Condor Gold PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED 31 MARCH, 2018

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Background

This Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations is prepared as at May 15, 2018 and should be read in conjunction with the Condensed Consolidated Interim Financial Statements of Condor Gold plc (the "**Company**" or "**Condor**") for the three months ended December 31, 2018, 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.

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 April 24, 2017, the Ordinary Shares have been cross-traded in the U.S. on the OTCQX under the symbol "CNDGF" and 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 summarized or extracted from the Technical Report (as defined below), has been prepared under the supervision of David Crawford, Chief Technical Officer of the Company, and Peter Flindell, a Non-Executive Director of the Company, each of whom is a "qualified person" within the meaning of NI 43-101. Mr. Crawford and Mr. Flindell have both reviewed the contents of this MD&A and have consented to the inclusion in this MD&A of all technical statements, other than information summarized or extracted from the Technical Report, in the form and context in which they appear and confirms 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 focus on the Company's 100%-held La India project (the "**La India Project**"), for which it has filed the Technical Report which includes a Pre-Feasibility Study. 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 the ten contiguous and adjacent concessions that total 313 sq km held by wholly owned subsidiaries of the Company and located in northeastern Nicaragua. A concession in Nicaragua is awarded by the Minsterio De Energia y Minas (Ministry of Energy and Mines). A concession is valid for 25 years and confers upon the holder exclusive rights of exploitation, exploration and the establishment of facilities for collection and processing of minerals found in the area granted.

Condor published a Pre-Feasibility Study ("**PFS**") on its wholly owned La India Project in Nicaragua in December 2014, as summarized 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 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 km to the north of Managua, the capital city of Nicaragua. The La India Project's Mineral Resource as disclosed in the Technical Report comprises 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.

The Pre-Feasibility Study summarized 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**") over a nine year mine life. With an initial capital requirement of U.S.$110 million, the project generated a Net Present Value at a discount rate of 5% 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 Mines of Canada, a Canadian 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.

Discussion of Operations

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, together with land access; and

(ii) to conduct further exploration within the La India Project.

The Company also continued to advance a land acquisition programme, which commenced in 2014 with plans to acquire approximately 800 hectares of rural land for the production scenario in the PFS. Offers to purchase have been made to all landowners. As of the date of this MD&A, 30% of the landowners had signed option agreements ("**Option Agreements**") whereby the Company has paid 10% of the purchase consideration for the right to acquire the land by paying the balance of 90% of the purchase consideration within two years. While the Company's rights to purchase the land under the Option Agreements began to expire in 2017, the Option Agreements contain provisions that provide the Company with a right to renew.

Meanwhile, as at March 31, 2018, the Company had fulfilled the requirements of an Environmental and Social Action Plan ("**ESAP**") in accordance with the Performance Standards (the "**IFC Performance Standards**") of the International Finance Committee ("**IFC**") for the Company's activities during the exploration phase, as agreed to with IFC in conjunction with its equity investment in the Company. The Company's fulfilment of the ESAP items, to the satisfaction of the IFC, is establishing the basis for the sustainability of a future mine at the La India Project, whose development is subject to obtaining all required permits and compliance with IFC Performance Standards applicable to that stage. Implementation of the IFC Performance Standards helps Condor manage and improve its environmental and social performance through an outcomes-based approach and also provide a solid base from which the Company may enhance the sustainability of its business operations and provides benefits for its shareholders. The IFC's Environmental and Social Team continues to provide technical support and guidance to the La India Project in order that it is positioned for the next stage of development. As of the date hereof, the IFC holds approximately 6.70% of the issued and outstanding Ordinary Shares.

Highlights of the three months ended March 31, 2018 are as follows.

Developments in the three months ended March 31, 2018

On January 15, 2018 the Ordinary Shares of the Company commenced trading on the TSX. The Ordinary Shares of the Company remain listed on AIM and on the OTCQX.

On January 18, 2018 the Company announced the retirement from the Company's board of directors of Mr. Roger Davey and the appointment of Mr. Andrew Cheatle.

