CONDOR RESOURCES PLC

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FOR THE YEAR ENDED 31 DECEMBER 2007

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HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Highlights

- Successfully drilled a total of 1,675 metres of reverse circulation on the El Pescadito Project prospects in El Salvador in addition to which a total of 2,174 metres of trenching were completed.
- Commenced an ongoing trenching program at La Calera, El Salvador which resulted in a significant upgrade in the projects resource base. A total of 4,598 metres of trenching have been completed to date.
- Received positive maiden trench results of up to 7 metres width at 2.39g/t gold from the El Cacao Project in Nicaragua.
- Received significant high grade trench results from the San Albino Project in Nicaragua including 18 metres at 6.77g/t gold and received high grade drill results including 8 metres at 8.26g/t gold and 4 metres at 17.9g/t gold.
- Completed initial trenching of 2,190 metres on the El Gigante Project in El Salvador with significant encouragement provided from the wide mineralization present includig 5 metres at 2.73g/t gold.
- Completed initial drilling of some 1,300 metres of combined reverse circulation and diamond core drilling at the El Cacao Prospect, Nicaragua where 14.05 metres at 6.05 g/t gold and 2.60 metres at 88.72g/t gold were returned.

Post Period Highlights

- Completed a maiden resources calculation for the El Gigante Project, El Salvador of 39,000 ounces of gold and 1.7 million ounces of silver to JORC inferred status.
- Increased the resource base of the company by 48% with resources reported to JORC inferred category at La Calera, with a 178% increase to 312,800 ounces of gold and 275,900 ounces of silver and at El Pescadito an increase of 10% to 434,200 ounces of gold and 22.1 million ounces of silver.
- Defined a 25 kilometre long greater than 1g/t gold enriched corridor at the San Albino Project containing the Arras and San Albino prospects.
- Announced JORC compliant maiden resources at the Kuikuinita and Arras prospects in Nicaragua of some 25,000 ounces gold and 78,000 ounces gold respectively.
- Completed 2,867 metres of drilling at the El Cacao prospect and reported a maiden JORC compliant inferred resource of some 41,279 ounces of gold.
- Increased the Company's global resource base from some 354,000 ounces of gold and 15.1 million ounces of silver at admission to Aim in May 2006 to some 891,000 ounces of gold and 22.4 million ounces of silver

Current Global JORC Inferred Resources

El Salvador Projects

	Tonnes	Average Gold Grade (g/t)	Contained Gold (oz)	Average Silver Grade (g/t)	Contained Silver (oz)	JORC Category
Pescadito	7,105,700	1.90	434,200	96.75	22,095,000	Inferred
La Calera	6,044,500	1.61	312,800	1.42	275,900	Inferred

Nicaragua Projects

	Tonnes	Average Gold Grade (g/t)	Contained Gold (oz)	Average Silver Grade (g/t)	Contained Silver (oz)	JORC Category
El Cacao	1,052,383	1.22	41,279	N/A	N/A	Inferred
Kuikuinita	708,750	1.10	24,789	N/A	N/A	Inferred
Arras	478,300	5.10	77,911	N/A	N/A	Inferred
Total	15,389,633	1.80	890,979	41.56	22,371,200	Inferred

CONDOR RESOURCES PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Chairman's Statement

Dear Shareholder,

I am pleased to present Condor Resources PLC's ("Condor", "the Company" or " the Group") annual report for the 12 month financial period to the 31st December 2007. It has been a busy and challenging year for your company as it continues exploration activities in Central America focused on the discovery of gold, silver and base metals, with the intention of proving a commercial resource.

The main challenge has been in the Republic of El Salvador. As reported in my Chairman's statement for 2006, the Ministry of the Environment and Natural Resources (MARN) delayed issuing environmental permits to drill on one of the key projects, La Calera. I regret to inform shareholders that this remains the case some 12 months later. The Ministry of the Economy (MINEC) is to undertake a Strategic Environmental Evaluation Study of the benefits of mining to the Republic of El Salvador, which will be completed by an independent consultancy group. MINEC has said that this study is critical to allow the issue of environmental permits by MARN and to allow the Government to make a well informed decision about the benefits of mining. MINEC has also reiterated its support for the mining industry and the benefits that it will bring, however, it is clear the Ministry wishes that all mining in the country proceeds in an environmentally responsible manner. The Board, following discussions with MARN and MINEC and a number of consultants, has recently concluded that environmental permits to drill are unlikely to be issued until after the Presidential elections in March 2009.

In the Republic of El Salvador, Condor completed 2,015 metres of drilling and 9,012 metres of trenching in the 12 month period. The significant amount of trenching and relatively small amount of drilling reflects the fact that Condor does not have environmental permits to drill on some of its licences in El Salvador as mentioned above. The Company has excavated extensive trenches over land that has previously been drilled with the aim of increasing existing resources. Drilling was completed on the El Pescadito and the El Potosi Projects. However, the El Potosi Project was returned to the vendors in August 2007 leaving Condor with an interest in three exploration licences, within two exploration project areas in El Salvador at the end of the period. These two projects are the La Calera Project, which has 312,000 oz of gold and the El Pescadito Project, which has 434,000 oz of gold, both to a JORC Compliant inferred resource category. Both show excellent potential through additional drilling to produce in excess of 1 million ounce of gold resources each.

In Nicaragua, Condor completed 3,047 metres of drilling and 4,632 metres of trenching during the 12 month period. The drilling was completed on the El Cacao and San Albino-Murra licences. Condor has interest in six exploration concessions in Nicaragua at the end of the period. Subsequent to the year end, Condor announced three maiden JORC compliant inferred resources in Nicaragua of 41,000oz gold at the El Cacao licence, 78,000oz gold at the San Albino-Murra licence and 25,000oz gold at the Kuikunita licence. Although these resources are modest, they indicate that the systems are well mineralised and the Company believes that an increased resource figure is purely a function of additional drilling. The Arras resource in the San Albino-Murra licence is particularly encouraging as the average grade is 5.1g/t gold.

