays returned from the laboratory used for the 2012 programme and that there is no evidence of bias within the current database which would materially impact on the estimate. Based on the validation work completed by SRK, the database has been accepted as provided by Condor's Exploration Geologist.

1.7 BULK DENSITY

During 2012, the Company has tested 1058 samples for bulk density determination to determine if the assumed (based on historical reports) 2.6 g/cm^3 applied in the previous model is applicable. The sampling has been completed using the water immersion method and was used on both full and half HQ and NQ core samples, where available, measuring over 10 cm in length.

SRK has reviewed the data provided and while SRK considers improvements could be made in the equipment and methods used, the results suggest a slight reduction in the bulk density should be applied at La India. In total, 519 bulk density measurements have been taken on the La India prospect. The Company completed 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 to 4.01 g/cm^3, based on the degree of weathering, with the current database skewed toward highly to moderately weathered zones. By comparison, historical reports indicate a density of between 2.55 to 2.70 g/cm^3.

While SRK notes improvements could be made to the current protocols in order to increase the confidence in the bulk density measurements, based on the recent analysis and the differences to the historical reports, SRK considers a reduction of the density from 2.6 g/cm^3 to 2.5 g/cm^3 to be acceptable for the vein updated Mineral Resource as part of the September 2012 update.

SRK recommends improvements be made which would include drying all samples, use of high precision balance, introduction of calibration on balances, and checks at a commercial laboratory, to the density measurement protocol to ensure higher quality and hence confidence in the density measurements is completed during the next phase of the project.

1.8 GEOLOGICAL MODEL

The interpretation for the vein domains using a 0.5 g/t Au cut-off, was undertaken collectively by SRK and Condor, guided through 2D geological sections provided by Condor. The initial results from modelling were reviewed by Condor geological staff and subsequently amended (where required) and approved as providing an appropriate representation of the mineralisation.

For the September 2012 update, the spatial location of underground sampling was re-projected to fit with the mining void data recorded in the borehole logs, enabling a more accurate positioning of the La India Vein in the upper levels of the La India Mine. 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 a 2D long-section depletion outline) in attempt to more accurately remove the mined areas from the mineralisation model.

SRK has imported all available sample data into CAE Mining's Datamine Software, and coded the vein hangingwall and footwall contacts for wireframe surface creation and subsequent 3D vein creation using the Leapfrog Modelling Software. The 3D depletion wireframe was created using the same coding/modelling technique as applied for the veins (Figure ES 3).

Due to the narrow nature of certain areas of the deposit and the potential for misallocation of sampling information on the basis of wireframe selection alone, all assay values have been hard coded in the database to identify vein samples.

Within the sample database, although relatively minor, sample gaps sometimes exist within the mineralised vein zones as a result of poor sample recovery. SRK has attempted to remove the influence of these samples (in areas poorly informed with data) by stopping or constraining the mineralised vein zones where the gaps exist.

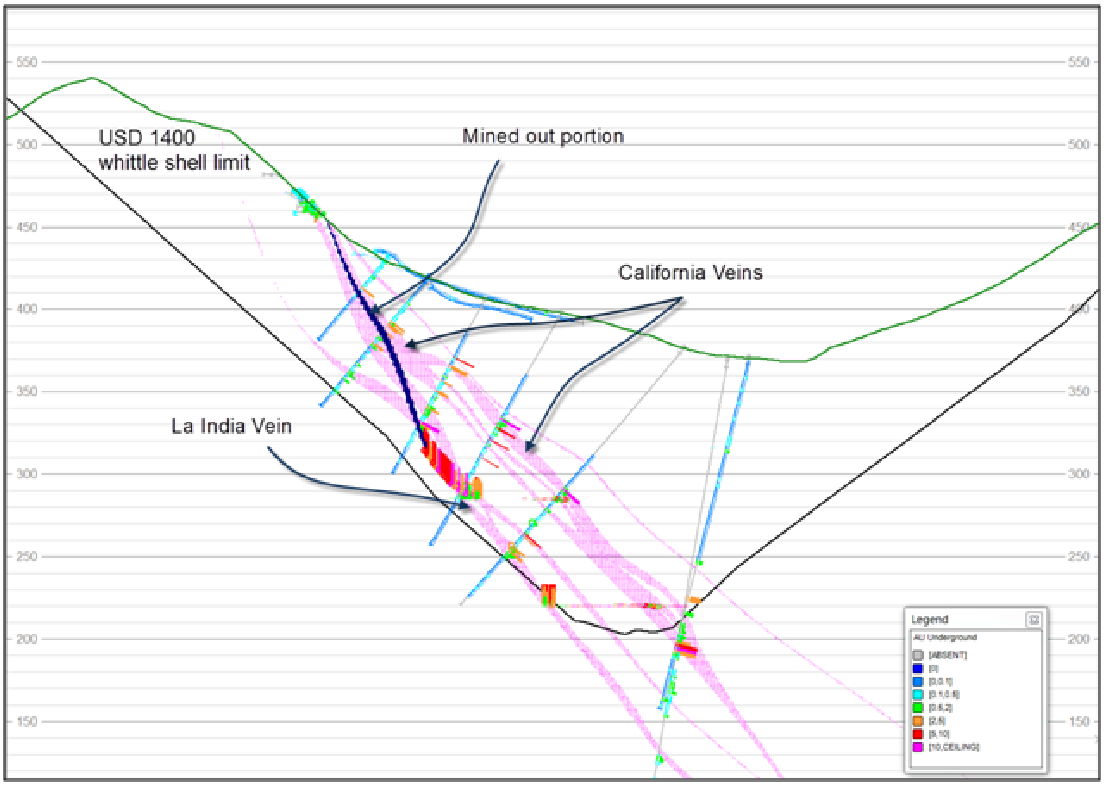


Figure ES 3: Cross Section (850) Showing Example of the La India and California Veins Showing the Historical Mining Portion and Limiting Whittle Pit Limit

1.9 GRADE INTERPOLATION

Based on the vein samples SRK has completed a statistical analysis to determine a composite length of 2 m to be used for the estimation, and has utilised tools within Datamine software in an attempt to ensure all ore samples are incorporated into the composite file. SRK completed a statistical and geostatistical analysis on the coded 2 m composite data to determine the appropriate estimation methods and parameters.

For the September 2012 update, with respect to the La India and California veins, SRK has produced a block model with a slightly reduced block dimension in the vertical orientation of 25 x 25 x 10 m (X,Y,Z) to improve the resolution of the potential for open pit extraction to be evaluated. Gold and silver grades have been interpolated using parameters appropriate to the geological and grade continuity, broadly comparable to the other veins on the La India License, but with an orientated search ellipse of 60 x 40 x 40 m, reduced from 112 x 75 x75 m, used in the previous model, and increased number of samples as a function the infill drilling (50 x 50 m) completed during the recent program. The adjustment in the search parameters has been completed to improve the estimation on a local basis, and to reduce smoothing of grades between high and low grade areas, noted in previous estimates. SRK undertook a kriging sensitivity analysis (QKNA) to optimise and analyse the influence of the kriging parameters on the significantly wider mineralised zones of the California veins.

In the 2011Mineral Resource estimate for the veins which have not formed part of the current update, SRK has produced a series of block models with block dimensions of 25 x 25 x 25 m into which gold grades have been estimated using appropriate parameters related to the geological and grade continuity and sample spacing, using an ordinary kriging routine with a search ellipse that follows the typical orientation of the mineralised structures, and where appropriate aligned along potentially higher grade plunging features within the mineralised veins. SRK has treated all boundaries as hard boundaries in terms of the estimation process. The resultant block grade distribution is appropriate for the mineralisation style and noted continuity, which SRK consider to be an important feature of the deposit. In areas of limited sampling, the block grade estimates have been produced using expanded search ellipses which result in more smoothed global estimates. Localised comparisons of composite grades to block estimates will be less accurate in these areas. Further infill drilling is likely to improve the local block grade estimates.

1.10 CLASSIFICATION AND REPORTING CRITERIA

SRK has considered geological continuity, grade continuity, quality of the digitised database, sampling density, distance of block estimates from samples and estimation quality in order to classify the deposit in accordance with The CIM Code. Data quality, drill hole spacing and the interpreted continuity of grades controlled by the veins has allowed SRK to classify portions of the veins in the Indicated and Inferred Mineral Resource categories. The resource statement has been depleted for historical mining.

No Mineral Resource update has been completed as part of the current PEA, and the study has been based on the Mineral Resources as stated on 14 September 2012.

For the September 2012 update, the La India and California Mineral Resource is constrained within a Whittle open pit shell, with SRK electing to use market consensus long term gold price forecasts from over 30 contributors, to which has then applied an uplift, resulting in a long term optimistic gold price of USD1400/oz; this approach is in line with other gold producing companies' reporting methods. For the other Whittle input parameters, SRK has briefly reviewed typical mining, processing, and administrative costs for a range of gold mines in the region. Based on the assumed costs and a recovery of 90% using conventional gold mineralised material processing, SRK has applied a cut-off grade of 1.0 g/t Au for the material with potential to be mined from surface, based on benchmarked parameters; and a cut-off grade of 2.3 g/t Au for material with the potential to be mined underground.

Given the generally lower grade nature of the California veins, for the material beneath the pit, SRK has undertaken more rigorous economic assessments to determine which portion of the mineralisation modelled is contiguous and has reasonable prospects for economic extraction and is therefore reportable as a Mineral Resource. For the underground Mineral Resource, SRK has assumed an accumulated grade of 2.3 g/t is required over the width of 1.0 m, to filter out areas of lower grade material within thinner portions of the vein.

Veins not updated as part of the 2012 update, SRK has restated the Mineral Resource as reported in the previous Mineral Resource Statement (dated 30 December 2011), using a cut-off grade of 1.5 g/t Au.

The latest Mineral Resource has established the La India Veinset as the principal Resource area with wide zones of moderate to high-grade gold mineralisation on the India-California veins now recognised as having the potential for a large open-pit mine development and the potential for the discovery of additional resources with both open-pit and underground mining potential on the depth and strike extension of this vein trend.

SRK has produced the maiden silver Mineral Resource for the La India and California veins of 10.9 Mt at 6.5 g/t silver for 2,280,000 oz. The addition of the silver in the form of a gold equivalent increases the Mineral Resource for the La India and California veins from 1,386,000 oz to 1,420,000 oz, with a resultant increase in the grade from 3.9 g/t Au to 4.0 g/t Au equivalent; the Au equivalent has been calculated based on the formula gold equivalent = (gold g/t + 0.0148 * silver g/t).

Table ES 1 gives SRK's CIM Compliant Mineral Resource Statement sub-divided by vein as at 14 September 2012, as signed off by Ben Parsons, a Competent Person as defined by the CIM Code. Table ES 2 provides a summary of the Mineral Resource per veinset.

Table ES 1: SRK CIM Compliant Mineral Resource Statement as at 14 September 2012 for the La India License Area Sub-Divided by Vein

SRK MINERAL RESOURCE STATEMENT as of 14 September 2012								
			Indicated					
Area Name	Vein Name	Cut-Off	Gold			Silver		
			Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
La India veinset (Gold and Silver Estimate)	La India/California(1)	1.0 g/t (OP)	4,220	3.9	534	4,220	6.3	850
	La India(2)	2.3 g/t (UG)	200	7.1	45	200	7.0	45
	California(2)	2.3 g/t (UG)	370	4.3	52	370	5.9	70
La India veinset (Gold Only Estimate)	Arizona(3)	1.5 g/t						
	Teresa(3)	1.5 g/t						
	Agua Caliente(3)	1.5 g/t						
America veinset	America(3)	1.5 g/t	280	8.0	73			
	Escondido(3)	1.5 g/t	90	4.7	13			
	Constancia(3)	1.5 g/t	110	9.8	34			
	Guapinol(3)	1.5 g/t						
Mestiza veinset	Tatiana(3)	1.5 g/t						
	Buenos Aires(3)	1.5 g/t						
	Espinito(3)	1.5 g/t						
	San Lucas(3)	1.5 g/t						
Other veins	Cristalito-Tatescame(3)	1.5 g/t						
	El Cacao(3)	1.5 g/t						
	Subtotal Indicated (gold and silver estimate)		**4,790**	**4.1**	**631**	**4,790**	**6.3**	**965**
	Subtotal Indicated (gold only estimate)		**480**	**7.8**	**120**			
	SUBTOTAL INDICATED(6		**5,270**	**4.4**	**751**	**4,790**	**5.7**	**965**

			Inferred					
Area Name	Vein Name	Cut-Off	Gold			Silver		
			Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
La India veinset (Gold and Silver Estimate)	La India/California(1)	1.0 g/t (OP)	3,990	3.3	420	3,990	5.6	724
	La India(2)	2.3 g/t (UG)	250	7.3	59	250	4.4	35
	California(2)	2.3 g/t (UG)	1,950	4.4	276	1,950	9.1	568
La India veinset (Gold Only Estimate)	Arizona(3)	1.5 g/t	430	4.2	58			
	Teresa(3)	1.5 g/t	70	12.4	29			
	Agua Caliente(3)	1.5 g/t	40	9.0	13			
America veinset	America(3)	1.5 g/t	540	5.6	99			
	Escondido(3)	1.5 g/t	90	4.6	13			
	Constancia(3)	1.5 g/t	240	7.2	56			
	Guapinol(3)	1.5 g/t	750	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			
	San Lucas(3)	1.5 g/t	330	5.6	59			
Other veins	Cristalito-Tatescame(3)	1.5 g/t	200	5.3	34			
	El Cacao(3)	1.5 g/t	590	3.0	58			
	Subtotal Inferred (gold and silver estimate)		**6,190**	**3.8**	**756**	**6,190**	**6.7**	**1,328**
	Subtotal Inferred (gold only veins)		**4,770**	**5.7**	**868**			
	SUBTOTAL INFERRED (6)		**10,960**	**4.6**	**1,624**	**6,190**	**3.8**	**1,328**

(1) Open Pit Mineral Resources are reported within a conceptual whittle pit shell at a cut-off grade of 1.0 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals. Note optimised pit shells are based on Indicated and Inferred Mineral Resources

(2) Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.3 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals.

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

(4) Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material. All composites have been capped where appropriate. The Concession is wholly owned by and exploration is operated by Condor Gold plc

(5) Silver grades only estimated for La India – California 2012, due to limited confidence in historical silver assays on other veins

(6) Tonnages of Gold Mineral Resources reported Inclusive of Silver Mineral Resources.

Table ES 2: SRK CIM Compliant Mineral Resource Statement as at 14 September 2012 for the La India License Area Summarised per Veinset*

	Veinset Name	Cut-Off	Gold			Silver		
		(g/t)	Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
Subtotal Areas	La India veinset (gold and silver)	Subtotal 1.0 g/t (OP)	4,220	3.9	534	4,220	6.3	850
		Subtotal 2.3 g/t (UG)	570	5.3	97	570	6.3	115
	La India veinset (gold only)	Subtotal 1.5 g/t						
	America veinset	Subtotal 1.5 g/t	480	7.8	120			
	Mestiza veinset	Subtotal 1.5 g/t						
	Other veins	Subtotal 1.5 g/t						
	Subtotal Indicated (gold and silver estimate)		**4,790**	**4.1**	**631**	**4,790**	**6.3**	**965**
	Subtotal Indicated (gold only estimate)		**480**	**7.8**	**120**			
	SUBTOTAL INDICATED		**5,270**	**4.4**	**751**	**4,790**	**5.7**	**965**
Subtotal Areas	La India veinset (gold and silver)	Subtotal 1.0 g/t (OP)	3,990	3.3	420	3,990	5.6	724
		Subtotal 2.3 g/t (UG)	2,200	4.7	336	2,200	8.5	604
	La India veinset (gold only)	Subtotal 1.5 g/t	540	5.8	100			
	America veinset	Subtotal 1.5 g/t	1,620	5.5	284			
	Mestiza veinset	Subtotal 1.5 g/t	1,490	7.0	333			
	Other veins	Subtotal 1.5 g/t	1,120	4.2	151			
	Subtotal Indicated (gold and silver estimate)		**6,190**	**3.8**	**756**	**6,190**	**6.7**	**1328**
	Subtotal Indicated (gold only estimate)		**4,770**	**5.7**	**868**			
	SUBTOTAL INFERRED		**10,960**	**4.6**	**1624**	**6,190**	**3.8**	**1328**

*Open Pit Mineral Resources are reported within a conceptual whittle pit shell at a cut-off grade of 1.0 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals. Note optimised pit shells are based on Indicated and Inferred Mineral Resources

Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.3 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals.

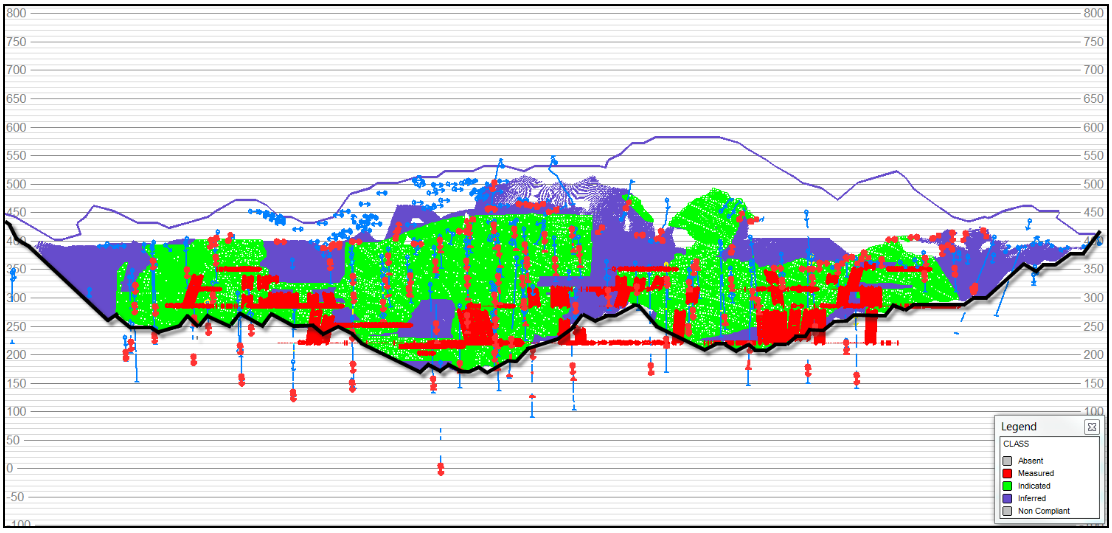
Mineral resources as previously quoted by SRK (22 December 2011) are reported at a cut-off grade of 1.5 g/t.

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

Silver grades only estimated for La India – California 2012, due to limited confidence in historical silver assays on other veins

(Tonnages of Gold Mineral Resources reported Inclusive of Silver Mineral Resources.

Figure ES 4 provides an example of SRK's resource classification, whilst Figure ES 5 shows an example of the gold grade distribution.



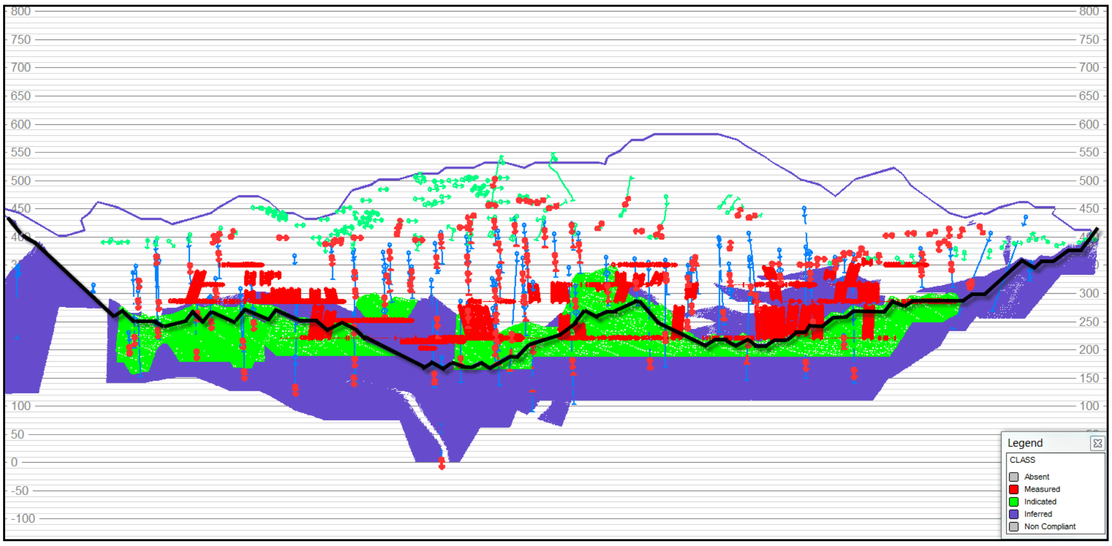
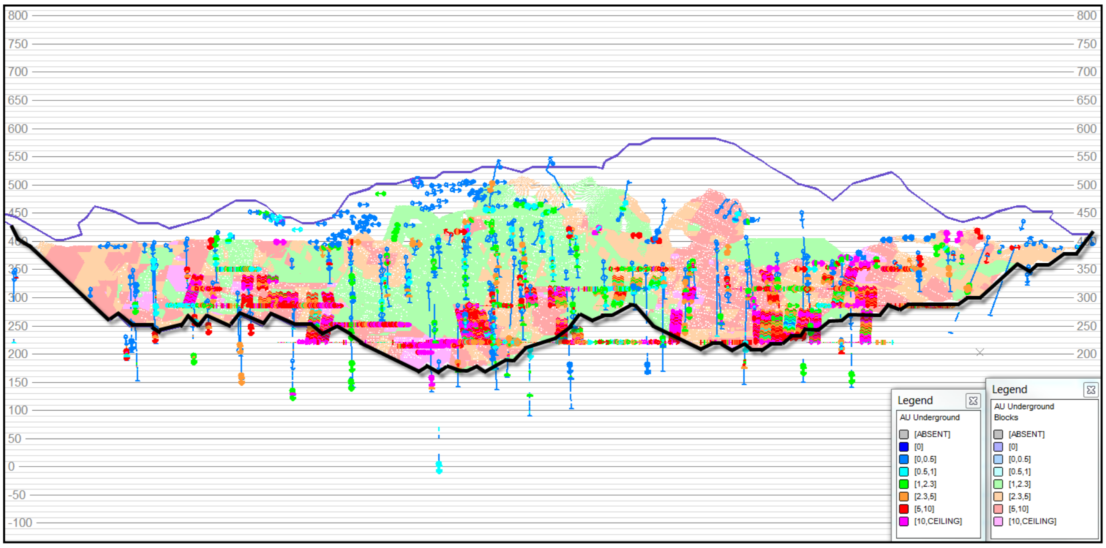


Figure ES 4: Cross Section of SRK's Resource Classification Above the Whittle Pit Surface (Top) and Below (Bottom) for La India and California Veins



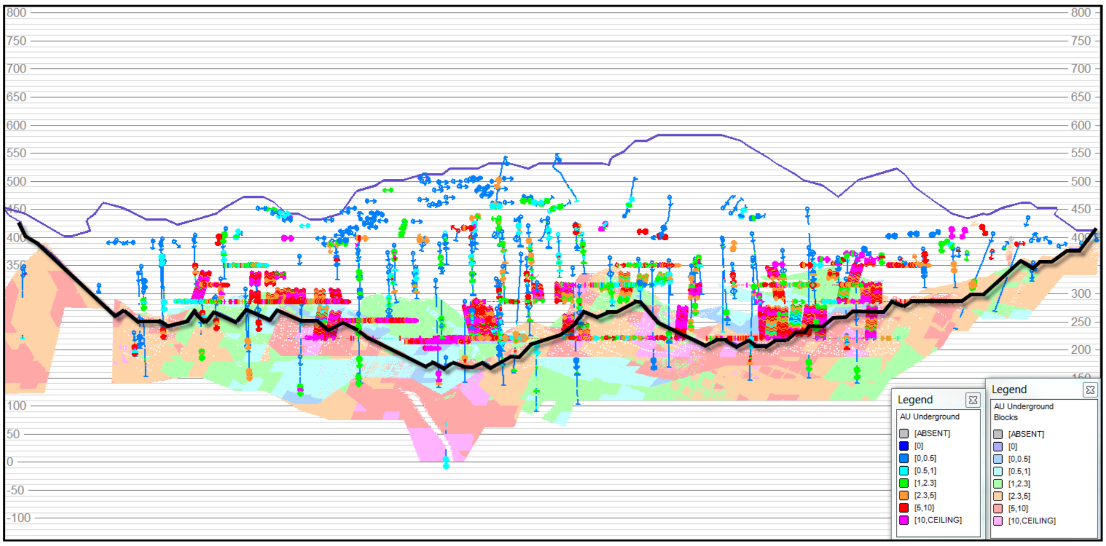


Figure ES 5: Cross Section of Gold Grade Distribution for the La India and California Veins Above the Whittle Pit Surface (Top) and Below (Bottom)

1.11 COMPARISON WITH PREVIOUS ESTIMATE

The September 2012 Mineral Resource represented a significant increase in Inferred and Indicated Mineral Resource tonnes and ounces when compared to the previous SRK JORC compliant estimate, but a decrease in the overall grade from 5.6 g/t to 4.5 g/t (however, when comparing previous underground to updated underground, the grade drops only from 5.6 g/t to 5.5 g/t respectively).

The global numbers for the project have increased from 8.9 Mt at a grade of 5.6 g/t for 1.6 Moz, to 16.2 Mt at a grade of 4.5 g/t producing 2.4 Moz. The increase represents a 46% increase in the contained gold for the project, which is mainly due to the increased tonnage (82%) namely within the La India veinset, and which falls within the open-pit material reported at a lower cut-off grade.

The increase in tonnage and drop in grade can be attributed to the re-modelling of the La India and (lower grade, coalescing) California veins. The resultant model has increased the combined La India and California Mineral Resources from 3.7 Mt at a grade of 5.2 g/t for 630 koz, to 10.9 Mt at a grade of 3.9 g/t for 1.4 Moz of contained gold. The drop in grade of the Mineral Resource is also due to a portion of the deposit being amenable to open pit mining, based on a gold price of USD1,400/oz. The open-pit has been reported at a lower cut-off grade of 1.0 g/t Au, with the remaining Mineral Resource reported as a potential underground resource based on an increased cut-off grade of 2.3 g/t Au.

The drilling of four holes on the Guapinol vein has acted to increase the overall tonnes (as a function of widening the modelled vein at depth); however, a single low-grade intercept has resulted in an associated drop in grade.

In summary, the current Mineral Resource estimate includes modelling updates to three of the veins, namely Guapinol, La India and California, with the latter two veins forming the focus of the recent drilling and trenching programme prior to resource estimation.

1.12 MINING METHODS

1.12.1 Open Pit Mining

An initial optimisation for potential open pit mining is undertaken using CAE Mining's NPV Schedule software using a base metal price of USD1,200/oz and slope angles of 40 and 42° on the footwall and hangingwall, respectively. Preliminary optimisations indicate that with current Mineral Resources, only the La India veinset has sufficient near surface Resources to be considered in this evaluation.

The La India veinset pit optimisation results for the Standard method (unconstrained by underground mining) by revenue factor are shown in Figure ES 6. The USD1,200/oz pit shell results in some 8.9 Mt at 3.5 g/t Au (with a 0.80 g/t Au cut-off grade) with a 17.9:1 stripping ratio (t_{waste}:t_{ore}). However, the USD900/oz pit shell has been selected as a basis for the open pit production schedule (7.3 Mt ore at 3.4 g/t Au and a stripping ratio of 13.4:1) due to the low incremental value of the pit shell above this threshold

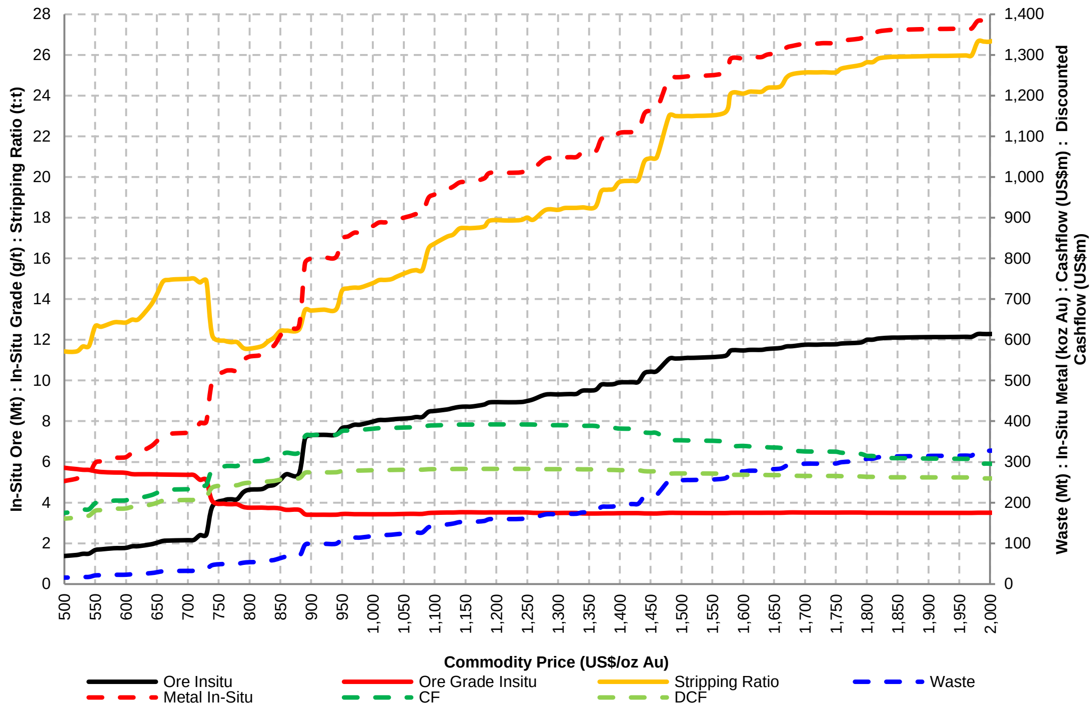


Figure ES 6: Pit Optimisation Results by Revenue Factor

A sensitivity analysis has been undertaken to determine the impact of slope angles at a USD1,200/oz Au metal price (with all other parameters unchanged). The base case (42/40 degree hanging wall and footwall) has been compared with a range of overall slope angles between 50 and 30 degrees. The results of the analysis are shown in Figure ES 7.

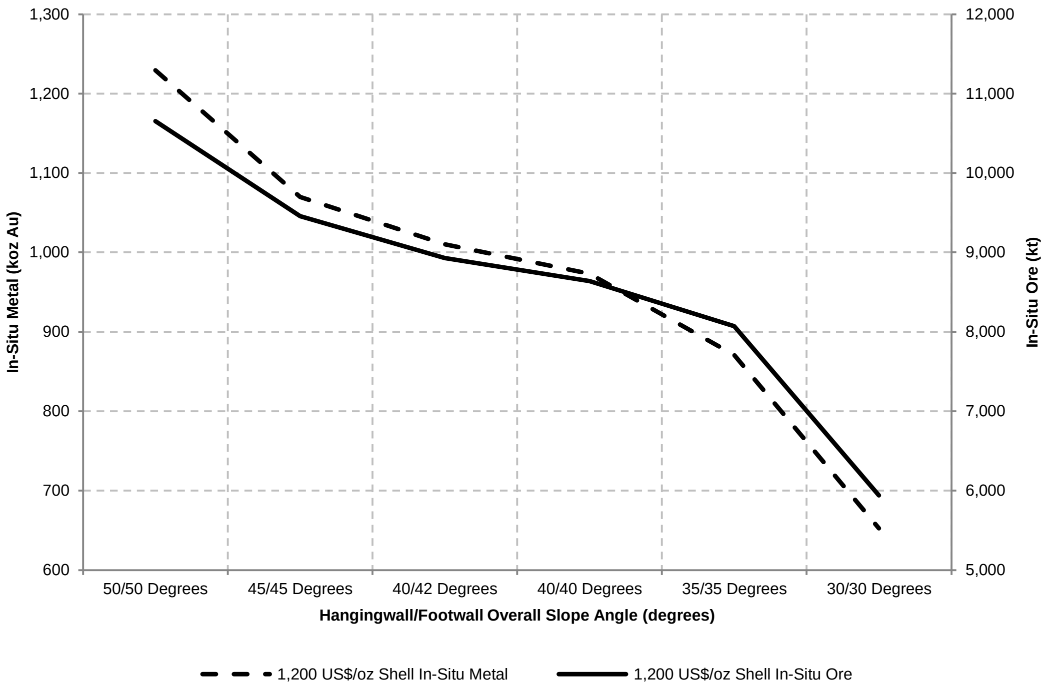


Figure ES 7: Results of Pit Slope Angle Sensitivity Analysis for Standard Method at Metal Price of USD1,200/oz

1.12.2 Underground Mining

Due to the limited geotechnical information available, no definitive conclusions can be made on the underground mining methods to be applied. However, based on the historic mining and previous technical studies, shrinkage stoping is considered the method that will have the most wide ranging application. In localised areas where rock conditions are more favourable and vein widths are higher, sublevel stoping could be applied to improve productivity and reduce costs and the lower dipping San Lucas vein may require a method more suitable to the geological conditions (shallower dip), such as step room and pillar.

30 m sublevel spacing is assumed for the underground optimisation and decline access is assumed due to the proximity to surface and the ability to share equipment between different veinsets. SRK has applied a 0.2 m skin to both the footwall and hangingwall to account for overbreak due to blasting in line with the geotechnical analysis (Section 23.1). Therefore a dilution of 5% is used to account for falloff and scouring within the stopes. Mining losses are assumed to be 15% based on the assumption that 50% of the rib and sill pillars can be extracted.

Underground optimisation uses CAE Mining's Mineable Shape Optimiser ("MSO") software at an estimated cut-off grade of 2.5 g/t Au. The analysis suggests that approximately 6,056 kt of ore at 4.6 g/t Au could potentially be extracted from the La India deposit based on Inferred and Indicated Resources using underground methods. This equates to a contained metal of 888 koz of gold. A summary of the mineable tonnages estimated using the MSO software and the applied modifying factors are provided in Table ES 3.

Table ES 3: Summary of La India Deposit Potential Underground Tonnages

MSO Block Model	Potential Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
India-California Veins	2,400	4.8	368
Arizona Vein	228	4.0	29
Teresa-Agua Caliente Veins	151	6.4	31
America-Constancia-Escondido Veins	1,196	4.5	172
Guapinol Vein	517	3.9	65
Tatiana Veins	551	4.5	80
Buenos Aires Vein	212	5.2	36
Espinito Vein	206	4.8	32
San Lucas Vein	152	4.6	22
Cristalito-Tatescame Vein	179	4.3	25
Cacao Vein	264	3.3	28
Total	**6,056**	**4.6**	**888**

1.12.3 Scheduling

Geographically, the different veins are centred around different regions. Consequently, SRK has broken the schedule up into three different veinsets: La India, America and Mestiza (Table ES 4). Each of these veinsets is treated as an independent operation, sharing infrastructure and feeding a central processing facility. San Lucas, Cristalito-Tatescame and Cacao have not been included in the schedule due to their isolation.

Table ES 4: Agglomeration of Mineralised Veins Used for LoMP

Veinset	MSO Block Model	Mineralised Vein
La India Veinset	India-California Veins	La India
		California
	Arizona Vein	Arizona
	Teresa-Agua Caliente Veins	Teresa
		Agua Caliente
America Veinset	America-Constancia-Escondido Veins	America
		Escondido
		Constancia
	Guapinol Vein	Guapinol
Mestiza Veinset	Tatiana Veins	Tatiana (LI)
		Tatiana (EM)
	Buenos Aires Vein	Buenos Aires
	Espinito Vein	Espinito

SRK has developed a single LoMP for the La India deposit that incorporates the simultaneous mining of the open pit and underground Resources. SRK notes that the schedule provided is based on assumed timeframes and not detailed engineering.

The open pit mine depletes after only 10 years, however the underground mines continue for a further 5 years of production. This is a result of the assumed vertical rate of advance applied to the underground production rates. An overview of the key production statistics from the LoMP are shown in Table ES 5. Visual representations of the annual production tonnages (Figure ES 8) and head grade (Figure ES 9) are provided below.

Table ES 5: Key Production Statistics for the LoMP

Vein			Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Project																		
Open Pit	Production	kt	7,306	27	204	697	1,000	1,001	1,000	999	1,003	997	378					
	Grade	g/t	3.2	3.4	3.5	4.3	5.0	3.5	2.3	2.4	2.7	2.1	5.0					
	Metal	koz	760	3.0	23.0	95.9	161.0	111.4	73.4	76.1	88.5	67.4	60.3					
Underground	Production	kt	5,461		60	305	470	470	470	470	470	470	470	470	470	450	280	136
	Grade	g/t	4.6		4.9	4.8	4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.5	4.5	4.5
	Metal	koz	813		9.4	46.7	71.7	71.7	71.7	70.9	69.7	69.0	68.9	68.9	68.9	65.8	40.6	19.7
Total	**Production[1]**	**kt**	**12,767**	**27**	**264**	**1,002**	**1,470**	**1,471**	**1,470**	**1,469**	**1,473**	**1,467**	**848**	**470**	**470**	**450**	**280**	**136**
	Grade	**g/t**	**3.8**	**3.4**	**3.8**	**4.4**	**4.9**	**3.9**	**3.1**	**3.1**	**3.3**	**2.9**	**4.7**	**4.6**	**4.6**	**4.5**	**4.5**	**4.5**
	Metal	**koz**	**1,573**	**3**	**32**	**143**	**233**	**183**	**145**	**147**	**158**	**136**	**129**	**69**	**69**	**66**	**41**	**20**

[1] LoMP does not include production from San Lucas, Cristalito-Tatescame or Cacao veins

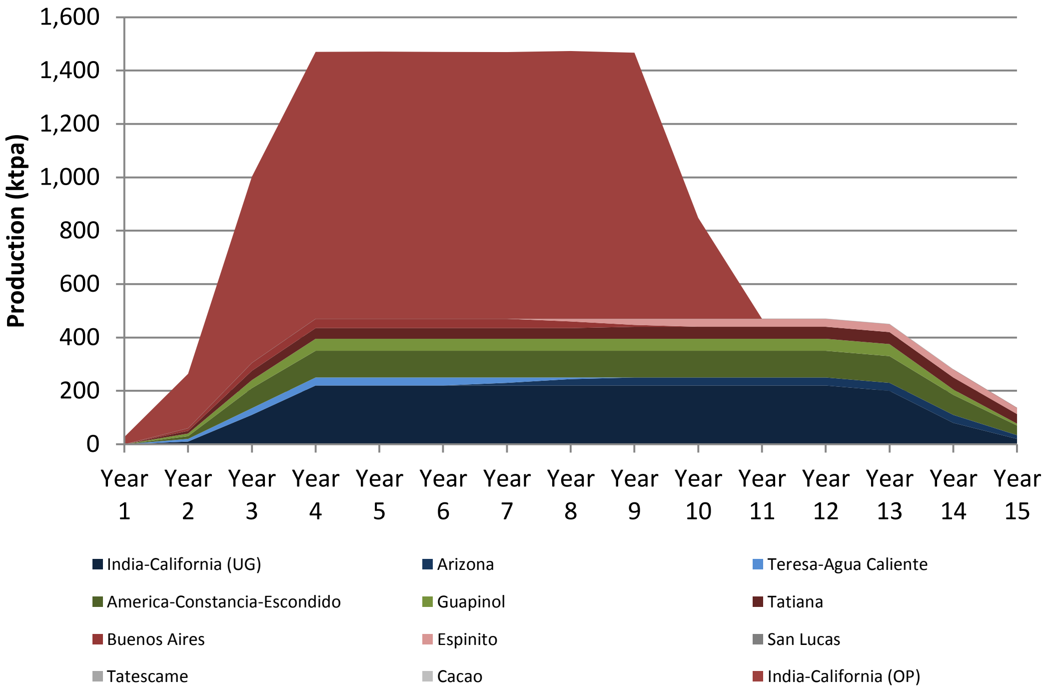


Figure ES 8: LoMP Production from Each Vein

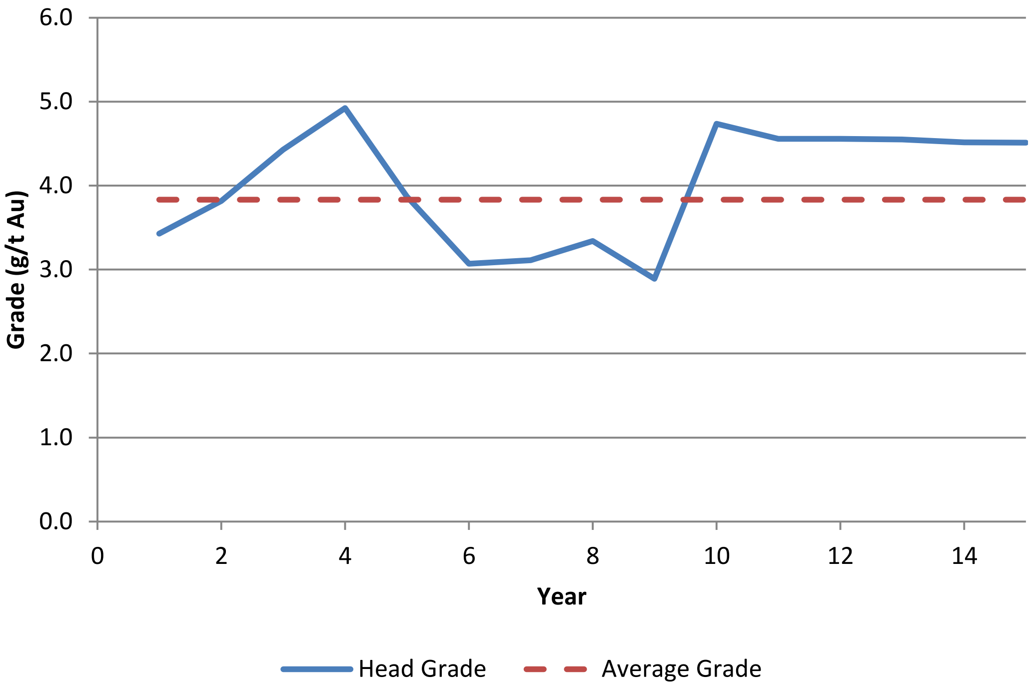


Figure ES 9: LoMP Head Grade

1.13 GEOTECHNICS

A preliminary geotechnical assessment of the strength and characteristics of the rock mass forming the slopes of a potential open pit were carried out. This assessment was based on a very limited amount of rock core drilled into the footwall and hangingwall. The preliminary slope angles derived from this assessment are a consequence of this and can be regarded as slightly conservative. It is SRK's opinion that, however unproven yet, the rock mass in which slopes will be formed is likely to be significantly stronger and less fractured. Also for this analysis groundwater levels were unknown, but have been modelled as being relatively high using a conservative approach. A number of adits have been excavated into the rock mass forming the proposed pit slopes inducing continuous groundwater drainage over many years, with the likelihood that groundwater levels are lower than modelled.

Both reduced groundwater levels and higher rock mass strength are likely to result in higher slope angles, only confirmation from a geotechnical investigation programme is lacking.

1.14 CAPITAL AND OPERATING COSTS

1.14.1 Capital Costs

As a basis for the capital costs, SRK has used cost models developed by InfoMine USA, Inc. in its Mining Cost Service Database (InfoMine 2010). The data provides benchmark cost data for various elements of an operating mine. The information is based on industry survey undertaken in the USA.

The upfront capital cost (not including sustaining capital or prestripping) estimates derived from this evaluation for each scheduling option are shown in Table ES 6. Processing capital costs are estimated as a single processing plant and are applied to all veinsets, weighted according to the total tonnes processed from each. The capital costs are assumed to be upfront capital only and expended in the first three years of the LoMP.

Table ES 6: Upfront Capital Cost Estimates (MUSD)

Company	La India (OP)	La India (UG)	America	Mestiza	Total
Mine Construction	70.7	18.6	14.0	10.9	114.2
Processing Construction	38.0	14.5	8.9	4.9	66.3
Total	**108.7**	**33.1**	**22.9**	**15.8**	**180.5**

1.14.2 Operating Costs

SRK has undertaken a brief benchmarking exercise to determine how the Asset compares with existing operations, both in Nicaragua and the wider Latin American Industry. The exercise was largely based on information derived from the GFMS Gold Mine Economics Service (Reuters 2012). The mines incorporated in the analysis have been filtered to limit the operations to those with a similar scale as that likely to be observed from the La India Concession.

The applied operating costs are summarised in Table ES 7.

Table ES 7: Operating Costs Used in Economic Analysis of La India Deposit

Cost Parameter	Unit	Operating Cost
Mining Cost – Open Pit	USD/t_{rock}	2.20
Mining Cost – Underground	USD/t_{ore}	50
Processing Cost	USD/t_{ore}	20
G&A Cost	USD/t_{ore}	10

1.15 ECONOMIC ANALYSIS

In undertaking the technical-economic model for the project, the following assumptions have been applied:

- Metal Price - USD1,400/oz Au[2];
- Mill Recovery - Au - 93%;
- Discount Factor - 5%[3]
- Royalty - 3% of Gold Price;
- Selling Costs - 5% of Gold Price;
- Corporate Tax Rate - 30%[4]; and
- Amortisation - 10% straight line.

A summary of the key results of the financial model are shown in Table ES 8.

Table ES 8: Summary of Key Results from Financial Model

Recovered Metal (koz)	Revenue (MUSD)	Capital Expenditure[5] (MUSD)	Operating Expenditure (MUSD)[6]	NPV (MUSD)	IRR	Payback Period (years)
1,463	2,049	287	842	324.9	33%	3

From the economic analysis, SRK concludes that there is potential for profitable mining to take place at the La India deposit through targeting the La India, America and Mestiza veinsets. The IRR is robust and the NPV positive with an operating cash cost of USD575/oz, suggesting that further studies and exploration into the development of the project are justified.

The project is most sensitive to gold prices and a reduction of approximately 34% (USD917/oz) may result in the project becoming marginal. Operating costs also play a key role in the economics of the deposit. An increase of a little over 67% (approximately 134/t) will also result in a marginal project.

1.16 RECOMMENDATIONS

1.16.1 Introduction

The mineralised veins included in the September 2012 Mineral Resource Estimate are reasonably understood and the strike extents known from the current exploration. There still remains potential at depth on a number of veins where high-grade intersections were drilled historically and confirmed during 2011 by the Company, which could materially impact on the overall project form both a technical and economic perspective.

The other potential lies in the discovery of additional hanging wall or footwall veins which run parallel to the main structures, in a similar style to the lower grade zones of coalescing and bifurcating veins as interpreted during 2012 on the La India-California vein trend.

[2] Provided by Client
[3] Provided by Client, based on review of submitted NI43-101 documents in recent years
[4] Provided by Client
[5] For entire LoMP
[6] Includes royalties and other selling costs

SRK recommendations to the Company can be divided into further exploration, and work associated with data quality and quantity:

1.16.2 Data Quality And Quantity

SRK recommendations with regards to the data quality and quantity include:

- Continue with the programme of twinned DD and RC during the next phase, and twinned drilling a portion of historical holes, where areas of low recovery have been noted;
- Given the increase in the size of the database, consider migrating the current database into either a commercial geological database system, or into a customised Access or SQL based system, which would ensure data quality and provide an audit trail of any changes made to the data;
- Improvements be made to the density measurement protocol to ensure higher quality and hence confidence in the density measurements is completed during the next phase of the project; and
- Undertake some independent sampling and verification work to support the existing QAQC data and add confidence to third-party project reviewers.

SRK understands a number of these recommendations have been implemented by the Company as part of the on-going 2012-2013 exploration programme, SRK will visit site during the second quarter 2013, to review the latest Project developments.

1.16.3 Exploration Strategy

SRK recommends that further exploration work (trenching and drilling) is warranted and should therefore continue at the La India Project in attempt to increase the confidence in the current estimate as outlined in Section 1.10.

Sequencing the underground operations after the open pit will flatten the production rate over an extended life of mine plan. As revenues are delayed until later in the schedule, there will be a reduction in the cashflow, however, so will the upfront capital costs reducing fundraising requirements. The pre-production exploration drilling costs will also reduce as the target mineralisation is closer to the surface and the number of exploration targets is reduced. This could bring the project into production earlier, partially offsetting the reduction in NPV. It would also allow revenue from the open pit to fund the underground exploration programme. Based on this, SRK believes that focussing on the surface mining targets will provide for a quicker return on investment.

1.16.4 2012/2013 EXPLORATION PROGRAM

The Company defined two main priorities for the 2013 exploration programme, which includes the conversion of the Inferred Mineral Resources within the currently defined whittle pit (on the La India-California vein trend) to an Indicated level to be able to provide future mining studies with reasonable levels of confidence, and secondly to test the potential for additional open pit material within the hangingwall structures of known mineralisation, namely the America-Constancia-Escondido veins.

In terms of the conversion of Mineral Resources, SRK has defined a programme which places emphasis on further definition of some of the (less densely drilled) wider zones of mineralisation where multiple California veins have been interpreted to coalesce. It is recommended that the Company continues with QAQC procedures as defined by the Company guidelines.

The recommended spacing for the infill drilling programme within the La India-California vein is an approximate 50x50 m grid, with targeted infill drilling. The depth of the drilling is expected to range from 50 to 260 m within the infill portion of the deposit (specifically targeting the potential open pit material) and have an average depth of 135 m for a total of some 8,000 m, at an estimated contractor cost of USD225/m.

To date the Company has completed a total of 5,390m of a planned 7,000m drill programme within the La India-California veins, targeting the shallower portions of the Inferred Mineral Resources.

In terms of identification of additional open pit material through mapping the Company have identified an area above the historical America-Constancia Mine, where hangingwall features are present both at surface and from initial trench results.

The Company have completed over 44 trenches completed at 50 m spacing along a 1,000 m strike length of the surface expression of the historic America-Constancia-Escondido Mine working. The Company are following up on the initial trench results with a 4,000 m drilling programme, at an estimated contractor cost of USD225 /m, in order to try and define any additional preliminary Mineral Resources. To date the Company has completed approximately 2,500 m of a planned 4,000 m drill programme. The resuls of this work have not been incorporated in the 14 September 2013 Mineral Resource estimate.

SRK recommend the Company continue with this programme during this current phase due to the proximity to the current La India Mineral Resource. Note SRK has not accounted for the cost of the trench programme as it is currently on-going and therefore discounted from any potential future costs.

SRK also recommend the Company define a trench programme for the Mestiza veinsets to target future exploration, and have completed over 500m using a mechanical digger to date.

On completion of the 2012-2013 exploration programme, SRK recommends the current Mineral Resource Estimate for the La India Project should be updated for use as the basis for more advanced technical studies.

1.16.5 MINING

In the course of investigating the potential for future mining operations at the La India deposit, SRK recommends the following for future studies:

- Reassess the open pit potential of all veinsets to determine open pit potential resulting from any further exploration;
- Undertake an engineered pit design in order to determine any practical limitation on the pit shell and improve estimates for mining losses, dilution and waste stripping requirements;
- Assess the ramping and development requirements to develop the upper levels of the pit;
- Assess the waste dump requirements and potential locations, the open pit size may be limited by dump space due to the topography;
- A minimum mining thickness based on the equipment selection should be applied to the wireframes to provide a more robust estimate of the mining modifying factors;
- Optimise the trade-off point between the open pit and underground limits for the La India deposit in order to maximise the project value and assess various sequencing and production rate options;
- Undertake an assessment of a cut-off grade strategy to increase initial RoM grades;
- Update the benchmark operating and capital cost estimates with costs developed from a first principals approach;
- Develop a diluted mining model for the open pit analysis to provide an estimate of mining recovery and dilution factors for the deposit;
- Incorporate a more rigorous geotechnical investigation to provide a better understanding of the constraints to underground mining method selection;
- 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 the corporate strategy for exploiting the deposit; and
- Assessment on the sequencing of the various operations to provide an optimum feed to the processing plant and evaluate the impact of any resulting changes in processing feed over the LoMP.

1.16.6 GEOTECHNICS

Given the small amount of information on the rock mass strength in the footwall and hangingwall waste rocks, SRK recommends the following:

- A number of specific geotechnical boreholes behind or near the pit crest well into the footwall and hangingwall waste rocks be drilled as part of future studies. Boreholes should be logged geotechnically, orientated and piezometers installed to measure groundwater levels.
- Selected exploration holes should be extended at least 70 m into the footwall/hangingwall.
- Outcrops located near the final pit walls should be mapped geotechnically.
- Drill cores should be strength tested using a portable point load tester which allows testing samples directly at the core shed in conjunction with a limited geotechnical laboratory testing programme.

1.16.7 TECHNICAL STUDY

SRK considers the current Mineral Resource Estimate to provide the Company with sufficient material and confidence to complete an initial technical study on the project in the form of a Preliminary Economic Assessment ("PEA") for the project, with the focus on La India – California open pit. The study will assist the Company to focus the next phase of exploration to either increase the confidence (targeted 50x50m infill drilling) within the current La India-California Mineral Resources for more advanced technical studies, or to focus on locating further Mineral Resources within the La India Project.

SRK also comments at this stage that the other technical studies need to be advanced for more detail technical studies, such as:

- Metallurgical;
- Geotechnical;
- Hydrogeological;
- Environmental; and
- Infrastructure

In addition to the proposed work defined above, SRK recommend the following work be undertaken in order to fill in some gaps in the existing database:

- Plan a more detailed (Lidar/Geo Eye/Quick Bird) Topographic survey of the entire project area including infrastructure;
- Ensure all drilling is orientated to enable quality geotechnical logging to be completed, which will be a requirement for more detailed technical mining studies in the future; and
- Develop structural models and theories to the origins and major controls on the mineralisation, particularly at depth.

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NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA

1 INTRODUCTION (ITEM 2)

SRK Consulting (UK) Limited ("SRK") is an associate company of the international group holding company, SRK Consulting (Global) Limited (the "SRK Group"). SRK has been requested by Condor Gold Plc ("Condor", hereinafter also referred to as the "Company" or the "Client") to prepare a Preliminary Economic Assesment on the Mineral Assets of the Company comprising the La India Project. The La India Gold Project ("La India" or "the Project") 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 140 km to the north of the capital city of Managua.

SRK produced a Mineral Resource Estimate on the La India Project, dated 14 September 2012, comprising 12 individually modelled vein-hosted gold deposits. The Mineral Resource Estimate represent the latest estimate for the Project and has formed the basis for the current Technical Study.

La India comprises eight Exploration Concessions ("Concessions"), in the La India Mining district located in Nicaragua. SRK considered three concessions have sufficient exploration and sample data for the estimating and declaration of Mineral Resources, these include La India, Espinito Mendoza and Cacao concessions, while the five other concessions El Rodeo, Real de la Cruz, Santa Barbara, La Mojarra and the newly acquired HEMCO concession offer potential exploration areas. SRK has not carried legal due diligence on the licenses but can confirm that the mineralised bodies on the license lie within the licensed areas.

The reporting standard adopted for the reporting of the Mineral Resources is that defined by the terms and definitions given in 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. The CIM reporting code ("CIM Code") is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee ("CRIRSCO").

The CIM Code, like the "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), 2004 Edition as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia", have been aligned with the Committee for Mineral Reserves International Reporting Standards reporting template. Accordingly, SRK considers the CIM Code to be an internationally recognised reporting standard which is recognised and adopted world-wide for market-related reporting

The report has been prepared according to the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 while the Mineral Resource statement reported herein has been prepared in conformity with generally accepted CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines."

In addition, SRK has undertaken a preliminary economic assessment ("PEA") on the estimated Resources (both Indicated and Inferred) to provide an initial assessment on the potential for future mining operations. The assessment includes investigations for both open pit and underground operations and aims to provide some context and direction for future exploration programmes. As part of this assessment, early stage geotechnical investigations have also been undertaken.

1.1 Background

SRK has previously produced four Mineral Resource Estimates on the La India Concession, listed as follows:

- January 2011 - initial Inferred Mineral Resource of 4.58 Mt at 5.9 g/t for 868,000 oz, reported in line with the guidelines of JORC reported on 4 January 2011.
- April 2011 - updated Mineral Resource of 4.82 Mt at 6.4 g/t for 988,000 oz on the Concession on 13 April 2011 based on further validation of historical data by the Company. In addition to this phase of work, SRK produced 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 Concession.
- December 2011 – updated Mineral Resource on the La India Project of 8.94 Mt at 5.6 g/t for 1,620,000 oz gold on 22 December 2011, including 1.16 Mt at 7.1 g/t for 264,000 oz gold in the Indicated Mineral Resource category.
- September 2012 – The updated Mineral Resource on the La India Project now stands at 5.3 Mt at a grade of 4.4 g/t containing,750,000 oz gold in the Indicated Mineral Resource category, and a further 10.9 Mt at 4.6 g/t for 1,620,000 oz gold in the Inferred Mineral Resource category.

Condor holds 100% ownership of a 280 km² concession package covering 98% of the historic La India Gold Mining District, north of Managua, Nicaragua. The concession package comprises eight contiguous concessions. Four of the concessions were awarded directly from the government between 2006 and 2010. The remaining four concessions were acquired from other owners as follows:

- The La India Concession was added to Condor's portfolio in late 2010 through a concession swap agreement with Canadian miner, B2Gold and
- The Espinito Mendoza ("Espinito Mendoza") Concession was acquired from a private company in 2011.
- The La Mojarra Concession was aquired from a private owner, and approved by the government in December 2012.
- In February 2013 the Company acquired 100% of the 'HEMCO-SRP-NS' Concession (the "HEMCO Concession") from HEMCO Nicaragua SA ("HEMCO").

- The acquisition of the HEMCO Concession increases the Company's La India Project area to 280 km^2.

The La India Deposit is mostly contained within the La India and Espinito-Mendoza Concessions with a small part, the Cacao Resource, contained within the Cacao Concession.

The La India Mining District is located within a broad belt of Tertiary volcanic rocks that forms the Central Highlands of Nicaragua. The La India deposit comprises mineralised veins hosted by thick sequences of massive andesite flows and rhyolite to dacite flows and domes. The volcanism in the region is associated to the subduction of the Cocos Plate beneath the Caribbean Plate and the associated extensional regime which has formed the Nicaraguan Graben. This tectonic history has resulted in an early set of southeast to east trending and more rarely north-south trending structures hosting the mineralised veins. Gold bearing structures in the area include those with a northeast-southwest strike (La India and Andreas Vein to the west and northwest), an east-west strike (Cacao and Real de la Cruz veins), and a north-south strike (San Lucas-Capulin).

Twenty-two epithermal veins are named in the area. The veins strike between north-south, northwest-southeast and east-west and dip steeply in either direction relative to their position within the graben structure.

The veins generally occur as:

- Steep quartz and quartz-carbonate veins (and vein stacks) predominantly hosted by massive andesite such as at La India and Cacao and are typically less than 3 m in width;
- Hydrothermal breccia mineralisation occurring in both felsic and andesitic rocks and forming steeply dipping elongate structures with low grade mineralisation up to tens of metres in thickness and forming along vein and veinset trends; and
- Hydrothermal breccia pipe mineralisation characterised by high-grade zones associated with argillic alteration and sulphide mineralisation within a very-low grade carbonate breccia halo recognised laterally over several hundred metres.

The 2012 exploration program (59 drillholes) has focused on the La India and California veins, providing an additional 4,426 m of diamond drilling ("DD"), 2,675 m of reverse circulation ("RC") drilling and 2,500 m of trenching. The programme has been completed between mid-April and the end of July 2012 on the La India-California vein trend with the aim of increasing the overall mineral resource at Indicated category by targeting areas considered to have open pit and underground mining potential.

Included in the current updated Mineral Resource are drill results received for the Guapinol and America veins, which totalled 7 holes on Guapinol (1,474 m) and one hole on America (307 m). SRK note that these holes were drilled at the end of the 2011 drilling programme, and not included in the December 2011 Mineral Resource estimate, and therefore have been included in the current update accordingly.

In addition, Condor completed 5 drill holes for 866 m on the Central Breccia Prospect which was discovered in 2011. These holes were completed at the end of 2011 and early in 2012 but have not been included in the current mineral resource estimate due to the limited amount of drilling

This report summarises the exploration and technical work undertaken on the Project to date by the Company, with focus on the work completed since the previous estimate was reported.

1.2 Source of Information

SRK has been supplied with numerous technical reports and historical technical files. SRK's report is based upon:

- Site visits to the Project;
- Discussions with directors, employees and consultants of the Company;
- Data collected by the Company from historical exploration on the project;
- Access to key personnel within the Company, for discussion and enquiry; and
- A review of data collection procedures and protocols, including the methodologies applied in determining assays and measurements;

Existing reports provided to SRK, as follows:

- Ehrenborg, J. 1996. A new stratigraphy for the Tertiary volcanic rocks of the Nicaraguan Highland. GSA Bulletin, 108, 830-842;
- Micon 1998. "Review of the Resources, Reserves and Business Plan for the La Mestiza Project, Nicaragua", Technical report prepared for Diadem Resources Limited;
- Weinberg, R.F. 1992. Neotectonic development of western Nicaragua. Tectonics, 11, 1010-1017; and
- Wilson, S.E. 2010. Technical Report: Hemco Nicaragua SA, Bonanza Mine, Raan. NI 43-101 Technical Report, p. 119;

Data files provided by the Company to SRK as follows:

- topographic grid data in digital format;
- drillhole database, including collar, survey, geology, and assay; and
- QAQC data including details on Duplicates, Blanks and Standards.

1.3 Scope of Work

No formal terms of references/scope of work was supplied to SRK by Condor, however, discussions with Condor representatives identified the following scope of work:

- Optimisation of open pit potential in Whittle and associated reporting.
- Optimisation of underground potential in CAE Mining's MSO to determine mineable Resources.
- Estimation of production rate in line with updated mineable Resources.
- Scheduling of the updated tonnages and production rates.
- Estimation of capital costs, in line with the adjusted production rates.
- Economic modelling and associated sensitivity of the updated inputs including on a post-tax basis.
- Conclusions and recommendations.

1.4 Work Completed

The Mineral Resource statement reported herein is a collaborative effort between Condor and SRK personnel. The exploration database was compiled and maintained by Condor, and was audited by SRK. The three-dimensional geological model and outlines for the gold and silver mineralisation were constructed by SRK from a two-dimensional geological interpretation initially provided by Condor.

In the opinion of SRK, the geological model is a reasonable representation of the distribution of the targeted mineralisation given the information currently available. The updated geostatistical analyses, variography and grade models were completed by SRK during August and September 2012. The Mineral Resource statement reported herein was presented to Condor in a memorandum report on 14 September 2012 and disclosed publicly in a news release dated 18 September 2012. This news release was prepared in conformity with generally accepted CIM “Exploration Best Practices” and “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines. This technical report was prepared following the guidelines of the Canadian Securities Administrators National Instrument 43-101 and Form 43-101F1. The technical report was assembled by SRK during September and October 2012.

The PEA is based on the Mineral Resources quoted on 14 September 2012. The individual veins have been consolidated into veinsets that could be mined as a single operation. San Lucas, Cristalito-Tatescame and Cacao veins have not been included in the analysis. Optimisations are undertaken on the three identified veinsets for boh open pit and underground mining and financial model is built based on the resulting data.

1.5 Compliance and Reporting Structures

The standard adopted for the reporting of Mineral Resources in this Technical Report is the CIM Code. This Technical Report has been prepared under the direction of Ben Parsons and Ryan Freeman, the Qualified Persons (“QP”), as defined in the Companion Policy and who assumes overall professional responsibility for the document. The Technical Report however is published by SRK, the commissioned entity, and accordingly SRK assumes responsibility for the views expressed herein. Consequently with respect to all references to QPs and SRK: ‘all references to SRK mean the QPs and vice-versa’. SRK is responsible for this Technical Report and declares that it has taken all reasonable care to ensure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This Technical Report has been prepared in accordance with the requirements and guidelines as included in: NI 43-101, Form 43-101F1 and the Companion Policy. Details of Personal Inspections are included in Section 1.6 of this report.

1.6 Details of Personal Inspections

SRK’s Ben Parsons visited the La India Project on 11 to 14 June 2012, accompanied by Mr Mark Child (Condor’s Chief Executive Officer), Mr Luc English (Condor’s Country Manager - Nicaragua), and Mr Armando Tercero Gamez (Condor’s Chief Exploration geologist).

The purpose of the site visit was to review exploration procedures, define geological modelling procedures, examine drill core, review the digitalisation of the exploration database and validation procedures, interview project personnel and to collect all relevant information for the preparation of a revised Mineral Resource estimate and the compilation of a technical report. During the visit, particular attention was given to further investigating the nature of the mineralisation exposed within the drill core of the La India-California vein trend to aid the construction of three dimensional gold mineralisation domains.

The site visit also involved a preliminary review of the Central Breccia Prospect, an area which Condor understands to be representative of a zone gold mineralisation that formed under slightly different geological conditions to those noted elsewhere on the concession.

SRK's Ryan Freeman (mining engineer) undertook a site visit to the La India mining district between 21 and 23 November 2011 accompanied by Mr Luc English (Condor's Country Manager - Nicaragua) and Mr Mark Child (Condor's Chief Executive Officer). At this stage of development, the project was viewed primarily as an underground deposit and the visit focused on walking the licenses and inspecting the main adits to the various veins. In addition, the visit included inspection of geological core for the main material types, artisanal mine workings and inspection of historic shafts.

1.7 Limitations, Reliance on SRK, Declaration, Consent, Copyright and Cautionary Statements

SRK's opinion contained herein and effective 25 February 2013, 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 (ITEM 3)

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

In relation to the geological interpretation, detailed geological work and general background information, SRK has in part relied on:

- Information provided by the Company;
- The consensus market forecast obtained from X and Y for the metal prices contained in this PEA;
- Details included in a report by SRK Structural Geologist Dr Chris Bonson for the Company (2011); and
- Details included in a former report completed by Micon International Limited ("Micon") in 1998 which provides in-depth detail on the EM concession which now forms part of the La India Project.

SRK has not performed an independent verification of land title and tenure as summarised in Section 3 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.

SRK was informed by Condor that there are no known litigations potentially affecting the La India Project.

3 PROPERTY DESCRIPTION AND LOCATION (ITEM 4)

3.1 Concession Location

The La India Gold Project comprises eight contiguous concessions located in the municipalities of Santa Rosa del Peñon and San Nicolas in the León Department, and San Isidro and Ciudad Dario in the Matagalpa Department of Nicaragua. Its geographical coordinates are 12° 44' 56" North, 86° 18' 9" West.

Geographically the project is located on the western flanks of the Central Highlands of Nicaragua (Figure 3-1) between UTM WGS84, Zone 16 North coordinates 568,000 m E and 588,000 m E, and 1,408,000 m N and 1,425,000 m N. The concessions fall within the Ciudad Dario 2954-II, Santa Rosa del Peñon 2954-III and San Nicolás 2954-IV 1:50,000 map sheets and cover a combined area of almost 280 km².

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

3.2 Mineral Tenure

Condor holds 100% ownership of a 280 km² concession package covering 98% of the historic La India Gold Mining District, north of Managua, Nicaragua. The concession package comprises eight contiguous concessions (Table 3-1 and Figure 3-2). Four of the concessions were awarded directly from the Government between 2006 and 2010. The La India Concession was added to Condor's portfolio in late 2010 through a concession swap agreement with Canadian miner, B2Gold, and the Espinito Mendoza Concession was acquired from a private company in 2011. In October 2012 the Company acquired the La Mojarra Concession (27 km^2) from a private owner, which was approved by the government in December 2012. In February 2013 the Company acquired 100% of the 86.4 km^2 'HEMCO-SRP-NS' Concession (the "HEMCO Concession") from HEMCO Nicaragua SA ("HEMCO"). The acquisition of the HEMCO Concession increases the Company's La India Project area to

280 km^2.

The La India Deposit is mostly contained within the La India and Espinito-Mendoza Concessions with a small part, the Cacao Resource, contained within the Cacao Concession.

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
Rodeo	106-DM-198-2009	January 2035	60.4
La Mojarra	084-DM-386-2012	June 2029	27.0
Hemco	55-DM-239-2010	August 2035	86.4
Total			**280.06**

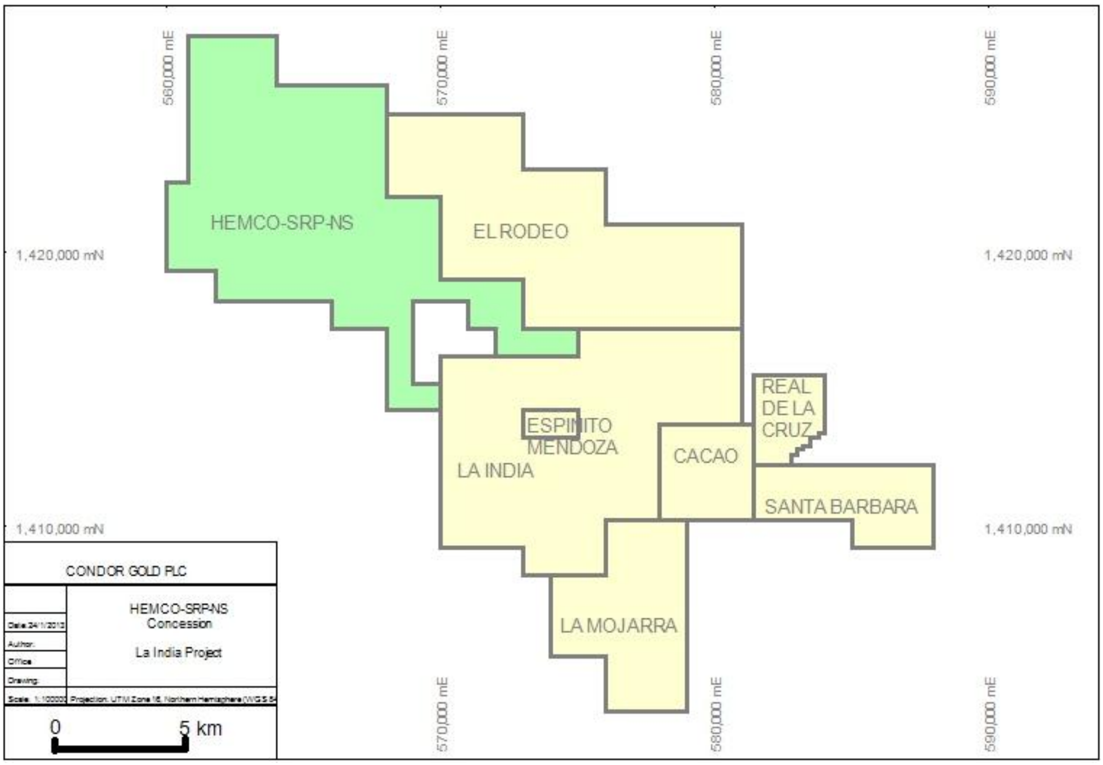

Figure 3-2: Concession Location

All concessions are renewable 25-year combined exploration and exploitation concessions. Under Nicaraguan law the 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 and Espinito Mendoza 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 was purchased from a third party and is subject to on-going payments valued at USD1,625,000 plus a bonus of 1% of the gold price of the JORC-compliant Ore Reserve calculated on the 18 August 2015. A total of USD625,000 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 seller 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 the 18 August 2015 subject to all obligations being met.

Condor reached an Agreement to purchase the La Mojarra Concession from a private owner for USD1,010,815. The Purchase Consideration is payment USD660,815 in cash and USD350,000 by way of issuing shares in Condor. Condor has, at its sole discretion, the right to substitute the share payments with cash payments.

The principal terms of the purchase of the HEMCO Concession are a payment of USD275,000 payable by way of issuing new ordinary shares in Condor Gold plc once authorisation by the Director General of the Department of Mines (such authorisation has been received). Condor issued the shares at GBP2.00 per share. Accordingly, 87,330 new ordinary shares will be issued and admitted to AIM on 11 February 2013. An additional payment of USD7.00 per ounce of gold of proven and probable reserves as defined under the CIM Standards, during the time that Condor holds the Concession, payable in shares of Condor Gold plc.

Condor owns title to a further 30.4 km² of surface rights 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 Authorisation

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
Rodeo	Exploration	DGCA-P0018-0510-001-2011	12/03/2010

3.4 Environmental Considerations

SRK conducted an environmental and social (E&S) scan of the La India vein set in December 2012. A summary of the initial environmental findings is discussed in Section 0, of this report.

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.

3.5.1 Summary of the Law

The Nicaraguan Civil Code recognises the right of the owner of property to enjoy and dispose of it within the limitations established by law. 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.

3.5.2 Types of Mining Titles

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

(a) Terms and Conditions governing grant

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

(b) Rights attached to Exploration License

Mining 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 Mining 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 and if requested 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; and
- Facilitate artisanal mining activities which will not exceed 1 per cent of the total area of the concession.

(d) Surface rent

A concession holder is to pay surface rent 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

3.5.3 Reporting Requirements

Mining concession holders must provide to MIFIC an annual report which includes the following information:

- 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
- Detail of the investments and expenses incurred in relation to the mining concession during the year.

3.5.4 Royalties Payable

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.

3.5.5 Term

The mining concessions are granted for an initial 25 year period, renewable for a further term of 25 years.

3.5.6 Renewal

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.

3.5.7 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.

3.5.8 Relations with Landowners

A mining 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 mining 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 mining concession may need to acquire, lease or take easements over the surface property.

3.5.9 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.

3.5.10 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 (ITEM 5)

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 service 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, and the crossing of small rivers proves difficult during periods of high rainfall.

4.2 Climate

The climate of the region is a tropical savannah, with warm, dry winters and wet summers between May and November.

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 on the La India, America and Mestiza Veinsets. 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.

Condor’s office is located in the small town of La Cruz de La India, and Agua Fria located between the highway and the main gold deposit on La India Veinset. There is an estimated population of less than 1,500 in the vicinity. 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. Within El Rodeo, La Mojarra and Hemco Concessions, mobile phone coverage is restricted to some hilltops and limited or absent coverage in the main mineralised localities.

Domestic water supply is via boreholes and open wells. The operators of the hydroelectric dam will allow a limited amount of water to be used for commercial purposes such as drilling all year round.

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 away by road.

4.4 Physiography

The area is characterised by high relief, at altitudes typically varying between 350 m and 580 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 crops and grazing. Surface water is ephemeral with most watercourses dry for six months of the year.

5 HISTORY (ITEM 6)

5.1 History of Mining

The first evidence of mining activity 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.

Records exist for industrial-scale gold mining centred on the La India Vein between 1936 and 1956. Mining was initiated at La India in 1936 by the Compania Minera La India. By 1938, Noranda Mines of Canada had acquired a 63.75% interest in the company and mining continued until 1956, when the mine closed following flooding of the mill and main workings during a severe storm. Between 1938 and 1956, Noranda's La India mill is estimated to have processed approximately 100,000 tonnes per annum ("tpa") for an estimated total production of some 575,000 oz gold from 1.73 Mt at 13.4 g/t Au. Peak annual production was some 41,000 oz gold in 1953. The bulk of production was from shrinkage stope mining on 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 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.

The shrinkage stoping method applied by Noranda is believed to have followed a mining block layout as shown in Figure 5-1. The mining losses are believed by Condor representatives to have been 7% (likely to be limited to unplanned mining losses) and dilution 12% (though geological reports from the Soviet-era exploration suggest a dilution of 25%). Pillars were not extracted. Access to the mine was via a shaft near the La India Vein and a series of underground levels. Mining was undertaken using hand-held methods.

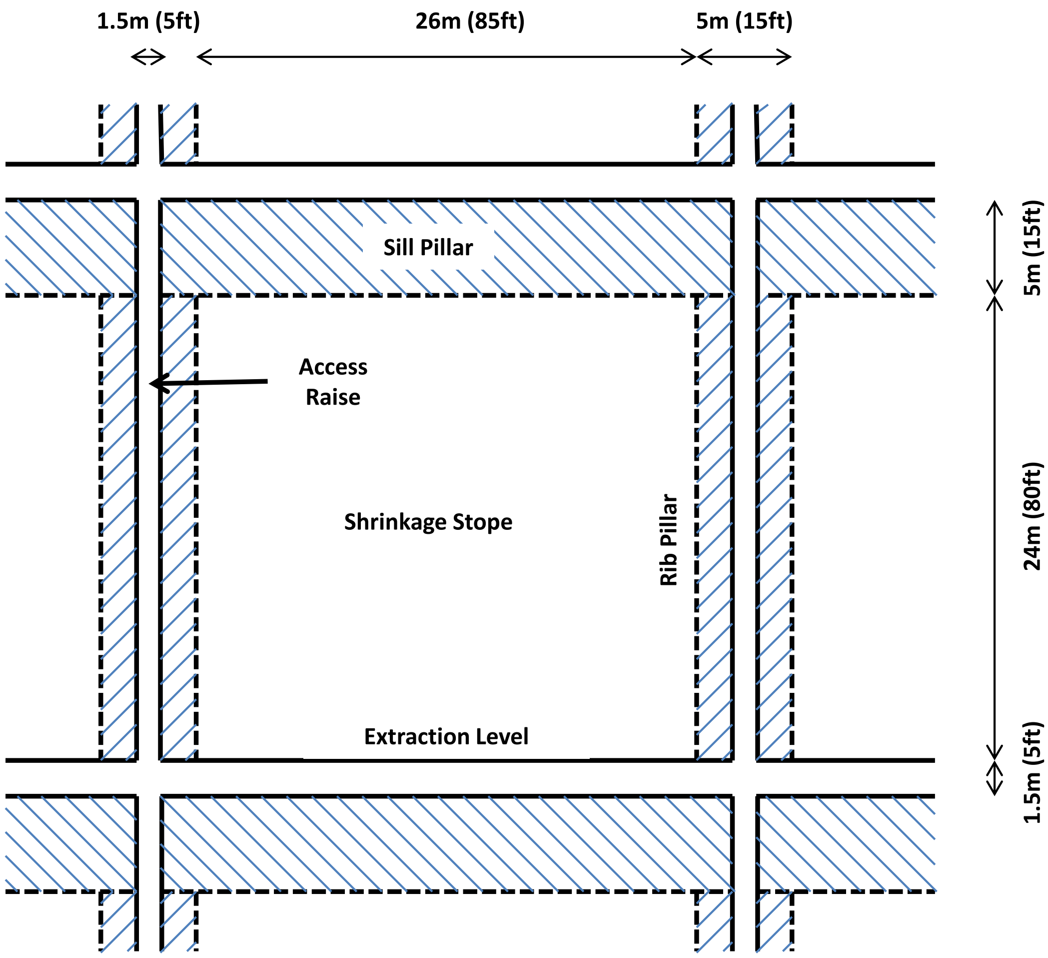

Figure 5-1: Schematic Longitudinal View of Noranda Mining Layout for Shrinkage Stoping

Assuming an average stope width of 1.5 m, each stope would generate approximately 2,500 t of material, requiring a turnover of approximately 40 stopes each year or less than one a week.

SRK also understands that the Espinito Vein had been developed for extraction, however, the localised flash flooding in 1956 resulted in the closure of the mine prior to any significant extraction. Noranda pursued other targets rather than rehabilitating the La India deposit.

During 1997, a Canadian company, Diadem Mining, developed an adit intersecting the two Buenos Aires veins and appeared to have undertaken some trial mining. The mining method appears to be a type of stoping method (unable to identify from visual inspection of excavation), however, market conditions forced the closure of the project very soon after trial mining commenced. SRK notes that the observed rock conditions in the Buenos Aires seams were significantly better than observed in other accessible adits.

There has been intermittent artisanal mining activity, concentrated on the old mine workings, in the district since that time. As part of the 2012 Mineral Resource Estimate, SRK has estimated grades into the historical mined out areas of the La India – California Mine. SRK estimate that a total of some 920,000 tonnes at 8.5 g/t gold for some 250,000 oz of gold has been mined from within the SRK defined depletion volume.

There is no record that the Central Breccia, which is located just over 1 km from the America-Constancia underground workings, had been discovered 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 State organisation, INMINE, sampled the underground workings, drilled 90 holes, 59 on what is now La India-ESP Concession and excavated numerous surface trenches. They 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 falls 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. (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 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 sold to Condor in 2012.

Exploration during this period, 1994-2009 was undertaken by a combination of the concession holders Occidente Minera/Triton Mining and by joint venture or option partners. It is worth noting that the owners of Nicaraguan registered Triton Mining 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 (2003) to Central Sun (2007) and finally to the current owners B2Gold Corporation (2009). The following outlines the principal periods of exploration undertaken 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 drillholes for 2,204 m into the La India Vein system, principally targeting the down dip extension of the India Vein below mine workings with a couple of shallow drillholes testing the perpendicular Arizona Vein.

2000-2001

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

1996-2010

Triton completed 8 drillholes for 1509 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.

2004-2005

In 2004-2005, 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-Tatescame Vein of La India Concession. Underground sampling of the 570 m level returned a weighted average of 1.6 m at 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.

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 Drillhole 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 mineralised 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.

2010-Present

Condor commenced work on Project. Initially by compiling the historical geological database which was used as the basis for an initial Mineral Resource Estimate, and commenced drilling on the project in January 2011.

Post the September 2012 Mineral Resource Estimate the Company has completed 8,390 m of the 2012/2013 Exploration programme targeting the La India vein set, and potential additional hangingwall mineralisation along the America-Constancia-Escondido veins. In addition to the drilling the Company completed 67 trenches with a combined length of approximately 3,925 m. To date the Company has completed over 30,000 m of drilling on the Project and increased the total number of trenches to over 1,021 for approximately 13,800 m of trenching (inclusive of the 2013 exploration programme).

6 GEOLOGICAL SETTING AND MINERALISATION (ITEM 7)

6.1 Introduction

There has been no update to the La India Mineral Resource since the September 2012 NI43-101 technical report as the 2013 exploration programme is currently on-going. This report will focus on the PEA of the project (Section 14) on the Mineral Resource Estimation work undertaken on the Project. To ensure the reader can draw appropriate conclusions on the methodologies used, SRK has also provided a short summary in each section (Section 0 to 0) on the key assumptions for the Mineral Resource Estimate. For a detailed description of the September 2012 La India Mineral Resource Estimate, please refer to SRK's report: NI43-101 Mineral Resource Estimate on the La India Gold Project, Nicaragua 14 September 2012, available on the Company website www.condorgold.com.

6.2 Regional Scale Geology

La India Mining District is located 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 normal fault that marks the edge of the NW-SE orientated Nicaraguan Graben. The basement rocks are described as pre-Jurassic and include low metamorphic grade phyllites and schists, granites, ultramafics and carbonate sediments (Venable 1994).

The volcanic belt was originally formed by melt derived from the subduction of the Cocos Plate beneath the Caribbean Plate where they collide to the southwest of Nicaragua. Subsequent roll-back of the subduction zone has shifted the volcanic activity further southwest.

6.3 Local Scale Geology

The La India Mining District is located within Tertiary aged island arc volcanic rocks, which host low-sulphidation epithermal gold-silver mineralisation. The boundaries of the particular volcanic complex that hosts La India District are difficult to define due to the disruption along a series of NW-SE and NE-SW orientated faults (Figure 6-1). Topography suggests that the central caldera is located 5 km to the South-east of the district. Only 10 km to the southwest the Complex has been truncated by the major normal fault of the Nicaraguan Graben.

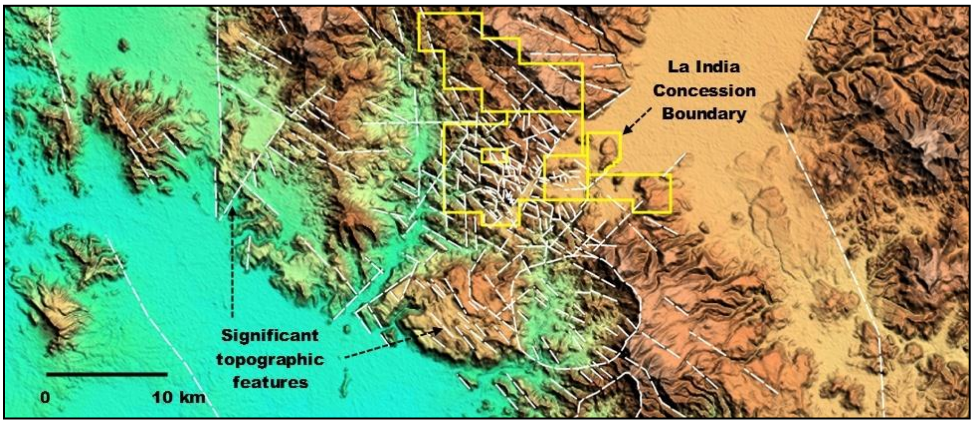

Figure 6-1: Significant Topographic Features within the La India Mining District Highlighting Major Fault Traces (September 2012) (Source: Condor)

6.4 Deposit Scale Geology

The gold mineralisation at La India Mining District are hosted by thick sequences of massive andesite flows, interbedded felsic and intermediate pyroclastic deposits including rhyolite to dacite flows and domes, welded ignimbrites and unwelded tuffs.