On February 26, 2018 the Company announced that it had formally submitted a 130 page amendment to its Environmental and Social Impact Assessment ("**ESIA**") to the Ministry of Environment and Natural Resources in Nicaragua that does not require the resettlement of approximately 330 households, occupied by 1,000 people. The ESIA is part of an Environmental Permit ("**Environmental Permit**" or "**EP**") application to permit and construct a processing plant with capacity to process up to 2,800 tonnes per day of mineral ore.

On March 13th, 2018 the "Inter-Institutional Committee" comprising of ten technicians from three Ministries: the Ministry of Environment and Natural Resources, the Ministry of Energy and Mines and the Ministry of Forestry conducted a final site visit inspection of the re-designed mine site infrastructure, which avoids resettlement.

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.

In the first quarter of the year, the main activity of the geology department in the first quarter was a re-logging of the stratigraphy, mineralisation and mine depletion voids in La India and America drill core. The strategy of proving a major Gold District continues. Detailed geological mapping and vein characterisation continued along several veins, which included the collection of over 150 rock chip samples. On the America Vein Set, 24 rock chip samples returned gold values greater than 5.0g/t including 24.6g/t and 32.0g/t gold on the Guapinol vein and 27.2g/t gold on the Alfonso Vega vein. On a new prospect, the El Derrumbado prospect, an area of multiple east-west striking veins, immediately north of the Tatescame vein, 6 samples returning gold greater than 5 g/t, including a 24.3 g/t gold rock chip.

Events subsequent to March 31, 2018

On the May 2nd, 2018, the Chairman and senior management of the Company held a meeting with the Inter-Institutional Committee at the offices of the Ministry of Energy and Natural Resources to discuss additional information required by the Inter-Institutional Committee following their site visit inspection on March 13th, 2018. The Company intends to submit the technical information by May 31st, 2018

There were no material events reported by the Company subsequent to March 31, 2018.

Status, Plans and Expenditures at the La India Project

As at the date hereof, the La India Project is at the Pre-Feasibility Study stage. The Company has applied for and is awaiting approval of the application for the EP by the Nicaraguan authorities. Upon receipt of the EP, the Company intends to proceed with additional drilling and a Feasibility Study. The Company has been awaiting approval of the EP application prior to proceeding with the resource in-fill drilling programmes as recommended in Section 26 of the Technical Report and as summarised below.

The Company's plans for 2018 are to continue to advance the La India Project towards the Feasibility Study stage and in particular:

- to secure the approval of the application for the EP for the La India Open Pit, submitted late in 2015; and

- concurrent with the above, to continue exploration activities aimed at identifying gold mineralisation outside of the current Mineral Resource / Mineral Reserve areas through geological mapping and trenching surveys over the entire La India Project area. In addition, conduct relogging of drill core to improve understanding of lithological and geological aspects of gold mineralisation at the La India Project.

The Company expects that the costs for carrying out the above, together with the those of operating and administering the Company through to the end of calendar year 2018 would amount to approximately £1.3 million, including approximately U.S.$275,000 to maintain the Company's Concessions in Nicaragua through payment of land surface taxes. A breakdown of the expenditures planned for the 12 months through to the end of 2018 is as follows:

	12 months Pounds sterling '000's
Securing approval of the EP	84
Exploration aimed at identifying gold mineralisation outside of the current Mineral Resource / Mineral Reserve areas	515
Payment of land surface taxes	192
In-country operating costs	66
Costs of administering the Company	485
Total	**1,342**

During the three months ended March 31, 2018, the Company had spent £692 thousand in connection with the above, including £ 368 thousand in connection with administering the company. This was higher than anticipated due to the timing of certain costs, including the cost of listing the Company on the TSX. The remaining expenditures were in line with budget in the first quarter of the year.

See "*Statement Regarding Forward-Looking Information*" and "*Risks and Uncertainties*".

The above amounts exclude the cost of purchasing land under the Option Agreements or from any of the surface rights holders that have not entered into Option Agreements with the Company. The above amounts do include the cost of rolling over 9 of the 23 the land purchase Option Agreements expiring in 2018, estimated to be approximately U.S.$8,000. The Company does not intend to purchase the surface rights under the Option Agreements or from any other landowners under its land acquisition program until it has secured the Environmental Permit. See "*Company Overview and Discussion of Operations – Discussion of Operations*" for additional information.