Looking to the future, Condor has produced very encouraging results from several of its prospects in El Salvador and Nicaragua. At the time of writing Condor has JORC compliant inferred resources of 890,979 oz of gold with a average grade of 1.8g/t and 22.4 million oz of silver with an average grade 41.6g/t. The Board is confident that one of these prospects can be developed into a commercial resource of at least 1 million ounce of gold. Your company has been handicapped by MARN in El Salvador, which has refused to issue environmental permits to allow drilling to commence. The Board's reading of the situation is that the permits should be issued after the conclusion of the strategic environmental evaluation study has been considered by the Government. However, it is absurd that drilling should be prevented as professional drilling alone does not damage the environment. Condor requires funding to continue its drilling program on existing projects. The Board is in the process of negotiating funding from a number of sources. I would like to thank shareholders for their confidence and support during the year. My thanks also go to my fellow directors and to a loyal, motivated and hard working team who are equally excited by the discoveries they are making in Central America.

Mark Child
Non-executive Chairman

REVIEW OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2007

Operations Report

During the financial year ended 31st December 2007, exploration proceeded in both El Salvador and Nicaragua with exploration focused on two main project areas in Nicaragua and three project areas in El Salvador. Excellent progress was made in particular with the La Calera project in El Salvador and the San Albino and El Cacao projects in Nicaragua.

Within El Salvador, the Group focused exploration on three of the companies' key project areas – El Pescadito, La Calera, and El Potosi (Figure 1 and Table 1).

At the El Pescadito Project further work was completed to define mineralization along three northwest trending structurally controlled vein systems: the Main Divisidero Structure; the Agua Caliente-Virginia-Taladro Structure; and the El Gigante Structure within the El Gigante licence. With the Main Divisidero Structure hosting the Divisidero-Carolina mine where Condor has a JORC compliant Inferred Resource of 279,297 ounces gold and 17.2 million ounces silver within the combined sulphide and oxide zones.

Exploration work completed at the El Gigante structure, where minor historic workings exist, the Company defined a JORC compliant inferred resource of some 39,000 ounces of gold and 1.7 million ounces of silver through the completion of trenching and channel sampling. This work has shown that further work along strike is required to define the full length of the mineralized structure and the Company will be able to define further ounces through completing drilling of the mineralized structure at depth and along strike .

Exploration conducted has included reconnaissance geological mapping and rock chip sampling of 120 samples, 4,413 metres of trenching in 107 trenches and 1,675 metres of combined RC and Diamond drilling in 25 drill holes.

The results of the exploration programs highlighted several prospects from the three main vein systems as having considerable upside potential to host significant gold and silver mineralisation: the Protectora; San Francisco Tortuga; Carolina-Divisidero prospects (Main Divisidero Structure); the Virginia-Taldro prospects (Agua Caliente-Virginia-Taladro Structure) and the El Gigante prospect (Gigante Structure).

The La Calera Project also showed significant progress with a greater depth of knowledge gained through a significant trenching program. Work focused on defining the extent of the mineralisation on the northwest trending Rosa, Rosa West and Calichal vein systems. The Calera prospect has no historical workings, and currently has a JORC Code compliant Inferred Resource of some 312,800 ounces gold and 275,900 ounces silver.

The exploration conducted included reconnaissance geological mapping and the excavation of 4,598 metres of trenching from 46 trenches to allow the updated resource calculation. The mineralization is now defined over a 1,200 metre strike length on five vein systems with a width in excess of 300 metres and is open in both directions along strike and at depth.

A continued delay in the granting of Environmental Permits by the Ministry of Environment and Natural Resources (MARN) has frustrated exploration programs by restricting all drilling activities to the El Pescadito Concession (El Pescadito Project), where a permit was awarded previously. The company, along with all other exploration and mining companies in El Salvador, continues to lobby the government for the issue of these permits to allow drilling and mining of economic resources.

Within Nicaragua Condor has interests in five exploration concessions (Figure 2). After assessing several project areas held by the Mena Group, Condor relinquished the Juan Sebastian licence and aquired two new concessions, namely, Las Morritas which is 100% owned by Condor and Potrerillos which is contiguous with the San Albino-Murra Concession and therefore subject to the terms of the San Albino-Murra joint venture. Another concession, El Jicaro, also contiguous with San Albino-Murra and held by the Mena Group in application is due to come under Condor's management as soon as Condor chooses to complete the application process.

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2007

During the period , Condor focused exploration on two of the Groups' key project areas – El Cacaoand San Albino Murra whilst completing further assessment work on the remaining licences in the portfolio.