The principal structures that host the gold-silver mineralised epithermal veins at La India typically arc between a NS strike (Escondido Vein) a NE-SW strike (Andrea Vein on El Rodeo Concession) and an east-west strike (Cacao and Real de la Cruz veins). The more EW orientated structures truncate the more NS striking structures which have been interpreted by Bonson (2010) as linking structures. For example, the NS striking Escondido Vein is truncated in the north by the America-Constancia Vein and in the south by the EW striking Teresa-Arizona veins. The Teresa-Arizona veins also truncate the India Vein further to the south.

WNW-ESE trending elements 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 veins in the district are interpreted as tensional veins or as fault-hosted shear veins.

NNW-SSE oriented vein structures are interpreted as linking structures which formed between the WNW-ESE vein systems, which relay displacement through the system as whole.

ENE-WSW to E-W trending veins are interpreted by Condor as the final stage of development in response to WSW-directed extension associated with the onset of the development of the later ENE-trending structures.

The structural relationship of the gold mineralised structures to the Nicaraguan Graben is apparent in the development of a graben-like structure along an axis running through the centre of the America Veinset between the America-Constancia veins and the Guapinol Vein. All structures dip towards the Graben axis: those located to the north and east of the axis dip to the south and west (Guapinol, Tatiana, Las Lajitas, Buenos Aires and Andrea veins), whereas all structures located to the south and west dip in the opposite direction (America-Constancia, Teresa, Arizona, India and San Lucas veins).

The bulk of the gold mineralisation at La India is interpreted as forming in shallow, low sulphidation epithermal systems. Mineralisation associated with quartz vein systems and within well-confined hydrothermal breccias occurs. The exception is a recent discovery, the Central Breccia Prospect not included in the current Mineral Resource which appears to have been deposited near surface under higher sulphidation system.

Gold mineralisation occurs as fine gold-silver amalgam hosted by quartz and quartz-calcite veins with saccaroidal, chalcedonic and banded, vuggy and bladed textures; tectonically-brecciated quartz veins; and fault gouge and fault breccias.

The dips of the veins are generally moderate to steep, although shallower dips are recognised such as the north end of La India Vein at 45° and the north end of the San Lucas vein where dips as shallow as 30° are recognised. The dip polarity of the faults changes: veins southwest of America-Constancia dip towards the NE and those NE of Guapinol dip towards the SW, which defines a graben-like symmetry about the America-Constancia-Guapinol axis.

6.4.1 Mineralogy

Gold is reported to consist of 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 Lakefield Research 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 oxyhydroxides.

6.4.2 Oxidation

The mineralisation occurred in active fault zones with associated fractured wall rock. The fault/fracture zones are reported to be susceptible to weathering and fracture controlled weathering along the mineralised zones can extent to 140m depth. In contrast the surrounding country rock is typically weathered to only 15-20 m depth (max 40m).

6.4.3 Vein Morphology

In most of the Project, including the La India and America veinsets, gold mineralised quartz veins and breccia zones form resistant ridges. In contrast some zones such as the La Mestiza and Cristalito-Tatescame areas, the gold mineralised structures occur within intensely saprolitically weathered bedrock (reported to extend to a depth of approximately 20 m) and are themselves quite altered within this zone. 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 (**Error! Reference source not found.**), indicating near urface leaching and basal enrichment within the zone. Silver is also present, but there are no detailed reports describing its occurrence and character.

In general, the veins consist of a complex mixture of fault breccias with vuggy stockwork veining, fissure like quartz veins with potassic (adularia sericite) altered wall rock fragments and selvages with varying amounts of clay gouge, feldspathic aggregates and, reportedly, alunite. Iron and manganese oxides are common as staining and aggregates within the veins and on veins and wall rocks.

Locally, the mineralised veins display anastamosing and bifurcating features, pinch and swell structures, fault brecciation and fault gouge. In areas where the veins diverge away from their predominant orientation (namely Tatiana and Buenos Aires), and where the veins appear to coalesce (namely California, Buenos Aires and Jicaro) there may be potential (in addition to the California veins) for more extensive dilatant zones, which the Company believe are be a target for open-pit potential (dependent on the relevant Mining Studies being completed). The Company need to conduct further investigation to test this potential during future exploration programmes. Drilling completed during 2011/2012 further emphasised the presence of coalescing veins that bifurcate and re-join,.

Figure 6-2 illustrate the nature of the gold mineralised breccia zones that (particularly when in stacked sequences) are typical of some the wider mineralised zones encountered on the La India-California vein trend.

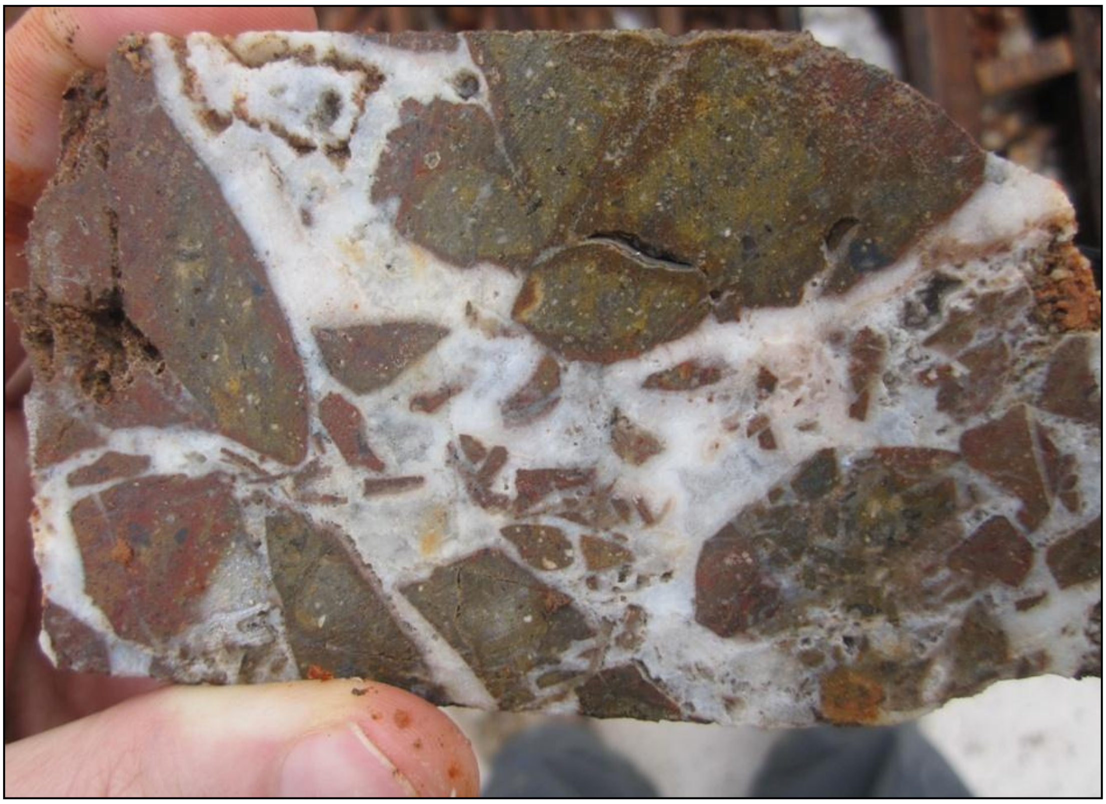

Figure 6-2: Gold Mineralised Breccia of the La India-California Vein Trend; Image 1 (June 2012)

7 DEPOSIT TYPES (ITEM 8)

The gold mineralisation at La India is interpreted as forming in shallow, low sulphidation epithermal systems. The mineralisation has been noted to occur in two different styles:

- Associated 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 wall rock 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). The highest grade gold included in the resource is hosted by:

- quartz and quartz-calcite veins characterised by epithermal features such as saccaroidal, chalcedonic and banded, vuggy and bladed textures;
- tectonically-brecciated quartz veins characterised by vein quartz or polymict vein quartz and wall rock clasts in a silica-haematite matrix; and
- fault gouge and fault breccias, often containing some finely ground silica (quartz). Gold mineralisation occurs as fine gold-silver amalgam with a gold to silver ratio of 1 to 1.5.

In 2012 the Company discovered a gold mineralised hydrothermal breccia, known as the “Central Breccia” Prospect, which appears to represent gold mineralisation under higher sulphidation conditions. Low-grade gold mineralisation is associated with carbonate breccia cement and high-grade gold mineralisation is associated with argillic alteration and sulphide mineralisation. However, given the currently limited level of data and understanding, the Central Breccia is not included in the current Mineral Resource.

8 EXPLORATION (ITEM 9)

8.1 Mapping

8.1.1 Historical Mapping

A significant database was collated during the Soviet period between 1986 and 1988. Work completed during this period included geological mapping at 1:10.000 and 1:25.000 scales, geochemical prospecting at 1:10.000 scale, geophysics investigation (magnetic prospecting and electric exploration at 1:10.000 scale) and hydrogeological investigations, as well as land surveying work.

In 2000 – 2001, Newmont Mining completed a geological map of the area targeting hydrothermal alteration, to locate and sample vein stockworks, and to identify bulk-mineable targets.

8.1.2 Condor Gold Mapping

Condor is currently undertaking an on-going geological mapping programme at 1:5000 scale. The mapping is supported by thin-section analysis. The 2012 geological mapping completed by Condor is shown in Figure 8-1.

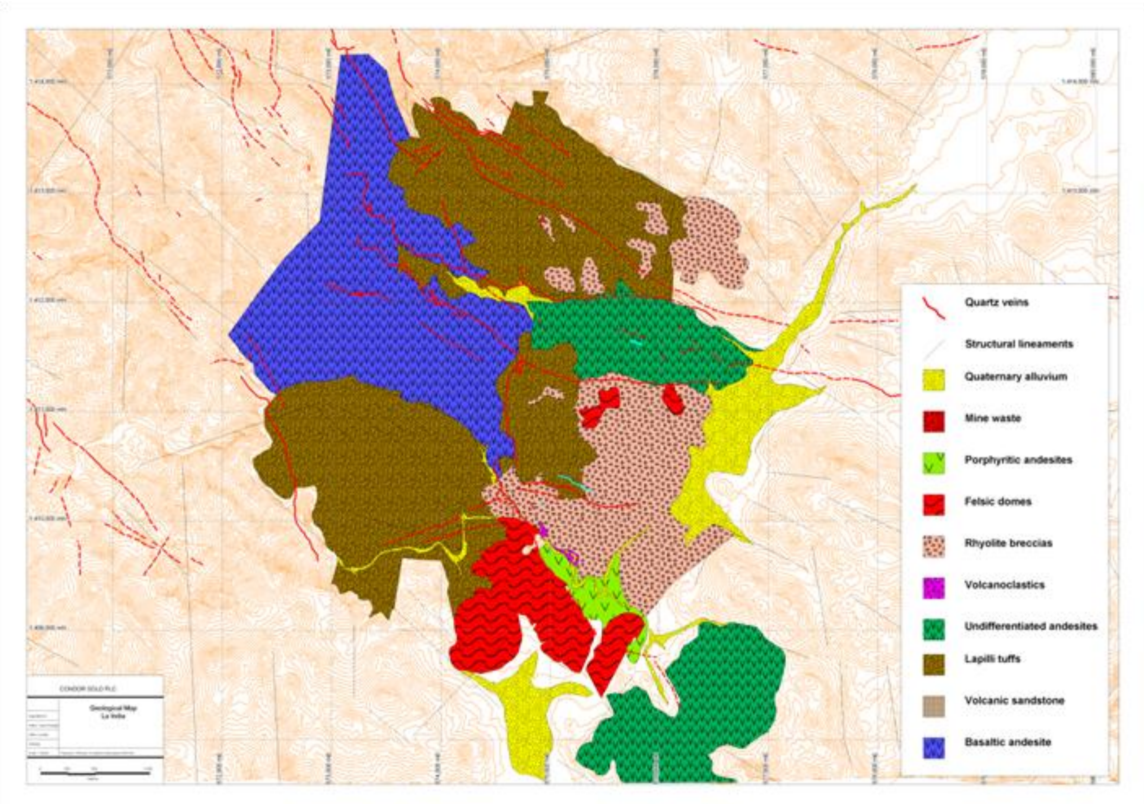

Figure 8-1: Geological Mapping of the La India District for the La India, America and Mestiza Veinsets (by Carlos Pullinger, Condor); September 2012

8.2 Surface Trenches

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 explorers trenching programmes and Condor's trenching prior to 2012 was confined to manual methods. In total almost 1,021 trenches for approximately 9,900 m have been completed historically during exploration by the different companies.

During 2011, Condor completed a number of trenches to assist in the geological definition of certain veins by confirming the location of surface projections. Within the La India valley the Company indentified a relatively wide breccias zone at surface (40 – 50 m wide) in two trenches 25 m apart.

In 2012, Condor successfully 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.

In 2012 the Company also commenced a trench programme along the surface expression of the historically mined areas of the America vein set.

In 2011 a 235 m manual trenching programme was completed to follow-up a gold mineralised rock chip sample collected on the Central Breccia Prospect, which was subsequently confirmed by drilling.

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 1392 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.

8.3 Underground Sampling

Historically some 10,000 original underground mine grade control channel samples have been taken on eleven of the veins within the La India Project. The samples have been typically taken along the main development drives.

For recently collected underground mine sampling, separate samples have been taken horizontally from the hanging wall, vein and footwall in the side wall of the adits. SRK reviewed the sampling protocols for the samples collected by the Company and are satisfied that they are broadly in line with generally accepted Industry best practice.

8.4 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 identified. 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.

It is SRK's overall view that the sampling intervals and density of samples are adequate for the definition of a compliant Mineral Resource Estimate.

9 DRILLING (ITEM 10)

9.1 Historical Exploration

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

9.1.1 Soviet-INMINE

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

The holes were drilled with an angle of 67 to 81º with an interception angle of the mineralised body of not less than 30º, the depth of the drilled holes ranged between 40 to 80 m in shallow holes and up to 140 to 180 m for deeper intersections.

During the initial exploration (1987-1988), 8 deep holes of 230 to 340 m reported poor sample recovery. During the 1988–1989 exploration drilling campaign, the drilling methods were modified to using SSK-59 and KSSK-76 rigs, and specialist drilling fluids/muds (bentonite and caustic soda), and core recovery improved significantly.

9.1.2 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.

9.1.3 Triton

Triton completed a series of 8 drillholes at La India vein in 2004 (LIT-11 to LIT-18). No assay results were available for these drillholes and therefore the Company undertook a core re-sampling programme during 2011, submitting half core samples to certified laboratory BSI-Inspectorate for assaying. The results were used in the estimation of block grades.

9.1.4 Gold-Ore

Gold-Ore completed 10 holes in 2004 at Cristalito-Tatescame 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 Condor Drilling Campaigns

9.2.1 Cacao Concession (2007/2008 Campaign)

22 holes have been drilled at Cacao, 21 were drilled using a UDR650 multi-purpose drilling rig mounted on a six-wheel drive truck (R&R Drilling). All these drillholes were collared using the RC techniques.. The water table was generally intercepted between 40 and 70 m depth. Wet sample return always occurred at the water table and drilling was then converted to NQ DD core drilling.

9.2.2 La India Concession (2011 Campaign)

Condor commenced drilling on the 28 January 2011, an initial programme of 5,000 m was planned, but based on positive results this was increased to approximately 12,000 m, using HQ and NQ core diameters..

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

- Nicaraguan company United Worker Drilling
- E Global Drilling Corporation of Canada through local subsidiary Energold Drilling
- R&R Drilling of Honduras
- Rodio-Swissboring of Guatemala.

SRK reviewed the drilling procedures during the site visit and is satisfied they meet Industry Best Practice guidelines.

9.2.3 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. An additional 7 holes on Guapinol (1,474 m) and one hole on America (307 m), were also completed during 2012.

A summary of the additional La India Concession holes and locations is shown in Table 9-1, Figure 9-1 and Figure 9-2.

Table 9-1: Summary of 2012 La India Project Drilling

Deposit	No. Holes	Total Metres	Min Length	Max Length
La India-California	59	7,101.0	32.0	260.6
Guapinol	7	1,474.0	40.5	413.2
America	1	307.0	307	307.0

In addition, Condor completed 5 drill holes for 866 m on the Central Breccia Prospect which was discovered in 2011 along the America Veinset trend (Figure 9-2). These holes were completed at the end of 2011 and early in 2012 but have not been included in the September 2012 Mineral Resource estimate due to the limited amount of drilling

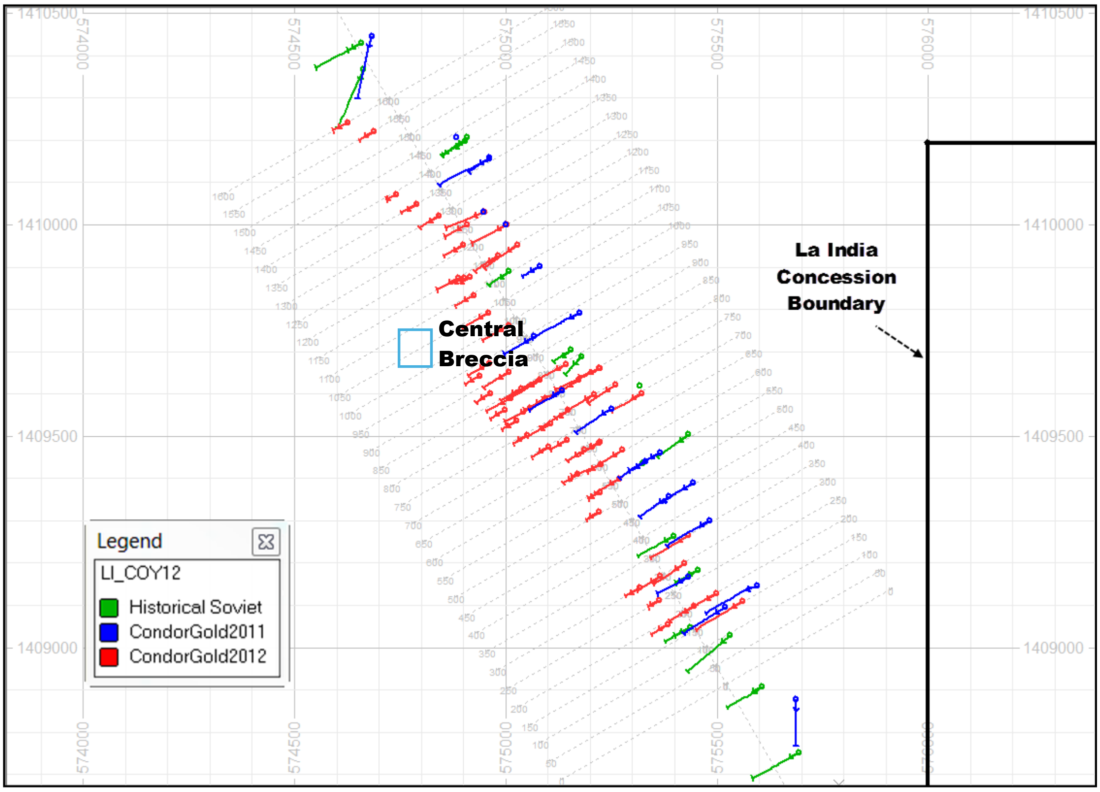

Figure 9-1: Location of New Drilling (2012) and Previous Drilling Phases (by Company) on the La India-California Vein Trend (New Holes Shown in Red) (Source: SRK)

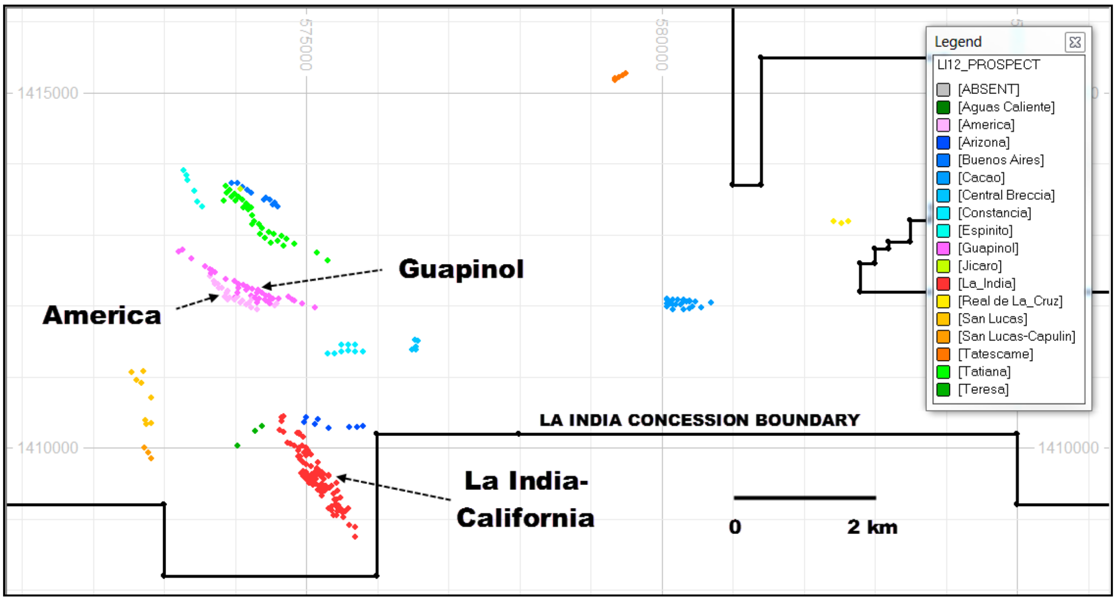

Figure 9-2: Location (Collar Plot) of Veins Updated During the 2011/2012 La India Project Drilling Program (September 2012) (Source: SRK)

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 has been completed from surface using DD and RC drilling techniques (Figure 9-3), using HQ and NQ core diameters, using the drilling contractors listed below:

- E Global Drilling Corporation of Canada through local subsidiary Energold Drilling

- R&R Drilling of Hondurus
- Rodio-Swissboring of Guatemala using a track-mounted (RC) drilling rig.
- Canchi Perforaciones de Nicaragua S.A. from Panama
- They were employed 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.

Figure 9-3: Rodio-Swissboring RC Drill Rig being Set Up during the 2012 Drill Program; June 2012

SRK conducted a site visit to a drilling rig during the June 2012 site visit which was found to be in good working order and following industry best practice. The Company employ geologists who are assigned to each drillhole, and core logging was conducted by the Company geologists.

Hole Orientation

The 2012 programme has comprised of selective infill drilling on 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.

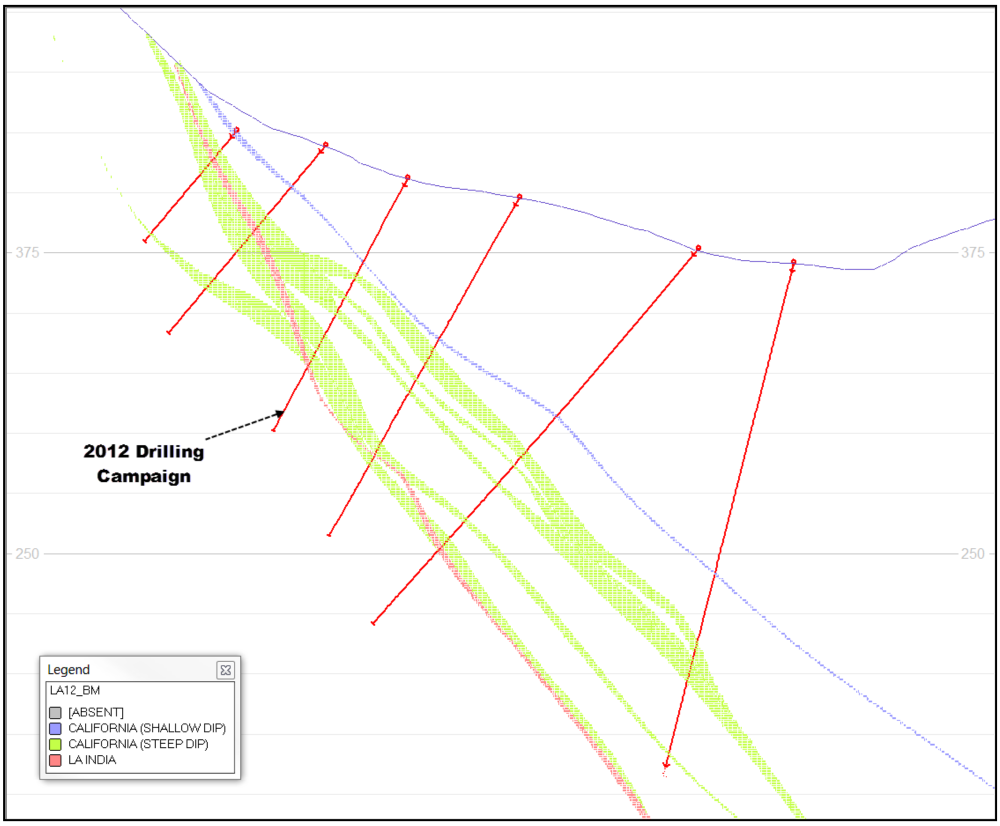

Figure 9-4: Cross Section (Section Line - 850) Through the La India-California Veins Showing Holes Drilled to the SW, Confirming the Width of Mineralisation (September 2012); Red = New Drilling (Source: SRK)

Collar Survey

All hole collars have been surveyed using a differential GPS and have been surveyed to a high degree of confidence in terms of the XY location. Data has been provided to SRK in digital format using both UTM grid coordinates.

Downhole Surveys

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 either a clockwork Tropari or a Reflex EZ-shot digital single shot downhole survey measurement.

SRK noted during the site inspection that the Company had difficulty in completing downhole surveys on the RC drillholes, with only the upper portion of the holes recorded. SRK recommends the Company investigate the use of specialist equipment or specialist surveyors to verify the downhole surveys in future programmes.

Core Storage

All drillcore from the La India and Cacao concessions drilled by the Company is stored at the Company’s core storage facility at in the village of La India de La Cruz. 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 9-5).

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

9.2.4 Summary of Drilling Metres per Company

A summary of the total metres used in the September 2012 Mineral Resource Estimate, broken down per program and per vein are shown in Table 9-2.

Table 9-2: Summary of Drilling Statistics per Company and Deposit (September 2012)*

			Data		
Company	**Prospect**	**Count**	**Sum Depth**	**Min Depth**	**Max Depth**
Soviet-INMINE	America	19	2,819.0	69.4	432.4
	Buenos Aires	12	1,126.6	60.0	143.4
	Espinito	6	1,043.6	146.0	201.2
	Guapinol	35	3,239.6	27.8	253.2
	Jicaro**	1	108.6	108.6	108.6
	La India	6	1,805.8	233.6	396.1
	Tatiana	20	2,103.7	56.8	182.1
Soviet-INMINE Total		99	12,246.9	27.8	432.4
Triton Minera	La India[1]	7	1,323.0	131.0	215.0
	Tatiana	3	619.1	180.0	253.5
Triton Minera Total		14	1,942.1	110.0	253.5
TVX	Arizona	3	311.0	78.5	142.6
	La India***	9	1,681.9	28.1	300.6
TVX Total		12	1,992.9	28.1	300.6
Gold Ore	Cristalito-Tatescame	10	1,063.5	37.0	180.0
Gold Ore Total		10	1,063.5	37.0	180.0
Condor	America	6	871.8	58.4	307.0
	Arizona	6	1,135.8	102.1	239.3
	Cacao	22	2,170.5	47.0	185.1
	Constancia***	10	1,306.4	46.9	241.4
	Guapinol	9	1,648.6	40.5	413.2
	La India***[2]	81	11,896.0	32.0	327.0
	San Lucas-Capulin	12	1,785.8	47.3	303.0
	Tatiana***	11	1,680.5	94.1	227.4
	Teresa/Aguas Caliente	3	557.8	135.6	231.7
Condor Total		166	23,053.2	32	413.2
Grand Total		**301**	**40,298.6**	**27.8**	**432.4**

* Summary of drilling used as the basis for the 2012 Mineral Resource Estimate

** Not included in current Mineral Resource.

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

[1] LIT-18 for 186 m discounted subject to further drilling

[2] LIRD081 for 287.7 m discounted due to poor recovery.

Note in addition to the drilling summarised in Table 9-2, Triton completed an additional three preliminary exploration holes on the Real de la Cruz, and Condor has completed five holes on the Central Breccia target. At present no Mineral Resources have been declared on either of these targets.

9.3 Core Recovery

Difficult drilling conditions have been reported during the various campaigns at the La India Project. The Company have implemented a number of tests in an attempt to reduce any potential core loss. 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 of samples the core recovery has been in excess of 90% (reported as 92% during the 2012 campaign), 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 86.0%, which includes in excess of 60% greater than 97% recovery.

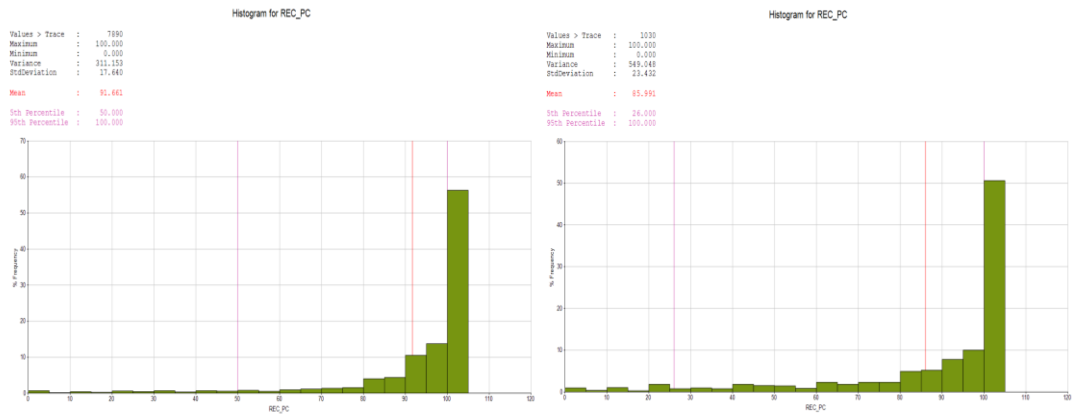

Figure 9-6: Histogram of Core Recovery for All Samples (left) and in Samples with Gold Grades in Excess of 0.5 g/t Au (Right); September 2012

In summary, SRK has noted the difficult ground conditions 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.

9.3.1 SRK Comments

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, ANALYSES, AND SECURITY (ITEM 11)

10.1 Introduction

During the site visit SRK was able to visit the core shed facilities to review the methods currently employed by the Company. In terms of the historical sampling methods SRK has relied on the work documented within historical (INMINE) reports provided by the Company.

It is SRK's view that the current sampling methods and approach are in line with industry best practice and should not lead to any bias in the sampling and assay results. The following section focuses on the Sample Preparation and Analysis methods used during the Condor sampling programmes completed on the different Concessions. Samples have been prepared at different facilities/laboratories depending on the programme.

SRK has accepted the validated database as presented by the Company, however would recommend that the Company continues with verification sampling during the next phase to increase the size of the database for comparison.

10.1.1 Sample Security and Chain of Custody

SRK reviewed the sample chain of custody and is satisfied that the current methods are in line with industry best practice and can provide an audit trail of personnel in contact with the samples from the drilling rig to the laboratory.

10.2 Historical Preparation and Analysis

The laboratory investigations have been completed using fire assay for gold and silver with atomic absorption analysis. The preparation and analysis for gold and silver was conducted at the INMINE Laboratory, as per the Swedish methodology used by all the geological and mining companies in Nicaragua:

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

10.3 Cacao Preparation and Analysis (2007/2008)

10.3.1 BSI Inspectorate

The early trench and drilling samples were sent to BSI-Inspectorate Guatemala for sample preparation, and then dispatched to Reno Nevada (USA) 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 to 300 g sample which was pulverised in a ring and puck mill such that 95% passed a 106 µm (150) mesh screen. Samples were analysed by fire assay with AAS finish (5 ppb detection limit). Samples returning over 3 ppm gold were re-run using a gravimetric finish (0.34 ppm detection limit).

10.3.2 CAS Honduras

Drilling and trench samples collected from the end of October 2007 were prepared and analysed by CAS Laboratories of Honduras in their laboratory in Tegucigalpa. SRK notes that CAS Laboratories were not accredited at the time, although they had initiated proceedings to gain accreditation.

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 is split down to a 250 g sub-sample which is pulverised in a ring and puck mill such that 95% passes a 106 µm (150) mesh screen. Then 30 g samples fire assay which was analysed with an AAS (3 ppb detection limit). Samples returning over 1 ppm gold are re-run using a gravimetric finish. For each 20 samples undergoing fire assay, two repeats, a standard and a blank are analysed as a quality control.

10.4 La India Preparation and Analysis (2011/2012)

Drilling and underground sampling completed during the 2011 and 2012 Condor programmes have been sent to BSI-Inspectorate 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 to 300 g sample which was pulverised in a ring and puck mill such that 95% passed a 106 µm (150) mesh screen.

Samples were analysed 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.

10.5 Density Analysis

During 2012, the Company has tested 1058 samples for bulk density determination to determine if the assumed (based on historical reports) 2.6 g/cm^3 applied in the previous model, remains applicable. The sampling has been completed using the water immersion method and was used on both full and half HQ and NQ core samples, where available measuring over 10 cm in length.

SRK has reviewed the data provided and, while SRK considers improvements could be made in both the equipment and methods. SRK recommends improvements be made which would include drying all samples, use of high precision balance, introduction of calibration on balances, and checks at a commercial laboratory. The results suggest a slight reduction in the bulk density should be applied at La India. 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 to 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 indicate a density of between 2.55 – 2.70 g/cm^3.

While SRK notes 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 considers a reduction of the density from 2.6 g/cm^3 to 2.5 g/cm^3 to be acceptable for the vein updated Mineral Resource as part of the 2012 Mineral Resource Estimate.

SRK recommends improvements be made to the density measurement protocol to ensure higher quality and hence confidence in the density measurements is completed during the next phase of the project. SRK also recommend that work should be undertaken to identify whether any local variations exist in density value between different veins and geological zones (namely saprolite zones at Buenos Aires and Tatiana).

10.6 SRK Comments

It is SRK's opinion that while the drilling, channel sampling and assaying procedures utilised prior to 2011 are not, on their own, considered adequate for robust technical reporting to high levels of confidence (Measured Mineral Resources), they have subsequently been validated as part of the 2011/2012 sampling preparation, security and analytical procedures implemented by Condor which is consistent with generally accepted industry best practices and are therefore considered by SRK to be sufficiently reliable to be used to derive Mineral Resource Estimates.

11 DATA VERIFICATION (ITEM 12)

11.1 Verifications by Condor

Condor completes routine data verification as part of the on-going exploration programme. The data verification can be sub-divided into two main types, which are verification of historical database and internal verification of Condor's 2012 on-going exploration programme. Checks completed on the historical database include but are not limited to:

- Re-opened adits, checked mapping and re-sampling (database not available at time of modelling);
- Continual Validation of historical Trench Locations in the field using DGPS measurements;
- Update georeferenced historical maps which indicated modification of surface exposure America and Escondido veins required; and
- Plotting of 2012 3D database against georeferenced historical maps which indicated modification of underground sampling required at San Lucas, Agua Caliente, Escondido veins.

Routine checks on the Condor 2012 exploration programme included:

- Validation of assays using Standards and Blanks inserted routinely into each batch submitted to the laboratory; and
- Validation of geological logs and sampling intervals by Senior Geologists.
- Completion of twinned drilling using RC and DD techniques to confirm validity of RC.

SRK recommends the Company continue with the programme of twinned DD and RC during the next phase in increase the size of the database for comparison.

11.2 Verifications by SRK

SRK has compelted a number of site visits to the Project between 2010 and 2012. During the site visits SRK completed:

- Investigation in to the geological relationships exposed within the drill core, underground workings and updated assay database.
- Inspection of a re-sampling programme and mapping aimed at increasing the knowledge of the structure, orientation and texture of the gold veins in the La India hangingwall.
- Visit to the sample preparation facility; the facility was found to be well organised and well ventilated. SRK has reviewed the sample procedures employed by the laboratory and deem them appropriate for the style and nature of the mineralisation at La India.
- Visit to underground adits where access is available and safe to be completed.

During 2011, Dr Chris Bonson, Principal Structural Geologist at SRK UK also visited the Project between 16 and 23 June 2011 to review data and complete a structural review of the project, and Ryan Freeman, Senior Mining Engineer, between 21 and 23 November 2011, to review potential mining aspects as part of an internal conceptual mining study .

Site Visit 2012

In accordance with National Instrument 43-101 guidelines, SRK most recently visited the La India project from 11 to 14 June 2012. The main purpose of the site visit was to:

- Witness the extent of the exploration work completed to date;
- Complete verification of sampling locations;
- Inspect core logging and sample storage facilities;
- Discuss the geological interpretation and inspect drill core in relation to new results along the La India California Vein trend;
- Review sample preparation methodology; and
- Assess logistical aspects and other constraints relating to the exploration property.

The 2012 visit was focused on further investigating the nature of the mineralisation exposed within the drill core along the La India-California vein trend and in the updated assay database, in addition to holding related discussions with the Condor geologists. SRK also visited the Central Breccia Prospect, an area which Condor understands to be representative of a zone gold mineralisation that formed under higher sulphidation conditions. Given the currently limited level of data and understanding, the Central Breccia is not included in the current Mineral Resource.

SRK completed an independent visit to the BSI-Inspectorate sample preparation facility during the October 2011 site visit completed by Ben Parsons. SRK has not completed an independent check on the assay facilities utilised by the Company as they lie outside of the country and therefore could not practically be visited as part of the Scope of Work. SRK is satisfied with the quality of the laboratories used and based on the quality control investigations that there is no evidence of bias within the current database, which would materially impact on the estimate.

Sample Database Verification

In order to independently verify the information incorporated within the Condor and historical programmes, SRK has:

- Checked the location of drilling and trench sampling versus mapped vein outcrops. Completed a review of digital drilling database against the latest DD drill core
- Reviewed the QAQC database provided for the 2011/2012 drill programme, which show no overall bias is present;
- Reviewed the Bulk Density measurements captured by the Company during the 2012 exploration programme; and
- Refined the position of underground samples (originally based on historical level plans of mine development) using mining void data recorded in the borehole logs;

Based on the validation work completed by SRK, the majority of the database has been approved and validated for use in the current estimate. The data accepted included:

- Drilling information from all holes (historical and 2011/ 2012 programme);
- Soviet-INMINE trench information based where original logging sheets could be verified;

- Soviet-INMINE Underground sampling data from including development drives and raise data;
- TVX verification trenches excluded from the April 2011 estimate; and
- Condor Drilling Information.

Excluded data has been limited to the TVX underground sampling database which has been imported but only used for visual validation of the Soviet-INMINE underground database, and three holes at Tatiana completed by Triton Exploration (TAT001 – TAT002) have been excluded, where SRK was not satisfied in the quality of the historical records and potential low recovery.

11.3 Quality Assurance and Quality Control ("QAQC") Programs

11.3.1 Introduction

SRK completed a detailed review of the available QAQC information as part of the previous NI43-101 Technical Report. Given no additional sampling has been included SRK has reported the findings of the investigation here.

11.3.2 Historical Database

SRK reviewed reports detailing the historical QAQC programmes with the results indicating a reasonably high level of error between the original and duplicate assay in samples below 1.0 g/t Au during all three phases of checks. Above 1.0 g/t Au, the results for gold display acceptable levels of error for a gold project of this mineralisation style, with the percentage error typically less than 20%.

11.3.3 Condor Submissions (2007/2008 Cacao Program)

The Condor QAQC protocol utilised in Cacao is described below and the charts shown in Appendix A:

- Duplicates of single metre riffle split RC samples were selected at a frequency of approximately 5% with a minimum of one per drillhole.
- Standards were inserted into all drilling and all later trench sample series at a frequency of approximately 1 in 30.
- Blanks were inserted into all drilling and all later trench sample series at a frequency of approximately 1 in 30.

11.3.4 Condor Submissions (2011 La India Program)

Condor conducts QAQC checks for drill and trench sampling and assaying by including field, blanks and reference standards in the sample sets submitted to a Certified Laboratory for assay. These QAQC samples have been designed to test both the effectiveness of the sampling techniques and the quality of the laboratory assays.

SRK notes that no certified reference material ("CRM") has been included as part of the 2011 programme, but that the Company has utilised three internal standard reference samples; STD_7A, STD_11B and STD_11C which were prepared by Triton's El Limon Gold Mine Laboratory, Nicaragua (Table 11-1). The Company reported during the investigation a total of 10 samples reporting as outliers, and the charts shown in Appendix A.

Table 11-1: Analysis of Standard Reference Material during 2011 Submissions

Std. ID	No. samples	Mean Au (ppm)	Std. Dev.	Minimum Au (ppm)	Maximum Au (ppm)	Comments
STD_7A	41	1.120	0.057	1.012	1.253	No outliers
STD_11B	55	4.074	0.237	3.107	4.880	Including 2 outliers
STD_11B	53	4.077	0.167	3.693	4.461	Excluding outliers
STD_11C	47	8.463	0.847	6.486	11.700	Including 8 outliers
STD_11C	39	8.625	0.429	8.011	9.613	Excluding outliers

A total of 145 blank samples were submitted at a ratio of approximately 1 in 30 to the laboratory to check for contamination during the sampling or assaying procedures. The results indicate that over 70% of blanks submitted reported below detection limits, while less than 10% have reported above double the detection limit. SRK concludes from the analysis that there is no evidence of any significant contamination at the sample preparation facility.

11.4 Condor Submissions (2012 La India Program)

The 2012 QAQC procedures for the project were set up by Condor personnel. The same QAQC procedures were used for the drilling program and the trench sampling programme, with the focus of the following section on the drilling QAQC analysis.

The following are QAQC materials are inserted into sample batches prior to dispatch:

- Three standards materials, including one certified reference material (CRM) sourced from Geostats Pty Ltd of Australia (G909-5) and two which were prepared by Triton's El Limon Gold Mine Laboratory, Nicaragua (STD-11B and STD-11C).
- One field blank inserted at a frequency of approximately 1 in every 30 samples.
- Field duplicates of single metre riffle split RC samples inserted at a frequency of approximately 5% of total sample submission, with a minimum of one per drillhole.
- In total there are approximately 7 samples per 100 samples submitted to the laboratory.

168 standards (13 CRM), 168 blanks and 132 field duplicates, representing 6.6% of total sample submissions for the Condor 2012 drilling programme at the La India Project, were inserted at regular intervals within the sample suite. Table 11-2 provides a summary of analytical quality control data used for the La India Project.

Table 11-2: Summary of Analytical Quality Control Data Produced by Condor for the La India Project (September 2012)

	DH SAMPLES		
Sampling Program	**Count**	**Total (%)**	**Comment**
Sample Count	7,101		
Blanks	168	2.37%	
QC Samples			
ST-11B	118	1.66%	Internal Standard Material from Trition Mining
ST-11C	37	0.52%	Internal Standard Material from Trition Mining
G909-5	13	0.18%	Sourced from Geostats Pty Ltd of Australia
Field Duplicates	132	1.86%	
Total QC Samples	**468**	**6.59%**	

The Company reports that from the 168 standards analysed within the submitted batches only two samples were outside of the acceptable range, as illustrated in the graphical analyses in Appendix A. SRK has reviewed the standard results and is satisfied that they demonstrate a reasonable degree of accuracy at the assaying laboratory and hence sufficient confidence to report the Mineral Resource. Table 11-3 summarises the statistical results of the programme.

Table 11-3: Statistical Results of the QAQC Standard Programme

Standard ID	Count	Standard Value	Minimum Value	Maximum Value	Mean Value
ST-11B	118	3.08	2.55	3.53	3.13
ST-11C	37	8.23	7.39	9.64	8.53
G909-5	13	2.63	1.97	2.83	2.59

In general, SRK has determined there to be no significant issues with the accuracy of the laboratory, and therefore no material bias is believed to have been introduced.

11.4.1 Insertion of Blank Material

A total of 168 Blank samples were sent in a ratio of approximately 1 in 30 to the laboratory to check for contamination during the sampling or assaying procedures. Blanks were submitted on every sample number ending in the numbers 31, 61 or 91 to maintain an even insertion frequency.

The results indicate that less than 10% have reported above double the detection limit. No blanks material reported outside of the range of five times the detection limit, with the maximum value of 0.019 g/t Au.

It is SRK's view, that there is no major evidence of sample contamination at the preparation facility in Managua. Graphical analysis for the blank material assayed is shown in Figure 11-1.

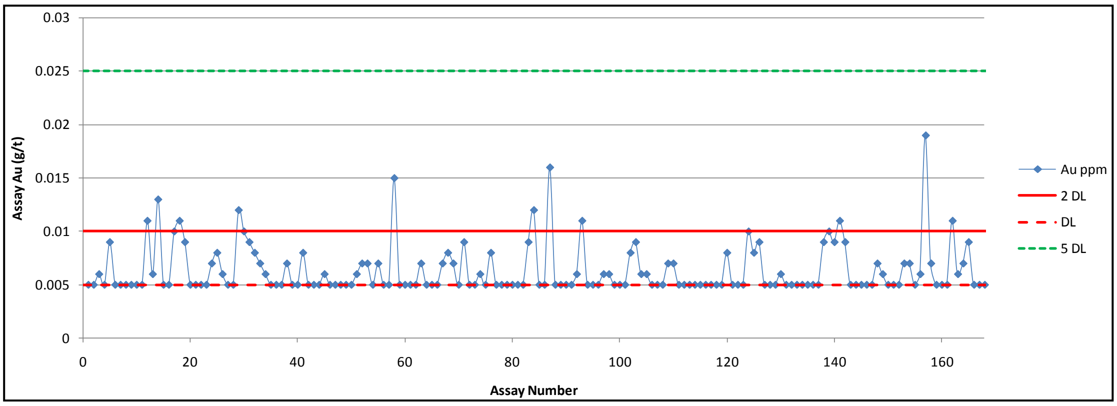

Figure 11-1: Summary of the Blank Submissions during Routine Assays of La India Samples (September 2012)

11.4.2 Insertion of Duplicate Material

In total, 132 RC field duplicates have been submitted for the 2012 drill programme, this represents 1.9 % of total sample submissions for Condor (2012) holes on the La India Project.

SRK has reviewed the duplicate data available from the drilling database to date and has found the following:

- Field duplicates for gold show a reasonable correlation (Figure 11-2) with an average difference of 0.1 g/t Au in the mean grades and a correlation coefficient in excess of 0.85. The absolute percentage difference between the original and duplicate samples is in the order of 26% (duplicate reporting lower).
- It is SRK's opinion that the duplicate analysis suggests an appropriate level of precision. SRK recommends, however, that an external laboratory check is introduced to further verify the observations relating to differences between the original and duplicate assays.

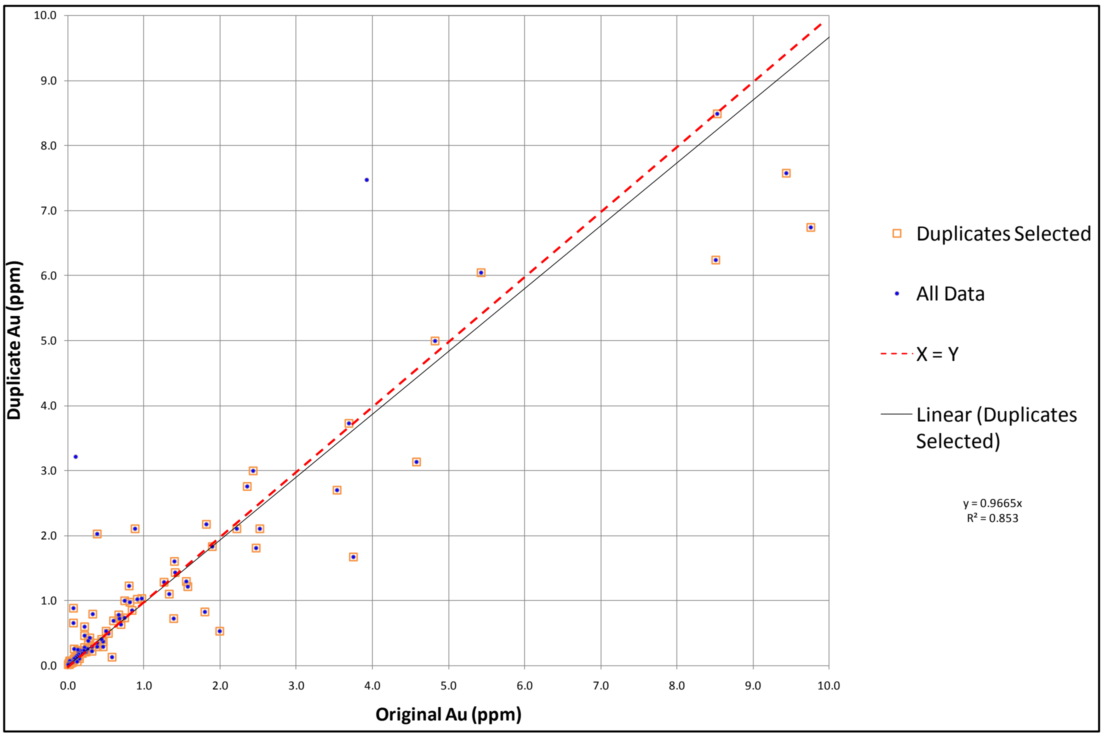

Figure 11-2: Analysis of Field Duplicate Samples as Part of Routine La India Submissions

11.5 SRK Comments

SRK is of the opinion that the QAQC insertion programme completed by the Company is sufficient for the reporting of CIM compliant Mineral Resource but has made a number of suggestions to better refine this programme.

SRK has reviewed the QAQC submissions for the 2007/2008, 2011 and 2012 drilling programmes and concluded that there is no evidence of any significant bias in the returned assay results from the laboratory. It is SRK's opinion that the with the increased and more detailed QAQC investigation within the 2012, on the La India and California veins are broadly in line with generally accepted Industry best practice.

SRK considers 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. These improvements included and have been implemented by the Company:

- Purchase of additional Certified Reference Materials (CRM) – which are readily available through companies such as Rocklabs, Geostats. These samples have been tested to a high degree of accuracy and come with certification which provides guidance on the expected mean grades and standard deviations, on which acceptable levels of error can be defined.
- Regular submission of duplicate core material (quarter core), in addition to RC material, to identify whether the possible presence of a nugget effect is similarly evident in both sample types. The use of pulp duplicates is also recommended to test the precision of the laboratory.
- 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.

12 MINERAL PROCESSING AND METALLURGICAL TESTING (ITEM 13)

Metallurgical test work was carried during 2012 out on two samples of high-grade material collected by the Company from artisanal mine workings on the La India and Cristalito-Tatescame veins respectively. The samples achieved best recoveries of between 90% and 96% from a combination of gravity concentration and cyanidation of the gravity tails.

The test work was carried out by Met-Solve Laboratories Incorporated ("Met-Solve") of Langley, British Columbia, Canada, where two 25 kg samples were tested using a combination of gravity separation, cyanide leach, flotation, gravity concentration followed by cyanide leach, and gravity concentration followed by flotation. The results are detailed in Table 12-1 below.

Table 12-1: Summary of the Metallurgical Test Work on La India Project.

Sample	Location	Calculated Head Grade (g/t)	Overall Recoveries (%)				
			Gravity only	Cyanide only	Flotation only	Gravity + Cyanide	Gravity + Flotation
1	La India	13.9	44.9	79	63.8	90.4	61.6
2	Cristalito-Tatescame	17.2	60.3	91.4	76.9	95.9	75.2

The results demonstrate that gold mineralisation at La India is amenable to gravity concentration with moderate recoveries achieved using a Falcon gravity concentrator. Flotation of the gravity concentrate did not effectively recover more gold. Cyanidation proved to be an effective method of gold extraction for both samples with the best recoveries of over 90% achieved for both samples using a combination of gravity concentration followed by cyanidation. The Company note that the bulk samples are from artisanal miners' production and therefore not necessarily representative of the feed of a large commercial mill. SRK notes that a process route of gravity recovery followed by cyanidation is considered favourable because a reduction in the amount of gold to recover by leaching will reduce plant capital costs because of a shorter residence time required.

Further work will be required by the Company to advance the project to more detail technical studies.

13 MINERAL RESOURCE ESTIMATES (ITEM 14)

13.1 Introduction

The Mineral Resource Statement presented herein represents the latest (September 2012) Mineral Resource estimate prepared for the La India Project reported in accordance with the standard adopted for the reporting of Mineral Resources of the CIM Code, and with the Canadian Securities Administrators' National Instrument 43-101

The estimate is based on some 40,298 m of drilling, 7,200 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 2012 exploration program (fifty-nine drillholes) has focused on the La India and California veins, providing an additional 4,426 m of DD drilling, 2,675 m of RC drilling and 2,500 m of trenching. In addition, limited drilling has been completed on the Guapinol and America veins as part of the recent program, namely 7 holes on Guapinol (1,474 m) and one hole on America (307 m).

The work was completed by Ben Parsons, MSc (MAusIMM(CP), Membership Number 222568) an appropriate "independent qualified person" as this term is defined in National Instrument 43-101. The Effective Date of the resource statement is 14 September 2012.

This section describes the estimation methodology and summarises the key assumptions considered by SRK. In the opinion of SRK, the resource evaluation reported herein is a reasonable representation of the global gold and silver Mineral Resources found in the La India Project at the current level of sampling. The Mineral Resources have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101. 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 reserve.

Leapfrog Mining and Datamine Studio Version 3 was used to construct the geological solids, calculate statistics, prepare assay data for geostatistical analysis, construct the block model, estimate metal grades and tabulate Mineral Resources. Isatis software has also been utilised for the geostatistical analysis and variography.

13.2 Resource Database

13.2.1 Database Development

During 2010, Condor undertook a major data capture programme to collate all historic data from the numerous companies into a single database for all veins within the license areas. For the 2011 and 2012 Mineral Resource Updates, SRK was supplied with a Microsoft Excel Database. The latest files supplied had an effective cut-off date of 21 August 2012. Separate files were supplied for the drilling database, trench and underground sampling programmes.

All data has currently been verified by Senior staff onsite and is stored in a Micromine database. SRK has been supplied with a full copy of the database and while SRK notes a number of missing values in terms of descriptions, SRK has discussed any data issues directly with the Company's exploration manager during the site inspection and at meetings in

Cardiff. The main issue related to missing assays in the database and the related logging codes which described mining voids or core loss. In the case of any issues SRK and the Company have reviewed digital photographs to confirm where missing values are appropriate.

Given the increase in the size of the database SRK recommend the Company consider migrating the current database into either a commercial geological database system, or into a customised Access or SQL based system, which would ensure data quality and provide an audit trail of any changes made to the data.

The database provided and 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.

13.3 Geological Modelling

13.3.1 Approach

Drillhole and Trench data

The drillhole and trench data has been coded by SRK according to each vein based on grade intersections and in places of no significant intersections at representative depths where the drilling intersects the modelled vein. The broad definition for mineralised composites is as follows:

- Gold cut-off grade is 0.5 g/t;
- Minimum thickness of the mineral body – 0.5 m (producing a cut-off grade of 0.25 g/t Au); and
- Maximum length of internal waste of 3 m.

SRK has imported all of the available sample data into Datamine, and has transformed and projected the 2D database into 3D space. The resultant transformation has been validated against historical long sections to check for accuracy. A detailed description of the SRK methodology used to convert 2D underground sampling in to 3D space is documented in the SRK resource estimation report titled “JORC Mineral Resource Estimate of La India Gold Project, Nicaragua” dated July 2011.

In summary, SRK is satisfied that the methods involved are valid and any errors will not have a material impact on the resultant Mineral Resource Estimate.

The veins selected by SRK for inclusion in the current Mineral Resource Estimate are:

- Agua Caliente;
- Arizona;
- La India-California;
- America-Constancia-Escondido;
- Guapinol;
- San Lucas;
- Tatiana;
- Buenos Aires;

- Espinito;
- Cristalito-Tatescame;
- Teresa; and
- Cacao.

It is SRK's opinion that veins excluded from the current estimate require further exploration to prove down-dip continuity to be modelled and estimated in line with the CIM code. Currently, the veins excluded from the current SRK Mineral Resource estimates include:

- Central Breccia;
- Dos Armandos;
- El Duende;
- Dos Hermanos;
- El Jicaro (Buenos Aires hangingwall, but insufficient sample data);
- Mora;
- Natalia;
- San Miguel; and
- San Pablo.

The veins extend over known strike lengths of 0.5 to 2.5 km based on surface trenches, which confirm relatively continuous structures, within which zones of higher and low grades can be found. Modelled down-dip extents have been recorded to up to 350 m and, in places, the mineralisation remains open at depth and deep drilling will be required to test for grade extents. Previous explorer's exploration models assumed that the mineralisation does become weaker in the south and north strike extents and at depth as you move below what is referred to as the "boiling zone" which is prospective for mineralisation. Further work is required to verify this theory and to test potential strike extents.

13.3.2 Methodology

Introduction

To create the geological model the reconstructed database was plotted in plan and in section, initially as a means of data validation and secondly for geological and mineralisation interpretation.

Using data supplied by the Company, SRK:

- Imported all information available into Datamine and adjusted the positions to the correct 3D location (in the case of surface mapping by projecting the interpretation to the topographic surface);
- Defined the hangingwall and footwall contact within each mineralised vein;
- Exported from Datamine to Leapfrog to create separate surfaces using more advanced implicit modelling techniques, including Boolean tools within Leapfrog have been applied to the appropriate surfaces to achieve the coalescing geometry of the California veins; and

- Combined the resultant surfaces into a single solid for each vein before exporting the final wireframes and associated true thickness data from Leapfrog to Datamine for verification.

SRK completed visual checks to ensure the accuracy of the geological models was acceptable and that the volumes were representative of the underlying sampling data. Figure 13-1 shows the coalescing form of the California vein geological model, representing a key focus of the September 2012 update. Once validated the final stage of the process has been to crop each vein to the topography or at depth if intersected by a larger vein using wireframe Boolean tools within Datamine.

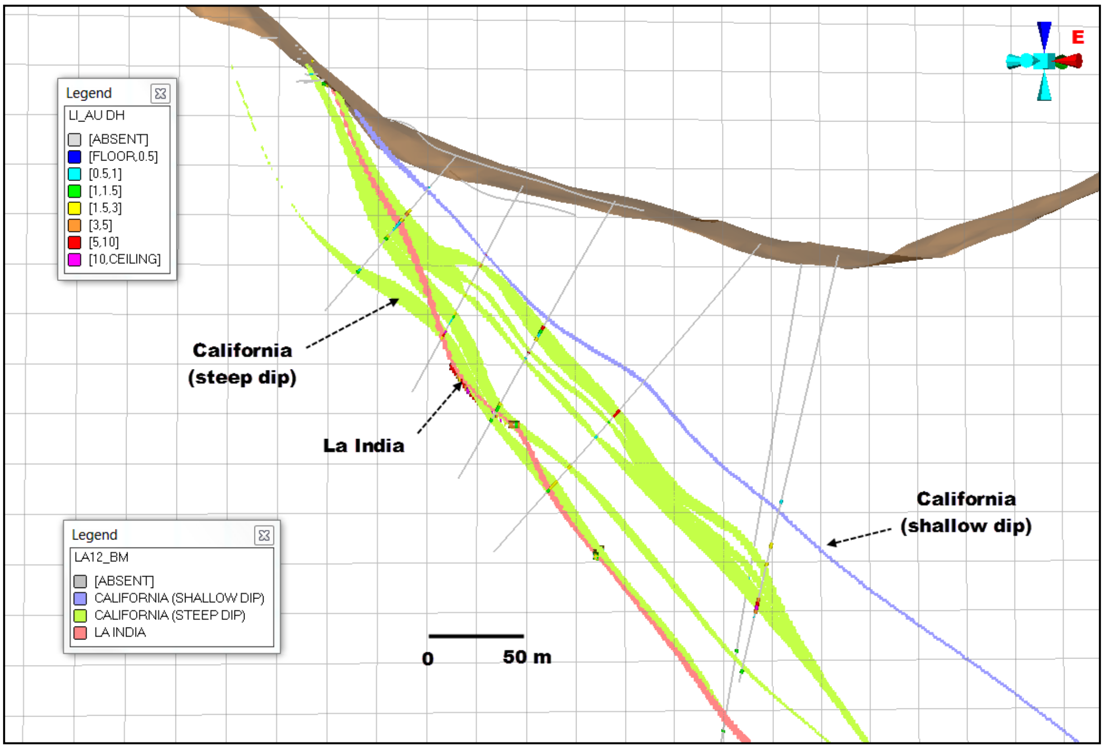

Figure 13-1: La India-California Vein Geological Model; Section Line 850 (September 2012)

Modelling Procedure – Geological Contacts

The construction of a number of the Espinito Mendoza vein wireframes, namely Tatiana and Buenos Aires, involved an additional phase of modelling to domain out the surface oxide material from higher grade fresh material at depth. SRK based the interpretation using 2D vertical longitudinal projections provided by Condor to construct a relatively continuous oxidation surface at a depth of 20–25 m beneath the surface. Figure 13-2 shows the form of the oxide-fresh surface for the Buenos Aires vein.

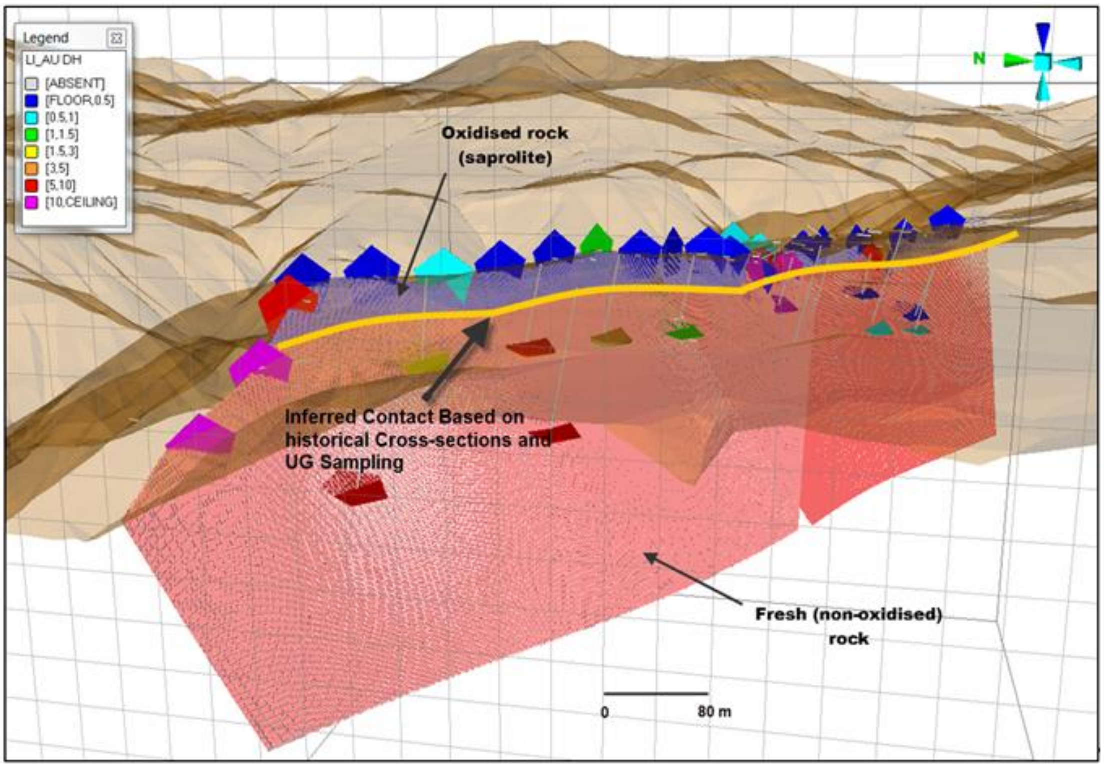

Figure 13-2: Nature of the Modelled Oxide-Fresh Surface for the Buenos Aires Vein, La India Project, Showing Intersected Sample Gold Grades (December 2011)

13.3.3 Mine Depletion

For the September 2012 update, the underground sampling was re-projected to fit with the mining void data recorded in the borehole logs, enabling a more accurate positioning of the La India Vein in the upper levels of the La India Mine. 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 a 2D long-section depletion outline) in an attempt to accurately remove the mined areas from the mineralisation model..

Based on the current work by SRK it is estimated that a total of some 920,000 tonnes at 8.5 g/t gold for some 250,000 oz of gold has been mined from within the SRK defined depletion volume.

Geological Domains

SRK has coded the drilling and block model information into domains which are stored in the block model under the field "KZONE" and "GROUP" to distinguish between deposit area and (with respect to the California Veins) mineralisation style. A list of the domains used is shown in Table 13-1).

Note that the California veins are split by statistical "GROUP" to distinguish between the more steeply dipping coalescing veins (GROUP 3000) from the shallower dipping veins (GROUP 1000), as illustrated in Figure 13-1.

The modelled veins at La India 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 20 m in areas of significant swelling. Locally, the mineralised veins display anastamosing and bifurcating features, pinch and swell structures, fault brecciation and fault gouge.

The La India and California veins modelled during the September 2012 have dimensions broadly comparable with other veins on the La India Concession. SRK estimates the historic La India mine workings to have an average thickness of approximately 2.0 m, while by comparison, the aggregate remnant wall rock mineralisation and the California veins can average between 2.5 and 10.0 m in different portions of the deposit, and reaching up to 25 m wide in areas where multiple veins coalesce.

Table 13-1: List of Geological/ Mineralisation Domains (September 2012)

Vein sub-area	Vein	Deposit code	KZONE	GROUP
Agua Caliente-Teresa	Teresa	1	110	-
	Agua Caliente	2	120	-
America-Constancia-Escondido	America	3	110	-
	Constancia	4	120	-
	Escondido	5	1101	-
Arizona	Arizona	6	110	-
Buenos Aires	Buenos Aires 1	7	110	-
	Buenos Aires 2	7	120	-
Cacao	Cacao vein	8	100	-
	Cacao grade shell	8	200	-
Cristalito-Tata came	Cristalito-Tata came	9	(June 2011 estimate)	-
Espinito	Espinito	10	100	-
Guapinol	Guapinol	11	110	-
La India	California (shallow dip)	12	1	1000
	California (steep dip)	12	2	3000
	California (shallow dip)	12	3	1000
		12	5	1000
		12	6	1000
	California (steep dip)	12	8	3000
	California (shallow dip)	12	9	1000
		12	10	1000
	California (steep dip)	12	11	3000
	La India	13	14	4000
San Lucas	San Lucas	14	110	-
Tatiana	Tatiana main vein	15	120	-
	Tatiana splay vein	15	130	-

13.4 Statistical Analysis – Raw Data

For the September 2012 update, in light of a significant increase in size of the silver database for the La India-California veins, SRK has incorporated both gold and silver into the resource modelling procedure. In the previous estimate (2011) for the veins which have not formed part of the current update, silver was not considered (as a function of limited sample population and poor levels of assays accuracy) and hence all references to silver throughout the report are currently restricted to the La India-California veins.

Classical statistics have been calculated for all the veins considered in the current Mineral Resource update and length weighted statistics are presented for gold and silver in Table 13-2 and Table 13-3 respectively, based on the sampling information available at the time of modelling. Each vein has been considered to be independent and therefore presented independently. Note that in areas of underground sampling where no assay has been collected (due to the lack of mineralisation), SRK has assigned a default grade of below detection limits.

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

Histograms have been produced for each zone and can be found in Appendix B, and an example of the gold histograms produced for both real and logged data is shown in Figure 13-3.

Table 13-2: Raw Gold (g/t Au) Summary Statistics per Vein (September 2012)

	Count	Min	Max	Mean	StdDev	COV
Agua Caliente	125	0.59	89.14	8.90	8.85	0.99
America	2622	0	161.70	8.08	10.87	1.34
Arizona	253	0	23.30	5.18	4.99	0.96
Buenos Aires	142	0	82.10	9.35	15.50	1.66
Cacao	545	0.01	99.70	1.06	2.50	2.35
California (shallow dip)	345	0.005	93.50	2.80	8.00	2.86
California (steep dip)	964	0.015	293.56	3.70	12.56	3.40
Constancia	1287	0	566.00	11.25	18.81	1.67
Cristalito-Tata came	283	0.01	258.10	11.48	638.66	25.27
Escondido	367	0	146.20	4.62	8.14	1.76
Espinito	508	0.03	62.77	9.20	9.13	0.99
Guapinol	579	0.01	60.65	6.91	7.20	1.04
La India	2827	0.30	143.10	7.91	9.02	1.14
San Lucas	885	0	73.70	6.03	7.36	1.22
Tatiana	182	0.05	45.80	5.09	6.30	1.24
Teresa	283	0	72.80	11.23	11.49	1.02

Table 13-3: Raw Silver (g/t Ag) Summary Statistics per Vein (September 2012)*

	Count	Min	Max	Mean	StdDev	COV
California (shallow dip)	338	0.10	88.20	4.78	10.40	2.18
California (steep dip)	955	0.10	1250	8.05	43.25	5.38

*Note no silver assays exist for UG samples that define the La India vein

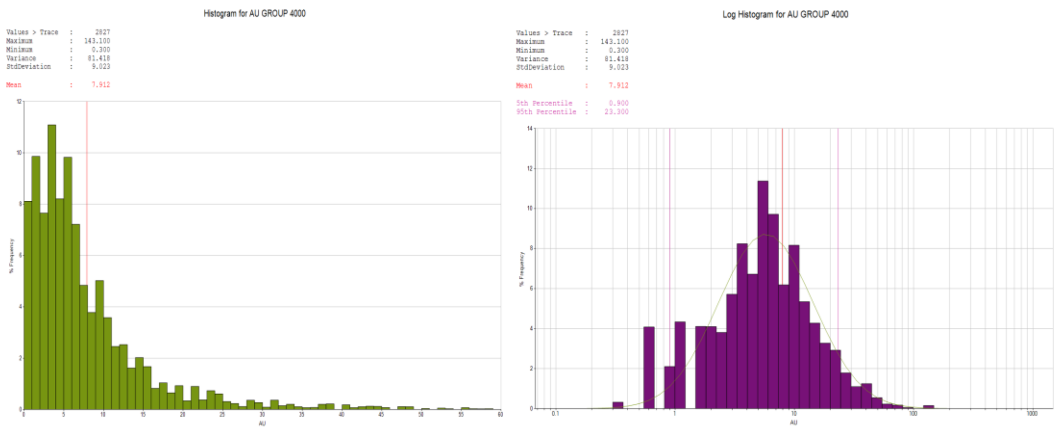

Figure 13-3: Histogram and Log Histogram of La India Vein Mineralised Samples for Gold (Raw Data) (September 2012)

The results of the analysis show that the mean grade of the raw sampling within the veins ranges between 1.1–11.5 g/t Au, with the highest mean grades seen within Cristalito-Tatescame, Constancia and Teresa veins. The highest individual grade has been recorded within the Constancia vein at a grade of 566.0 g/t Au. A study of the coefficient of variation which gives a normalised indication of the dispersion of any given distribution are relatively low and typically in the order of between 1.0 and 2.0, indicating the validity of using geostatistical techniques.

13.5 Compositing

Prior to the undertaking of a statistical analysis, samples are required to be composited to equal lengths for constant sample volume, honouring sample support theories.

In summary, SRK has used 2.0 m composites (with a minimum composite length of 0.5 m) within the gold and silver mineralisation model for all subsequent statistical, geostatistical and grade interpolation. In the case of the underground sampling the sample lengths have been assumed to be the width measurement recorded in the database and have been maintained. The resultant study has been limited to the borehole and trench sampling database, with separate studies completed per domain.

To ensure all sample information within the veins has been incorporated in the estimate, SRK has utilised a method within Datamine which forces all samples to be included in one of the composites by adjusting the composite length, while keeping it as close as possible to the sample interval length (INTERVAL). The maximum possible composite length will then be 1.5*INTERVAL. This method is deemed appropriate by SRK due to the narrow nature of the veins and the possibility of higher grades over shorter sample lengths near the hanging wall or footwall contact which may have been lost using more standard compositing methods.

13.6 High-Grade Capping

The statistical analysis of the different sample domains indicated the databases to be highly skewed with potential high-grade outliers in the sample distribution. High-grade capping for gold was applied based on a combination of log probability plots and raw and log histogram information, plotted per vein domain.

The plots are used to distinguish the grades which are considered statistical outliers to the normal (or log-normal) distribution, and which may have significant impact on the resultant local estimation and whose affect is considered extreme. Using this methodology, top-cuts have been defined for each domain by reviewing the information from the different sample domains. Furthermore, log-probability plots (as illustrated in Figure 13-4), have been checked to ensure the capping applied is appropriate. Probability plots for gold and silver were created from the uncut dataset to determine the top cut values, supported by a statistical analysis of the resulting plot lines; the top cut value is determined by looking at the consistent lognormal distributed populations and the point at which those populations break down.

Log histograms and probability plots for all domains are shown in Appendix B.

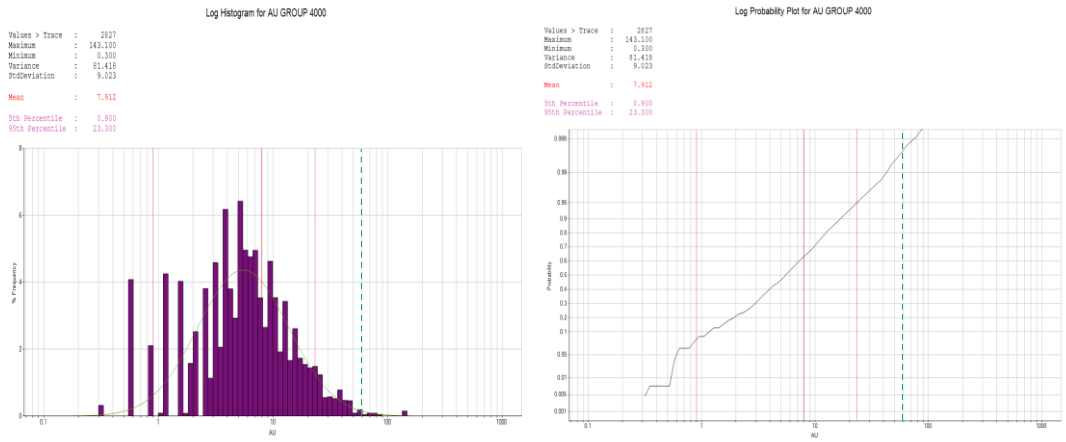

Figure 13-4: Log Histogram and Log Probability Plot for La India Vein Mineralised Samples for Gold (Composite Data) (September 2012)

Based on this assessment, a series of high-grade cuts (or caps) were determined and applied to the resource estimation. Table 13-4 and Table 13-5 show a comparison of the mean grades within each zone based on the grade capping applied after compositing. It is noted that relatively little difference is observed in the mean grade pre and post application of the high grade capping, hence little reduction in metal. Further sample search restriction of the data during estimation has been implemented to mitigate possible extrapolation of higher grades into regions of low grade.

The results show in general the reduction in gold grade is in the order of 0–2% with the exception of California (steep dip), Constancia, Escondido, Cacao and Buenos Aires which have reductions of 6.8%, 3.7%, 4.8%, 11.0% and 10.9% 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 contained silver, whilst there is a discrepancy in percentage terms, 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 13-4: Analysis of Mean Gold Grades per Vein before and After Grade Capping (September 2012)

Vein	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	AU	2550	0.00	161.70	8.08	95	117.35	10.83	1.34	-1.08	0.09
	AUCAP	2550	0.00	95.00	8.00		98.26	9.91	1.24		
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	0.9
	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	0.1
	AUCAP	572	0.01	25.00	0.92		3.21	1.12	1.21		
California (shallow dip)	AU	227	0.005	52.50	2.80	60	43.65	6.61	2.36	0.0%	0.00
	AUCAP	227	0.005	52.50	2.80		43.65	6.61	2.36		
California (steep dip)	AU	542	0.015	177.19	3.69	60	93.08	9.65	2.62	-6.8%	0.25
	AUCAP	542	0.015	60.00	3.43		36.68	6.06	1.76		
Constancia	AU	1275	0.00	566.00	11.25	110	354.05	18.82	1.67	-3.77	0.41
	AUCAP	1275	0.00	110.00	10.84		160.85	12.68	1.17		
Escondido	AU	367	0.00	146.20	4.62	45	66.32	8.14	1.76	-4.76	0.21
	AUCAP	367	0.00	45.00	4.41		33.55	5.79	1.31		
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	-1.4%	0.10
	AUCAP	388	0.05	40.00	6.84		37.13	6.09	0.89		
La India	AU	2827	0.30	143.10	7.91	60	81.42	9.02	1.14	-1.0%	0.08
	AUCAP	2827	0.30	60.00	7.83		67.58	8.22	1.05		
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	278	0.00	72.80	11.26	60	132.30	11.50	1.02	-0.62	0.07
	AUCAP	278	0.00	60.00	11.19		124.83	11.17	1.00		

*Note that the Cristalito-Tatescame vein has not been updated from the previous SRK resource estimate (dated June 2011), given no changes to the sample database. It was therefore excluded from the December 2011 grade capping summary statistics. Full statistics for Cristalito-Tatescame are provided in the SRK June 2011 Mineral Resource Report available on the Company website.

Table 13-5: Analysis of Mean Silver Grades per Vein Before and After Grade Capping (September 2012)*

Vein	Field	Count	Min	Max	Mean (g/t)	Cap (g/t)	Var	Std. Dev.	Cov	% Diff	Abs Mean Diff
California (shallow dip)	AG	222	0.10	56.44	4.78	100	88.14	9.39	1.96	0.0%	0.00
	AGCAP	222	0.10	56.44	4.78		88.14	9.39	1.96		
California (steep dip)	AG	532	0.10	626.05	7.97	100	897.73	29.96	3.76	-14.1%	1.12
	AGCAP	532	0.10	100.00	6.85		123.78	11.13	1.62		

*Note no silver assays exist for UG samples that define the La India vein

13.7 Geostatistical Analysis

13.7.1 Introduction

A full geostatistical study for gold per vein zone was undertaken during the SRK resource estimates dated June 2011 and (for more recent additions to the La India model) December 2011. The results of the geostatistical analysis have been reviewed with respect to the current database for the La India-California and Guapinol veins and it is concluded that the selected (variography-derived) parameters remain appropriate. Note that SRK has re-scaled the variograms per vein zone to the appropriate variance of the corresponding composite sample data.

For the September 2012 resource update, geostatistical studies for silver have been completed for the La India-California veins and the associated analyses and have been modelled using the derived parameters, following an approach consistent with the other vein zones.

A summary of the geostatistical study undertaken is outlined as follows.

13.7.2 Variography

Variography is the study of the spatial variability of an attribute (such as Au grade). The composite drillhole database was imported into ISATIS software for the geostatistical analysis. Initial semi-variograms have been completed on the capped gold and (for the La India-California veins) silver grades. The resultant experimental semi-variogram models produced were poor in terms of definition to fit a variogram model. In order to define variograms of sufficient clarity to be modelled, the models were re-calculated using a pairwise relative variogram algorithm, which removes some of the noise within the experimental semi-variogram.

Following the pairwise transformation, the next stage was to define the nugget effect from down-hole omni-directional variograms and then to model the longer (strike, dip and plunge) variogram ranges from longer lag directional variograms in the three principle directions, down-dip, along-strike and perpendicular to the bedding plane. In completing the analysis the following has been considered:

- Determined the mean azimuth and dip (that is, azimuth 310° and dip 70°) of the deposit and any potential plunge and compare the results to the semi-variograms established;
- Calculate and model the down-hole variogram of the composite capped gold values to characterise the nugget effect;
- Calculate experimental semi-variograms within the plane of maximum continuity in an attempt to determine the directional variograms for the strike, cross strike and down-dip directions (using pairwise relative data);
- Model the directional variogram for the trend of maximum continuity and its orthogonal direction; and
- Re-scale the variogram results to the variance of the individual mineralisation zone/domains to obtain the final parameters for Ordinary Kriging grade estimation.

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. Where a distinct long-range structure was identified from directional anisotropy, local anisotropy was applied to the relevant orientation for the variogram model. In all cases a two or three structure spherical variogram model has been fitted to the experimental pair-wise variograms, and the results for the La India-California veins (representing the focus of the September 2012 update) are illustrated for gold and silver in Table 13-6 and Table 13-7 respectively.

Examples of modelled pairwise gold semi-variograms for a number of the veins at the La India Project are shown in Figure 13-5, whilst variogram models for silver are shown in Figure 13-6.

Table 13-6: Summary of Pairwise Relative Gold Semi-Variogram Parameters for the La India-California Veins (September 2012)

Variogram Parameter	KZONE 1	KZONE 2	KZONE 3	KZONE 5	KZONE 6	KZONE 8	KZONE 9	KZONE 10	KZONE 11	KZONE 14
Co	30.73	23.953	0.251	0.558	0.357	15.425	0.049	2.13	5.10	31.88
C1	11.68	9.10	0.100	0.21	0.14	5.86	0.02	0.81	1.94	12.11
A1 – Along Strike (m)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
A1 – Down Dip (m)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
A1 – Across Strike (m)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
C2	14.75	11.50	0.12	0.27	0.17	7.40	0.02	1.02	2.45	15.30
A2 – Along Strike (m)	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
A2 – Down Dip (m)	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
A2 – Across Strike (m)	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
C3	7.99	6.23	0.07	0.15	0.09	4.01	0.01	0.55	1.33	8.29
A3 – Along Strike (m)	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
A3 – Down Dip (m)	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
A3 – Across Strike (m)	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
Nugget Effect (%)	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%

Table 13-7: Summary of Pairwise elative Silver Semi-Variogram Parameters for the La India-California Veins (September 2012)*

Variogram Parameter	KZONE 1	KZONE 2	KZONE 3	KZONE 5	KZONE 6	KZONE 8	KZONE 9	KZONE 10	KZONE 11
Co	35.872	46.687	3.226	1.040	0.135	68.669	1.944	0.482	31.160
C1	37.83	42.02	3.40	1.10	0.14	61.80	2.05	0.51	28.04
A1 – Along Strike (m)	20.00	23.00	20.00	20.00	20.00	23.00	20.00	20.00	23.00
A1 – Down Dip (m)	20.00	23.00	20.00	20.00	20.00	23.00	20.00	20.00	23.00
A1 – Across Strike (m)	20.00	23.00	20.00	20.00	20.00	23.00	20.00	20.00	23.00
C2	14.97	8.40	1.35	0.43	0.06	12.36	0.81	0.20	5.61
A2 – Along Strike (m)	54.00	80.00	54.00	54.00	54.00	80.00	54.00	54.00	80.00
A2 – Down Dip (m)	54.00	80.00	54.00	54.00	54.00	80.00	54.00	54.00	80.00
A2 – Across Strike (m)	54.00	80.00	54.00	54.00	54.00	80.00	54.00	54.00	80.00
C3	39.62	15.10	3.56	1.15	0.15	22.20	2.15	0.53	10.07
A3 – Along Strike (m)	133.00	150.00	133.00	133.00	133.00	150.00	133.00	133.00	150.00
A3 – Down Dip (m)	133.00	150.00	133.00	133.00	133.00	150.00	133.00	133.00	150.00
A3 – Across Strike (m)	133.00	150.00	133.00	133.00	133.00	150.00	133.00	133.00	150.00
Nugget Effect (%)	28%	42%	28%	28%	28%	42%	28%	28%	42%

*Note no silver assays exist for UG samples that define the La India vein (KZONE 14)

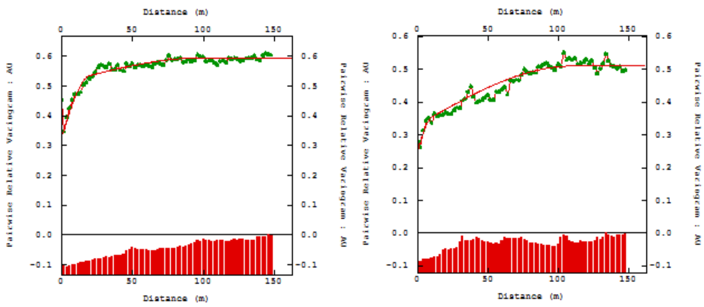

Figure 13-5: Examples of Modelled Pairwise Gold Semi-Variograms for Selected Veins at the La India Project (from Left to Right: La India, America and Constancia)

Figure 13-6: Modelled Pairwise Silver Semi-Variograms for the La India-California Veins at the La India Project (from Left to Right: California (Steep Dip) and California (Shallow Dip))

13.8 Block Model

13.8.1 Block Model Setup

Prototype Definition

SRK has produced a parent block model with block dimensions of 25 x 25 x 25 m (X,Y,Z), as a function of the sample spacing. During the June 2011 SRK Resource Estimate, the use of smaller parent block dimensions in the across strike dimension was reviewed; however, SRK has determined the use of smaller blocks sizes to be sub-optimal. Sub-blocking has been allowed initially to a resolution 1.0 m along strike, 1.0 m across strike and 1.0 m in the vertical direction to provide an appropriate geometric representation. Where appropriate, SRK has updated the sub-blocking routine to allow unlimited sub-blocking in the plane perpendicular to strike to ensure the volumes have been modelled accurately.

For the September 2012 update, with respect to the La India-California veins, SRK has produced a block model 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.

Details of the final block model dimensions for the geological model are illustrated in Table 13-8.

