Condor Gold PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

TWELVE MONTHS ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

Background

This Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations is prepared as at March 13, 2020 and should be read in conjunction with the audited Consolidated Financial Statements of Condor Gold plc (the "**Company**" or "**Condor**") as at 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and International Accounting Standards as issued by the IASB.

Unless otherwise noted, all currency figures in the MD&A are presented in U.K. pounds sterling.

Condor is a publicly listed company, the ordinary shares (the "**Ordinary Shares**") of which have been listed since May 31, 2006 on the London Stock Exchange on the AIM market ("**AIM"**), under the symbol 'CNR'. Since January 15, 2018, the Ordinary Shares of the Company have also been listed on the Toronto Stock Exchange ("**TSX**") under the symbol "COG".

This MD&A contains forward-looking information, such as statements regarding the Company's future plans and objectives that are subject to various risks and uncertainties, and those set forth in "*Statement Regarding Forward-Looking Information*" and "*Risks and Uncertainties*" in this document. The Company cannot assure investors that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. The results for the periods presented are not necessarily indicative of the results that may be expected for any future periods. Investors are cautioned not to place undue reliance on this forward-looking information.

Technical Information

The technical information about the Company's mineral properties contained in this MD&A, other than information summarised or extracted from the Technical Report (as defined below), has been prepared under the supervision of Gerald D.Crawford P.E., Chief Technical Officer of the Company and Andrew Cheatle P.Geo., a non-executive director of the Company, each a "qualified person" within the meaning of NI 43-101. Mr. Crawford P.E. and Mr. Cheatle, P.Geo. have reviewed the contents of this MD&A and have consented to the inclusion in this MD&A of all technical statements, other than information summarised or extracted from the Technical Report, in the form and context in which they appear and confirm that such information fairly represents the underlying data and study results.

Company Overview and Discussion of Operations

<u>Company Overview</u>

The Company is registered and incorporated in the United Kingdom and is actively engaged in gold exploration and development in Nicaragua, with a focus on the Company's 100%-held La India Project (the "**La India Project**" or "**La India**"), for which it has filed the Technical Report which includes a Pre-Feasibility Study ("**PFS**"). The Technical Report was prepared in accordance with the Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

The La India Project is comprised of twelve contiguous and adjacent concessions that total 588 square kilometres held by wholly owned subsidiaries of the Company and located in northeastern Nicaragua. A concession in Nicaragua is awarded by the Ministerio De Energia y Minas (Ministry of Energy and Mines – "**MEM**"). A concession is valid for 25 years and confers upon the holder exclusive rights of exploration and exploitation.

Condor published a PFS on its wholly owned La India Project in Nicaragua in December 2014, as summarised in the Technical Report (entitled "*Technical Report on the La India Gold Project, Nicaragua, December 2014*", dated November 13, 2017 with an effective date of December 21, 2014 (the "**Technical Report**"), prepared in accordance with NI 43-101. The Technical Report was prepared by or under the supervision of Dr Tim Lucks, Principal Consultant (Geology & Project Management), Gabor Bacsfalusi, Principal Consultant (Mining), Benjamin Parsons, Principal Consultant (Resource Geology), each of SRK Consulting (UK) Limited, and Neil Lincoln of Lycopodium Minerals Canada Ltd., each of whom is an independent Qualified Person as such term is defined in NI 43-101.

The La India Project is located in the Department of Leon, approximately 70 kilometres ("**km**") to the north of Managua, the capital city of Nicaragua. The La India Project's Mineral Resource as disclosed in the Technical Report comprised an Indicated Mineral Resource of 9.6 million metric tonnes ("**Mt**") at 3.5 grams per tonne ("**g/t**") gold, for 1.08 million ounces ("**Moz**") gold (inclusive of Probable Mineral Reserves, as disclosed below) and an Inferred Mineral Resource of 8.5 Mt at 4.5 g/t gold, for 1.23 Moz gold. The PFS also defines a Probable Mineral Reserve on the open pit of 6.9 Mt at 3.0 g/t gold for 675 Koz gold and 5.3 g/t silver for 1.185 Moz silver, mined by open pit methods on the La India Vein, the principle vein of the La India Project.

On January 28, 2019 the Company announced an updated Mineral Resource Estimate at La India ("**MRE**"). The MRE as at 25 January 2019 is 9.85 Mt at 3.6 g/t gold for 1.14 Moz gold in the Indicated category and 8.48 Mt at 4.3 g/t gold for 1.179 Moz gold in the Inferred category. The MRE did not show a material change in the number of ounces of gold reported in the Indicated Category or Inferred Category. The methods applied to conducting the geological modelling and estimation for the MRE have not changed from those described in the Technical Report. Given that there has been no material change to the MRE, the Mineral Resource Estimate as disclosed in the Technical Report was not materially impacted by this update. More information relating to the updated MRE is supported by the press release titled "Mineral Resource Update on La India Project, Nicaragua, including initial declaration of new open pit Mineral Resource at Mestiza" dated 28 January 2019 which is available on SEDAR under the Company's issuer profile. The MRE was prepared by SRK Consulting (UK) Limited ("SRK") and uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014). The MRE update was reviewed and approved by Andrew Cheatle, P. Geo., a qualified person within the meaning of NI 43-101.

The PFS summarised in the Technical Report contemplated a 0.8 million tonnes per annum open pit mining operation at La India ("**La India Open Pit**"), producing 614,000 ounces ("**oz**") with average annual production of 79,300 oz of gold over the 7 years of production. With an initial capital requirement of U.S.$110 million, the project generated a Net Present Value at a discount rate of 5.0% of U.S.$92 million and an internal rate of return of 22%, both on an after-tax basis and assuming a gold price of U.S.$1,250 per oz.

Records exist for industrial-scale gold mining in the La India Gold District between 1938 and 1956 by Noranda Inc, a Canadian mining company, and centred on the La India deposit. Production records estimate a total production from 1.73 Mt at 13.4 g/t for 575,000 oz gold.

As at September 2019, a total of 59,697 metres had been drilled by the Company at the La India Project. A total of approximately 78,500 metres of drilling has been completed on La India Project by Condor and previous explorers.

<u>Discussion of Operations</u>

Since publication in December 2014 of the PFS for the La India Project, the principal operational activities of the Company have been:

(i) to advance the permitting framework at La India Open Pit and secure the key Environmental Permit to construct and operate a processing plant of up to 2,800 tonnes per day ("tpd") and associated mine site infrastructure, and

(ii) to conduct further exploration within the La India Project to prove a 5M+ oz gold district.