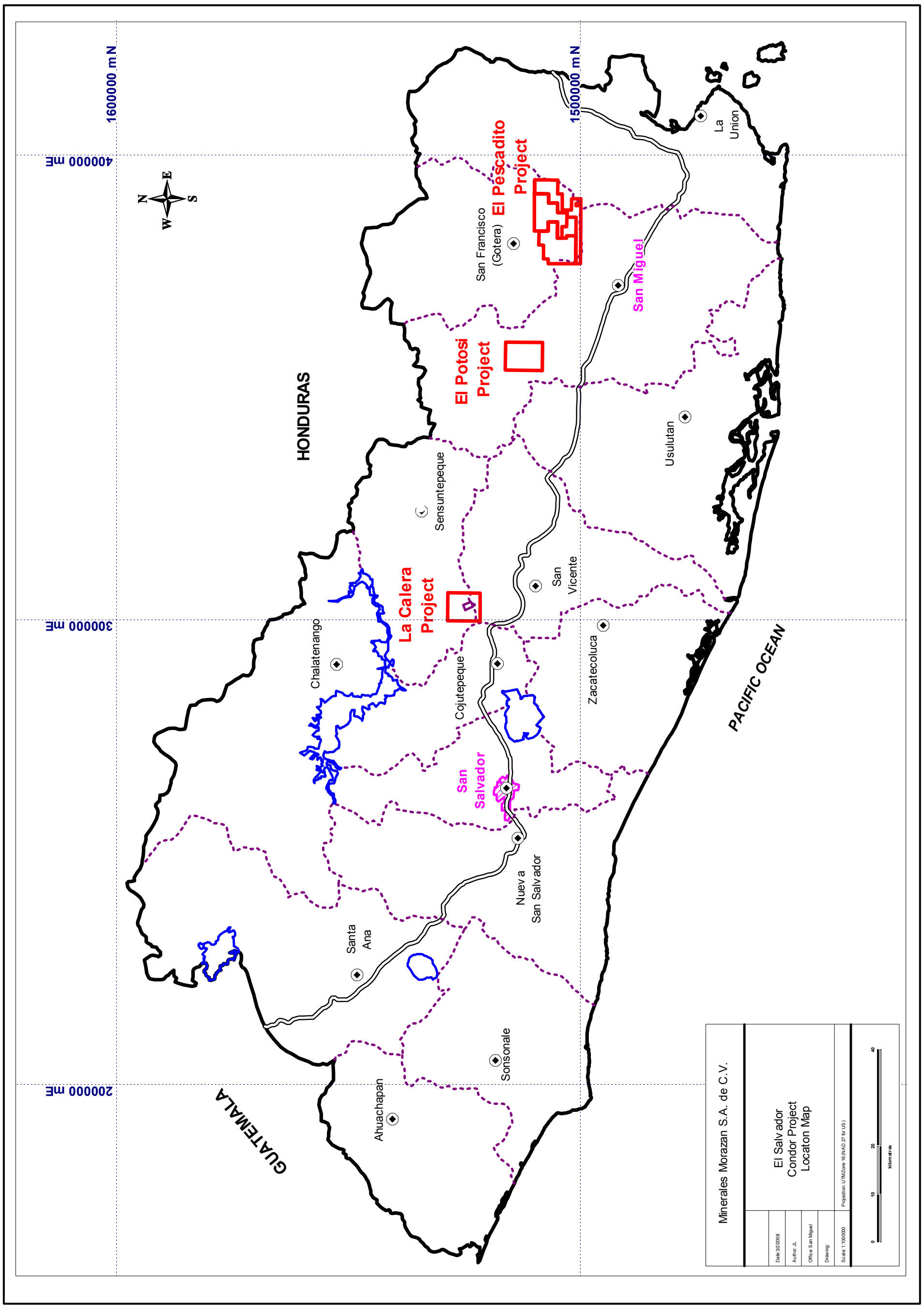


Figure 1: Condor Project Locations – El Salvador

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2007

Table 1: Summary of El Salvador Exploration Conducted During 1 January to 31 December 2007.

El Salvador From 1 January to 31 December 2007												
PROJECT	LICENCE	PROSPECT	Rock Chip Samples	Trenches Completed	Trenching (metres)	Trenching Samples	Drillholes Completed	Total drilling (metres)	RC Drilling (metres)	Dimond Drilling	Rc Drilling Samples	Diamond drilling Samples
La Calera	La Calera	La Calera		46	4598.2	4364						
El Pescadito	El Pescadito	Regional	34									
		Loma Del Caballo										
		Wirginia Aga Caliente	4	13	663	521	9	667.03	616	51.03	160	60
		El Taladro	47	1	102	94						
		La Fortuna	34									
		Corozal										
		El Tigre		20	999.1	928						
		Santo Tomas					4	204	204		51	
		Protectora		13	418.25	337	7	406.84	309	97.84	72	116
		Pepe					5	397.50	53.5		88	30
	Carolina	San Francisco Tortuga		2	20	20						
		Divisidero		3	21	21						
	El Gigante	El Gigante	1	55	2190.2	1918						
El Potosi	El Potosi	El Potosi					2	339.4		339.4		281
		El Capulin										
TOTALS			120	153	9011.75	8203	27	2014.77	1473	541.77	371	487

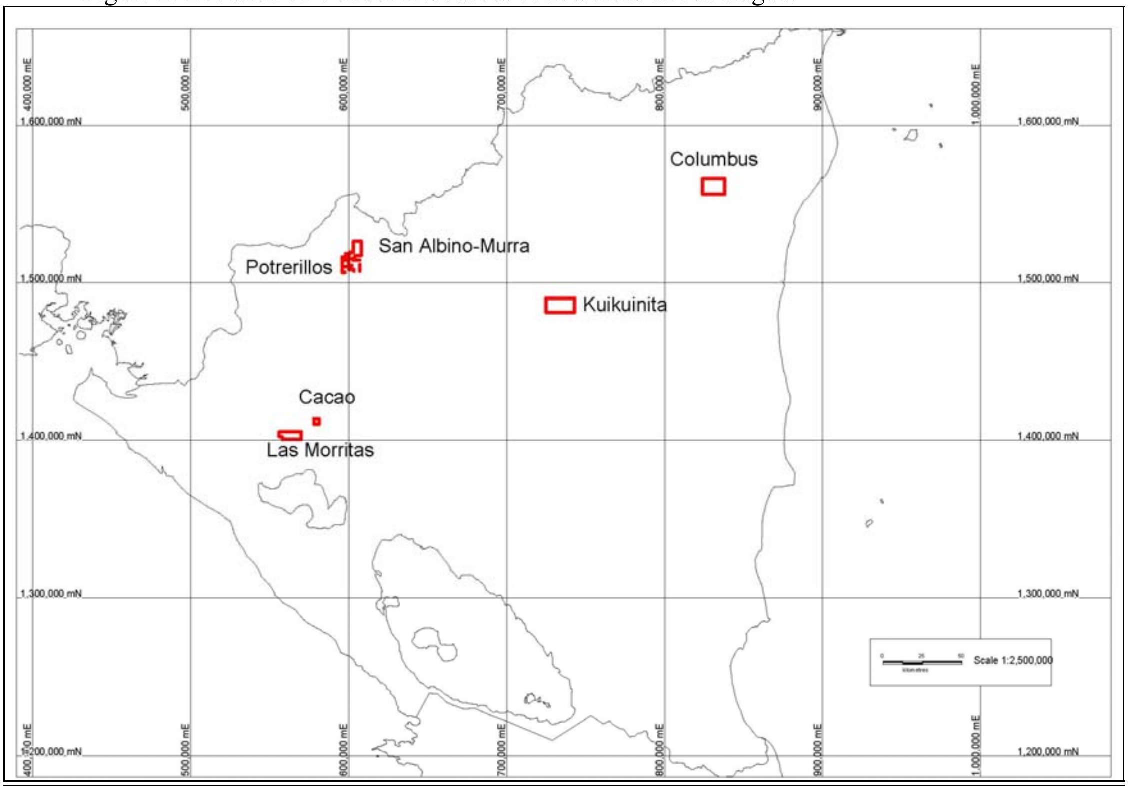
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2007

Table 2: Summary of Nicaragua Exploration Conducted During 1 January to 31 December 2007.