Table 13-8: Details of Block Model Dimensions for Geological Model (September 2012)

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	572950	25	132	1
	Y	1410700	25	92	None
	Z	-50	25	30	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
California	X	574250	25	66	0.5
	Y	1408600	25	84	1
	Z	-200	10	90	1
Constancia	X	572950	25	132	1
	Y	1410700	25	92	None
	Z	-50	25	30	1
Cristalito-Tatescame	X	579000	25	32	1
	Y	1415100	25	12	None
	Z	-50	25	30	1
Escondido	X	572950	25	132	None
	Y	1410700	25	92	1
	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	X	574250	25	66	0.5
	Y	1408600	25	84	1
	Z	-200	10	90	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	None
	Z	-50	25	30	1

*Where X=Easting, Y=Northing and Z= Elevation

Block Model Codes

Using the wireframes created and described in Section 13.3.2, several codes have been developed to describe each of the major geological properties of the rock types.

Table 13-9 summarises geological fields created within the geological model and the codes used.

Table 13-9: Summary of Fields used for Flagging Different Geological Properties

Field Name	Description
SVOL	Search Volume reference (range from 1 - 3)
KV	Kriging Variance
NSUM	Number of samples used to estimate the block
AG	Kriged silver value
AU	Kriged gold value
CLASS	Classification
GROUP	Mineralised structures grouped by domain (September 2012 update only)
KZONE	Kriging zone for estimation
DENSITY	Density of the rock
DEPL	Mined out areas
TTHK	True thickness value (m)

13.9 Grade Interpolation

13.9.1 Introduction

Gold and silver grades have been estimated (using parameters appropriate to the geological and grade continuity) based on optimised Ordinary Kriging (“OK”) routines, with a variably oriented search ellipse to follow the differences in geometry and orientation of the veins, and to highlight possible plunging features or high-grade shoots within the mineralised veins. A Quantitative Kriging Neighbourhood Analysis (“QKNA”) exercise has been completed in order to optimise the parameters used in the kriging calculations.

To complete the analysis, SRK ran different estimates for gold, changing the following parameters:

- Search ellipse sizes;
- Minimum and maximum number of samples; and
- Maximum number of samples per drillhole per block estimate.

In order to assess the best grade estimate, the following data fields were analysed in most detail: slope of regression, proportion of blocks estimated in each search volume and average number of samples used per estimate. Additional fields monitored included: negative Kriging weights, the resultant grade in comparison with the sample data and the kriging variance.

For the September 2012 update, SRK has focused QKNA on the California veins, to optimise and analyse the influence of the kriging parameters on the significantly wider zones of mineralisation not encountered on the veins modelled for the previous estimate (December 2011). The following sensitivity analysis pertains to the California veins:

To test the optimum search volume to be used, SRK has selected a first pass minimum and maximum number of samples and adjusted the expansion factor of the semi-variogram range used per estimate per zone.

13.9.2 Selected Number of Samples (California Veins)

For the primary search the minimum number of samples for a block estimate was six and the maximum 24. A minimum of six samples per search with an unrestricted number of samples per drillhole was selected to ensure that the interpolation utilised all available information from across the mineralised zone, and that in less densely sampled areas that a minimum of two or three drillholes were used per block estimate (based on an average of two mineralised composites per drillhole).

The maximum number of samples however has been set to 24 to ensure that where significantly thicker drillhole intercepts exist, in areas of coalescing veins (showing up to 17 mineralised composites per drillhole), at least two drillholes were utilised.

13.9.3 Selected Search Range Expansion (California Veins)

In addition to varying the number of samples, second and third radius factored search volumes have been used for the estimation. The first search represents an optimised search distance (selected from a kriging sensitivity analysis), ensuring that block estimates use an appropriate number of drillholes, whilst the second and third search volumes use expansion factors (of 2 and 4 respectively) that produce more smoothed block estimates, relating to areas of lower data density.

The third expansion volume was sufficient to ensure that all appropriate blocks (in areas with reasonable geological confidence) were assigned grade values. These blocks are generally classified with lower confidence.

13.9.4 Selected Kriging Parameters per Vein

Details of the kriging parameters selected for gold and silver are presented in Table 13-10.A discretisation grid of 5 x 5 x 5 (and 5 x 5 x 2 for the La India and California veins) has been used within each parent block during the estimation. The discretisation grid ensures that single blocks near the edge of each estimation zone are assigned a grade that is characteristic of the modelled domain and not just those values at the block midpoint.

Table 13-10: Summary of Final Kriging Parameters (September 2012)

	Rotation Axis						Search Range			Number Samples			Second Range				Third Range						
Vein	Angle 1	Axis**	Angle 2	Axis**	Angle 3	Axis**	Along Strike	Down Dip	Across Strike	Min	Max	Max Per Hole	Axis Factor	Min	Max	Max Per Hole	Axis factor	Min	Max			Max Per Hole	Disc
Agua Caliente	70	3	55	2	0	2	55	40	100	15	30	20	2	3	10	20	3	2	10			20	5x5x5
America	35	3	60	1	-65	3	60	25	100	15	30	20	2	5	30	20	4	2	25			20	5x5x5
Arizona	5	3	60	1	-65	3	80	40	100	15	30	20	1.5	4	10	20	5	2	10			20	5x5x5
Buenos Aires	-55	3	60	2	0	3	67.5	67.5	100	6	18	25	1.5	4	24	25	2	2	24			25	5x5x5
California (shallow)	60	3	45	1	80	3	60	40	40	6	24	-	2	6	24	-	4	2	32			-	5x5x2
California (steep)	60	3	55	1	80	3	60	40	40	6	24	-	2	6	24	-	4	2	32			-	5x5x2
Constancia	20	3	60	1	80	3	120	80	100	15	30	20	1.5	5	30	20	4	2	25			20	5x5x5
Escondido	85	3	50	1	-65	3	60	25	100	15	30	20	2	5	30	20	4	2	25			20	5x5x5
Espinito	-15	3	70	2	0	3	45	45	100	25	30	25	1.5	5	25	25	2.5	2	25			25	5x5x5
Guapinol	-70	3	65	2	-5	3	60	40	100	4	16	20	1.5	3	10	20	3	2	10			20	5x5x5
La India	60	3	55	1	80	3	60	40	100	15	20	20	2	5	30	20	4	2	25			20	5x5x2
San Lucas	-25	3	-75	2	15	3	50	25	100	15	20	20	2	5	30	20	4	2	25			20	5x5x5
Tatiana	215	3	63	1	0	3	112.5	75	75	6	16	0	1.33	4	24	0	1.66	2	32			-	5x5x5
Teresa	70	3	80	2	0	2	55	40	100	15	30	20	2	3	10	20	3	2	10			20	5x5x5
Cacao	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	5x5x5

*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

13.10 Model Validation

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

- Inspection of block grades in plan and section and comparison with drill hole grades;
- Statistical validation of de-clustered means versus block estimates; and
- Sectional interpretation of the mean block and sample grades.

13.10.1 Visual Validation

Visual validation provides a validation of the interpolated block model on a local block scale, using visual assessments of sample grades verses estimated block grades. A visual inspection of cross-sections, long-sections and bench/level plans, comparing the sample grades with the block grades using the same display legends has been undertaken, which in general demonstrates good comparison between local block estimates and nearby samples, without excessive smoothing in the block model. Figure 13-7 and Figure 13-8 show examples of the visual validation checks and highlights the overall block grades corresponding with composite samples grades.

Sections showing the distribution of gold grades against the composite values can be found in Appendix D. SRK notes that in places the resultant block grades display a degree of smoothing which is a result from the low number of borehole intersections at depth and along strike from more established underground sampling. The degree of smoothing has resulted in more averaged grades for the individual veins with more limited data, which potentially on further infill drilling will display more variable grade distributions with notable high and low grade zones. In the areas of greater sampling density the reconciliation between the local sample intersection and block grades are improved.

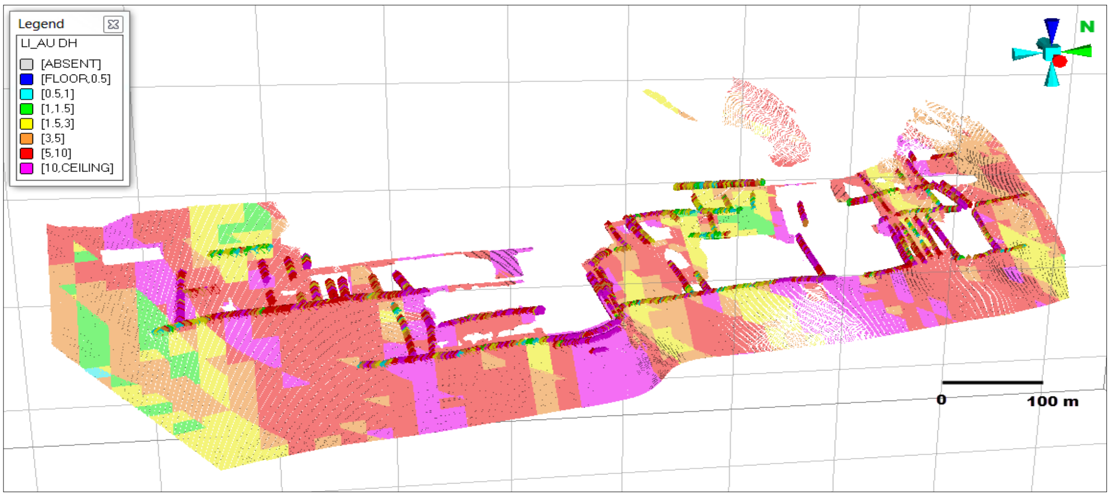

Figure 13-7: Section Showing Block Grades versus Sample Composites (La India Vein) (September 2012)

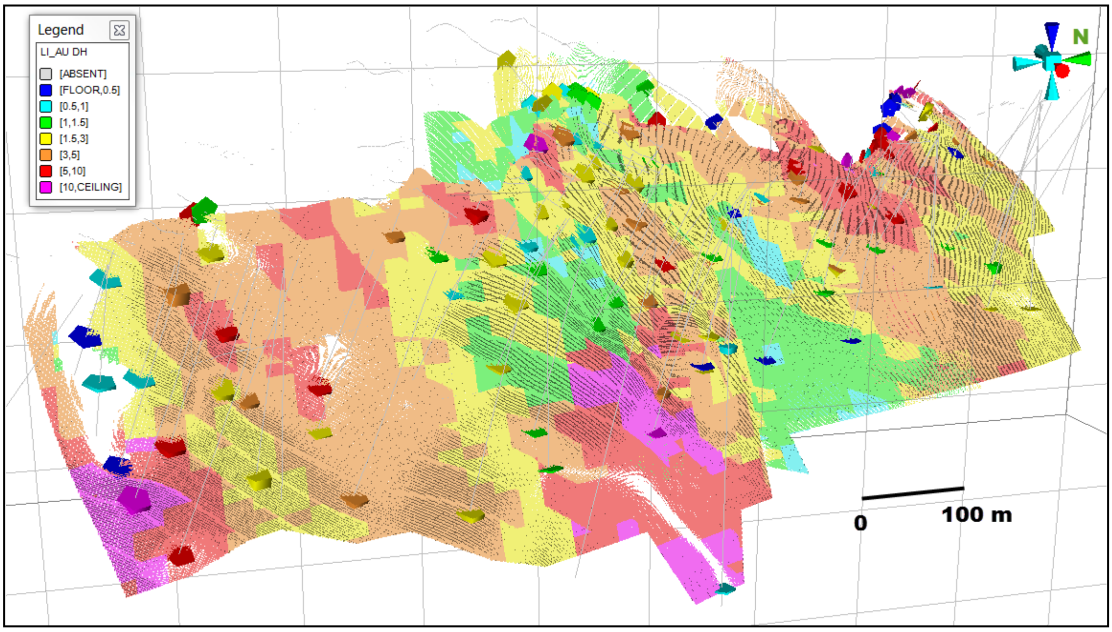

Figure 13-8: Section Showing Block Grades versus Vein Sample Composites (California Veins GROUP 3000) (September 2012)

13.10.2 Statistical Validation

SRK has completed a statistical validation of the block estimates (OK) versus the de-clustered mean of the composite samples per zone. In general, the results indicate a reasonable comparison (Table 13-11 and Table 13-12) between the de-clustered mean grades and the block estimates.

The results indicate an acceptable degree of grade variability, however some of the veins display higher variability, in particular at Constancia and Escondido where low-grade estimates where the majority of the sampling has been taken from underground samples and therefore is likely to represent a higher value, when compared to limited lower grade drilling intercepts at depth. Tatiana also displays a higher variability and this is largely attributed to a relatively limited sample population. Based on the results of the analysis, SRK has accepted the grades in the block model.

Table 13-11: Statistical Validation Block Model to Declustered Mean Gold Grade (September 2012)

Vein	Count	Composite Mean	Declust. Mean	Block Mean	% Difference AU	Absolute Difference AU (g/t)
Agua Caliente	125	8.69	5.8	5.8	-0.1	0.01
America	2550	8	6.3	6.3	0.2	0.01
Arizona	238	5.17	3.9	4.2	5.9	0.24
Buenos Aires	76	8.13	6.1	6.0	-1.4	0.08
Cacao	572	0.92	0.8	1.0	21.8	0.22
California (shallow)	227	2.8	2.0	2.3	17.4	0.35
California (steep)	542	3.4	3.2	3.2	-1.1	0.04
Constancia	1275	10.84	8.9	6.7	-33.8	2.26
Escondido	367	4.41	5.5	4.4	-25.5	1.12
Espinito	457	9.15	6.2	6.1	-1.3	0.08
Guapinol	377	7.01	5.5	5.3	-4	0.21
La India	2827	7.8	7.6	6.7	-11.8%	0.9
San Lucas	839	5.97	4.0	4.0	0.9	0.04
Tatiana	68	4.76	4.3	6.1	29.1	1.78
Teresa	278	11.19	7.4	7.8	5.3	0.42

Table 13-12: Statistical Validation Block Model to Declustered Mean Silver Grade (September 2012)

Vein	Count	Composite Mean	Declust. Mean	Block Mean	% Difference AU	Absolute Difference AU (g/t)
California (shallow)	222	4.8	3.4	3.6	5.8%	0.20
California (steep)	542	3.4	3.2	3.2	-1.1%	0.04

13.10.3 Sectional Validation

As part of the sectional validation process, the input composite samples are compared to the block model grades within a series of coordinate slices. The results of which are then displayed on graphs to check for visual discrepancies between grades with orientation slices through the deposit. Figure 13-9 shows the results for the capped Au grades for the California (steep dipping) veins based on the X-Coordinate (which represents the longest strike length). The graph shows the block model grades (red line) and the composite grades (blue line).

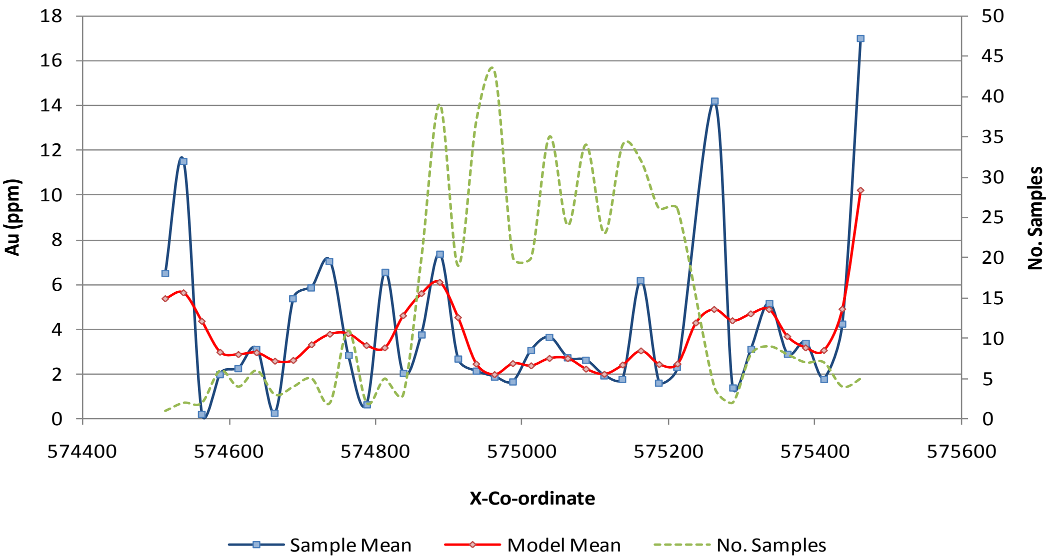

Figure 13-9: Validation Plot Showing California (Steep Dip) Vein Sample Grades versus Block Model Mean (25 m Sections - Easting); Classified Material Only (September 2012)

The resultant plots (shown in Appendix D) show a reasonable correlation between the block model grades and the composite grades, with the block model showing a slightly smoothed profile compared to the composite, as would be expected.

The plots for capped gold confirm no indication of any significant bias introduced during the estimation process and display an adequate degree of smoothing in SRK's opinion, and that the estimates are therefore representative of underlying composite sampling data.

Overall, based on the results of the analysis, SRK has accepted the grades in the block model as being valid.

13.11 Mineral Resource Classification

Block model quantities and grade estimates for the La India Project were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (December 2005).

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 mineralised 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.

SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support resource evaluation. The sampling information was acquired by a combination of trenching, reverse circulation and DD drilling on sections typically spaced at 50 – 100 m, and from (historic) underground development drives.

13.11.1 SRK Classification Methodology

In determining the appropriate classification criteria for the Project, several factors were considered:

- CIM requirements and guidelines;
- Observations from the site visits in 2010, 2011 and 2012;
- Quality of data used in the estimation;
- Geological analysis and geological interpretation;
- Quality of the estimated block model; and
- Experience with other deposits of similar style.

Quality of Data used in the estimation

SRK has reviewed the current collated database made available by the Company.

It is SRK's view that in the TVX and Gold-Ore drilling the QAQC programme was not in line with current best-practices or CIM guidelines, with no current information available for the results from blanks or CRM's submitted during analysis to the primary laboratory. Results from the checks that were undertaken indicate acceptable assays in terms of precision but knowledge of the laboratory accuracy is unknown due to the lack of CRM submissions.

During the routine submission of the Soviet-INMINE samples which form a considerable portion of the database, a basic QAQC programme was completed. The QAQC programme follows typical Russian guidelines and consists of duplicate assay checks at various grade ranges. The results of the investigations displayed reasonable results. One period of results indicated a low bias.

For the latest exploration, improved QAQC guidelines have been implemented, but an improved QAQC protocol will still be required in future submissions to confirm the quality in the assays in terms of accuracy and precision using CRM, blanks and duplicate analysis.

SRK does not consider that any significant bias has been introduced into any period of analysis assuming sampling protocols that have been provided were followed.

Based on the current QAQC procedures followed, it is SRK's opinion that with the increased and more detailed QAQC investigation within 2012, on the La India and California veins that the data is of sufficient quality for the reporting of a Mineral Resource, using the current validated database.

Continued work on the validation of the database and the location of additional underground sampling in its "true" 3D location has been completed by the Company since the previous model. The result of the work completed has further improved the confidence in the spatial location of all sampling used in this update. Based on the current status of the data it is SRK's view that the data is of a sufficient quality for the quoting Mineral Resources at the La India Project based on the current drill spacing and underground sampling database.

Geological Complexity

It has been highlighted in the report that the gold mineralisation within the La India area is relatively simple in terms of defining the outer limits of the mineralisation within the veins and host rocks, but the more local-scale continuity is far more complex and not yet completely understood. The historical Russian review of the project place the veins within the La India project as Type III complexity, which indicates highly complex structures maybe present. This is often a good guideline to benchmark complexity.

The basic geological knowledge and interpretation of the deposit are well developed, however the data density, data reliability and quality, and continuity of the mineralisation in the different veins are variable.

In comparison to the December 2011 Mineral Resource model, the interpretation for the California veins has been modified (based on a significant increase in drilling during 2011/2012) to form a series of coalescing veins that bifurcate and re-join, most notably within the central region of La India-California mineralised structure, with the La India vein, as defined by historic underground sampling representing a single narrower (average 2.0 m) high grade core to the California structures.

For the September 2012 update, no additional veins have been selected for inclusion as Mineral Resources. Within the other areas of the deposit it is SRK's view that more information is required to improve the confidence in the current geological and mineralisation interpretation. SRK note the existence of known veins which have not been included in the current estimate due to limited exploration or a lack of drilling to establish down-dip continuity.

Results of the Geostatistical Analysis

The sample data used in the geostatistical analysis has been used to produce pairwise semi-variograms with relatively high nugget variances (>50%) on the raw datasets. SRK is satisfied that the resultant estimates have a reasonable level of confidence based on the grade continuity displayed in the Geostatistical assessment.

13.11.2 SRK Classification Rules

The classification has been carried out using a combination of data quality, drillhole spacing, search volume definition, kriging variance and wireframe confidence and was applied to the model using a combination of a digitised wireframe volume and a number of criteria including the number of composites used in estimating the block grade and variogram models and ranges of the first structure of the variogram models.

In SRK's classification:

- No Measured Mineral Resources have been reported due to the variability between section lines of the geological continuity of the veins, and the relatively high nugget variance seen in the semi-variogram. The high nugget variance means the slope of regression and therefore confidence in the geostatistical parameters is not sufficient for the declaration of Measured Resources. In addition, a significant proportion of the block estimates are reliant on information from historical drilling or sampling campaigns with poor recovery noted in a number of holes. Further work via DD drilling or underground sampling will be required by the Company before it is considered possible to declare Measured Mineral Resources.
- Indicated Mineral Resources are classified as follows:
    - For the September 2012 update, in light of a significantly larger drilling database for the La India-California veins, Indicated Mineral Resources (on the California veins) are those kriged blocks interpolated by drilling data with more than two boreholes within 50 x 50 m of the estimated block, within domains which are deemed to have good geological continuity and block estimates of an appropriately robust quality, sufficiently supported by high sample recoveries.
    - In the previous estimate (December 2011) for veins which have not formed part of the current update, Indicated Mineral Resources are those, which have been interpolated by underground and drillhole data, with more than three boreholes/channels within 20 x 20 m of the estimated block, within domains which are deemed to have sufficient geological continuity. To ensure continuity in the grade down-dip, the reporting of Indicated Mineral Resource has been limited to veins with sufficient underground exploration over multiple levels. The veins considered to satisfy the criteria are America, Constancia and La India. To define the limits of the Indicated Mineral Resource, SRK has constructed a series of wireframes for each vein.
    - The QAQC included in the 2012 drilling programme are considered sufficient for the declaration of Indicated Mineral Resources.

- Inferred Mineral Resources are model blocks lying outside the Indicated wireframes which still display reasonable strike continuity and down-dip extension based on the current underground or borehole intersections. 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. SRK has limited the extents of the Inferred Mineral Resource to between 75 and 100 m beyond data samples where there is proven up-dip and down-dip and along-strike continuity with drillhole and/or underground sample data. 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 is shown in Figure 13-10.

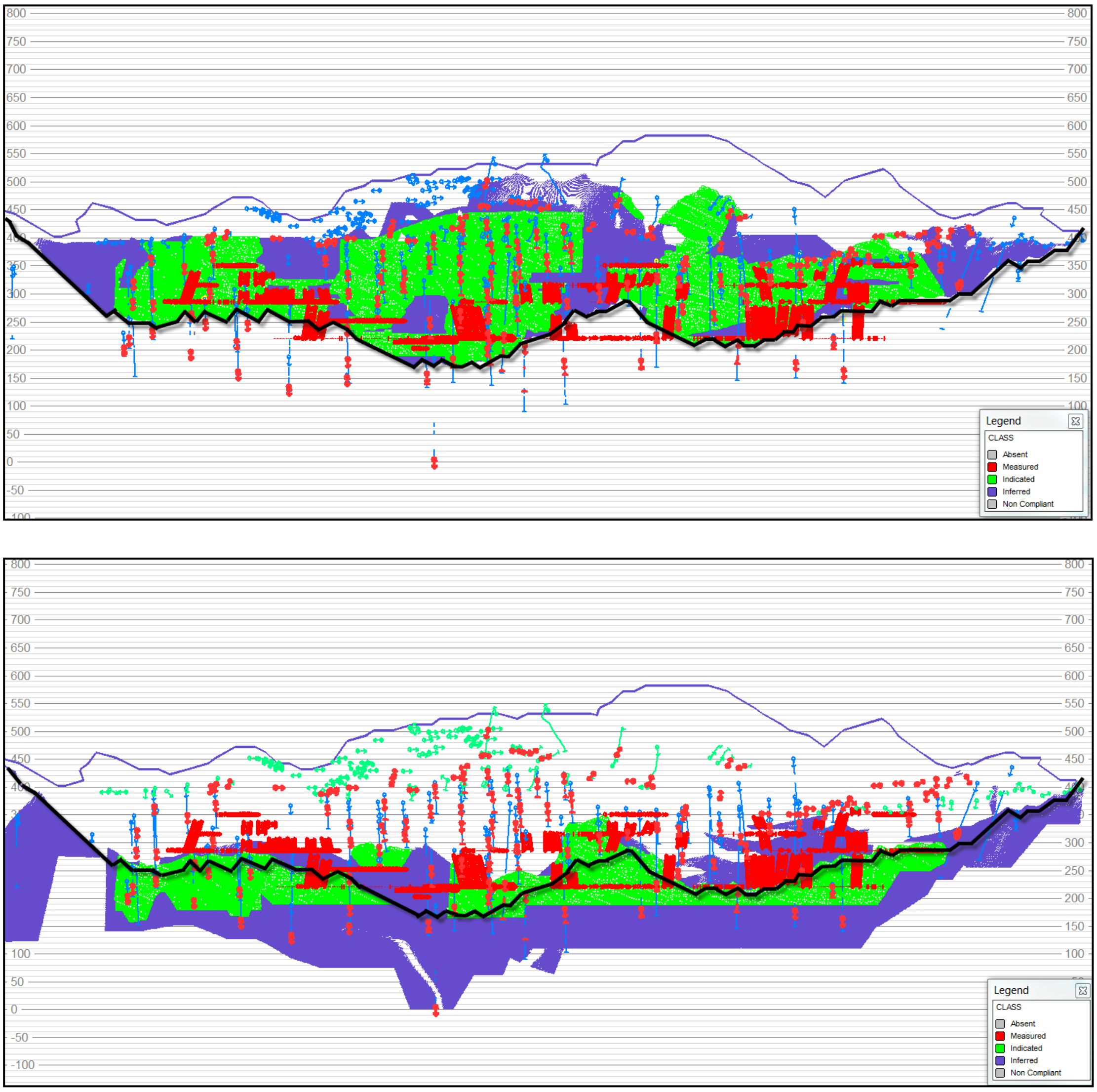

Figure 13-10: Cross Section of SRK's Resource Classification for the La India-California Veins Above the Whittle Pit Surface (Top) and Below (Bottom) (September 2012)

13.12 Mineral Resource Statement

CIM Definition Standards for Mineral Resources and Mineral Reserves (December 2005) defines a mineral resource as:

"(A) concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilised 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.

13.12.1 Reporting Criteria and Cut-off Derivation

For the September 2012 update, to define the economic portion of the Mineral Resource the La India and California Mineral Resource is constrained within a Whittle open pit shell, with SRK electing to use market consensus long term gold price forecasts from over 30 contributors, to which has then applied an uplift, resulting in a long term optimistic gold price of USD1400/oz; this approach is in line with other gold producing companies' reporting methods. For the other Whittle input parameters, SRK has briefly reviewed typical mining, processing, and administrative costs for a range of gold mines in the region. Based on the assumed costs and a recovery of 90% using conventional gold mineralised material processing. SRK has applied a cut-off grade of 1.0 g/t Au for the material with potential to be mined from surface, based on benchmarked parameters defined as part of an initial conceptual study and a cut-off grade to 2.3 g/t Au material with the potential to be mined underground.

The assumptions considered for conceptual open pit optimisation and underground resource reporting for the September 2012 update are provided in Table 13-13 and Table 13-14 respectively.

In the case of veins not updated as part of the 2012 update SRK has quoted the Mineral Resource as reported in the previous Mineral Resource Statement (dated 30 December 2011), using a cut-off grade of 1.5 g/t Au. These zones have been not been updated as part of the current Scope of work, and represent initial estimates for each vein. At the time of reporting no detail mining considerations have been applied to split each of these zones into an open pit or underground portion. SRK therefore quoted the previous Mineral Resource based on a nominal 1.5 g/t Au.

Given the generally lower grade nature of the California veins, for the material beneath the pit, SRK has undertaken more rigorous economic assessments in order to determine which portion of the mineralisation modelled are contiguous and has reasonable prospects for economic extraction and is therefore reportable as a Mineral Resource. For the underground Mineral Resource SRK has assumed an accumulated grade of 2.3 g/t Au required over the width of 1 m, to filter out areas of lower grade material within thinner portions of the vein.

Table 13-13: Assumptions Considered for Conceptual Open Pit Optimisation (September 2012)

Parameter	Unit	Value
Mining Cost	USD/t	2.2
Processing Cost	USD/t	25
G&A Cost	USD/t	10
Total Cost	USD/t	37.2
Gold Price	USD/oz	1400
Recovery		90%
Royalty		3%
Cut-off Grade	g/t	1.0

Table 13-14: Conceptual Assumptions Considered for Underground Resource Reporting (September 2012)

Parameter	Unit	Value
Mining Cost	USD/t	50
Processing Cost	USD/t	25
G&A Cost	USD/t	10
Total Cost	USD/t	85
Gold Price	USD/oz	1400
Recovery		90%
Royalty		3%
Cut-off Grade	g/t	2.3

13.12.2 SRK Mineral Resource Statement

The Mineral Resource Statement has been reported from the Block Model generated in Datamine. Data quality, drillhole spacing and the interpreted continuity of geology and grades have allowed SRK to classify a portion of the deposit as Indicated Mineral Resource, while deeper parts and the fringes of the deposit have been classified as Inferred Mineral Resource. In areas of limited sampling where there is potential for over-smoothing of the high-grades from a given hole the Inferred Mineral Resource category has been applied. All mined out areas from the historical mining and exploration have been depleted from the current Mineral Resource based on the depletion limits provided by the Company.

Table 13-15 gives SRK's Mineral Resource Statement as at 14 September 2012, as signed off by Ben Parsons MAusIMM (CP), a Competent Person as defined by the CIM Code. SRK has applied the following cut-off grades to define Resources:

- 1.0 g/t Au for the material it considers has potential to be exploited from an open pit;
- 2.3 g/t Au for the material it considers has potential to be mined underground from the La India-California veins (modelled during the September 2012 update); and
- 1.5 g/t Au for the material it considers has potential to be mined underground from the veins not updated as part of the 2012 update.

Table 13-15 provides a summary of the Mineral Resource per veinset, whilst Table 13-17 gives the overall Mineral Resource sub-totalled according to Resource Category.

The latest Resource has established the La India Veinset as the principal Resource area with wide zones of moderate to high-grade gold mineralisation on the La India-California veins now recognised as having the potential for a large open-pit mine development and the potential for the discovery of additional resources with both open-pit and underground mining potential on the depth and strike extension of this vein trend.

SRK has produced the maiden silver Mineral Resource for the La India and California veins of 10.9 Mt at 6.5 g/t Ag for 2,280,000 oz. The addition of the silver in the form of a gold equivalent increases the Mineral Resource for the La India and California veins from 1,386,000 oz to 1,420,000 oz, with a resultant increase in the grade from 3.9 g/t Au to 4.0 g/t Au equivalent.

Gold equivalent have been calculated based on the formula:

*Gold equivalent = gold (g/t) + 0.0148 * silver (g/t)*

Table 13-15: SRK CIM Compliant Mineral Resource Statement as at 14 September 2012 for the La India License Area Sub-Divided per Vein

SRK MINERAL RESOURCE STATEMENT as of 14 September 2012								
			Indicated					
Area Name	Vein Name	Cut-Off	Gold			Silver		
			Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
La India veinset (Gold and Silver Estimate)	La India/California[1]	1.0 g/t (OP)	4,220	3.9	534	4,220	6.3	850
	La India[2]	2.3 g/t (UG)	200	7.1	45	200	7.0	45
	California[2]	2.3 g/t (UG)	370	4.3	52	370	5.9	70
La India veinset (Gold Only Estimate)	Arizona[3]	1.5 g/t						
	Teresa[3]	1.5 g/t						
	Agua Caliente[3]	1.5 g/t						
America veinset	America[3]	1.5 g/t	280	8.0	73			
	Escondido[3]	1.5 g/t	90	4.7	13			
	Constancia[3]	1.5 g/t	110	9.8	34			
	Guapinol[3]	1.5 g/t						
Mestiza veinset	Tatiana[3]	1.5 g/t						
	Buenos Aires[3]	1.5 g/t						
	Espinito[3]	1.5 g/t						
	San Lucas[3]	1.5 g/t						
Other veins	Cristalito-Tatescame[3]	1.5 g/t						
	El Cacao[3]	1.5 g/t						
	Subtotal Indicated (gold and silver estimate)		**4,790**	**4.1**	**631**	**4,790**	**6.3**	**965**
	Subtotal Indicated (gold only estimate)		**480**	**7.8**	**120**			
	SUBTOTAL INDICATED[6]		**5,270**	**4.4**	**751**	**4,790**	**5.7**	**965**

			Inferred					
Area Name	Vein Name	Cut-Off	Gold			Silver		
			Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
La India veinset (Gold and Silver Estimate)	La India/California[1]	1.0 g/t (OP)	3,990	3.3	420	3,990	5.6	724
	La India[2]	2.3 g/t (UG)	250	7.3	59	250	4.4	35
	California[2]	2.3 g/t (UG)	1,950	4.4	276	1,950	9.1	568
La India veinset (Gold Only Estimate)	Arizona[3]	1.5 g/t	430	4.2	58			
	Teresa[3]	1.5 g/t	70	12.4	29			
	Agua Caliente[3]	1.5 g/t	40	9.0	13			
America veinset	America[3]	1.5 g/t	540	5.6	99			
	Escondido[3]	1.5 g/t	90	4.6	13			
	Constancia[3]	1.5 g/t	240	7.2	56			
	Guapinol[3]	1.5 g/t	750	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			
	San Lucas[3]	1.5 g/t	330	5.6	59			
Other veins	Cristalito-Tatescame[3]	1.5 g/t	200	5.3	34			
	El Cacao[3]	1.5 g/t	590	3.0	58			
	Subtotal Inferred (gold and silver estimate)		**6,190**	**3.8**	**756**	**6,190**	**6.7**	**1,328**
	Subtotal Inferred (gold only veins)		**4,770**	**5.7**	**868**			
	SUBTOTAL INFERRED [6]		**10,960**	**4.6**	**1,624**	**6,190**	**3.8**	**1,328**

(1) Open Pit Mineral Resources are reported within a conceptual whittle pit shell at a cut-off grade of 1.0 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals. Note optimised pit shells are based on Indicated and Inferred Mineral Resources

(2) Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.3 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals.

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

(4) Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material. All composites have been capped where appropriate. The Concession is wholly owned by and exploration is operated by Condor Gold plc

(5) Silver grades only estimated for La India – California 2012, due to limited confidence in historical silver assays on other veins

(6) Tonnages of Gold Mineral Resources reported Inclusive of Silver Mineral Resources.

Table 13-16: SRK CIM Compliant Mineral Resource Statement as at 14 September 2012 for the La India License Area Summarised per Veinset*

	Veinset Name	Cut-Off	Gold			Silver		
		(g/t)	Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
Subtotal Areas	La India veinset (gold and silver)	Subtotal 1.0 g/t (OP)	4,220	3.9	534	4,220	6.3	850
		Subtotal 2.3 g/t (UG)	570	5.3	97	570	6.3	115
	La India veinset (gold only)	Subtotal 1.5 g/t						
	America veinset	Subtotal 1.5 g/t	480	7.8	120			
	Mestiza veinset	Subtotal 1.5 g/t						
	Other veins	Subtotal 1.5 g/t						
	Subtotal Indicated (gold and silver estimate)		**4,790**	**4.1**	**631**	**4,790**	**6.3**	**965**
	Subtotal Indicated (gold only estimate)		**480**	**7.8**	**120**			
	SUBTOTAL INDICATED		**5,270**	**4.4**	**751**	**4,790**	**5.7**	**965**
Subtotal Areas	La India veinset (gold and silver)	Subtotal 1.0 g/t (OP)	3,990	3.3	420	3,990	5.6	724
		Subtotal 2.3 g/t (UG)	2,200	4.7	336	2,200	8.5	604
	La India veinset (gold only)	Subtotal 1.5 g/t	540	5.8	100			
	America veinset	Subtotal 1.5 g/t	1,620	5.5	284			
	Mestiza veinset	Subtotal 1.5 g/t	1,490	7.0	333			
	Other veins	Subtotal 1.5 g/t	1,120	4.2	151			
	Subtotal Indicated (gold and silver estimate)		**6,190**	**3.8**	**756**	**6,190**	**6.7**	**1328**
	Subtotal Indicated (gold only estimate)		**4,770**	**5.7**	**868**			
	SUBTOTAL INFERRED		**10,960**	**4.6**	**1624**	**6,190**	**3.8**	**1328**

*Open Pit Mineral Resources are reported within a conceptual whittle pit shell at a cut-off grade of 1.0 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals. Note optimised pit shells are based on Indicated and Inferred Mineral Resources

Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.3 g/t. Cut-off grades are based on a price of USD1,400 per ounce of gold and gold recoveries of 90 percent for resources, without considering revenues from other metals.

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

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

Silver grades only estimated for La India – California 2012, due to limited confidence in historical silver assays on other veins

(Tonnages of Gold Mineral Resources reported Inclusive of Silver Mineral Resources.

Table 13-17: SRK CIM Compliant Mineral Resource Statement as at 14 September 2012 for the La India License Area Sub-Totalled per Resource Category*

SRK MINERAL RESOURCE STATEMENT as of 14 September 2012									
Category	Area Name	Vein Name	Cut-Off	Gold			Silver		
				Tonnes (kt)	Grade Au (g/t)	Contained Au (koz)	Tonnes (kt)	Grade Ag (g/t)	Contained Ag (koz)
Indicated	Grand total	All veins	1.0 g/t (OP)	4220	3.9	534	4220	6.3	850
			2.3 g/t (UG)	570	5.3	97	570	6.3	115
			1.5 g/t	480	7.8	120			
Inferred	Grand total	All veins	1.0 g/t (OP)	3990	3.27	420	3990	5.6	724
			2.3 g/t (UG)	2203	4.74	336	2200	8.5	604
			1.5 g/t	4771	5.66	868			

*Open Pit mineral resources are limited with a conceptual whittle pit shell and reported at a cut-off grade of 1.0 g/t Au. Cut-off grades are based on a price of USD1400/oz of gold and gold recoveries of 90% for resources, without considering revenues from other metals. Note optimised pit shells are based on Indicated and Inferred Mineral Resources

Underground mineral resources beneath the open pit are reported at a cut-off grade of 2.3 g/t Au. Cut-off grades are based on a price of USD1400/oz of gold and gold recoveries of 90% for resources, without considering revenues from other metals.

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

Mineral Resources are not Mineral 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

13.13 Grade Sensitivity Analysis

13.13.1 La India-California Veins

In reference to the La India-California veins (the focus of the September 2012 update), the Mineral Resource reported given above is sensitive to the selection of the reporting cut-off grade.

To illustrate the sensitivity the block model quantities and grade estimates within and beneath the conceptual pit used to constrain the Mineral Resources are presented in Table 13-18 and Table 13-18 at different cut-off grades.

The reader is cautioned that the figures presented in the tables 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. Figure 13-11 and Figure 13-12 represents this sensitivity as grade tonnage curves for the open pit and underground Mineral Resources respectively, based on the USD1,400 Whittle shell limit.

Table 13-18: Global Block Model Quantities and Grade Estimates*, La India-California Vein Open Pit at Various Cut-Off Grades

Cut-off Grade Gold (g/t)	Quantity (kt)	Grade Gold (g/t)	Gold Content ('000 oz)	Grade Silver (g/t)	Silver Content ('000 oz)
0.20	9,220	3.3	975	5.5	1,618
0.40	9,050	3.3	973	5.5	1,614
0.60	8,760	3.4	969	5.7	1,602
0.80	8,540	3.5	963	5.8	1,592
1.00	8,210	3.6	954	6.0	1,574
1.20	7,440	3.9	926	6.3	1,515
1.40	6,820	4.1	900	6.6	1,456
1.60	6,060	4.4	864	7.1	1,373
1.80	5,540	4.7	835	7.4	1,309
2.00	5,130	4.9	811	7.6	1,250

Table 13-19: Global Block Model Quantities and Grade Estimates*, La India-California Vein Underground at Various Cut-Off Grades

Cut-off Grade Gold (g/t)	Quantity (kt)	Grade Gold (g/t)	Gold Content (000' oz)	Grade Silver (g/t)	Silver Content (000' oz)
1.30	3,550	4.2	477	7.6	868
1.50	3,310	4.4	466	7.7	821
1.70	3,190	4.5	460	7.8	799
1.90	3,080	4.6	454	7.9	779
2.10	2,950	4.7	445	7.9	752
2.30	2,770	4.9	432	8.1	719
2.50	2,630	5.0	421	8.2	693
2.70	2,400	5.2	402	8.3	636
2.90	2,110	5.5	376	8.2	554
3.10	2,000	5.7	365	8.4	536

*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.

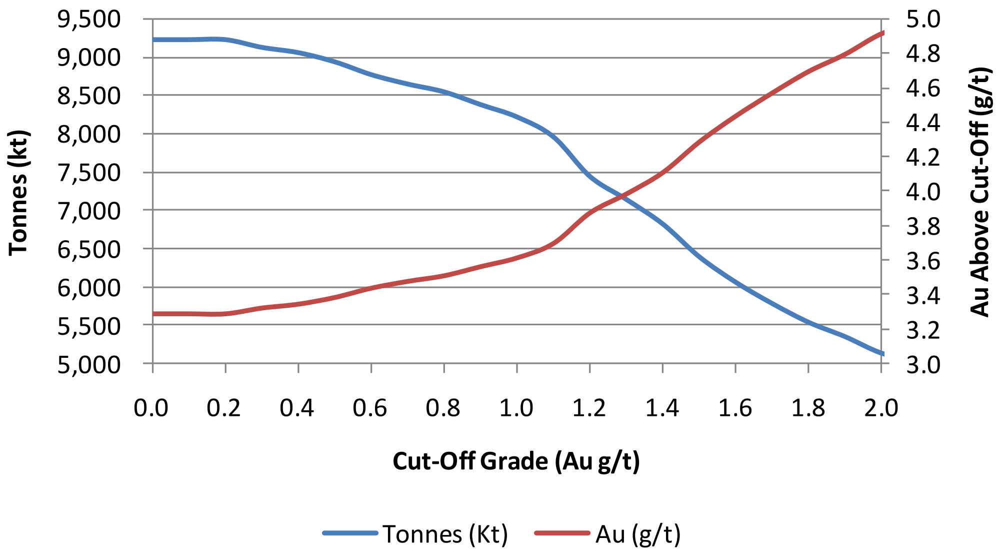

Figure 13-11: Open Pit Grade Tonnage Curve for Gold for the La India-California Veins

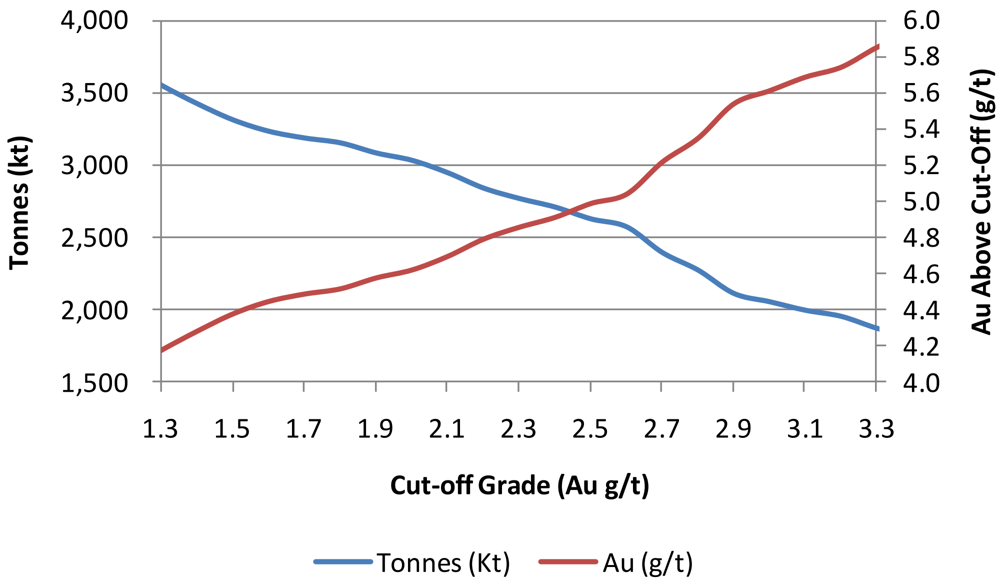

Figure 13-12: Underground Grade Tonnage Curves for Gold for the La India-California Veins

13.14 Vein Thickness Variability

A summary of the average true thickness per vein on the La India Project is illustrated in Table 13-20. 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 13-20: Summary of Average True Thickness per Vein on the La India Project (September 2012)

Type	Vein	Average True Thickness (m)
Underground Resource	America	0.96
	Constancia	0.85
	Escondido	0.95
	Arizona	1.98
	Buenos Aires	0.93
	Espinito	0.78
	Guapinol	1.52
	San Lucas	1.60
	Tatiana	2.42
	Teresa	1.26
	Agua Caliente	1.42
	La India	1.44
	California	4.52
Open Pit Resource	La India	2.07
	California	8.20

*Note that the Cacao and Cristalito-Tatescame veins were modelled using techniques that excluded vein thickness data, and hence these veins are not shown in the summary table.

13.15 Comparison to Previous Mineral Resource Estimates

No Mineral Resource update has been completed as part of the current study. For reference SRK has previously produced three Mineral Resource Estimates on the La India Concession, listed as follows:

- **January 2011** - initial Inferred Mineral Resource of 4.58 Mt at 5.9 g/t Au for 868,000 oz, reported in line with the guidelines of JORC reported on 4 January 2011.
- **April 2011** - updated Mineral Resource of 4.82 Mt at 6.4 g/t Au for 988,000 oz on the Concession on 13 April 2011 based on further validation of historical data by the Company. In addition to this phase of work, SRK produced an Inferred Mineral Resource Estimate for the Cacao Vein of 0.59 Mt at 3.0 g/t Au 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 Concession.
- **December 2011** – updated Mineral Resource on the La India Project of 8.94 Mt at 5.6 g/t Au for 1,620,000 oz gold on 22 December 2011, including 1.16 Mt at 7.1 g/t Au for 264,000 oz gold in the Indicated Mineral Resource category.

The updated Mineral Resource on the La India Project now stands at 5.3 Mt at a grade of 4.4 g/t containing,750,000 oz gold in the Indicated Mineral Resource category, and a further 10.9 Mt at 4.6 g/t for 1,620,000 oz gold in the Inferred Mineral Resource category.

14 MINERAL RESERVES ESTIMATES (ITEM 15)

SRK has not derived a Mineral Reserve estimate for the La India as part of the current study. Significant additional data collection and technical work is required in order to bring the technical confidence of the project to a level consistent with a Mineral Reserve estimation in accordance with the CIM Code.

SRK is not aware of any previous Mineral Reserve estimates that have been completed on the deposit in accordance with an international reporting code.

15 MINING METHODS (ITEM 16)

15.1 Open Pit Mining

The purpose of this study is to undertake an initial exercise to identify the potential for open pit mining. The analysis includes optimisations on the available geological models to take into consideration economic parameters, complete a conceptual pit design and develop a high level mining schedule for evaluation in a financial model.

15.1.1 Optimisation

Introduction

In order to assess the open pit potential of the La India veins, SRK has undertaken pit optimisation in CAE Mining's NPV Scheduler ("NPVS"). NPVS uses the Lerchs-Grossmann algorithm for determining the shape of an optimal pit using a set of input parameters.

The optimisation process produces a series of 'nested' pit shells, each the optimum pit at a given metal price. The nested pit shells provide an indication of the sensitivity of the deposit at various metal prices given the same input costs and modifying factors. The nested pit shells are evaluated using a base case reference metal price of 1,200 USD/oz Au.

As a basis for the NPVS optimisations Inferred and Indicated classified Mineral Resources have been included in the optimisation. The veins are agglomerated into five veinsets to account for potential interactions between the individual veins (Table 15-1).

Table 15-1: Agglomeration of Mineralised Veins used for NPVS Optimisation

NPVS Block Model	Mineralised Vein
La India Veinset	La India
	California
	Arizona
	Teresa
	Agua Caliente
America Veinset	America
	Escondida
	Constancia
	Guapinol
Mestiza Veinset	Tatiana (LI)
	Tatiana (EM)
	Buenos Aires
	Espinito
San Lucas	San Lucas
Cristalito-Tatescame	Cristalito-Tatescame
Cacao	Cacao

Geotechnical Parameters

Geotechnical parameters were provided for the La India veinset (Section 23.1). The angles applied to the hangingwall and footwall zones are 42° and 40°, respectively. Further investigation would be required in order to further determine appropriate slope angles for each deposit.

Optimisation Topographic Constraints

For the purpose of this study only Indicated and Inferred material is included in the optimisation. A density of 99 t/m^3 is applied to material outside the license to restrict any excavation to the current legal limits.

Optimisation Parameters

A summary of the optimisation parameters used in the NPVS optimisation is provided Table 15-2. Operating cost have been sourced based on benchmark information for similar deposits in Latin America using GFMS Gold Mine Economics Service (Reuters 2012). The processing recovery is based on preliminary metallurgical testing (Section 12).

Table 15-2: NPVS Optimisation Parameters

Parameters	Units	Input
Geotechnical		
Hanging Wall	(Deg)	42.0
Footwall	(Deg)	40.0
Mining Factors		
Dilution	(%)	5.0
Recovery	(%)	95.0
Processing		
Recovery	(%)	93.0
Operating Costs		
OP Mining Cost	(USD/t_{moved})	2.20
Processing Cost	(USD/t_{ore})	20.00
General and Administrative (OP)	(USD/t_{ore})	5.00
UG Mining Cost	(USD/t_{ore})	50.00
General and Administrative (UG)	(USD/t_{ore})	10.00
Selling Cost	(%)	5.0
Royalty	(%)	3.0
Metal Price		
Gold	(USD/oz)	1,200
Other		
Discount Rate	(%)	10
Cut-Off Grade		
Marginal Cut-Off – OPEX	(USD/t ore)	25.00
Marginal Cut-Off	(g/t Au)	0.76
In-Situ Marginal Cut-Off	(g/t Au)	0.80

Preliminary Work

Two sets of pit optimisation scenarios have been undertaken, a base case with consideration for open pit mining only and an 'Underground' trade-off optimisation. This provides an indication of the difference in cost between underground and open pit extraction to exclude blocks from the optimum pit shell that should be preferentially mined with underground methods.

Optimisation Results

Preliminary optimisations indicate that with current Mineral Resources, only the La India veinset has sufficient near surface Resources to be considered in this evaluation and is therefore the focus of the technical work.

Two sets of optimisations have been undertaken, with (“Underground”) and without (“Standard”) consideration for underground mining

The La India veinset pit optimisation results for the Standard method by revenue factor are shown in Figure 15-1 with the results summarised below:

- At Au prices below USD750/oz, a high marginal cut-off grade limits the generated pit shells to high grade zones with a high stripping ratio;
- At Au price increments of USD750/oz and USD900/oz, ore tonnages increase due to the change the marginal cut-off grade (1.28 g/t Au and 1.07 g/t Au respectively);
- The size of the optimal pit is most sensitive to an Au metal price between USD500/oz and USD900/oz; and
- The USD1,200/oz pit shell results in some 8.9 Mt at 3.5 g/t Au (with a 0.80 g/t Au cut-off grade) with a 17.9:1 stripping ratio (t_{waste}:t_{ore}).

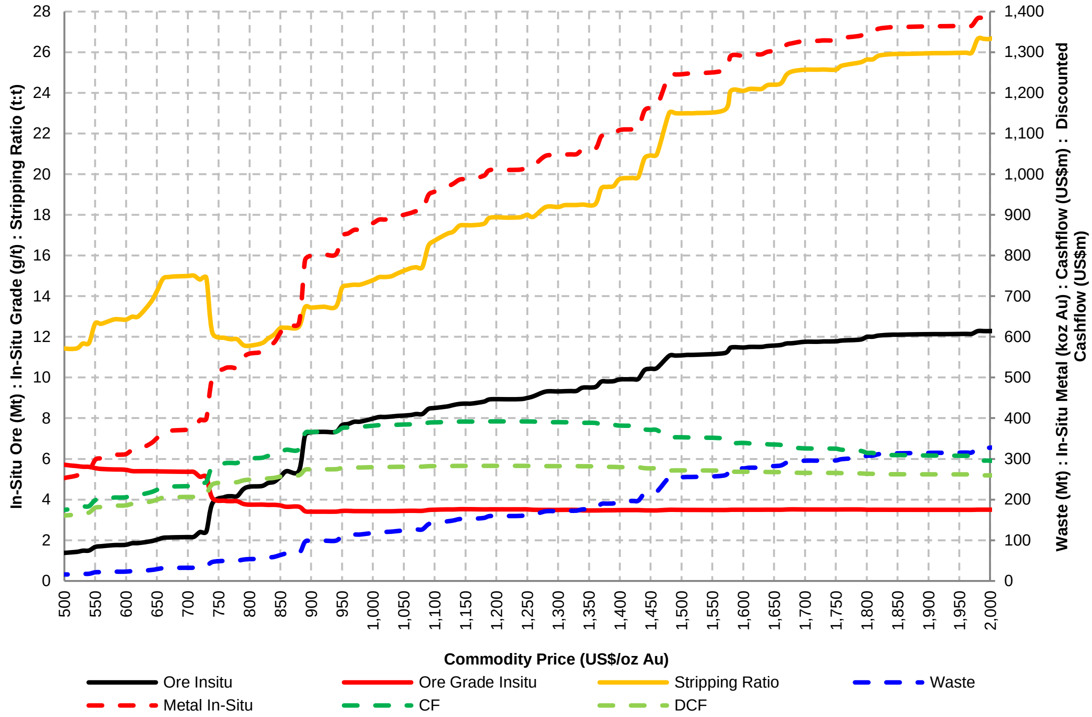

Figure 15-1: Pit Optimisation Results (Standard Method) by Revenue Factor

The USD900/oz pit shell has been selected as a basis for the open pit production schedule (7.3 Mt ore at 3.4 g/t Au) due to the low incremental value of the pit shell above this threshold.

The pit optimisation results for the Standard method by contained metal are shown in Figure 15-2 with the results are summarised below:

- The higher rates of incremental cash costs primarily influenced by stripping ratio;
- High incremental costs are observed for in-situ metal contents above 800 koz Au; and
- Pits containing up to 800 koz Au may contain the best potential for open pit methods at lower costs.

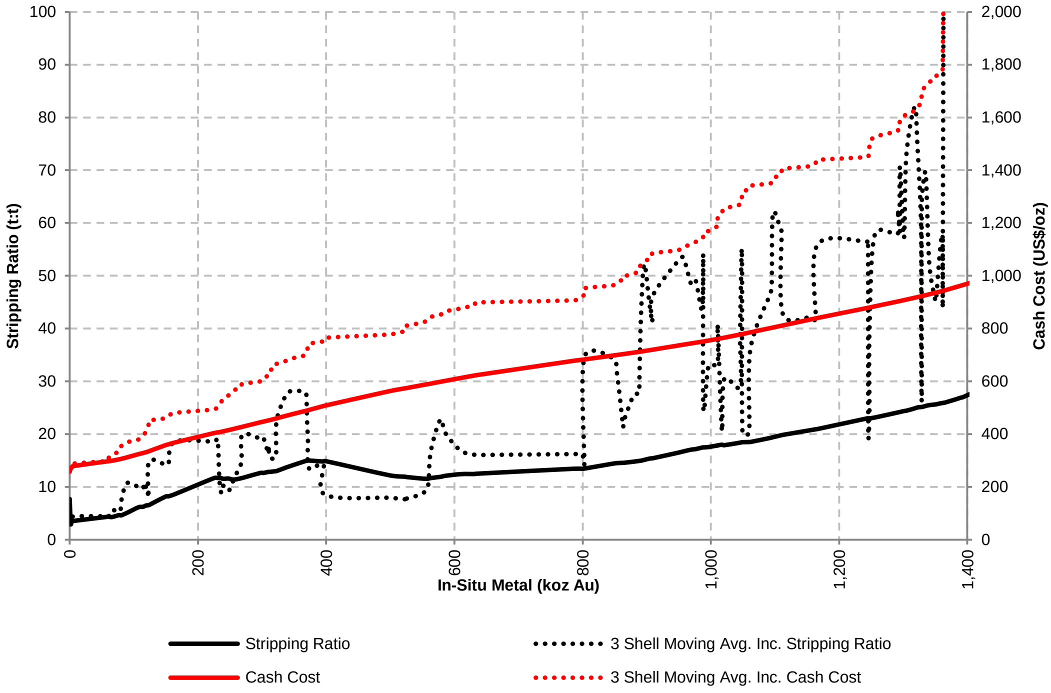

Figure 15-2: Pit Optimisation Results (Standard Method) by Contained Metal

Select pit optimisation results are shown in Table 15-3.

Table 15-3: Pit Optimisation Selected Results (Standard Method)

Au Metal Price	(USD/oz)	600	800	900	1,200	1,400	1,600
Optimised In-Situ Inventories							
Stripping Ratio	(t:t)	12.8	11.6	13.4	17.9	19.8	24.1
Waste	(kt)	22,823	53,597	98,184	159,512	195,786	276,563
Ore (Above 0.80 g/t Au cut-off)	(kt)	1,776	4,635	7,306	8,930	9,906	11,476
	(g/t Au)	5.5	3.7	3.4	3.5	3.5	3.5
Operating Expenditures							
Mining	(USD/t_{mined})	2.20	2.20	2.20	2.20	2.20	2.20
	(USD/t_{ore})	30.55	27.71	31.85	41.60	45.79	55.36
Processing	(USD/t_{ore})	25.00	25.00	25.00	25.00	25.00	25.00
Selling Price	(USD/oz)	96	96	96	96	96	96
	(USD/t_{ore})	14.93	10.25	9.31	9.62	9.52	9.57
Total	(USD/t_{ore})	70.47	62.96	66.16	76.22	80.31	89.92
Total	(USD/oz)	453	590	682	761	810	902
Royalty	(%)	3	3	3	3	3	3
Selling	(%)	5	5	5	5	5	5
Modifying Factors							
Dilution	(%)	5	5	5	5	5	5
Dilutant	(g/t Au)	0.0	0.0	0.0	0.0	0.0	0.0
Mining Ore Recovery	(%)	95	95	95	95	95	95
Au Recovery	(%)	93	93	93	93	93	93
Product							
Recovered Au	(koz)	276	494	707	893	980	1,141

The pit optimisation results for the Underground method by revenue factor are shown in Figure 15-3 and the results and summarised below:

- Given the application of the Underground method, the optimum pit shell (USD1,200/oz Au) does not provide the highest cash flow as the metal recovered at a lower cost by underground extraction methods is not represented in the chart;
- No pit shells exist below a USD900/oz as the marginal cut-off grade below this factor forces a high stripping ratio, favouring underground mining;
- The size of the optimal pit is most sensitive to Au metal price between USD900/oz and USD1,400/oz; and
- The USD1,200/oz pit shell results in 4.6 Mt at 3.1 g/t Au (with a 0.80 g/t Au cut-off grade) at a 8.8:1 stripping ratio (t_{waste}:t_{ore}).

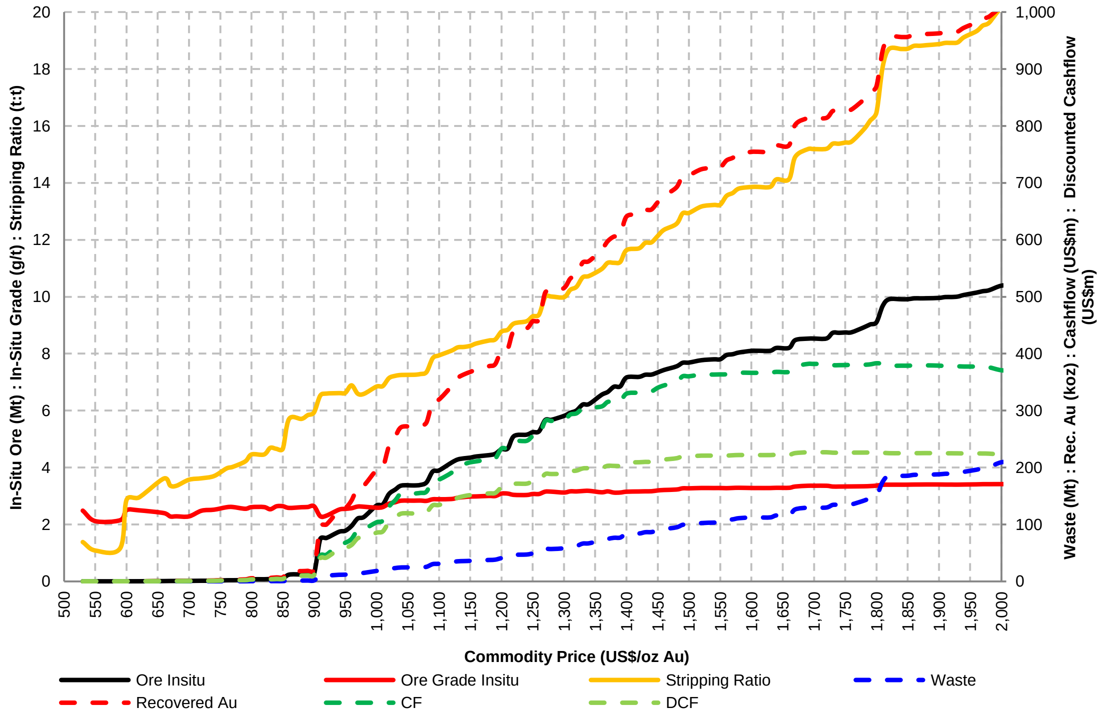

Figure 15-3: Pit Optimisation Results (Underground Method)

A comparison between the two methods at a USD1,200/oz Au price is shown in Figure 15-4. As shown, the higher stripping ratio areas are not selected when the Underground Method is applied. The development requirements of the footwall slope are not dissimilar between the two options, the largest impact between the two options is a reducing in the stripping of the hanging wall.

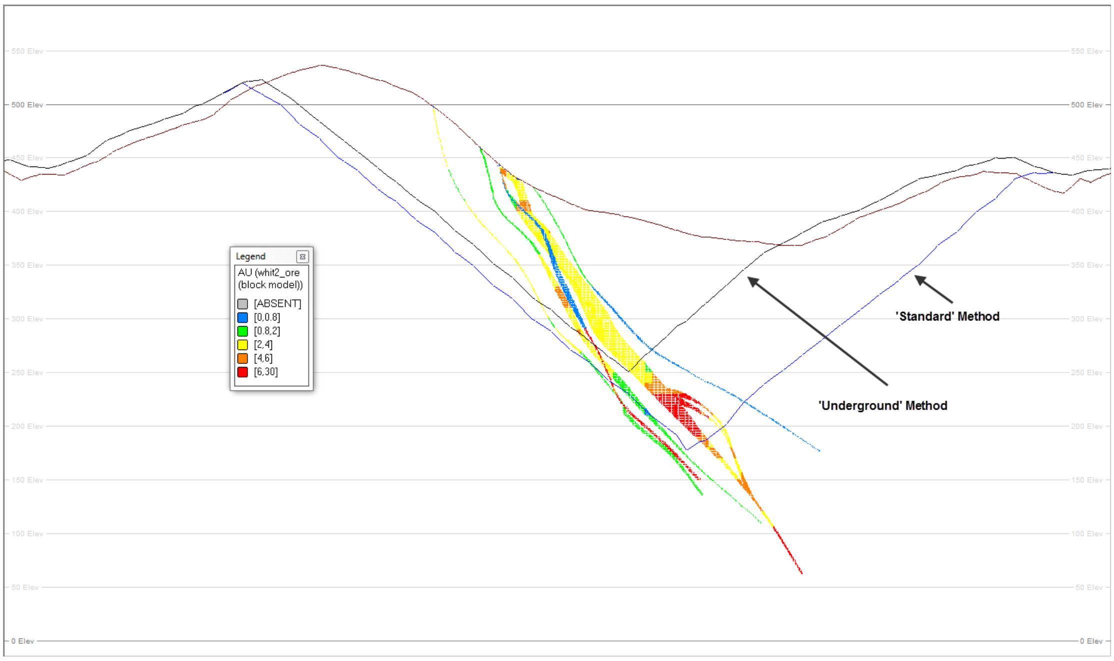

Figure 15-4: Comparison between the Underground and Standard Optimisation Methods

SRK notes that the preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves. There is no certainty that the preliminary economic assessment will be realised.

Slope Sensitivity

A sensitivity analysis is undertaken to determine the impact of slope angles at a USD1,200/oz Au metal price (with all other parameters unchanged). The base case (42/40 degree hanging wall and footwall) has been compared with a range of overall slope angles between 50 and 30 degrees. The results of the analysis are shown in Table 15-4 and Figure 15-5. In addition, Table 15-4 shows a, a selected set of pit shells which contain approximately 800 koz Au at various pit slope angles. The impact of higher stripping ratios at shallower angles can be seen in the higher cash costs.

Table 15-4: Results of Sensitivity Analysis for Applying Pit Slope Angles to the Open Pit Optimisation (Standard Method)

Scenario	Rev. Factor (USD/oz)	Stripping Ratio (t:t)	Waste (Mt)	In-Situ Ore (Mt)	In-Situ Metal (koz Au)	In-Situ Grade (g/t)	Cash Cost (USD/oz)
1,200 USD/oz Pit Shells							
50/50 Degrees	1,200	15.8	167.9	10.7	1,230	3.6	702
45/45 Degrees	1,200	15.9	150.3	9.5	1,070	3.5	717
40/42 Degrees	1,200	17.9	159.5	8.9	1,010	3.5	761
40/40 Degrees	1,200	18.1	156.4	8.6	973	3.5	769
35/35 Degrees	1,200	20.4	164.3	8.1	871	3.4	850
30/30 Degrees	1,200	22.2	131.7	5.9	653	3.4	878
Selected Pit Shells							
50/50 Degrees	700	10.1	67.1	6.6	803	3.8	558
45/45 Degrees	820	12.2	84.2	6.9	804	3.6	621
40/42 Degrees	900	13.4	98.2	7.3	800	3.4	682
40/40 Degrees	950	14.2	103.6	7.3	798	3.4	700
35/35 Degrees	1,140	19.7	152.7	7.8	835	3.3	837

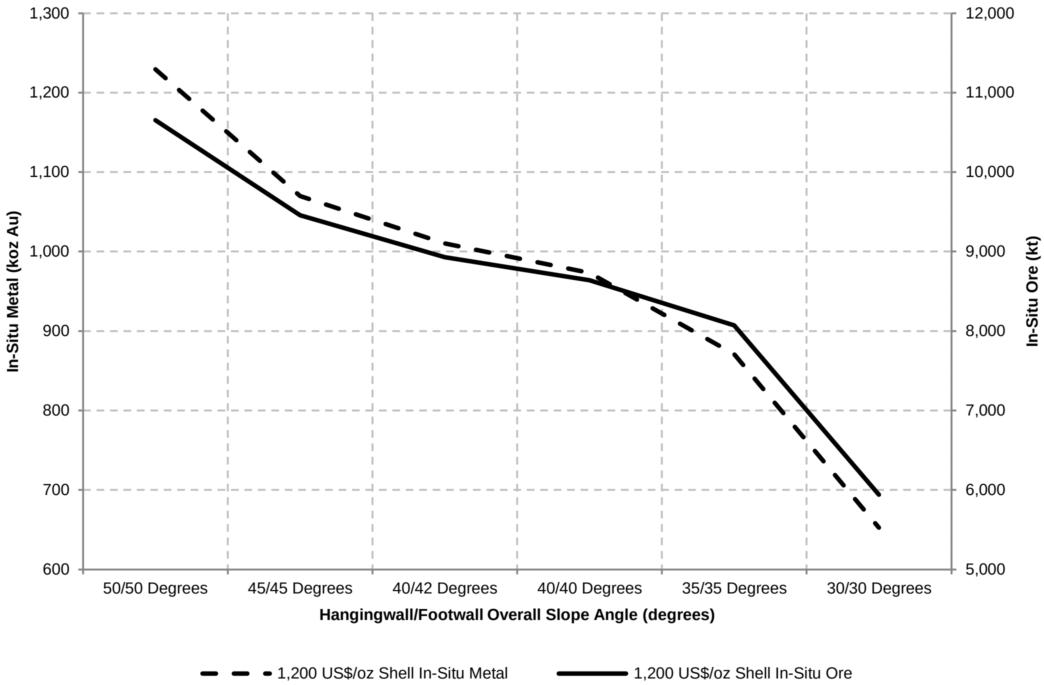

Figure 15-5: Results of Pit Slope Angle Sensitivity Analysis for Standard Method at Metal Price of USD1,200/oz

Conclusions

The results from the optimisation and design are summarised below:

- The deposit has a relatively high stripping ratio due to ore body geometry and the topographic features.
- In order to increase the open pit inventory above 800 koz, high incremental stripping ratios are required, indicating that underground mining may be more suitable to the deeper zones of the deposit.

- The most likely areas for extensions to the size of the potential open pit will be along strike rather than down dip.
- From an optimised cashflow perspective (at a USD1,200/oz Au price), the incorporation of an underground method reduces the optimal size of the pit from 8.9 Mt ore at a 17.9:1 stripping ratio (t_{waste}:t_{ore}) to 4.6 Mt ore at a 8.8:1 stripping ratio (t_{waste}:t_{ore}). The large difference in the optimal pit shells indicates that the a small pit shell in combination with underground mining may provide the best value for the deposit.
- Due to the increased stripping ratios, the mining cost is the largest cash cost item (as compared with the processing and selling costs) making the deposit sensitive to stripping ratio.
- The USD1,200/oz Au pit shell is most sensitive to changes in slope angle above 45 degrees and below 35 degrees.

Recommendations

SRK recommends that the following work be undertaken during the next stage of the La India Project development:

- Reassess the open pit potential of all veinsets to determine open pit potential resulting from any further exploration;
- Undertake pit design in order to determine any practical limitation on the pit shell;
- Assess the ramping and development requirements to develop the upper levels of the pit;
- Assess the waste dumping requirements and potential locations, the open pit size may be limited by dump space due to the topography;
- Update the benchmark operating cost estimates with cost developed from a first principals approach; and
- Develop a diluted mining model to provide an estimate of mining recovery and dilution factors for the deposit.

15.2 Underground Mining

15.2.1 Previous Mining Studies

SRK does not have access to any complete technical studies previously undertaken on the La India concession. However, available information suggests 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).

15.2.2 Mining Method Selection

As a general rule, underground mining method selection is determined by the geological and geotechnical characteristics of a deposit and the productivity required from the mine. The process is, however, often carried out early in the development cycle of a mine and often the fundamental data required to make an informed assessment, such as extensive geotechnical drilling, has not been undertaken. In addition, insufficient technical work is available to allow for a detailed cost analysis between mining methods preventing assessment on economic lines. This can make the process in early stages of mine design very subjective and based largely on benchmarking against similar deposits.

Selection Criteria

The determination of the most appropriate mining method for any orebody is dependent on a number of inter-related factors. These fall broadly into three categories, namely:

- Physical characteristics;
- Production considerations; and
- Environmental considerations.

The criteria that have to be considered under each of the three categories are as follows:

- Physical characteristics:
  - Depth of orebody;
  - Orebody geometry;
  - Grade (or quality) distribution; and
  - Geomechanical characteristics.
- Production considerations:
  - Tonnage;
  - Grade/quality of feed; and
  - Maximising of reserve recovery.
- Environmental factors:
  - Subsidence allowed/not allowed;
  - Waste production;
  - Effect on groundwater; and
  - Skills level of existing workforce.

Nicholas Method

One common method that attempts to make the mining method selection process more objective is the Nicholas Method. It 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).

One drawback to the Nicholas/UBC method is that it only includes a finite list of mining methods, so should be used a basis for the mining method selection only with further consideration to the specific nuances of each deposit.

In undertaking the UBC Method, SRK has used the input parameters outlined in Table 15-5. The 'ore thickness' varies considerably over the deposit and demonstrates thicknesses of 'very narrow (<3 m)' and 'narrow (3 to 10 m)'. SRK has used 'narrow (3 to 10 m)' as a preliminary basis, though notes that the impacts of using 'very narrow (<3 m)' has only a negligible impact on the results. Table 15-6 highlights the four mining methods most favoured using the UBC Method.

Table 15-5: 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	Medium (40 to 60)
Rock Mass Rating: Footwall	Medium (40 to 60)
Rock Substance Strength: Ore Zone	Weak (5 to 10)
Rock Substance Strength: Hangingwall	Moderate (10 to 15)
Rock Substance Strength: Footwall	Moderate (10 to 15)

Table 15-6: Results of UBC Method[7]

Ranking	Mining Method
1	Shrinkage Stoping (33)
1	Cut and Fill (33)
3	Sublevel Stoping (29)
3	Open Pit Mining (29)

Shrinkage stoping and cut and fill mining are the highest ranking underground methods. Open pit mining is assessed separately (Section 15.1) so is not discussed further.

Shrinkage stoping is commonly applied in vein mining throughout the world due to its relative simplicity and relatively high productivity. It is most commonly applied to steeply dipping orebodies with moderate host rock strength. Ore is mined from the bottom of the stope upwards in thin layers allowing the method to be highly selective. The broken ore falls to the bottom of the stope, however, only enough ore is removed from the stope to provide the work space required to take the following layer. The broken rock that remains within the stope provides support for the open void until the entire stope has been blasted, when the stope is emptied rapidly to minimise dilution from fall-off (Figure 15-6).

[7] Number in brackets represents the ranking score

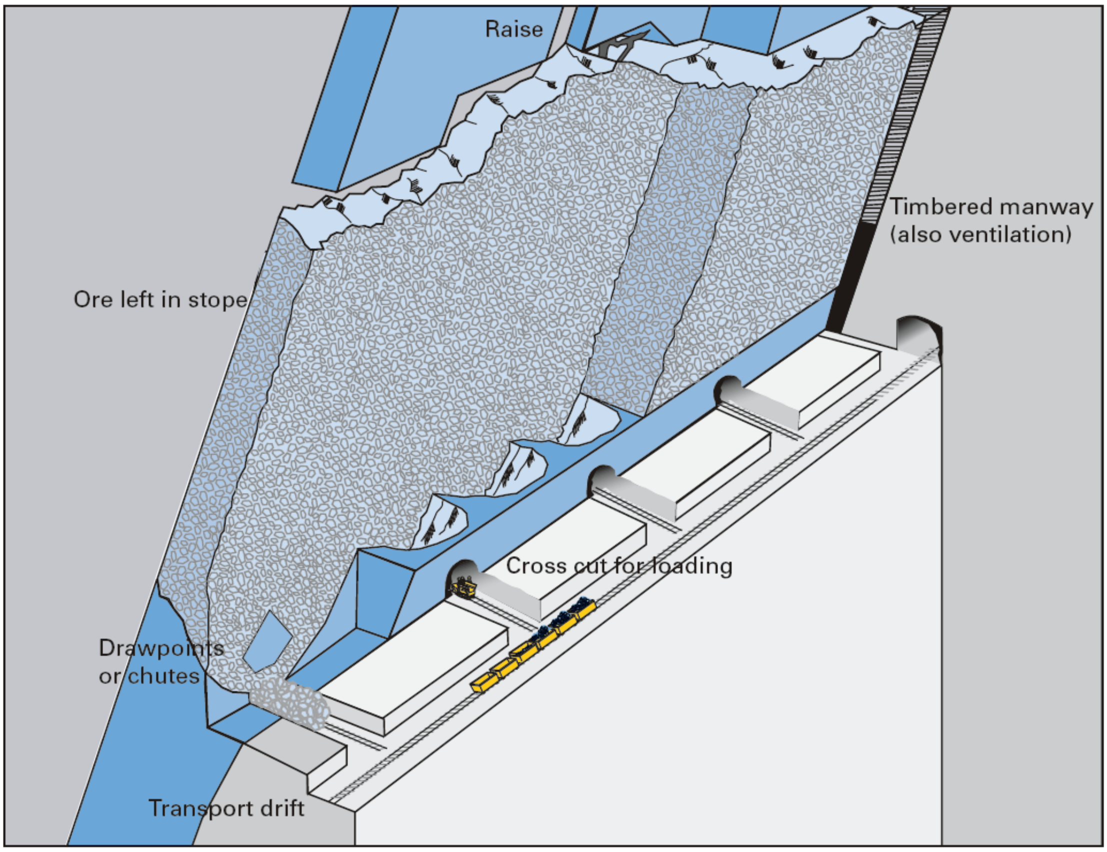

Figure 15-6: Schematic of Shrinkage Stoping Mining Method (Atlas Copco 2008)

Once empty, the open stope is then either filled or pillars are left in-situ between stopes to provide regional support. Pillars are more common as it is generally cheaper (though reduces Resource recovery) and maintains existing ventilation circuits. The in-situ pillars can be recovered at the end of the mine life (dependent on sequencing and geotechnical conditions), though the recovery ratio of these pillars is relatively low. The majority of development is located in the seam so relatively little waste is produced.

As no fill is used the method is relatively cheap, though recovery of the ore is weighted to the end of a stope's life. This requires significant investment prior to the full value of the stope being achieved. However, drawing ore from a full stope means that relatively high productivities are achievable once a stope is fully blasted.

In cut and fill mining, the seam is mined progressively as individual layers, which are filled prior to the next layer being taken (Figure 15-7). Traditionally, the method is expensive with low productivities in vein mining but has the advantage of being highly selective and having a high Resource recovery. It is conventionally applied to high value ore in poor rock conditions where the additional mining costs can be absorbed by the higher metal recovery.

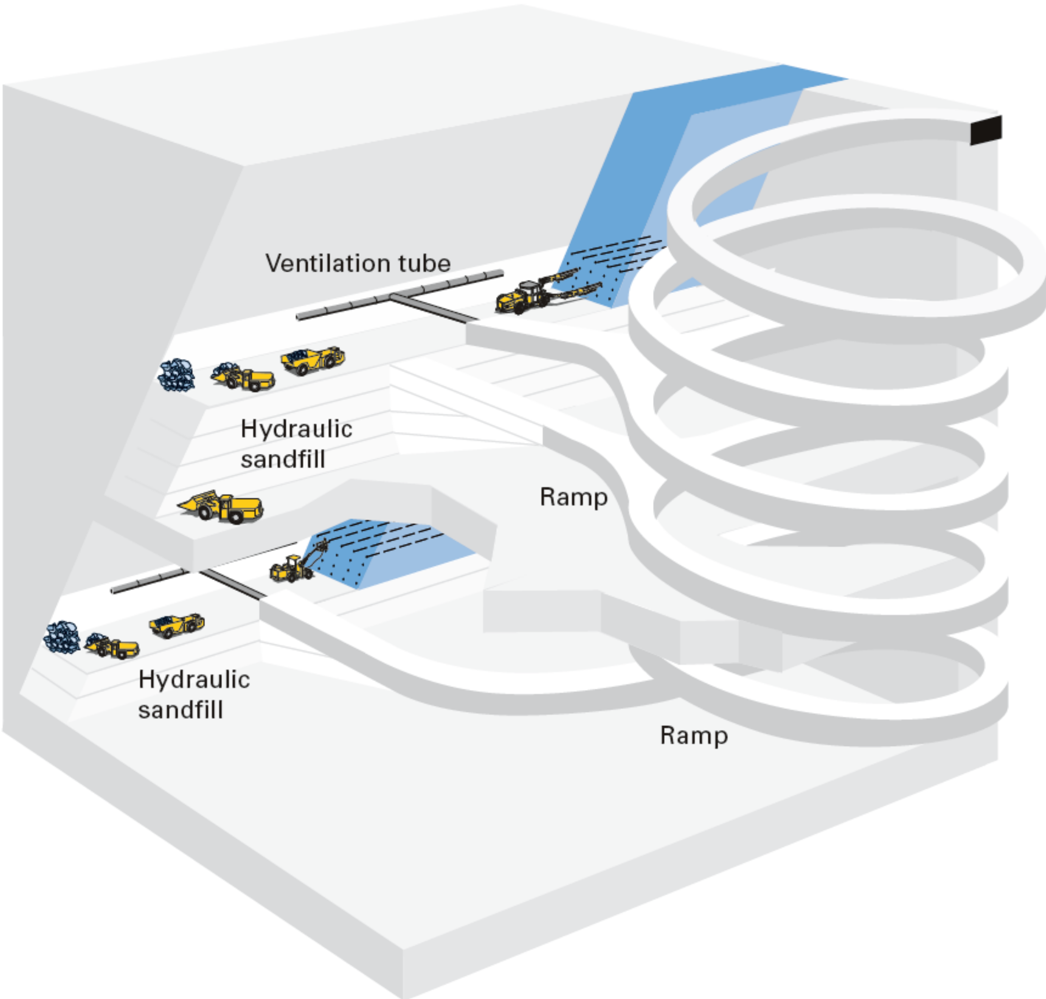

Figure 15-7: Schematic of Cut and Fill Mining Method (Atlas Copco 2008)

The fill used can be either consolidated (i.e. cemented or paste) or unconsolidated (aggregate and miscellaneous waste). Consolidated fill is more expensive as it requires additional surface infrastructure but allows the resource recovery to be maximised as the pillars can be fully recovered. It also allows the flexibility of mining upwards (overhand cut and fill) or downwards (underhand cut and fill).

The final method suggested by Nicholas' Method is sublevel stoping. The advantage of sublevel stoping is that it is a bulk mining method improving operational efficiencies and reducing mining costs (Figure 15-8). However, conventional sublevel stoping is not seen as a viable solution for the whole of the orebody for two reasons; orebody thickness and unsupported spans.

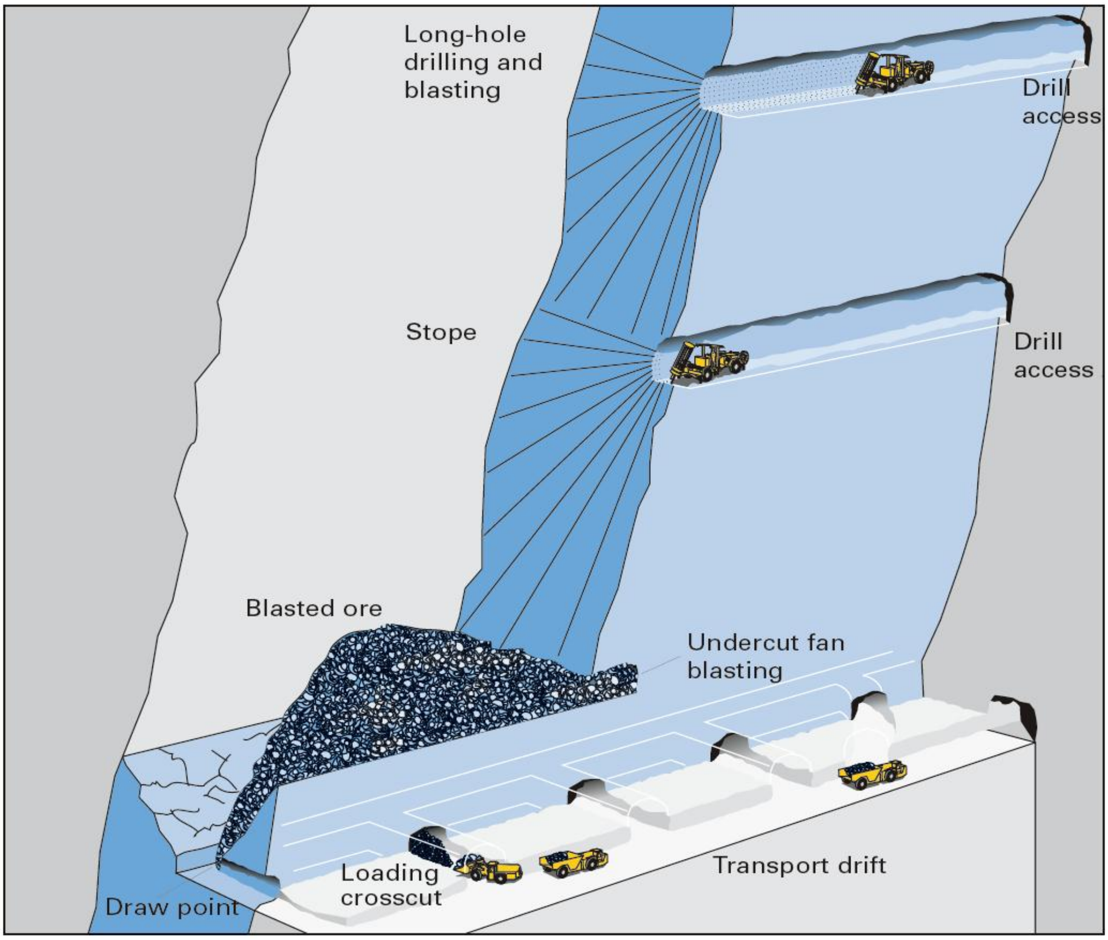

Figure 15-8: Schematic of Sublevel Stoping Mining Method (Atlas Copco 2008)

Conventional sublevel stoping in a vein mine would utilise levels 25 to 30 m apart. This is in line with the existing underground infrastructure at the mine (100 ft levels – 30.5 m). There are, however, two drawbacks to this approach. The first is that drilling can only be undertaken from the levels, which makes the drilling less selective as the drill holes are longer and cannot follow the contacts of the seam as easily. This will significantly increase the dilution and could lead to increased mining losses as the stope boundaries will be straight, rather than contoured. Vein stoping introduces a number of sublevels to reduce the drilling distance required which allows the stopes to follow the geology of the seam more closely but reduces mining productivity and increases mining costs.