On August 6, 2018 the Company announced that the Ministry of the Environment and Natural Resources ("**MARENA**") had granted the Company the Environmental Permit ("**Environmental Permit**") for the development, construction and operation of a processing plant with capacity to process up to 2,800 tonnes per day at La India Project for the production of approximately 600,000 oz gold from La India open pit.

Meanwhile, as of the date of this document, the Company has been working to fulfill the requirements of an Environmental and Social Action Plan ("**ESAP**") in accordance with the Performance Standards (the "**IFC Performance Standards**") of the International Finance Corporation ("**IFC**") for the Company's activities during the exploration and study phase. The Company's on-going fulfilment of the ESAP items is establishing the basis for the sustainability of a future mine at the La India Project. Implementation of the IFC Performance Standards helps Condor manage and improve its environmental and social performance through a risk-based approach and also provides a solid base from which the Company may enhance the sustainability of its business operations and provides benefits for its shareholders.

Exploration during 2019 was two-pronged; firstly, regional exploration through mapping and sampling and a limited amount of trenching aimed at identifying 'grassroots' drilling targets, including those at Andrea East and Cacao East. Mapping was also carried out at the Tierra Blanca concession where sinter, the product of hot springs, has been discovered. This is significant because sinters are a guide to potentially precious metal-bearing veins. (For example, they occur directly above bonanza grade veins at Cerro Blanco, Guatemala; Bluestone Resources). Thus, this area in the Tierra Blanca concession is a priority for continued exploration. Secondly, detailed mapping was carried out on the America and Guapinol veins with the specific aim of identifying further drill targets.

The relogging of existing drill core, completed in 2018, has produced a more robust database and a firm foundation for Mineral Resource estimates at La India and America. In particular, the data has enabled a reinterpretation of the La India vein-set and provided a good understanding of historical mine voids. Based on the relog, about 5,000 metres of drilling has been planned to test known and postulated high-grade ore shoots which are outside of the current Mineral Resources.

The Company is also meeting conditions of the Environmental Permit as granted in August 2018, including the completion of engineering and other technical studies and the acquisition of some or all of land for the mine site infrastructure (for further details, see "*Status, Plans and Expenditures at the La India Project*").

The Company also completed, in late 2019, the technical studies required for Environmental and Social Impact Assessments for the extraction of gold-mineralised material from the Mestiza and America satellite open pits ("**Satellite Pit ESIAs**"). The Satellite Pit ESIAs were duly submitted to MARENA in November 2019 as part of an application for Environmental Permits for these sites.

Developments in the twelve months ended December 31, 2019

On January 28, 2019 the Company announced an updated MRE at La India Project. The MRE as at 25 January 2019 is 9.85 Mt at 3.6 g/t gold for 1.14 Moz gold in the Indicated category and 8.48 Mt at 4.3 g/t gold for 1.179 Moz gold in the Inferred category. The MRE was prepared by SRK Consulting (UK) Limited ("SRK") and uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014).

On February 1, 2019, the Company announced a private placement (the "**February 2019 Placement**") of 7,291,667 Units at a price of 24p per Unit (the "**February 2019 Placing Price**"), including a Directors & CFO subscription of 3,221,667 Units, to raise in aggregate gross proceeds of £1.75 million. The February 2019 Placement Price of 24 pence per unit represented a discount of 6.7% to the closing price of the Ordinary Shares on AIM of 26.5 pence per share on January 31, 2019.

The February 2019 Placement occurred in two tranches: the Initial Placement of 4,166,667 new, Ordinary shares (the "**Initial Placement**"), which closed on February 1, 2019; and a second placement comprising a subscription by Mr. Jim Mellon, a Director of the Company ("**the Mellon Subscription**") for 3,125,000 new, Ordinary shares, the closing of which was announced by the Company on February 25, 2019. Units issued as part of the February 2019 Placement have attached to them one half of a warrant with an exercise price of 31p per warrant and a validity of 2 years from issue. Those 2,083,331 warrants issued with the Initial Placement expire on January 31, 2021 while the 1,562,500 warrants issued with the Mellon Subscription expire on February 25, 2021.

On 5 March 2019 the Company announced that it had commenced a permitting process for two satellite feeder pits at La India which have the potential, according to management's studies, to increase open pit production by 50% to 120,000 oz gold per annum.

The Company announced on April 1, 2019 the results from metallurgical test work conducted by B2Gold Inc. ("B2Gold") on behalf of the Company on samples taken from an area within the permitted La India open pit. Two samples of approximately 23kg each produced an average head grade of 12.1 g/t gold and average metallurgical gold recoveries of 95.4%.

On June 27, 2019 the Company announced that it would be seeking an extension of the timeline as stipulated in the terms of the Environmental Permit for completion of final engineering designs and meet other conditions of the Environmental Permit.

On July 1, 2019, the Company announced that the Government of Nicaragua had granted Condor Gold an additional exploration and exploitation concession adjacent to the La India Project. It follows the grant of the 142.6 km^2 Las Cruces concession in December 2018. The 132.1 km^2 Los Cerritos concession expands the La India Project concession area by 29% to a total of 587.7 km^2. Los Cerritos was available for grant by the government under a 25-year exploration and exploitation concession.

The Company announced on July 8, 2019 a private placing (the "**July 2019 Placing**") of 20,192,520 Units (as defined below), including 9,842,520 Units subscribed for by Nicaragua Milling Company Ltd, at a price of 20p per Unit to raise £4,038,504. The subscription price of the July 2019 Placing was at a premium of 6% to the 30-day volume-weighted average price on AIM of 18.82 pence. Each Unit comprised one ordinary share of 20p each in the Company and one third of one share purchase warrant of the Company (a "**July 2019 Warrant**"). Each July 2019 Warrant, which is unlisted and fully transferable, entitles the holder thereof to purchase one ordinary share at a price of 25p for a period of 36 months from the date on which the shares issued pursuant to the Placing are admitted to trading on AIM (the "**Closing Date**"). 50% of the July 2019 Warrants are subject to an accelerated exercise period if the closing mid-market price of the ordinary shares on AIM is more than £0.30 for 10 consecutive trading days. All of the securities comprising the Units are subject to resale restrictions into Canada which will expire four months and one day from the date of issuance. The July 2019 placing closed in two tranches, with 10,350,000 shares being admitted to trading on AIM and the TSX on July 15,2019 and the balance of 9,842,520 being admitted to trading on AIM and the TSX on August 2, 2019.

On July 23, 2019 the Company announced that MARENA had granted an extension to the timeline to acquire the land and/or for the Company to reach legal agreements with the landowners to sell the land and that it was in full compliance with the terms of its Environmental Permit. MARENA had also written to the Company confirming that the final designs for the domestic wastewater treatment system for the offices and accommodation blocks at Mina La India comply with MARENA's technical and environmental requirements, and the final designs for these were approved.