The planned spending through to end-2018 does not include drilling programmes. As discussed below, the Company intends to commence additional drilling programs following receipt of the Environmental Permit.

It should be noted that the Company was advised by the Ministry of Mines and Natural Resources in Nicaragua ("**MARENA**") in 2016 that it had passed the technical studies contained within the ESIA, which was submitted as part of the EP application process for La India Open Pit. Securing approval for the EP application is a key future milestone in the de-risking and development of the La India Project. The timing for the advancement of the EP application will depend on input from third parties, including, among others, MARENA, together with the outcome of a planned public consultation, required as part of the approval process. The Company has received positive feedback from the Government following the amendment to the permit and re-design of the mine site infrastructure to avoid resettlement. However, the timing for approval of the EP application cannot currently be forecast.

Upon approval of the EP application, the Company plans to resume additional exploration drill programmes with three principal objectives:

- a mineral resource in-fill drilling programme of approximately 11-13,000 meters to be conducted with the aim of taking the existing mineral reserves from the Pre-Feasibility Study level of confidence to the Feasibility Study level of confidence. The total cost for the drill programme would amount to approximately U.S.$3 million, including incremental Company operating costs that would arise during these programmes.

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

- a mineral resource and expansion drilling programme of approximately 10,000 meters to be conducted on 2 to 3 feeder pits with the intention of adding feeder pits into a mine plan early on in the mine life.

The Company does not hold sufficient financial resources to carry out the above planned drilling to be conducted following receipt of the EP, and will need to seek external funding in order to do so. Sources of such funding are likely to include issuance of additional share capital in the Company. See “*Risks and Uncertainties*”.

Concurrent with the above drill programmes, the Company intends to proceed with a Feasibility Study on the La India Project, the cost of which is estimated to be in the order of U.S.$7 million and for which the Company will also need to seek external funding. The Company intends to complete an environmental and social impact assessment pursuant to the IFC Performance Standards concurrently with the Feasibility Study. The estimated cost of this assessment is included in the U.S.$5 million cost of the Feasibility Study as set out in the recommendations in the Technical Report.

Although the exact timing cannot be accurately forecast, the Company reasonably expects the Environmental Permit to be granted during 2018. Pending receipt of additional funds, the Company expects to commence the in-fill drilling and mineral resources expansion programs within six months of the grant of the Environmental Permit. Within 12 to 18 months of the grant of the Environmental Permit, the Company intends to complete the 11-13,000 meter in-fill drilling programme and the technical studies required for a Feasibility Study and a drilling programme on the feeder pits. It is the Company’s intention to complete the resource expansion programme within 18 months of the grant of the Environmental Permit. See “*Statement Regarding Forward-Looking Information*”.

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 December 31, 2017 on the La India Project amounted to £36.8 million on a cumulative basis.

Achievement of plans and milestones in 2018

The Company continued in its endeavours in the first quarter of 2018 to secure approval of the EP application. Pending this, the plans of the Company have been:

- the development of a stratigraphic and lithological model on the La India and America veins, with rock chip sampling; and

- following on from soil surveys and a study of the structural geology within the La India Project, to continue exploration activities for gold mineralisation outside of the existing Mineral Resource/Mineral Reserve areas.

The development of the La India Project in the first quarter of 2018 was consistent with these plans of the Company. In particular:

- The Company has significantly boosted the social team and its expenditure on social projects in the local community. A drinking water programme supplies 360 households with drinking water. Social programmes extend across: heathcare, education, youth activities, elderly groups and artisanal miners.

- the Company has been evaluating the results of various rock chip samples both within and outside of the existing Mineral Resource/Mineral Reserve areas;

- the Company maintains dialogue with government regarding approval of the EP.

For further discussion of the above, see "*Discussion of Operations*" and "*Developments in the three months ended March 31, 2018*".

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, 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 is closely monitoring the social unrest in Nicaragua and is encouraged to see the initiation of a Dialogue Table, hosted by the Catholic Church.