Nicaragua Exploitation Summary, From 01 January to 31 December 2007

PROJECT	LICENCE	PROSPECT	Rock Chip Samples	Soil Samples	Trenches Completed	Trenching (metres)	Trenching Samples	Drillholes Completed	Total drilling (metres)	RC Drilling (metres)	RC Drilling Samples	Diamond Drilling (metres)	Core Samples
Matagalpa	Cacao	Cacao	52		26	994	608	13	1300	950	484	350	271
		Cerro la Calera			16	597	336						
	Morritas	Morritas											
Nueva Segovia	San Albino-Murra	San Albino	226	310	8	342	453	3	283	283	102		
		Arras			30	1153	1015	12	1465	1400	558	65	65
		Conchitas			11	282	282						
		Murra			2	30	30						
	Potrerillos	Potrerillos	3		7	241	241						
Siuna	Colombus	Mina Columbus	15		8	571	524						
		El Callado			2	138	138						
	Kuikuinita	Los Indios		100	4	284	284						

Figure 2: Location of Condor Resources concessions in Nicaragua.



PROJECTS OVERVIEW

EL PESCADITO PROJECT

Located in eastern El Salvador some 95km east of the capital San Salvador, the El Pescadito Project comprises three licences covering an area of 133km². These are the El Pescadito, the Carolina and the El Gigante Licences (refer Figure 1).

Exploration at the El Pescadito Project was designed to define the location and grade of mineralisation along three significantly large northwest trending structurally controlled vein systems.

Exploration conducted on the project areas during the period includes reconnaissance geological mapping and rock chip sampling for 120 rock chips samples, trenching for 4386.4 metres from 107 trenches and 1675 metres of combined RC and Diamond drilling in 25 drill holes. For the reporting purposes, anomalous gold assay results were samples that returned >= 0.4 g/t gold.

Main Divisidero Structure (El Pescadito Project)

Prospects explored along the Main Divisidero Structure include El Tigre, Santo Tomas, Protectora, Pepe, San Francisco Tortuga, and Divisidero.

The El Tigre prospect is the north-western most prospect along the Main Divisidero Structure and is a zone dominated by WSW-NNE trending quartz veins and structures, possibly representing veins associated with a late NE trending fault that cuts the Divisidero Structure in the vicinity of the prospect. Historical workings at the prospect include shallow trenching, and the shallow test pits.

Work conducted during the period included a 20 trench, 999 metre trenching programme. Selected anomalous trench assay results includes 3.00 metres at 0.98g/t gold, 105g/t silver; 7.00 metres at 1.02g/t gold, 76.2g/t silver; 2.00 metres at 2.22g/t gold and 130g/t silver and 4.00 metres at 1.18g/t gold, 54.9g/t silver.

The trenching program failed to highlight zones of significant mineralization, and no further work is planned at the prospect.

The Santo Tomas prospect is an east-west trending structural splay near the northern end of the northwest trending Main Divisidero Structure. Initial geological investigations showed strong silicification associated with quartz veining and hematite after propylitic alteration, with evidence that mineralisation was possibly increasing in size and grade with depth. Historical workings at the prospect include the old silver mine *Minas los Santo Tomas,* represented by three to four shallow vertical shafts.

Work conducted during the period included drilling four shallow holes in a 204 metre RC drill program, to test weakly anomalous results from four trenches completed in 2006. Anomalous trench assay results include: 1.00 metre at 0.60g/t gold, 39.6g/t silver and 1.00 metres at 0.16g/t gold, 201.8g/t silver. Anomalous drill assay results include 4.00 metres at 0.15g/t gold and 40.4g/t silver.

The low tenor of the trenching and drilling results reduced the prospectivity of the area, and no further work is planned.

The Protectora prospect is situated along the northwest trending Main Divisidero_Structure and consists of an epithermal quartz vein and quartz vein breccia with strong propylitic (silica, chlorite, pyrite, calcite) and hematite after chlorite alteration. Historical workings at the prospect include shallow test pits, vertical shafts, and underground mining. The historical workings were referred to as *Minas Los Protectora.*

Work conducted during the period included a 12 trench, 361 metre trenching programme, followed by a seven hole, 407 metre combination RC and Diamond drilling program to test beneath the historical workings. Selected anomalous trench assay results include 5.00 metres at 2.78g/t gold, 326.1g/t silver; 3.00 metres at 0.81g/t gold, 141.8g/t silver; 3.00 metres at 2.92g/t gold, 12.4g/t silver; 2.00 metres at 3.17g/t gold, 34.0g/t silver and 7.00 metres at 0.99g/t gold, 72.4g/t silver.

Anomalous drill assay results include 2.00 metres at 1.44g/t gold and 63.5g/t silver and 1.071 metres at 0.72g/t gold and 9.0g/t silver, both from combination, reverse circulation and diamond drill holes

Drilling beneath the historical Protectora workings failed to intersect zones of significant mineralization. However, the anomalous trench results from DITR048 and DITR050 at the southeastern end of the prospect remain open at depth and to the southeast beneath cover, and further investigations are warranted.

The Pepe prospect is a west-northwest trending structural splay of the Main Divisidero Structure, adjacent to the Protectora prospect. Small outcrops of quartz veins and old workings marked the trend of the vein. Historical workings at the prospect include shallow test pits and scrapes. Work conducted during the period included RC drilling of anomalous results produced by trenching completed in 2006. Anomalous trench assay results include 1.00 metre at 1.99g/t gold, 80g/t silver and 4.00 metres at 2.52g/t gold, 73.1g/t silver.