On August 19, 2019 the Company announced that it had been informed that on 14 August and 15 August 2019, Jim Mellon, a Non-Executive Director of the Company, purchased 445,000 and 50,000 ordinary shares in the Company ("Ordinary Shares"), at a price per Ordinary Share of 23.0p and 22.9p respectively and for a total cost of £113,800.

On August 20, 2019 the Company announced that it had been informed that on 16 August 2019, Jim Mellon purchased 65,042 Ordinary Shares at a price per Ordinary Share of 22.9p and for a total cost of £14,895.

On August 23, 2019 the Company announced that it had been informed that that on 22 August 2019, Jim Mellon purchased 50,000 Ordinary Shares at a price per Ordinary Share of 23p and for a total cost of £11,500.

On August 28, 2019 the Company announced that it had been informed that on 23 August 2019, Jim Mellon purchased 50,000 Ordinary Shares at a price per Ordinary Share of 23p and for a total cost of £11,500.

The appointment of Mr. Ian Stalker as a Non-Executive Director of the Company was announced on November 21, 2019.

The Company announced on November 22, 2019 the submission to MARENA of the Satellite Pits' ESIAs. Internal studies by the Company indicate that with the addition to the mine plan of the contained gold in the Mestiza and America satellite open pits could potentially result in average annual production of 120,000 oz gold for a seven-year period. This compares with the PFS on La India open pit, which demonstrates annual production of 79,300 oz gold over seven years.

On November 25, 2019, the Company announced the results of metallurgical tests on ore samples relating to the La India open pit and the America and Mestiza satellite pits. These were aimed *inter alia* at better understanding the grinding characteristics. The abrasion values for La India were similar to those applied in the Technical Report. Gold leaching tests were also conducted and as per the grinding tests, in the case of La India, the results suggested similar characteristics to those presented in the Technical Report.

On December 17, 2019, the Company announced the sale of the Potrerillos Concession ("Potrerillos"), comprising 12 square kilometres of sub-surface mineral rights to a wholly-owned subsidiary of Mako Mining Corp (TSX-V: MKO) for gross cash consideration of US$600,000, paid to the Company in December 2019. The completion of the sale of Potrerillos is contingent on approval by MEM of its transfer to from a subsidiary of the Company to a subsidiary of Mako Mining Corp.

Events subsequent to December 31, 2019

On January 10, 2020, the Company announced the appointment of SP Angel Corporate Finance LLP as broker to the Company.

On January 28, 2020, the Company provided an update on permitting for the La India Project. This included an extension granted until 27 July 2021 to complete the conditions of the key environmental permit to develop and extract ore from La India open pit.

On March 4, 2020, the Company announced a high-grade open pit mining scenario as part of on-going mining dilution studies.

Status, Plans and Expenditures at the La India Project

As at the date hereof, from a NI 43-101 reporting perspective, the La India Project hosts an updated (2019) Mineral Resource of 9.85 Mt at 3.6 g/t gold for 1.14 Moz gold in the Indicated category and 8.48 Mt at 4.3 g/t gold for 1.179 Moz gold in the Inferred category. Key components of the Technical Report completed on the La India Open Pit to Pre-Feasibility Study level, will be carried forward.

The Environmental Permit is considered to be the "master permit" in Nicaragua, and once granted, all permits for construction, electricity, water use, explosives etc. are expected to follow. As of the date of this document the design had been completed for the water and wastewater treatment systems for the processing plant, offices and accommodation blocks; development of final engineering designs for the tailings storage facility and the majority of the surface water management system for the mine is in progress. The Company has also purchased the majority of the surface rights under the option agreements held with certain landowners and will buy land from other landowners under its land acquisition programme, and subject to availability of funding and securing agreement with landowners. Furthermore, the Company had made offers to buy the surface rights from all landowners within the proposed area for mine site infrastructure, of which 50% had been accepted. An 18-month extension has been granted by MARENA, until 27 July 2021, to satisfy the conditions of the Environmental Permit for the La India open pit. See "*Company Overview and Discussion of Operations – Discussion of Operations*" for additional information.

The Company has also prioritised the advancement of the permitting process for two satellite feeder pits at La India, including the Satellite Pits' ESIAs. See "*Company Overview and Discussion of Operations – Discussion of Operations*" and "*Company Overview and Discussion of Operations – Developments in 2019*" for additional information.

Subject to availability of funding, the Company has the option to resume additional exploration drill programmes with three principal objectives:

- A Mineral Resource expansion drilling programme of approximately 20,000 metres and focusing on the Mestiza, America and La India vein sets. The target of this drilling is to expand the mineral resource on these three vein sets. The cost of this programme, including incremental Company operating costs would amount to approximately U.S.$5 million.

- An In-fill drilling programme of approximately 10,000 meters to be conducted on two to three potential feeder pits (e.g. Cacao) with the intention of adding feeder pits into a mine plan early on in the mine life.

The cost of the technical studies required by MARENA is estimated to be in the order of U.S.$4 million, plus circa U.S.$3 million for land purchase. The Company intends to carry out additional environmental and social studies to bring the current ESIA in line with international good practice, aligned with the IFC Performance Standards.

There have been no actual or anticipated changes which would adversely affect the financial condition or performance of the Company, nor industry or economic factors that would affect the Company's performance.

Expenditure by the Company up to end-December 2019 on the La India Project amounted to circa £40 million on a cumulative basis.

Achievement of plans and milestones in 2019

The principal plans of the Company in the twelve months ended December 31, 2019 have been to:

- Submit the ESIAs applying for an Environmental Permit to extract gold from the America and Mestiza satellite feeder pits at La India Project;

- Following on from helicopter-borne geophysics survey, soil geochemistry surveys and a study of the structural geology within the La India Project, continue low level exploration activities for gold mineralisation outside of the existing Mineral Resource/Mineral Reserve areas;

- Fulfil the requirements of (Comply with the terms of) the Environmental Permit including completion of additional technical and engineering studies and purchase of land for mine site infrastructure (see "*Company Overview and Discussion of Operations – Discussion of Operations*" and "*Status, Plans and Expenditures at the La India Project*").

The development of the La India Project in 2019 was consistent with these plans of the Company. In particular:

- The Company has been evaluating the results of various rock chip samples both within and outside of the existing Mineral Resource/Mineral Reserve areas to continue to build upon and demonstrate the district scale mineralization of the project.

- In November 2019, two ESIAs were duly submitted to MARENA as part of an application for Environmental Permits for the America and Mestiza open pits.