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. The presentational currency of the Company is U.K. pounds sterling. The financial statements of the Company for the three months ended March 31, 2017are prepared in accordance with IFRS as issued by the IASB.

	Three months ended March 31, 2018 £	Three months ended March 31, 2017 £
Total comprehensive loss	(602,678)	(953,260)
Cash and cash equivalents	2,483,095	4,489,522
Exploration assets	18,722,597	15,290,642
Net assets	21,334,004	20,359,284

The total comprehensive income/(loss) for the Company of £(602,678) for the three months ended March 31, 2018 (three months ended March 31, 2017: £(953,260)) was after the following principal items:

- General and Administrative ("**G&A**") costs of £(602,915) for the three months ended March 31, 2018 (three months ended March 31, 2017: £(954,992)). Within G&A costs there is a non-cash unwinding charge for share options granted. See "*Results from Operations".*

- Currency translation differences for the three months ended March 31, 2018 of £(710,554) (three months ended March 31, 2017: £(531,993)), 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 March 31, 2018 and March 31, 2017 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 March 31, 2017 and March 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 *"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 March 31, 2018 the Company held cash and cash equivalents of £2,483,095 (December 31, 2017: £946,261). As of December 31, 2017, the Company had net assets of £21,334,004 (December 31, 2017: £20,021,492). The March 2018 Placement (see *"Developments in the three months ended March 31, 2018")* is the primary driver behind the variances in these two measures. Net assets are also impacted by the operating performance of the Company (see "*Results from Operations*").

Summary of Cash Flows

	Three months ended March 31, 2018 (£)	Three months ended March 31, 2017 (£)
Net cash absorbed in operating activities	(456,982)	(453,669)
Net cash absorbed in investing activities	(506,185)	(882,353)
Net cash flow generated from financing activities	2,500,001	5,241,934
Net increase/(decrease) in cash and cash equivalents	1,536,834	3,905,912

The net cash flows used in operating activities for the three months ended March 31, 2018 and March 31, 2017 are driven by activities in the management of the La India Project. The change between March 31, 2018 and March 31, 2017 is primarily attributed to spend on corporate and administrative costs, together with variations arising from fluctuations in trade and other receivables and payables. Net cash absorbed in operating activities in the three months ended March 31, 2018 also reflected exchange differences of £9,460 (three months ended March 31, 2017: £956,888).

Cash used in investing activities decreased to £(506,185) in the three months ended March 31, 2018 as compared to £(882,353) in the three months ended March 31, 2017. The higher spend in 2017 as compared to the same period in 2018 was principally driven by the implementation in 2017 of a new drilling programme at the La India Project. In the three months ended March 31, 2018 there was no drilling carried out at La India.

Cash flows from financing activities in 2017 arose from the February 2017 Placement and March 2018 Placement (see "*Outstanding share data"* and *"Developments in the three months ended March 31, 2018").*

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 for the twelve months ended December 31, 2017 and for the three months ended March 31, 2018 were prepared in accordance with IFRS as issued by the IASB. The financial statements for the Company for the twelve months ended December 31, 2016 were prepared in accordance with IFRS as adopted by the European Union.

Quarter Ended	March 31, 2017 (£)	December 31, 2017 (£)	September 30, 2017 (£)	June 30, 2017 (£)	March 31, 2017 (£)	December 31, 2016 (£)	September 30, 2016 (£)	June 30, 2016 (£)
Revenue	—	—	—	—	—	—	—	—
Profit/(loss) from continuing operations(1)	(602,678)	860,336	(538,473)	(2,392,219)	(953,260)	(3,754,391)	(630,993)	(2,068,790)
Total comprehensive income/(loss) attributable to owners of the parent	(1,398,288)	67,251	(1,327,310)	(350,282)	(1,464,225)	(7,161,244)	(170,197)	(20,867)
Profit/(loss) from continuing operations pence per share	(0.97)	1.40	(0.88)	(3.90)	(1.86)	(7.10)	(1.19)	(3.91)
Total comprehensive earnings/(loss) per share	(2.24)	0.11	(2.16)	(0.57)	(2.86)	(13.53)	(0.32)	(0.04)

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, including exploration costs expensed and in the fourth quarter of 2016, a non-cash impairment charge of £(4,065,086) in connection with the write down of the Company's exploration assets in El Salvador (see *"Analysis of Intangible Assets").* Non-cash charges arising in connection with share options and warrants are additionally reflected.