The second drawback with sublevel stoping is that it requires the stopes to remain open for extended periods whilst the stope is still in production. This introduces de-stressing of the hangingwall during the production cycle and allows time dependent failure to occur. In competent rock conditions, this is not a problem as the impact is either only minor or the stopes can be adequately supported to prevent it affecting the production cycle. In poorer ground conditions, the time dependent failure can have a more significant impact on the final shape of the stope.

Conclusion

Due to the limited geotechnical information available, no definitive conclusions can be made on the mining methods to be applied. However, based on the evidence available, shrinkage stoping is considered the method that will have the most wide ranging application. In localised areas where rock conditions are more favourable and vein widths are higher, sublevel stoping could be applied to improve productivity and reduce costs and the lower dipping San Lucas vein may require a method more suitable to the geological conditions (shallower dip), such as step room and pillar.

The optimal stope size is also difficult to determine without a full geotechnical evaluation. An preliminary assessment is outlined in Section 23.1. Historic mining provides guidance as to the layout the underground mining is likely to follow as this is likely to have been developed by trial and error. They are, however, considered small for modern mining applications and no operational data is available to assess the performance of this layout. There is potential that rib pillars could be spaced further apart and/or increasing the distance between levels. This would improve productivity and potentially resource recovery though could create additional dilution.

Whilst filling of stopes is unlikely, pillar recovery will likely be applied at the end of the mine life to maximise resource recovery. Current artisanal mining recovering the historic pillars provides a demonstration of the technical viability, however, again, there are no records to determine the rates of recovery or the relative geotechnical risks associated with this process.

In conclusion, SRK assumes shrinkage stoping to be used as the mining method for the purposes of this study. 30 m sublevel spacing is assumed for the underground optimisation and decline access is assumed due to the proximity to surface and the ability to share equipment between different veinsets.

SRK recommends that future studies incorporate a more rigorous geotechnical investigation to provide a better understanding of the constraints to mining method selection. Future assessment should incorporate multiple mining methods in the evaluation including shrinkage stoping, mechanised cut and fill, sublevel stoping and continuous rill shrinkage, amongst others.

15.2.3 SRK Site Visit

An SRK mining engineer undertook a site visit to the La India mining district between 21 and 23 November 2011. At this stage of development, the project was viewed primarily as an underground deposit.

The rock observed in the existing underground workings was highly variable in nature. Some areas, such as La India, demonstrate an argillaceous rock with a significant presence of fault gouge, whereas the Buenos Aires Veins demonstrated blocky, siliceous rock. There was evidence in both rock types that drill and blasting was used for excavation rather than rock hammers with chisel bits, a method which is often applied to softer, argillaceous rock.

Mining through wet, argillaceous rock using blasting can be a difficult process. The high clay content of the rock can result in plastic deformation instead of fragmentation when exposed to the high tensile stresses induced by blasting. This will often result in dead pressing of ANFO and misfires. Though these conditions are considered challenging, they are manageable using good drilling and blast design.

The high fines content of the argillaceous material also affects the flow properties of the rock.

The clay allows compaction of the rock and there is a risk of hang-ups within the shrinkage stopes. The weight of the overlying ore can cause significant compaction, especially in the narrower sections of the stopes, preventing the ore from flowing from the drawpoints. Whilst SRK acknowledges these risks, the historical use of shrinkage stoping suggests these risks are relatively low. In areas of siliceous rock, fines are unlikely to be an issue.

The presence of artisanal miners working the historical mine presents another potential risk to future operations. SRK understands that these miners are currently mining the in-situ pillars left by Noranda. Unrestricted excavation of pillars underground without the use of backfill has the potential to create large unsupported spans, redistributing stress and creating stress concentrations in the areas close to the legacy void. Significant safety pillars may be required to provide regional support in these areas potentially causing sterilisation of Resources. It also presents a safety risk should pillar extraction be considered for the historic workings or excavating the halo around legacy void. The impact of these issues, however, will be largely dependent on the outcomes of the final open pit design and where it overlaps with historic mining.

SRK observed multiple artisanal shafts being dug into the river bed along the La India Vein. This poses additional risk during the wet season as it allows water flowing in the river to divert in significant quantities into the underground workings, significantly increasing pumping requirements. Attempts should be made to cap these shafts to minimise the amount of water entering the underground excavations. Mining of these areas through surface methods, however, will reduce or even remove this risk.

Material handling in the Noranda mine is believed to have been via rail and a central shaft. The collar of the shaft is still open with the concrete lining still in reasonable condition near the surface. The shaft is, however, filled with dirt to approximately 5 to 10 m below the surface. The shaft is said to extend to 200 m below the surface. El Limon Mine is stated by Condor representatives as having rehabilitated and recommissioned a similar shaft at the Sanro Pancho Mine to a depth of 300 m. This has not been verified by SRK, however, on this evidence, there appears to be potential for similar redevelopment of the shaft

Though the San Lucas Vein has a shallower dip than the other veins assessed (approximately 40°) and may require an alternative mining method from that proposed in this more generic assessment, SRK has assumed for the purposes of this study that it has the same cost profile and has accounted for this by using shrinkage stoping parameters in the optimisation assessment. San Lucas should be considered in isolation in future mining investigations.

15.2.4 Modifying Factors

As no Mineral Reserves are being are being reported, the discussion of modifying factors is limited to mining losses and dilution.

Mining losses account for unrecoverable section of the orebody. Losses in vein deposits can be a result of (but not limited to):

- Erratic geological contacts;
- Spillage between mill and mine;
- Hang-ups and bridges in stopes left in situ;

- Inconsistencies between geological model and actual geology;
- High grade ore lost on contacts;
- Broken ore left behind;
- Pillars left in situ; and
- Incomplete recovery of pillars at the end of the mine life.

Mining losses, as applied in this report, only applies to the unplanned mining losses and pillar losses. Planned mining losses, which allows for remote areas of ore, areas below cut-off grade and veins too thin to be mined economically, are dealt with as part of the optimisation process (Section 15.2.6) and are not included in the recoverable tonnage calculations, to which the mining losses are applied.

Dilution accounts for the material that is recovered from the mine in addition to the tonnages that have been designed. Potential sources of dilution in vein mines include:

- Blast induced overbreak within a stope;
- Poor drilling accuracy;
- Fall-off due to the formation of wedges or geotechnical instability;
- Scouring of stope walls during rock flowing through stopes, draw points and passes;
- Road base mined by loaders when loading ore;
- Low grade zones necessary to extract to mine higher grade adjacent material;
- Inconsistencies between geological model and actual geology; and
- Inconsistencies between the mine design and the actual mining.

Dilution as applied in this report only includes external dilution. Internal dilution, waste that is mined as part of the mine design, is captured in the estimate of the tonnage and grade for each mining block using the optimisation software. External dilution incorporates all the additional waste that is captured outside of the designed mining block.

As shrinkage stoping mines only small layers of material at a time, miners can visually observe the behaviour of the geology and make adjustments to the design accordingly. As a result, shrinkage stoping is a very selective form of mining.

The fundamental basis of shrinkage stoping is that the ore is kept in the stope until it is fully blasted. The fact that for the bulk of the mine life, the ore is left in stope means there is a limited opportunity of dilution from time dependent failure. Vein mining inherently has smaller open voids also reducing the likelihood of failure induced dilution.

Rib and sill pillars required to provide regional support in the mine are likely to be the major sources of mining losses and dilution. Recovery of pillars will occur at the end of the mine life using the existing infrastructure to recover the ore. As the pillars are progressively removed, the stress within the mine redistributes creating stress concentrations increasing the likelihood of dilution due to rock failure. Also, the proportion of the pillar that can be recovered safely will be a function of the location from which holes can be safely drilled for blasting. Shadowing (where rock cannot be drilled due to an open void preventing drilling) means that not all of the pillars will be able to be recovered and additional dilution is likely.

Discussions during the site visit to La India suggest that the historical modifying factors were as follows:

- Dilution - 12%; and
- Mining losses - 7 %.

These figures are considered to be realistic when compared against benchmarked operations for these mining widths. However, Noranda didn't undertake any pillar recovery suggesting that the numbers are conservative compared to what would be expected for the entire life of mine.

The data provided on the Soviet-era TEM suggested the following modifying factors were applied:

- Dilution - 25%; and
- Mining losses - 7 %.

SRK note that the calculation of mining losses and dilution in the Soviet Union used the final void as the basis rather than the designed void. For example, if a stope is designed to be 3 m wide but is mined to 4 m wide, one approach to dilution calculations would be 1 m overbreak divided by 3 m design resulting in 33% dilution. The approach conventionally applied in the Soviet Union was 1 m overbreak divided by 4 m void resulting in 25% dilution. As a result, the basis of dilution calculations must be understood before being applied. It is not clear which approach was taken for either the Noranda data or the Soviet estimate.

As can be observed, the estimates for mining losses are identical at 7%. As the basis for the Soviet estimate is unclear, and the Noranda estimate does not account for pillars extracted and assuming that 50% of the pillars are able to be recovered, SRK has applied a mining loss of 15% in its analysis.

There is considerable difference between the estimates for dilution with the Soviet estimate twice that of Noranda. This could potentially be the result of a different layout of the shrinkage stope design or different technologies (i.e. mechanised mining requiring larger widths). No reason is provided for the Soviet estimate so the basis of this difference is unknown.

As with mining losses, dilution is likely to increase over the life of the mine as a result of pillar recovery, however, the 25% Soviet estimate (potentially 33% using alternative calculations) is considered too high above historical rates for this level of study. As part of the optimisation process for underground mining (described in Section 15.2.6), SRK has applied a 0.2 m skin to both the footwall and hangingwall to account for overbreak due to blasting in line with the geotechnical analysis (Section 23.1). Therefore, the only dilution required to be accounted for in the calculation of the mineable tonnages is fall-off from the hangingwall. To account for this in the calculation of mineable tonnages, SRK has applied a dilution of 5%.

15.2.5 Cut-Off Grade

Currently, silver has only been quoted in the La India Resource model and no consideration for its recovery has been provided for in the metallurgical assumptions so the impact of this is ignored and considered upside potential. The calculations assume the following inputs:

- Mill Recovery - Au - 90%;
- Gold Price - USD1,200/oz;
- Royalty - 3%; and
- Selling Costs - 5% of Gold Price.

The operating costs are discussed in Section 20.2 and for underground mining is estimated to be USD80/t. This equates to a cut-off grade of 2.52 g/t Au. The sensitivity of this cut-off grade against metal price and mining costs is demonstrated in Table 15-7.

Table 15-7: Sensitivity of Cut-Off Grade Calculations

	Metal Price				
Mining Cost (USD/t_{ore})	**USD1,000/oz (USD26.14/g)**	**USD1,100/oz (USD28.95/g)**	**USD1,200/oz (USD31.75/g)**	**USD1,300/oz (USD34.56/g)**	**USD1,400/oz (USD37.37/g)**
50	1.91 g/t	1.73 g/t	1.57 g/t	1.45 g/t	1.34 g/t
75	2.87 g/t	2.59 g/t	2.36 g/t	2.17 g/t	2.01 g/t
80	3.06 g/t	2.76 g/t	**2.52 g/t**	2.31 g/t	2.14 g/t
100	3.83 g/t	3.45 g/t	3.15 g/t	2.89 g/t	2.68 g/t
125	4.78 g/t	4.32 g/t	3.94 g/t	3.62 g/t	3.35 g/t
150	5.74 g/t	5.18 g/t	4.72 g/t	4.34 g/t	4.01 g/t
175	6.70 g/t	6.05 g/t	5.51 g/t	5.06 g/t	4.68 g/t
200	7.65 g/t	6.91 g/t	6.30 g/t	5.79 g/t	5.35 g/t

For the purposes of this study, SRK has used a base case cut-off grade of 2.5 g/t Au.

15.2.6 Optimisation

The underground optimisation has been undertaken on each of the mineralised veins included in the Resource and is limited to those zones below the proposed open pit mining (where relevant). Only the Mineral Resources (both Indicated and Inferred) are used as a basis for analysis.

Underground optimisation uses CAE Mining's Mineable Shape Optimiser ("MSO") software. This software package has been applied as it can model the individual mining blocks underground and can be quickly repeated for different cut-off grades. In addition, it incorporates the effect of dilution due to overbreak as part of the optimisation process.

MSO works by breaking the supplied block models into a grid based on the supplied inputs. The software applies a floating "seed" stope shape within the grid to identify areas potentially above cut-off. The seed shape is then "annealed" along both the hangingwall and footwall of the stope to optimise the stope shape into the most economic form based on a set of input parameters (Table 15-8) It does this process whilst allowing for practical parameters such as maximum and minimum mining thickness, minimum dip angle, overbreak, and minimum pillar width between parallel veins.

Table 15-8: Input Parameters Used for MSO Optimisation

MSO Block Model	Mineralised Vein
Cut-Off Grade	2.5 g/t Au
Mining Block Height	30 m
Mining Block Length[8]	10 m
Minimum Mining Width	1.2 m
Hangingwall Dilution Skin	0.2 m
Footwall Dilution Skin	0.2 m
Dilution Grade	0 g/t Au
Minimum Pillar Between Parallel Stopes	10 m

SRK has applied a dilution grade of 0 g/t Au. This is considered a conservative approach as there is potential for much of the waste to be mineralised providing some minor upside potential to the figures that result from this analysis.

SRK has agglomerated the 16 mineralised veins into 11 areas for the underground optimisation process (Table 15-9). The distribution of the veins is such that veins with a similar strike or veins that intersect are optimised simultaneously.

Table 15-9: Agglomeration of Mineralised Veins Used for MSO Optimisation

MSO Block Model	Mineralised Vein
India-California Veins	La India
	California
Arizona Vein	Arizona
Teresa-Agua Caliente Veins	Teresa
	Agua Caliente
America-Constancia-Escondido Veins	America
	Escondido
	Constancia
Guapinol Vein	Guapinol
Tatiana Veins	Tatiana (LI)
	Tatiana (EM)
Buenos Aires	Buenos Aires
Espinito Vein	Espinito
San Lucas Vein	San Lucas
Cristalito-Tatescame Vein	Cristalito-Tatescame
Cacao Vein	Cacao

15.2.7 Optimisation Results

India-California Veins

The MSO optimisation for the India-California veins suggested a potential tonnage of 2,757 kt at 5.0 g/t Au when constrained to the current Resource below the selected open pit (Figure 15-9). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 2,400 kt at 4.8 g/t Au. This latter figure is used as the basis for further analysis.

[8] Not intended to be stope width but a building block that stope shapes could be built from. Approach used to limit the impact of unnecessary dilution in a selective mining method.

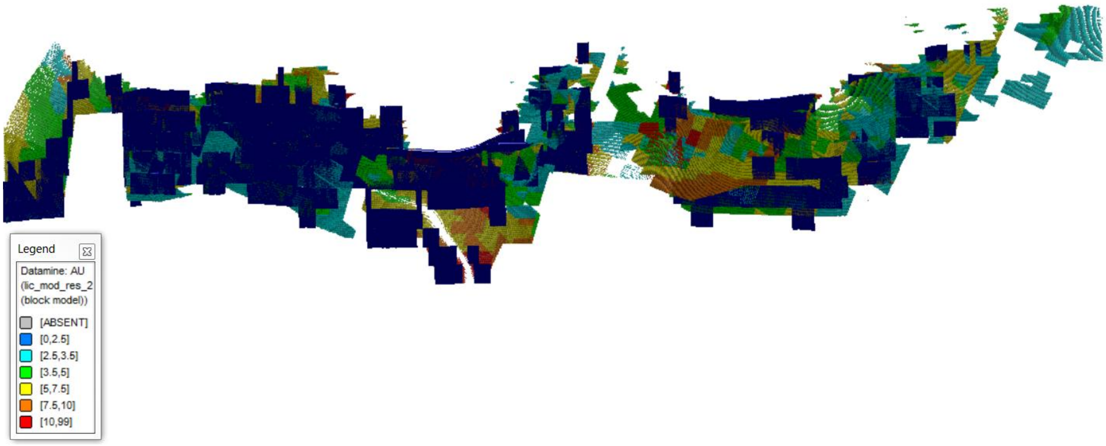

Figure 15-9: Cross Section of India-California Veins' Potential Stope Shapes Derived from MSO[9]

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-10).

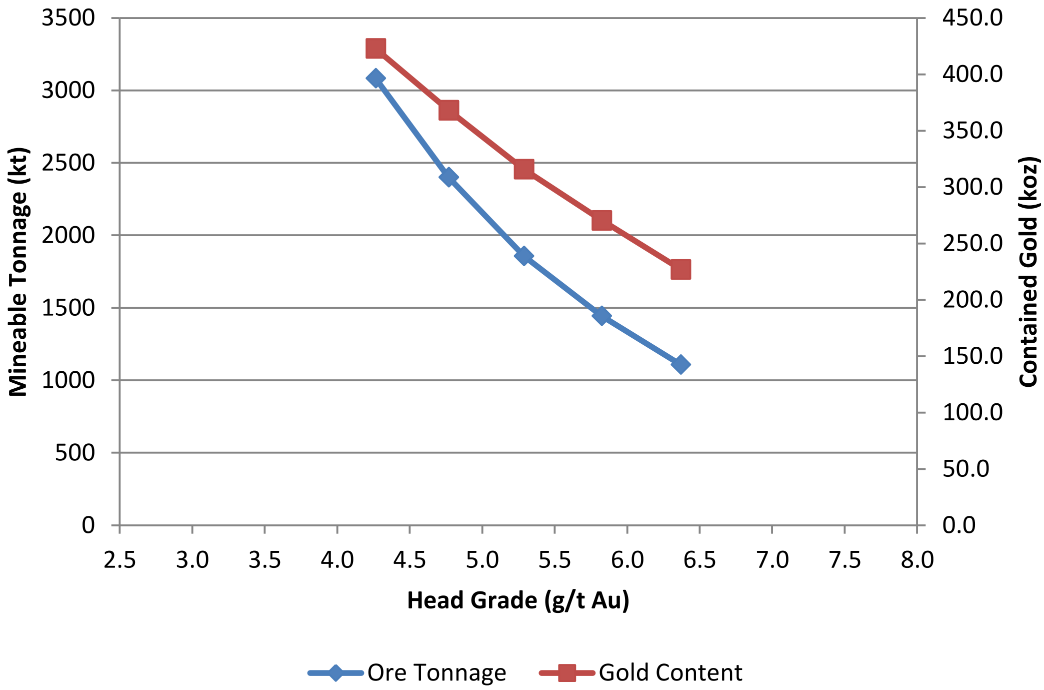

Figure 15-10: Sensitivity Analysis of India-California Veins' MSO Output[10] **by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au**

Arizona Vein

The MSO optimisation for the Arizona vein suggested a potential tonnage of 274 kt at

[9] Block model shows grade for Resources only, Unclassified material is not shown, proposed mineable shapes are dark blue

[10] Numbers quoted in this, and all following sensitivity analysis figures are inclusive of mining losses and dilution

4.1 g/t Au when constrained to the current Resource (Figure 15-11). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 228 kt at 4.0 g/t Au. This figure is used as the basis for further analysis.

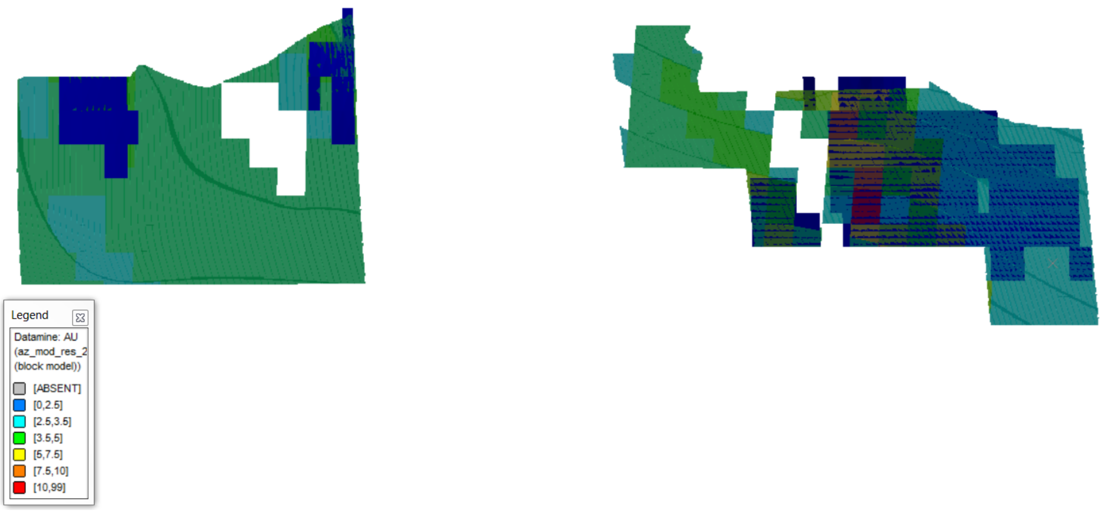

Figure 15-11: Cross Section of Arizona Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-12).

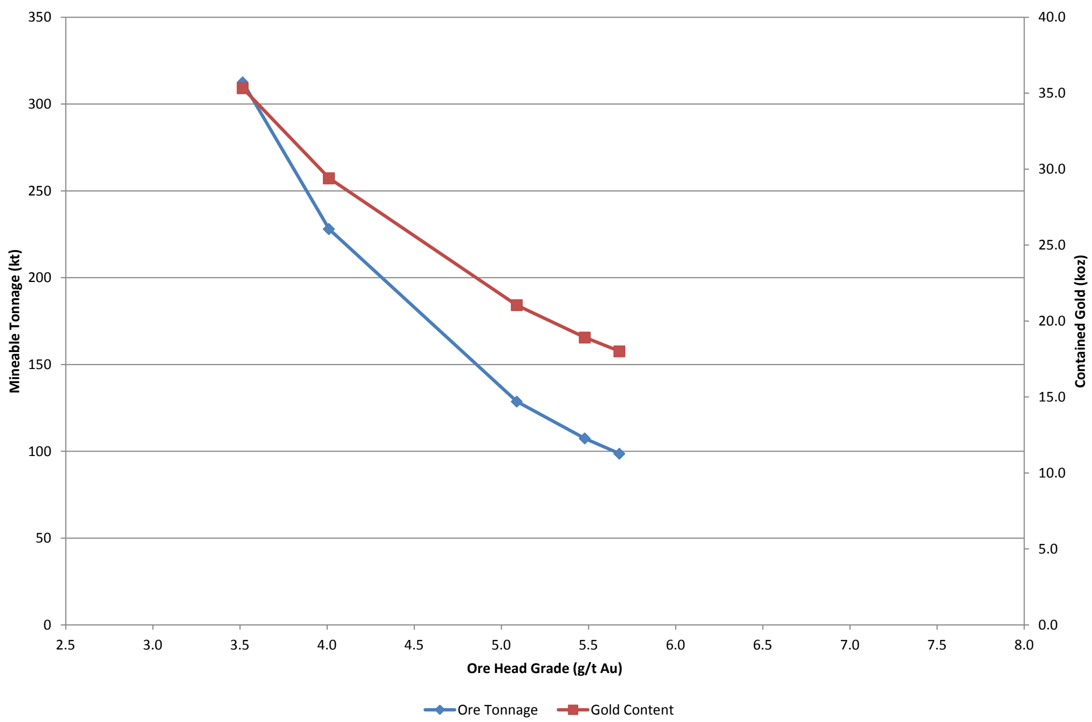

Figure 15-12: Sensitivity Analysis of Arizona Vein's MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Teresa-Agua Caliente Veins

The MSO optimisation for the Teresa-Agua Caliente veins suggested a potential tonnage of

171 kt at 6.7 g/t Au when constrained to the current Resource (Figure 15-13). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 151 kt at 6.4 g/t Au. This figure is used as the basis for further analysis.

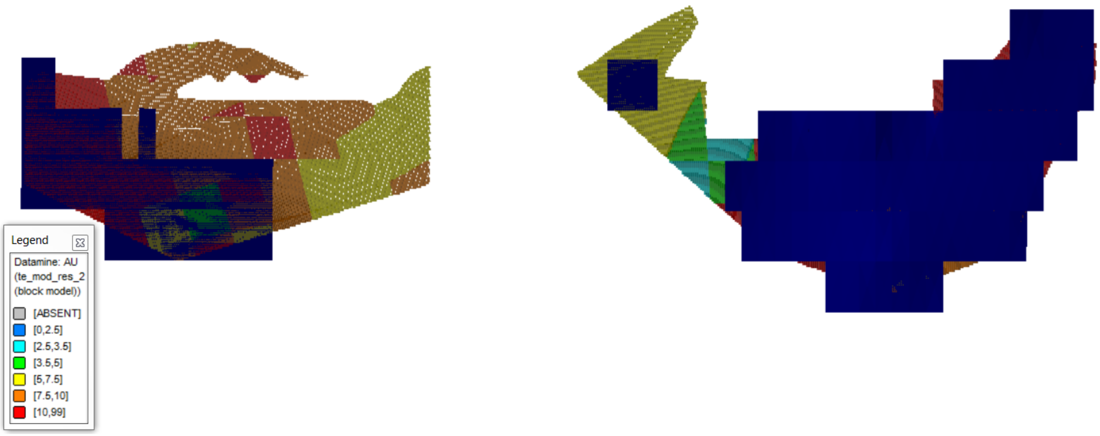

Figure 15-13: Cross Section of Teresa-Agua Caliente Veins' Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-14).

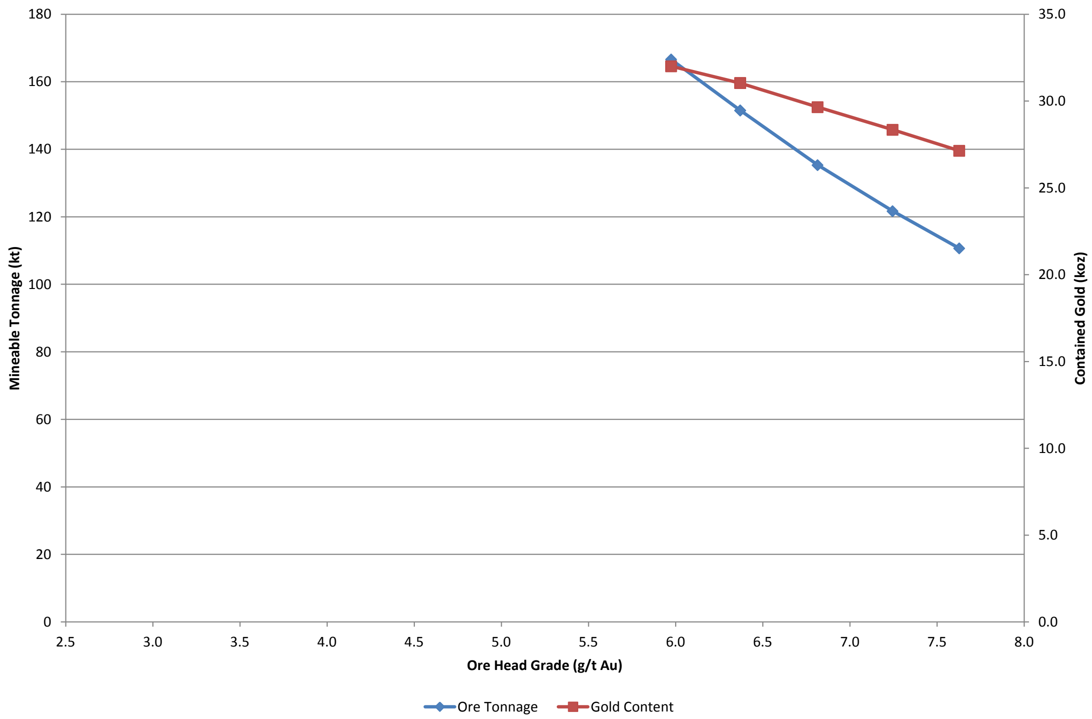

Figure 15-14: Sensitivity Analysis of Teresa-Agua Caliente Veins' MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

America-Constancia-Escondido Veins

The MSO optimisation for the America-Constancia-Escondido veins suggested a potential tonnage of 1,358 kt at 4.7 g/t Au when constrained to the current Resource (Figure 15-15). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 1,196 kt at 4.5 g/t Au. This figure is used as the basis for further analysis.

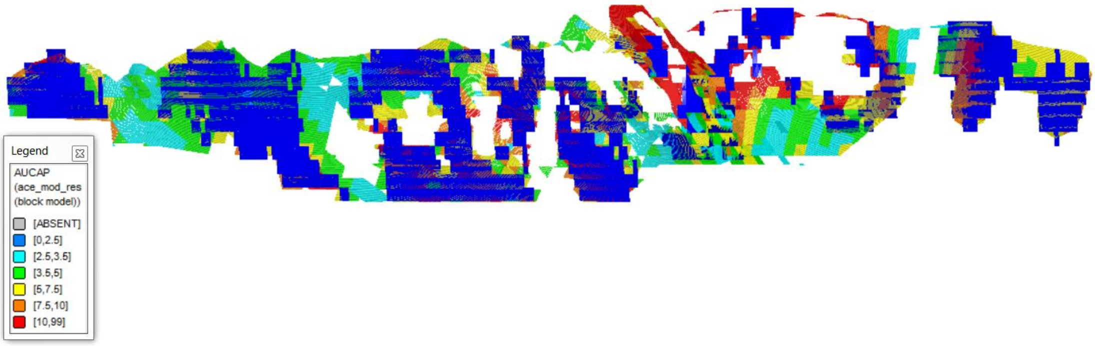

Figure 15-15: Cross Section of America-Constancia-Escondido Veins' Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-16).

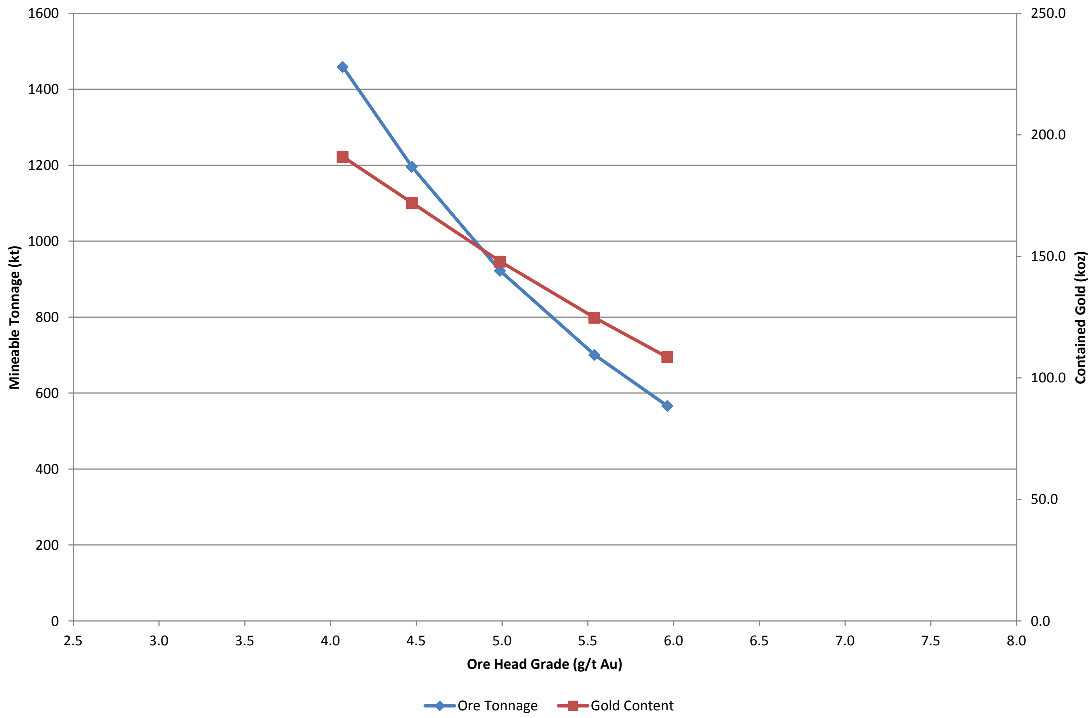

Figure 15-16: Sensitivity Analysis of America-Constancia-Escondido Veins' MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Guapinol Vein

The MSO optimisation for the Guapinol vein suggested a potential tonnage of 599 kt at 4.1 g/t Au when constrained to the current Resource (Figure 15-17). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 517 kt at 3.9 g/t Au. This figure is used as the basis for further analysis.

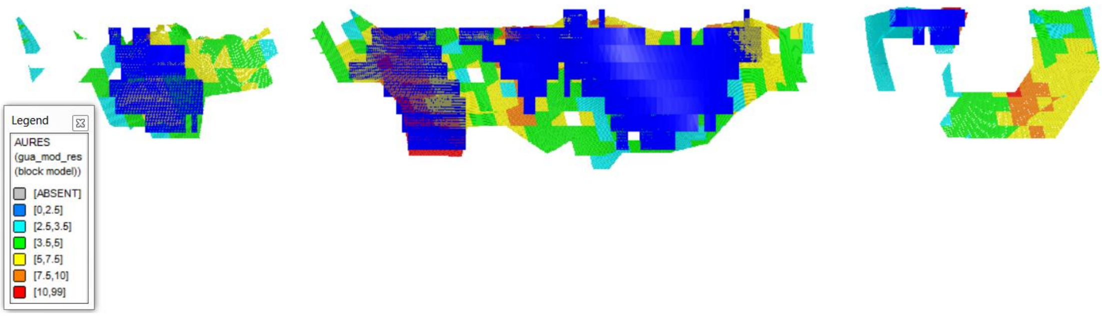

Figure 15-17: Cross Section of Guapinol Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-18).

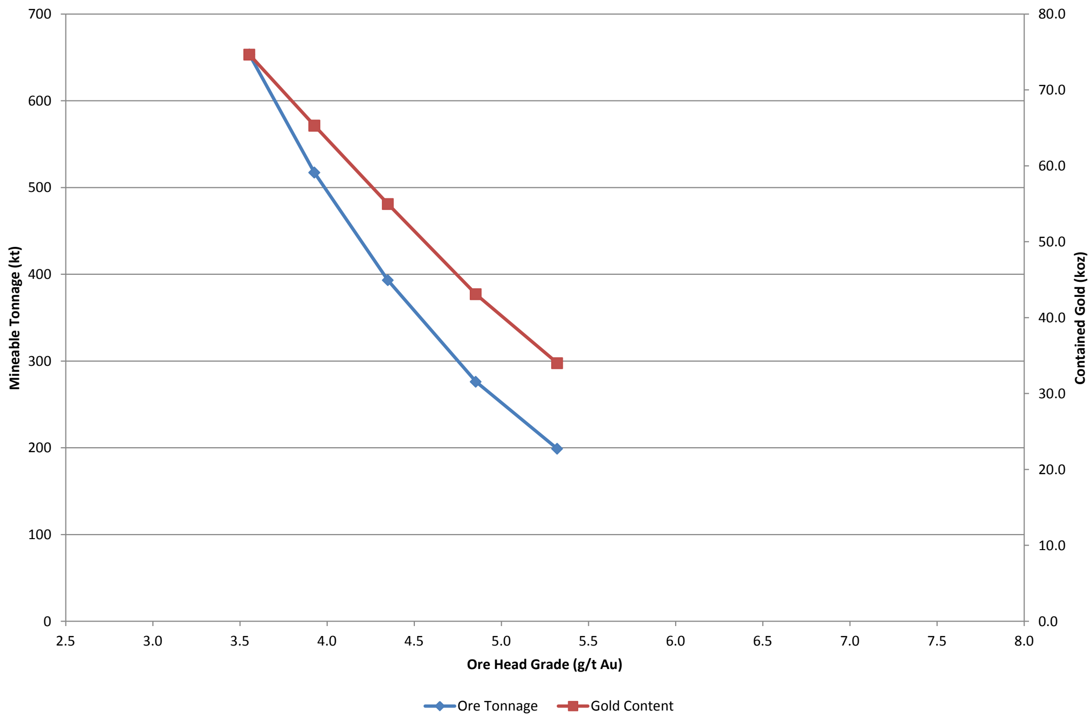

Figure 15-18: Sensitivity Analysis of Guapinol Vein's MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Tatiana Veins

The MSO optimisation for the Tatiana veins suggested a potential tonnage of 618 kt at 4.8 g/t Au when constrained to the current Resource (Figure 15-19). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 551 kt at 4.5 g/t Au. This figure is used as the basis for further analysis.

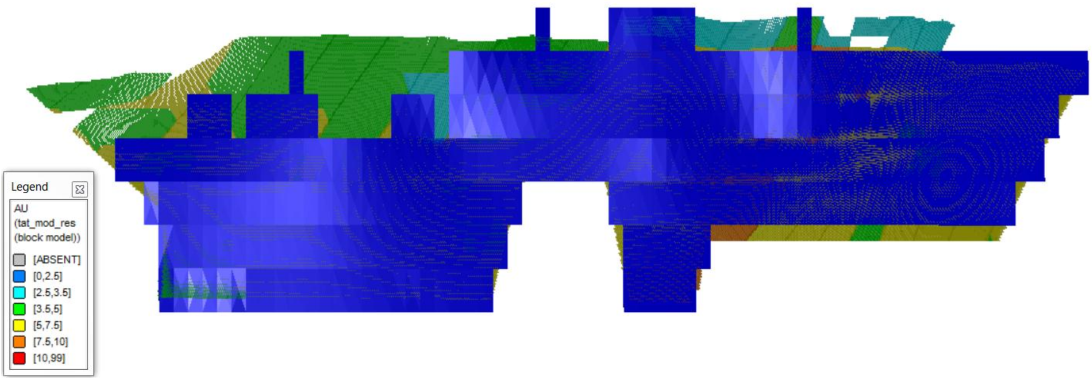

Figure 15-19: Cross Section of Tatiana Veins' Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-20).

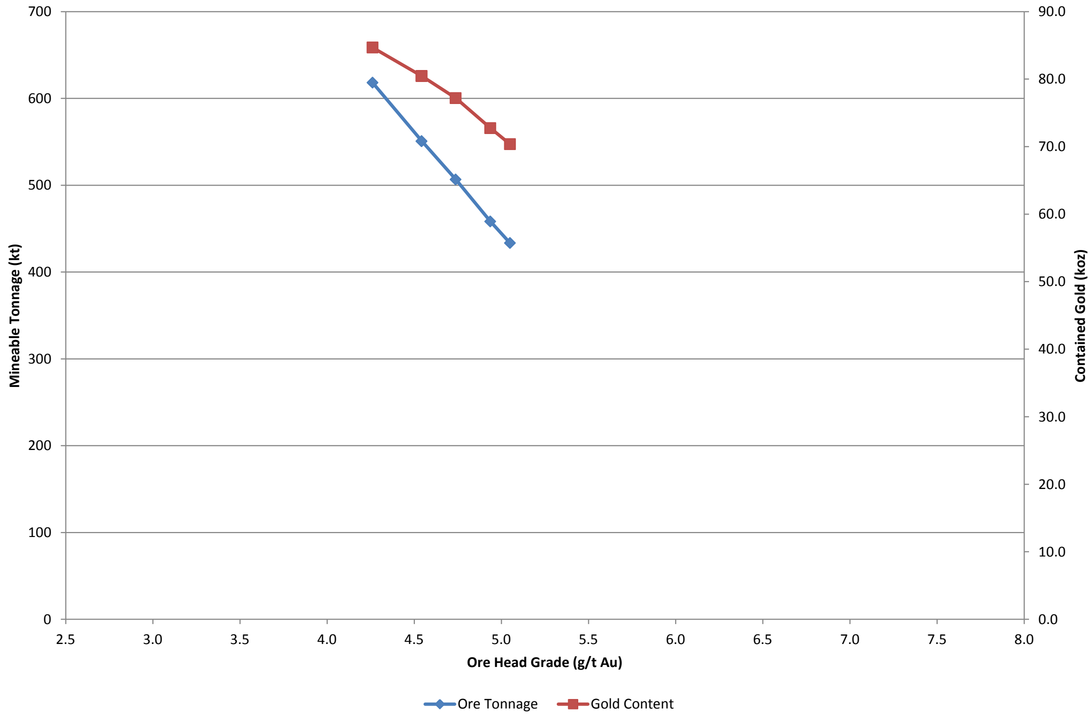

Figure 15-20: Sensitivity Analysis of Tatiana Veins' MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Buenos Aires Vein

The MSO optimisation for the Buenos Aires vein suggested a potential tonnage of 250 kt at 5.4 g/t Au when constrained to the current Resource (Figure 15-21). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 212 kt at 5.2 g/t Au. This figure is used as the basis for further analysis.

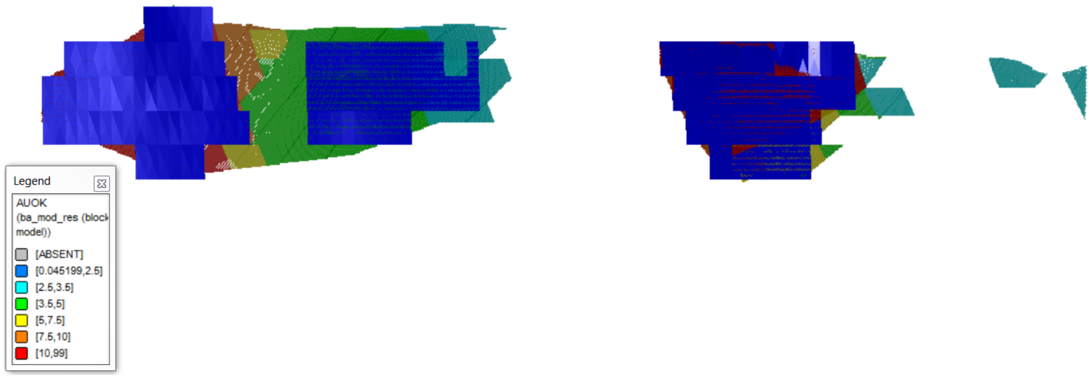

Figure 15-21: Cross Section of Buenos Aires Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-22).

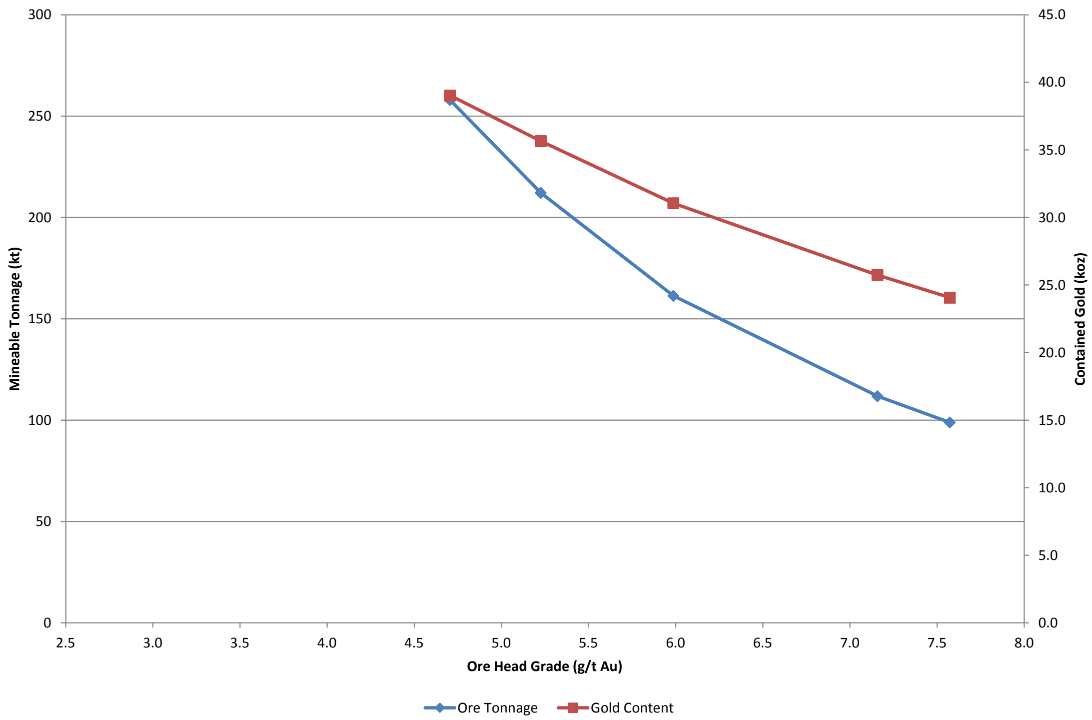

Figure 15-22: Sensitivity Analysis of Buenos Aires Vein's MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Espinito Vein

The MSO optimisation for the Espinito vein suggested a potential tonnage of 242 kt at 4.9 g/t Au when constrained to the current Resource (Figure 15-23). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 206 kt at 4.8 g/t Au. This figure is used as the basis for further analysis.

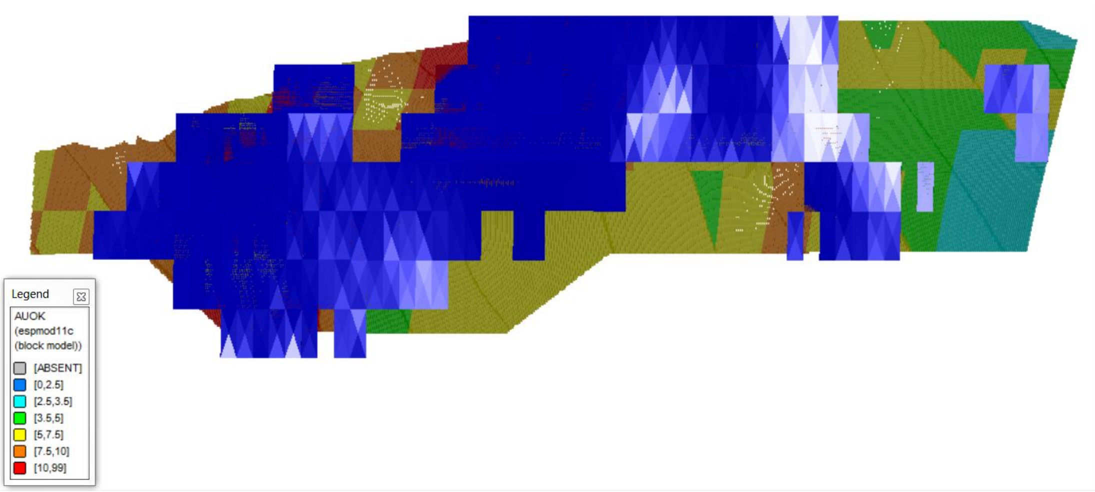

Figure 15-23: Cross Section of Espinito Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-24).

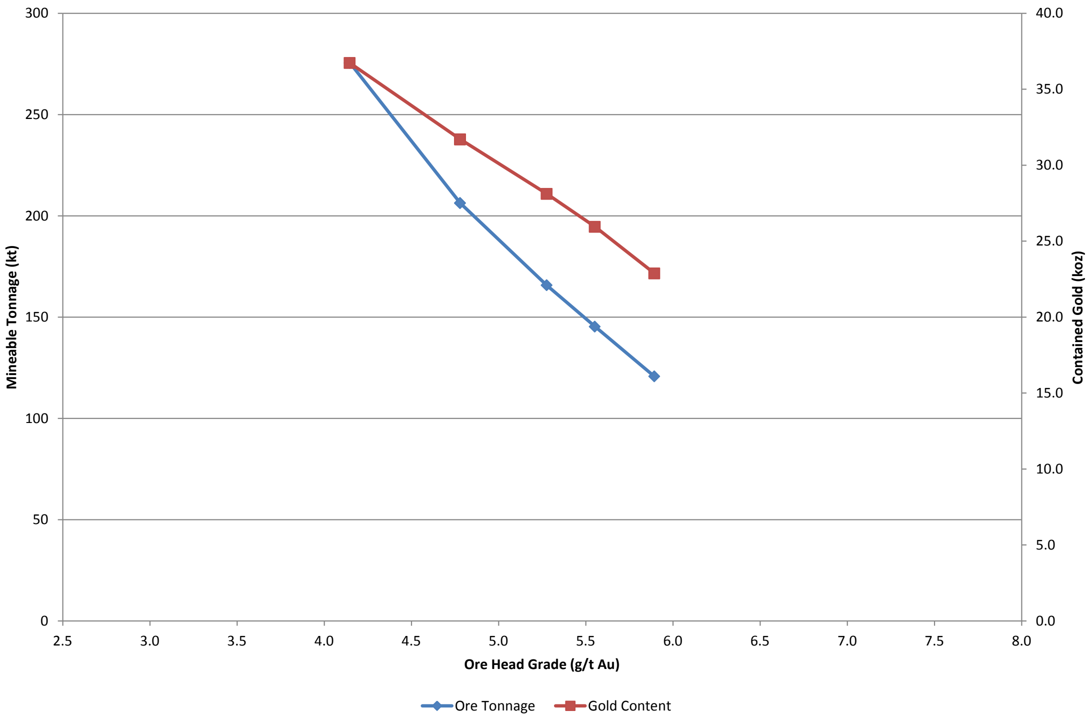

Figure 15-24: Sensitivity Analysis of Espinito's Vein MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

San Lucas Vein

The MSO optimisation for the San Lucas vein suggested a potential tonnage of 170 kt at 4.8 g/t Au when constrained to the current Resource (Figure 15-25). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 152 kt at 4.6 g/t Au. This figure is used as the basis for further analysis.

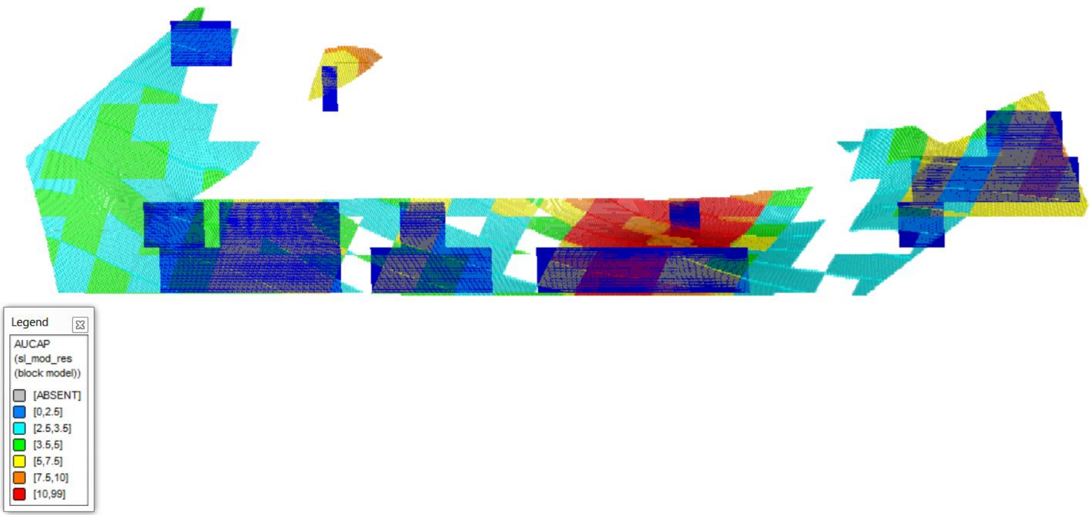

Figure 15-25: Cross Section of San Lucas Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-26).

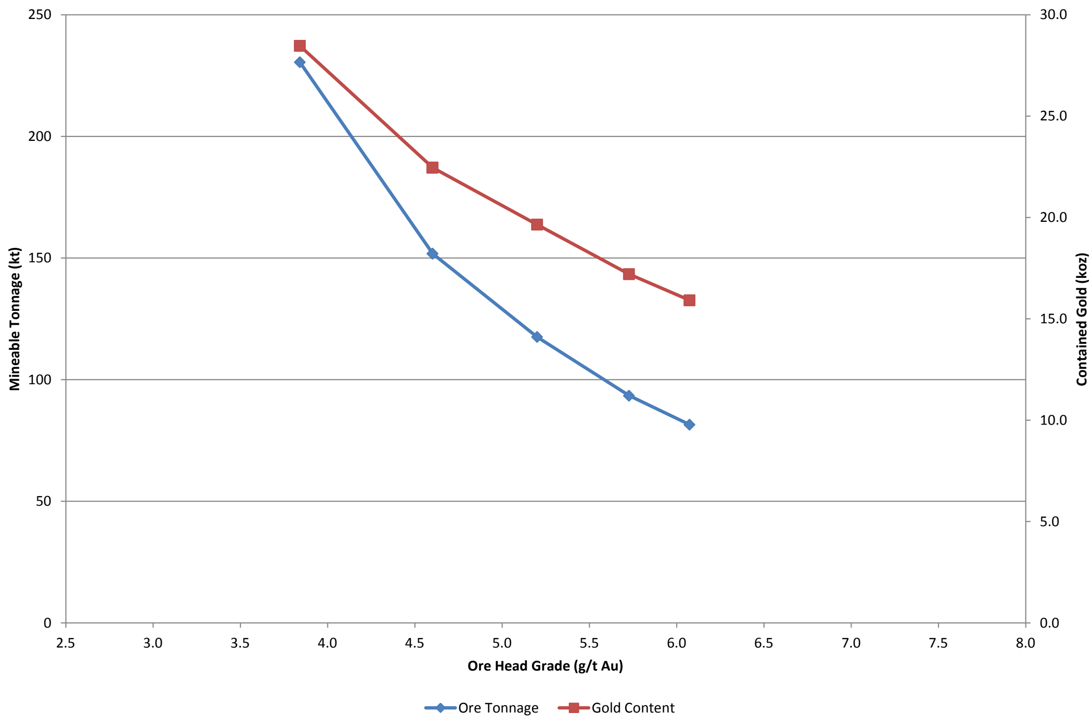

Figure 15-26: Sensitivity Analysis of San Lucas Vein's MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Cristalito-Tatescame Vein

The MSO optimisation for the Cristalito-Tatescame vein suggested a potential tonnage of 206 kt at 4.5 g/t Au when constrained to the current Resource (Figure 15-27). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is 179 kt at 4.3 g/t Au. This figure is used as the basis for further analysis.

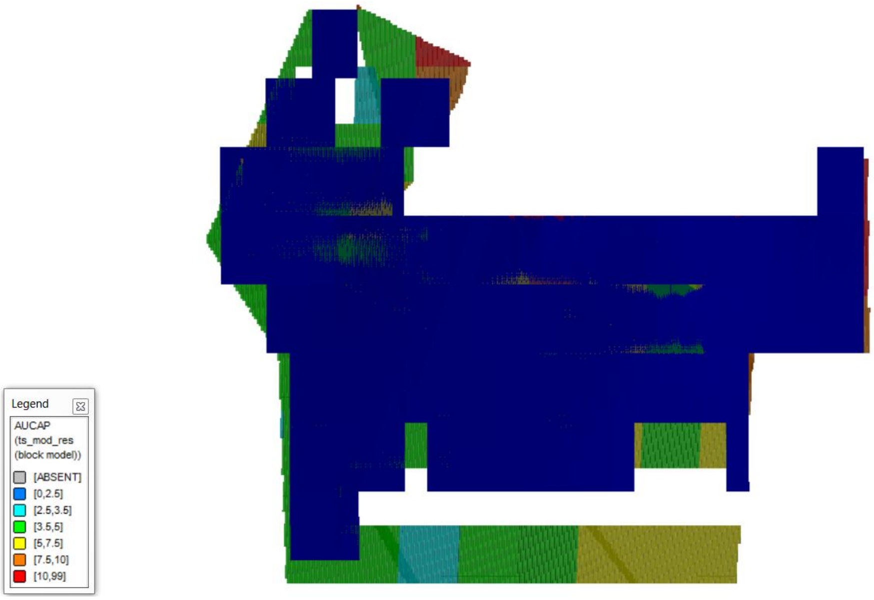

Figure 15-27: Cross Section of Cristalito-Tatescame Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-28).

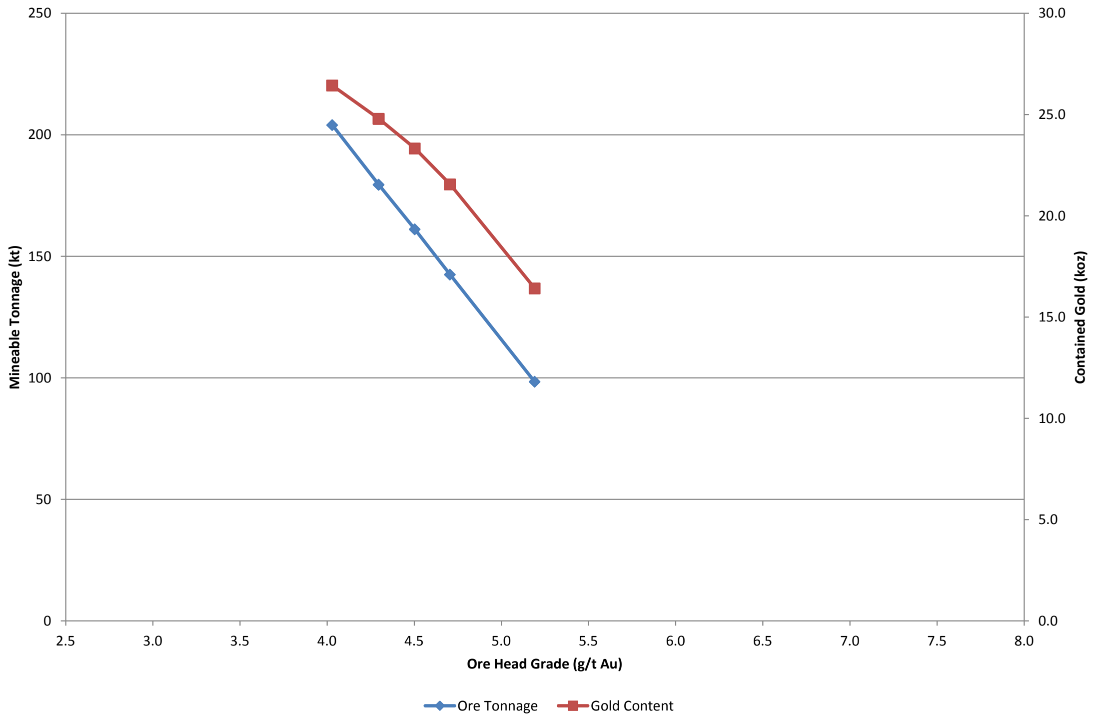

Figure 15-28: Sensitivity Analysis of Cristalito-Tatescame Vein's MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

Cacao Vein

The MSO optimisation for the Cacao vein suggested a potential tonnage of 310 kt at 3.5 g/t Au when constrained to the current Resource (Figure 15-29). After the mining losses (15%) and dilution (5%) is applied to each derived shape, the resulting mineable tonnage is

264 kt at 3.3 g/t Au. This figure is used as the basis for further analysis.

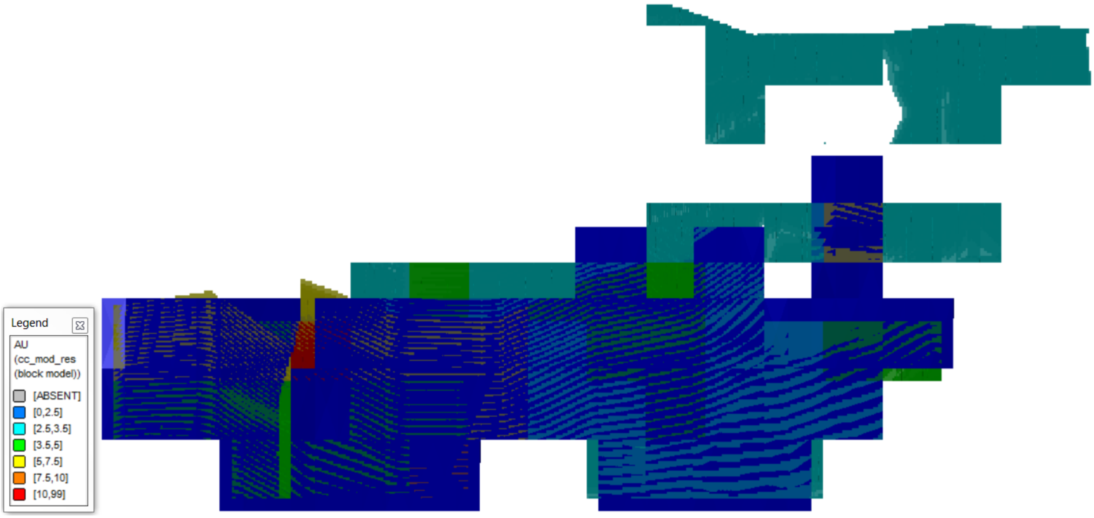

Figure 15-29: Cross Section of Cacao Vein's Potential Stope Shapes Derived from MSO

The sensitivity of the deposit to changes in metal prices and mining costs has been assessed by re-optimising the block model at cut-off grades ranging from 2 to 4 g/t Au in 0.5 g/t Au increments (Figure 15-30).

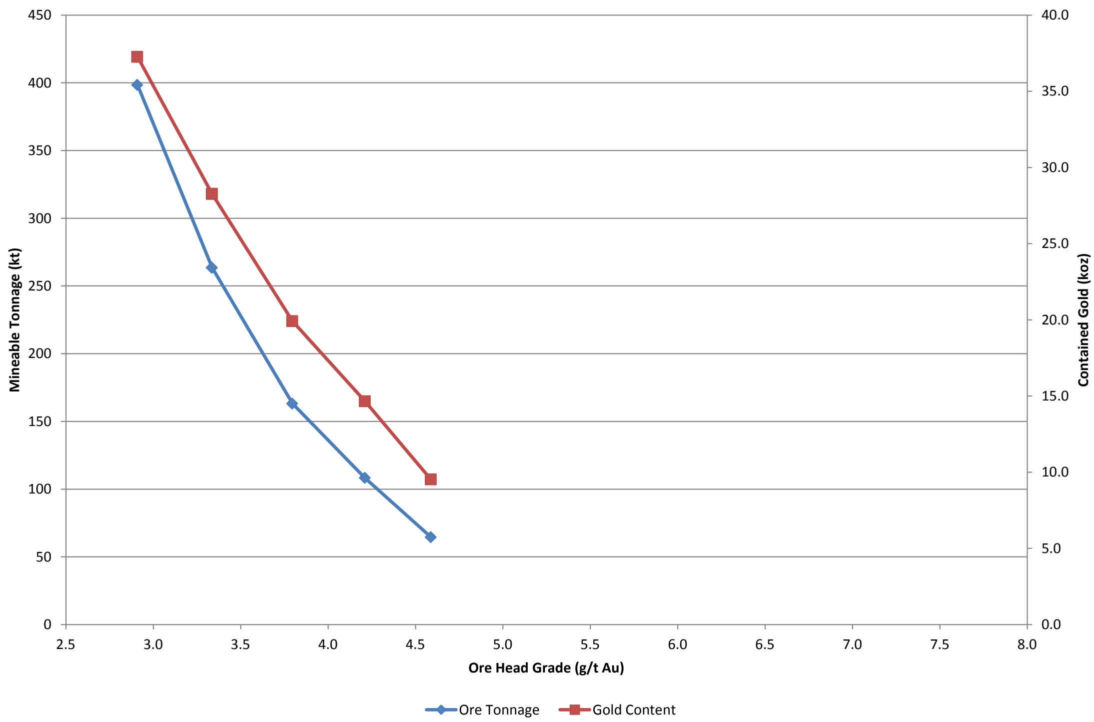

Figure 15-30: Sensitivity Analysis of Cacao Vein's MSO Output by Varying Cut-Off Grade from 2.0 to 4.0 g/t Au

15.2.8 Potential Tonnage

In summary, the above analysis suggests that approximately 6,056 kt of ore at 4.6 g/t Au could potentially be extracted from the La India deposit based on Inferred and Indicated Resources using underground methods. This equates to a contained metal of 888 koz of gold or 799 koz of recovered metal assuming a processing recovery of 90%. A summary of the mineable tonnages estimated using the MSO software and the applied modifying factors are provided in Table 15-10. SRK concludes that at the calculated cut-off grades the economic blocks of material hold together into mineable units.

Table 15-10: Summary of La India Deposit Potential Underground Tonnages

MSO Block Model	Potential Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
India-California Veins	2,400	4.8	368
Arizona Vein	228	4.0	29
Teresa-Agua Caliente Veins	151	6.4	31
America-Constancia-Escondido Veins	1,196	4.5	172
Guapinol Vein	517	3.9	65
Tatiana Veins	551	4.5	80
Buenos Aires Vein	212	5.2	36
Espinito Vein	206	4.8	32
San Lucas Vein	152	4.6	22
Cristalito-Tatescame Vein	179	4.3	25
Cacao Vein	264	3.3	28
Total	**6,056**	**4.6**	**888**

SRK notes that these figures include Inferred 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 MSO shapes are likely to have a lower tonnage than suggested in the table. However, as the exploration programme is still expanding the Resource base of the Deposit, these numbers are considered adequate for the purpose of a preliminary investigation.

SRK notes that the preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves. There is no certainty that the preliminary economic assessment will be realised.

For the purpose of this exercise, SRK has excluded the potential production from the three isolated deposits of San Lucas, Cristalito-Tatescame and Cacao from the economic modelling exercise as they would require independent infrastructure (shaft/decline, ventilation, etc.) for establishment of an operation. The capital cost associated with this would be disproportionately high per tonnage of ore when compared to the three other mining districts. As a consequence, these have been excluded from the scheduling process.

SRK notes however, that future studies should further investigate the potential for underground mining of these exploration targets as the level of geological data increases.

15.2.9 Production Rate

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 the prefeasibility 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 too conservative when compared with the vertical advance rate per year so Tatman's Formula is used as a basis for the analysis.

Tatman's Formula

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 15-11.

Table 15-11: Multipliers Proposed by Tatman's Formula

Seam Thickness (m)	Rate Multiplier 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

The production rates estimated using Tatman's Formula are provided in Table 15-12.

Table 15-12: Tatman's Formula Calculations

MSO Block Model	Low Risk (ktpa)	Medium Risk (ktpa)	High Risk (ktpa)
India-California Veins	124	217	310
Arizona Vein	19	33	47
Teresa-Agua Caliente Veins	17	29	42
America-Constancia-Escondido Veins	57	100	142
Guapinol Vein	43	75	108
Tatiana Veins	52	92	131
Buenos Aires Vein	28	49	71
Espinito Vein	20	34	49
San Lucas Vein	17	30	42
Cristalito-Tatescame Vein	15	26	37
Cacao Vein	35	61	88
Total	**427**	**746**	**1,067**

Table 15-13 provides an indication of metal produced using the production rates proposed using Tatman's Formula.

Table 15-13: Gold Production Using Tatman's Formula

MSO Block Model	Low Risk (kozpa)	Medium Risk (kozpa)	High Risk (kozpa)
India-California Veins	20.4	35.8	51.1
Arizona Vein	2.4	4.3	6.1
Teresa-Agua Caliente Veins	3.4	6.0	8.6
America-Constancia-Escondido Veins	8.2	14.3	20.5
Guapinol Vein	5.4	9.5	13.6
Tatiana Veins	7.7	13.4	19.2
Buenos Aires Vein	4.8	8.3	11.9
Espinito Vein	3.0	5.3	7.5
San Lucas Vein	2.5	4.4	6.2
Cristalito-Tatescame Vein	2.1	3.6	5.2
Cacao Vein	3.8	6.6	9.4
Total	**63.7**	**111.5**	**159.3**

Conclusion

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. These figures are rounded to the nearest 10 ktpa, providing a combined underground capacity of 750 ktpa for all mineralised veins. The calculated values are assumed to be the maximum production rate achievable in the scheduling process (Table 15-14).

Table 15-14: Maximum Production Rate for Each Veinset

MSO Block	Maximum Production Rate (ktpa)
India-California Veins	230
Arizona Vein	30
Teresa-Agua Caliente Veins	30
America-Constancia-Escondido Veins	100
Guapinol Vein	80
Tatiana Veins	90
Buenos Aires Vein	50
Espinito Vein	30
San Lucas Vein	30
Cristalito-Tatescame Vein	30
Cacao Vein	60
Total	**760**

The actual production rates applied to the life of mine plans are, however, adjusted to provide a consistent feed to the plant over the mine life (Section 15.3).

SRK notes that at this stage of the study, there is little information upon which the vertical extraction rate can be based and recognises there is potential for the applied multiplier to be increased as more information is collected. A medium risk approach is 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 that industry standard; and
- The Resource is distributed over a small number of thin veins suggesting that the practical limit to extraction rate will be development.

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.

15.3 Schedule

15.3.1 Open Pit Schedule

Introduction

For the purposes of this study, a high-level schedule has been produced in NPVS using a USD900/oz pit shell. The contained in-situ inventories by veinset are shown in Table 15-15. The objective of the scheduling is to develop an indicative mining schedule and sequence. A production rate of 1,000 ktpa has been assessed.

Table 15-15: USD900/oz In-Situ Inventories

Vein	In-Situ Quantity (kt)	In-Situ Grade (g/t)	In-Situ Metal (koz Au)
Indicated			
LA2F	3,929	3.7	470
LA2H	33	4.9	5
Subtotal	3,962	3.7	475
Inferred			
AZ3	29	3.9	4
LA3F	3,065	3.1	301
LA3H	241	2.2	17
TE3	8	11.6	3
Subtotal	3,344	3.0	325
Total	**7,306**	**3.4**	**800**

Approach

The scheduling has been undertaken in NPVS with the following constraints and targets:

- Maximum vertical advance of 80 m per annum;
- Maximise the discounted cash flow; and
- Incorporation of practical annual material movement rates.

Schedule Results

The scheduling results are show in Table 15-16 and the results and summarised below:

- Due to the topography, all the schedules require a pre-stripping and ramp up period as the valley needs to be brought down to access the ore body (Figure 15-31);
- In order to maximise value, the high grade, high stripping ratio areas to the north of the deposit are prioritised in the schedule (Figure 15-32); and
- Smoothing of the ore grade profile may be achievable, although may impact on the project value.

Table 15-16: La India Open Pit Schedule Options

Year	Units	Total	1	2	3	4	5	6	7	8	9	10
Rock	(kt)	105,489	8,620	12,771	14,334	14,349	14,589	13,647	8,911	9,197	8,020	1,050
Waste	(kt)	98,184	8,593	12,567	13,637	13,350	13,588	12,647	7,912	8,194	7,024	672
Stripping Ratio	(t:t)	13.4	317.8	61.7	19.6	13.0	13.6	12.7	7.9	8.2	7.0	1.8
RoM	(kt)	7,306	27	204	697	1,000	1,001	1,000	999	1,003	997	378
	(g/t Au)	3.2	3.4	3.5	4.3	5.0	3.5	2.3	2.4	2.7	2.1	5.0
	(koz Au)	760	3	23	96	161	111	73	76	88	67	60

NB: Production for first two years assumed to be stockpiled for processing in Year 3 of the schedule.

SRK notes that the preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves. There is no certainty that the preliminary economic assessment will be realised.

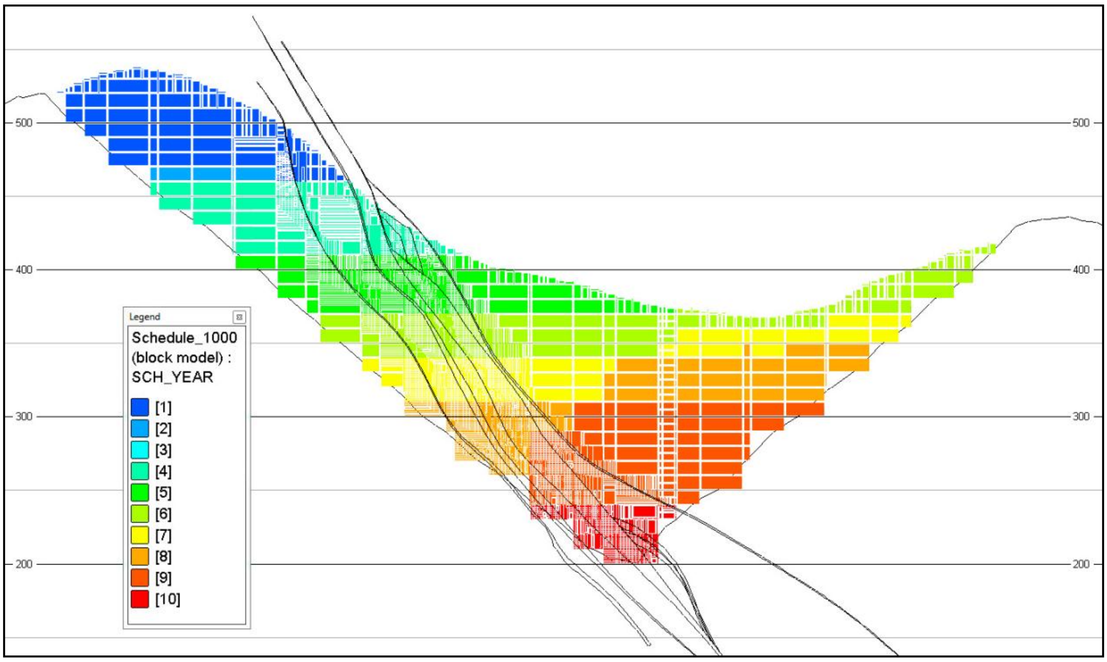

Figure 15-31: Section View Shaded by Year

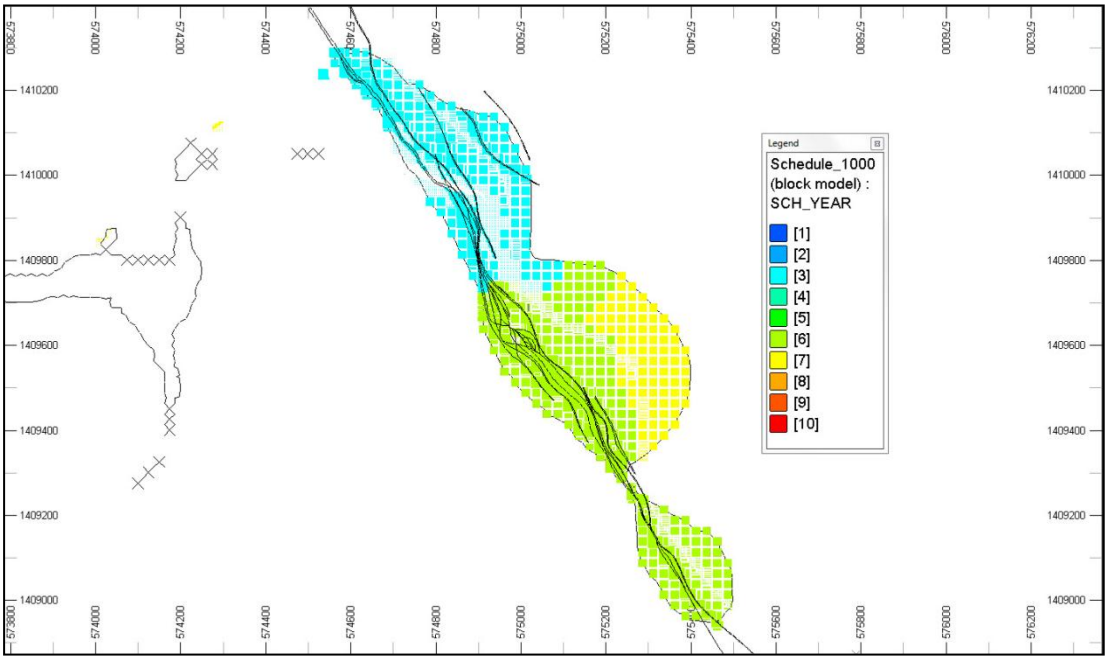

Figure 15-32: Plan View at 350 m Level Shaded by Year

Conclusion

The results from the pit scheduling are summarised below:

- The conceptual schedule shows support 1,000 kt of annual ore extraction; and
- The development of the open pit is limited by the topography, smaller pits would likely have a similar pre-strip and ramp-up period.

Recommendations

SRK recommends that the following work be undertaken during the next stage of the La India Project:

- The open pit mining recovery and dilution have been assumed to be 95% and 5% respectively. Given the variability of the vein thickness, a minimum mining thickness based on the equipment selection should be applied to the wireframes to provide a more robust estimate of the mining modifying factors.
- The schedules are based on optimised shells and design factors should be incorporated into the schedule. In SRK's opinion an additional 5% ore loss and 10% increase in waste would be an indicative indication of variance from the pit shell after mine design.
- Given the deposits suitability for underground mining, future studies should aim to optimise the trade-off point between the two methods in order to maximise the project value and assess various sequencing and production rate options.
- An assessment of a cut-off grade strategy to increase initial RoM grades.

15.3.2 Underground Schedule

Geographically, the different veins are centred around different regions. Consequently, SRK has broken the schedule up into three different veinsets: La India, America and Mestiza (Table 15-17). Each of these veinsets is treated as an independent operation, sharing infrastructure and feeding a central processing facility. San Lucas, Cristalito-Tatescame and Cacao have not been included in the schedule due to their isolation.

Table 15-17: Agglomeration of Mineralised Veins Used for Underground Scheduling

Veinset	MSO Block Model	Mineralised Vein
La India Veinset	India-California Veins	La India
		California
	Arizona Vein	Arizona
	Teresa-Agua Caliente Veins	Teresa
		Agua Caliente
America Veinset	America-Constancia-Escondido Veins	America
		Escondido
		Constancia
	Guapinol Vein	Guapinol
Mestiza Veinset	Tatiana Veins	Tatiana (LI)
		Tatiana (EM)
	Buenos Aires Vein	Buenos Aires
	Espinito Vein	Espinito

Using the data calculated in Section 15.2, the minimum life of each vein is determined (Table 15-18).

Table 15-18: Minimum Underground Mine Life for Each Vein

MSO Block Model	Mineable Tonnage (kt)	Production Capacity (ktpa)	Mine Life (years)
India-California Veins	2,400	230	11
Arizona Vein	228	30	8
Teresa-Agua Caliente Veins	151	30	5
America-Constancia-Escondido Veins	1,196	100	12
Guapinol Vein	517	80	7
Tatiana Veins	551	90	7
Buenos Aires Vein	212	50	5
Espinito Vein	206	30	7
Total	**5,461**	**640**	

Assuming the mine implemented the maximum output of 640 ktpa from underground sources, production would start to fall after less than 5 years at full production as the Teresa-Agua Caliente and Buenos Aires veins deplete. Operating a mine at this rate is therefore not practical as the processing plant would be operating at below optimal levels affecting both the operating costs and the initial capital required for construction of the larger mill. There is potential to expand the existing Resources with future exploration drilling and that additional ore may allow for higher production rates to be sustained for a longer period. However, for the purposes of this study, the assumption is made that the mine life is restricted to the existing Resources and a relatively consistent feed is required for the processing plant over the life of the operations.

Table 15-18 demonstrates that the bottleneck for production is the America-Constancia veinset and the proposed schedule has been built around extracting this Region as quickly as possible.

The following assumptions are made for the proposed schedules:

- 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;
- All veinsets being developed are to commence construction at the start of the life of mine plan ("LoMP");
- Veinsets rather than individual veins are to maintain a constant production rate over the LoMP;
- Processing plant construction will take two years to complete and therefore any production achieved in the first two years of the LoMP is to be stockpiled;
- Underground mining achieves full production in the fourth year of the LoMP;
- Two years are allowed at the end of the schedule for production to ramp down in the underground mines;
- The head grade of production is assumed to remain constant over the life of each vein; and
- Where possible in the underground scheduling, priority is given to mining veins with the highest grade.

15.3.3 Life of Mine Plans

SRK has developed a single LoMP for the La India deposit that incorporates the simultaneous mining of the open pit and underground Resources. SRK notes that the schedule provided is based on assumed timeframes and not detailed engineering.

A breakdown of annual production tonnages and grades for each veinset are provided in the Appendices.

The LoMP excludes the mineralisation found within the isolated veins; San Lucas, Cristalito-Tatescame and Cacao. These deposits currently represent isolated pockets of ore consisting of relatively small tonnages that cannot be consolidated with other veins as in the other veinsets and have therefore been excluded from the evaluation. SRK notes that all three veins excluded are the target of future exploration drilling aiming to expand the current Resource base.

The open pit mine depletes after only 10 years, however the underground mines continue for a further 5 years of production. This is a result of the assumed vertical rate of advance applied to the underground production rates.

An overview of the key production statistics from the LoMP are shown in Table 15-19.

Table 15-19: Key Production Statistics the LoMP

Parameter	Unit	IRR
Production Tonnage	Mt	12.767
Production Grade	g/t Au	3.8
Contained Metal	Moz Au	1.573
Mine Life	years	15

Visual representations of the LoMP for production tonnages (Figure 15-33) and head grade (Figure 15-34) are provided below.

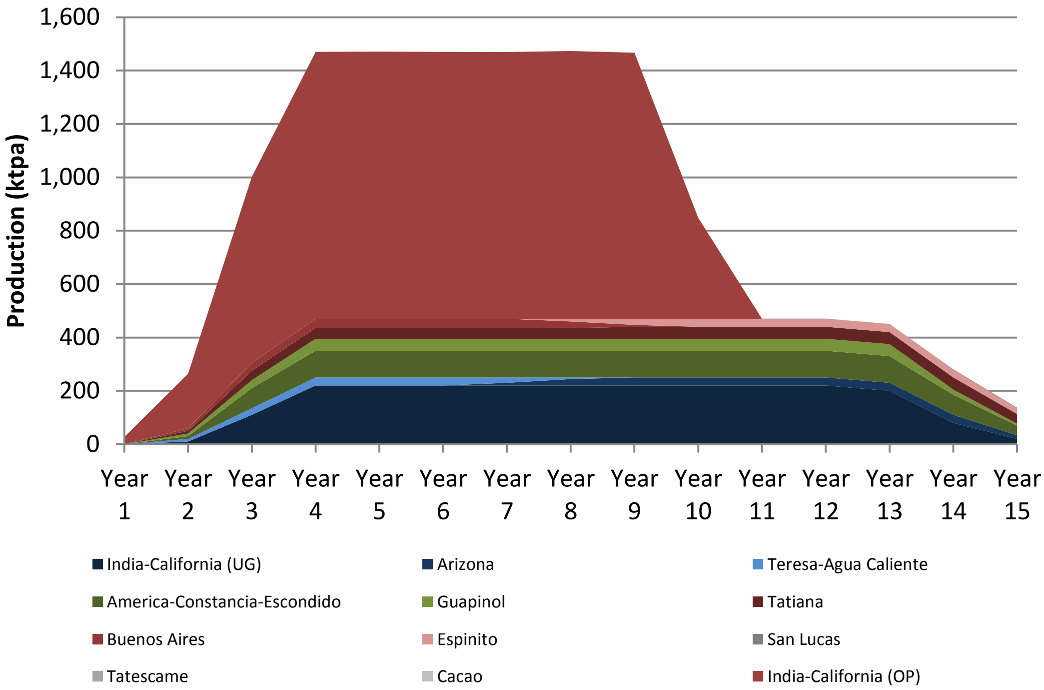

Figure 15-33: Option 2 – LoMP Production from Each Vein

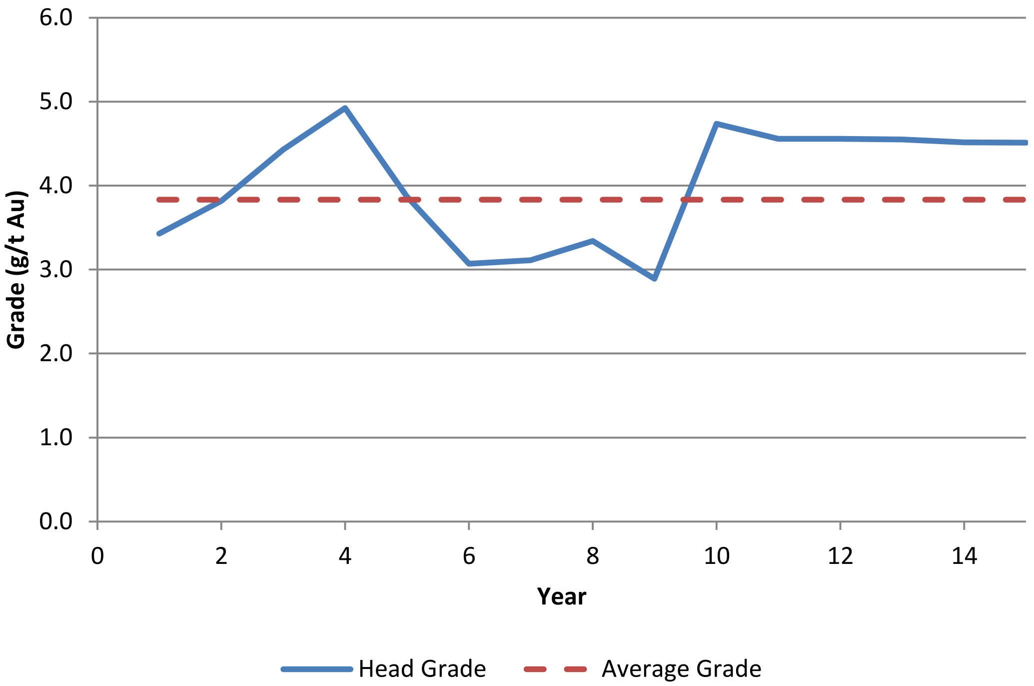

Figure 15-34: Option 2 – No Others Production Head Grade

Conclusions

The LoMP has been based on the assumption that all four operations will be in production simultaneously. This represents a significant up front expense and logistical challenge to achieve. One alternative would be to commence mining with the open pit operations and follow with the underground (whether simultaneously or in sequence). The advantage of this would be to reduce the upfront capital and delay much of the required exploration drilling until after a source of revenue has been achieved. This would also likely allow the operations to commence sooner than if technical studies and associated exploration were to be undertaken for each of the deposits simultaneously.