- On January 28, 2020 the Company announced that certain final designs for water treatment plants had been completed, development of final engineering designs for the tailings storage facility and the majority of the surface water management system for the mine were in progress, and that offers had been made to buy the surface rights from all landowners within the proposed area for minesite infrastructure, of which 50% had accepted.

For further discussion of the above, see also "*Company Overview and Discussion of Operations – Developments in the twelve months ended December 31, 2019*" and "*Events Subsequent to December 31, 2019*" and "*Status, Plans and Expenditures at the La India Project*".

Risks and Uncertainties

In common with other companies operating in natural resources exploration, the Company is subject to ongoing risk factors and uncertainties, including, among others, political risks including the risk of operating in Nicaragua, title risks, commodity prices, liquidity and financing risks, exchange rate risks, permitting risks, operating and environmental hazards encountered in the exploration, development and mining business and changing laws and public policies, as well as the risks disclosed elsewhere in this MD&A.

The Company has been operating in Nicaragua for circa 14 years and closely monitored the social unrest between April and July 2018. The Government re-asserted control in July 2018; the country has subsequently been relatively calm. Condor continues to promote peaceful dialogue between all parties. In December 2018, the United States Congress passed into law the Nicaragua Human Rights and Anticorruption Act of 2018 (the "Nica Act"). This bill imposes restrictions and sanctions on institutions and individuals responsible for the Nicaraguan government's violence and infringement of the civil rights of protesters. There have been a number of "Dialogue Tables" between the Government and opposition parties. It is unclear what, if any, impact the Nica Act will have on the Company.

Analysis of Financial and Operating Performance

<u>Summary of Overall Financial Performance</u>

The Company reports in U.K. pounds sterling. The functional currency of the La India Project is Nicaraguan Cordobas, which is pegged to the USD with a 5% annual depreciation to the USD. The presentational currency of the Company is U.K. pounds sterling. The financial statements of the Company for the twelve months ended December 31, 2019 are prepared in accordance with IFRS as issued by the IASB.

	Twelve months ended December 31, 2019 (£)	Twelve months ended December 31, 2018 (£)
Total comprehensive income/(loss)	(3,231,505)	(2,155,323)
Cash and cash equivalents	2,903,556	220,975
Exploration assets	20,909,637	20,644,243
Net assets	23,785,320	21,044,043

The total comprehensive income/(loss) for the Company of £(3,231,505) for the twelve months ended December 31, 2019 (twelve months ended December 31, 2018: £(2,155,323)) was after the following principal items:

- General and Administrative ("G&A") costs of £(1,529,348) for the twelve months ended December 31, 2019 (twelve months ended December 31, 2018: £(2,067,413)). Within G&A costs there is a non-cash unwinding charge for share options granted and in the twelve months ended December 31, 2018, a once-off loss on disposal of subsidiary. See "Results from Operations".

- Currency translation differences for the twelve months ended December 31, 2019 of £(1,706,724) (twelve months ended December 31, 2018: £144,006), driven by movements in the United States dollar, the Nicaraguan Cordoba relative to the U.K. pound sterling, resulting in unrealised currency translation differences.

Further analysis of total comprehensive income/(loss) is contained in the section *"Results from Operations".*

The cash levels of the Company as at December 31, 2019 and December 31, 2018 vary due to the timing and quantum of financing by the Company as well as the level of expenditures by the Company on exploration and administrative activities.

The movement in exploration assets between December 31, 2019 and December 31, 2018 is a function of exploration expenditure during the year, together with foreign exchange movements and any asset impairments or revaluations during the period. See *"Analysis of Intangible Assets".*

Comparison of Financial Condition

The financial condition of the Company is primarily measured by the reserves of cash and cash equivalents, and the level of net assets. As of December 31, 2019, the Company held cash and cash equivalents of £2,903,556 (December 31, 2018: £220,975). As of December 31, 2019, the Company had net assets of £23,785,320 (December 31, 2018: £21,044,043). The February 2019 Placement and the July 2019 Placement (see *"Developments in the twelve months ended December 31, 2019"),* offset by subsequent cash expenditures through to December 31, 2019 (see *"Summary of Cash Flows")* are the primary drivers behind the variances in these two measures between December 31, 2018 and December 31, 2019. Net assets are also impacted by the operating performance of the Company (see "*Results from Operations*").

Summary of Cash Flows

	Twelve months ended December 31, 2019 (£)	Twelve months ended December 31, 2018 (£)
Net cash used in operating activities	(768,556)	(1,545,194)
Net cash used in investing activities	(2,337,083)	(1,579,143)
Net cash generated from financing activities	5,788,220	2,399,051
Net increase/(decrease) in cash and cash equivalents	2,682,581	725,286

The net cash flows used in operating activities for the twelve months ended December 31, 2019 and December 31, 2018 are driven by activities in the management of the La India Project. The change between December 31, 2019 and December 31, 2018 is primarily attributed to spending on corporate and administrative costs (see "*Results from Operations*"), together with variations arising from fluctuations in trade and other receivables and payables.

Cash used in investing activities increased to £(2,337,083) in the twelve months ended December 31, 2019 as compared to £(1,579,143) in the twelve months ended December 31, 2018. The spend level was higher in 2019 than that in 2018 due primarily to purchases of land at La India.

Cash flows from financing activities in 2018 and 2019 arose from the March 2018 Placement and February and July 2019 Placements respectively (see "*Outstanding share data"* and *"Developments in the twelve months ended December 31, 2019").*

Analysis of Selected Financial Information

	31 December 2019 (£)	31 December 2018 (£)	31 December 2017 (£)
Revenue	Nil	Nil	Nil
Gross Profit	Nil	Nil	Nil
Loss attributable to owners of the parent	(1,524,781)	(2,299,329)	(3,023,615)
Total comprehensive loss attributable to owners of the parent	(3,231,505)	(2,155,323)	(3,074,566)
Dividends / Distributions	Nil	Nil	Nil
Total Assets	24,542,422	21,295,359	20,466,522
Total non-current liabilities	Nil	Nil	Nil
Weighted average number of shares	81,889,122	65,873,187	59,994,972
Loss attributable to owners of the parent basic and diluted (pence per share)	(1.86)	(3.49)	(5.04)
Total comprehensive loss attributable to owners of the parent basic and diluted (pence per share)	(3.95)	(3.27)	(5.12)

For analysis of loss attributable to owners of the parent for the year ended December 31, 2019 of £(1,524,781) and for the year ended December 31, 2018 of £(2,299,329), see "*Results from operations*." The loss attributable to owners of the parent for the year ended December 31, 2017 of £(3,023,615) was driven by administrative expenses and included non-cash unwinding charge of £(550,815) on warrants issued and which did not recur in either 2018 or 2019.