For information regarding progress of the Company in achieving previously announced milestones, see "*Discussion of Operations"* and "*Developments in the three months ended March 31, 2018".*

Total comprehensive income attributable to owners of the parent additionally reflects currency translation differences arising on translation of foreign operations and which are reflected in the quarters ending in June and December.

Results from Operations

	3 months ended March 31, 2018 £	3 months ended March 31, 2017 £
Cash expenditure on Exploration activities	(501,123)	(879,991)
Net Movement in Intangible Assets		
Expenditure	501,123	879,991

	3 months ended March 31, 2018 £	3 months ended March 31, 2017 £
Disposals	-	-
Foreign exchange movement	(706,494)	(1,513,543)
Impairment	-	-
Net Movement	(205,371)	(633,552)
Analysis of Operating Loss:		
General and Administration Costs		
Wages and salaries	(51,076)	(40,512)
Unwinding / (Charge) for share options granted (non-cash)	(223,438)	(196,859)
Unwinding / (Charge) for warrants granted (non-cash)	(2,306)	530,151
Travel/expenses	(35,572)	(27,806)
Exploration costs expensed	(25,695)	(844,423)
Professional fees	(137,896)	(214,789)
Legal fees	(12,190)	(58,894)
Overheads/Other	(114,742)	(100,128)
Total General and Administration Costs	(602,915)	(953,260)
Fixed asset impairment (non-cash)	-	-
Finance income	237	-
Loss for the period	(602,678)	(953,260)
Non-controlling interest	-	-
Loss attributable to owners of the parent	(602,678)	(953,260)
Write-off of minority interest	(85,056)	-
Currency translation differences	(710,554)	(531,993)
Total comprehensive loss	(1,398,288)	(1,485,253)
Non-controlling interest	-	(21,028)
Total comprehensive loss attributable to owners of the parent	(1,398,288)	(1,464,227)

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:

	3 months ended March 31, 2018 (£)	3 months ended March 31, 2017 (£)
Payroll	165,674	55,677
Operating Costs	69,090	151,419
Permitting	97,820	90,512
Direct field expenditure (Drilling / Sampling / Studies)	168,539	582,383
Cash expenditure on Exploration activities	501,123	879,991

Cash expenditure levels vary according to the timing and nature of these activities undertaken as the Company advances the La India Project. 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 2018*".

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 2018".* For analysis of net movement in intangible assets and explanation of the Company's exploration activities, see *"Analysis of Intangible Assets."*

G&A costs have decreased for the three months ended March 31, 2018 as compared to the prior period, from £(953,260) to £(602,915). The main drivers behind this decrease are as follows:

Within General and Administration costs:

- (Unwinding)/Charge for share options granted resulted in a non-cash charge for the three months ended March 31, 2018 of £(223,438) (three months ended March 31, 2017 £(196,859)) as the estimated fair value of options granted are fully recognised within G&A costs on a pro-rata basis over the vesting period and are calculated using the Black-Scholes pricing model. A net non-cash credit arose in 2017 due to the unwinding of previous charges and which arose due to former holders of options leaving the employment of the Company, together with expiry of lapsed options.

- The non-cash charge for warrants granted for the three months ended March 31, 2018 of £(2,306) (three months ended March 31, 2017: £530,151) was driven by warrants issued in connection with private placements and calculated in accordance with the Black-Scholes pricing model. There was a credit recorded to the profit and loss in the three months ended March 31, 2017 due to a reallocation in costs.

- Exploration costs expensed, which include expenditure on consultant services outside of Nicaragua or El Salvador and which are generally expensed by the Company, have decreased from £(844,423) in the three months ended March 31, 2017 to £(25,695) in the three months ended March 31, 2018 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 2018 from £(214,789) in the three months ended March 31 2017 to £(137,896) in the three months ended March 31,2018 principally due to charges raised in connection with the February 2017 Placement.