A disadvantage of this option would be to delay the underground revenue stream, which would have a detrimental effect on the economics of the overall project as the profits would be delayed. Overall, however, this strategy may be a more effective use of working capital. SRK recommends that this option be investigated further in future studies.

Alternatively, the underground operations could operate sequentially rather than simultaneously. This again would reduce the initial capital costs and the establishment time of the initial operations though significantly reduce the feed to the processing plant. It would also allow for some of the infrastructure to be shared between the veinsets.

16 RECOVERY METHODS (ITEM 17)

There is little data currently available to assess the processing required for the La India deposits. The data used in this study is based on benchmarking data and assumes a conventional carbon-in-pulp ("CIP") leaching method. However, the presence of silver in the Resource (currently only estimated for selected veins) introduces the possibility of using a Merrill-Crowe zinc precipitation process to recover the silver.

Merrill-Crowe process is more expensive than CIP as a full solid-liquid separation is required ahead of the zinc precipitation in solution. Metal recovery for CIP is done "in pulp" which reduces costs. Silver is less responsive to absorption onto carbon than gold so Merill-Crowe becomes more economic with high silver grades. Ultimately, the selection of processing method will be a function of the silver content.

Processing costs can vary considerably according to the method used, production rate and head grade of ore. Future studies should incorporate a representative bulk sampling process to allow preliminary investigation into the processing behaviour of the ore. The results will allow the basic design parameters of the required processing plant to be identified. A typical analysis would include:

- A comprehensive head assay, covering the precious metals (Au, Ag), base metals (Cu, Fe, Zn, Pb, etc. as well as lesser elements such as As, Sb, and S), oxide metals and potentially troublesome elements such as Hg, Te, Se and Organic C;
- Bond Ball Mill Work Index;
- Bond Abrasion Index;
- Batch gravity separation testing on a 5 to 10 kg ground sample;
- A mineralogical examination of the as-received ore as well as on the gravity separation test concentrate, any free gold present will be more readily observed in the gravity concentrate;
- Batch cyanidation tests covering a range of operating conditions, e.g. grind size, free cyanide level, pH, residence time, % solids; and
- Under the optimum conditions determined above, a repeat test under CIL conditions, i.e. with the presence of activated carbon.

The investigation into the processing parameters should also allow for an options analysis comparing the benefits of recovering the silver using a more expensive Merrill-Crowe process, as applied elsewhere in Nicaragua, versus the lower production costs of using a cheaper leaching method.

For the purposes of the economic analysis, SRK has applied a metal recovery of 93%. This figure is based on the preliminary test work (Section 12) undertaken on samples sourced from underground artisanal miners. SRK notes that this is higher grade material and there is a risk that the recoveries may not be representative of the lower grade open pit mining. It is for this reason that a more conservative figure of 90% has been applied to the Resource estimation process and cut-off grade estimation. Future studies should incorporate the results of any metallurgical test work undertaken into the optimisation and cost analysis.

17 PROJECT INFRASTRUCTURE (ITEM 18)

The village of La Cruz de La India is located within the La India concession, where the Condor offices are currently located. There is paved highway all the way to the village provided excellent access to the concession. Transport within the concession consists mainly of unsurfaced roads of varying quality.

SRK notes that the proposed operations may impact on a public highway running through the mining lease. This highway may need to be redirected around the proposed operations (tailings dumps, waste dumps, mining operations, etc.). The re-routing of this road should be the topic of future discussions with local officials to determine the options available and the likely costs. SRK would expect that the project would have to pay for the road to be moved. Currently, no capital has been accounted for in the economic model for this activity.

A 24.9 kV, 3 phase power supply is brought along the highway to the village.

The local water supply is derived from a well 6 km from the La India village.

SRK has not completed a detailed study of the project infrastructure as part of the current study and closer attention to this should be incorporated into any future studies.

18 MARKET STUDIES AND CONTRACTS (ITEM 19)

No specific market studies have been undertaken for the purposes of this. SRK has relied upon a consensus market forecast and discussions with Condor as a basis for the metal prices applied to this assessment.

19 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT (ITEM 20)

SRK conducted an environmental and social (E&S) scan of the La India vein set in December 2012. The scan included:

- A review of publically available information on the E&S setting of the Project;
- A basic review of legislation relevant to primary E&S approvals required to obtain mining permission;
- A site visit to understand key E&S issues;
- A review of existing stakeholder engagement activities; and
- Recommendations for the integration of E&S studies with the Project development process and specific scopes and timings for long-lead E&S studies that could commence in advance of a formal Environmental Impact Assessment (EIA) process.

In Nicaragua, an environmental permit is required prior to mining activities and is obtained from the Ministry of Environment and Natural Resources (MARENA). According to Decree No. 76-2006, exploration and exploitation activities relevant to mining are classified as Environmental Category II (Article 17). Activities under this category are subject to an EIA process. The National Administration of Geological Resources is responsible together with the MARENA for the review of the Environmental Impact Statement (EIS) (report) and accompanying Environmental Management Program (Article 77). The requirements of an EIA are described in the Resolution Ministerial No. 012-2008 and should be confirmed with MARENA at the start of the environmental authorisation process.

At present, Condor has an environmental officer, a human resources/community engagement offer and a community engagement assistant who are responsible for E&S management of exploration activities. Condor will continue to build internal capacity for E&S management as the Project progresses. When sufficient Project information becomes available, Condor intends to conduct an EIA process using local consultants to the extent possible. To date, Condor has undertaken at least two surface and groundwater campaigns in 2011 and 2012 in local water courses and community wells.

Based on the information made available to SRK, there appears to be a good relationship between Condor and local stakeholders. This has reportedly been achieved through the sustained effort by Condor's Community Relation Officers with regular communication and various community development initiatives.

The key E&S issues at La India identified by SRK during the E&S scan include unclear surface rights ownership within the concession, potential need for resettlement of 20 to 30 households located on the La India veinset, presence of artisanal miners within the concession, need for characterisation of the potential environmental liabilities from historic operations (prior to Condor) and current artisanal mining, and potential surface water and groundwater impacts from the Project.

SRK understands Condor is keen to begin E&S studies to support an accelerated Project development schedule and intends to undertake E&S studies in accordance with good international industry practice as outlined in the International Finance Corporation (IFC) Performance Standards. SRK has provided recommendations for activities that should be undertaken in the PFS stage and studies which could commence in advance of a formal EIA process to add value to the Project and potentially accelerate the E&S assessment process in the future. The recommendations for long-lead studies include:

- Further surface water and groundwater monitoring as part of a water resources study to inform future engineering design and environmental assessment processes;
- Geochemical static test work to investigate the acid rock drainage and metal leaching potential of the deposit, inform design and minimise risks of long-term water quality impacts;
- A rapid ecological assessment to commence seasonal data collection and identify potential red flag issues;
- Continuation of work to resolve land ownership issues to facilitate acquisition of surface rights prior to operation; and
- The implementation of a formal stakeholder engagement process.

20 CAPITAL AND OPERATING COSTS (ITEM 21)

20.1 Capital Costs

As outlined in Section 15.2.1, there are three previous estimates for the capital costs for developing a mine within the numerous La India deposits during the 1990s (Section 15.2.1). Whilst the proposed production rates were in the same order of magnitude, there is a considerable variation between the three estimates. These estimates also applied to different parts of the deposit, whereas this study embraces all veinsets previously considered. Consequently a direct comparison with these cost estimates is not seen as being of relevance.

The mining schedule is split into 3 distinct veinsets, each with a different production rate. The La India veinset is further split into underground and open pit operations. SRK assumes that the three veinsets, La India, America and Mestiza, are developed as individual, independent operations feeding a single processing plant. There is potential for some Assets to share some infrastructure, however, for the purposes of this study, SRK considers this upside potential.

As a basis for the capital costs, SRK has used cost models developed by InfoMine USA, Inc. in its Mining Cost Service Database (InfoMine 2010). The data provides benchmark cost data for various elements of an operating mine. The information is based on industry survey undertaken in the USA. SRK has sourced the information from the ‘Surface Mining’, ‘Shrinkage Stoping – Adit Access’ and the ‘Carbon in Pulp Leach Leach Mill’ cost models and this forms the basis of the estimated capital costs.

The InfoMine capital estimates are broken into a number of individual categories to reflect the major processes and investments for mining and processing (Table 20-1). SRK has estimated the capital mining costs for each veinset 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 across sites;
- Reduced Engineering and Management by 30% as savings could be expected from all mines coming under a single contract;
- Preproduction Stripping removed as it is included in the scheduled activity;
- Contingency of 10% applied in place of InfoMine estimates; and
- Figures rounded to the nearest USD100,000.

Table 20-1: Breakdown of InfoMine Capital Cost Elements (InfoMine 2010)

Surface Mining	Underground Mining	Processing
Equipment	Equipment	Comminution
Haul Roads/Site Work	Shafts	Carbon-in-Pulp Leaching
Pre-production Stripping	Drifts	Solid-Liquid Separation
Buildings	Crosscuts	General
Electrical Systems	Access Raises	Engineering & Construction Management
Working Capital	Ore Passes	Working Capital
Engineering & Management	Ventilation Raises	
Contingency	Surface Facilities	
	Working Capital	
	Engineering & Management	
	Contingency	

No discount to underground capital development costs have been allowed for to reflect the existing development as it is assumed the majority of this will fall within the open pit and the remaining development would need widening to allow for mechanised transportation.

The upfront capital cost (not including sustaining capital or prestripping) estimates derived from this evaluation for each scheduling option are shown in Table 20-2. Processing capital costs are estimated as a single processing plant and are applied to all veinsets, weighted according to the total tonnes processed from each.

Table 20-2: Upfront Capital Cost Estimates (MUSD)

Company	La India (OP)	La India (UG)	America	Mestiza	Total
Mine Construction	70.7	18.6	14.0	10.9	114.2
Processing Construction	38.0	14.5	8.9	4.9	66.3
Total	**108.7**	**33.1**	**22.9**	**15.8**	**180.5**

The capital costs are assumed to be upfront capital only and 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 sustaining capital.

Closure capital is assumed to be 10% of the construction capital and is distributed evenly over two years, starting the final year of production

Sustaining capital is assumed to be 5% of the total operating cost for any given year.

20.2 Operating Costs

20.2.1 Benchmarking

SRK has undertaken a brief benchmarking exercise to determine how the Asset compares with existing operations, both in Nicaragua and the wider Latin American Industry. The exercise was largely based on information derived from the GFMS Gold Mine Economics Service (Reuters 2012). The mines incorporated in the analysis have been filtered to limit the operations to those with a similar scale as that likely to be observed from the La India Concession.

There are currently two operating gold mines in Nicaragua with publically available information, both operated by B2 Gold:

- El Limon; and
- La Libertad.

SRK notes that there are some minor differences between the inputs used for the mining study and the Resource estimation as the benchmarking study has been updated after the Resource estimation process took place.

20.2.2 Open Pit Mining

Operating costs to move a tonne of material (ore or waste) for the benchmarked open pit operations operating in Latin America varied from USD1.25 to 5.00/t in 2011 (Figure 20-1). In general, production costs have been concentrated between USD1 and 3.50/t in the past three years with both Nicaragua's mines falling within this range.

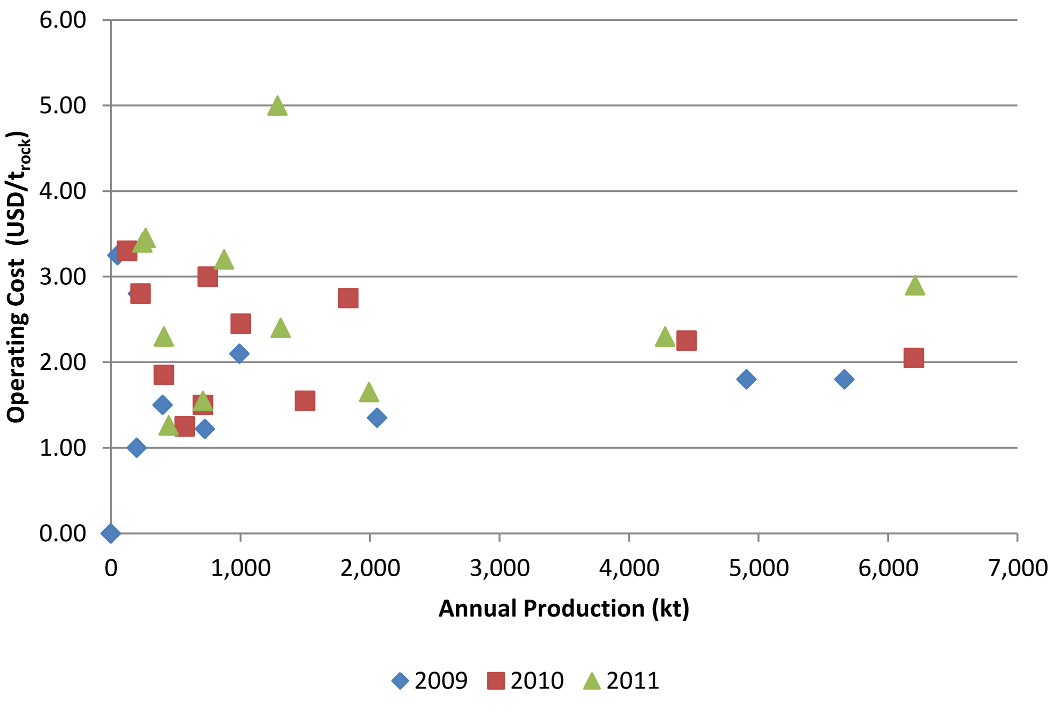

Figure 20-1: Operating Cost per Tonne of Production Mined for Selected Underground Gold Mining Operations in Latin America (Reuters 2012)

Based on the above benchmarking data, SRK has assumed an operating cost of USD2.20/t for open pit mining of both ore and waste mining.

20.2.3 Underground Mining

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 is higher than the weighted average costs for 2011 of approximately USD40 /t.

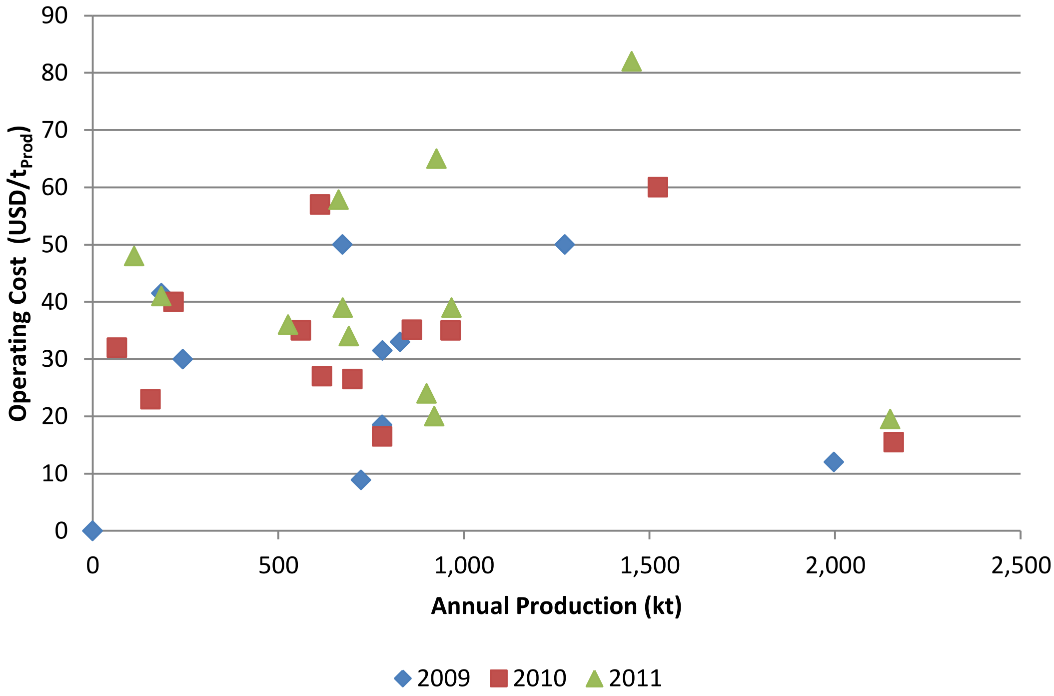

Figure 20-2: Operating Cost per Tonne of Production Mined for Selected Underground Gold Mining Operations in Latin America (Reuters 2012)

According to discussions with Condor representatives, rock conditions anticipated at La India are less favourable than those experienced at El Limon Mine, which applies a similar mining method as proposed for La India. SRK has therefore assumed an operating cost of USD50.00 /t for underground mining based on the mining costs observed at El Limon with allowance for the poorer rock conditions.

20.2.4 Processing Costs

According to the benchmarking data, ore treatment costs in Nicaragua tend to be higher than those demonstrated in other parts of Latin America. This is likely due to the smaller tonnages applied to the Nicaraguan processing facilities and the use of the Merrill-Crowe zinc precipitation method at El Limon Mine (due to the silver content of the ore) instead of cheaper leaching methods.

Whilst it is possible that the Merrill-Crowe process will ultimately be applied to the La India mineralisation, the potential silver content has not been incorporated into the current Resource estimate for all mines and no analysis for the viability of the silver content has been undertaken. For this reason, SRK has applied a processing cost more typical for a gold leaching method so as not to penalise the deposit with a higher processing cost when the potential benefits are not incorporated into the LoMP. The processing cost is therefore assumed to be USD20.00 /t of feed.

For the purposes of this exercise, the process operating cost remains constant over the life of the mine. SRK notes, however, that towards the end of the mine life the operating cost could potentially increase as the feed rate reduces (due to the depletion of open pit Resources). This should be considered in any future investigation into the project.

20.2.5 General and Administrative Costs

The general and administrative costs show a wide degree of variability though there is some correlation to production rates (Figure 20-3). The data for Nicaragua is inconsistent. El Limon is amongst the highest G&A costs in the benchmark data whereas La Libertad is amongst the lowest. SRK has assumed a G&A cost of USD10.00 /t to allow for the lower production rates anticipated and the multiple operations required.

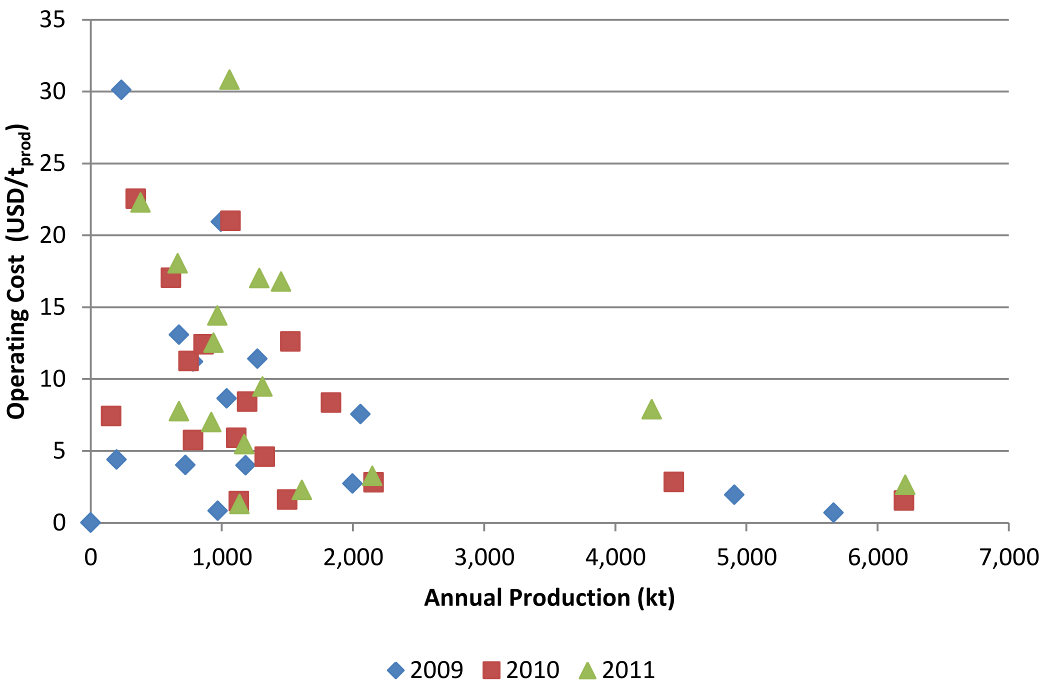

Figure 20-3: General and Administrative Cost per Tonne of Production Mined for Selected Gold Mining Operations in Latin America (Reuters 2011)

20.2.6 Summary

The applied operating costs are summarised in Table 20-3.

Table 20-3: Operating Costs Used in Economic Analysis of La India Deposit

Cost Parameter	Unit	Operating Cost
Mining Cost – Open Pit	USD/t_{rock}	2.20
Mining Cost – Underground	USD/t_{prod}	50
Processing Cost	USD/t_{prod}	20
G&A Cost	USD/t_{prod}	10

The operating costs provided for underground are assumed to include all operating development requirements for mining.

21 ECONOMIC ANALYSIS

The economic analysis of the La India deposit is based on the schedules outlined in Section 15.3.3 and the cost structure outlined in Section 0. In this analysis, the influence of the individual veins is not considered, however, each veinset is assumed to be an individual operation. This assumption is made for simplicity and SRK acknowledges there is upside potential to this analysis resulting from synergy benefits between operations and optimisation of the derived schedules.

21.1 Financial Assumptions

In undertaking the technical-economic model for the project, the following assumptions have been applied:

- Mill Recovery - Au - 93%;
- Discount Factor - 5%[11];
- Royalty - 3% of Gold Price;
- Selling Costs - 5% of Gold Price;
- Corporate Tax Rate - 30%[12];
- VAT - not considered; and
- Amortisation - 10% straight line.

In addition, no allowance has been made for the value of the equipment at the end of the mine life.

21.2 Metal Price

The gold price applied to this evaluation is based on Condor's internal estimate and is assumed to be USD1,400/oz. This compares to the current gold price, which ended 2012 at USD1,663/oz and was USD1,608/oz as of 15 February 2013 (XE 2012). SRK compiles consensus market forecasts for gold derived from a number of financial sources which is updated quarterly. The Q4 2012 long-term forecast price for gold is USD1,130/oz (Table 21-1) representing a 32% reduction on the year-end 2012 price.

Table 21-1: SRK Consensus Market Forecast for Gold for Q4 2011 (USD/oz)

Cost Parameter	2013	2014	2015	2016	2017	Long Term Price
Forecast Gold Price	1,760	1,610	1,470	1,330	1,200	1,130

This study aims to identify the potential for the development of the La India mine based on limited geological and technical information. USD1,400/oz is therefore considered appropriate to prevent any potential extraction opportunity from not being identified.

[11] Provided by Client, based on review of submitted NI43-101 documents in recent years
[12] Provided by Client

21.3 Financial Model

A financial model is produced for the LoMP in the form of a discounted cashflow model ("DCF") applying the financial parameters discussed above. For each scenario, the results are calculated for each veinset and the combined project.

A detailed breakdown of the financial model derived for the LoMP is provided in the Appendices. A summary of the key results of the financial model are shown in Table 21-2.

Table 21-2: Summary of Key Results from Financial Model

Recovered Metal (koz)	Revenue (MUSD)	Capital Expenditure[13] (MUSD)	Operating Expenditure (MUSD)[14]	NPV (MUSD)	IRR	Payback Period (years)
1,463	2,049	287	842	324.9	33%	3

SRK notes that the preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves. There is no certainty that the preliminary economic assessment will be realised.

The LoMP demonstrates a positive NPV (USD324.9 million) with an IRR of 33%, a payback period of 3 years and an operating cash cost of USD575/oz.

The sensitivity of the NPV relative to the various financial parameters is shown in Figure 21-1. The evaluation demonstrates that the LoMP is most sensitive to metal price and operating cost.

[13] For entire LoMP
[14] Includes royalties and other selling costs

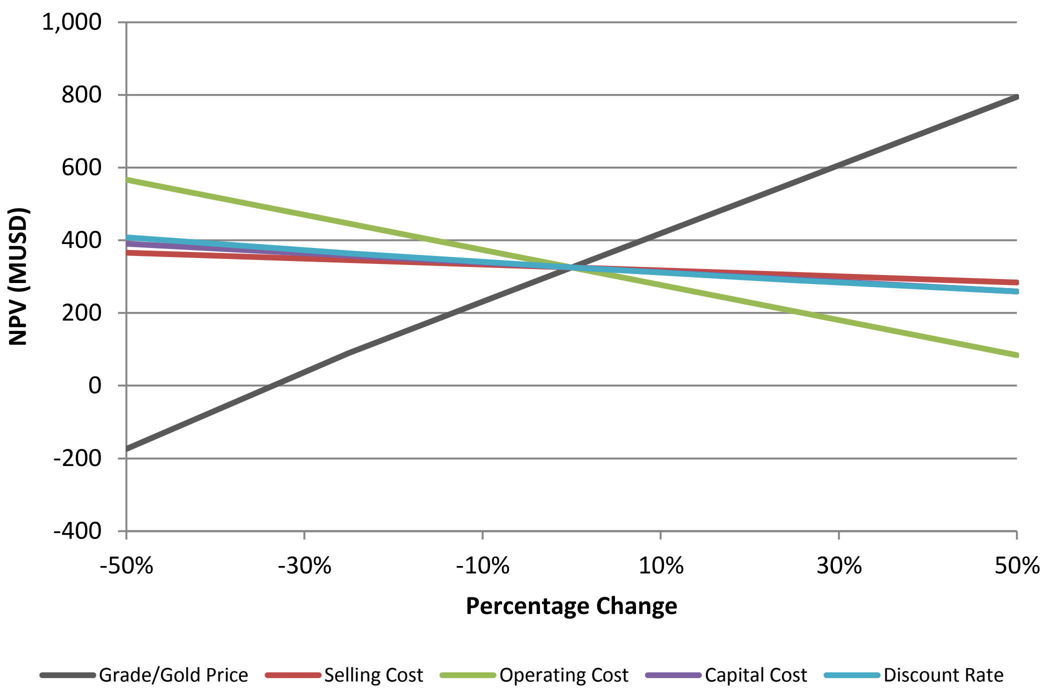

Figure 21-1: NPV Sensitivity Chart for Option 2 – No Others

21.4 Conclusion

The LoMP demonstrates a positive NPV (USD324.9 million) with an IRR of 33% and payback period of 3 years and an operating cash cost of USD575/oz.

Based on the limited technical work that has been undertaken and the assumptions underlying this economic analysis SRK concludes that there is potential for profitable mining to take place at the La India deposit through targeting the La India, America and Mestiza veinsets. The positive financial indicators (IRR and NPV) suggest that further studies and exploration into the development of the project are justified.

The project is most sensitive to gold prices and a reduction of approximately 34% (USD917/oz) may result in the project becoming marginal.

Operating costs also play a key role in the economics of the deposit. An increase of a little over 67% (approximately 134/t) will also result in a marginal project. This is a possibility given the large variation in operating costs for Vein mining projects and will ultimately form a key part in the next phase of the deposits development.

In line with current strategy, mineralised material can be exploited from the three largest veinsets simultaneously to maximise the feed into the plant. The La India veinset is seen produce the most favourable economics due largely to the size of the Resource, high grades and higher production rate, improving capital efficiencies.

SRK recommends that future studies include an assessment on the sequencing of the various operations. There is a substantial decrease in production after the depletion of the open pit Resources. Logically, this would result in a subsequent increase in operating costs and may require a partial decommissioning. For the purposes of this study, the potential impacts of this have been ignored due to the early stages of the project's development and the potential for future exploration to expand the Resource base that the evaluation is based on.

Sequencing the underground operations after the open pit will flatten the production rate over an extended life of mine plan. As revenues are delayed until later in the schedule, there will be a reduction in the cashflow, however, so will the upfront capital costs reducing fundraising requirements. The pre-production exploration drilling costs will also reduce as the target mineralisation is closer to the surface and the number of exploration targets is reduced. This could bring the project into production earlier, partially offsetting the reduction in NPV. It would also allow revenue from the open pit to fund the underground exploration programme.

22 ADJACENT PROPERTIES (ITEM 23)

Whilst SRK understand there are no other properties adjacent to the La India Project with NI43-101 compliant Mineral Resources, the Company have provided the following information:

- HEMCO, the owners of the Bonanza Gold Mine in the Northeast of Nicaragua hold a concessions to the Northeast of La India Project. Condor is not aware of any known publically reported gold mineralisation on these concessions.
- A private company, Columbia Mining SA holds a 6 km² concession to the northwest over the projected extension of the America and Mestiza Veinset strike trend.
- 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.
- Private individuals hold the concessions to the SE of the project area, and a large concession package to the SW was recently acquired by Fortress of Canada. Subsequent to the September 2012 resource estimate, the 27 km² La Mojarra Concession, located adjacent and to the South of the La India and Cacao concessions was purchased by the Company (Refer to RNS announcement dated 11th October 2012) to bring the La India Project to a total area to 194 km².
- 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.

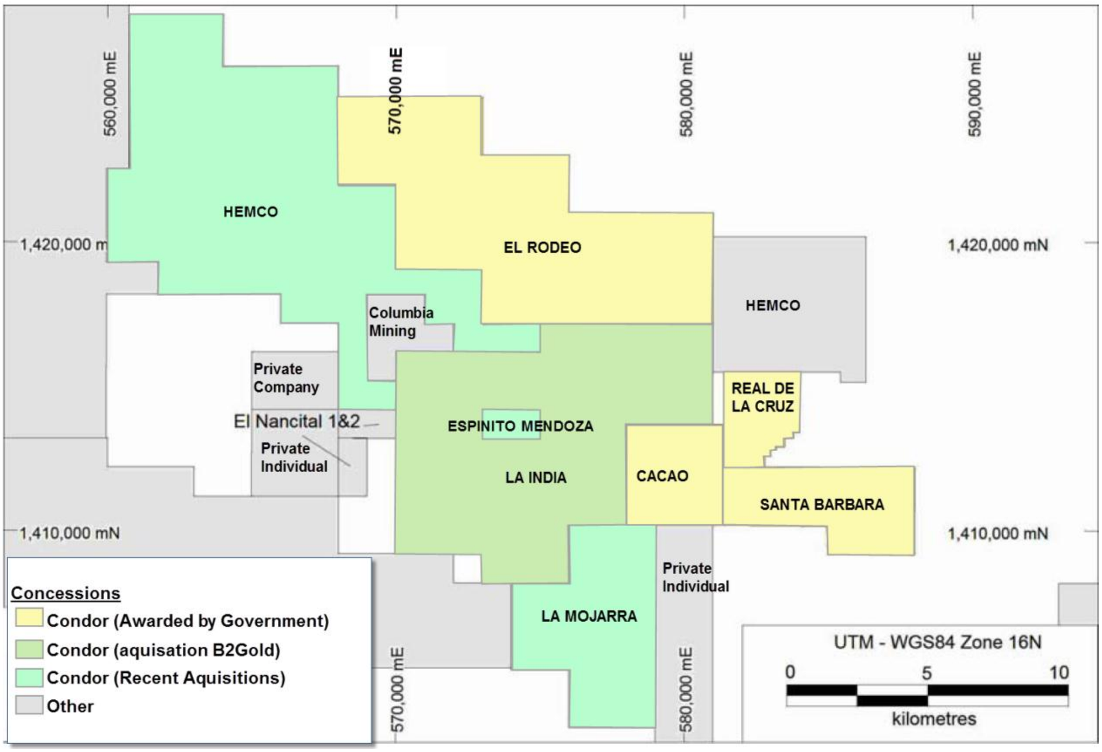

Figure 22-1: Adjacent Properties in Relation to Condor's La India Concession (September 2012)

23 OTHER RELEVANT DATA AND INFORMATION (ITEM 24)

23.1 Geotechnical Evaluation

23.1.1 Introduction and Background

The evaluation is based on geotechnical data collected from face mapping, underground inspections and core logging undertaken by Philipp Mohr during a site visit in June 2012. Note that whilst the analyses presented here, which are mostly empirical, are appropriate for a PEA, further data collection and more rigorous analyses will be required to support detailed mine design.

23.1.2 Geotechnical Characteristics

Geotechnical characteristics have been based largely on geotechnical core logging of shallow (100 m to 180 m deep) exploration holes. As a large proportion of the core from these zones lay in the near surface weathered zone only those core lengths described as unweathered or slightly weathered were used for characterisation of the underground rock mass. The data was split into mineralised zone and waste zone horizons. SRK considers that there is insufficient variability in the rock mass to separately characterise the hangingwall waste and footwall waste rock. A summary of the rock mass characterisation results is presented in Table 23-1.

Table 23-1: Summary Geotechnical Characteristics

Horizon	Av RMR	RMR Range	RMR Class	Av Q'	Q' Range	Q Class
Waste Rock	41	37 - 47	Fair	5.21	2.1 - 9.0	Fair
Mineralised Zone	29	24 - 34	Poor	1.72	1.3 - 2.5	Poor

Note: The Q classification Q' (Q prime) has been used here. Q' is Q with the inputs for ground water and stress reduction omitted.

It can be seen from the above table that the waste footwall ("FW") and hangingwall ("HW") comprises a fair quality rock mass. The mineralised zone is classified as a poor quality rock mass.

23.1.3 Open Pit Mining

Slope Stability Analysis

Approach

The southern and main zone of the La India fault vein is currently explored for open pit mining. Eight Resource drillholes were geotechnically logged and Rock Mass Ratings ("RMR") computed which formed the basis for rock mass characterisation and determination of appropriate strength input values the slope stability analysis.

All eight drillholes are along two cross sections located in the centre of the deposit where the potential pit is likely to form the highest slopes. Figure 23-1 presents a plan view showing the location of the geotechnically logged drillholes, the location of the cross-section used for the

FW slope stability model (which is similar to the HW slope model) and the estimated dimension of the open pit mine. Figure 23-2 shows the corresponding cross-section.

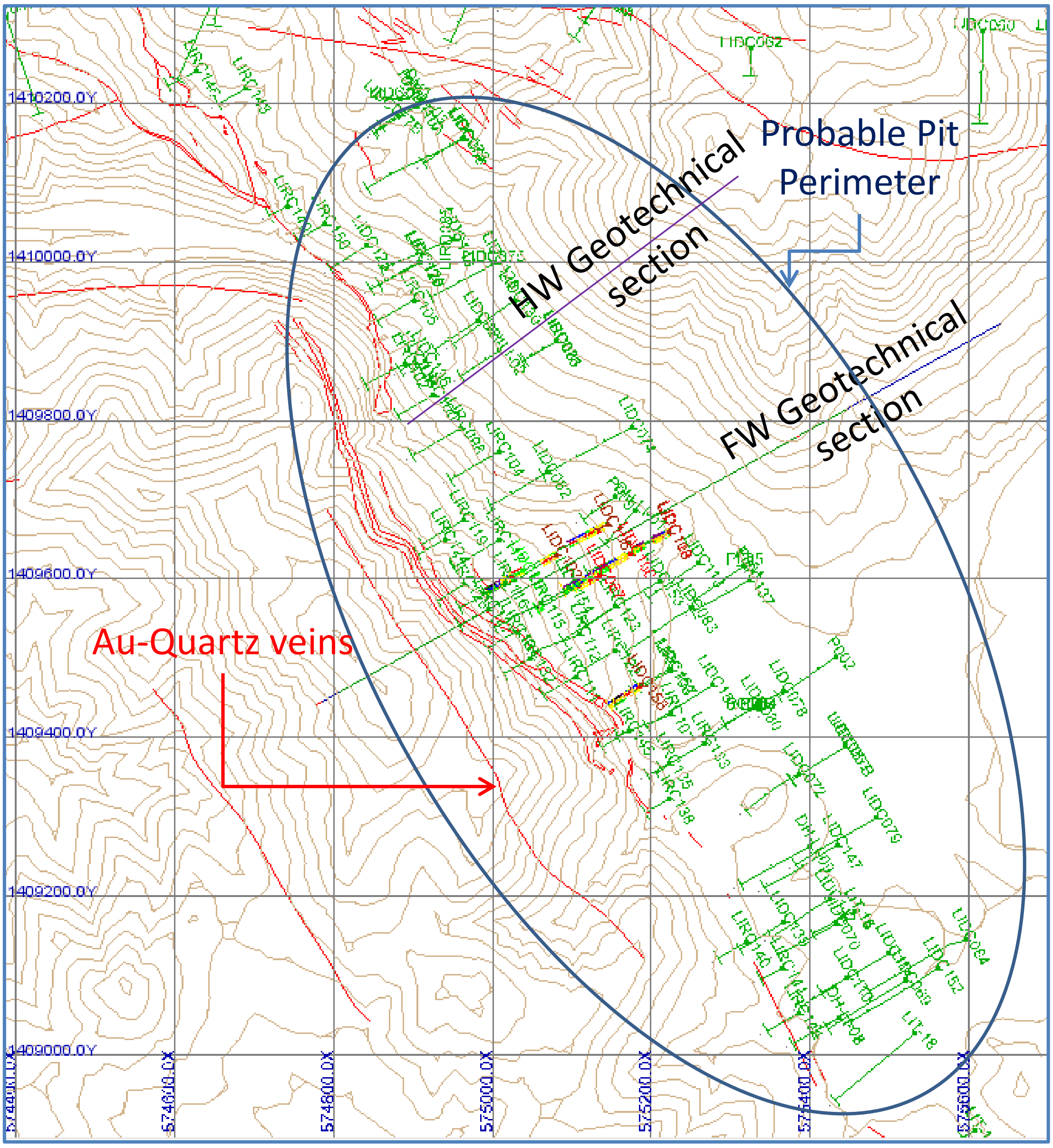

Figure 23-1: Location of Slope Stability Analysis Section, Geotechnically Logged Drillholes (Red) and Estimated Pit Dimensions

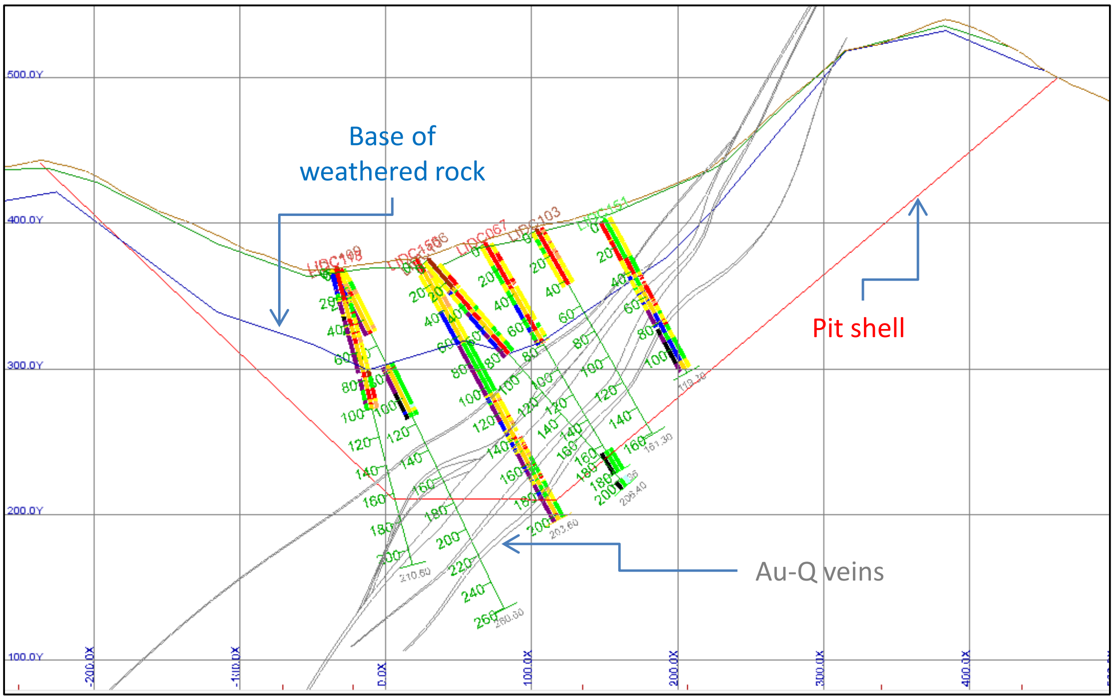

Figure 23-2: Cross Section Used for FW Slope Stability Model

Strength Model

Based on the Hoek-Brown failure criterion and lookup charts developed (Hoek & Bray: 1981), equivalent Mohr-Coulomb strength values were determined as angle of internal friction ("PHI") and cohesion ("c"). These are presented in Table 23-2.

Table 23-2: Design Strength Input Values for Slope Stability Analysis

Domain	IRS (MPa)	RMR (GSI)	Mi	D	Density (t/m^3)	Slope Height (m)	C (kPa)	PHI (deg.)
Weathered Rockmass	20	26	25	0.7	2.6	50	125	25
Unweathered Rockmass	70	41	25	0.7	2.6	50	425	48

Seismicity

Seismicity may have some effect on the stability of the pit walls. The La India deposit is located in a highly seismic region and large magnitude earthquakes are relatively common.

The derivation of seismic design parameters follows the guidelines of the ICOLD Bulletin 72 (ICOLD, 1989) for selecting seismic parameters for large dams. The same procedure is used for selecting seismic design parameters for the pit slopes. The report suggests using a seismic parameter based on an Operating Basis Earthquake ("OBE") which represents the level of ground motion at which minor damage is acceptable. The OBE is defined using probabilistic procedures and represents a peak ground acceleration ("PGA") arising from a 10% probability of exceedence assuming a 50-year design life. This corresponds to an approximate ground motion return period of 500 years. PGA's have been determined for Central America as part of the Global Seismic Hazard Assessment Program ("GSHAP"; Tanner JG, Shedlock, KM (2004). The recommended PGA from these studies for a 50-year design life at a 10% probability of exceedence is 3.2 m/s^2 for the zone where La India is located (Figure 23-3). The pseudo-static analysis simulates the ground motion as a static horizontal force. This value can be taken as equal to the horizontal seismic coefficient which is expressed as a fraction of the gravity acceleration.

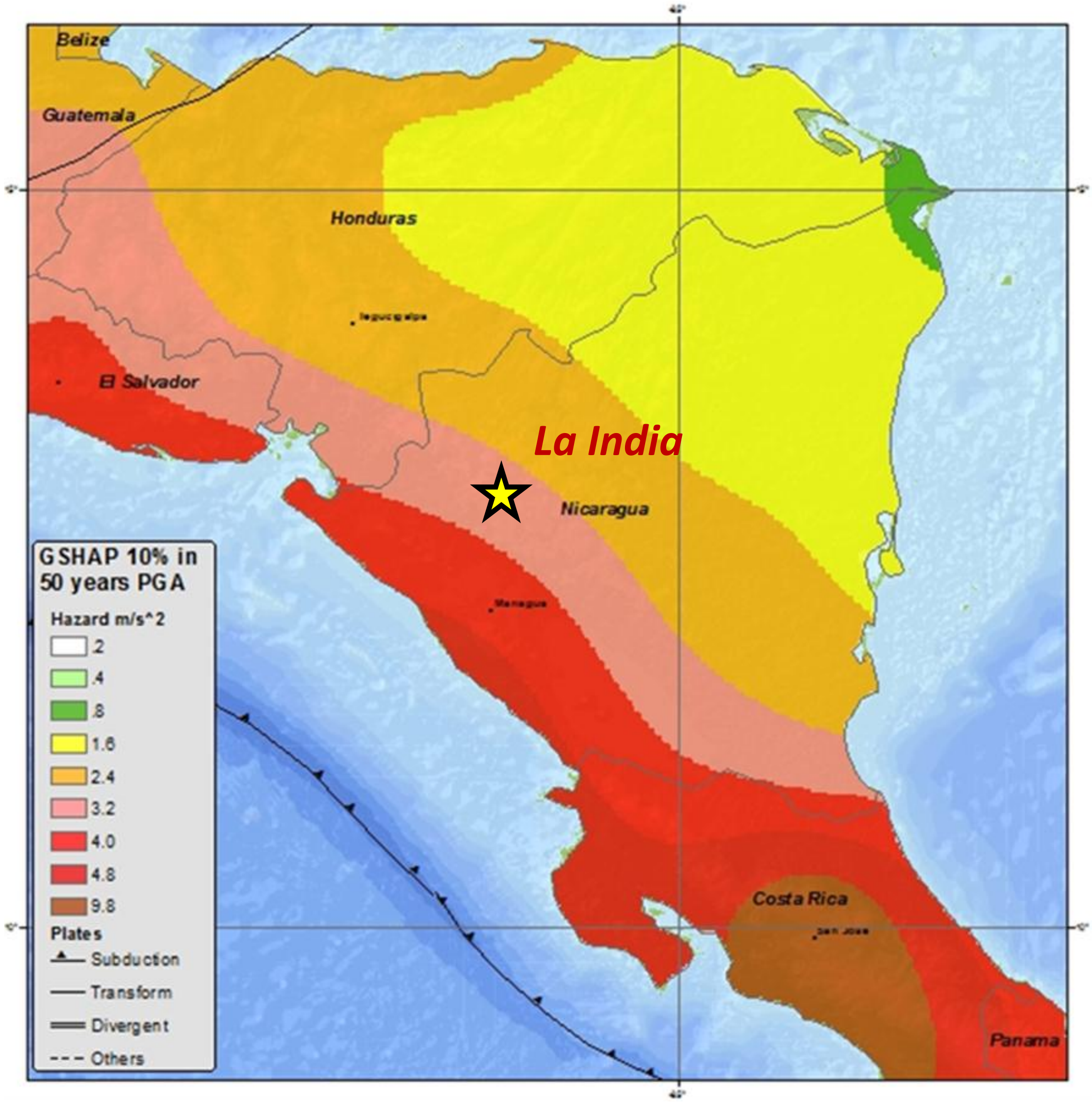

Figure 23-3: Seismic Hazard Risk Map of Nicaragua (Star Indicates Location of La India Deposit)

The effects of earthquake shaking are more likely to affect built structures, such as mine infrastructure, than the open pit slopes. It would be expected that significant amounts of rock fall would occur as a result of shaking, along with some structurally controlled instability where adversely orientated structures were exposed in the pit. Localised slumping and failure of soil slopes would be the most likely larger scale issues in the pit slopes. SRK considers that ½ of the PGA is sufficient for the open pit slopes.

Based on this assessment, SRK has used a seismic horizontal coefficient (“k_H”) of 0.16g for the limit equilibrium analysis of pit slopes.

SRK note that since the preliminary geotechnical work was undertaken, more recent data on the seismicity of Central America has become available (Benito M.B. et al., 2012). This new study determined similar maximum PGA of 300 to 400 for the La India deposit. The average of this range is 350 gal, or 3.5 m/s2 or 0.35 g. Using 50% of that according to the recommendations given in the ICOLD Bulletin a seismic horizontal coefficient of 0.17 g would results, which is very close to the 0.16 g used by SRK. The very small difference in seismic input value to the slope stability will make no change to the slope design derived from it.

Groundwater

Currently, no information exists on the depth of groundwater below surface. For the purposes of this study, SRK assumes that groundwater will be relatively near surface but will be able to drain naturally from the well jointed rock mass. To test the impact of groundwater on slope stability a groundwater sensitivity analysis is carried out.

Analysis

Rocscience's SLIDE software is used to model the open pit slope angles, which utilises the limit equilibrium method and applies Spencer's failure criterion. The acceptance criteria for a slope to be considered stable are the FoS, which is defined for both static and dynamic conditions and the Probability of Failure ("PoF") (Table 23-3; Read and Stacey, 2009). Dynamic conditions exist when the slope comes under seismic loading). This was modelled using a pseudo static approach.

Table 23-3: Acceptance Criteria for Stable Slopes

FoS (static)	FoS (dynamic)	PoF (max) P[FoS<1]
1.5	1.1	<5%

Slope stability analysis is undertaken for both the hangingwall and footwall. Slope models are created for 40, 42, 45, and 50 degree slope angles.

Results

Table 23-4 presents the results of the slope stability analysis. Appendix H presents the entire suite of slope models analysed. The analysis assumes that groundwater will be relatively high and the reported FoS (below) refer to a mean groundwater level as defined for the sensitivity analysis presented in Figure 23-4.

Table 23-4: Summary of Slope Stability Analysis

Slope Height (m)	300 m HW / 290 m FW			
Overall Slope Angle(deg.)	40 (FW)	42 (HW)	45	50
FoS (probabilistic; dynamic condition); [PoF %]	1.5 [4.8]	1.1 [4.8]	1.0 [3.3]	0.9 [2.1]
FoS (probabilistic; static condition); [PoF %]	1.1 [4.8]	1.5 [4.5]	1.3 [>30]	1.2 [>93]

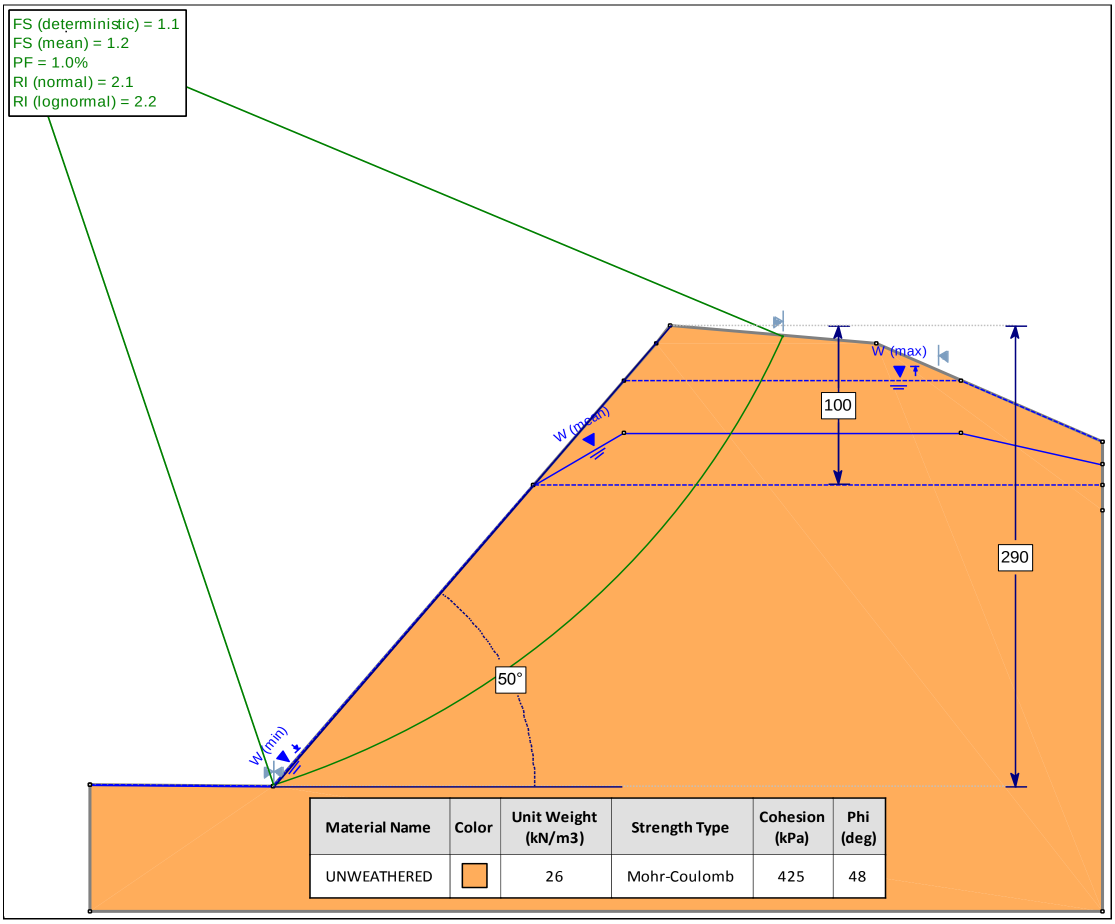

Figure 23-4: Example of Slope Stability Analysis using SLIDE Showing Maximum, Minimum and Mean Groundwater Level.

In order to determine the impact of groundwater on slope stability, a sensitivity analysis was carried out for each slope model. The analysis shows that groundwater has a significant control over slope stability. This provides an opportunity to steepen the slope angles if the pit slopes can be dewatered (Figure 23-5).

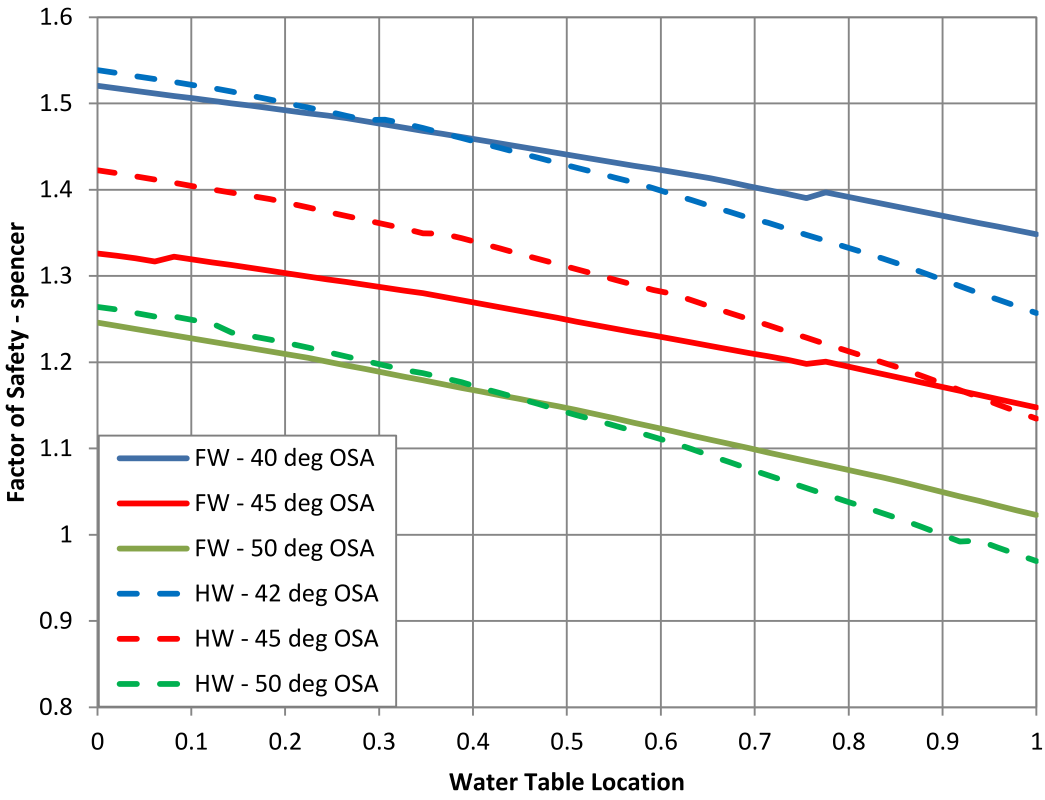

Figure 23-5: Results of Groundwater Sensitivity

Recommended Overall Slope Angles

Based on the work carried out, SRK recommends the following overall slope angles for input to pit optimisation:

- Footwall – 40°; and
- Hangingwall – 42°.

23.1.4 Underground Mining

Stope Dimensions

The Stability Graph Method has been used to estimate stable stope spans. Stability graph input parameters for an average vein dip of 80° using an average hangingwall Q' value of 5.21 are presented in Table 23-5.

Table 23-5: Stability Graph Method Input Parameters

	80° Dipping Vein	Comments
Q'	5.21	
UCS (MPa)	60	
Sigma 1	8.24	300 m mining depth assumed. Rock mass density - 2.8 t/m^3
Stress:strength	7.28	
Factor A	0.7	
Angle between stope face and daylighting joint	45	Average conditions assumed. No structural data
Factor B	0.5	
Potential Failure Mode	Slabbing	Assumed. No structural data
Dip of Stope Face	80	
Dip of Critical Joint	45	
Factor C	7	
N' = Q' x A x B x C	12.69	

The N' values for each vein orientation relate to hydraulic radii for stable stope hangingwall dimensions (Table 23-6).

Table 23-6: Stope Hydraulic Radii and Stope Stability Condition – 80° Dipping Vein

Hydraulic Radii for Various Stope Geometries											
Vertical	Stope Length (m)										
Stope Height	5	10	15	20	25	30	35	40	45	50	60
5	1.26	1.68	1.90	2.02	2.11	2.17	2.22	2.25	2.28	2.30	2.34
10	1.68	2.52	3.03	3.37	3.61	3.79	3.94	4.05	4.14	4.22	4.34
15	1.88	3.02	3.78	4.32	4.73	5.05	5.31	5.52	5.69	5.84	6.07
20	2.01	3.35	4.31	5.04	5.60	6.06	6.43	6.73	7.00	7.22	7.59
25	2.09	3.59	4.71	5.59	6.30	6.88	7.36	7.76	8.11	8.42	8.92
30	2.15	3.76	5.03	6.04	6.87	7.56	8.14	8.65	9.08	9.46	10.10
40	2.23	4.01	5.48	6.70	7.74	8.63	9.40	10.08	10.67	11.21	12.11
50	2.28	4.18	5.79	7.17	8.38	9.43	10.36	11.19	11.93	12.60	13.75

Q'	5.21
N	12.69
	HR
Stable	6.3
Unsupported Transitional	9.00
Stable w ith Support	10.30
Supported Transitional	13.20
Unstable	13.20
Stope Dip (°)	80

This analysis indicates ranges of stope height and stope span that satisfy various stability criteria. Given that shrinkage stoping results in the passive support of the stope hangingwall with broken material for part of its life an appropriate hydraulic radius for initial design purposes will lie between the Stable HR value and the Unsupported Transitional HR value. Figure 23-6 presents a stope design chart which shows a range of stable stope span and stope heights for the La India rock mass. For a 30 m high stope, spans in the range of 25 to 40 m are indicated. For a 50 m high stope, spans in the range of 20 to 25 m are indicated.

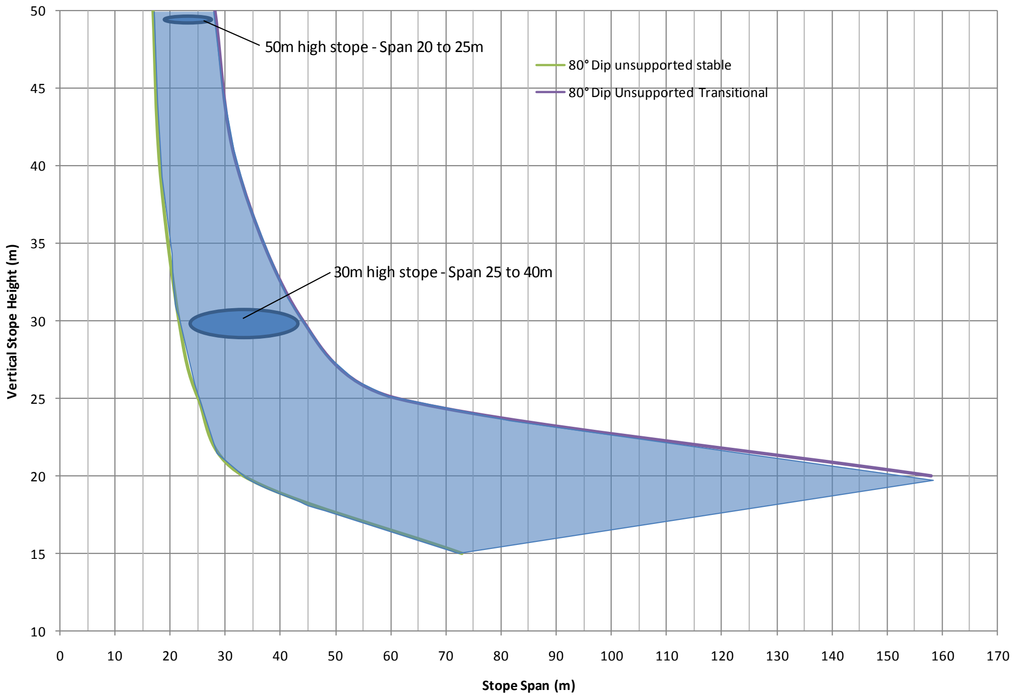

Figure 23-6: Stable Stope Spans

Dilution Estimate

SRK understands that Condor wishes to maximise stope size to reduce level development requirements. One of the main issues with the economic viability of vein gold deposits is the level of dilution that the deposit can sustain. Whilst larger stope sizes may remain stable ‘globally’, there is the possibility that overbreak may increase as the stope size increases. The Stability Graph method has been developed to provide an estimate of ‘Equivalent Linear Overbreak/Slough’ (“ELOS”), presented in Figure 23-7. The green horizontal line represents the N’ value for an 80° dipping stope. The left magenta line (HR – 7) represents the current 30 m high stope layout and indicates a potential overbreak of about 0.6 m. The second magenta line (HR – 9.7) represents a 50 m high stope with the same span as the 30 m high stope. The potential overbreak for this stope geometry is indicated as being about 1 m. There is a 60% increase in potential overbreak if the stope height is increased from 30 m to 50 m whilst maintaining the same span.

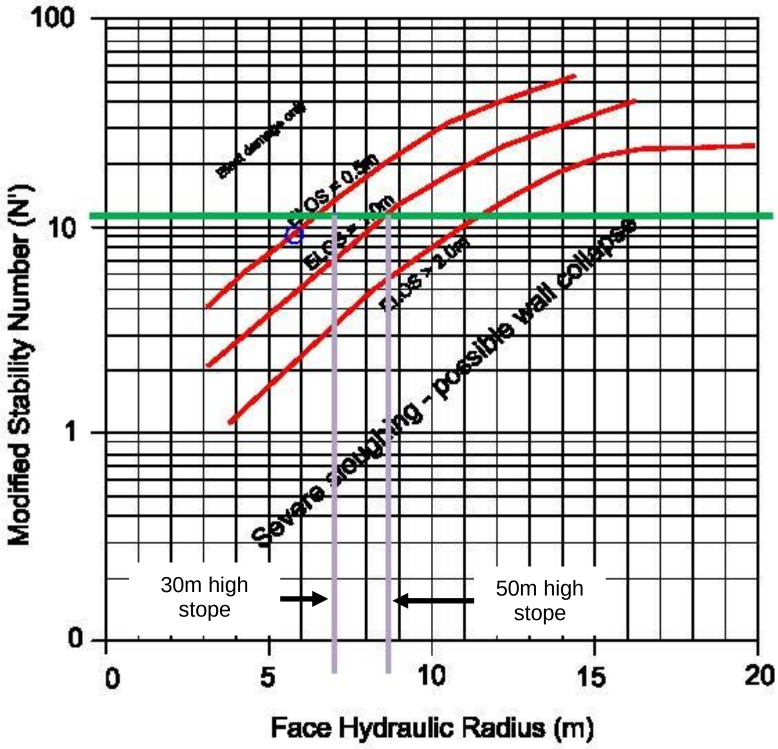

Figure 23-7: ELOS Graph – La India

Pillar Size

At this stage of the project where geotechnical data is limited, detailed design of pillars is not possible. Based on engineering judgement the following pillar design guidelines are offered:

- Vertical rib pillars separating stopes should be laid out at a 1:1 width to vein thickness to ratio;
- Horizontal crown and sill pillars should be laid out at a 3:1 width to vein thickness to ratio; and
- Permanent pillars should be laid out at a 5:1 width to vein thickness to ratio.

23.1.5 Further Investigation

In order to increase the confidence in the preliminary slope angles generated for the PEA of the La India Open Pit Condor has commissioned SRK to carry out a geotechnical investigation on the pit slope stability to Pre-Feasibility level.

SRK designed a 10 borehole geotechnical drilling programme of a total of 1,700 m length to be completed in April and May 2013 to explore the rock mass and structural properties of the hangingwall and footwall rocks. Boreholes are located near the perimeter of the preliminary open pit whittle shell and drilled at various dip and azimuth angles to reduce the structural bias generated by the resource drillholes. A comprehensive geotechnical logging, sampling and rock mechanical laboratory testing programme will be undertaken. Boreholes will be orientated, and geophysical wireline logging of structural and hydrogeological parameters in the borehole be performed. The geotechnical investigation will also contain a significant hydrogeological and structural component which will help to assess the impacts of groundwater and large scale structures on the permeability and stability of the final pit slopes.

24 INTERPRETATION AND CONCLUSIONS

During 2012, the Company focused exploration within the areas surrounding the historical La India Mine, where the Company targeted the La India vein and associated hangingwall mineralisation (California veins). The focus of the exploration has been to increase the confidence in the December 2011 Mineral Resource estimate, and to test for up-dip extensions to the California veins.

In SRK's opinion, the Condor sampling method and approach meet general accepted industry standards. The observed QAQC are sufficient for the declaration of Mineral Resources, but SRK has made recommendations for improvements, which included the purchase of certified reference material (CRM).

The 2012 Mineral Resource update is based on some 40,298 m of drilling, 7,200 m of trench sampling and over 9,000 original underground mine grade control channel samples on nine of the veins within the La India Project area. In comparison to the December 2011 Mineral Resource estimate, an additional 4,426 m of DD drilling, 2,675 m of RC drilling and 2,500 m of trenching is now available. The programme has been completed between mid-April and the end of July 2012 on the La India-California vein trend with the aim of increasing the overall mineral resource at Indicated category by targeting areas considered to have open pit and underground mining potential.

SRK verifies that this statement of Mineral Resources for La India is in accordance with Canadian National Instrument 43-101, as set forth in the CIM Standards on Resources and Reserves, Definitions and Guidelines (2005). Notably:

24.1 Database Verification

SRK was provided with a comprehensive set of historical reports and data which have been collated and used in conjunction with 2011/ 2012 data collected more recently by the Company, to estimate and report the Mineral Resource for the La India Project.

Historical data provided included technical reports collected up to the present day, which have been reviewed and found to contain information that has been collated and interpreted in a professional manner and provide support to the electronic database for the project.

SRK has relied heavily upon the information provided by the Company and, in particular, that all of the information available has been provided and none held back; however, SRK has, where possible, verified data provided independently during the site visit.

SRK was able to overlay license information on the Mineral Resource estimate area to confirm that the deposit lies within the Company's concession. SRK has not undertaken a legal review of the licenses and assume that all the required licenses are in place.

The geology of the deposit was historically reasonably well understood, with recent exploration focusing on previously known areas of mineralisation. Previous models presented during the Soviet exploration (INMINE) suggest the veins have a limited depth extent with mineralisation limited to a "boiling zone"; however, deep holes have not been completed to confirm this hypothesis.

The Company has (during the course of the 2011 exploration programs) completed check sampling on selected historical drillholes. In 2012 the Company has also drilled confirmation drilling in proximity to INMINE samples to confirm the assays and interpretations shown on historical long sections. SRK has not completed any further studies but has reviewed the results of the work as completed by Condor, and agrees in general that the results to date confirm the historical data is appropriately supported by the recent verification sampling. SRK would recommend that the Company continues with verification sampling during the next phase to increase the size of the database for comparison.

24.2 Data Quality and Quantity

The coverage of the drillholes in the database over the deposit area, at a spacing of around 50 to 100 m, gives a relatively good spatial coverage of the deposit, sufficient to confirm the geological continuity of the mineralised structures, but at a local-scale more complex and closer spaced drilling will be required to improve the understanding of any potential higher-grade shoots within the different veins.

Sampling, sample preparation and analysis of samples during the 2011/2012 exploration programmes have been undertaken using standard and appropriate methodologies with QAQC procedures followed. Historical data with relatively unknown quality has to some degree been validated by recent exploration supported by QAQC information.

During the 2012 exploration program, SRK requested that Condor twinned a portion of the RC drillholes with DD holes to investigate the presence of bias introduced by the different drilling techniques. As part of the September 2012 resource evaluation, three twin holes were completed to compare DD and RC techniques. Due to the presence of historical mining being intersected in at least one of the holes a direct comparison has not been easy; however, SRK is of the opinion that the DD holes appropriately support the distribution of mineralisation shown in the RC holes and thus RC are suitable for estimation and reporting of mineral resources. SRK recommends the Company continues with the programme of twinned DD and RC during the next phase in increase the size of the database for comparison.

SRK has been supplied with a full copy of the database and while SRK notes a number of missing values in terms of descriptions, SRK has discussed any data issues directly with the Company’s exploration manager during the site inspection and at meetings in Cardiff. The main issue related to missing assays in the database and the related logging codes which described mining voids or core loss. In the case of any issues SRK and the Company have reviewed digital photographs to confirm where missing values are appropriate. Analysis of the non-sampled assays accounted for less than 2% of the sampling within the defined geological wireframes.

Upon validation of the queries SRK accepted the database as presented by the client for use in the Mineral Resource Estimate.

Only preliminary work to date has been completed on the metallurgical and processing properties of the mineralisation to date, and therefore further work will be required by the Company to advance the project to more detail technical studies.

24.3 Mineral Resource Estimates

SRK has constructed mineralisation models for the deposit, based upon all of the available drilling, trenching and underground information. Modelling has initially been completed in Leapfrog by modelling the hanging wall and footwall contacts of the different veins.

SRK has undertaken a statistical study of the data, which demonstrates adequate splitting/domaining of the data into single populations per vein. High grade statistical outliers have been controlled in the estimation through grade capping.

SRK has undertaken a geostatistical study to investigate the gold and silver grade continuity which showed gold nugget variances range from approximately 25% to relatively high nugget variances of around 55% and relatively short ranges of around 45 m, but in the case of La India reaching a maximum range of 110 m.

For the September 2012 update, SRK has interpolated gold grade data using OK into a block model of dimensions 25 x 25 x 10 m (and 25x25x25 m for the veins which have not formed part of the current update), using appropriate search and estimation parameters tested using QKNA. The resultant block model has been fully validated and no material bias identified.

SRK has classified the Mineral Resource in the Indicated (32%) and Inferred (68%) Mineral Resource categories, mainly on the basis of the geological and grade continuity and structural complexity displayed by the deposit, and the relatively wide drillhole spacing of up to 100 m on average. The increase in the proportion of Indicated material for September 2012 is derived from selected areas of 50 x 50 m infill on the La India-California vein trend.

24.4 Comparison with Previous Estimate

The current Mineral Resource represents a significant increase in Inferred and Indicated Mineral Resource tonnes and ounces when compared to the previous SRK Mineral Resource estimate, but a decrease in the overall grade from 5.6 g/t to 4.5 g/t (however when comparing previous underground to updated underground the grade drops from 5.6 g/t Au to 5.5 g/t Au respectively).

The increase in tonnage and drop in grade can be attributed to the modelling of the La India and (lower grade, coalescing) California veins. The December 2011 SRK Mineral Resource Report documented a merging of parallel vein structures in to a central brecciated zone, based on a few significant drillhole intersections. Subsequent drilling during 2012 confirmed the presence of coalescing veins, most notably within the ‘central zone’ of mineralised structure, which has significantly increased the modelled vein thickness.

The resultant model has increased the combined La India and California Mineral Resources from 3.7 Mt at a grade of 5.2 g/t Au for 630 koz, to 10.9 Mt at a grade of 3.9 g/t Au for 1.4 Moz of contained gold. Additional changes include the split of the Mineral Resource into portion amenable to open pit mining based on a gold price of USD1,400/oz, with an associated lower cut-off grade of 1.0 g/t Au, with the remaining Mineral Resource reported as a potential underground resource based on an increase cut-off grade of 2.3 g/t Au.

In addition, the addition of four drillholes on the Guapinol vein has acted to increase the overall tonnes (as a function of widening the modelled vein at depth), however a single low-grade intercept has resulted in an associated drop in grade.

In summary, the current Mineral Resource estimate includes modelling updates to three of the veins, namely Guapinol, La India and California, with the latter two veins forming the focus of the recent drilling and trenching programme prior to resource estimation.

24.5 Exploration Potential

SRK considers there potential to increase the current Mineral Resources with some targeted exploration programmes. The main focus of any future drilling would be to either increase the confidence within the potential open pittable Mineral Resource at La India, or to test for similar structures within the larger La India Project within the hangingwall of known mineralisation. Analysis of the current geological information by SRK and the Company have identified the following areas for exploration potential which require further exploration to define additional Mineral Resources, these include:

- In general, potential exists along strike and to some extent down-dip of the current defined limits, namely in the north of the deposit.
- Infill (50 x 50 m) between the current section lines on the La India Project Veins would increase confidence in the current data and the data quantity of the assay database. Closer spaced drilling may warrant a smaller block size in which to estimate grades into, which will help to build more confidence in the local block estimates.
- Infill drilling to 50 x 50 m spacing in areas of wider sample spacing on the La India and California veins to increase geological confidence, and prioritise drilling in the thicker zones at depth to further prove the (currently less well known) down-dip grade and geological continuity.
- Investigate whether similar lower grade zones of coalescing and bifurcating veins (as shown on the La India California vein trend) exist elsewhere on the La India Concession.
- Build on prospective drilling results recently indentified on the India South and Central target zones, to further define the geological and grade continuity and potentially add to the current resource.
- Targeted drilling within potential higher-grade ore shoots on Constancia to Increase the proportion of Indicated Mineral Resources within the America Veinsets.
- Targeted drilling within America-Constancia historical mined area to determine the proportion of material which remains within the hangingwall and footwall of the historical mine.
- Completion of a trench programme within the Mestiza veinsets where veins are within relative close proximity (Figure 24-1).
- Shallow drilling programme to better define the modelled oxidation surface and further verify current surface trench sampling namely in Buenos Aires / Tatiana area.
- Drill at depth to test potential depth extensions of known high-grade areas, with focus on the, Mestiza Veinsets (Figure 24-1).
- Drilling up-dip of underground sampling at the Espinito Mineral Resource to increase the confidence in the Mineral Resource to Indicated. Additional Inferred material could potentially exist along-strike, with focus on the areas below higher grade trench intercepts.

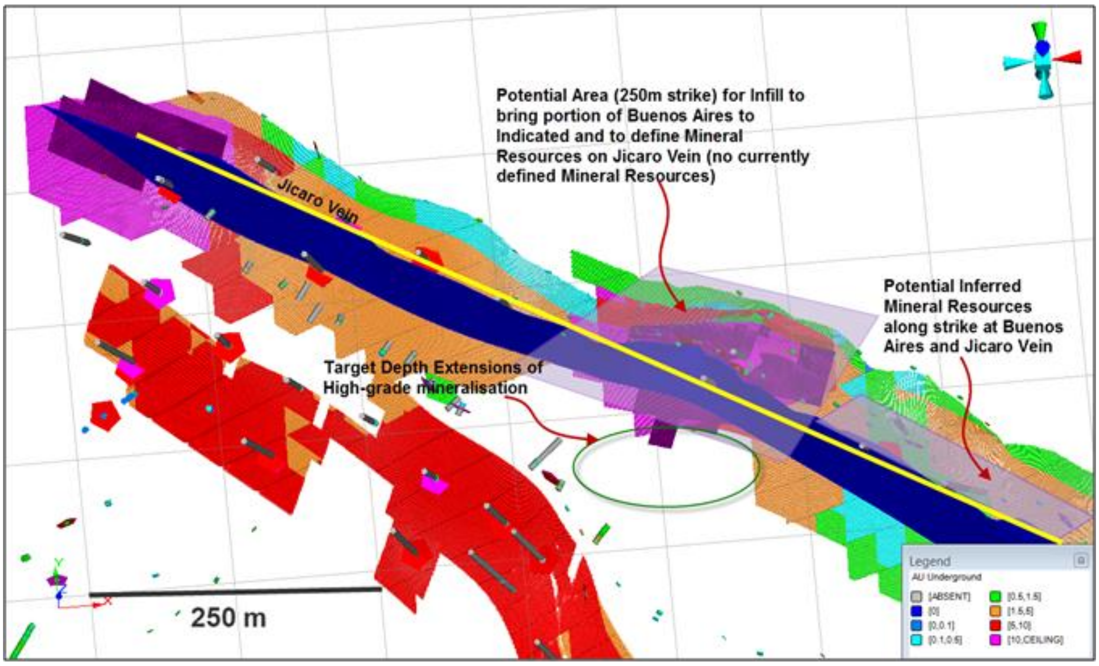

Figure 24-1: 3D Plan of Buenos Aires and Jiraco Vein Drilling Targets

The Central Breccia zone represents a zone of near surface mineralisation which demonstrates potential for additional Mineral Resources. The Company have reported (RNS “High Grade Drilling Results on Central Breccia, La India Project Nicaragua”, dated 28 May 2012) through trenching and drilling a broadly defined hydrothermal breccia zone known as the Central Breccia extending over an area of at least 300 m East-West by 150 m North-South, which displays anomalous values. The current trench results suggest the surface anomaly has been closed at the edges. The Central Breccia is located in the structural centre of La India gold mining District within an east-west to northwest-southeast orientated graben-like axis, a likely location of the heat source and “feeder zone” for the gold bearing fluids that transported and deposited the gold.

Within this broad anomalous envelope a number of zones of high grade gold mineralisation are recognised (three to date), over a strike length of 120 m East-West by 70 m North-South, which have been confirmed via drilling to extend at depth, over a strike length of approximately 100 m. SRK consider that with additional drilling to improve the geological continuity at depth there is potential to convert the “Central Breccia” to a Mineral Resource in future updates.

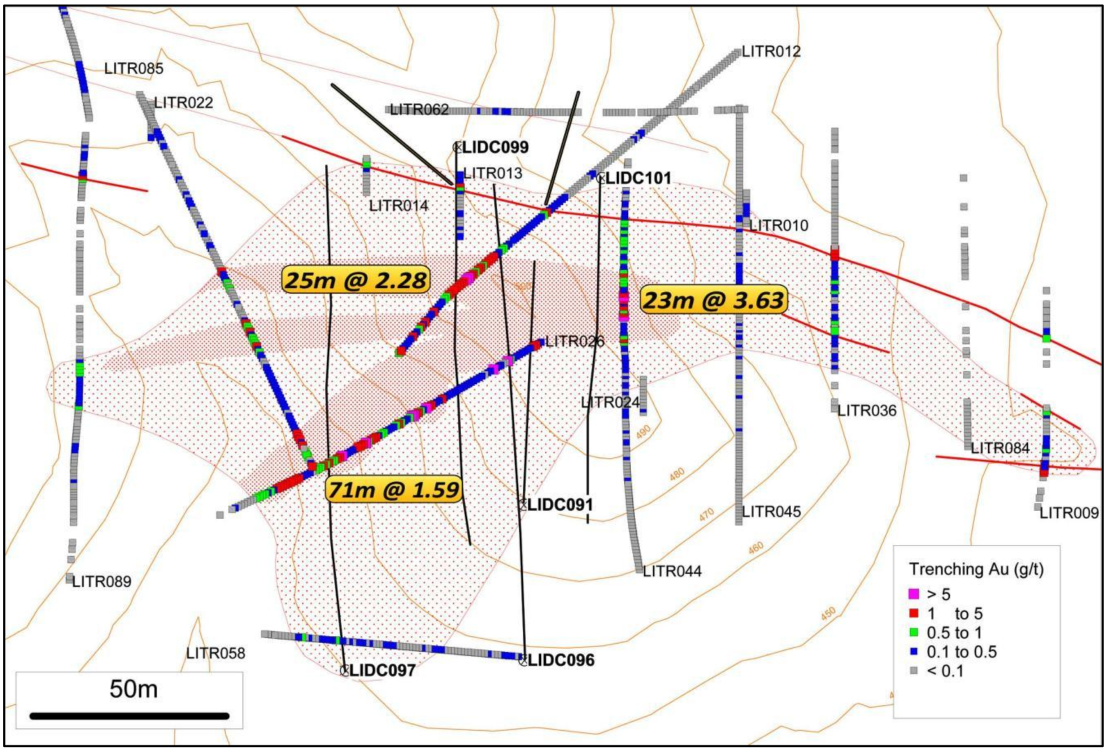

Figure 24-2: Trenching and Drilling Results of the Central Breccia as of October 2012, Highlighted Results show Intercept Width and Composite Gold Grade in 'g/t Au' (Source: Condor)

In addition to the proposed drilling targets SRK has also recommended to the Company to continue with the current surface mapping programme, and to investigate possible geophysical study to identify key structures for follow-up drilling and sampling. Potential targets would include hangingwall structures or near surface breccia zones, such as the recently discovered "Central Breccia" reported.

24.6 Mining

Based on the estimated Resources (including Indicated and Inferred) for the deposit, SRK considers there is potential for the La India vein to be developed into an open pit mining project. Preliminary estimates suggest a 7.3 Mt operation at an average head grade of 3.2 g/t Au and a stripping ratio of 13.4 (t_{waste}:t_{ore}).

In addition, the La India, America and Mestiza veinsets (refer to Table 15-2) are considered to have potential to develop into underground operations. The three veinsets could operate as three separate operations with a combined production of 5.6 Mt with an average head grade of 4.6 g/t Au. The San Lucas, Cristalito-Tatescame and Cacao veins are considered to be too small and isolated to develop into an operation based on current Resources.

SRK notes that the preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves. There is no certainty that the preliminary economic assessment will be realised.

The open pit stripping ratio is driven by the surface topography as the outcrop of the mineralisation is located at the base of a valley meaning the stripping ratios will be relatively flat over the life of the mine's development rather than starting low and increasing over time. Consequently, stripping is envisaged to be the greatest contributor to the mining cash costs for open pit mining. Sensitivity of the stripping ratios suggests that the metal contained within the optimised pit remains relatively stable for pit slopes between 35 and 45 degrees, however, becomes much more sensitive outside this range.

The open pit analysis is not influenced by the economics of underground mining. However, constraining the open pit optimisation by the assumed underground mining costs does produce a smaller pit. For this reason, it is believed that the greatest potential for future extensions to the selected pit shell will be along strike rather than at depth.

Consistent with historic mining applications and previous technical work, SRK has assumed a shrinkage stoping mining method with no backfill and 30 m sublevels in the evaluation. Sublevel stoping may be an option in isolated cases, however, this will be restricted by the mineralised thickness of the veins and the geotechnical properties of the host rock.

Potentially mineable Resources are estimated using CAE Mining's MSO software applying a cut-off grade of 2.5 g/t Au. The estimated tonnages from each vein incorporated into the schedule are shown in Table 24-1.

Table 24-1: Summary of La India Deposit's Potential Underground Tonnage

MSO Block Model	Mineable Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
India-California Veins	2,400	4.8	368
Arizona Vein	228	4.0	29
Teresa-Agua Caliente Veins	151	6.4	31
America-Constancia-Escondido Veins	1,196	4.5	172
Guapinol Vein	517	3.9	65
Tatiana Veins	551	4.5	80
Buenos Aires Vein	212	5.2	36
Espinito Vein	206	4.8	32
Total	**5,461**	**4.6**	**813**

The mining schedule assumes a maximum open pit production rate of 1 Mtpa resulting in a 10-year mine life. Underground mining is constrained by 35 m of vertical advance per year resulting in a peak production from the three combined operations of 0.47 Mtpa and a mine life of 15 years. The underground and open pit operations are assumed to operate simultaneously within the La India veinset, protected by a crown pillar to be extracted upon depletion of the open pit Resources.

No detailed engineering designs have been undertaken for any of the veinsets (open pit or underground), rather InfoMine's Mining Cost Service has been used as a basis for estimating the relevant mining parameters and capital costs. Operating costs are based on benchmark data obtained from the GFMS Gold Mine Economics Service. A summary of he assumed operating costs are provided in

24.7 Economic Analysis

Table 24-2. SRK notes that no penalty has been applied to the processing operating costs after Year 9 when the open pit production ramps down and the processing feed is significantly reduced.

24.8 Economic Analysis

Table 24-2: Operating Costs Used in Economic Analysis of La India Deposit

Cost Parameter	Unit	Operating Cost
Mining Cost – Open Pit	USD/t_{rock}	2.20
Mining Cost – Underground	USD/t_{ore}	50
Processing Cost	USD/t_{ore}	20
G&A Cost	USD/t_{ore}	10

The LoMP demonstrates a positive NPV (USD324.9 million) with an IRR of 33%, a payback period of 3 years and an operating cash cost of USD575/oz. The project is most sensitive to gold prices and a reduction of approximately 34% (USD917/oz) may result in the project becoming marginal. Operating costs also play a key role in the economics of the deposit. An increase of a little over 67% (approximately 134/t) will also result in a marginal project.