Total comprehensive loss attributable to owners of the parent also include currency translation differences of £(1,706,724) for the twelve months ended December 31, 2019, £144,006 for the twelve months ended December 31, 2018 and £(57,303) for the twelve months ended December 31, 2017. These arose from the relative movements in U.K. pounds sterling in relation to the United States dollar and the Nicaraguan Cordoba, which impacted the values recorded in U.K pounds sterling of the Company's foreign assets and liabilities. The Company's intangible assets are primarily denominated in Cordobas.

Total assets primarily comprise intangible assets, which are made up of the capitalised exploration and development costs attributed to the La India Project. Current assets comprise cash and cash equivalents together with trade and other receivables.

The financial statements for the Company for the twelve months ended December 31, 2019, 2018 and 2017 were prepared in accordance with IFRS as issued by the IASB.

Fourth Quarter

For the three-month period ended December 31, 2018, the Company had total comprehensive loss attributable to owners of the parent of £(2,238,452) and a net loss per share of (2.37) pence, compared to £(640,969) and a net loss per share of (0.95) pence in the three-month period ended December 31, 2018, an increase in the quarterly loss of £(1,597,483).

Significant factors in line items that caused the decrease in net income for the three-month period ended December 31, 2019 as compared to the three-month period ended December 31, 2018 were as follows:

- Currency translation differences in the fourth quarter of 2019 of £(1,682,254) versus £(38,085) in the fourth quarter of 2018. These arose from the relative movements in U.K. pounds sterling in relation to the United States dollar and the Nicaraguan Cordoba and which impacted the values recorded in U.K pounds sterling of the Company's foreign assets and liabilities, which are denominated in Nicaraguan Cordobas.

The net increase / (decrease) in cash and cash equivalents of £ (733,869) for the fourth quarter of 2019 was driven by operating and investing activities at the Company. The equivalent measure for the fourth quarter of 2018 of £(657,297) was also driven by these factors.

Quarterly Financial Information

The Company reports in U.K. pounds sterling. The functional currency of the La India Project is Nicaraguan Cordobas. The presentational currency of the Company is U.K. pounds sterling. The financial statements for the Company were prepared in accordance with IFRS as issued by the IASB.

Quarter Ended	December 31, 2019 (£)	September 30, 2019 (£)	June 30, 2019 (£)	March 31, 2019 (£)	December 31, 2018 (£)	September 30, 2018 (£)	June 30, 2018 (£)	March 31, 2018 (£)
Revenue	—	—	—	—	—	—	—	—
Profit/(loss) from continuing operations[(1)]	(556,198)	(316,125)	(299,905)	(352,553)	(687,449)	(324,349)	(684,853)	(602,678)
Total comprehensive income/(loss) attributable to owners of the parent	(2,238,452)	105,010	(70,450)	(1,027,613)	(640,969)	(334,179)	218,113	(1,397,338)
Profit/(loss) from continuing operations pence per share	(0.59)	(0.35)	(0.40)	(0.50)	(1.02)	(0.48)	(1.02)	(0.97)
Total comprehensive earnings/(loss) per share	(2.37)	0.10	(0.09)	(1.38)	(0.95)	(0.50)	0.32	(2.08)

Notes

(1) Disclosed in Condensed Consolidated Statement of Comprehensive Income as "Loss for the period"

Profit/(loss) from continuing operations in each of the periods disclosed is driven on an on-going basis by G&A costs, which include non-cash charges arising in connection with share options.

Total comprehensive earnings also reflect currency translation differences arising on foreign operations, as the functional currency for the La India project is the Nicaraguan Cordoba (see "Analysis of Intangible Assets").

For information regarding progress of the Company in achieving previously announced milestones, see "*Discussion of Operations"* and *"Achievement of plans and milestones in 2019*"*).*

Results from Operations

	12 months ended December 31, 2019 £	12 months ended December 31, 2018 £
Analysis of Operating Loss:		
General and Administration Costs (including Share-based Payments)		
Wages and salaries	(290,012)	(269,793)
Unwinding / (Charge) for share options granted (non-cash)	(184,562)	(544,613)
Travel / expenses	(128,212)	(110,356)
Exploration costs expensed	(8,413)	(75,192)
Professional fees	(438,373)	(582,387)
Legal fees	(36,189)	(53,595)
Overheads/Other	(443,587)	(431,477)
General and Administration Costs	(1,529,348)	(2,067,413)
Loss on disposal of subsidiary (non-cash)	-	(234,210)
Operating Loss	(1,529,348)	(2,301,623)
Fixed asset impairment (non-cash)	-	-
Finance income	4,567	2,294
Loss for the year	(1,524,781)	(2,299,329)
Non-controlling interest	-	-
Loss attributable to owners of the parent	(1,524,781)	(2,299,329)
Currency translation differences	(1,706,724)	144,006
Total comprehensive loss	(3,231,505)	(2,155,323)
Non-controlling interest	-	-
Total comprehensive loss attributable to owners of the parent	(3,231,505)	(2,155,323)

Cash expenditure on exploration activities comprises direct expenditure on the La India Project. This includes in-country operating, staff and permitting costs, as well as sampling, mapping and drilling programmes and studies, broken down as follows:

	12 months ended December 31, 2019 (£)	12 months ended December 31, 2018 (£)
Payroll	(472,144)	(584,197)
Operating Costs	(482,388)	(255,545)
Permitting	(261,414)	(216,196)
Direct field expenditure (Drilling / Sampling / Studies)	(649,449)	(510,077)
Cash expenditure on Exploration activities	(1,865,395)	(1,566,015)

Cash expenditure levels vary according to the timing and nature of these activities undertaken as the Company advances the La India Project. No drilling was carried out in 2018 or 2019. A summary of the activities carried out in the year and how these relate to the development plans of the project are set out in "*Status, Plans and Expenditure at the La India Project* "and "*Achievement of Plans and Milestones in 2019*".

For analysis regarding how these expenditures related to relevant milestones for the La India Project and anticipated timing and costs to advance the La India Project to further stages, see "*Status, Plans and Expenditures at the La India Project"* and "*Achievement of Plans and Milestones in 2019".* For analysis of net movement in intangible assets and explanation of the Company's exploration activities, see *"Analysis of Intangible Assets."*

G&A and share-based payment costs have decreased for the twelve months ended December 31, 2019 as compared to the prior period, from £(2,067,413) to £(1,529,348). The main drivers behind these changes are as follows:

Within General and Administration costs:

- The charge for non-cash share based payments has decreased in the twelve months ended December 31, 2019 as compared to the prior period, from £(544,613) to £(184,562). The charge in the 12 months prior year period included amounts related to options awarded in 2016, the charge for which was spread over two years, including the first half of 2018, with a higher level of volatility applied in the Black & Scholes calculation flowing through to a higher options charge than for subsequent options awards.