- Overheads/other principally comprises mainly marketing, property costs, accountancy and audit costs and did not materially vary between the reporting periods.

Additional movements:

Currency translation differences of £(710,554) for the three months ended March 31, 2018 (three months ended March 31, 2017: £(531,993)) 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.

Analysis of Intangible Assets

	Exploration Costs (£)	Mineral Resources (£)	Total (£)
Net Book Value			
At 1 January 2017	15,358,839	565,355	15,924,194
Additions	879,991	-	879,991
Disposals	-	-	-
Impairments	-	-	-
Exchange rate movements	(1,513,543)	-	(1,513,543)
At March 31, 2017	14,729,973	565,355	15,290,642
As at January 1, 2018	18,178,395	749,573	18,927,968
Additions	501,123	-	501,123
Disposals	-	-	-
Impairments	-	-	-
Exchange rate movements	(706,494)	-	(706,494)
Net book value at March 31, 2018	17,973,024	749,573	18,722,597

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 March 31, 2018 (000's)	As of March 31, 2018 (£)	As of March 31, 2017 (000's)	As of March 31, 2017 (£)
Issued and fully paid				
Ordinary Shares of 20 pence each				
At 1 January	61,365	12,273,076	52,910	10,582,129
Issue of Ordinary Shares	5,814	1,162,792	8,455	1,690,947
At March 31	67,179	13,435,868	61,365	12,273,076

For details of the issue of Ordinary Shares in 2018, see "*Developments in the three months ended March 31, 2018.*"

On February 20, 2017, the Company announced a private placement (the "**February 2017 Placement**") of 8,293,443 units of the Company at a price of 62 pence per unit, together with a subscription by a director of the Company for 161,290 units, to raise in aggregate gross proceeds of £5,241,934. The February 2017 Placement price of 62 pence per unit represented a discount of 4.6% percent to the closing price of the Ordinary Shares on AIM of 65 pence per share on February 17, 2017.

The February 2017 Placement closed on February 28, 2017, and each unit issued consisted of one Ordinary Share and one-half of one ordinary share purchase warrant (a "**2017 Warrant**"). Each such 2017 Warrant entitles the holder thereof to purchase one Ordinary Share at a price of 93 pence until February 20, 2019. Following the February 2017 Placement, the Company had 61,365,382 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 7,751,600 with an average exercise price of 80 pence, and which will be fully vested by January 30, 2020. 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 March 23, 2018, 2,906,975 2018 Warrants were issued as part of share subscriptions (February 20, 2017, 4,227,364 2017 Warrants).

The warrants all previously issued had a maximum life of two and a half years from the date they were issued, other than Warrants issued in 2014, which have a four year life, and the warrants issued in 2016, 2017 and 2018, which have a two-year life. As the date hereof, there were 10,637,115 Warrants outstanding. Should all Warrants be exercised in full, the Company would receive £10,948,979.

A summary of outstanding warrants is set out below

Date of issue	Date of expiry	Number	Exercise price £	Total amount raised if all exercised £
September 16, 2014	September 16, 2018	3,561,109	1.44	£ 5,127,997
February 28, 2017	February 28, 2019	4,227,364	0.93	£ 3,931,449
March 28, 2018	March 27, 2020	2,906,975	0.65	£ 1,889,534
TOTAL		**10,695,448**	**1.02 (avg)**	**£ 10,948,979**

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 March 31, 2018, the Company had £2,483,095 in cash at bank and on deposit. As at March 31, 2017, cash at bank and on deposit amounted to £4,489,522. 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 and 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 has sufficient financial resources to fund currently planned exploration programmes and ongoing operating expenditures over at least the next 12 months. Total expenditures over the 12 months through to end-2018 are expected to total approximately £1.3 million and include settlement of the contractual obligations of the Company. The plans for the company in the calendar year 2018 are to secure approval of the EP and continue with exploration activities including geological mapping, trenching and analysis of drill core. (see "*Status, Plans and Expenditures at the La India Project*").