24.9 Geotechnics

A preliminary geotechnical assessment of the strength and characteristics of the rock mass forming the slopes of a potential open pit were carried out. This assessment was based on a very limited amount of rock core drilled into the footwall and hangingwall. The preliminary slope angles derived from this assessment are a consequence of this and can be regarded as slightly conservative. It is SRK's opinion that, however unproven yet, the rock mass in which slopes will be formed is likely to be significantly stronger and less fractured. Also for this analysis groundwater levels were unknown, but have been modelled as being relatively high using a conservative approach. A number of adits have been excavated into the rock mass forming the proposed pit slopes inducing continuous groundwater drainage over many years, with the likelihood that groundwater levels are lower than modelled.

Both reduced groundwater levels and higher rock mass strength are likely to result in higher slope angles, only confirmation from a geotechnical investigation programme is lacking.

25 RECOMMENDATIONS

25.1 Geology/Mineral Resources

The mineralised veins included in the September 2012 Mineral Resource Estimate are reasonably understood and the strike extents known from the current exploration. There still remains potential at depth on a number of veins where high-grade intersections were drilled historically and confirmed during 2011 by the Company, which could materially impact on the overall project form both a technical and economic perspective.

The other potential lies in the discovery of additional hanging wall or footwall veins which run parallel to the main structures, in a similar style to the lower grade zones of coalescing and bifurcating veins as interpreted during 2012 on the La India-California vein trend.

SRK recommendations to the Company can be divided into further exploration, and work associated with data quality and quantity:

25.1.1 Data Quality And Quantity

SRK recommendations with regards to the data quality and quantity include:

- Continue with the programme of twinned DD and RC during the next phase, and twinned drilling a portion of historical holes, where areas of low recovery have been noted;
- Given the increase in the size of the database, consider migrating the current database into either a commercial geological database system, or into a customised Access or SQL based system, which would ensure data quality and provide an audit trail of any changes made to the data;
- Improvements be made to the density measurement protocol to ensure higher quality and hence confidence in the density measurements is completed during the next phase of the project; and
- Undertake some independent sampling and verification work to support the existing QAQC data and add confidence to third-party project reviewers.

SRK understands a number of these recommendations have been implemented by the Company as part of the on-going 2012-2013 exploration programme, SRK will visit site during the second quarter 2013, to review the latest Project developments.

25.1.2 Exploration Strategy

SRK recommends that further exploration work (trenching and drilling) is warranted and should therefore continue at the La India Project in attempt to increase the confidence in the current estimate as outlined in Section 13.12.

Sequencing the underground operations after the open pit will flatten the production rate over an extended life of mine plan. As revenues are delayed until later in the schedule, there will be a reduction in the cashflow, however, so will the upfront capital costs reducing fundraising requirements. The pre-production exploration drilling costs will also reduce as the target mineralisation is closer to the surface and the number of exploration targets is reduced. This could bring the project into production earlier, partially offsetting the reduction in NPV. It would also allow revenue from the open pit to fund the underground exploration programme. Based on this, SRK believes that focussing on the surface mining targets will provide for a quicker return on investment.

25.1.3 2012/2013 Exploration Programme

The Company defined two main priorities for the 2013 exploration programme, which includes the conversion of the Inferred Mineral Resources within the currently defined whittle pit (on the La India-California vein trend) to an Indicated level to be able to provide future mining studies with reasonable levels of confidence, and secondly to test the potential for additional open pit material within the hangingwall structures of known mineralisation, namely the America-Constancia-Escondido veins.

In terms of the conversion of Mineral Resources, SRK has defined a programme which places emphasis on further definition of some of the (less densely drilled) wider zones of mineralisation where multiple California veins have been interpreted to coalesce. It is recommended that the Company continues with QAQC procedures as defined by the Company guidelines.

The recommended spacing for the infill drilling programme within the La India-California vein is an approximate 50x50 m grid, with targeted infill drilling. The depth of the drilling is expected to range from 50 to 260 m within the infill portion of the deposit (specifically targeting the potential open pit material) and have an average depth of 135 m for a total of some 8,000 m, at an estimated contractor cost of USD225/m.

To date the Company has completed a total of 5,390m of a planned 7,000m drill programme within the La India-California veins, targeting the shallower portions of the Inferred Mineral Resources.

In terms of identification of additional open pit material through mapping the Company have identified an area above the historical America-Constancia Mine, where hangingwall features are present both at surface and from initial trench results.

The Company have completed over twenty trenches completed at 50m spacing along a 1,000m strike length of the surface expression of the historic America-Constancia Mine working. The Company are following up on the initial trench results with a 4,000m drilling programme, at an estimated contractor cost of USD225 /m, in order to try and define any additional preliminary Mineral Resources. To date the Company has completed approximately 2,500m of a planned 4,000m drill programme

SRK recommend the Company continue with this programme during this current phase due to the proximity to the current La India Mineral Resource. Note SRK has not accounted for the cost of the trench programme as it is currently on-going and therefore discounted from any potential future costs.

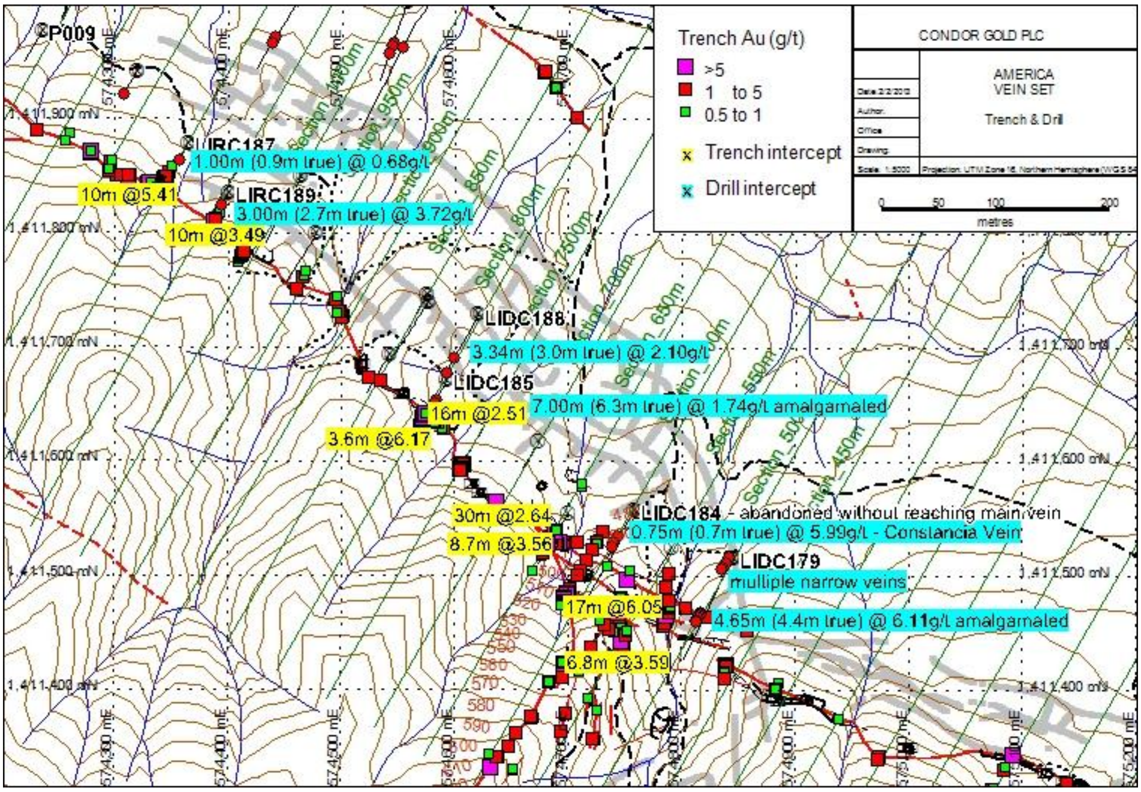

Figure 25-1: Trench Programme for the America-Constancia Hangingwall Structures for the Next Phase of Exploration (Source: Condor)

SRK also recommend the Company define a trench programme for the Mestiza veinsets to target future exploration, and have completed over 500m using a mechanical digger to date.

On completion of the 2012-2013 exploration programme, SRK recommends the current Mineral Resource Estimate for the La India Project should be updated for use as the basis for more advanced technical studies

25.2 Mining

In the course of investigating the potential for future mining operations at the La India deposit, SRK recommends the following for future studies:

- Reassess the open pit potential of all veinsets to determine open pit potential resulting from any further exploration;
- Undertake an engineered pit design in order to determine any practical limitation on the pit shell and improve estimates for mining losses, dilution and waste stripping requirements;
- Assess the ramping and development requirements to develop the upper levels of the pit;
- Assess the waste dump requirements and potential locations, the open pit size may be limited by dump space due to the topography;
- A minimum mining thickness based on the equipment selection should be applied to the wireframes to provide a more robust estimate of the mining modifying factors;

- Optimise the trade-off point between the open pit and underground limits for the La India deposit in order to maximise the project value and assess various sequencing and production rate options;
- Undertake an assessment of a cut-off grade strategy to increase initial RoM grades;
- Update the benchmark operating and capital cost estimates with costs developed from a first principals approach based on an engineered design;
- Develop a diluted mining model for the open pit analysis to provide an estimate of mining recovery and dilution factors for the deposit;
- Incorporate a more rigorous geotechnical investigation to provide a better understanding of the constraints to underground mining method selection;
- 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 the corporate strategy for exploiting the deposit; and
- Assessment on the sequencing of the various operations to provide an optimum feed to the processing plant and evaluate the impact of any resulting changes in processing feed over the LoMP. This should include an evaluation of delaying the underground mining until after the open pit to flatten the LoMP production profile.

SRK also comments at this stage that the other technical studies need to be advanced for more detail technical studies to progress the project towards a Mineral Reserve, such as:

- Metallurgical;
- Geotechnical;
- Hydrogeological;
- Environmental; and
- Infrastructure.

SRK notes that work on the aforementioned disciplines, with the exception of infrastructure (which would be incorporated at a prefeasibility stage), have been initiated.

25.3 Geotechnics

Given the small amount of information on the rock mass strength in the footwall and hangingwall waste rocks, SRK recommends the following:

- A number of specific geotechnical boreholes behind or near the pit crest well into the footwall and hangingwall waste rocks be drilled as part of future studies. Boreholes should be logged geotechnically, orientated and piezometers installed to measure groundwater levels.
- Selected exploration holes should be extended at least 70 m into the footwall/hangingwall.
- Outcrops located near the final pit walls should be mapped geotechnically.
- Drill cores should be strength tested using a portable point load tester which allows testing samples directly at the core shed in conjunction with a limited geotechnical laboratory testing programme.

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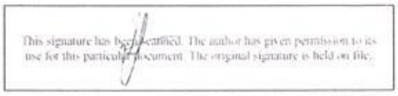
For and on behalf of SRK Consulting (UK) Limited



Ryan Freeman,
Senior Consultant (Mining Engineering)
SRK Consulting (UK) Limited

Mike Beare,
Corporate Consultant (Mining Engineering)
SRK Consulting (UK) Limited

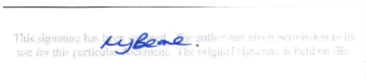
CERTIFICATE AND CONSENT

To Accompany the report entitled: NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA effective 25 February 2013.

I, Michael J. Beare, MIOM^3, C. Eng., do hereby certify that:

- I am a Corporate Consultant (Mining Engineering) of SRK Consulting (UK) Ltd., Level 5 Churchill House, 17 Churchill Way, Cardiff, CF10 2HH, Wales, UK.
- I graduated with a First Class Honours degree (B.Eng) in Mining Engineering from Camborne School of Mines, Cornwall, UK in 1992.
- My residential address is 17 Clos Halket, Canton, Cardiff, CF11 8DZ, Wales, UK.
- I am a Member of the Institution of Mining, Metallurgy and Materials (IOM^3) and a Chartered Engineer. My membership number is 33199.
- I have worked as a mining engineer for a total of 20 years since my graduation from university including six years at the Bulyanhulu Gold mine and eight years with SRK. I have project managed thirteen feasibility studies for mining operations with SRK, all of which are now either operating mines or are under construction.
- 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 fulfil the requirements to be a “qualified person” for the purposes of NI 43-101.
- I was responsible for the overall preparation of the technical report titled : NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA and dated 25th February, 2013 relating to the property.
- I have had no prior involvement with the property that is the subject of the Technical Report.
- I, as a qualified person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101.
- I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
- As of the date of this technical report, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
- I consent to the filing of the technical report with any stock exchange and other regulatory authority and any publication for regulatory purposes, including electronic publication in the public company files on their websites accessible to the public of extracts from the technical report.

Dated this 25th day of February 2013.



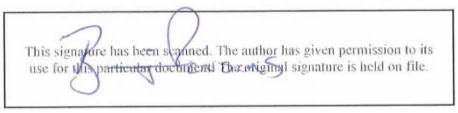
Mr. Michael Beare

CERTIFICATE AND CONSENT

To Accompany the report entitled: NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA effective 25 February 2013

I, Ben Parsons, MAusIMM(CP), do hereby certify that:

- I am a Principal Consultant (Resource Geology) of SRK Consulting (UK) Ltd., Level 5 Churchill House, 17 Churchill Way, Cardiff, CF10 2HH, Wales, UK.
- 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.
- My residential address is 3 Erw Las Whitchurch, Cardiff CF14 1NL, UK.
- I am a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Chartered Professional (Geology). My membership number is 222568.
- I have worked as a geologist for a total of 12 years since my graduation from university.
- 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 to a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.
- I have personally inspected the subject project 11 to 14 June 2012.
- I was responsible for the Resource estimate dated 14 September, 2012 of the technical report titled : NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA and dated 25th February, 2013 relating to the property.
- I have previously been involved in authoring the Mineral Resource Estimate for the authoring of the previous Mineral Resource Estimate dated 22 December 2011 and accompanied technical report;
- I, as a qualified person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101.
- I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
- As of the date of this technical report, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
- I consent to the filing of the technical report with any stock exchange and other regulatory authority and any publication for regulatory purposes, including electronic publication in the public company files on their websites accessible to the public of extracts from the technical report.



Mr. Ben Parsons

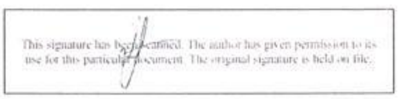
CERTIFICATE AND CONSENT

To Accompany the report entitled: NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA effective 25 February 2013.

I, Ryan Freeman, AusIMM(CP), do hereby certify that:

- I am a Senior Consultant (Mining Engineering) of SRK Consulting (UK) Ltd., Level 5 Churchill House, 17 Churchill Way, Cardiff, CF10 2HH, Wales, UK.
- I graduated with a First Class Honours degree (B.Eng) in Mining Engineering from University of South Australia, Adelaide, South Australia, Australia 2002.
- My residential address is 37 Talbot Street, Cardiff, CF11 9BW, Wales, UK.
- I am a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Chartered Professional (Mining). My membership number is 203680.
- I have worked as a mining engineer for a total of 10 years since my graduation from university.
- 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 fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.
- I was responsible for the mining engineering and economic analysis of the technical report titled : NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA and dated 25th February, 2013 relating to the property.
- I have previously undertaken conceptual level mining assessments and options analysis on the La India deposit.
- I, as a qualified person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101.
- I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
- As of the date of this technical report, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
- I consent to the filing of the technical report with any stock exchange and other regulatory authority and any publication for regulatory purposes, including electronic publication in the public company files on their websites accessible to the public of extracts from the technical report.

Dated this 25th day of February 2013.



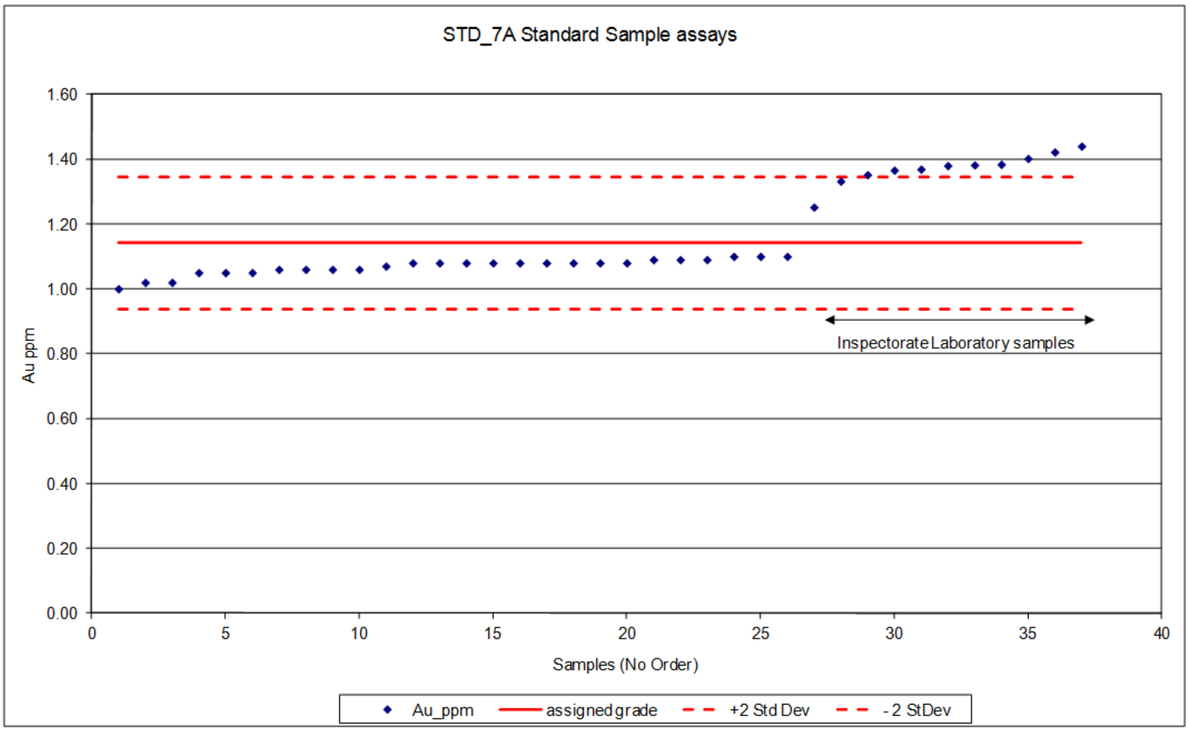
Mr. Ryan Freeman

APPENDIX

A QA/QC

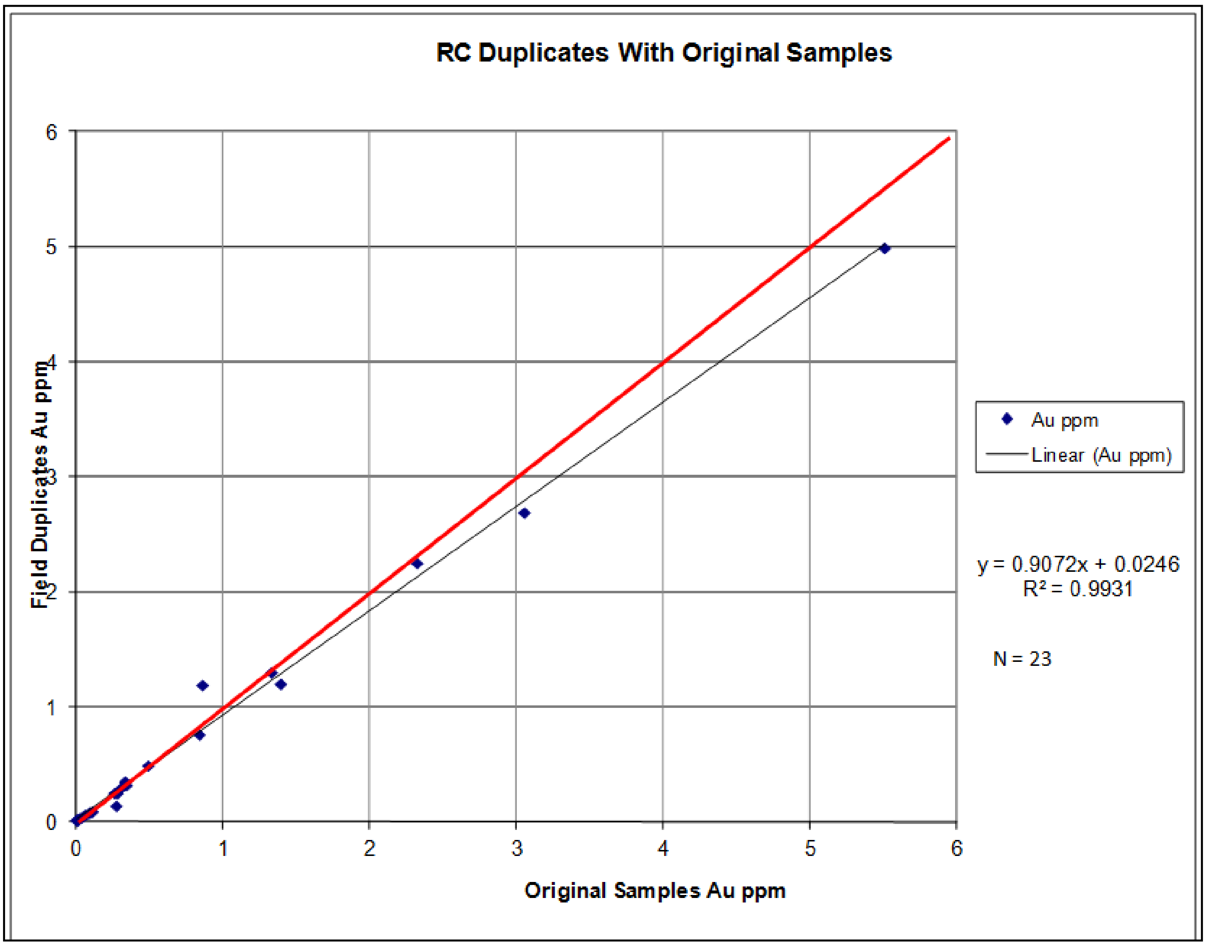
2007/2008 (Cacao) Programme

Standard Reference Material

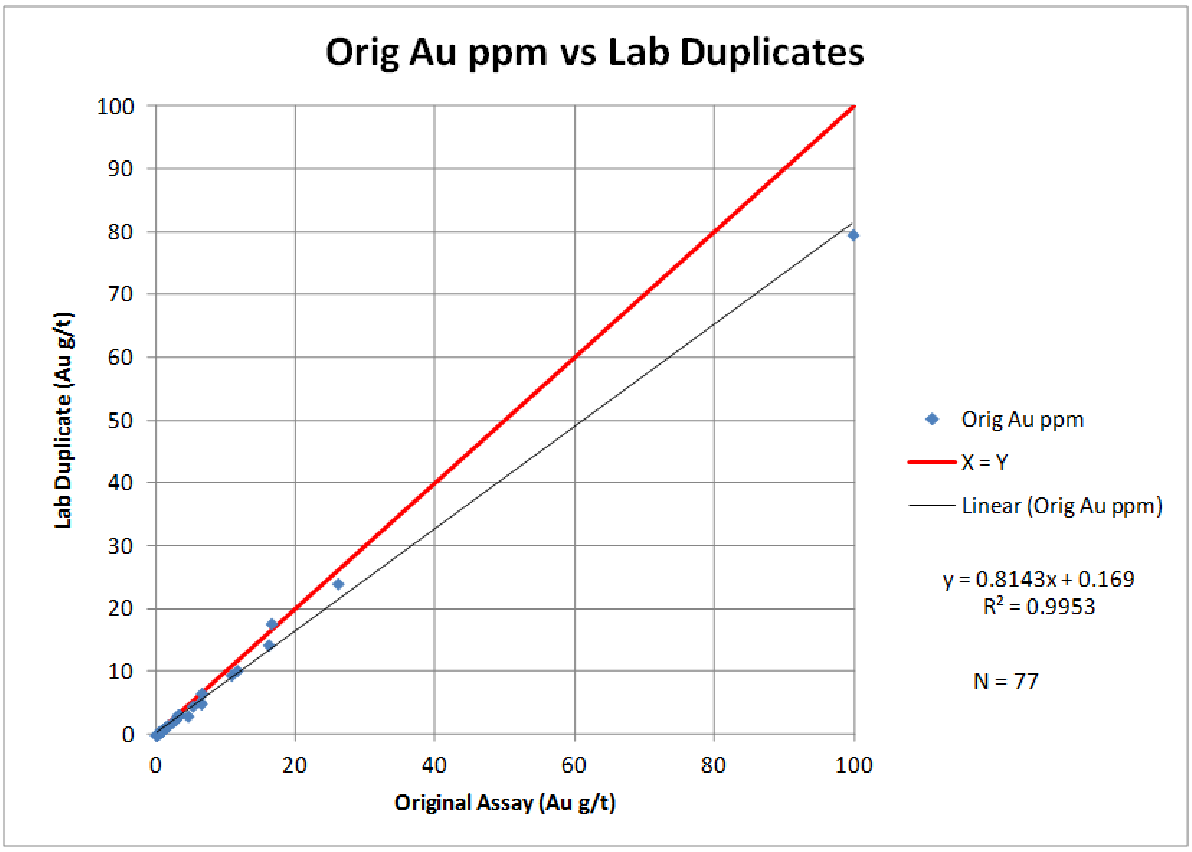


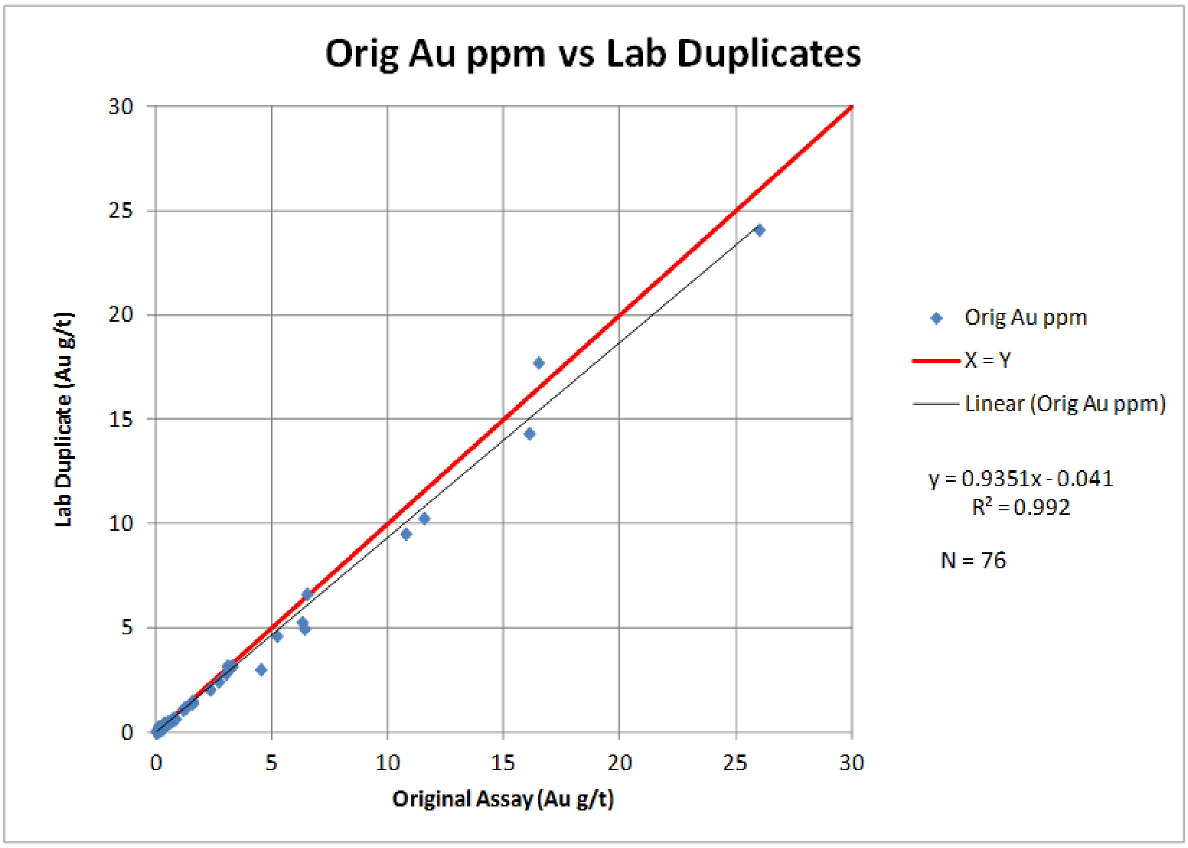
Std ID	No. samples	Mean Au (ppm)	Std Dev	Minimum Au (ppm)	Maximum Au (ppm)	Comments
STD_7A	26.00	1.07	0.03	1.00	1.10	
STD_7A	11.00	1.37	0.05	1.25	1.44	Inspectorate

Field Duplicates

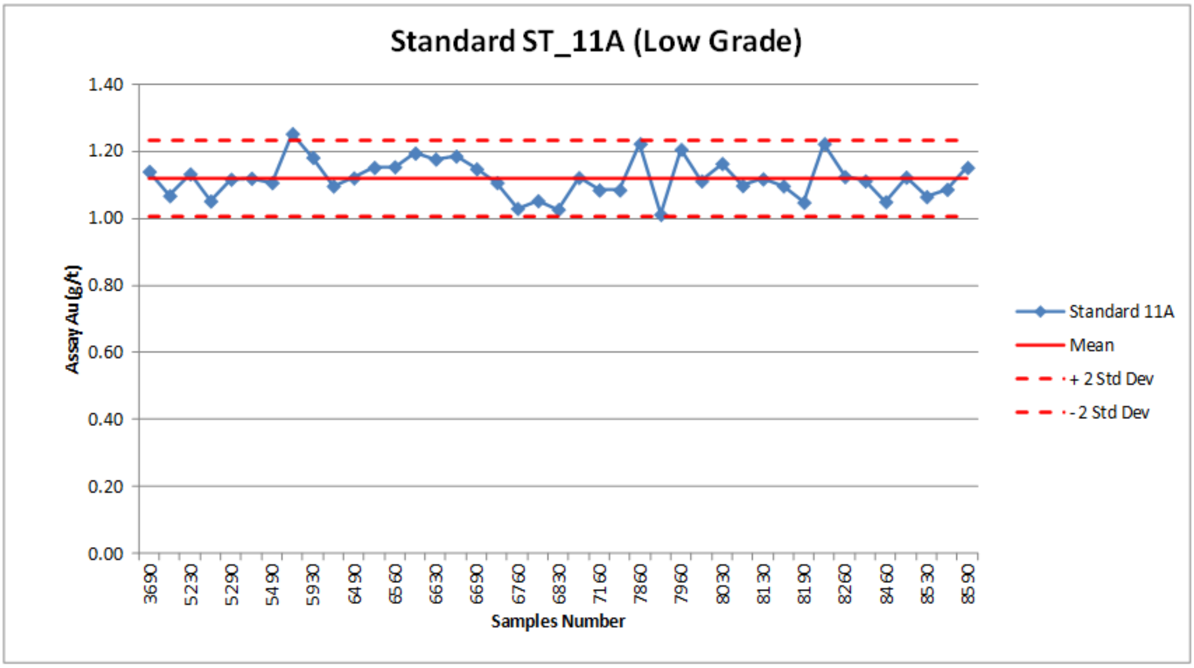


Laboratory Pulp Duplicates

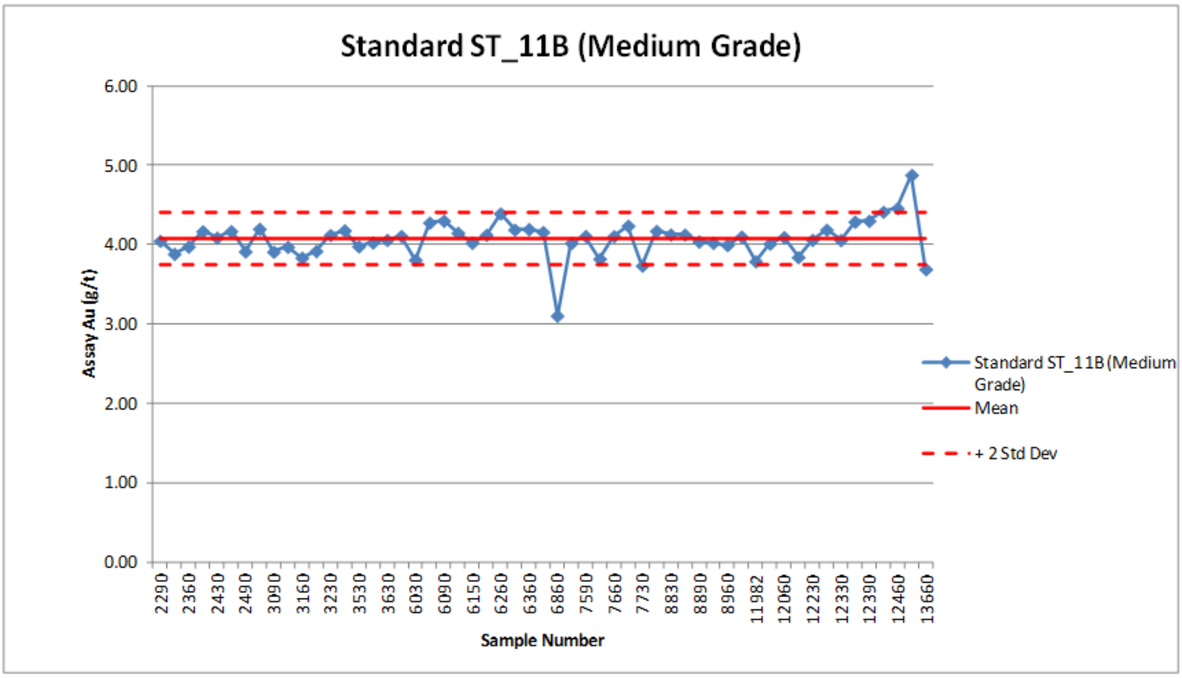




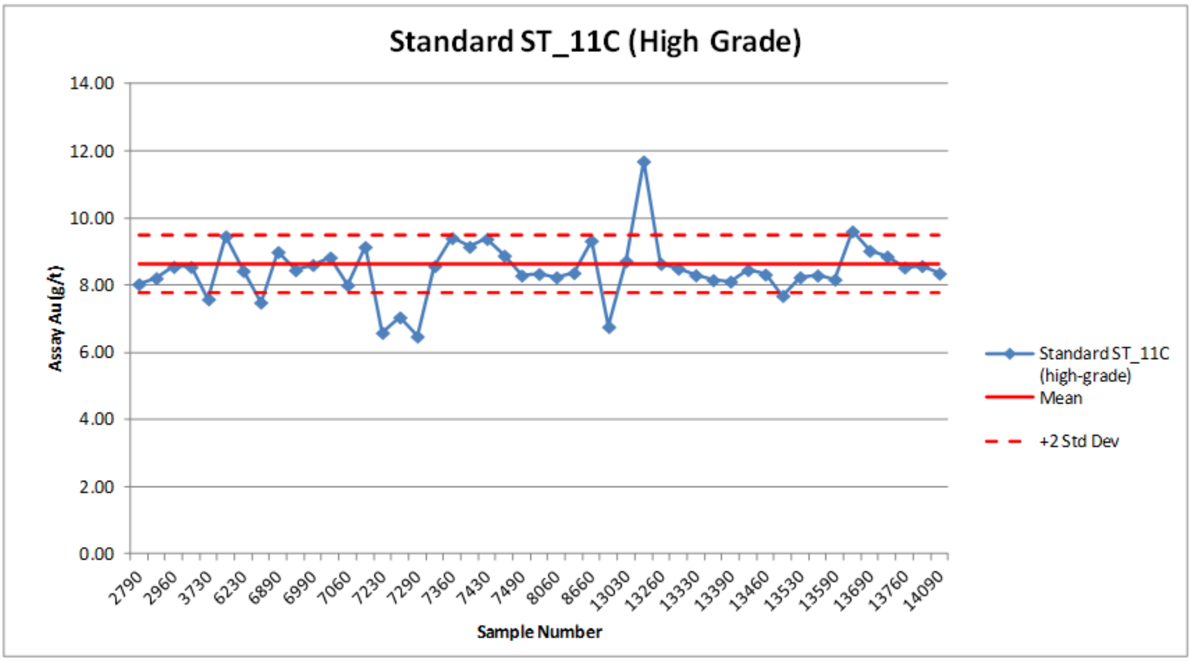
2011 (La India) Programme



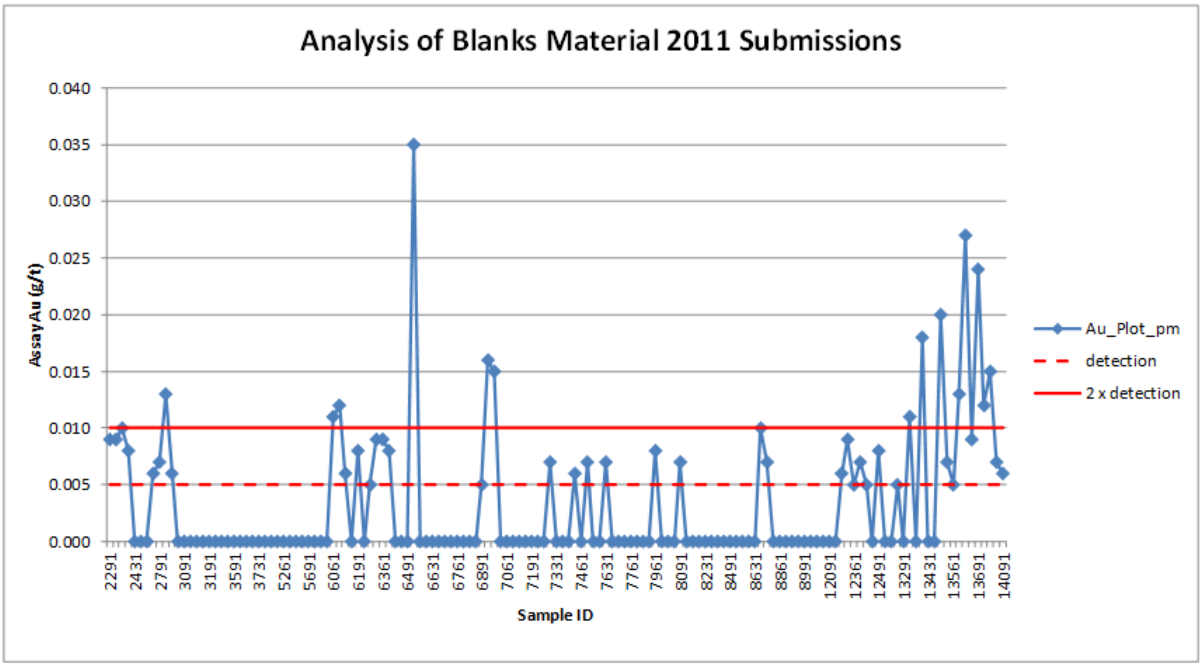
Std ID	No. samples	Mean Au (ppm)	Std Dev	Minimum Au (ppm)	Maximum Au (ppm)	Comments
STD_11A	41	1.12	0.057	1.012	1.253	No outliers



Std ID	No. samples	Mean Au (ppm)	Std Dev	Minimum Au (ppm)	Maximum Au (ppm)	Comments
STD_11B	55	4.074	0.237	3.107	4.88	Including 2 outliers
STD_11B	53	4.077	0.167	3.693	4.461	Excluding outliers

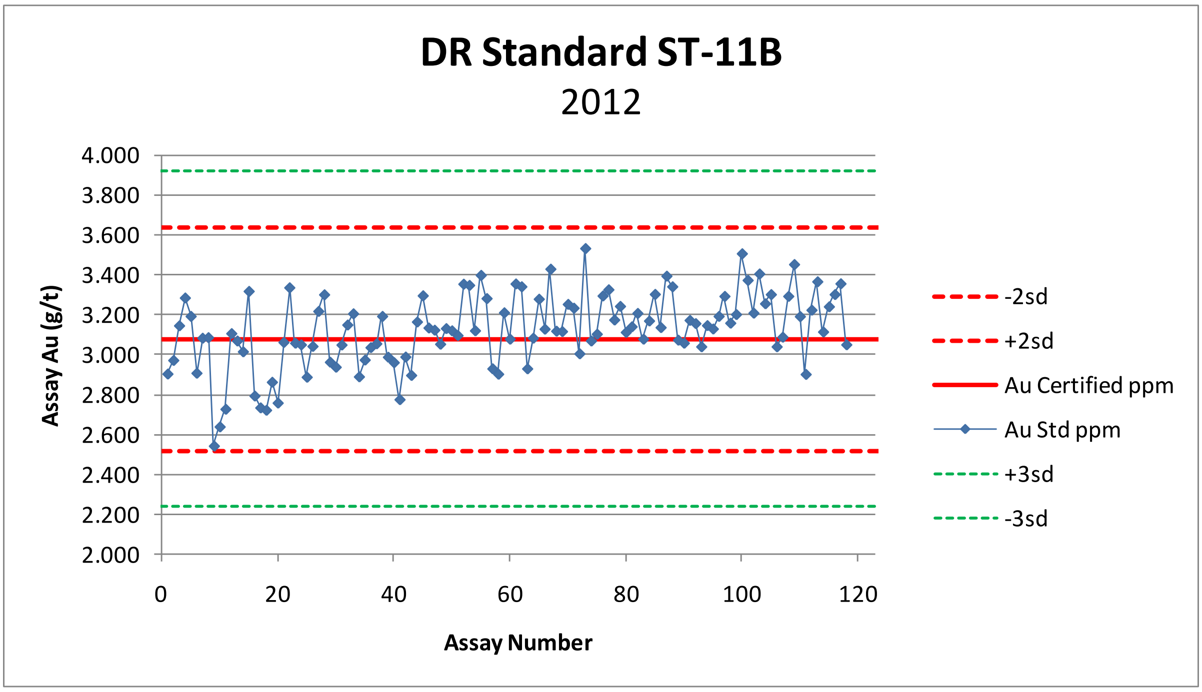


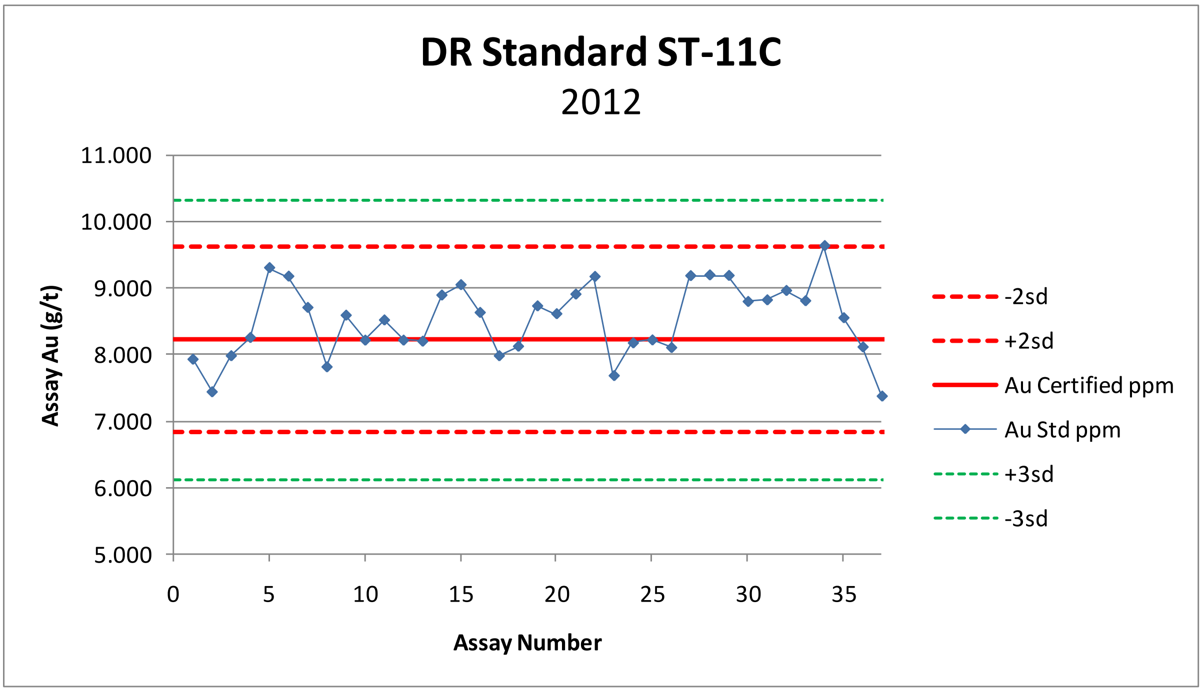
Std ID	No. samples	Mean Au (ppm)	Std Dev	Minimum Au (ppm)	Maximum Au (ppm)	Comments
STD_11C	47	8.463	0.847	6.486	11.7	Including 8 outliers
STD_11C	39	8.625	0.429	8.011	9.613	Excluding outliers

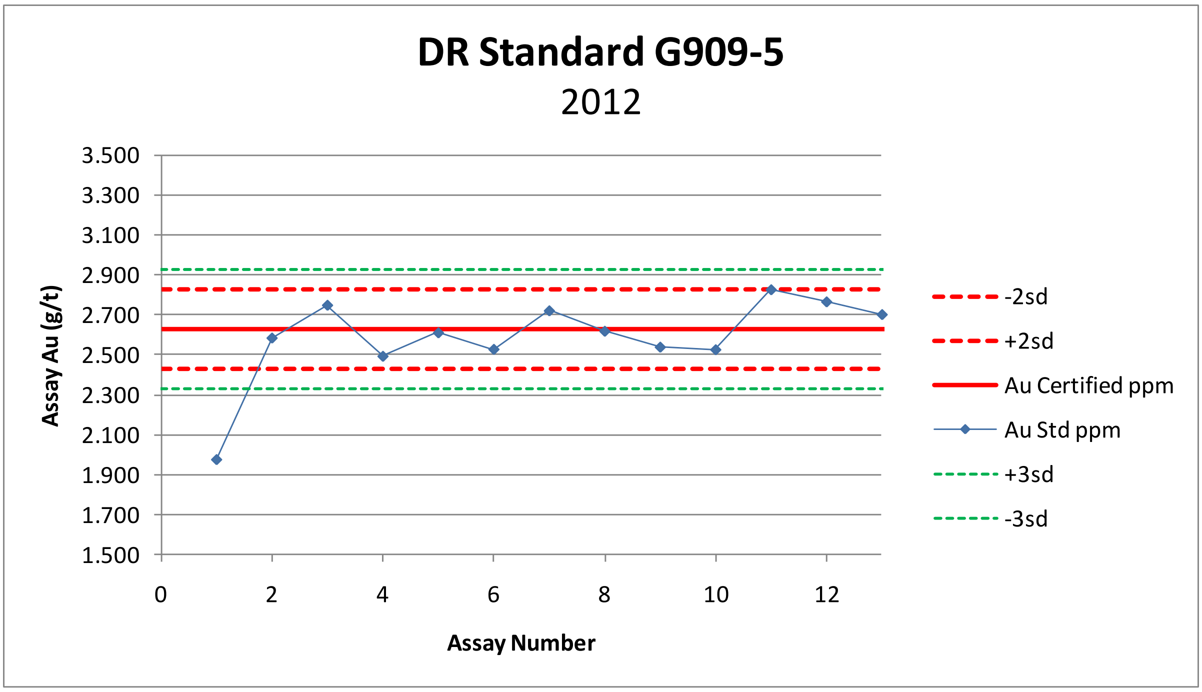


COUNT	AVERAGE	STANDARD DEVIATION	MAXIMUM	MINIMUM	>0.005ppm	>0.01ppm
145	0.003	0.006	0.035	0	42	14

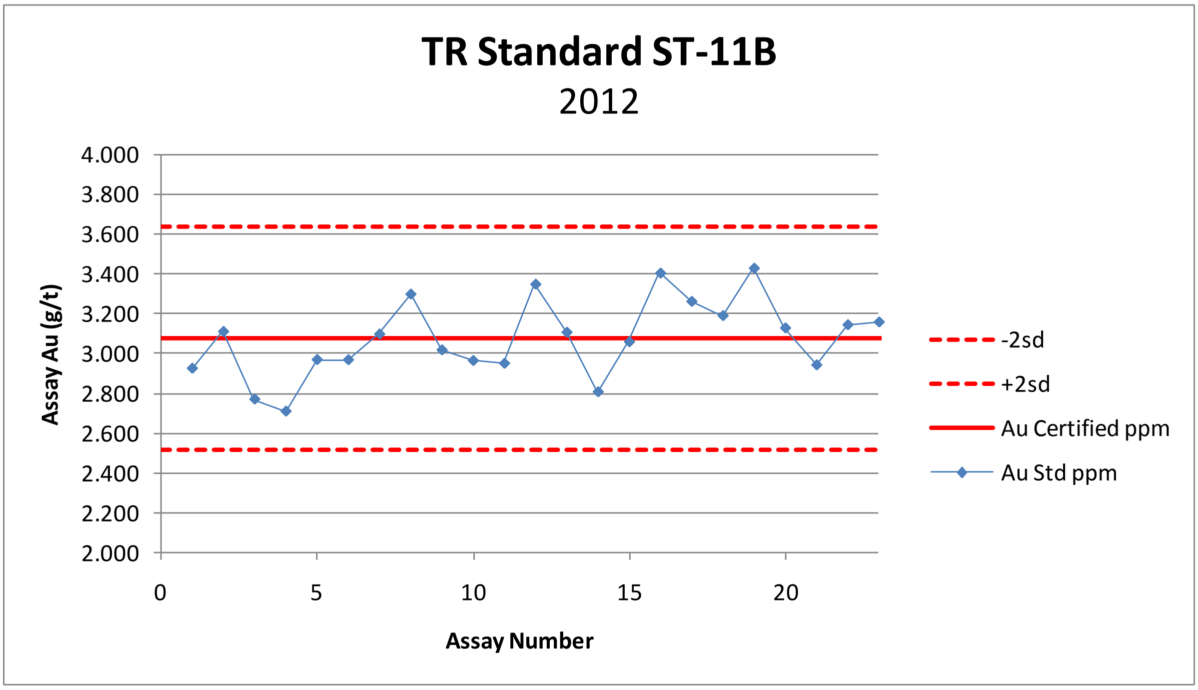
2012 (La India) Drill Programme

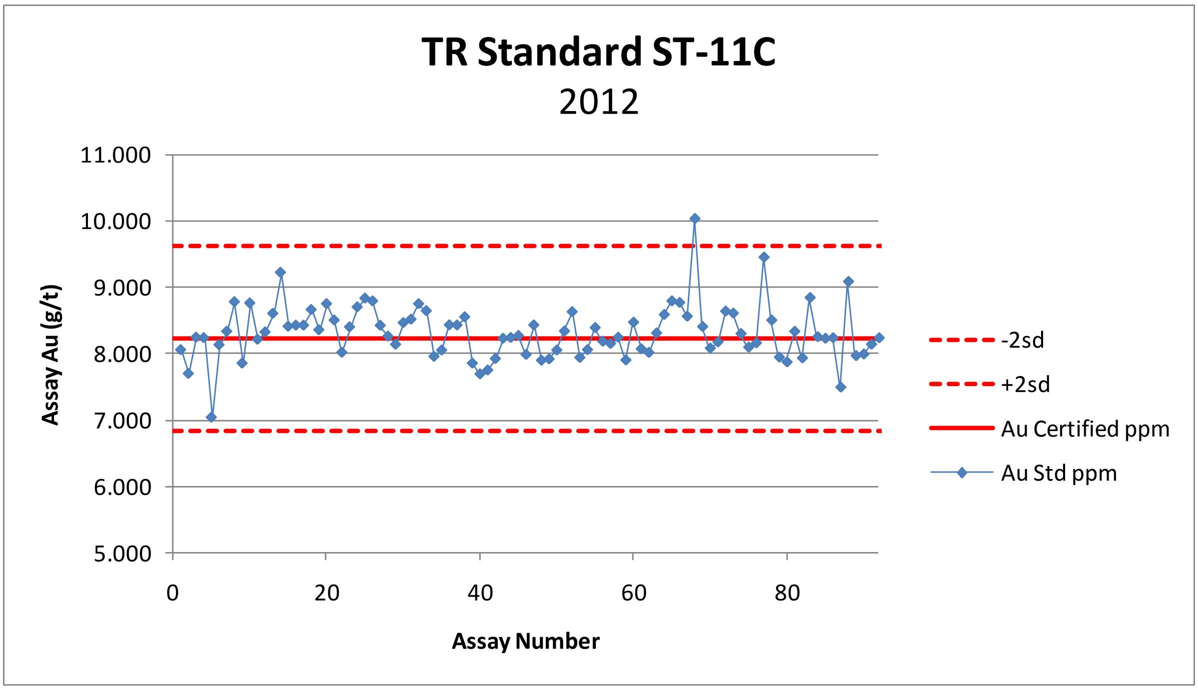


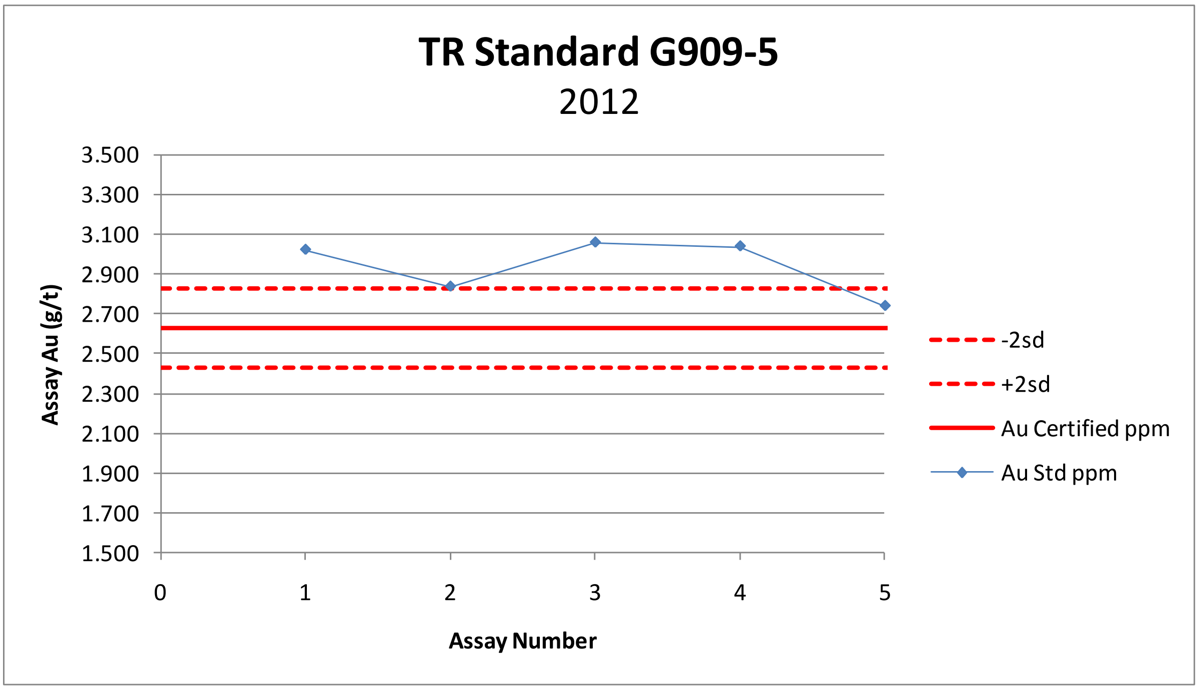


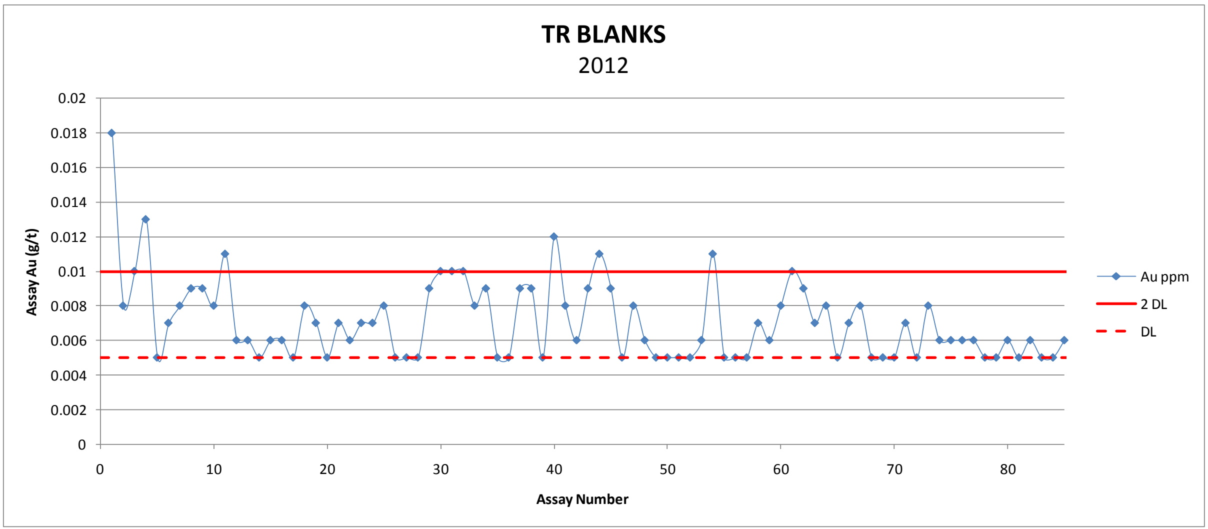


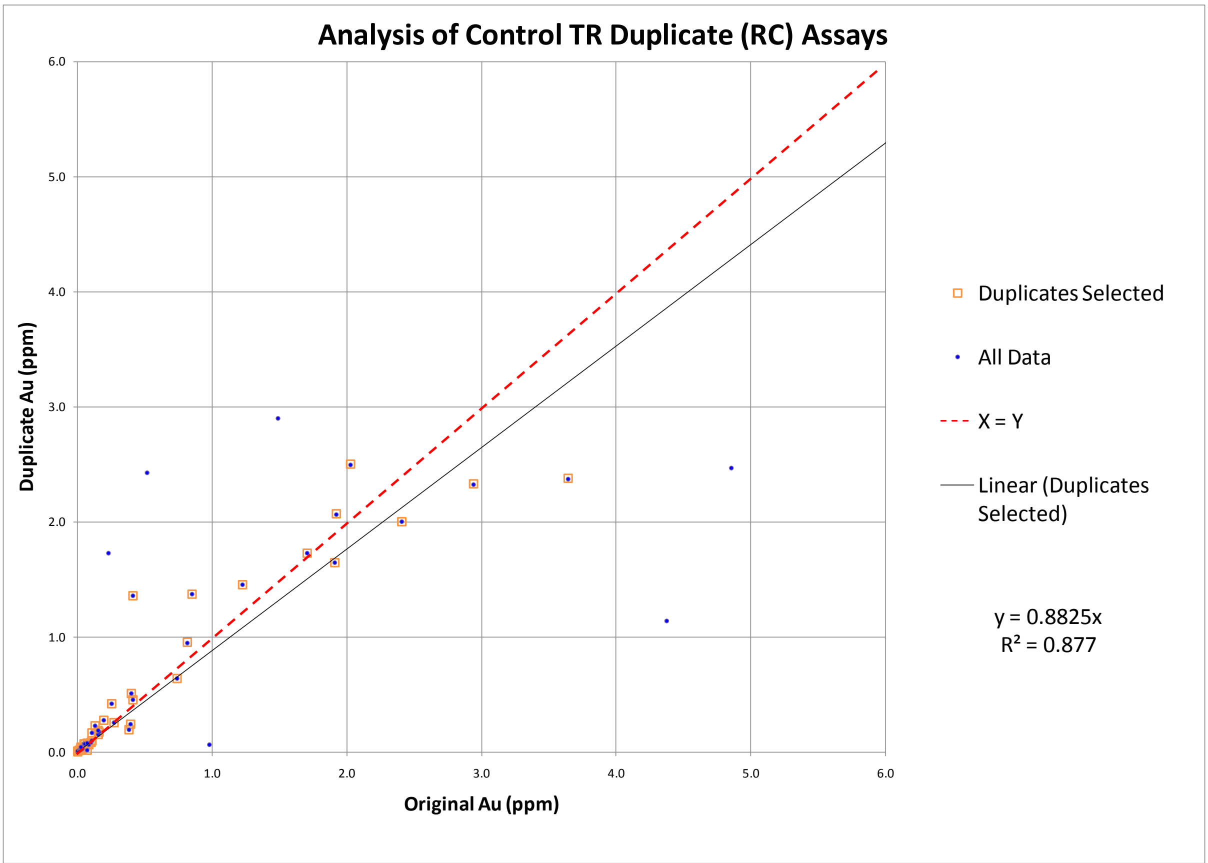
2012 (La India) Trenching Programme




TR Standard ST-11C
2012
11.000
10.000
9.000
8.000
7.000
6.000
5.000
Assay Au (g/t)
0
20
40
60
80
Assay Number
-2sd
+2sd
Au Certified ppm
Au Std ppm


TR Standard G909-5
2012
3.500
3.300
3.100
2.900
2.700
2.500
2.300
2.100
1.900
1.700
1.500
Assay Au (g/t)
0
1
2
3
4
5
Assay Number
-2sd
+2sd
Au Certified ppm
Au Std ppm


TR BLANKS
2012
Assay Au (g/t)
0.02
0.018
0.016
0.014
0.012
0.01
0.008
0.006
0.004
0.002
0
0
10
20
30
40
50
60
70
80
Assay Number
Au ppm
2 DL
DL

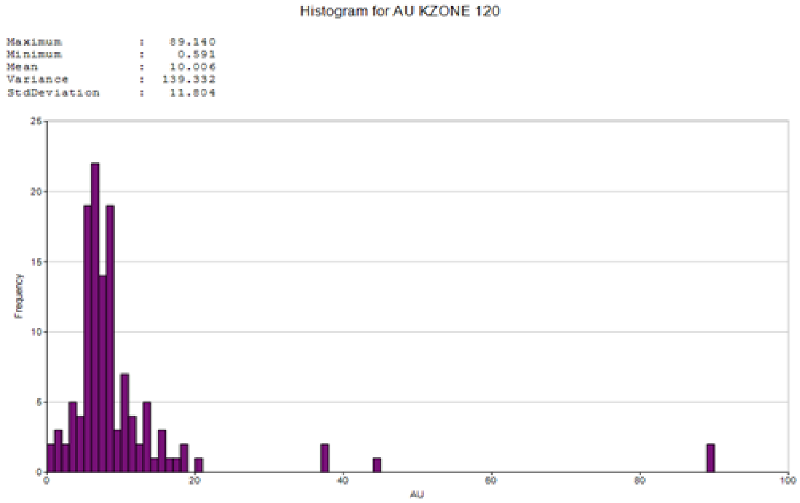

Analysis of Control TR Duplicate (RC) Assays
Duplicate Au (ppm)
6.0
5.0
4.0
3.0
2.0
1.0
0.0
0.0
1.0
2.0
3.0
4.0
5.0
6.0
Original Au (ppm)
Duplicates Selected
All Data
X = Y
Linear (Duplicates Selected)
y = 0.8825x
R² = 0.877

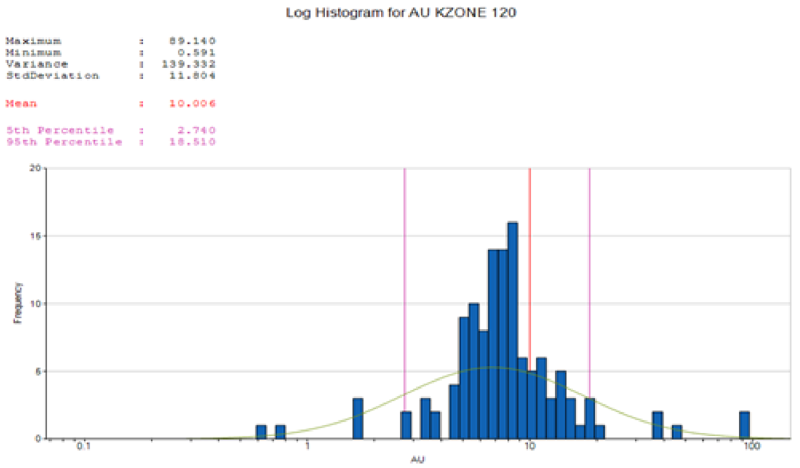
APPENDIX

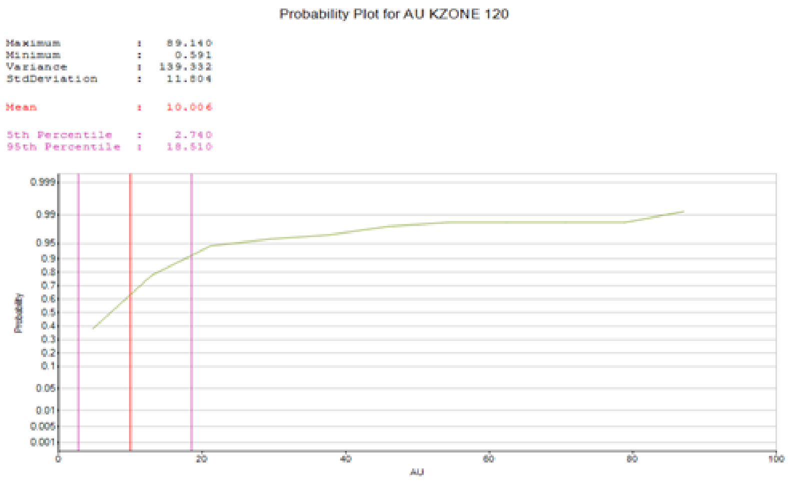
B HISTOGRAMS AND SAMPLE STATISTICS

HISTOGRAMS AND STATISTICS FOR GOLD

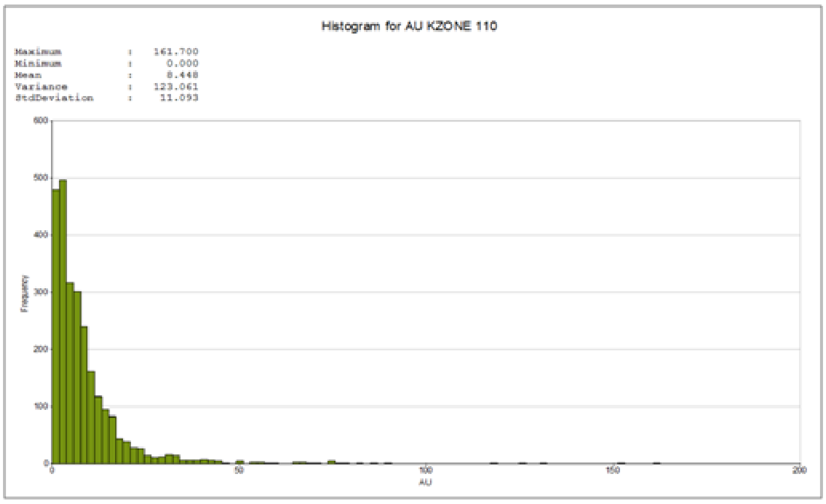
AGUA CALIENTE

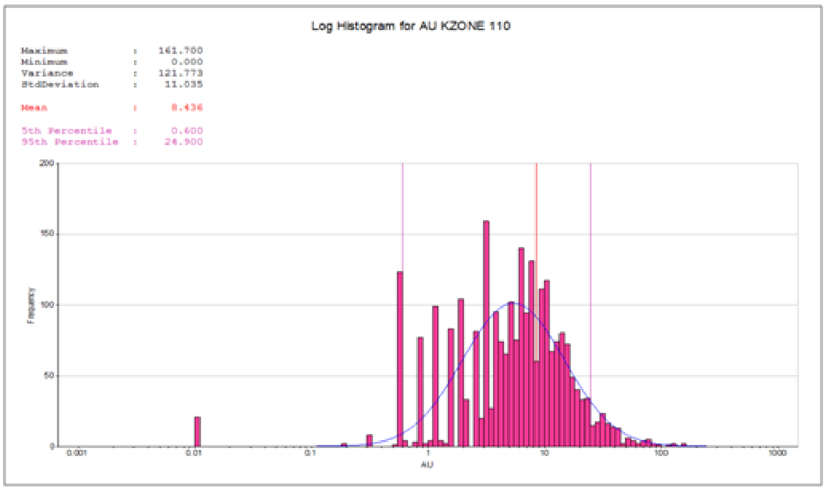


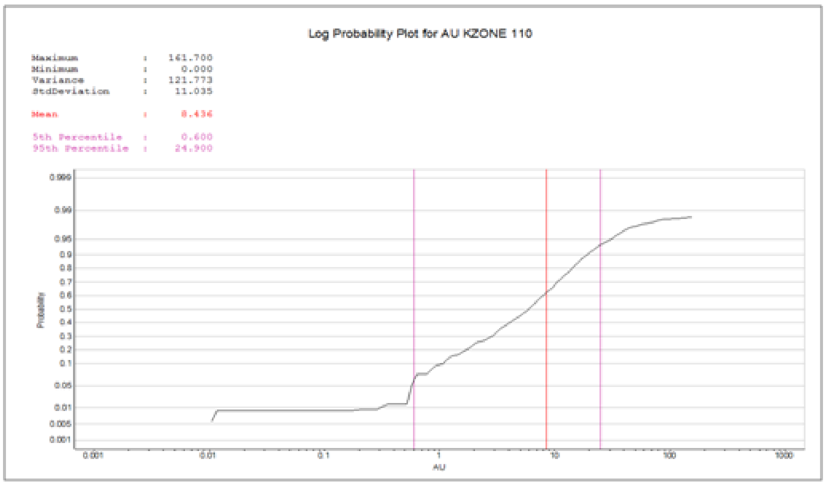




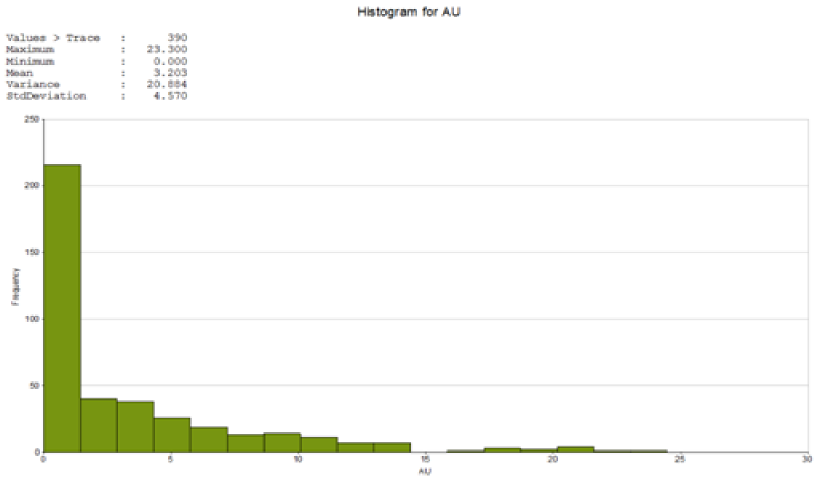
AMERICA

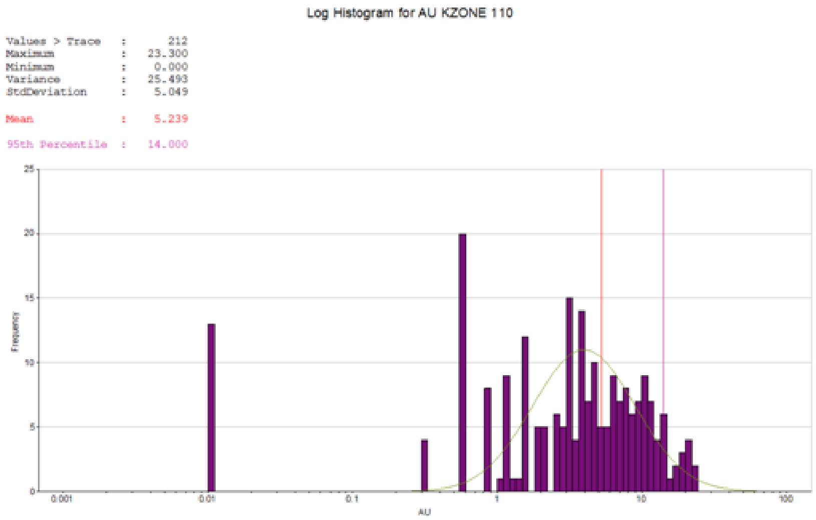

Histogram for AU KZONE 110
Maximum : 161.700
Minimum : 0.000
Mean : 8.448
Variance : 123.061
StdDeviation : 11.093
Frequency
AU

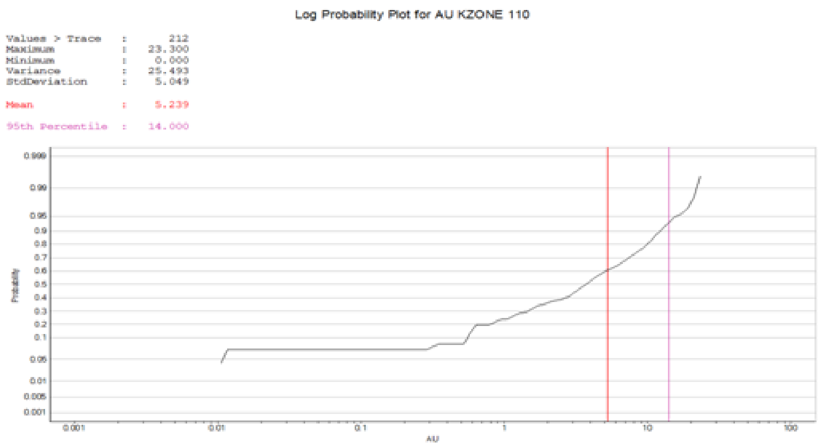

Log Histogram for AU KZONE 110
Maximum : 161.700
Minimum : 0.000
Variance : 121.773
StdDeviation : 11.035
Mean : 8.436
5th Percentile : 0.600
95th Percentile : 24.900
Frequency
AU


Log Probability Plot for AU KZONE 110
Maximum : 161.700
Minimum : 0.000
Variance : 121.773
StdDeviation : 11.035
Mean : 8.436
5th Percentile : 0.600
95th Percentile : 24.900
Probability
AU

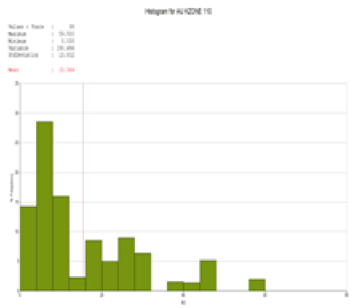
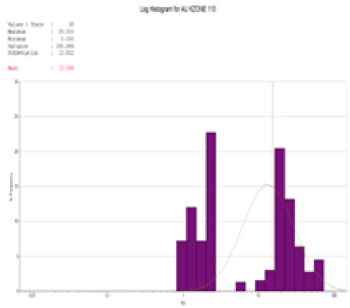
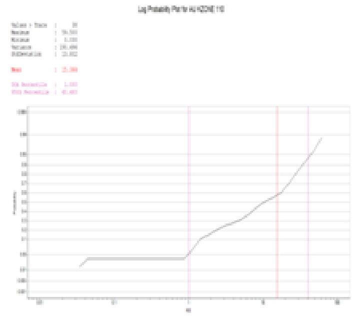
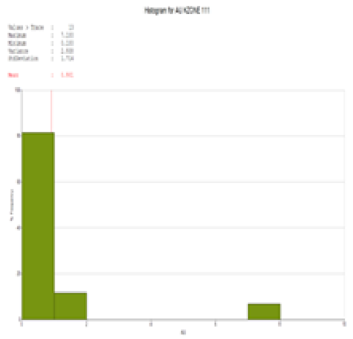
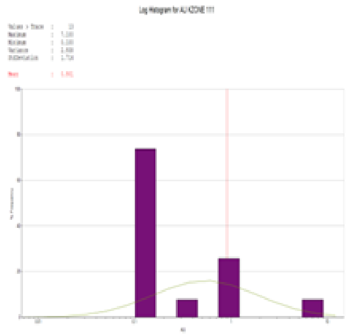
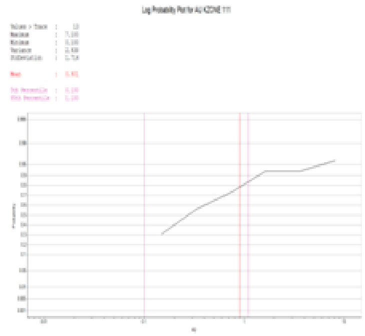
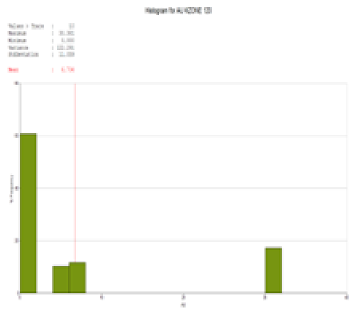
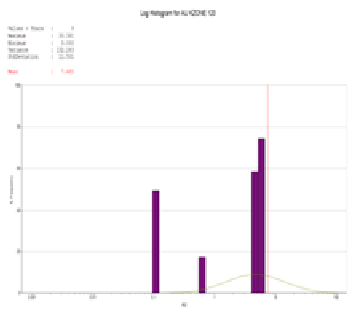
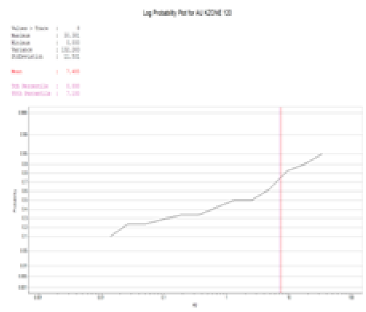
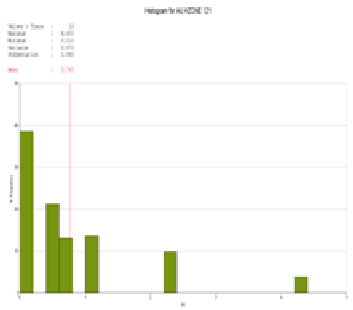
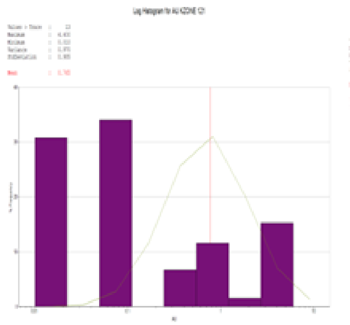
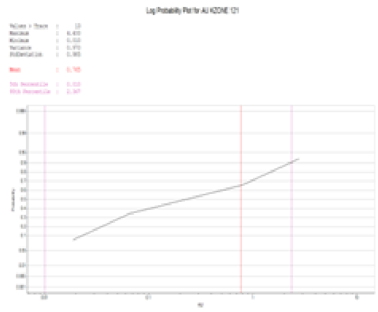
ARIZONA


Histogram for AU
Values > Trace : 390
Maximum : 23.300
Minimum : 0.000
Mean : 3.203
Variance : 20.884
StdDeviation : 4.570
Frequency
AU

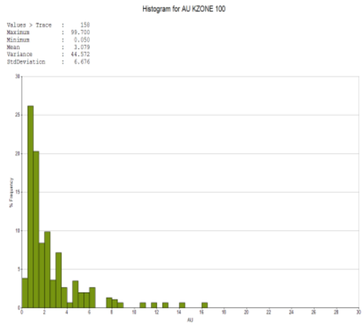

Log Histogram for AU KZONE 110
Values > Trace : 212
Maximum : 23.300
Minimum : 0.000
Variance : 25.493
StdDeviation : 5.049
Mean : 5.239
95th Percentile : 14.000
Frequency
AU

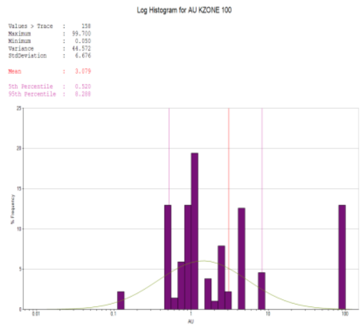

Log Probability Plot for AU KZONE 110
Values > Trace : 212
Maximum : 23.300
Minimum : 0.000
Variance : 25.493
StdDeviation : 5.049
Mean : 5.239
95th Percentile : 14.000
Probability
AU

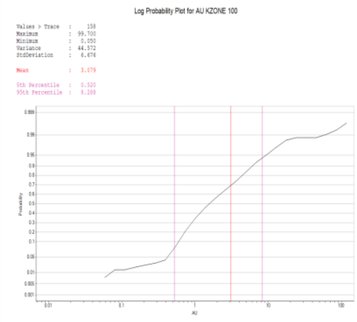
BUENOS AIRES

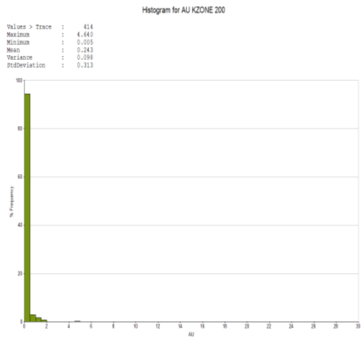













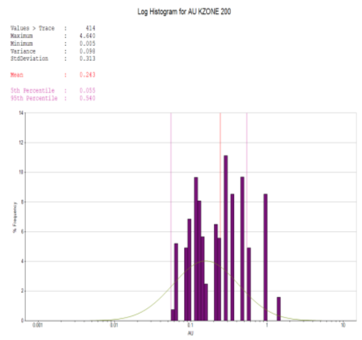
CACAO

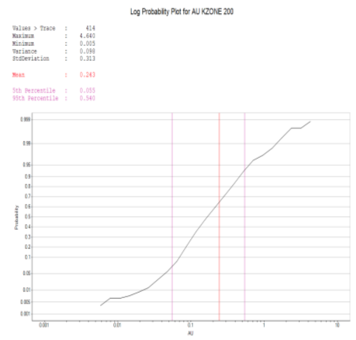

Histogram for AU KZONE 100
Values > Trace : 158
Maximum : 99.700
Minimum : 0.050
Mean : 3.079
Variance : 44.572
StdDeviation : 6.676
% Frequency
AU


Values > Trace : 158
Maximum : 99.700
Minimum : 0.050
Variance : 44.572
StdDeviation : 6.676
Mean : 3.079
5th Percentile : 0.520
95th Percentile : 8.288

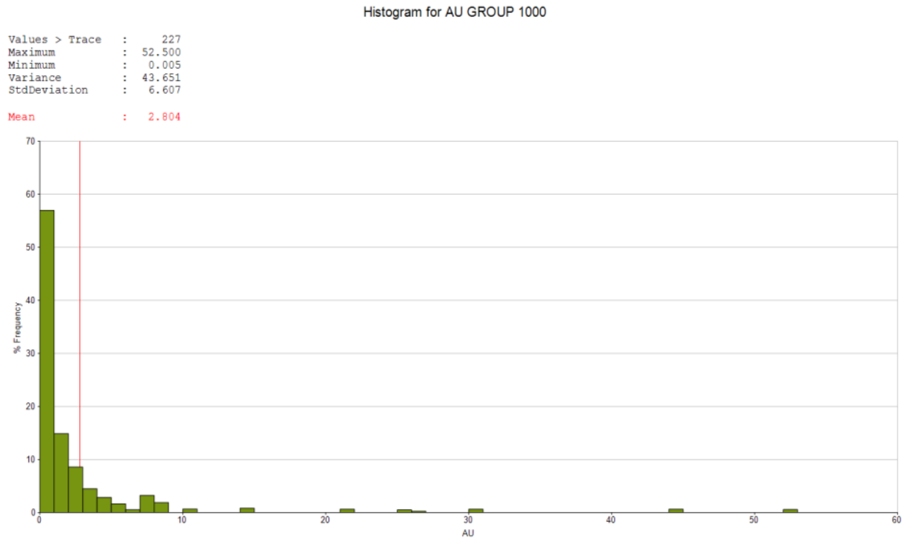

Log Probability Plot for AU KZONE 100

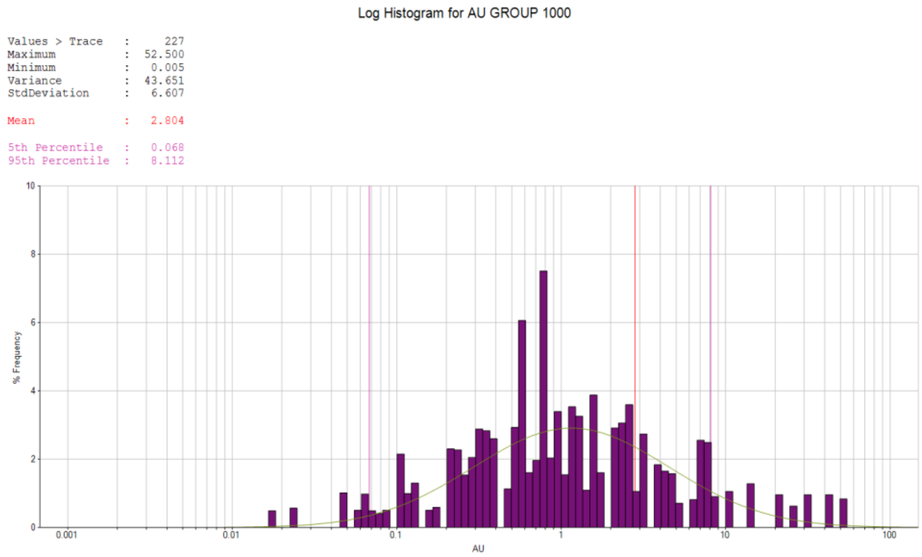

Histogram for AU KZONE 200
Values > Trace : 414
Maximum : 4.640
Minimum : 0.005
Mean : 0.243
Variance : 0.098
StdDeviation : 0.313