- Exploration costs expensed, which include expenditure on consultant services outside of Nicaragua and which are generally expensed by the Company, have decreased in the twelve months ended 31 December 2019 as compared to prior period, from £(75,192) to £(8,413) due to the timing and nature of the Company's exploration activities, coupled with realised foreign exchange movements in relation to funds remitted to and expensed by local operating subsidiaries, which incur costs in United States dollars and/or Nicaraguan Cordobas. Gains or losses between realised exchange rates on remittance and exchange rates on date of transaction can also result in volatility in this measure.

- Professional fees have decreased in the twelve months ended December 31, 2019 as compared to the prior period, from £(582,387) to £(438,373) due to a reduced level of advisory activity, and have reduced in 2019, due primarily to additional charges raised in connection with the March 2018 Placement.

Additional movements:

Currency translation differences of £(1,706,724) for the twelve months ended December 31, 2019 (twelve months ended December 31, 2018: £144,006) arose from the relative movements in U.K. pounds sterling in relation to the United States dollar, the Nicaraguan Cordoba and which impacted the values recorded in U.K pounds sterling of the Company's foreign assets and liabilities and which are denominated in Nicaraguan Cordobas.

Analysis of Intangible Assets

	Exploration Costs (£)	Mineral Resources (£)	Total (£)
Net Book Value			
As at January 1, 2018	18,178,395	749,573	18,927,968
Additions	1,566,015	-	1,566,015
Disposals	-	-	-
Impairments	-	-	
Exchange rate movements	150,260	-	150,260
At December 31, 2018	19,894,670	749,573	20,644,243
Additions	1,865,396	-	1,865,396
Disposals	-	-	-
Impairments	-	-	-
Exchange rate movements	(1,600,002)	-	(1,600,002)
Net book value at December 31, 2019	20,160,064	749,573	20,909,637

Exploration Costs within intangible assets comprise all costs directly attributable to the exploration of a project area and which are capitalised to that project. The accounting policies of the Company specify that exploration costs are to be denominated in the functional currency of the country in which the asset is located. The La India Project is located in Nicaragua and is thus denominated in Nicaraguan Cordobas.

Mineral Resources, as disclosed in the table above, comprise payments to third parties to acquire interests in existing projects.

Other Information

Outstanding Share Data

	As of December 31, 2019 (000's)	As of December 31, 2019 (£)	As of December 31, 2018 (000's)	As of December 31, 2018 (£)
Issued and fully paid				
Ordinary Shares of 20 pence each				
At 1 January	67,179	13,435,868	61,365	12,273,076
Issue of Ordinary Shares	27,485	5,496,836	5,814	1,162,792
At December 31	94,664	18,932,704	67,179	13,435,868

For details of the issue of Ordinary Shares in 2019, see "*Developments in the twelve months ended December 31, 2019.*"

On March 23, 2018, the Company announced a private placement (the "**March 2018 Placement**") of 5,197,674 units of the Company at a price of 43 pence per unit, together with a subscription by directors of the Company for 616,279 units, to raise in aggregate gross proceeds of £2,500,000. The March 2018

Placement price of 43 pence per unit represented a discount of 7.5 percent to the closing price of the Ordinary Shares on AIM of 46.5 pence per share on March 22, 2018.

The March 2018 Placement closed on March 28, 2018, and each unit issued consisted of one Ordinary Share and one-half of one ordinary share purchase warrant (a "**2018 Warrant**"). Each such 2018 Warrant entitles the holder thereof to purchase one Ordinary Share at a price of 65 pence until March 28, 2020. In the event that the 2018 Warrant is exercised in full, the Company would receive gross proceeds of £1,889,534. Following the March 2018 Placement, the Company had 67,179,335 Ordinary Shares of 20 pence each in issue.

<u>Stock Options and Warrants in the Company</u>

The total Options outstanding as at the date hereof amount to 10,292,000 with an average exercise price of 65 pence, and which will be fully vested by November 20, 2021. There is no other share-based compensation paid by the Company.

The Company recognises as an expense the cost of warrants and/or stock-based compensation based upon the estimated fair value of new stock options or warrants granted. The fair value of each stock option or warrant is estimated on the date of grant using the Black-Scholes option pricing model and is expensed over the vesting period.

On February 1 and on February 22, 2019, 2,283,331 and 1,562,500 Warrants were respectively issued as part of the February 2019 Placement and on July 22, 2019 6,730,835 Warrants were issued as part of the July 2019 Placement (see "*Developments in the three and nine months ended September 30, 2019*").

As the date hereof, there were 13,283,641 Warrants outstanding. Should all Warrants be exercised in full, the Company would receive £4,702,450.

A summary of outstanding warrants is set out below:

Date of issue	Date of expiry	Number	Exercise price £	Total amount raised if all exercised £
March 28, 2018	March 27, 2020	2,906,975	0.65	1,889,534
February 1, 2019	January 31, 2021	2,083,331	0.31	645,833
February 25, 2019	February 24, 2021	1,562,500	0.31	484,375
July 16, 2019	July 15, 2022	6,730,835	0.25	1,682,708
TOTAL		**13,283,641**	**0.35 (avg)**	**4,702,450**

The exercise period for 50 per cent of the warrants issued on July 16, 2019 ("**Accelerated Warrants**") shall be accelerated if the closing mid-market share price of the Company's ordinary shares on AIM is more than £0.30 for 10 consecutive trading days (an "**Acceleration Trigger Date**"), further to which a notice (an "**Acceleration Notice**") shall be delivered by the Company to holders of Warrants ("**Warrant Holders**") informing them that an Acceleration Trigger Date has occurred. Warrant Holders who wish to exercise the rights attaching to the Accelerated Warrants must do so by the later of the date falling 10 Business Days after receipt of the Acceleration Notice by the Warrant Holders; or the date falling 10 Business Days after the end of a Closed Period, which means the period of 30 calendar days before the announcement of an interim financial report or year-end report (which includes preliminary financial results) which the Company is obliged to make public, as defined in Article 19(11) of the Market Abuse Regulation (regulation No 596/2014 of the European Parliament and of the Council); or such other date (which is more than 10 Business Days after receipt of the Acceleration Notice) as the Company may notify the Warrant Holders in the Acceleration Notice ("**Accelerated Warrants Expiry Date**"). Any warrant rights relating to the Accelerated Warrants that are not exercised by the Accelerated Warrants Expiry Date shall lapse and shall no longer be exercisable.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Liquidity, Capital Resources and Financial Instruments

The Company is not in commercial production on any of its properties and accordingly it does not generate cash from operations and finances its activities by raising capital through equity issues.