Upon receipt of the EP, the Company plans to resume resource in-fill and resource expansion drilling activities at the La India Project, the total cost for which is anticipated to amount to US$8 million (comprising U.S.$3 million for the resource in-fill drilling programme and U.S.$5 million for the resource expansion programme) and subsequently to carry out a Feasibility Study, the cost of which is currently estimated to be in the order of U.S.$5 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 Feasibility Study and will need to seek 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.

Subsequent to the completion of a Feasibility Study and subject to the results thereof, 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 holds sufficient working capital to meet its contractual obligations and carry out its planned activities at least through to end-2018 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. 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	42,689	25,682	17,007	-	-
Material creditors(1)	89,538	89,538	-	-	-

Notes

(1) The material creditors figure above is in relation to a contractual agreement between the Company and Mendoza S.A. to acquire the Espinito Mendoza Concession entered into in March 2016. The contract states that $200,000 will be paid over 20 equal installments. The above figure has been included within creditors in the financial statements of the Company.

The cost of maintaining the concession areas of the Company through to end-2018 by payment of taxes is expected to total approximately U.S.$200,000 and has been included in the expenditure plans of the Company.

The Company is not in arrears or at risk of default with its suppliers and 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 holds options pursuant to Option Agreements to purchase surface rights covering approximately 30% of 800 hectares required for the La India Project area. Of the total 23 Option Agreements signed, 14 expired in 2017. Of these 14, all were have been rolled over for a further two years at a total cost to the Company of approximately U.S.$10,000.

Transactions with Related Parties

The balances recorded as at December 31, 2017 and the comparative period in 2016 are as follows and cancel out upon consolidation:

	March 31, 2018 (£)	March 31, 2017 (£)
Condor S.A.		
Brought forward loan balance	6,434,360	4,739,753
Additional loans during the period	128,589	467,411
Closing balance	6,562,949	5,207,164

Minerales Morazan S.A.	March 31, 2018 (£)	March 31, 2017 (£)
Brought forward loan balance	-	-
Additional loans during the period	-	-
Loan write off	-	-
Closing balance	-	-

La India Gold S.A.	March 31, 2018 (£)	March 31, 2017 (£)
Brought forward loan balance	15,733,360	13,885,009
Additional loans during the period	326,488	466,854
Closing balance	16,059,848	14,351,863

	March 31, 2018 (£)	March 31, 2017 (£)
La India Inversiones SA		
Brought forward loan balance	162,177	-

	March 31, 2018 (£)	March 31, 2017 (£)
La India Inversiones SA		
Additional loans during the period	9,811	3,898
Closing balance	171,988	3,898

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. The loan to Minerales Morazan S.A. was written off in conjunction with the impairment in the final quarter of 2016 of the Company's intangible assets in El Salvador – see "*Analysis of Intangible Assets*."

During the three months ended March 31, 2017, the Company received consultancy advice from the following related parties:

Entity	Related party	Three months ended March 31, 2018 Payments (£)	Three months ended March 31, 2017 Payments (£)
Burnbrae Limited	J Mellon	6,250	6,250
Axial Associates Limited	M L Child	18,750	12,500
N/A	P Flindell	6,250	6,250
AMC Geological Advisory Group Inc.	A Cheatle	6,000	-

Jim Mellon and Peter Flindell are non-executive directors of the Company. Mark Child is Chairman and Chief Executive Officer. All key management receives their remuneration from the subsidiary they work for. The remuneration of key management in the subsidiaries is capitalised within exploration costs.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in detail in Note 1 of the Company's December 31, 2017 annual consolidated financial statements. The Company considers the following judgments and estimates to be most critical in understanding its financial results:

<u>Significant accounting judgments and sources of estimation uncertainty</u>

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 March 31, 2018.

Significant items subject to such estimates include:

<u>Valuation of Intangible Assets</u>

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 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, the Nicaraguan Cordoba and the Salvadorian Colon. 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 March 31, 2018.

Internal control over financial reporting

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 March 31, 2018, 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 March 31, 2018, 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 three months ended March 31, 2018 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 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;
- the Company's staggered board of directors;
- 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.

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.