The trench assay results were tested by a five hole, 397.5 metre combination RC and Diamond drilling program. Anomalous drill sample results include 4.00 metres at 0.15g/t gold, 40.4g/t silver.

The low tenor of the trenching and drilling results reduced the prospectivity of the area, and no further work is planned.

The San Francisco Tortuga prospect is a west-northwest trending structural splay of the Main Divisidero Structure, adjacent to the Divisidero prospect. Transported cover blankets much of the prospect, but sub-cropping quartz veins and old workings highlighted the line of vein. Historical works include shallow test pits and scrapes.

Work conducted during the period included a twenty metre, two trench program with the only anomalous trench assay results being 6.00 metres at 0.76g/t gold, 30.6g/t silver.

The results of the trenching have not closed off the potential to host significant mineralization, and further work including drilling is planned at the prospect.

The Divisidero prospect is located in the Carolina Concession, and forms part of the historic Divisidero – Carolina Mine which is hosted by the Main Divisidero Structure. The mine has a reported JORC Code compliant inferred resource of 279,297 ounces of gold, 17.2 million ounces of silver. Historical works included test pits, shafts, scrapes, adits, and underground mining.

Work conducted during the period was restricted to a fifty-one metre four trench program at the northern end of the prospect. Selected anomalous trench assay results include 3.00 metres at 0.71g/t gold, 62.7g/t silver and 6.00 metres at 1.23g/t gold and 65.8g/t silver.

The results of the trenching have not closed off the potential to host significant near surface mineralization, as indicated by significant 2006 trenching results, and further investigations including drilling is planned.

Agua Caliente – Virginia – Taladro Structure (El Pescadito Project)

Prospects explored along the Agua Caliente -Virginia-Taladro structure include Agua Caliente-Virginia, Taladro and La Fortuna.

The Agua Caliente - Virginia prospect is situated at the north western end of the ACV-Taladro Structure. The ACV - Taladro vein structure is an epithermal quartz vein and quartz vein breccia with strong propylitic (silica, chlorite, pyrite, calcite) and hematite after chlorite alteration. Historical workings at the prospect include shallow test pits, vertical shafts, and underground mining. The historical workings were referred to as *Mina la Chivera, Mina la Virginia, Mine el Jocote,* and *Mina el Guarumo.*

Work conducted during the period included geological mapping and rock chip sampling (4 samples) followed by a 13 trench, 663 metre trenching programme. A nine hole, 667.03 metre combination RC and Diamond drilling program was completed in conjunction with the trenching. Only thin zones of minor mineralisation were intersected by the first eight holes. Drill hole ACRD009 was designed to test the main ACV-Taladro vein system, and was drilled beneath trench ACVTR001. The hole intersected significant bedrock mineralisation. Significant assay results from rock chip sampling (up to 35.8g/t gold, 1,043 g/t silver), trenching, and exploratory drilling identified a mineralized zone of up to 15 metres width of strongly propylitically altered quartz and calcite veins and vein breccias. Selected anomalous trench assay results include 31.00metre at 1.80g/t gold, 283.0g/t silver; 3.00 metre at 1.14g/t gold, 38.37g/t silver (from 35.00 metres) and 15.00 metres at 1.00g/t gold, 105.0g/t silver.

Selected anomalous drill assay results include 10.78 metres at 1.35g/t gold, 369.0g/t silver.

The results of the trenching and drilling have not closed off the potential to host significant near surface mineralization and further work is planned.

The Taladro prospect is situated towards the southeast end of the ACV-Taladro Structure, where the Structure appears to separate into several splays of individual veins of considerable thickness. Historical workings at the prospect include shallow test pits, vertical shafts, and underground workings, all referred to as the *Mina Encuentros or Mina El Taladro.* The historic mine produced ore at approximate grades of 6-8g/t gold and 350g/t silver from workings over a strike length of up to 500m.

Work conducted during the period included geological mapping and rock chip sampling for 47 samples, followed by a single trench of 102 metres. Anomalous results from the trenching include 7.00 metres at 1.48g/t gold, 70.0g/t silver and 4.00 metres at 1.11g/t gold, 56g/t silver.

Significant assay results from rock chip sampling of up to 17.4g/t gold, 1,422g/t silver, and trenching highlight the potential of the prospect to host significant gold and silver mineralisation, and follow-up trenching programs are in progress.

The La Fortuna prospect is situated at the southeast end of the ACV-Taladro Structure. The main Agua Caliente – Virginia vein structure appears to resolve into more discrete singular veins at the prospect. The northwest trending veins are occasionally displaced up to 50 metre by sinistral offsets (left lateral) along late northeast trending faults. Historical workings at the prospect are minimal, mostly shallow test pits.

Work conducted on the prospect during the period included reconnaissance geological mapping and rock chip sampling for 34 samples. Anomalous rock chip samples collected from vein outcrops produced results of up to 7.7 g/t gold and 337 g/t silver. Further field investigations including sampling and trenching are planned.

El Gigante Structure (El Pescadito Project)

The El Gigante Structure is a series of northwest trending epithermal quartz + calcite vein and vein breccias. The structure trends west-northwest, and dips moderately to the north-northeast. The system appears to be controlled along the contact between propylitically altered andesitic volcaniclastic units and a rhyo-dacitic unit of possible intrusive origin. Historical workings at the prospect include shallow test pits, vertical shafts, adits, and underground mining (which occurred during the 1930's to 1950's). The workings covered approximately 500m of strike length of the vein system, down to a depth of 80 metres. The historical workings were referred to as *Mina el Gigante.*

Work conducted during the period included reconnaissance geological mapping, a single rock chip sample followed by 2,190 metres of trenching in 55 trenches. Selected anomalous trench assay results include:

Trench Identifier	Intercept (metres)	From (metres)	Average Gold Grade (g/t)	Average Silver Grade (g/t)
GGCT007	6	64	1.38	183.00
GGTR008	7	2	1.72	34.30
GGTR008	9	25	1.04	56.70
GGTR004	10	69	1.43	24.40
GGTR010	21	76	1.50	25.60
GGTR014	27	10	1.46	34.20
Includes	1	14	9.93	207.00
GGTR014	5	43	1.17	82.90
GGTR022	13	30	1.01	3.70
GGTR024	7	0.00	2.79	6.40
GGTR024	12	24	0.99	2.40
GGTR025	7	13	1.37	112.10
GGTR027	23	48	0.99	28.90
GGCT032	9	0.00	1.60	6.80
GGCT035	13	12	0.72	57.70
GGCT037	5	0.00	2.73	145.10
GGCT047	7	0.00	1.21	89.20

The analytical results and geological interpretations confirmed the continuity of strike and grade of at least two mineralized sub parallel vein systems over the main 600 metre zone, where anomalous trench results are co-incident with anomalous historic underground sample results. The gold mineralization in this zone compliments previous drilling results received by Intrepid Minerals Corp. of Canada. Statistical analysis of the assay data suggests that average gold grades increase from 1.5g/t at surface to greater than 5g/t gold at 100 metres depth within the historical workings, with significant silver credits.

Outcropping quartz veins have been traced a further 600 metres along strike, and field work including infill and step-out trenching at 80 metre centres continues to define the structure which remains open in all directions. Further field investigations including trenching and drilling are planned. The Company now has a JORC compliant inferred resource of some 39,000 ounces of gold and 1.7 million ounces of silver.

LA CALERA PROJECT

The Calera project has no historical workings, and currently has a JORC compliant inferred resource of some 312,800 ounces gold and 275,900 ounces silver based on trenching and combination RC and Diamond drilling assay results.

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2007

Exploration conducted included 4,598 metres of trenching from 46 trenches. The trenches were excavated during three phases of follow-up trenching, with the initial phase being completed and reported in 2006. Selected anomalous trench assay results (>= 0.4 g/t gold) from the three phases include:

Trench Identifier	Intercept (metres)	From (metres)	Average Gold Grade (g/t)	Average Silver Grade (g/t)
LCTR040	2	0.25	5.39	2.40
LCTR045	3	63	4.74	2.20
LCTR049	9	6	1.08	2.90
LCTR049	11	2	1.06	1.00
LCTR053	3	114	18.94	14.10
Includes	152	1	42.50	28.60
LCTR054	107	8	2.07	1.40
LCTR054A	6	3	6.06	7.30
Includes	7	1	15.73	15.73
LCTR054B	12	1	12.32	5.70
LCTR057B	1	2	7.52	3.00
LCTR058	11	1	13.70	0.10
LCTR058	28	6	4.21	7.40
LCTR058	43	9	8.36	14.10
Includes	44	1	13.02	15.10
LCTR058	135	24	5.34	2.46
Includes	135	1	33.04	13.30
LCTR059	127	9	2.94	1.41
LCTR060	115	4	3.27	1.97
LCTR063	59	2	4.95	6.90
LCTR064	45	2	4.60	9.50
LCTR064	170	2	11.30	20.00
Includes	71	1	20.72	32.70
LCTR070	47	1	11.14	16.90
LCTR072	64	9	1.90	1.07
LCTR077	4	11	1.34	0.69

The trenching programs delineated a total of five vein systems at the prospect. From the west these are referred to as the Acevedo, Escobar, Calichal, Rosa West, and Rosa veins, with the Rosa, Rosa West and Calichal veins being interpreted as the principal veins in terms of grade, continuity of strike and dip, and thickness. The Acevedo and the Escobar veins are more structurally complex and are thought to be quartz stock-work zones related to shearing.

The analytical results and geological interpretations confirmed the continuity of veining and high grade mineralization of the main Rosa, Rosa West and Calichal vein systems over a 600 metre strike length with the longest single vein, the Rosa vein, being traced for approximately 1,200 metres. Indications of hydrothermal alteration further along the mineralized trend suggest an overall potential strike length of some 2,000 metres.

Further field investigations including trenching and drilling are planned.

EL POTOSI PROJECT

The Company renegotiated the agreement with Brett Resources of Canada for the El Potosi project. Limited further work was implemented and targeted the "F" Vein or Potosi Vein.

This work consisted of 339.9 metres of diamond drilling within 2 holes and a review of exploration data collected to date. Anomalous drill assay results include 0.50 metres at 6.96g/t gold, 2.2g/t silver from 100.50 metres in PTDH0025; 1.30 metres at 2.62g/t gold, 1.3g/t silver from 138.60 metres in PTDH0025 and 8.00 metres at 2.16g/t gold, 1.7g/t silver (from 129.00 metres) – PTDH0026.

The two diamond holes were cored from surface and designed to target the significant gold mineralization intersected by PTDT013, a hole cored in 2006 that returned 6.36 metres at 18.66g/t gold, 7.3g/t silver from 106.80 metres including a 11.13 metre sample grading 98.60g/t gold, 41.1g/t silver from 110.22 metres.

Drill hole PTDH0025 tested 50 metres below PTDT0013, and did not intersect the high grade intercept of 013. Drill hole PTDH0026 was drilled a section line 40 metres south of 013 and this hole also failed to repeat the significant grades produced by 013, instead intersecting a vein running 8.00 metres at 2.16g/t gold, 1.7g/t silver from 129.00 metres.

The results of the two diamond holes downgraded the potential of the southern area of the Potosi vein system.

The mixed drilling results initiated a total review of all available surface and underground data, to plan the next phase of exploration. The results of the review indicated that although gold was present in the system, the mineralised structures appeared narrow, discrete and structurally complex and with little or no wall-rock alteration, thus proving a difficult and expensive target to further define.

It was therefore decided that the US$1.25 million payment due to Brett Resources within 30 days of the 24th August under the El Potosi Option Agreement would be more effectively spent funding exploration and development of other projects in the group's portfolio. Condor formally withdrew from the El Potosi Option agreement in August 2007.

NICARAGUA

MATAGALPA PROJECT

El Cacao Concession

Trenching initiated at the beginning of the year on the El Cacao Concession tested the El Cacao vein with its known greater than 1g/t gold rock chip samples, along with six other outcropping quartz veins in the western part of the concession. The El Cacao vein returned some good intersections over its entire 600 metre strike length with a best of 7 metres at 2.39g/t gold. Of the other outcropping quartz veins on the concession the only other positive assay result came from the Cerro la Calera vein with a single intersection of 1 metre at 1.39g/t gold which remains open to the east.