As at December 31, 2019, the Company had £2,903,556 in cash at bank and on deposit. As at December 31, 2018, cash at bank and on deposit amounted to £220,975. The Company does not enter into lease arrangements or debt facilities to cover working capital requirements – see "*Contractual Obligations*."

The Company endeavours to hold all cash and cash equivalents in interest bearing accounts. The Company has not invested in any short-term commercial paper, asset-backed securities or other financial instruments. There are no known or expected trends or fluctuations in the Company's capital resources which would have a material impact on the capital resources of the Company. The Company mitigates risks associated with its cash holdings by reviewing the credit ratings of banks with which it places those holdings. Cash holdings kept in Nicaragua are limited to cover short term needs only.

In management's view the Company will be able to raise sufficient financial resources to fund currently planned development and land acquisition activities and ongoing operating expenditures over at least the next 12 months. Total expenditures for the 12 months through to end-December 2020 are expected to total approximately £6.5 million and include settlement of the contractual obligations of the Company. The plans for the Company through 2020 are to maintain its social and community programmes, to comply with the terms of the Environmental Permit and to continue with exploration activities including geological mapping and trenching, as well as continuing to develop the La India Project. (see "*Status, Plans and Expenditures at the La India Project*").

In relation to compliance with the Environmental Permit, the Company's priority is also to continue with purchases of land for mine-site infrastructure and complete the additional technical studies required by MARENA prior to the commencement of construction of the processing plant of up to 2,800tpd and associated mine site infrastructure. Land purchases would also be required and are estimated to cost circa U.S.$ 3 million - see "*Status, Plans and Expenditures at the La India Project*". The Company does not currently have the financial resources for the planned drilling and will be seeking additional external funding in order to carry out these activities. Sources of such funding are likely to include issuance of additional share capital in the Company.

The Company will need to seek additional sources of funding in order to initiate construction of a mine at the La India Project.

Expenditure plans are reviewed and adjusted on a regular basis as appropriate and in line with the financial resources of the Company. Financial commitments are not given to third parties where they would result in undue risk to the financial solvency of the Company going forwards. Payments will be required to maintain the Company's concessions in Nicaragua in good standing and the Company ensures that it holds sufficient financial reserves to meet those payments. The Company only commits to future payments and exploration programmes once it already has the required financial resources to do so.

There are no legal or practical restrictions on the repatriation out of Nicaragua of capital and profits.

As of the date of this document, the Company does not hold sufficient working capital to meet its obligations and carry out its planned activities through to end-September 2020 as outlined above. It will continue to be dependent on raising equity capital as required until and unless it reaches the production stage and generates cash flow from operations and is confident that it will be able to do so: to date the Company has been successful in raising funding from investors and believes that it will continue to be able to attract financial capital as it progressively de-risks and advances the La India Project towards the Feasibility Study, construction and production stages.

Contractual Obligations

£	*Payments Due by Period*				
	Total (£)	*Less than 1 year (£)*	*1 – 3 years (£)*	*4-5 years (£)*	*Greater than 5 years (£)*
Operating leases on offices	22,594	22,594	-	-	-
Material creditors	89,538	89,538	-	-	-

The cost of maintaining the concession areas of the Company by payment of taxes has been included in the expenditure plans of the Company. As of the date of the MD&A, taxes on concessions had been fully paid up to the date of this document.

The Company is not in arrears or at risk of default with its suppliers or regarding its lease payments. It has no plans to pay dividends until it has commenced commercial production and holds no debt. There are no capital expenditure commitments and no sources of funding that the Company has arranged but not yet used.

The Company has progressed its land acquisition programme and currently holds approximately 808 hectares of land in the core area of the La India Project, either directly or at different stages of registration.

Transactions with Related Parties

The balances recorded as at September 30, 2019 and the comparative period in 2018 are as follows and cancel out upon consolidation:

	31.12.19	31.12.18
Condor S.A.	£	£
Brought forward loan balance	7,047,116	6,434,360
Additional loans during the period	430,268	388,756
Management charges	109,300	224,000
Closing balance	7,586,684	7,047,116

	31.12.19	31.12.18
La India Gold S.A.	£	£
Brought forward loan balance	17,144,334	15,733,360
Additional loans during the period	1,493,136	1,191,974
Management charges	108,150	219,000
Closing balance	18,762,420	17,144,334

	31.12.19	31.12.18
La India Inversiones S.A.	£	£
Brought forward loan balance	202,859	162,177
Additional loans during the period	465,962	40,682
Closing balance	668,821	202,859

The above related parties are subsidiaries of Condor. The purpose of the above loans, which are unsecured, is to meet the working capital requirements of the subsidiaries.

During the twelve months ended December 31, 2019 the Company received consultancy advice from the following related parties:

Company	Related party	31.12.19 £	31.12.18 £	Outstanding at year end £
Burnbrae Limited	J Mellon	25,000	25,000	-
Axial Associates Limited	M L Child	63,000	66,041	-
n/a	P Flindell	-	12,500	-
AMC Geological Advisory Group	A Cheatle	34,042	28,333	2,083
Promaco	I Stalker	6,877	-	-

Jim Mellon, Andrew Cheatle and Ian Stalker are Non-Executive Directors of the Company. Peter Flindell retired as a Non-Executive Director on June 11, 2018. Mr. Cheatle received additional remuneration of £9,042 in the 12 months ended December 31, 2019 and £4,375 in the 12 months ended December 31, 2018 for providing services to the Company. Mr. Stalker was appointed as a non-Executive Director to the Company on November 21, 2019 and during the 12 months ended December 31, 2019 received additional remuneration of £4,793 for providing services to the Company. Mark Child is Chairman and Chief Executive Officer. All key management receive their remuneration from the subsidiary they work for. The remuneration of key management in the subsidiaries is capitalised within exploration costs.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in detail in Note 1 of the Company's December 31, 2019 annual consolidated financial statements. The Company considers the following judgments and estimates to be most critical in understanding its financial results:

Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities at the date of the financial statements and the reported amounts of expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. While actual results could differ materially from these estimates, no specific sources of estimation uncertainty have been identified by management that are believed to have a significant risk of resulting in a material adjustment within the next financial year to the carrying amount of the Company's assets and liabilities as recorded as December 31, 2019.

Significant items subject to such estimates include:

Valuation of Intangible Assets

Exploration expenditure comprises all costs which are directly attributable to the exploration of a project area. Licence costs are those incurred acquiring mineral rights and include the entry premiums paid to gain access to areas of interest. Mineral resource costs are those paid to third parties to acquire interests in existing projects.