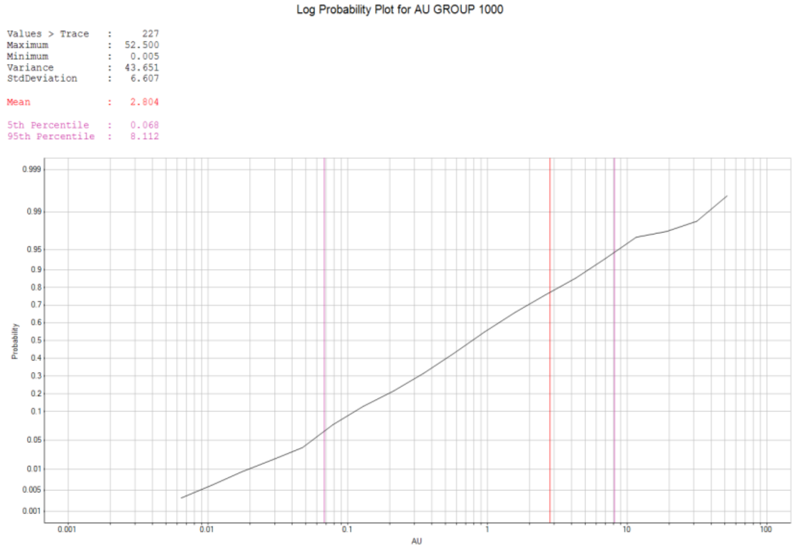

Values > Trace : 414
Maximum : 4.640
Minimum : 0.005
Variance : 0.098
StdDeviation : 0.313
Mean : 0.243
5th Percentile : 0.055
95th Percentile : 0.540


Log Probability Plot for AU KZONE 200

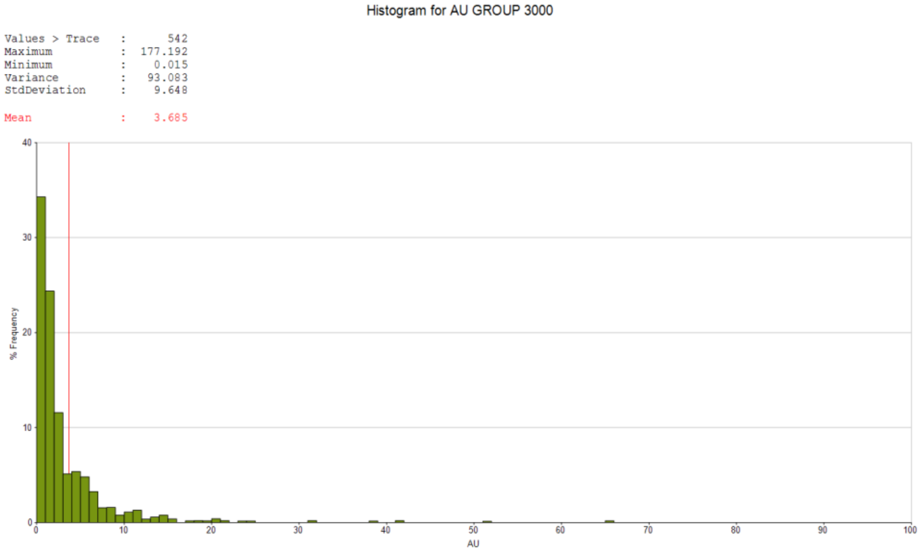
CALIFORNIA (GROUP1000)

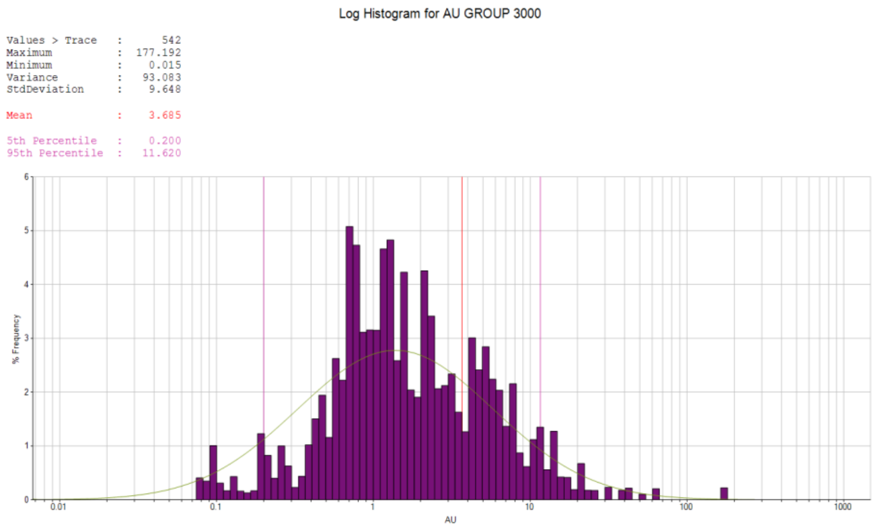


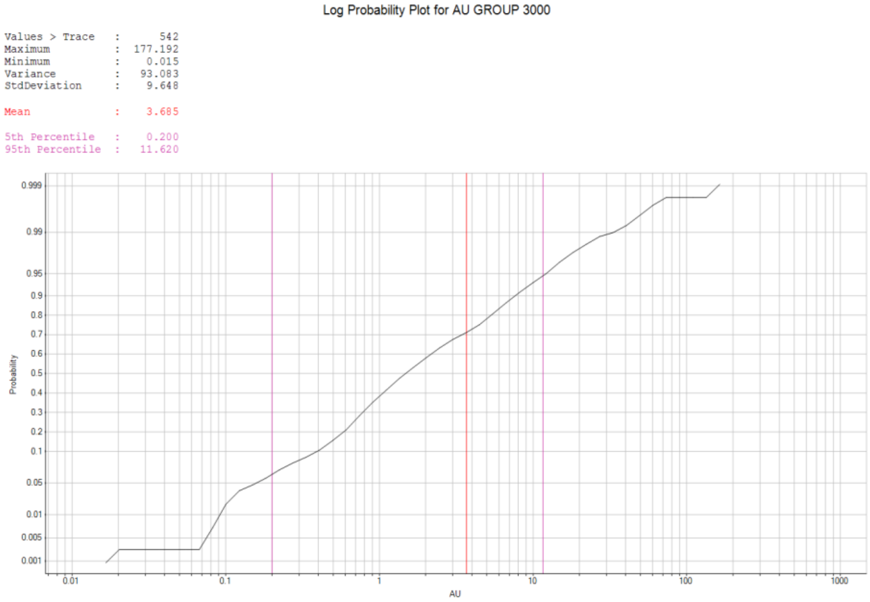




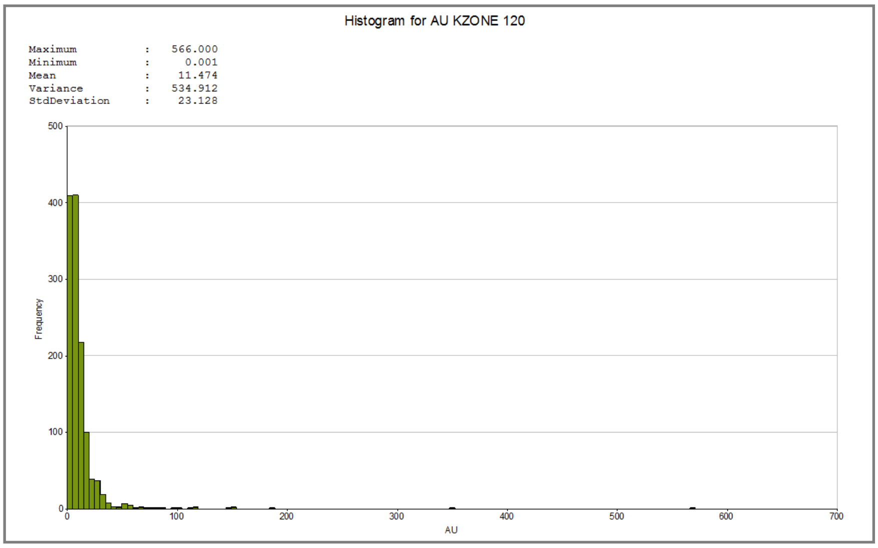
CALIFORNIA (GROUP 3000)

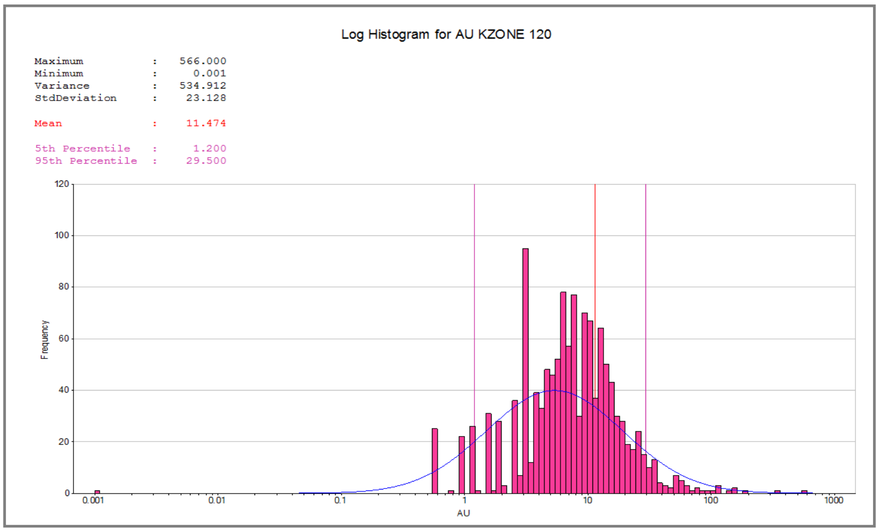


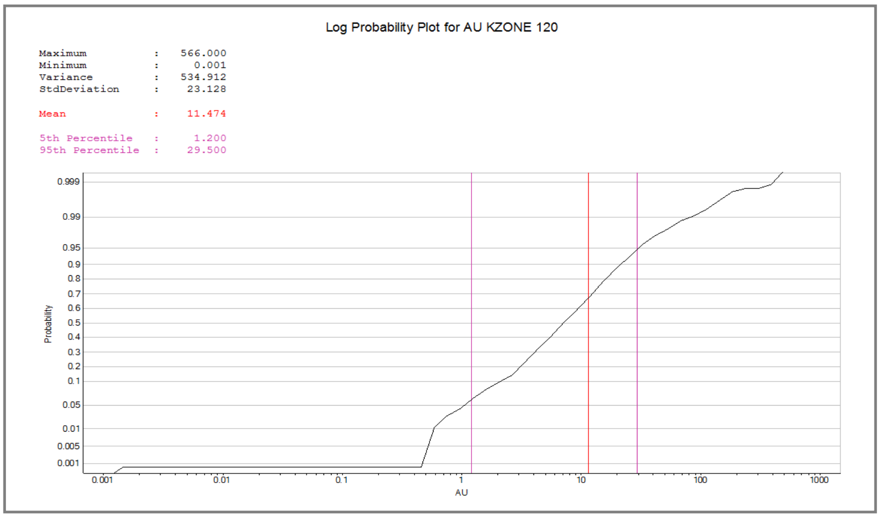



Log Probability Plot for AU GROUP 3000
Values > Trace : 542
Maximum : 177.192
Minimum : 0.015
Variance : 93.083
StdDeviation : 9.648
Mean : 3.685
5th Percentile : 0.200
95th Percentile : 11.620
Probability
AU

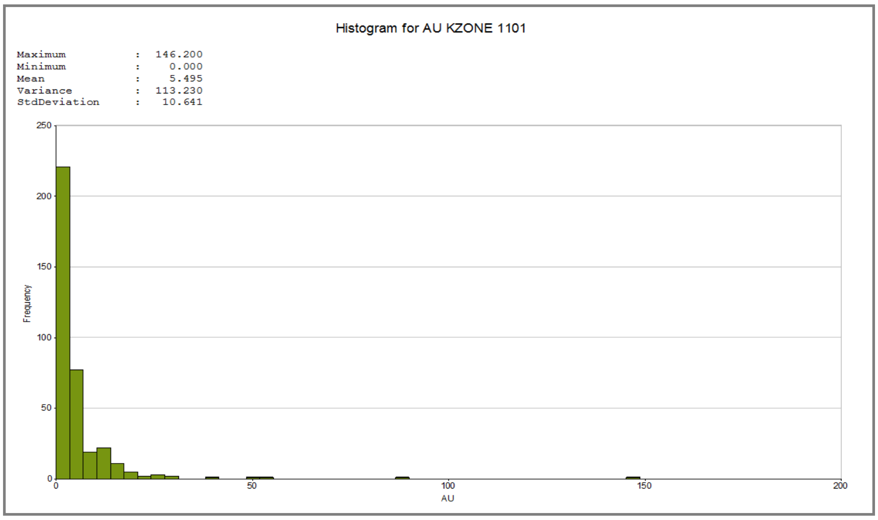
CONSTANCIA

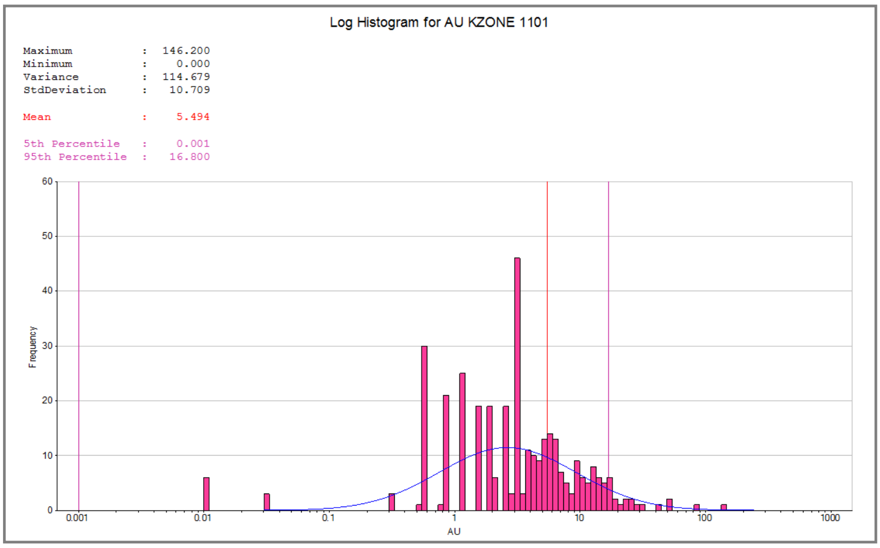

Histogram for AU KZONE 120
Maximum : 566.000
Minimum : 0.001
Mean : 11.474
Variance : 534.912
StdDeviation : 23.128
Frequency
AU

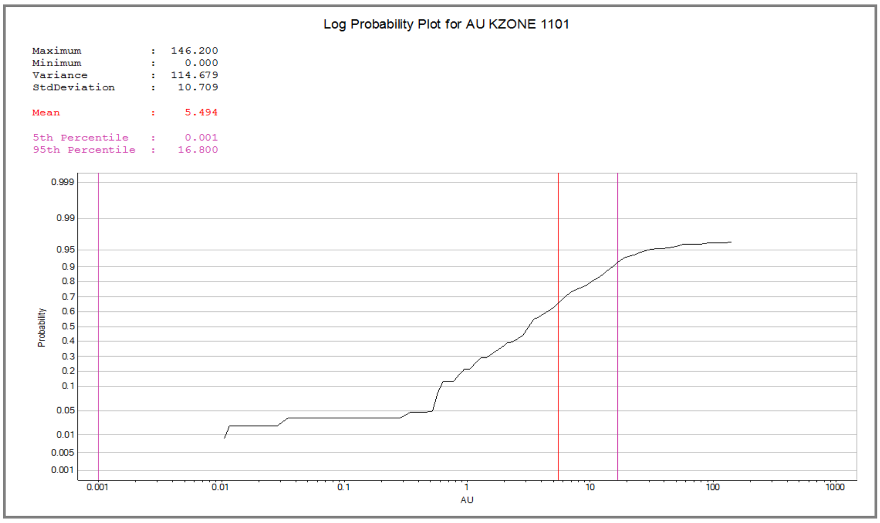

Log Histogram for AU KZONE 120
Maximum : 566.000
Minimum : 0.001
Variance : 534.912
StdDeviation : 23.128
Mean : 11.474
5th Percentile : 1.200
95th Percentile : 29.500
Frequency
AU


Log Probability Plot for AU KZONE 120
Maximum : 566.000
Minimum : 0.001
Variance : 534.912
StdDeviation : 23.128
Mean : 11.474
5th Percentile : 1.200
95th Percentile : 29.500
Probability
AU

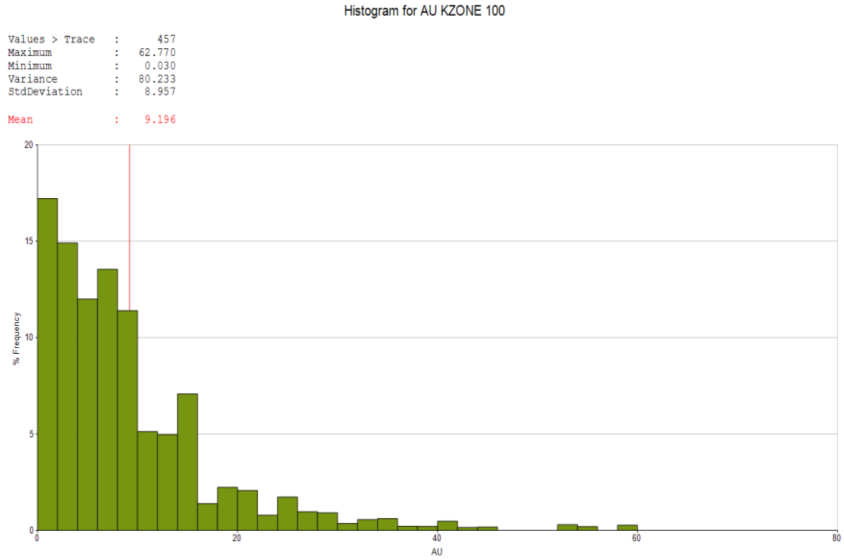
ESCONDIDO

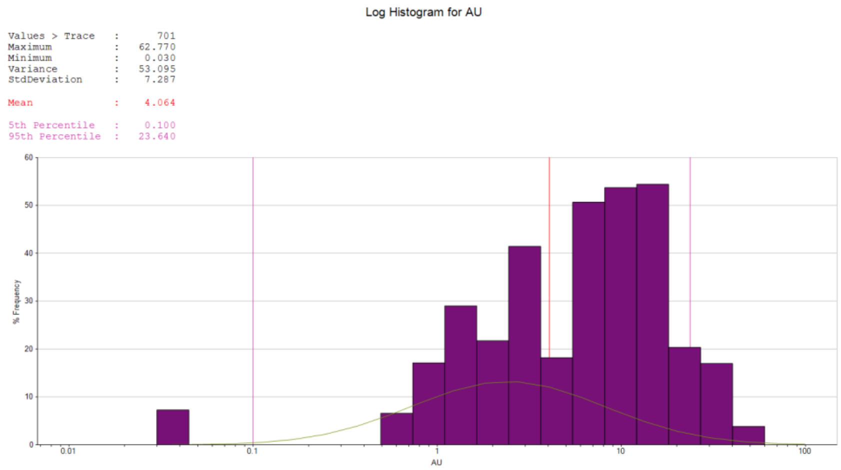

Histogram for AU KZONE 1101
Maximum : 146.200
Minimum : 0.000
Mean : 5.495
Variance : 113.230
StdDeviation : 10.641
Frequency
AU

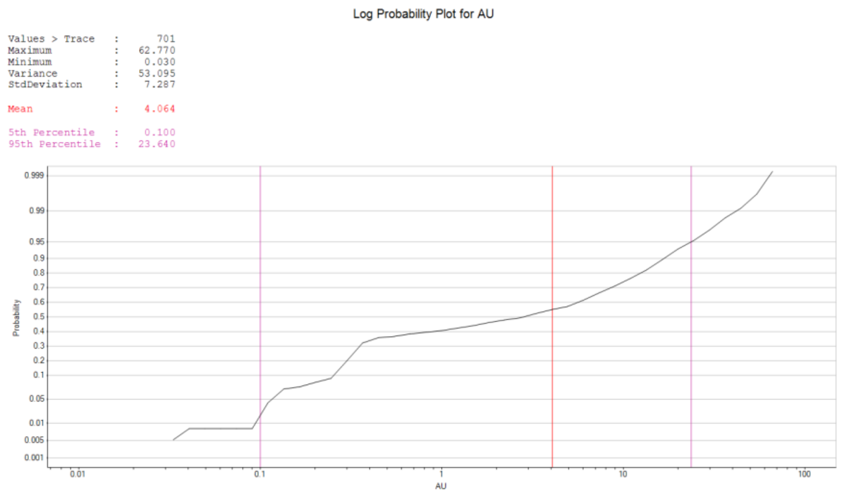

Log Histogram for AU KZONE 1101
Maximum : 146.200
Minimum : 0.000
Variance : 114.679
StdDeviation : 10.709
Mean : 5.494
5th Percentile : 0.001
95th Percentile : 16.800
Frequency
AU


Log Probability Plot for AU KZONE 1101
Maximum : 146.200
Minimum : 0.000
Variance : 114.679
StdDeviation : 10.709
Mean : 5.494
5th Percentile : 0.001
95th Percentile : 16.800
Probability
AU

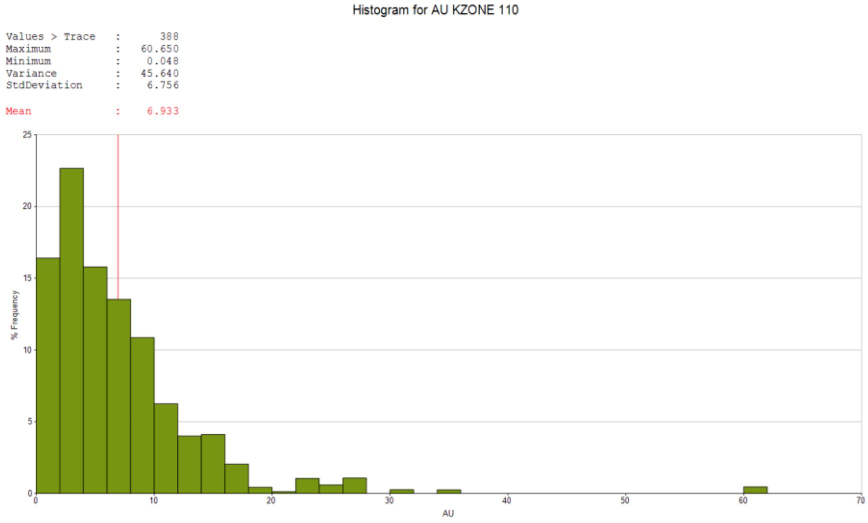
ESPINITO

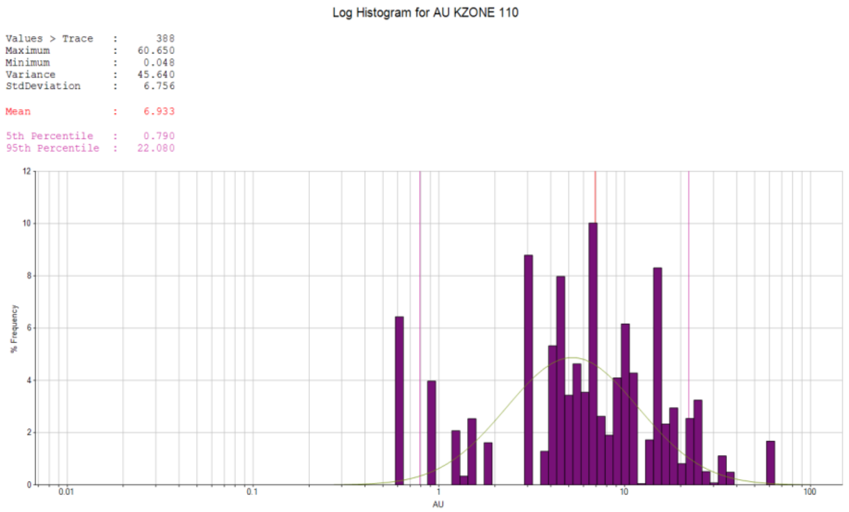

Histogram for AU KZONE 100
Values > Trace : 457
Maximum : 62.770
Minimum : 0.030
Variance : 80.233
StdDeviation : 8.957
Mean : 9.196
% Frequency
AU

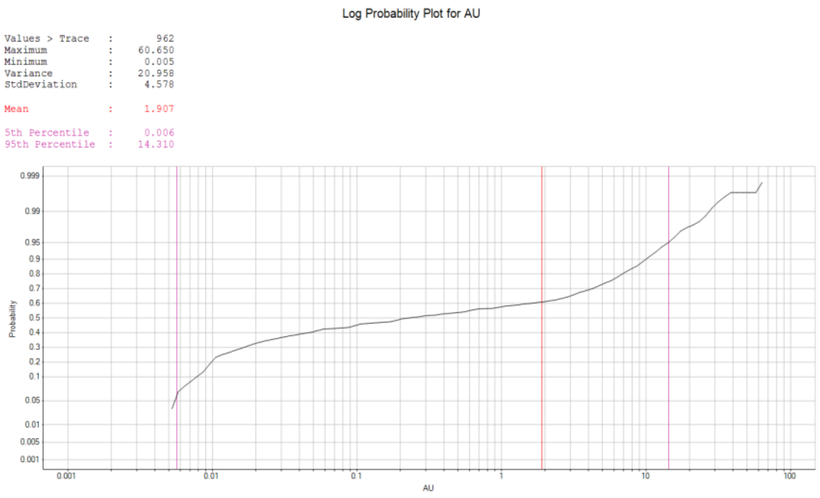

Log Histogram for AU
Values > Trace : 701
Maximum : 62.770
Minimum : 0.030
Variance : 53.095
StdDeviation : 7.287
Mean : 4.064
5th Percentile : 0.100
95th Percentile : 23.640
% Frequency
AU


Log Probability Plot for AU
Values > Trace : 701
Maximum : 62.770
Minimum : 0.030
Variance : 53.095
StdDeviation : 7.287
Mean : 4.064
5th Percentile : 0.100
95th Percentile : 23.640
Probability
AU

GUAPINOL

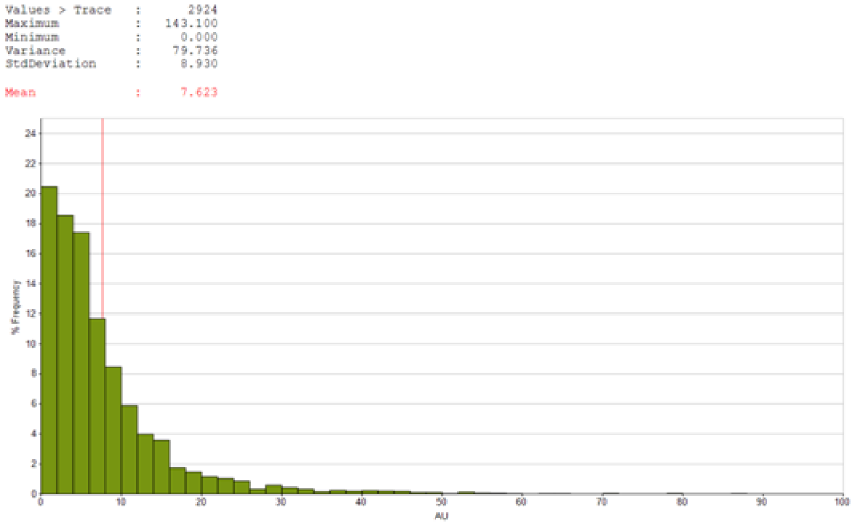

Histogram for AU KZONE 110
Values > Trace : 388
Maximum : 60.650
Minimum : 0.048
Variance : 45.640
StdDeviation : 6.756
Mean : 6.933
% Frequency
AU


Log Histogram for AU KZONE 110
Values > Trace : 388
Maximum : 60.650
Minimum : 0.048
Variance : 45.640
StdDeviation : 6.756
Mean : 6.933
5th Percentile : 0.790
95th Percentile : 22.080
% Frequency
AU

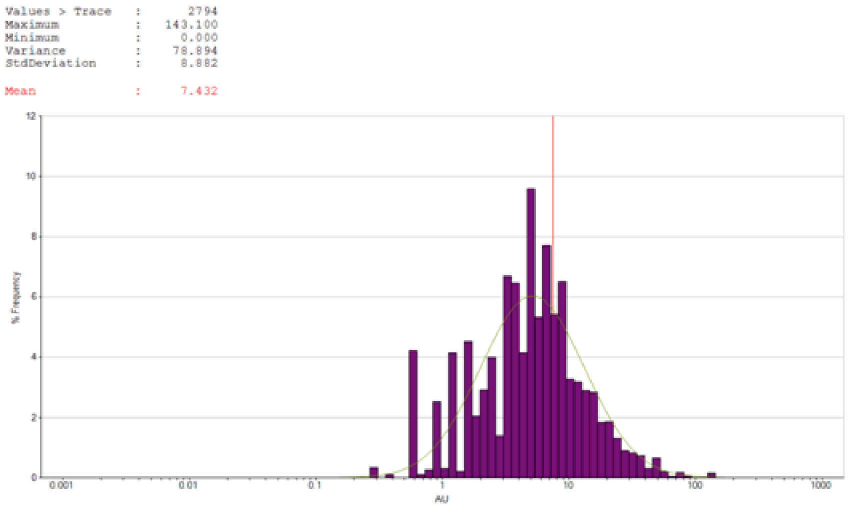

Log Probability Plot for AU
Values > Trace : 962
Maximum : 60.650
Minimum : 0.005
Variance : 20.958
StdDeviation : 4.578
Mean : 1.907
5th Percentile : 0.006
95th Percentile : 14.310
Probability
AU

LA INDIA

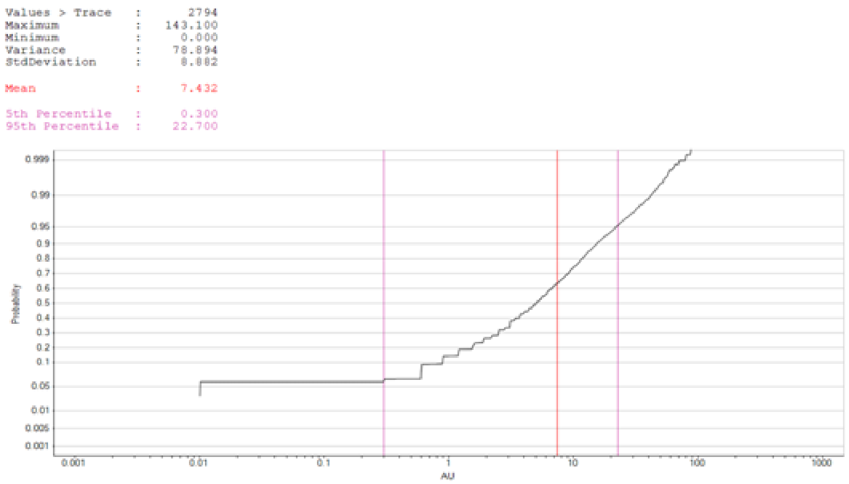
Histogram for AU KZONE 100



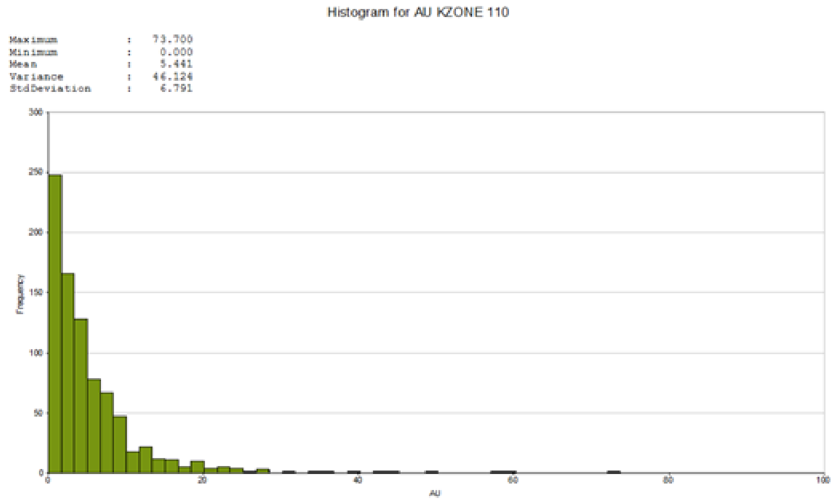
Log Histogram for AU KZONE 100

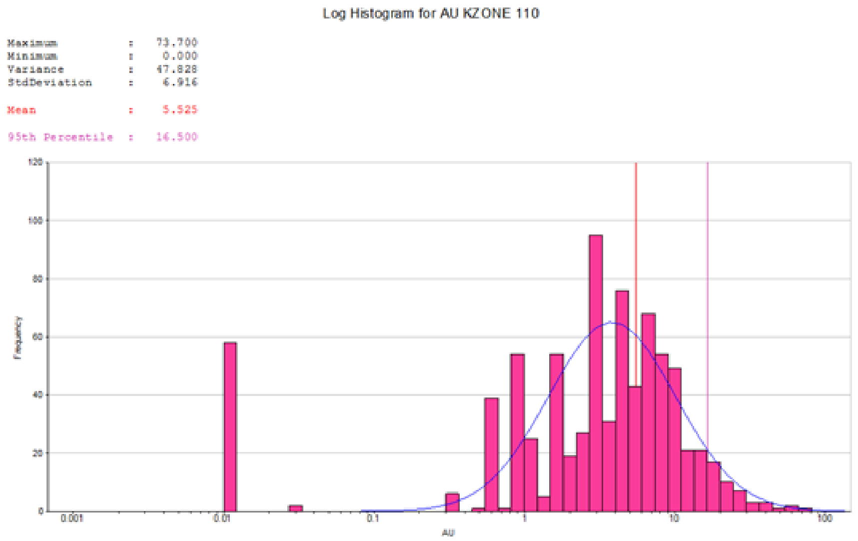


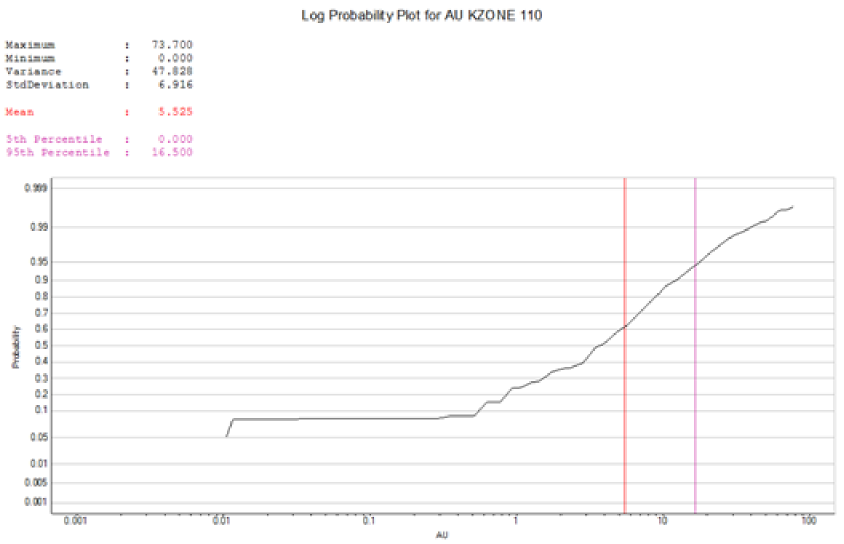
Log Probability Plot for AU KZONE 100



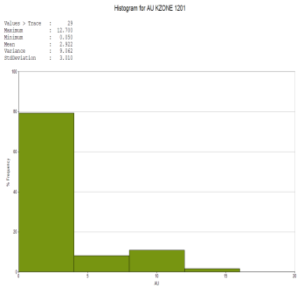
SAN LUCAS

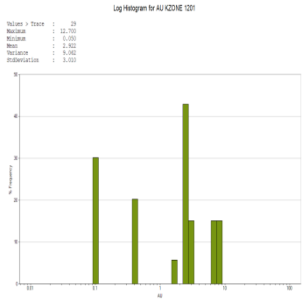

Histogram for AU KZONE 110
Maximum : 73.700
Minimum : 0.000
Mean : 5.441
Variance : 46.124
StdDeviation : 6.791
Frequency
AU

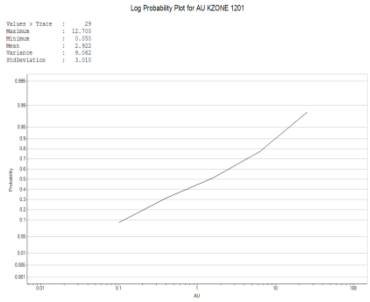

Log Histogram for AU KZONE 110
Maximum : 73.700
Minimum : 0.000
Variance : 47.828
StdDeviation : 6.916
Mean : 5.525
95th Percentile : 16.500
Frequency
AU

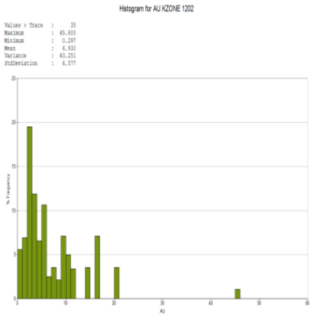

Log Probability Plot for AU KZONE 110
Maximum : 73.700
Minimum : 0.000
Variance : 47.828
StdDeviation : 6.916
Mean : 5.525
5th Percentile : 0.000
95th Percentile : 16.500
Probability
AU

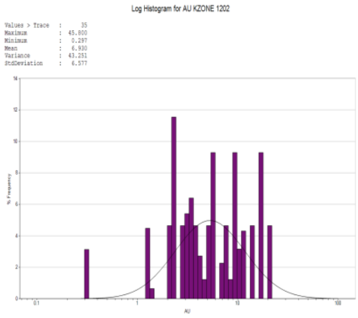
TATIANA

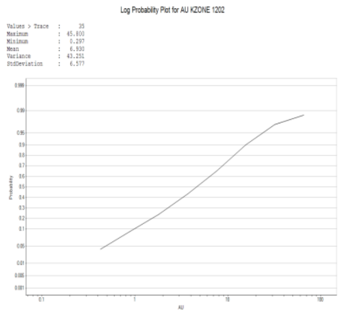

Histogram for AU KZONE 1201

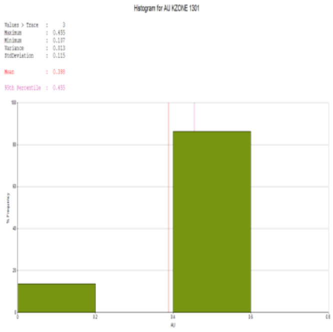

Log Histogram for AU KZONE 1201

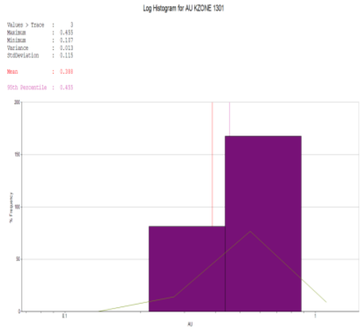

Log Probability Plot for AU KZONE 1201

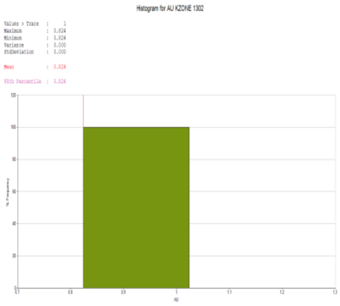

Histogram for AU KZONE 1202

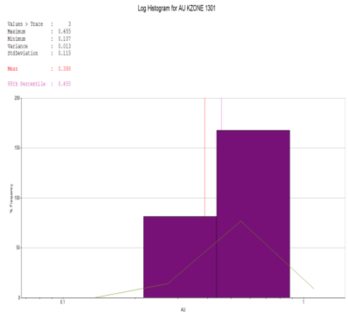

Log Histogram for AU KZONE 1202


Log Probability Plot for AU KZONE 1202


Histogram for AU KZONE 1301


Log Histogram for AU KZONE 1301

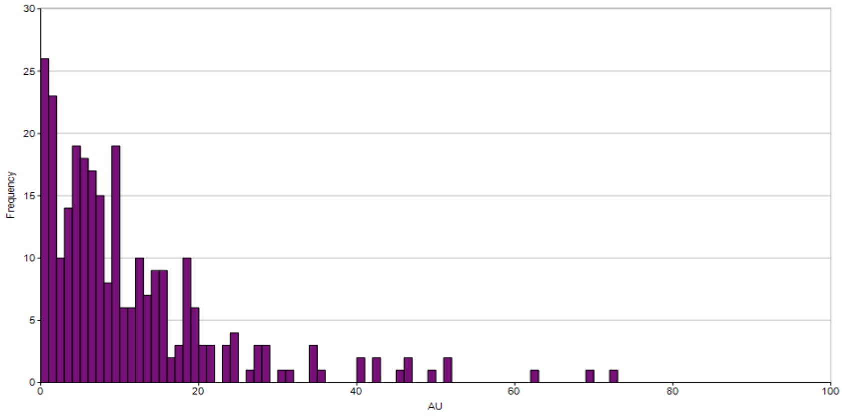

Histogram for AU KZONE 1302


Log Histogram for AU KZONE 1301

TERESA

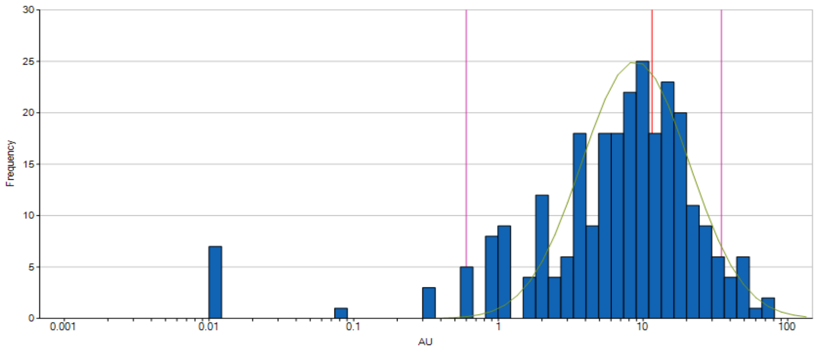
Histogram for AU KZONE 110

```
Maximum        :    72.800
Minimum        :     0.000
Mean           :    11.333
Variance       :   140.765
StdDeviation   :    11.864
```



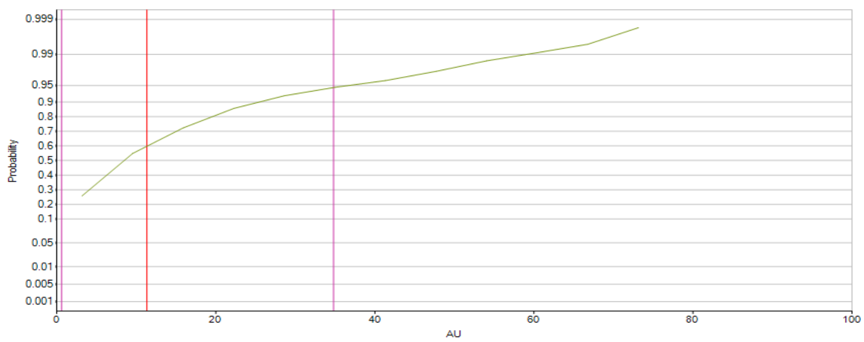
Log Histogram for AU KZONE 110

```
Maximum          :    72.800
Minimum          :     0.000
Variance         :   142.510
StdDeviation     :    11.938

Mean             :    11.531

5th Percentile   :     0.600
95th Percentile  :    34.800
```



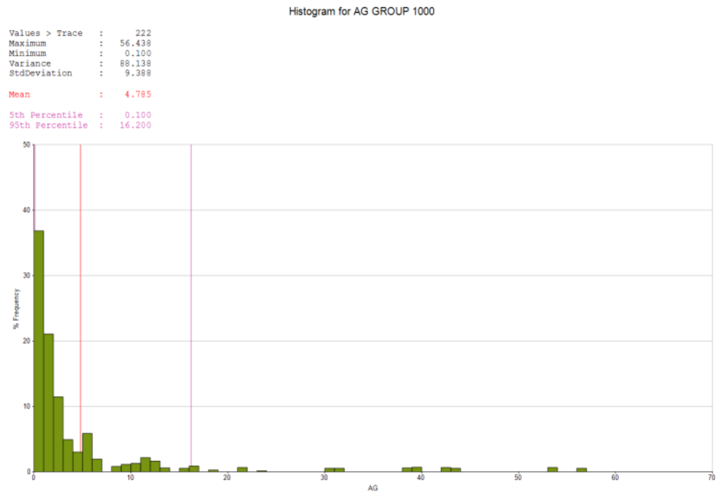
Probability Plot for AU KZONE 110

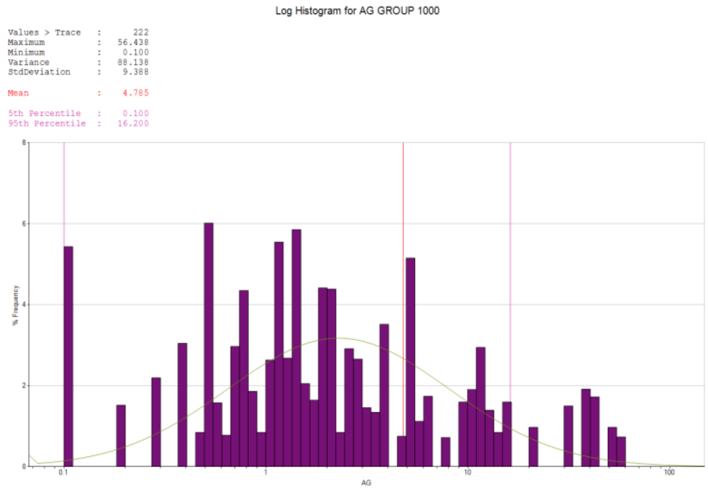
```
Maximum          :    72.800
Minimum          :     0.000
Variance         :   140.765
StdDeviation     :    11.864

Mean             :    11.333

5th Percentile   :     0.600
95th Percentile  :    34.800
```

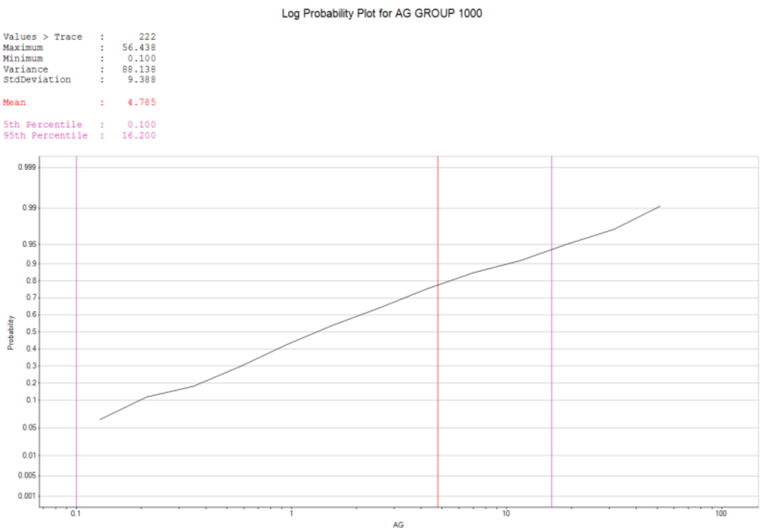


HISTOGRAMS AND STATISTICS FOR SILVER

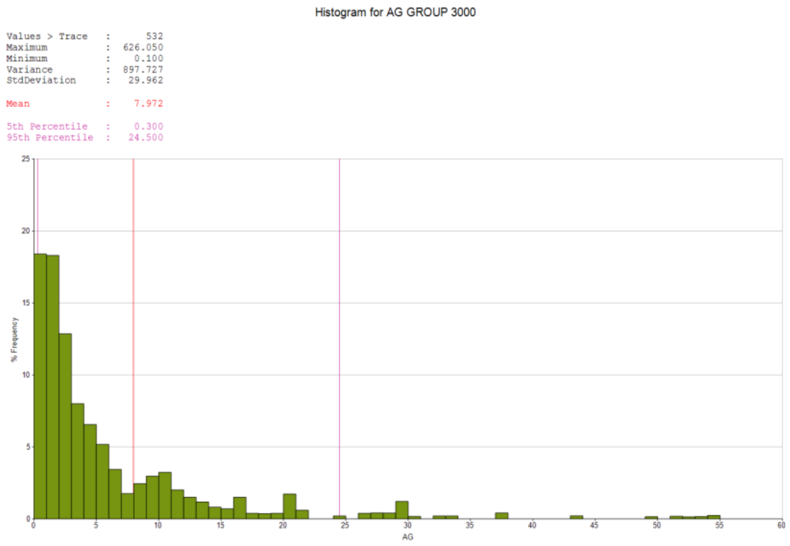
CALIFORNIA (GROUP 1000)

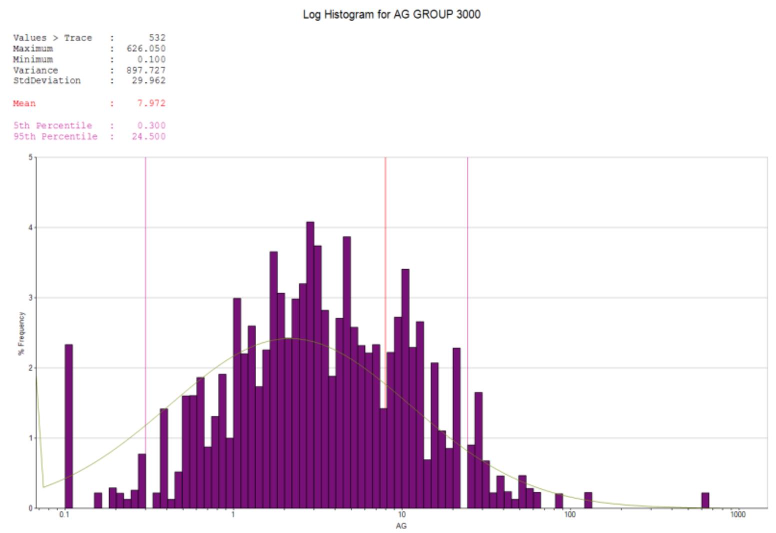


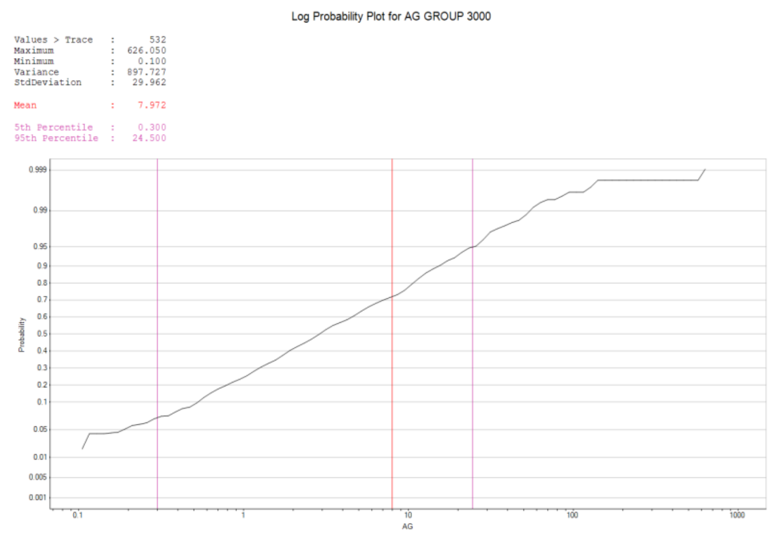




CALIFORNIA (GROUP 3000)







APPENDIX

C COMPOSITE LENGTH ANALYSIS

COMPOSITE LENGTH ANALYSIS FOR GROUP 3000

(CALIFORNIA VEINS; STEEP DIP)

1M COMPS	FIELD	NSAMPLES	MIN	MAX	MEAN	VARIANCE	STANDDEV	COVAR	% DIFF FROM MEAN	% SAMPLE REDUCTION
RAW	AUGT	964	0.015	293.56	3.70	157.68	12.56	3.40		
0% OF COMP	AUGT	1007	0.015	293.56	3.72	124.46	11.16	3.00	0.65%	0.00%
25% OF COMP	AUGT	991	0.015	293.56	3.72	126.24	11.24	3.02	0.74%	1.59%
50% OF COMP	AUGT	968	0.015	293.56	3.67	126.60	11.25	3.07	-0.70%	3.87%
75% OF COMP	AUGT	923	0.015	293.56	3.74	131.85	11.48	3.07	1.30%	8.34%
100% OF COMP	AUGT	893	0.015	293.56	3.75	135.44	11.64	3.10	1.52%	11.32%

1.5M COMPS	FIELD	NSAMPLES	MIN	MAX	MEAN	VARIANCE	STANDDEV	COVAR	% DIFF FROM MEAN	% SAMPLE REDUCTION
RAW	AUGT	964	0.015	293.56	3.70	157.68	12.56	3.40		
0% OF COMP	AUGT	752	0.015	225.91	3.58	96.55	9.83	2.74	-3.11%	0.00%
25% OF COMP	AUGT	714	0.015	225.91	3.62	101.15	10.06	2.78	-2.03%	5.05%
50% OF COMP	AUGT	655	0.015	225.91	3.74	109.56	10.47	2.80	1.32%	12.90%
75% OF COMP	AUGT	581	0.073	225.91	3.89	120.69	10.99	2.82	5.30%	22.74%
100% OF COMP	AUGT	568	0.073	225.91	3.84	119.26	10.92	2.85	3.85%	24.47%

2M COMPS	FIELD	NSAMPLES	MIN	MAX	MEAN	VARIANCE	STANDDEV	COVAR	% DIFF FROM MEAN	% SAMPLE REDUCTION
RAW	AUGT	964	0.015	293.56	3.70	157.68	12.56	3.40		
0% OF COMP	AUGT	576	0.015	170.42	3.59	79.66	8.93	2.49	-2.85%	0.00%
25% OF COMP	AUGT	559	0.015	170.42	3.56	81.53	9.03	2.53	-3.55%	2.95%
50% OF COMP	AUGT	529	0.015	170.42	3.59	84.83	9.21	2.57	-2.96%	8.16%
75% OF COMP	AUGT	444	0.078	170.42	3.75	93.56	9.67	2.58	1.50%	22.92%
100% OF COMP	AUGT	399	0.078	170.42	3.91	102.43	10.12	2.59	5.82%	30.73%

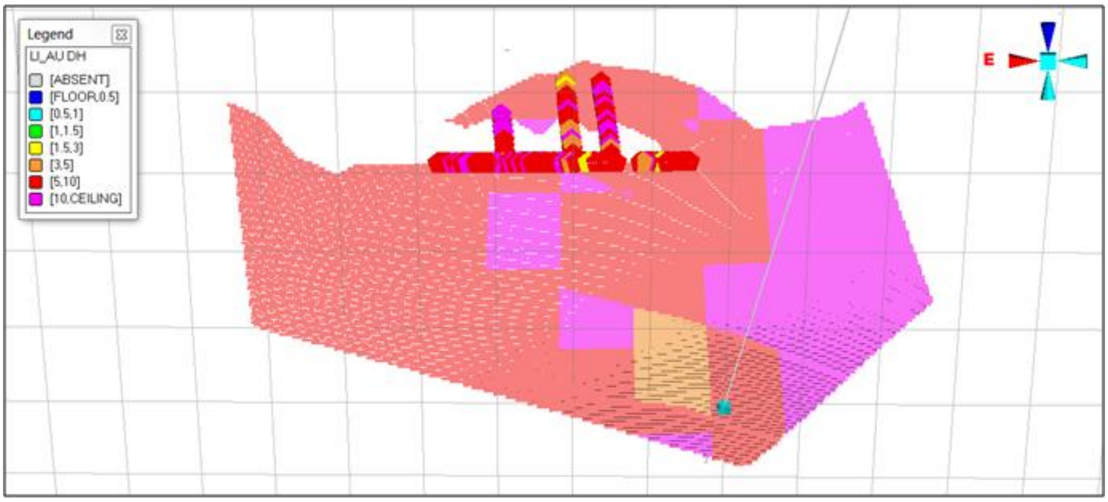
3M COMPS	FIELD	NSAMPLES	MIN	MAX	MEAN	VARIANCE	STANDDEV	COVAR	% DIFF FROM MEAN	% SAMPLE REDUCTION
RAW	AUGT	964	0.015	293.56	3.70	157.68	12.56	3.40		
0% OF COMP	AUGT	437	0.015	118.03	3.53	55.16	7.43	2.11	-4.55%	0.00%
25% OF COMP	AUGT	414	0.015	118.03	3.50	57.62	7.59	2.17	-5.18%	5.26%
50% OF COMP	AUGT	344	0.081	118.03	3.65	59.64	7.72	2.12	-1.22%	21.28%
75% OF COMP	AUGT	258	0.093	118.03	4.11	75.38	8.68	2.11	11.27%	40.96%
100% OF COMP	AUGT	242	0.093	118.03	4.08	77.75	8.82	2.16	10.46%	44.62%

4M COMPS	FIELD	NSAMPLES	MIN	MAX	MEAN	VARIANCE	STANDDEV	COVAR	% DIFF FROM MEAN	% SAMPLE REDUCTION
RAW	AUGT	964	0.015	293.56	3.70	157.68	12.56	3.40		
0% OF COMP	AUGT	366	0.015	85.95	3.36	42.75	6.54	1.95	-9.22%	0.00%
25% OF COMP	AUGT	336	0.015	85.95	3.40	45.69	6.76	1.99	-8.13%	8.20%
50% OF COMP	AUGT	243	0.095	85.95	3.79	50.44	7.10	1.88	2.48%	33.61%
75% OF COMP	AUGT	207	0.095	85.95	3.92	55.17	7.43	1.90	5.95%	43.44%
100% OF COMP	AUGT	172	0.095	85.95	4.11	61.30	7.83	1.90	11.24%	53.01%

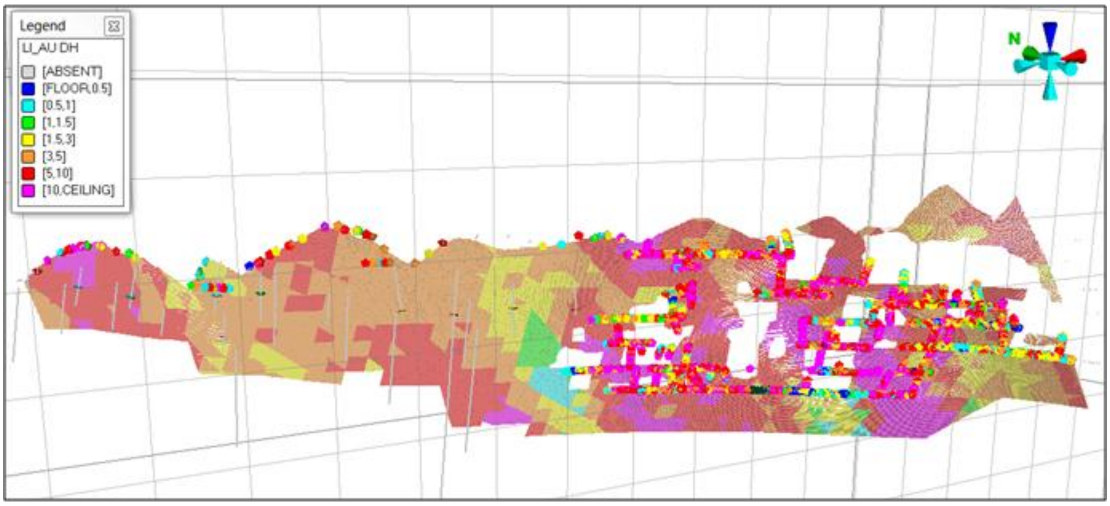
APPENDIX

D GRADE SECTIONS

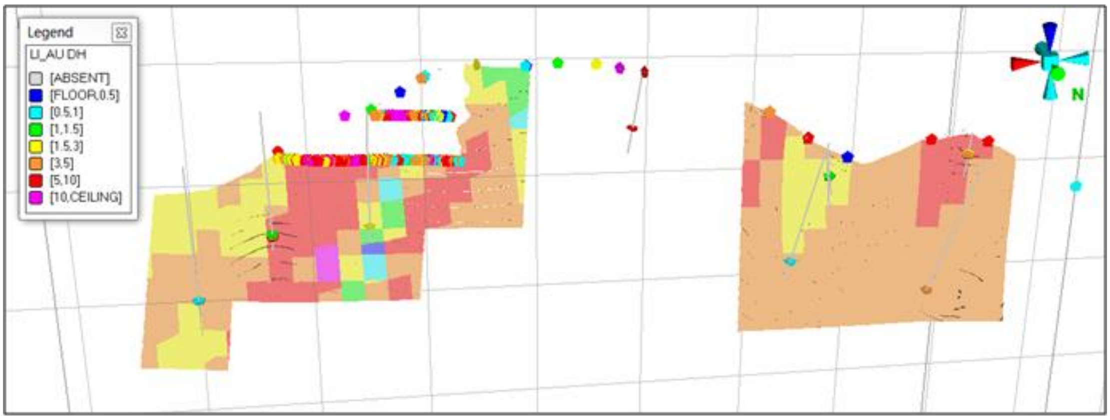
Agua Caliente



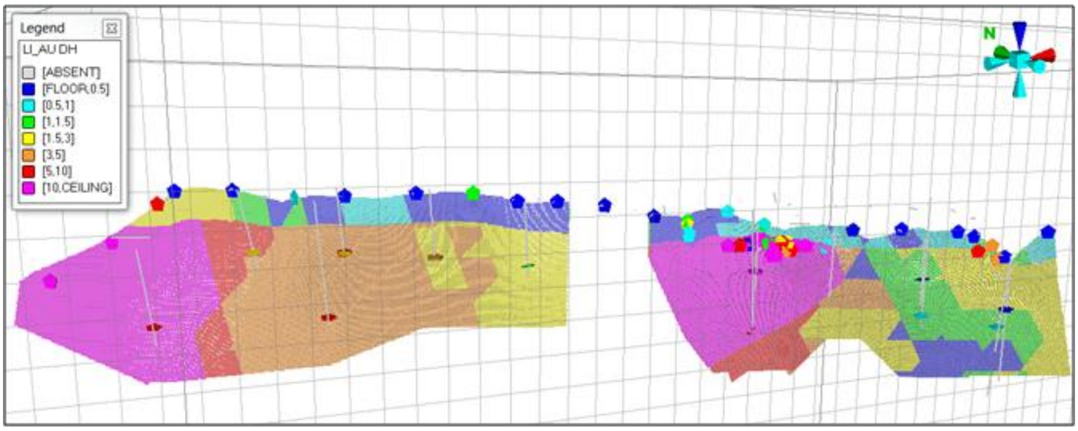
America



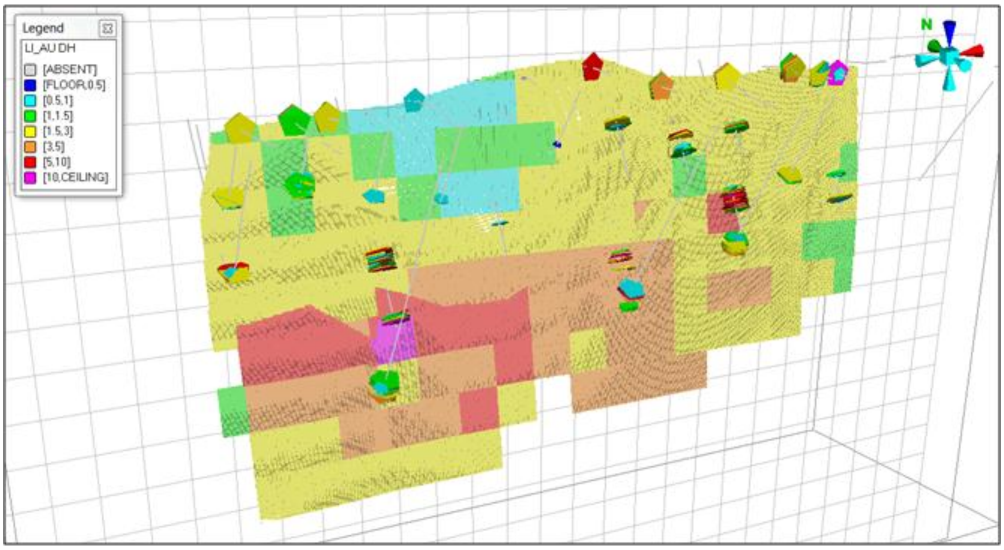
Arizona



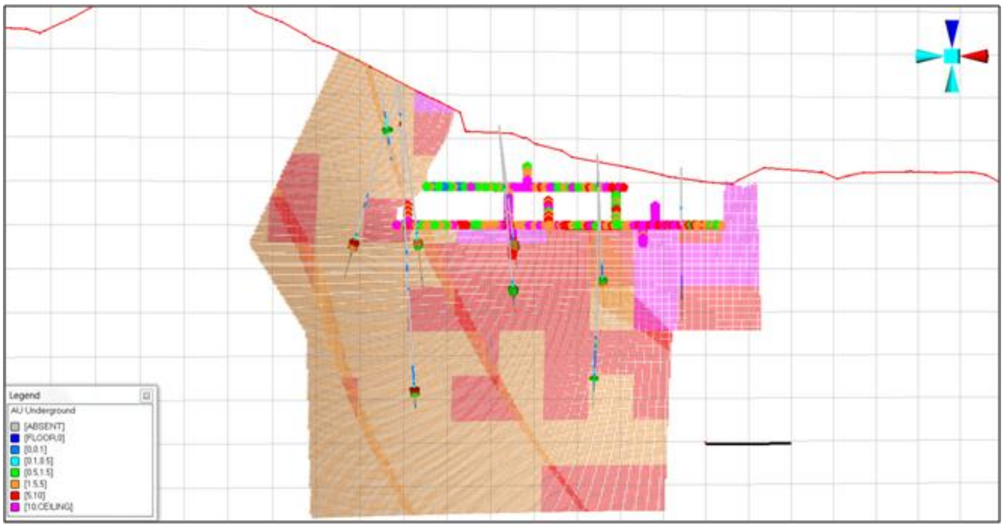
Buenos Aires



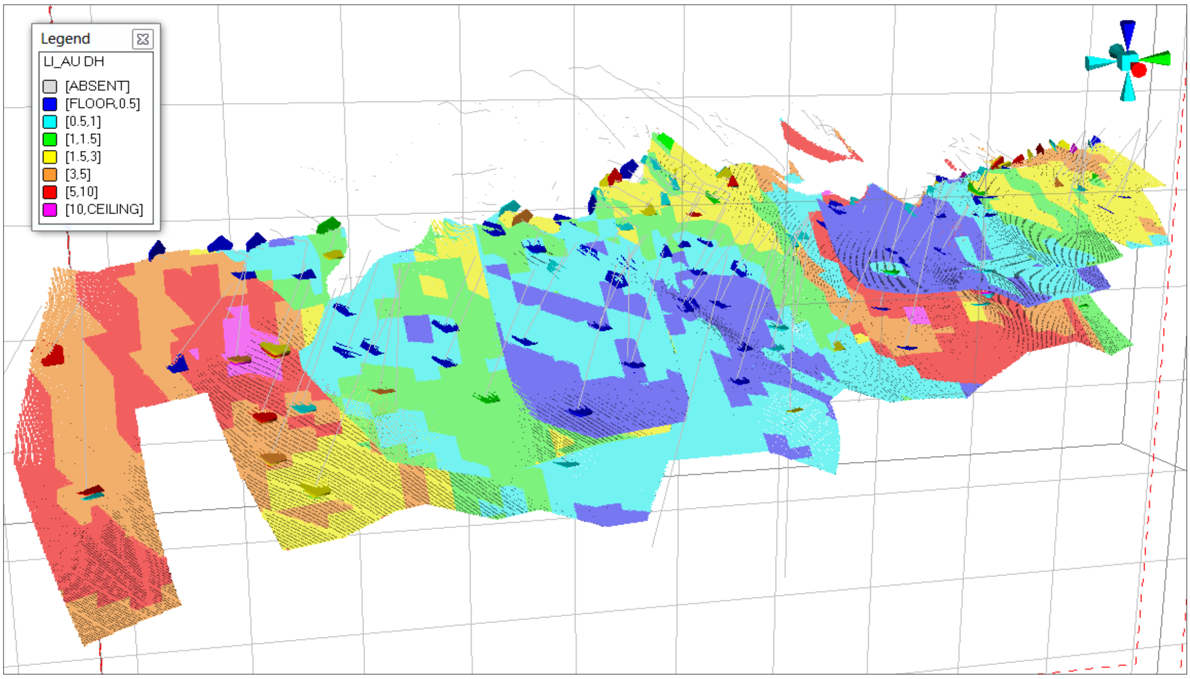
Cacao (vein domain)



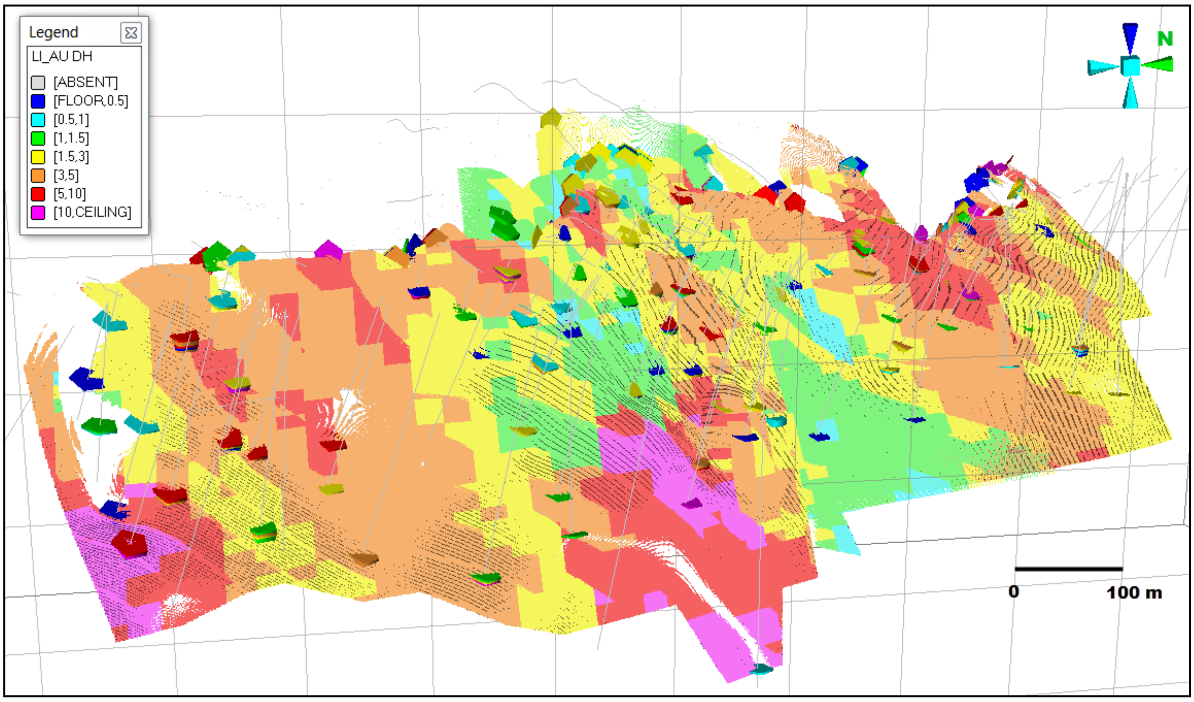
Cristilito-Tatascame



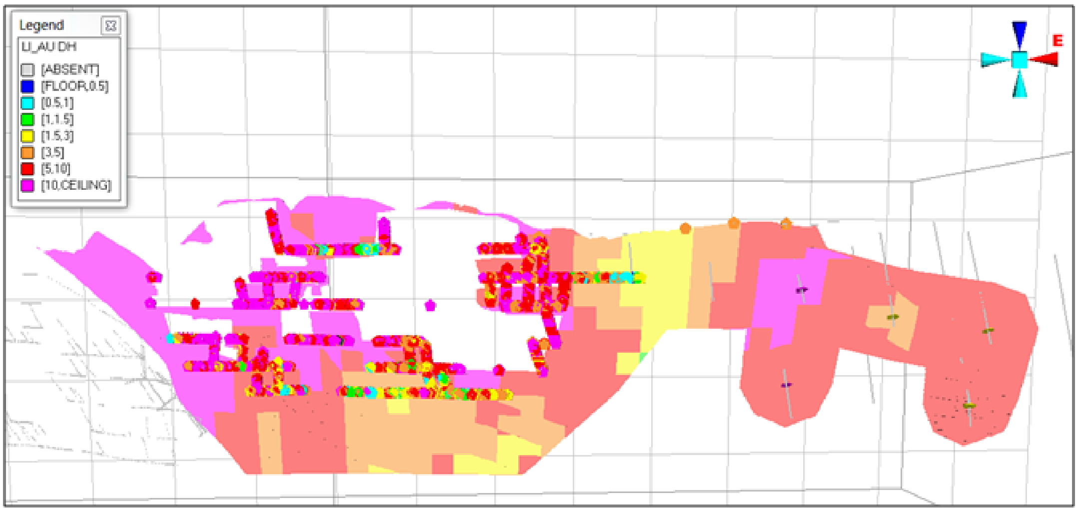
California (GROUP 1000)



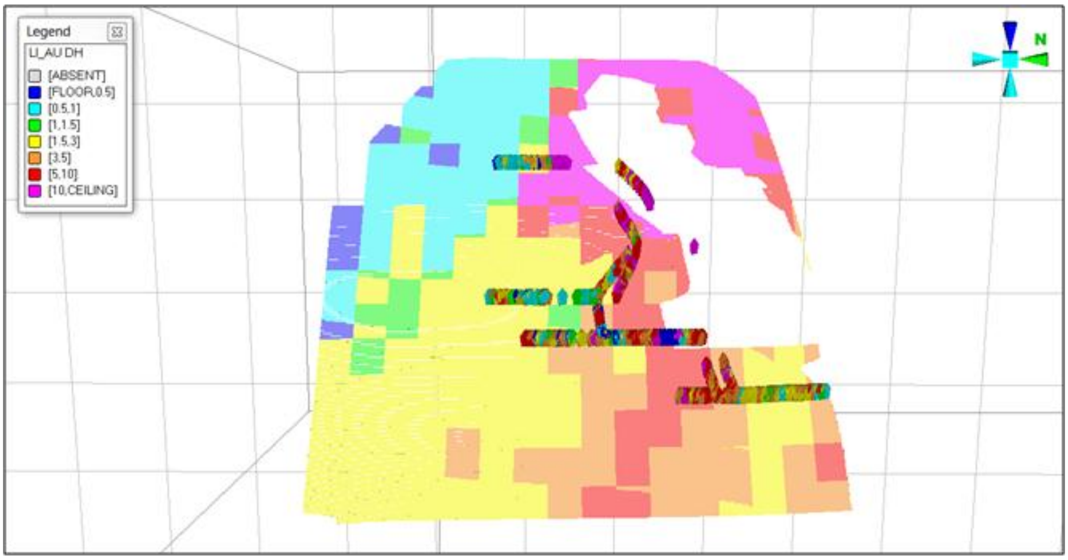
California (GROUP 3000)



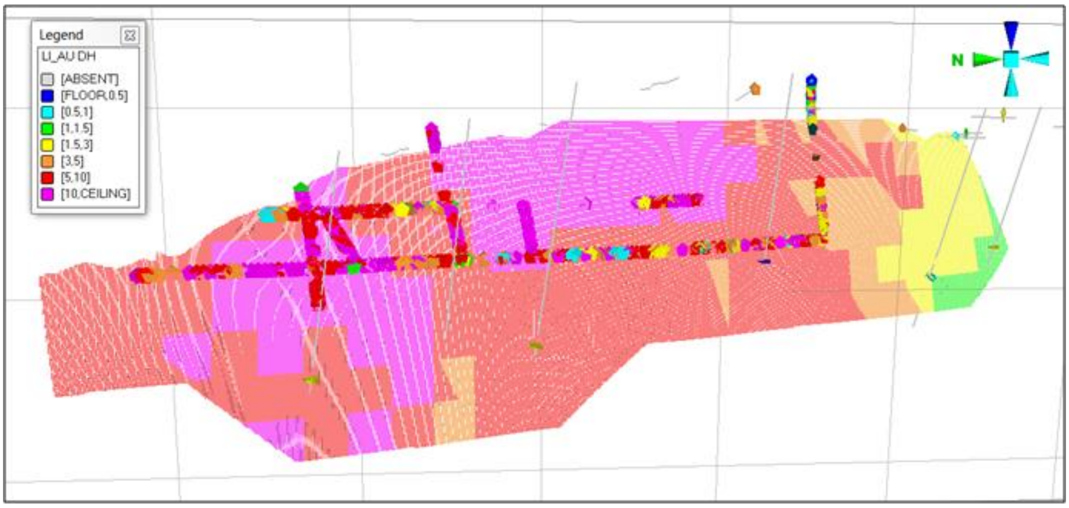
Constancia



Escondido



Espinito



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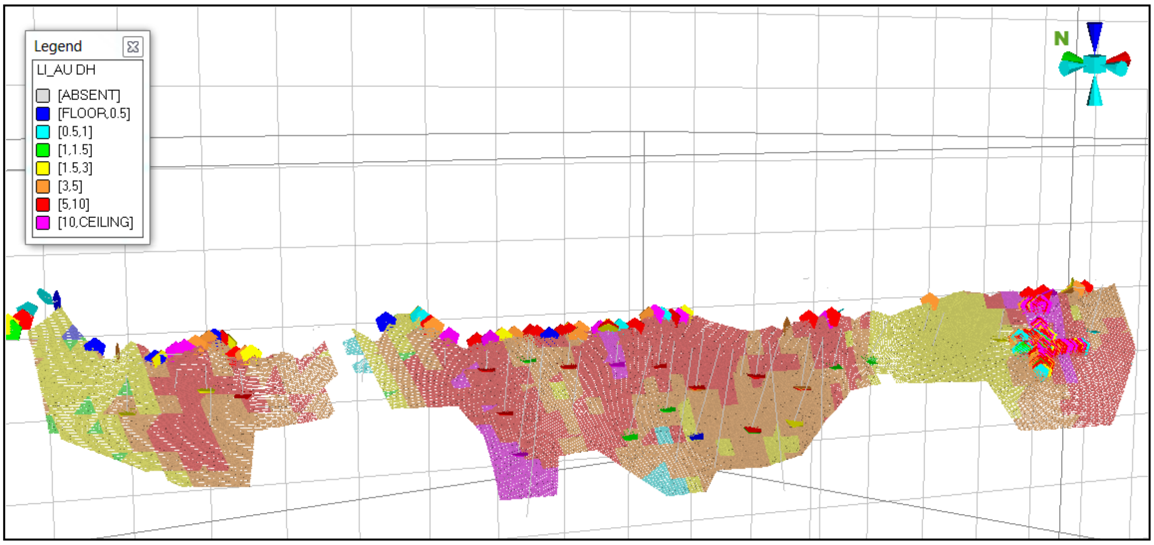

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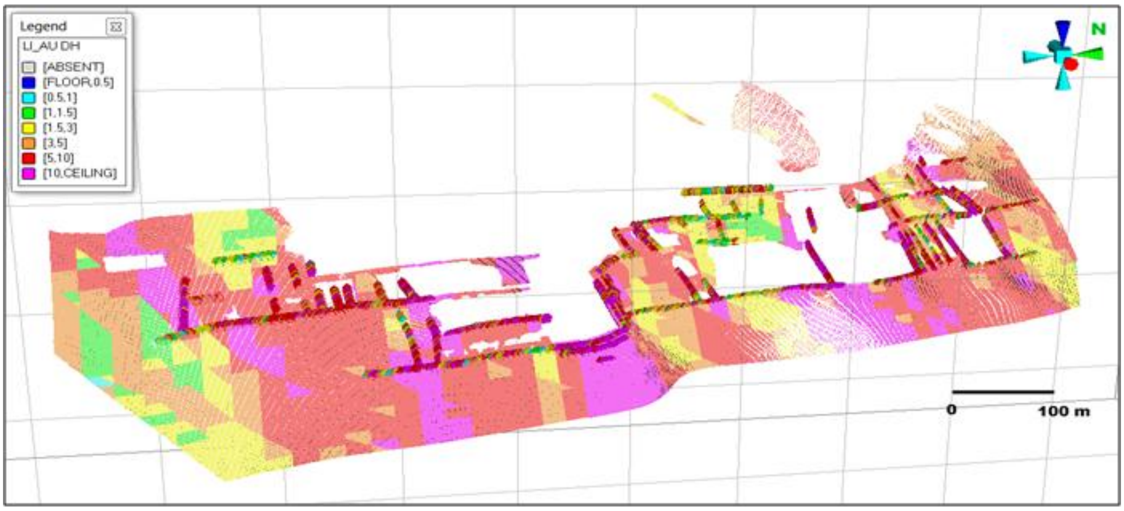
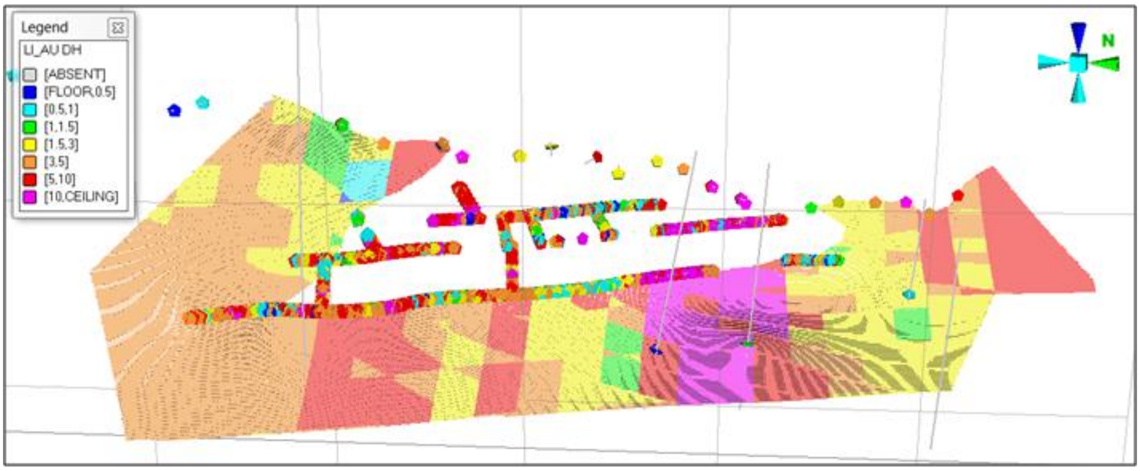
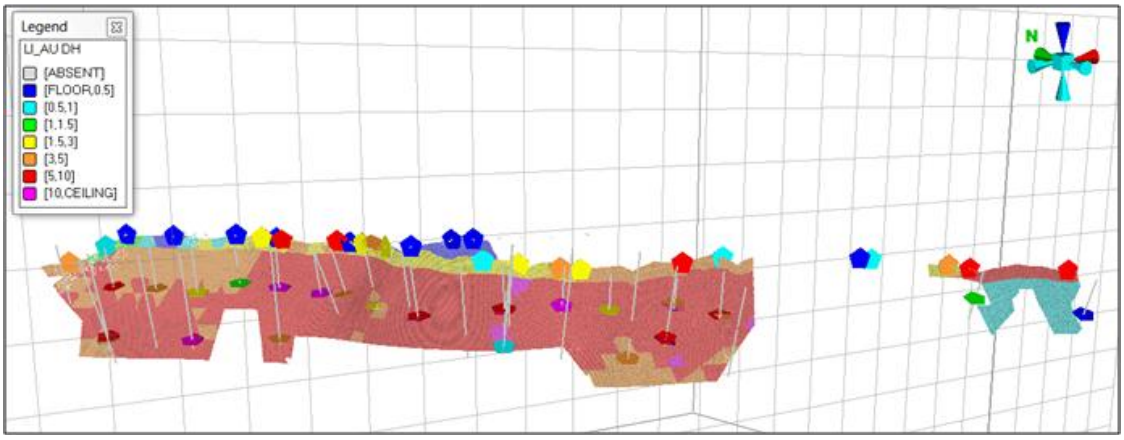