The first phase of drilling on the El Cacao vein started in July with nine reverse circulation and combination reverse circulation-diamond core drillholes for a total of 733 metres of RC and 223.45 metres of diamond core. The drilling results show that the mineralised structure consists of at least two zones or shoots with a total defined strike length of some 330 metres. The western zone remains open to the west. Mineralised structures of up to 14 metres width at grades of 6.05g/t gold were returned from drilling, including a high grade mineralised quartz vein assaying 0.95 metres at 99g/t gold. The second phase of drilling started in November with four drill holes completed for 223 metres of reverse circulation and 113 metres of diamond core drilling. Brecciated quartz veins were intersected where the mineralized zones were expected. An additional thin quartz vein with strongly altered wall rock was intersected to the south of the main veins and may represent the tip of a third mineralized vein. Assay results are pending. A further six drill holes including two deep diamond core drill holes, are planned on the El Cacao Prospect on the current drilling programme which were expected to be completed early February.

Las Morritas Concession

Three reconnaissance trips to the Las Morritas Concession have failed to locate any quartz veining to sample in the area of the reported soil anomaly. It is planned to run an orientation soil survey across the reported anomaly to check the validity and if no further encouragement is received the licence will be relinquished.

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2007

NUEVA SEGOVIA PROJECT

San Albino-Murra Concession

Exploration during 2007 focused on the Aguja de Arras (Arras) prospect where early trench sampling identified gold mineralisation with a northeast-southwest strike.

Several phases of infill and strike extension trenching were undertaken during the year which defined a mineralised zone over a 200 metre strike extent with intersections of up to 18 metres at 6.80g/t gold. The gold mineralisation at Arras, as at the nearby San Albino mine, is hosted by a thick package of graphitic schist.

Two back-to-back phases of drilling were completed between August and November. The first phase comprised a ten hole combined reverse circulation and diamond core drill holes for 1,292metres of RC and 65 metres of diamond core drilling. Six of the seven drill holes were designed to test for a south-westerly or vertical dip to the mineralisation, as inferred from the dominant orientation of the primary foliation. These holes returned disappointing assay results with a best intercept of 1 metre at 2.87g/t gold from 31 metres in SARD001. The only significant gold intercept was returned from the only hole drilled with a south-westerly azimuth from the other side of the mineralised trenches with 4 metres at 17.60g/t gold from 8 metres in drill hole SARC005.

Contrary to the original geological model, this result indicated that the mineralisation actually dips at between 35º and 45º to the north-west. A second phase of drilling tested this model with five reverse circulation drill holes for 691 metres. This phase of drilling revealed a west-north-west plunge to the mineralisation with three of the five drill holes returning 4 metre composite intersections exceeding 1g/t gold, with a best intercept of 8 metres at 8.26g/t gold from surface in SARC013 (Table 3). The drilling has closed off mineralisation to the northeast, however it remains open to the southwest.

Table 3: Drilling intersections exceeding 1g/t Au from the Arras Prospect.

Prospect	Drill hole	From (m)	To (m)	Intercept (m)	Average Gold (g/t)	Comments
Arras	SARD001	31	32	1	2.87	
Arras	SARD002	2	3	1	2.54	
Arras	SARD003	18	20	2	0.9	
Arras	SARD005	8	12	4	17.9	
Arras	SARD013	3	7	4	28.16	Including 1 m at 102 g/t gold
	SARD013	11	14	3	10.89	
Arras	SARD014	0	3	3	2.89	
	SARD014	23	24	1	2.60	
Arras	SARD015	30	31	1	0.56	Adjacent to adit at 31-32m (ie void)
	SARD015	36	38	2	1.61	

At the San Albino Mine trend trenching was designed to test two targets: The first a line of old mine shafts and the second a trend defined by gold-mineralised rock chip samples, with disappointing results from both targets. Three reverse circulation drill holes, for a total of 283 metres were drilled into the mineralised structure of the historical San Albino Mine.

Drilling targeted zones beneath the “300 foot” and “400 foot” mine levels, as defined by old mine plans and some outcrop data. As at the Arras Prospect, the two holes drilled towards the northwest failed to intercept gold mineralisation, whereas drill hole SARC010, which was drilled in the opposite direction (towards the southeast) intercepted two gold mineralised zones. Composite assay results returned the following two anomalous results 1 metre at 4.20g/t gold from 14 metres depth and 1 metre at 2.12g/t gold from 95 metres depth:

These results suggest that mineralisation is dipping in a northerly direction. Results of the 1 metre riffle split samples from the mineralised intervals are pending. Historical records indicate that higher grade material, greater than 1 ounce or 31 grams per tonne gold, was extracted from the San Albino Mine before civil unrest halted production in the 1930’s, and rock chip samples of mine spoil collected from the entrance to some of the mine adits has returned assay results of over 20g/t gold and up to 100g/t gold. Further drilling is planned to test for a higher grade zone along strike or dip.

Further south at Las Conchitas two trenches across the site of anomalous rock chip samples identified two separate mineralised zones returning 2 metre at 3.10g/t gold and 1 metre at 6.80g/t gold respectively. Step-out trenches along the inferred strike direction failed to locate the mineralisation. However positive results from rock chip samples over more than 1,000 metres strike length and along more than one trend indicate that there is widespread gold mineralisation in the area and a second phase of trenching was initiated towards the end of the year. This trenching targeted all greater than 1g/t gold rock chip samples to test the width of the mineralisation. At the end of the year three trenches had been completed for 87 metres at Conchitas with assay results including 4 metres at 4.46g/t gold open to the east in SATR036 and 4 metres at 2.31g/t gold in SATR038. A wide intersection assaying 8 metres at 3.20g/t gold in the same trench was subsequently identified as mullock.