In accordance with IFRS 6, the Company capitalises as exploration costs within Intangible Assets all exploration and evaluation costs, including field exploration and analysis costs relating to specific properties until those properties are brought into production, at which time they will be amortised on a unit-of-production basis or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge is made.

Intangible Assets are reviewed for impairment to determine if a write down of their carrying amount is required. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration. The Directors of the Company have reviewed the estimated value of each project prepared by management and consider them to be reasonable.

Management has made various estimations regarding the fair value of exploration assets acquired in the absence of NI 43-101 compliant Mineral Resource data available at acquisition. The fair value of exploration assets acquired has been estimated based on a number of valuation techniques.

Where acquisitions represent transactions between knowledgeable and willing parties on an arm's length basis, the exploration assets acquired have been valued on the basis of the consideration transferred. Where acquisitions are not deemed to represent arm's length transactions, management compare them to similar transactions that are on an arm's length basis taking into account key factors such as certainty over the level of defined resource, processing technology and location infrastructure in order to arrive at a fair valuation.

See "*Results from operations*" and "*Analysis of Intangible Assets*" for further information regarding the valuation of and movements in intangible assets during the reporting period.

<u>Foreign currencies</u>

The foreign currency movements included in the consolidated financial statements of the Company arose from the relative movements in the U.K. pound sterling in relation to the United States Dollar and the Nicaraguan Cordoba. The Company has adopted accounting treatment of foreign operations upon consolidation following "International Accounting Standard 21 – *The Effects of Changes in Foreign Exchange Rates*" as regards application of exchange rates at balance sheet dates and/or exchange rates at the date of transaction as appropriate, in relation to monetary and non-monetary assets and liabilities.

Exploration costs, disclosed as part of Intangible Assets, are denominated in the functional currency of the country in which the asset is located. The La India Project is located in Nicaragua and is thus denominated in Nicaraguan Cordobas. All resulting unrealised exchange differences arising from variations in the exchange rate between the Nicaraguan Cordoba and U.K. pounds sterling are recognised in the profit and loss in "other comprehensive income" and accumulated in equity – see "*Results from operations.*"

<u>Changes in accounting policies</u>

The adoption of IFRS and IFRS Interpretation Committee interpretations did not result in any substantial changes to the accounting policies adopted by the Company.

Management's Report on Internal Controls and Procedures

<u>Disclosure controls and procedures</u>

Disclosure controls and procedures ("**DCP**") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under supervision of the Chief Executive Officer, is responsible for the design and operation of disclosure controls and procedures and has evaluated the effectiveness of the Company's DCP and has concluded that they were effective as at September 30, 2019.

<u>Internal control over financial reporting</u>

The Company's internal control over financial reporting ("**ICFR**") is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud.

As at December 31, 2019, an evaluation was carried out, under the supervision of the Chief Executive Officer, of the design and operating effectiveness of Condor's internal controls over financial reporting. Based on this evaluation, the Chief Executive Officer concluded that the internal controls over financial reporting were effective as at September 30, 2019, using the criteria, having taken account of the size and nature of Condor, put forward by the Financial Reporting Council in their revised guidance for Directors on internal controls for UK listed companies (issued 2005).

Changes in internal controls over financial reporting

There have been no changes in the Company's ICFR during the twelve months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, its ICFR.

Approval

The Board of the Company has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to the Company, including the AIF, is available under the Company's SEDAR profile at www.sedar.com.

Statement Regarding Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking information under applicable Canadian securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "objectives", "strategies", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in its document should not be unduly relied upon.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- Mineral Resource and Mineral Reserve estimates;
- targeting additional Mineral Resources and expansion of deposits;
- the Company's expectations, strategies and plans for the La India Project, including the Company's planned exploration and development activities;
- the results of future exploration and drilling and estimated completion dates for certain milestones;
- successfully adding or upgrading Mineral Resources and successfully developing new deposits;
- the timing, receipt and maintenance of approvals, licences and permits from the Nicaraguan government and from any other applicable government, regulator or administrative body, including, but not limited to, the Environmental Permit;
- production and processing estimates;

- future financial or operating performance and condition of the Company and its business, operations and properties; and
- any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

The actual results could differ materially from those anticipated in these forward-looking statements or information as a result of the risk factors set forth below and elsewhere in this MD&A:

- mineral exploration, development and operating risks;
- estimation of mineralisation, mineral resources and mineral reserves;
- environmental, health and safety regulations of the resource industry;
- competitive conditions;
- permitting and licencing risks;
- operational risks;
- negative cash flow;
- liquidity and financing risks;
- funding risk;
- material contract risks;
- exploration costs;
- uninsurable risks;
- conflicts of interest;
- exercise of statutory rights and remedies;
- risks of operating in Nicaragua;
- government policy changes;
- ownership risks;
- artisanal miners and community relations;
- difficulty in enforcement of judgments;
- market conditions;
- stress in the global economy;
- current global financial condition;
- exchange rate and currency risks;
- commodity prices;
- reliance on key personnel;
- dilution risk;
- payment of dividends;
- other factors discussed under *"Risks and Uncertainties"*; and
- other risks and uncertainties described under the heading "Risk Factors" in the Company's long form prospectus dated December 21, 2017, available under the Company's SEDAR profile at www.sedar.com.

Statements relating to "Mineral Reserves" or "Mineral Resources" are deemed to be forward-looking statements or information, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral reserves and mineral resources described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Although the forward-looking statements contained in this document are based upon assumptions which the Company believes to be reasonable, the Company cannot assure holders of Ordinary Shares that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, the Company has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future currency exchange and interest rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; the receipt of required permits; royalty rates; future tax rates; future operating costs; availability of future sources of funding; ability to obtain financing and assumptions underlying estimates related to adjusted funds from operations. The Company has included the above summary of assumptions and risks related to forward-looking information provided in this document in order to provide holders of Ordinary Shares with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. These forward-looking statements are made as of the date of this document and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

CIM Definition Standards

The Mineral Resources and Mineral Reserves for the Company's properties (including as used in the Technical Report) have been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014 (the "**CIM Definition Standards**").

The following definitions are reproduced from the CIM Definition Standards:

"**Mineral Resource**" means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

"**Inferred Mineral Resource**" means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource (as defined herein) and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

"**Indicated Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined herein) as described below in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource (as defined herein) and may only be converted to a Probable Mineral Reserve (as defined herein).

"**Measured Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve (as defined herein) or to a Probable Mineral Reserve.

"**Mineral Reserve**" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a pre-feasibility study or feasibility study.

"**Probable Mineral Reserve**" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

"**Proven Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

"**Pre-Feasibility Study**" means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

"**Feasibility Study**" means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

For the purposes of the CIM Definition Standards, "**Modifying Factors**" are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.