San Lucas



Tatiana



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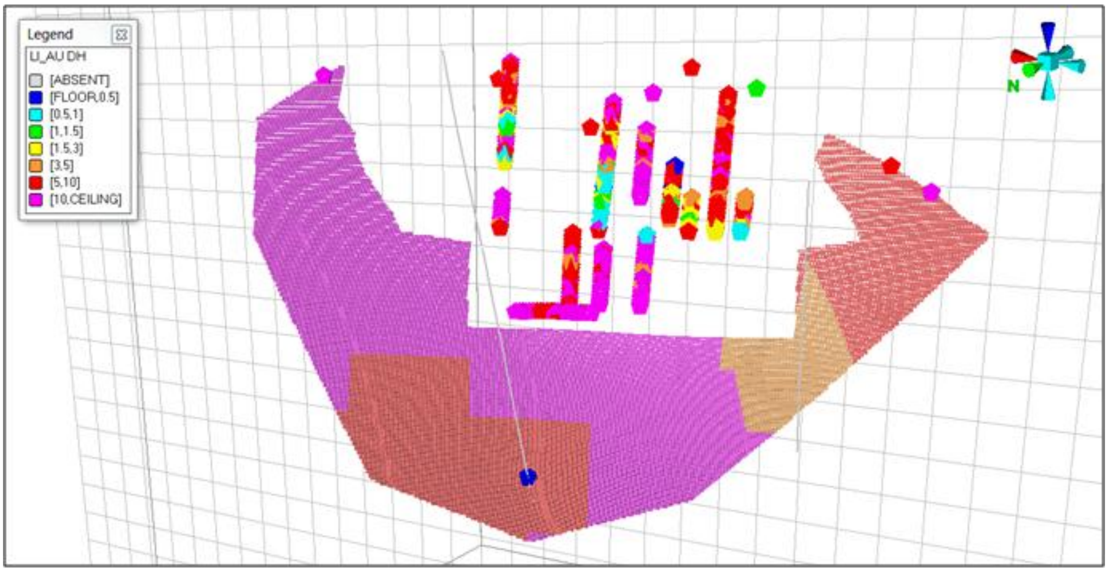
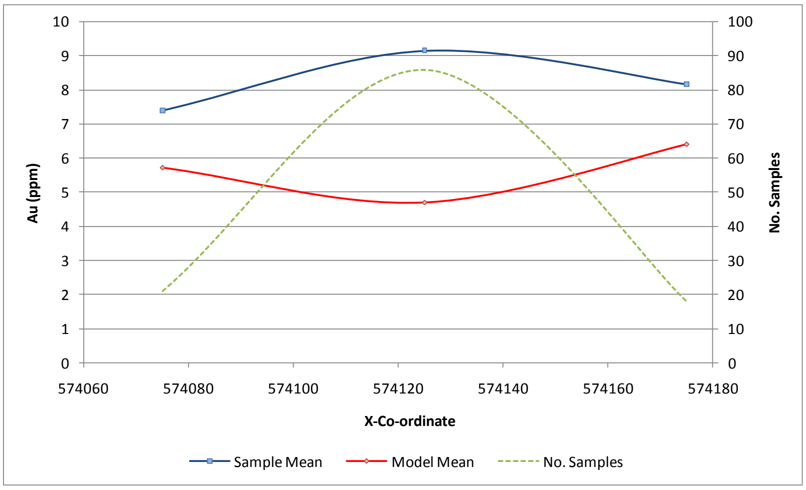
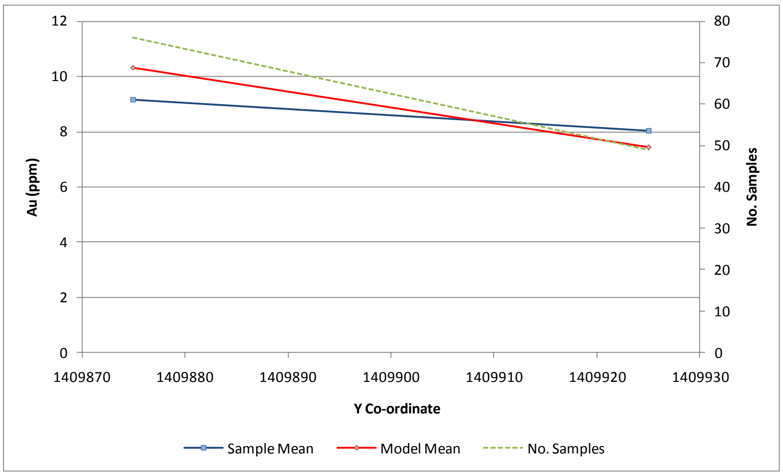


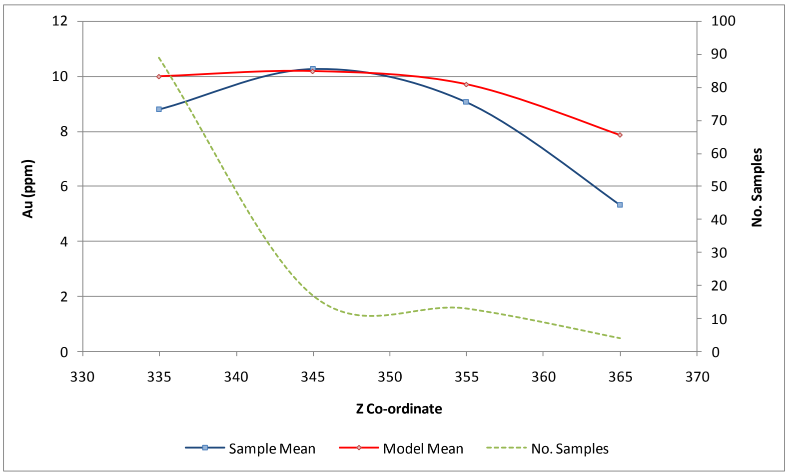
APPENDIX

E VALIDATION PLOTS

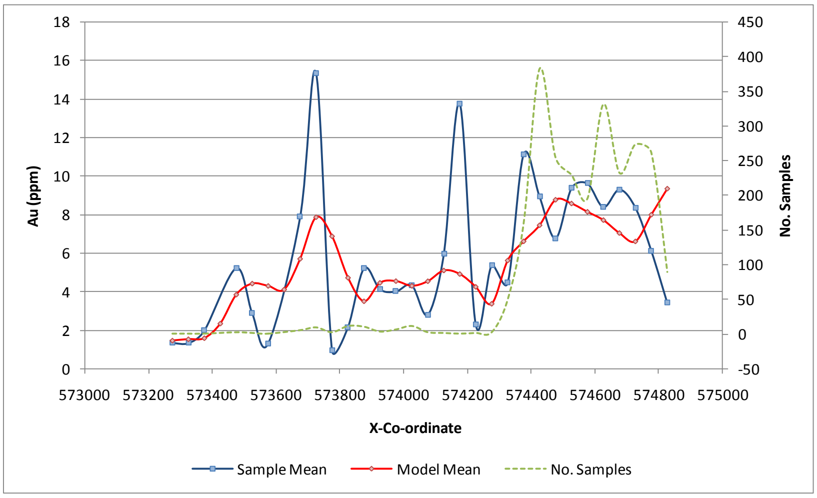
AGUA CALIENTE







AMERICA



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350
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200
150
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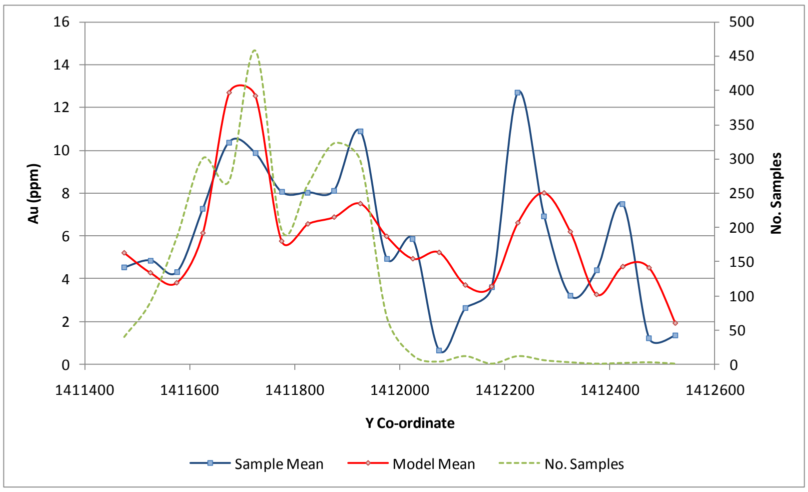
Sample Mean
Model Mean
No. Samples



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6
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2
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500
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400
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200
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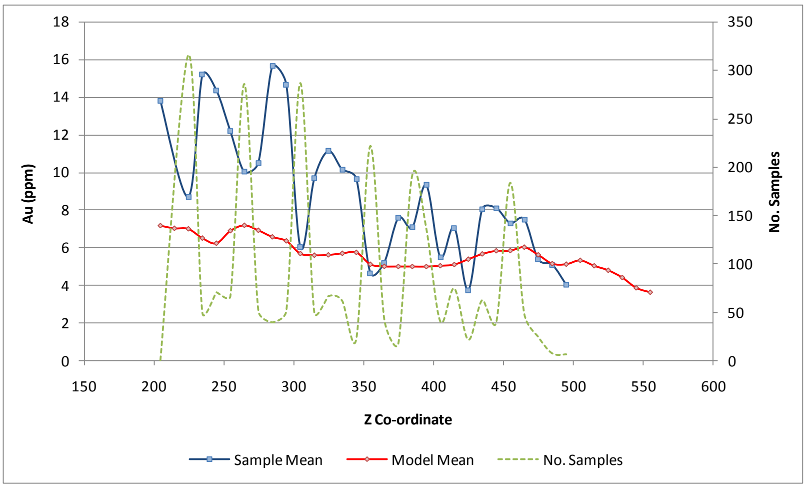
Model Mean
No. Samples



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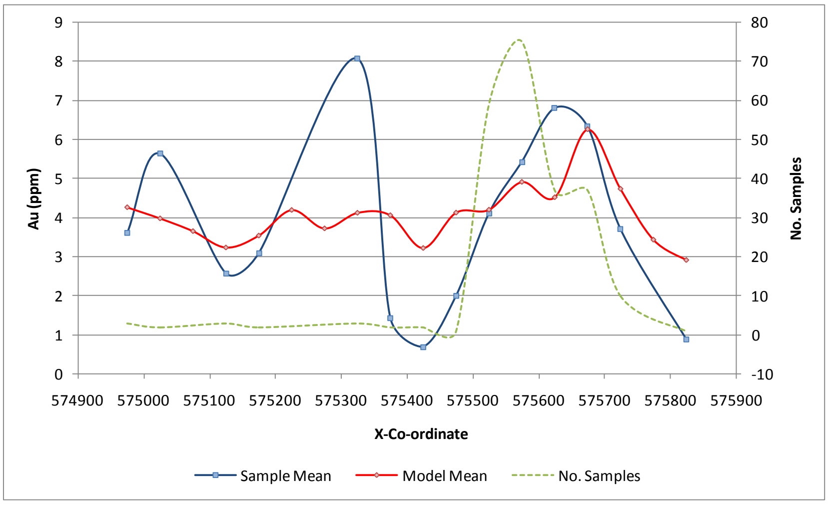
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

ARIZONA



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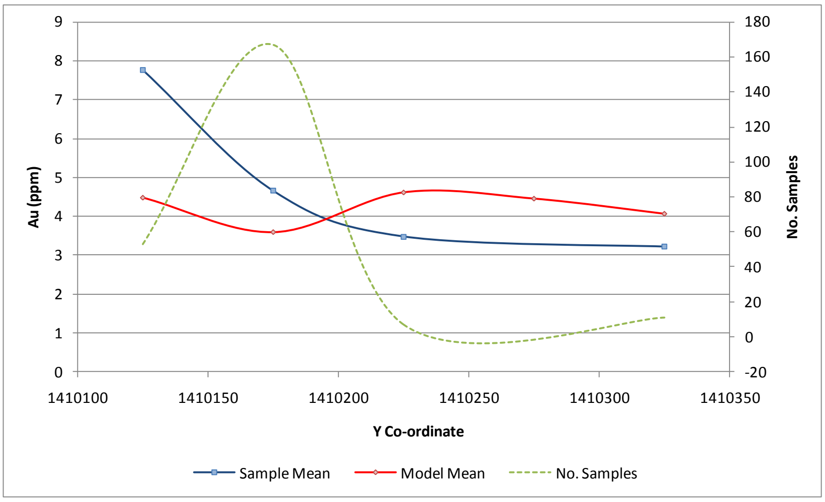
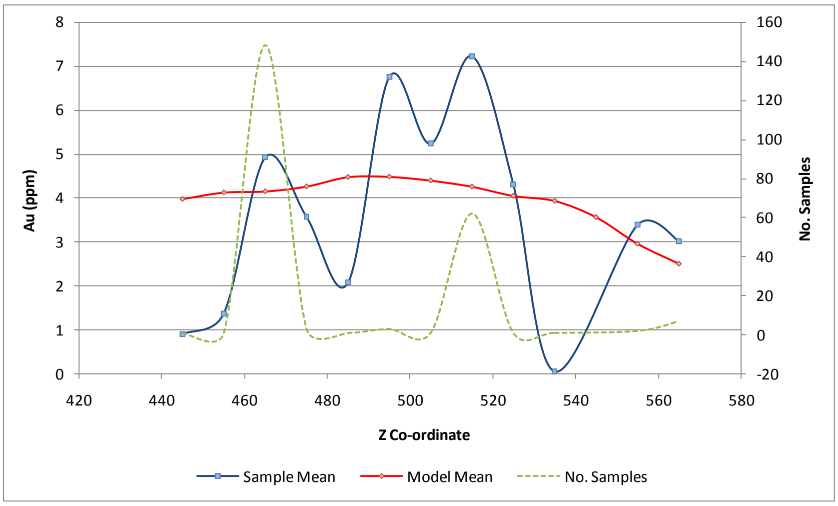
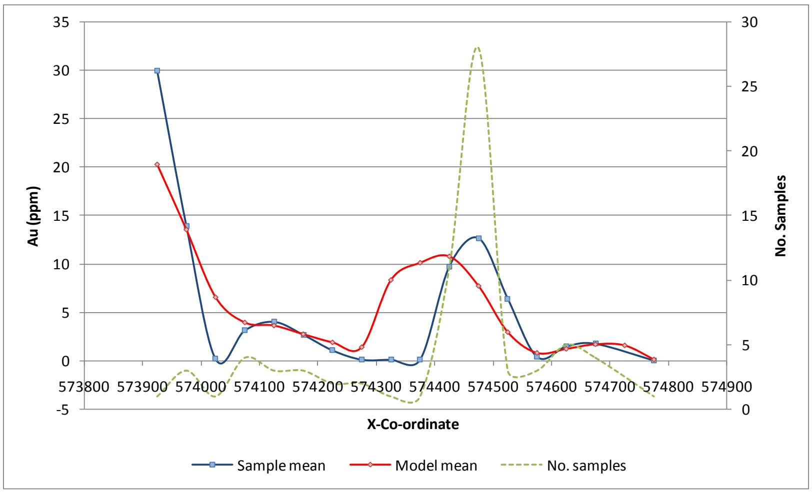


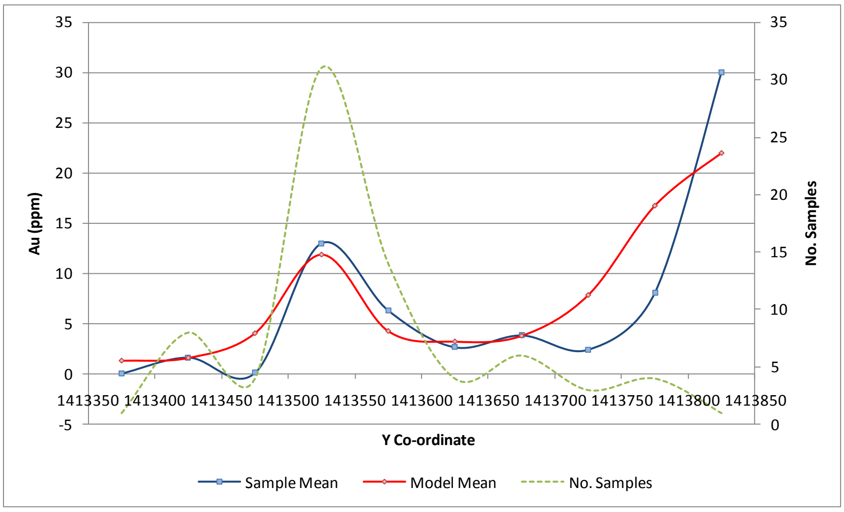
Au (ppm)
No. Samples
Y Co-ordinate
Sample Mean
Model Mean
No. Samples

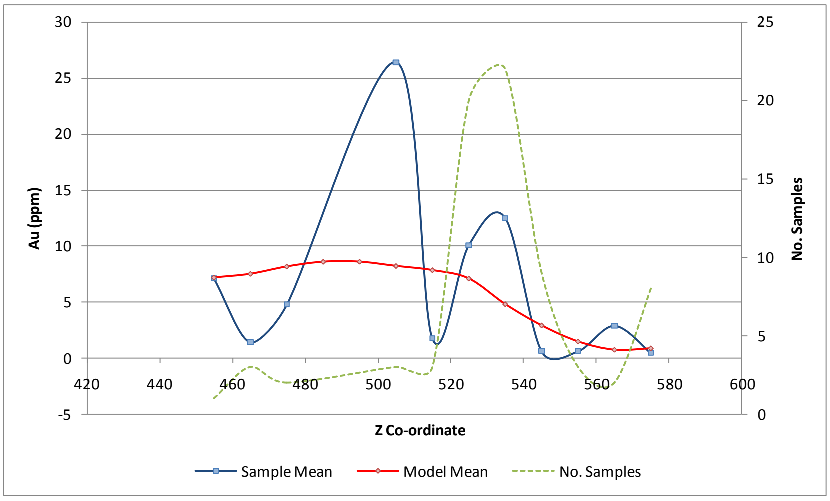


Au (ppm)
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

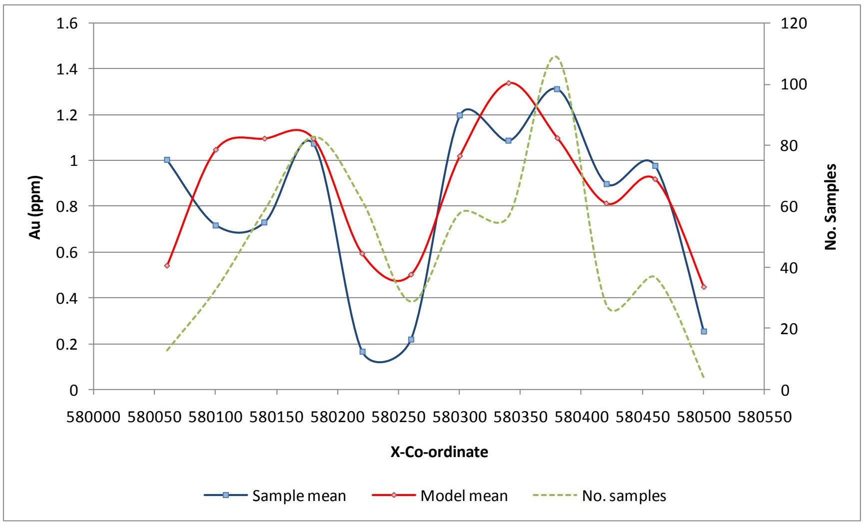
BUENOS AIRES







CACAO



Au (ppm)
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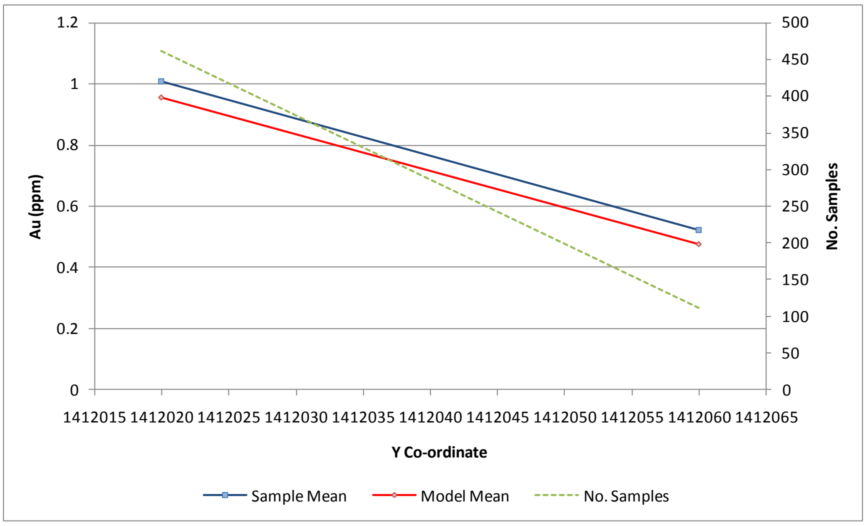
X-Co-ordinate
Sample mean
Model mean
No. samples



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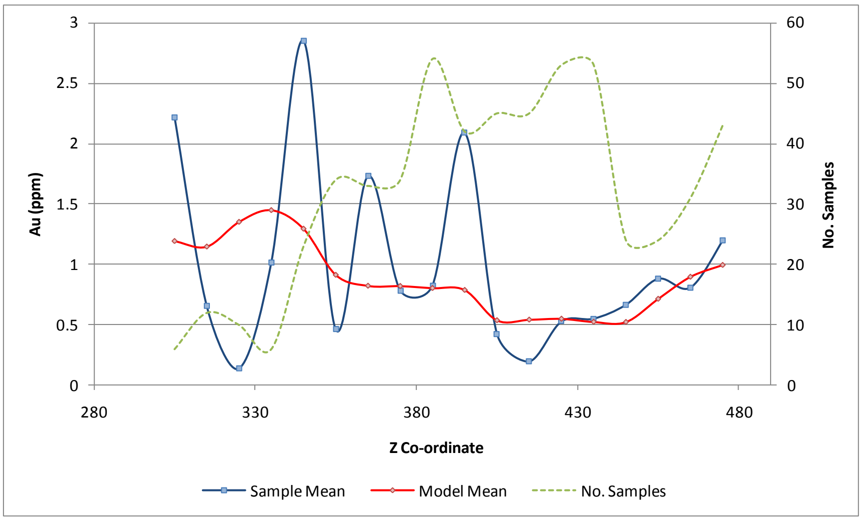
No. Samples
Y Co-ordinate
Sample Mean
Model Mean
No. Samples



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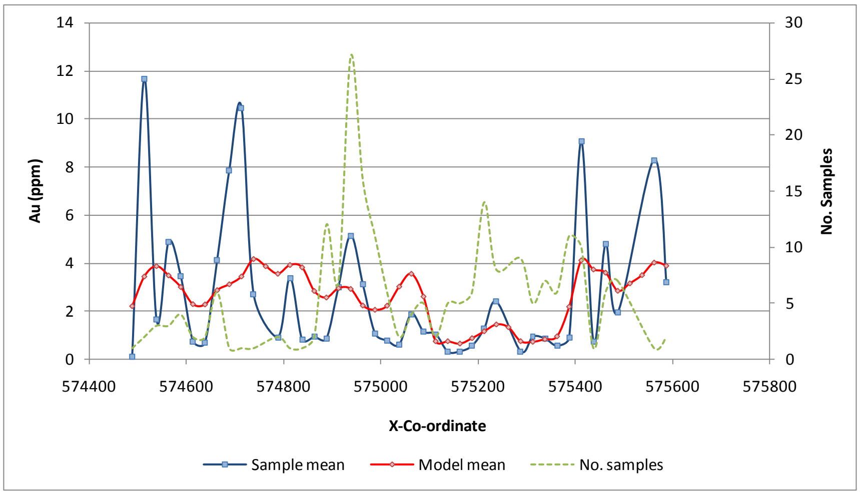
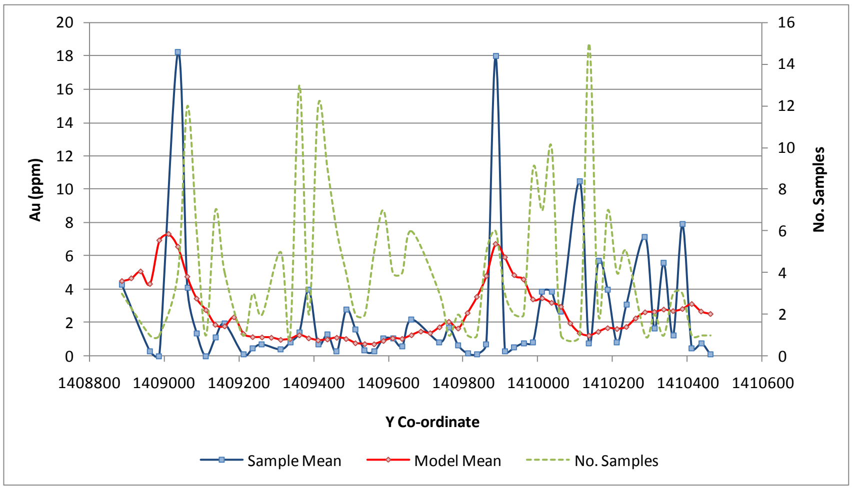
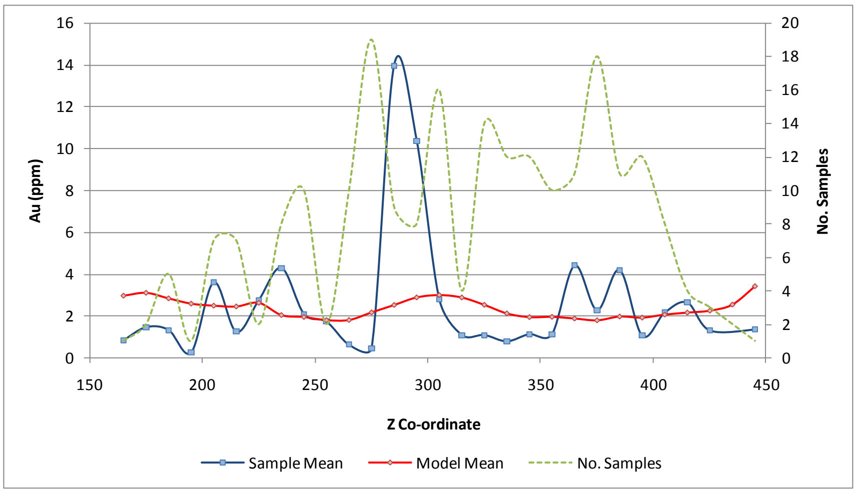
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

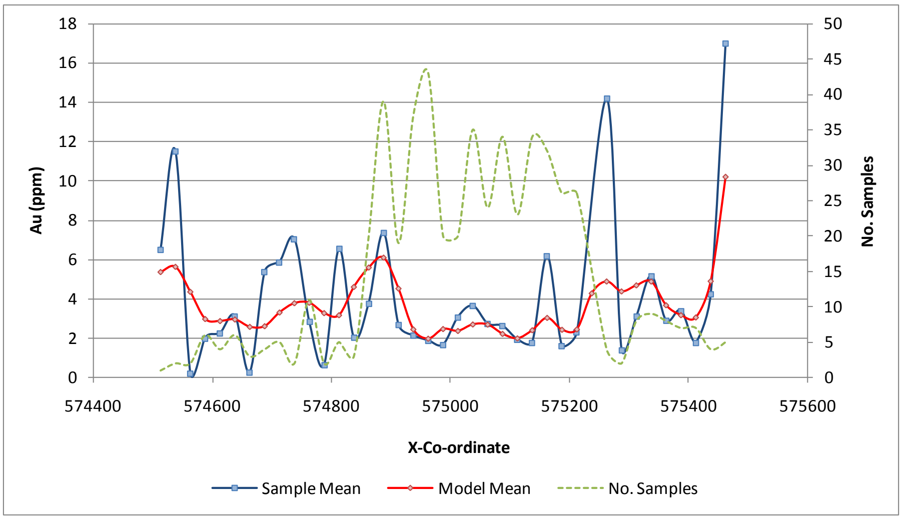
CALIFORNIA (GROUP 1000)

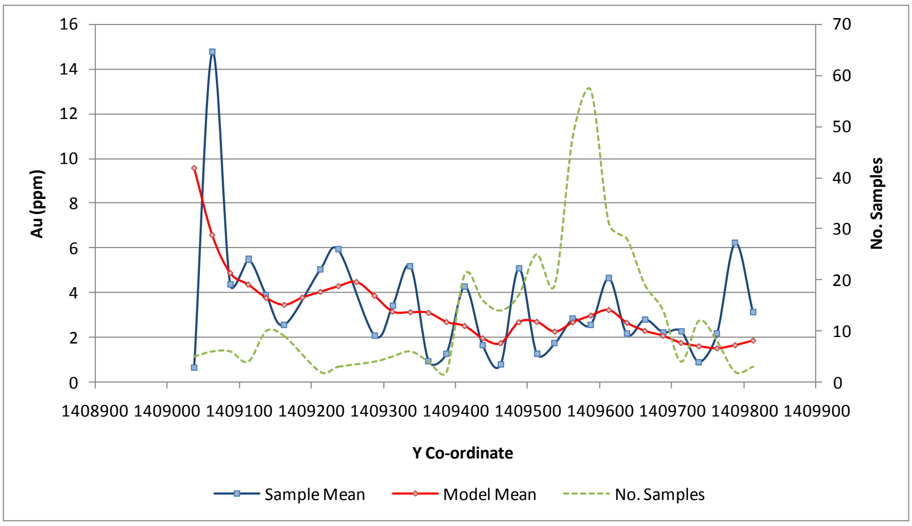


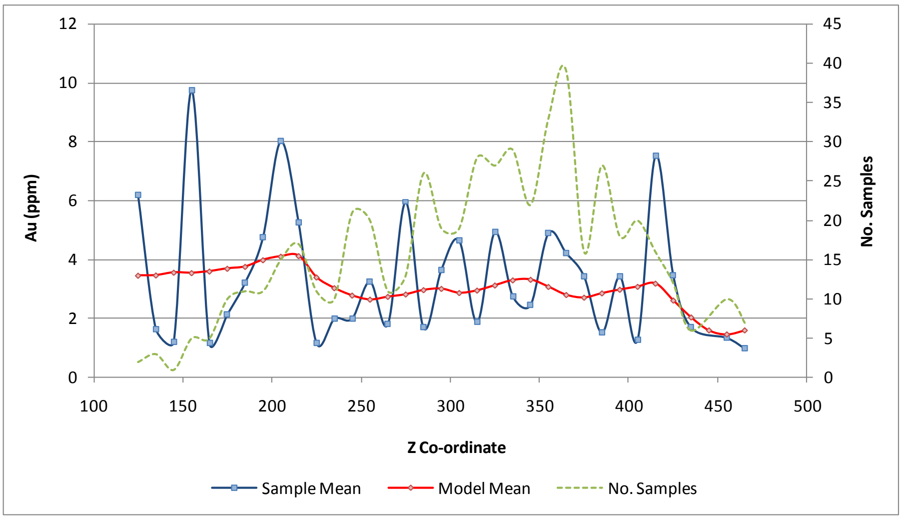




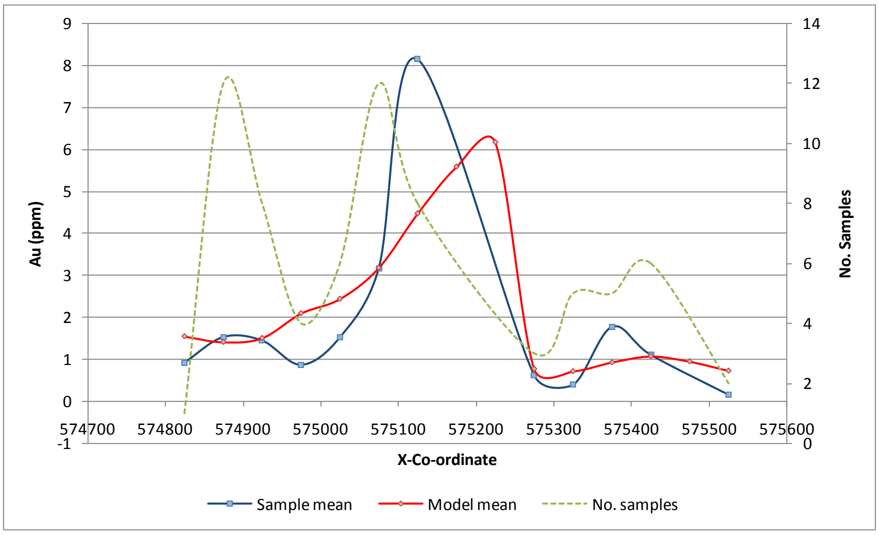
CALIFORNIA (GROUP 3000)







CONSTANCIA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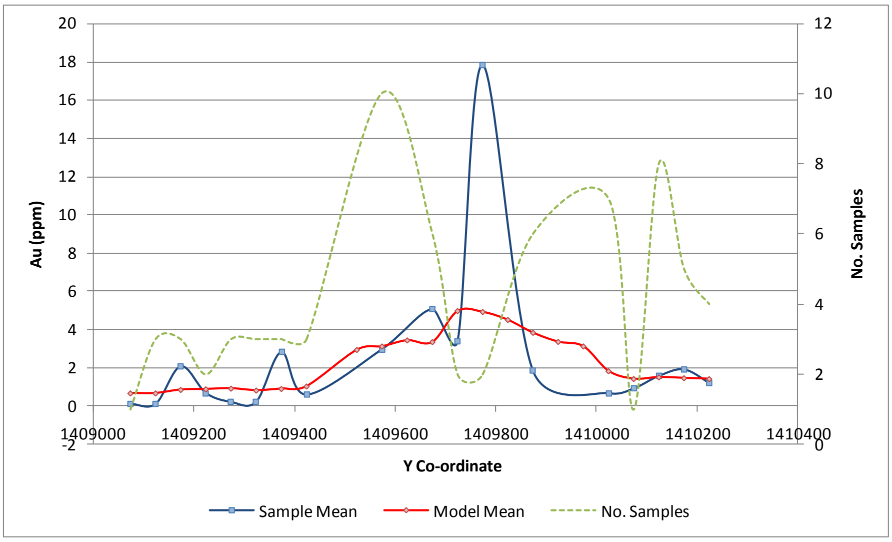
X-Co-ordinate
Sample mean
Model mean
No. samples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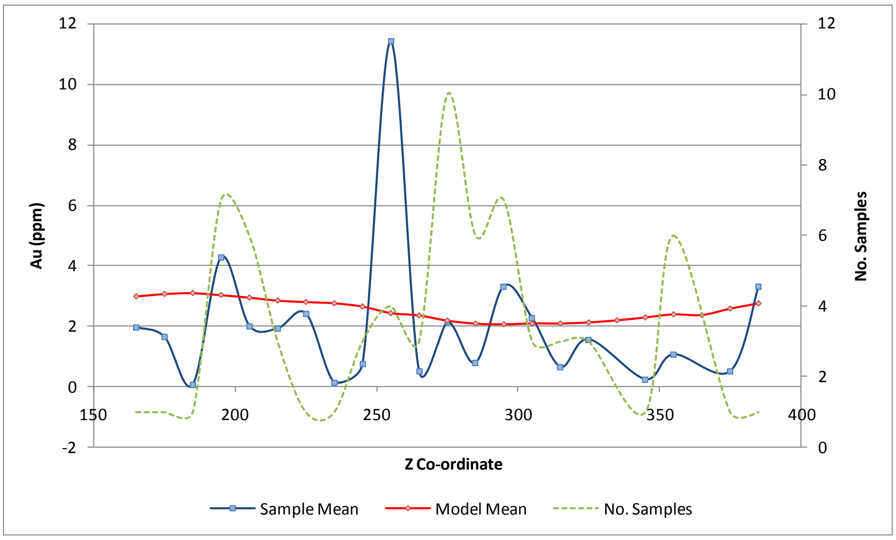
No. Samples
Y Co-ordinate
Sample Mean
Model Mean
No. Samples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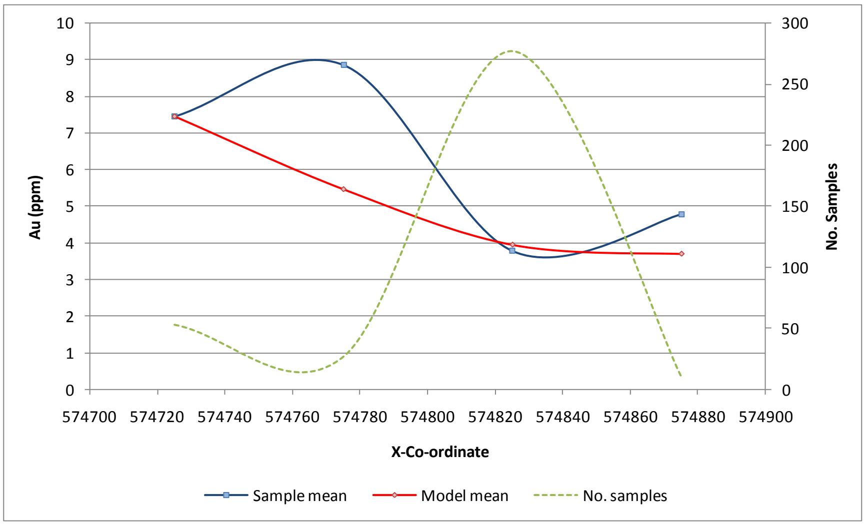
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

ESCONDIDO



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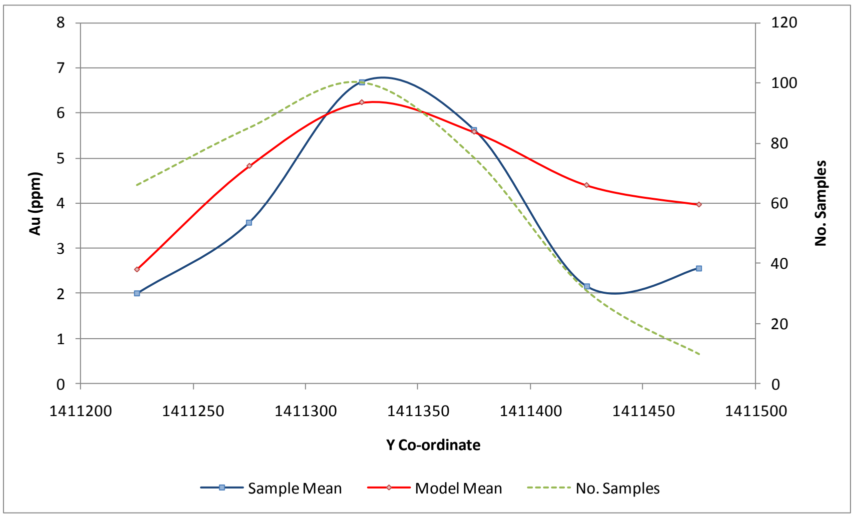
X-Co-ordinate
Sample mean
Model mean
No. samples



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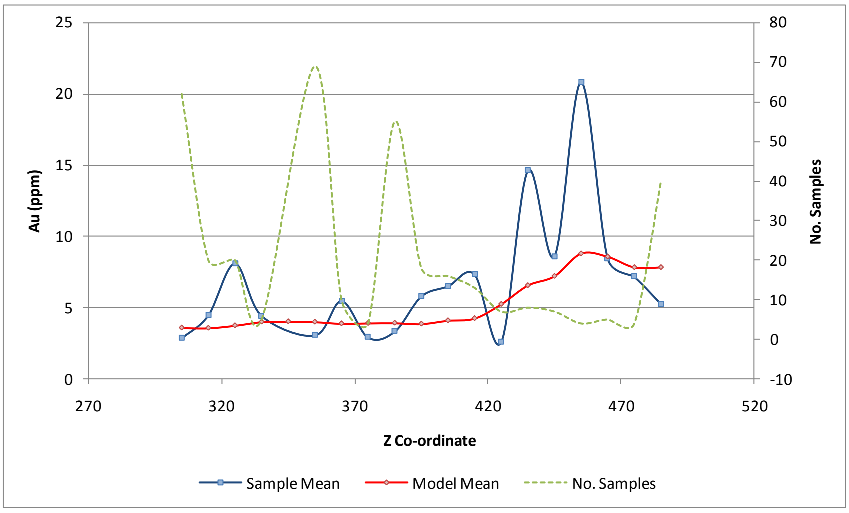
Model Mean
No. Samples



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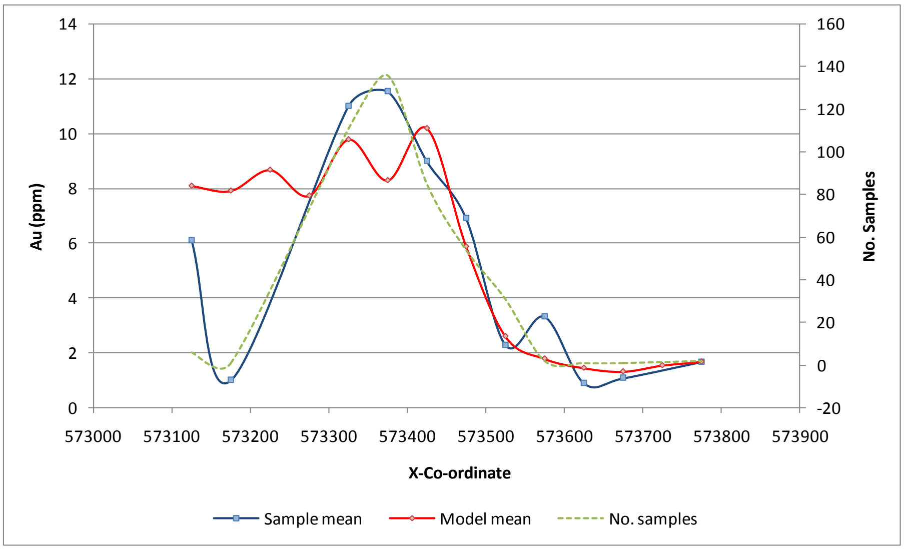
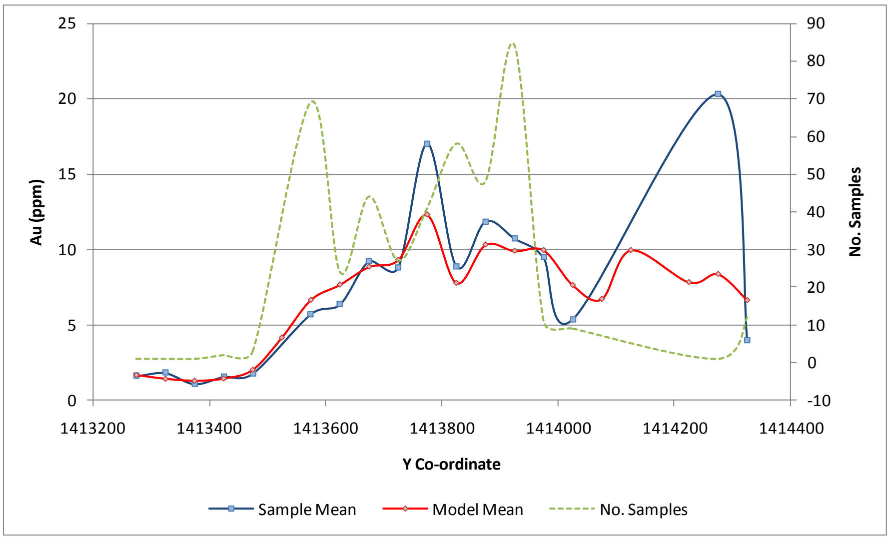
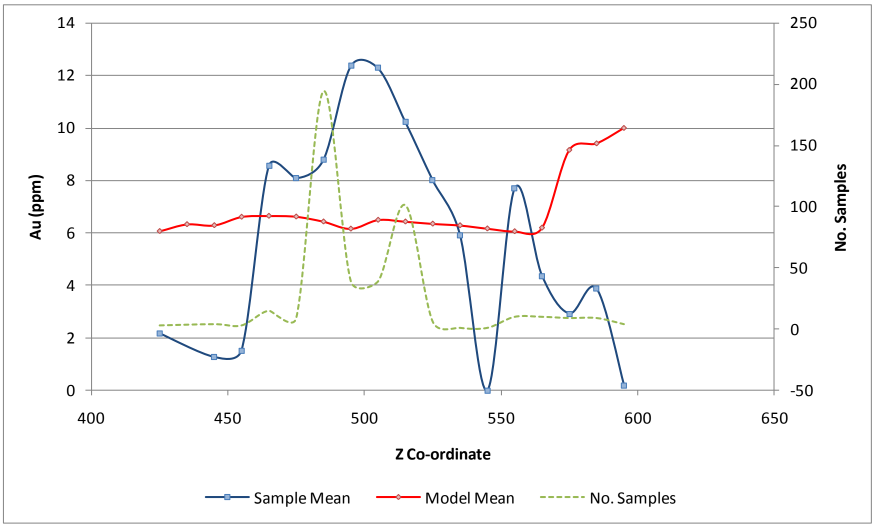
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

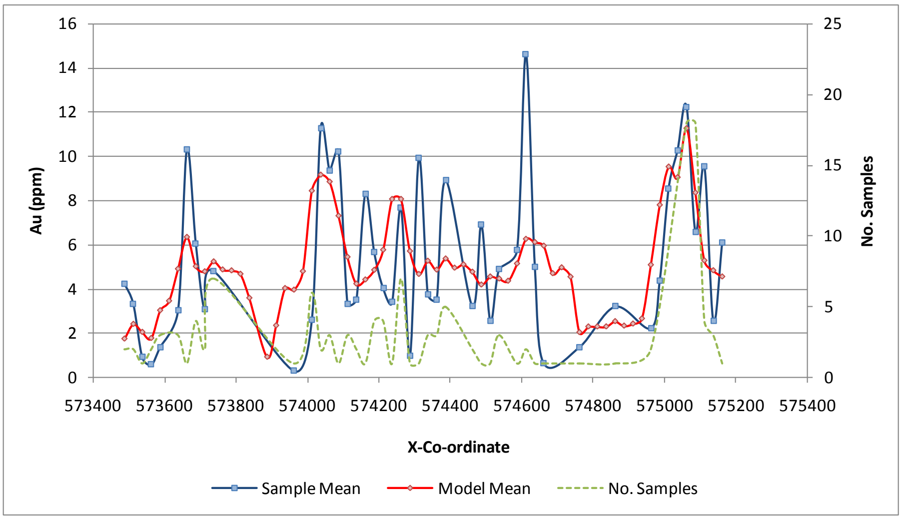
ESPINITO

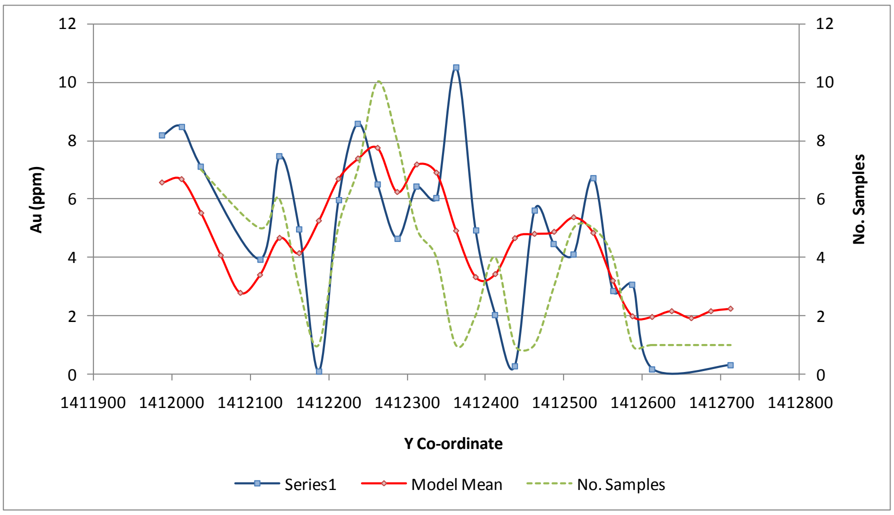

Au (ppm)
No. Samples
X-Co-ordinate
Sample mean
Model mean
No. samples

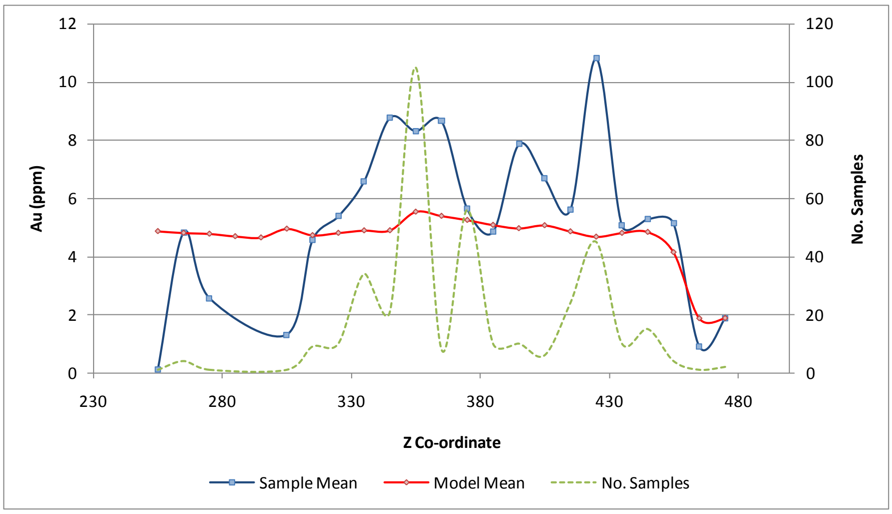

Au (ppm)
No. Samples
Y Co-ordinate
Sample Mean
Model Mean
No. Samples


Au (ppm)
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

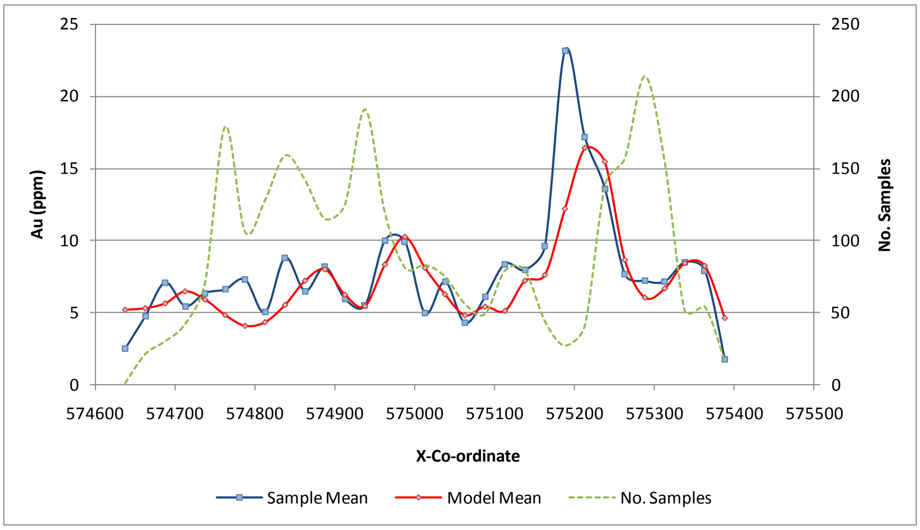
GUAPINOL


Au (ppm)
No. Samples
X-Co-ordinate
Sample Mean
Model Mean
No. Samples

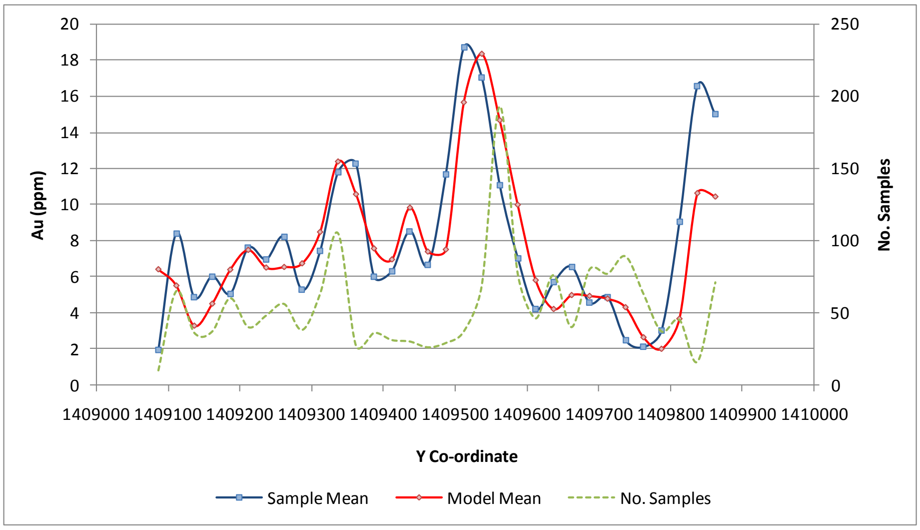

Au (ppm)
No. Samples
Y Co-ordinate
Series1
Model Mean
No. Samples


Au (ppm)
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

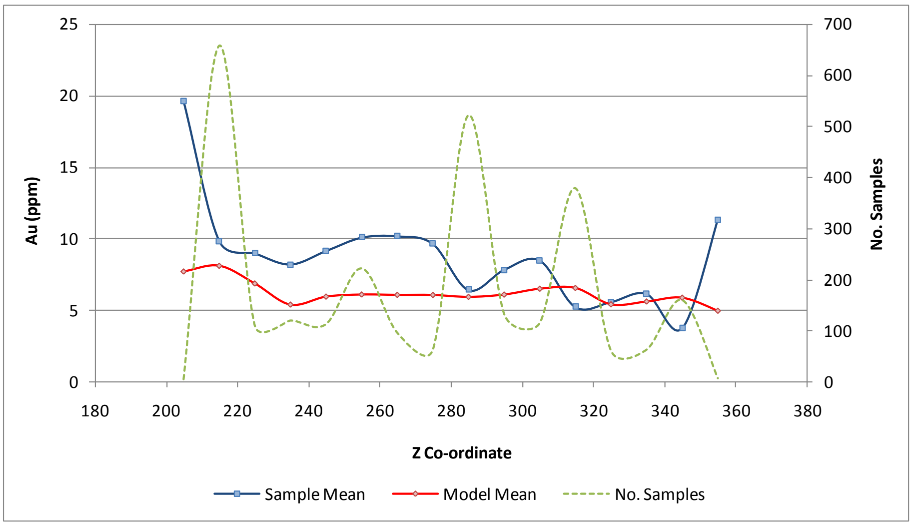
LA INDIA



25
20
15
10
5
0
250
200
150
100
50
0
Au (ppm)
No. Samples
574600 574700 574800 574900 575000 575100 575200 575300 575400 575500
X-Co-ordinate
Sample Mean
Model Mean
No. Samples



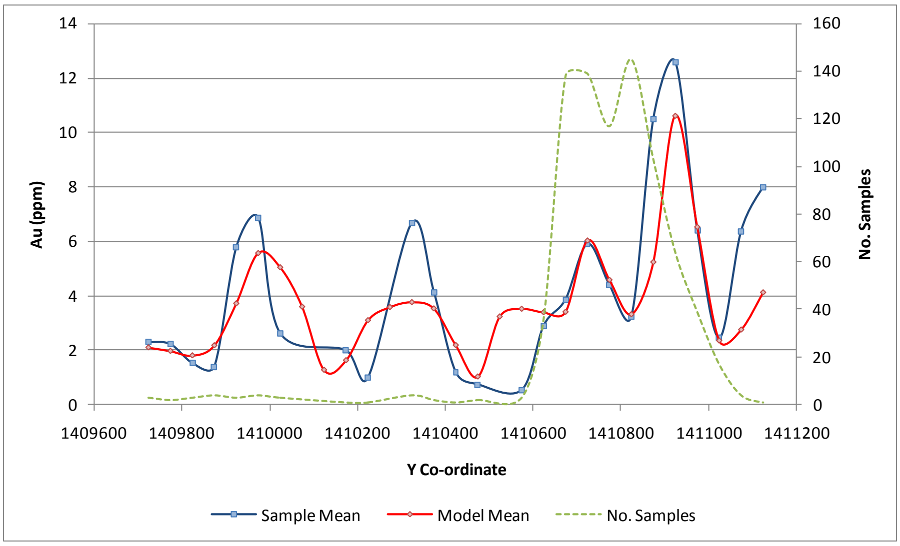
20
18
16
14
12
10
8
6
4
2
0
250
200
150
100
50
0
Au (ppm)
No. Samples
1409000 1409100 1409200 1409300 1409400 1409500 1409600 1409700 1409800 1409900 1410000
Y Co-ordinate
Sample Mean
Model Mean
No. Samples



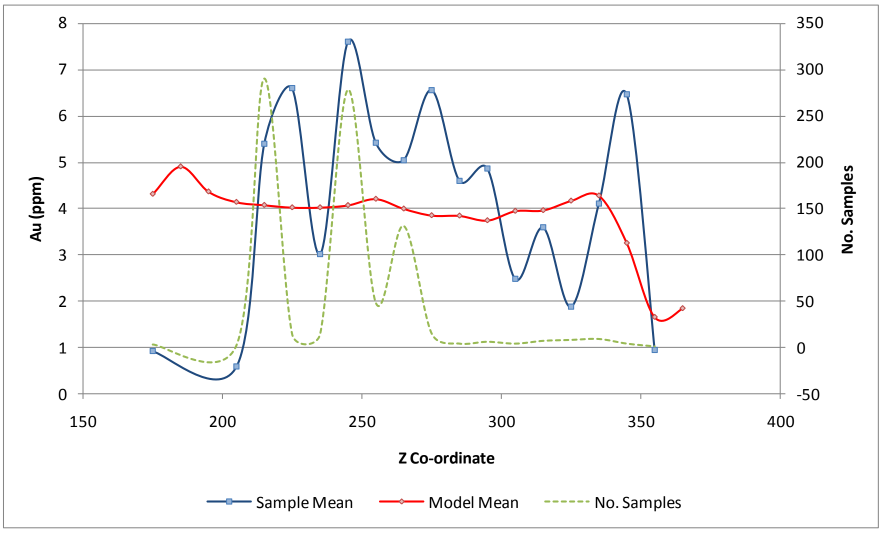
25
20
15
10
5
0
700
600
500
400
300
200
100
0
Au (ppm)
No. Samples
180 200 220 240 260 280 300 320 340 360 380
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

SAN LUCAS

12
10
8
6
4
2
0
250
200
150
100
50
0
Au (ppm)
No. Samples
572400
572450
572500
572550
572600
572650
572700
572750
572800
572850
X-Co-ordinate
Sample mean
Model mean
No. samples

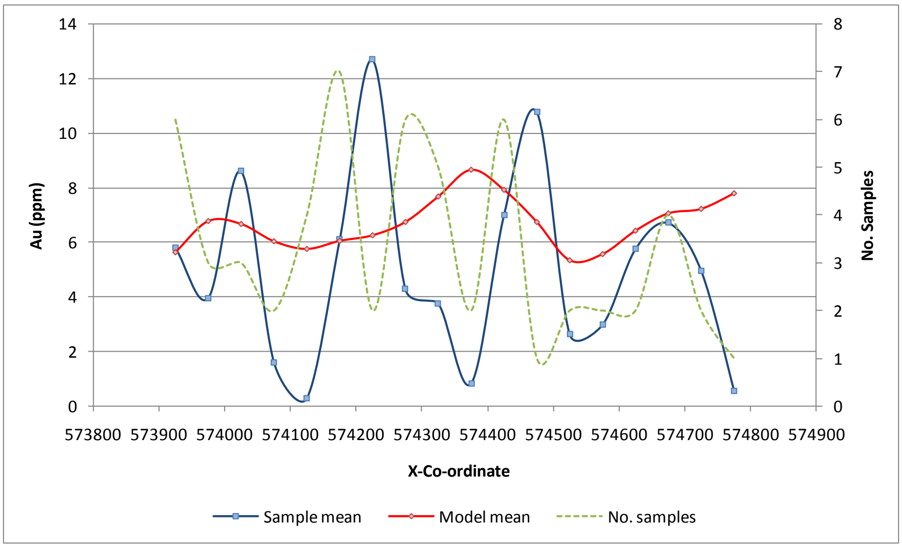


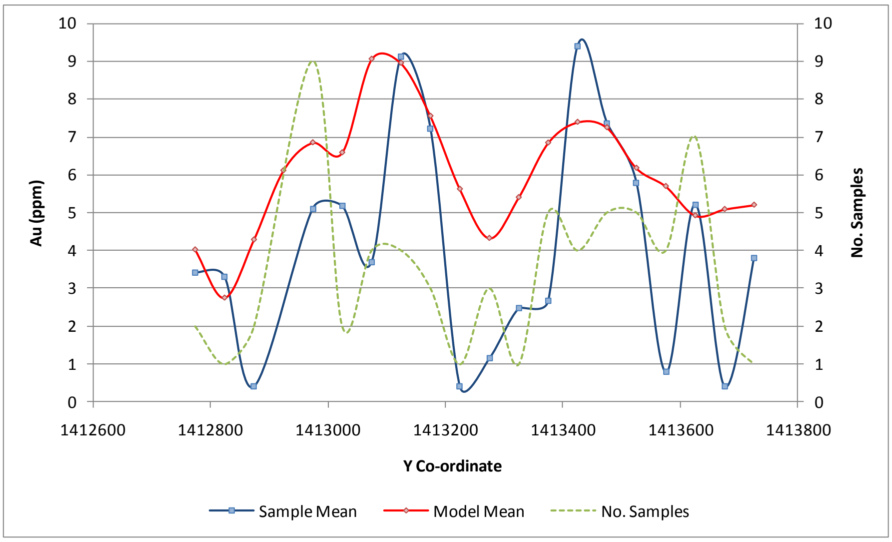
14
12
10
8
6
4
2
0
160
140
120
100
80
60
40
20
0
Au (ppm)
No. Samples
1409600
1409800
1410000
1410200
1410400
1410600
1410800
1411000
1411200
Y Co-ordinate
Sample Mean
Model Mean
No. Samples

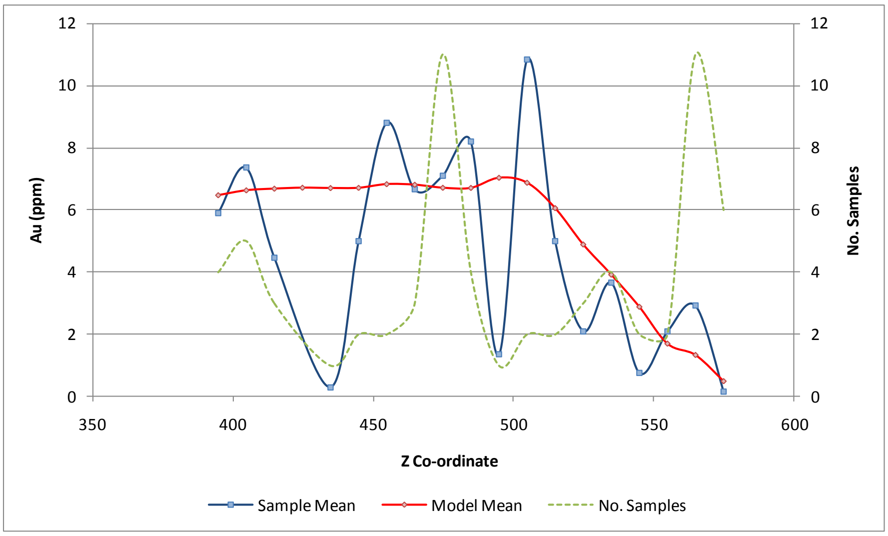


8
7
6
5
4
3
2
1
0
350
300
250
200
150
100
50
0
-50
Au (ppm)
No. Samples
150
200
250
300
350
400
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

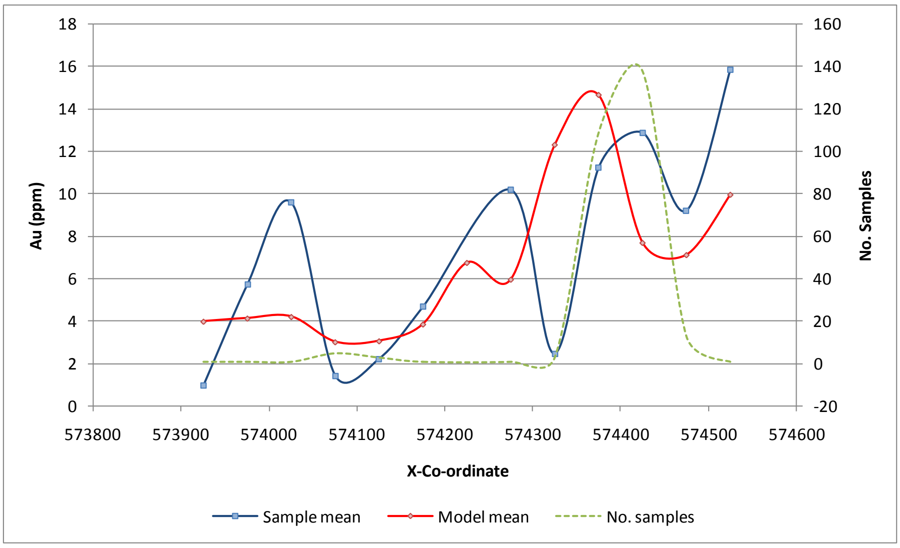
TATIANA

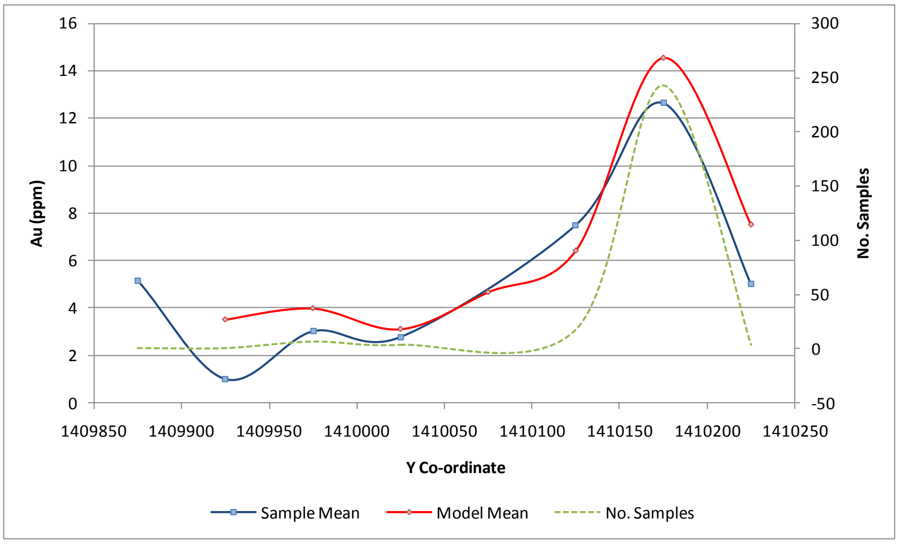

Au (ppm)
No. Samples
X-Co-ordinate
Sample mean
Model mean
No. samples

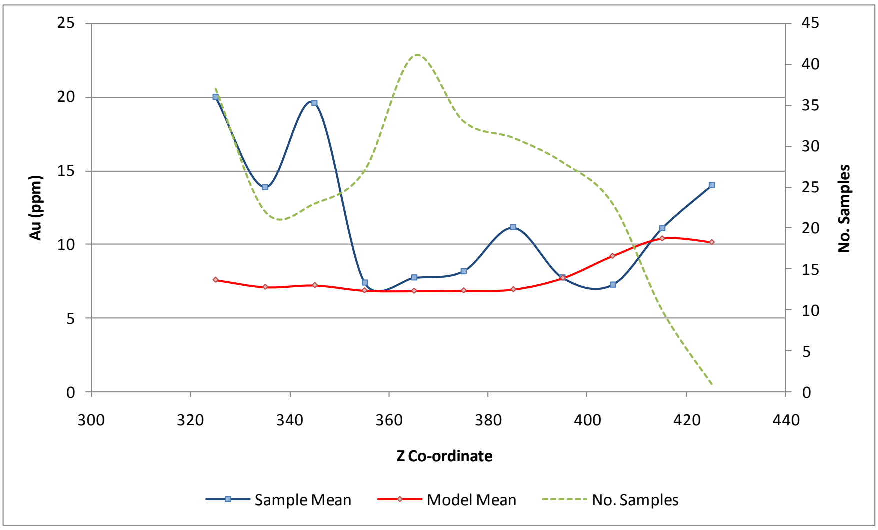

Au (ppm)
No. Samples
Y Co-ordinate
Sample Mean
Model Mean
No. Samples


Au (ppm)
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

TERESA


Au (ppm)
No. Samples
X-Co-ordinate
Sample mean
Model mean
No. samples


Au (ppm)
No. Samples
Y Co-ordinate
Sample Mean
Model Mean
No. Samples


Au (ppm)
No. Samples
Z Co-ordinate
Sample Mean
Model Mean
No. Samples

APPENDIX

F LIFE OF MINE PLAN

Table 26-1: Life of Mine Plan

Vein			Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
La India (Open Pit)																		
La India-California	Production	kt	7,306	27	204	697	1,000	1,001	1,000	999	1,003	997	378					
	Grade	g/t	3.2	3.4	3.5	4.3	5.0	3.5	2.3	2.4	2.7	2.1	5.0					
	Metal	koz	760	3	23	96	161	111	73	76	88	67	60					
	Waste	kt	98,184	8,593	12,567	13,637	13,350	13,588	12,647	7,912	8,194	7,024	672					
	SR	t_{waste}/t_{ore}	13.4	318	62	20	13	14	13	8	8	7	2					
Total	**Production**	**kt**	**7,306**	**27**	**204**	**697**	**1,000**	**1,001**	**1,000**	**999**	**1,003**	**997**	**378**	**0**	**0**	**0**	**0**	**0**
	Grade	**g/t**	**3.2**	**3.4**	**3.5**	**4.3**	**5.0**	**3.5**	**2.3**	**2.4**	**2.7**	**2.1**	**5.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	Metal	**koz**	**760**	**3**	**23**	**96**	**161**	**111**	**73**	**76**	**88**	**67**	**60**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	Waste	**kt**	**98,184**	**8,593**	**12,567**	**13,637**	**13,350**	**13,588**	**12,647**	**7,912**	**8,194**	**7,024**	**672**	**0**	**0**	**0**	**0**	**0**
	SR	**t_{waste}/t_{ore}**	**13.4**	**318**	**62**	**20**	**13**	**14**	**13**	**8**	**8**	**7**	**2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
La India (Underground)																		
La India-California	Production	kt	2,400		10	110	220	220	220	220	220	220	220	220	220	200	80	20
	Grade	g/t	4.8		4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
	Metal	koz	368		1.5	16.9	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	30.7	12.3	3.1
Arizona	Production	kt	228							10	24	30	30	30	30	30	30	14
	Grade	g/t	4.0							4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
	Metal	koz	29							1.3	3.1	3.9	3.9	3.9	3.9	3.9	3.9	1.8
Teresa-Agua Caliente	Production	kt	151		10	25	30	30	30	20	6							
	Grade	g/t	6.4		6.4	6.4	6.4	6.4	6.4	6.4	6.4							
	Metal	koz	31		2.0	5.1	6.1	6.1	6.1	4.1	1.2							
Total	**Production**	**kt**	**2,779**	**0**	**20**	**135**	**250**	**250**	**250**	**250**	**250**	**250**	**250**	**250**	**250**	**230**	**110**	**34**
	Grade	**g/t**	**4.8**	**0.0**	**5.6**	**5.1**	**5.0**	**5.0**	**5.0**	**4.9**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.6**	**4.5**
	Metal	**koz**	**428**	**0**	**4**	**22**	**40**	**40**	**40**	**39**	**38**	**38**	**38**	**38**	**38**	**35**	**16**	**5**

Vein			Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
America																		
America-Constancia-Escondido	Production	kt	1,196		10	75	100	100	100	100	100	100	100	100	100	100	75	36
	Grade	g/t	4.5		4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
	Metal	koz	172		1.4	10.8	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	10.8	5.2
Guapinol	Production	kt	517		10	30	45	45	45	45	45	45	45	45	45	45	20	7
	Grade	g/t	3.9		3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
	Metal	koz	65		1.3	3.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	2.5	0.9
Total	**Production**	**kt**	**1,713**	**0**	**20**	**105**	**145**	**145**	**145**	**145**	**145**	**145**	**145**	**145**	**145**	**145**	**95**	**43**
	Grade	**g/t**	**4.3**	**0.0**	**4.2**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.4**	**4.4**
	Metal	**koz**	**237**	**0**	**3**	**15**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**13**	**6**
Mestiza																		
Tatiana	Production	kt	551		10	35	40	40	40	40	40	45	45	45	45	45	45	36
	Grade	g/t	4.5		4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
	Metal	koz	80		1.5	5.1	5.8	5.8	5.8	5.8	5.8	6.6	6.6	6.6	6.6	6.6	6.6	5.3
Buenos Aires	Production	kt	212		10	30	35	35	35	35	25	7						
	Grade	g/t	5.2		5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2						
	Metal	koz	36		1.7	5.0	5.9	5.9	5.9	5.9	4.2	1.2						
Espinito	Production	kt	206								10	23	30	30	30	30	30	23
	Grade	g/t	4.8								4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
	Metal	koz	32								1.5	3.5	4.6	4.6	4.6	4.6	4.6	3.5
Total	**Production**	**kt**	**969**	**0**	**20**	**65**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**59**
	Grade	**g/t**	**4.7**	**0.0**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.8**	**4.7**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**
	Metal	**koz**	**148**	**0**	**3**	**10**	**12**	**12**	**12**	**12**	**12**	**11**	**11**	**11**	**11**	**11**	**11**	**9**

Vein			Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Project																		
Open Pit	Production	kt	7,306	27	204	697	1,000	1,001	1,000	999	1,003	997	378					
	Grade	g/t	3.2	3.4	3.5	4.3	5.0	3.5	2.3	2.4	2.7	2.1	5.0					
	Metal	koz	760	3.0	23.0	95.9	161.0	111.4	73.4	76.1	88.5	67.4	60.3					
Underground	Production	kt	5,461		60	305	470	470	470	470	470	470	470	470	470	450	280	136
	Grade	g/t	4.6		4.9	4.8	4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.5	4.5	4.5
	Metal	koz	813		9.4	46.7	71.7	71.7	71.7	70.9	69.7	69.0	68.9	68.9	68.9	65.8	40.6	19.7
Total	**Production**	**kt**	**12,767**	**27**	**264**	**1,002**	**1,470**	**1,471**	**1,470**	**1,469**	**1,473**	**1,467**	**848**	**470**	**470**	**450**	**280**	**136**
	Grade	**g/t**	**3.8**	**3.4**	**3.8**	**4.4**	**4.9**	**3.9**	**3.1**	**3.1**	**3.3**	**2.9**	**4.7**	**4.6**	**4.6**	**4.5**	**4.5**	**4.5**
	Metal	**koz**	**1,573**	**3**	**32**	**143**	**233**	**183**	**145**	**147**	**158**	**136**	**129**	**69**	**69**	**66**	**41**	**20**

APPENDIX

G TECHNICAL-ECONOMIC MODELS

Table 26-2: Technical-Economic Model

Vein			Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
La India Project													
Mined	Production	kt	12,767	27	264	1,002	1,470	1,471	1,470	1,469	1,473	1,467	848
	Grade	g/t	3.8	3.4	3.8	4.4	4.9	3.9	3.1	3.1	3.3	2.9	4.7
	Metal	koz	1,573	3	32	143	233	183	145	147	158	136	129
Processing	Production	kt	12,767			1,293	1,470	1,471	1,470	1,469	1,473	1,467	848
	Grade	g/t	3.8			4.3	4.9	3.9	3.1	3.1	3.3	2.9	4.7
	Metal	koz	1,573			178	233	183	145	147	158	136	129
	Recovered Metal	**koz**	**1,463**	**0**	**0**	**166**	**216**	**170**	**135**	**137**	**147**	**127**	**120**
Stockpile	Production	kt	318	27	291								
	Grade	g/t	3.8	3.4	3.8								
	Metal	koz	38	3	35								
Revenue	Metal Price	USD/oz	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
	Revenue	**USDk**	**2,048,502**	**0**	**0**	**231,720**	**302,899**	**238,343**	**188,934**	**191,364**	**205,938**	**177,556**	**168,200**
Selling Costs	Royalty	USDk	61,455			6,952	9,087	7,150	5,668	5,741	6,178	5,327	5,046
	Selling Costs	USDk	102,425			11,586	15,145	11,917	9,447	9,568	10,297	8,878	8,410
	Total Selling Costs	**USDk**	**163,880**	**0**	**0**	**18,538**	**24,232**	**19,067**	**15,115**	**15,309**	**16,475**	**14,204**	**13,456**
Operating Costs	Mining	USDk	289,123	59	3,448	16,783	25,700	25,702	25,699	25,698	25,707	25,693	24,332
	Stripping	USDk	169,450			30,001	29,369	29,894	27,824	17,406	18,027	15,452	1,478
	Processing	USDk	255,334			25,856	29,399	29,418	29,394	29,384	29,462	29,337	16,964
	G&A	USDk	127,667	270	2,638	10,020	14,699	14,709	14,697	14,692	14,731	14,668	8,482
	Total Operating Costs	**USDk**	**841,574**	**330**	**6,086**	**82,660**	**99,167**	**99,722**	**97,614**	**87,180**	**87,928**	**85,150**	**51,256**
Capital Costs	Mine Construction	USDk	114,200	45,680	45,680	22,840							
	Processing Construction	USDk	66,300	26,520	26,520	13,260							
	Closure Capital	USDk	18,050										5,435
	Prestripping Capital	USDk	46,553	18,905	27,648								
	Sustaining Capital	USDk	42,079	16	304	4,133	4,958	4,986	4,881	4,359	4,396	4,258	2,563
	Total Capital Costs	**USDk**	**287,182**	**91,122**	**100,152**	**40,233**	**4,958**	**4,986**	**4,881**	**4,359**	**4,396**	**4,258**	**7,998**

Financials	EBITDA	USDk	1,043,047	-330	-6,086	130,522	179,500	119,554	76,206	88,874	101,535	78,201	103,487
	Depreciation	USDk	241,645	10,978	22,101	28,092	28,836	29,584	30,316	27,310	16,943	8,170	5,127
	Depreciation Applied	USDk	230,698			61,171	28,836	29,584	30,316	27,310	16,943	8,170	5,127
	Depreciation Carried Forward	USDk		10,978	33,079								
	EBIT	USDk	812,349	-330	-6,086	69,351	150,664	89,970	45,890	61,564	84,592	70,031	98,360
	Corporate Tax	USDk		-330	-6,416								
	Profit	USDk	812,349			62,934	150,664	89,970	45,890	61,564	84,592	70,031	98,360
	Cashflow	USDk	243,705			18,880	45,199	26,991	13,767	18,469	25,378	21,009	29,508
	Cumulative Cashflow	USDk	799,342	-330	-6,086	111,642	134,301	92,563	62,439	70,405	76,158	57,192	73,979
	Discounted Cashflow	**USDk**	**512,160**	**-91,452**	**-106,239**	**71,409**	**129,342**	**87,577**	**57,558**	**66,046**	**71,761**	**52,934**	**65,982**
	Internal Rate of Return	**%**	**33%**										

Vein			Total	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
La India Project													
Mined	Production	kt	12,767	470	470	450	280	136					
	Grade	g/t	3.8	4.6	4.6	4.5	4.5	4.5					
	Metal	koz	1,573	69	69	66	41	20					
Processing	Production	kt	12,767	470	470	450	280	136					
	Grade	g/t	3.8	4.6	4.6	4.5	4.5	4.5					
	Metal	koz	1,573	69	69	66	41	20					
	Recovered Metal	**koz**	**1,463**	**64**	**64**	**61**	**38**	**18**	**0**	**0**	**0**	**0**	**0**
Stockpile	Production	kt	318										
	Grade	g/t	3.8										
	Metal	koz	38										
Revenue	Metal Price	USD/oz	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
	Revenue	**USDk**	**2,048,502**	**89,649**	**89,649**	**85,656**	**52,907**	**25,687**	**0**	**0**	**0**	**0**	**0**
Selling Costs	Royalty	USDk	61,455	2,689	2,689	2,570	1,587	771					
	Selling Costs	USDk	102,425	4,482	4,482	4,283	2,645	1,284					
	Total Selling Costs	**USDk**	**163,880**	**7,172**	**7,172**	**6,853**	**4,233**	**2,055**	**0**	**0**	**0**	**0**	**0**
Operating Costs	Mining	USDk	289,123	23,500	23,500	22,500	14,000	6,800					
	Stripping	USDk	169,450										
	Processing	USDk	255,334	9,400	9,400	9,000	5,600	2,720					
	G&A	USDk	127,667	4,700	4,700	4,500	2,800	1,360					
	Total Operating Costs	**USDk**	**841,574**	**37,600**	**37,600**	**36,000**	**22,400**	**10,880**	**0**	**0**	**0**	**0**	**0**
Capital Costs	Mine Construction	USDk	114,200										
	Processing Construction	USDk	66,300										
	Closure Capital	USDk	18,050	5,435				3,590	3,590				
	Prestripping Capital	USDk	46,553										
	Sustaining Capital	USDk	42,079	1,880	1,880	1,800	1,120	544					
	Total Capital Costs	**USDk**	**42,079**	**7,315**	**1,880**	**1,800**	**1,120**	**4,134**	**3,590**	**0**	**0**	**0**	**0**

Financials	EBITDA	USDk	1,043,047	44,877	44,877	42,804	26,274	12,752					
	Depreciation	USDk	241,645	5,480	5,019	4,583	4,095	4,063	3,776	2,610	1,785	1,507	1,271
	Depreciation Applied	USDk	230,698	5,480	5,019	4,583	4,095	4,063					
	Depreciation Carried Forward	USDk							3,776	6,386	8,170	9,677	10,948
	EBIT	USDk	812,349	39,398	39,858	38,221	22,179	8,689					
	Corporate Tax	USDk											
	Profit	USDk	812,349	39,398	39,858	38,221	22,179	8,689					0
	Cashflow	USDk	243,705	11,819	11,958	11,466	6,654	2,607					0
	Cumulative Cashflow	USDk	799,342	33,058	32,920	31,338	19,620	10,145					0
	Discounted Cashflow	**USDk**	**512,160**	**25,743**	**31,040**	**29,538**	**18,500**	**6,011**	**-3,590**	**0**	**0**	**0**	**0**
	Internal Rate of Return	**%**	**33%**										

APPENDIX

H SLOPE STABILITY ANALYSIS RESULTS

APPENDIX

I CONSENT FORMS

Project number: U4925

Cardiff, Wales, February 25, 2013

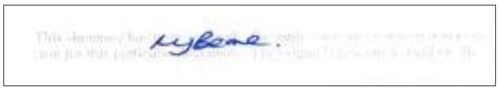
To:
Securities Regulatory Authorities
B. C. Securities Commission (BCSC)
Alberta Securities Commission (ABC)
Ontario Securities Commission (OSC)
L'Autorité des marchés financiers (AMF)
Toronto Stock Exchange (TSX)

CONSENT of AUTHOR

I, Mike Beare, do hereby consent to the public filing of the technical report entitled "[NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA]," (the "Technical Report") and dated 25 February 2013 and any extracts from or a summary of the Technical Report under the National Instrument 43-101 disclosure of Condor Gold PLC and to the filing of the Technical Report with any securities regulatory authorities.

I further consent to the company filing the report on SEDAR and consent to press releases made by the company with my prior approval.

Dated this 25 day of February 2013



Mike Beare, *(MIOM^3, CEng, BEng)*
Corporate Consultant (Mining Engineering)

Project number: U4925

Cardiff, Wales, February 25, 2013

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CONSENT of AUTHOR

I, Ben Parsons, do hereby consent to the public filing of the technical report entitled "[NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA]," (the "Technical Report") and dated 25 February 2013 and any extracts from or a summary of the Technical Report under the National Instrument 43-101 disclosure of Condor Gold PLC and to the filing of the Technical Report with any securities regulatory authorities.

I further consent to the company filing the report on SEDAR and consent to press releases made by the company with my prior approval.

Dated this 25 day of February 2013

Ben Parsons, *(MAusIMM(CP), MSc)*
Principal Consultant (Resource Geology)

Project number: U4925

Cardiff, Wales, February 25, 2013

To:
Securities Regulatory Authorities
B. C. Securities Commission (BCSC)
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CONSENT of AUTHOR

I, Ryan Freeman, do hereby consent to the public filing of the technical report entitled "[NI43-101 MINERAL RESOURCE ESTIMATEPRELIMINAY ECONOMIC ASSESSMENT ON THE LA INDIA GOLD PROJECT, NICARAGUA]," (the "Technical Report") and dated 25 February 2013 and any extracts from or a summary of the Technical Report under the National Instrument 43-101 disclosure of Condor Gold PLC and to the filing of the Technical Report with any securities regulatory authorities.

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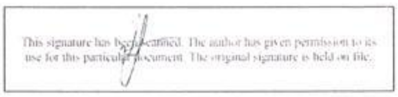
Dated this 25 day of February 2013



Ryan Freeman, *(MAusIMM(CP), BEng)*
Senior Consultant (Mining Engineering)