In the Santo Domingo area, north of the town of Murra, rock chip sampling continued to define widespread gold mineralisation. Mapping and trenching indicates that the mineralised quartz veins are parallel to the primary foliation of the host graphitic schist, undulating around a flat-lying orientation, with localised variations in dip of up to 50° measured within ten metres of horizontal foliation and veining. Further mapping was initiated and future exploration will be aimed at channel sampling along vertical sections using pits and river bank face sampling. Two trenches were completed with 1 metre at 1.29g/t gold returned from MUTR001 and 2 metres at 18.26g/t gold reported from trench MUTR002. However these were both sampled at a low angle to a flat-lying to undulating quartz vein and so the true thickness may be considerably thinner than the intersection reported.

Potrerillos Concession

The Potrerillos Concession was granted to Condor during 2007 and environmental approval for exploration was granted in the second half of the year. Rock chip sampling identified a dozen targets with greater than 1g/t gold rock chip assay results and towards the end of the year a programme of trench sampling to establish the width of gold mineralisation was initiated. Six trenches and one road cutting for 235 metres were completed. Positive assay results include 1 metre at 2.30g/t gold from POTR001 on the San Antonio Prospect and 1 metre at 1.77g/t gold from 9 metres also 1 metre at 1.20g/t gold from 14 metres and 1 metre at 7.95g/t gold from 17 metres from POTR006 on the Piedra Negra Prospect near the San Albino Mine Plant; and 2 metres at 2.20g/t gold from a road cutting (POCT001) near the old Potrerillos mine.

SIUNA PROJECT

Columbus Concession

Five trenches at approximately 100m spacing were excavated at the Mina Columbus Prospect and one trench and one cutting of an abandoned artisanal open pit were sampled at Cerro El Callado. Work was interrupted on the Columbus project at the end of August by an armed robbery, and then further disrupted by the passage of Hurricane Felix over the concession at the beginning of September.

At Mina Columbus the trenching showed that gold mineralisation is restricted to quartz-specularite breccias and sheared andesite zones up to 6 metres thick with best intercepts such as 1 metre at 5.33g/t gold in trench CBTR003 and 3 metres at 2.21g/t gold in CBCT001. Note that this sample is part of a wider intersection of 10 metres at 1.09g/t gold, but the wider intersection is here interpreted as downslope physical and/or chemical dispersion of gold in a supergene environment. Mapping at prospect scale was completed in November 2007.

At nearby Cerro El Callado assay results from face sampling the old pit and a trench suggesting that the fracture-controlled specular haematite mineralisation visible in the old pit wall were disappointing with a best result of 1 metre at 0.51g/t gold from 34.8 metres in the trench (CDTR002). It is noted that there are no records of successful extraction of gold from this old working. However the soil sample gold anomaly at Cerro El Callado that was tested by the trench remains unexplained.

The relatively narrow gold intersections returned from trench sampling at Mina Columbus led to a re-assessment of the Prospect in the second half of the year. Gold mineralisation is now thought to be part of an epithermal system associated with andesitic volcanic pipes further investigative work was underway, and will be supplemented by drill core re-logging.

Kuikuinita Concession

In the first half of 2007 three trenches for 250 metres were excavated on the Los Indios Prospect. The trenches were designed to step-out along the interpreted strike direction to test continuity of mineralisation.

All three trenches returned disappointing assay results suggesting that mineralisation is either of a limited extent or has a different orientation to the previously inferred north-south direction. Close-spaced soil sampling for one hundred samples and a twenty-three metre long trench was completed at the end of the year to try to better establish the orientation and extent of mineralisation. Assay results for the latter were disappointing.

A review of the style of mineralisation is also underway based on re-logging of existing drill core supplemented by petrographical analysis of five selected thin-sections. Initial observations suggest that the gold mineralisation is hosted by massive sulphide in the matrix of a breccia and associated with intense chlorite-carbonate alteration and minor calcite-quartz veining. The host rock appears to be an andesite. The host rock assemblage; andesite in proximity to ultramafic, is similar to the nearby Siuna mine which has variously been described as a skarn deposit or hydrothermal system. Further work is required to fully understand the prospect.

Juan Sebastian Concession

The Juan Sebastian Concession was formally relinquished in June 2007. Twenty rock chip samples were collected during a field trip in April, including some quartz vein fragments. Following negative assay results and a review of geology it was decided to return the Juan Sebastian Licence in June 2007 to the vendors. The generally low tenor of the soil anomalies returned from the prospect, the massive, unaltered nature of the host rock where malachite staining was observed, and the abundance of massive, thick, trap basalts over the licence area is not considered prospective for high concentrations of copper mineralisation.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS REPORT

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2007.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of exploration of gold and silver concessions in El Salvador and Nicaragua. The principal activity of the Company was that of a holding company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Group's financial performance for the year was in line with directors' expectations. The Group loss after taxation for the year to 31 December 2007 amounted to £1,359,993 (2006, £690,464).

The Group, at the end of the financial period has a total of four licences (2006: Five licences and three project areas) within two project areas in El Salvador and seven licences within three project areas in Nicaragua (2006: Seven licences within three project areas) . The Company will continue to assess each individually with the intention of reducing the number of licences to a few core assest with the highest probability of producing an economic resource. Non core assest will be divested. Operations in El Salvador are curtailed by a lack of environmental permits and all non essential operations will be put on hold until these are awarded. Both the Cacao and Arras prospects in Nicaragua require further exploration and the Company will concentrate exploration efforts on these two projects to maximise development opportunities.

The record of the business during the year and an indication of likely further developments may be found in the Chairman's statement (page 3) and the Review of Operations (page 4).

DIRECTORS

The directors shown below have held office during the year:

N M Ferguson
M L Child
K P Eckhof

DIRECTORS INTERESTS

The directors in office during the year under review and their interests in ordinary shares and unlisted options of the company at 31 December 2007 were:

		31 December 2007		31 December 2006	
Directors	Holding	Number of shares	Number of options	Number of shares	Number of options
M L Child	Direct	2,000,000	1,250,000	2,000,000	1,250,000
	Indirect	-	-	-	-
N M Ferguson	Direct	-	-	-	-
	Indirect	800,000	4,500,000	800,000	4,500,000
K P Eckhof	Direct	-	-	-	-
	Indirect	240,000	1,750,000	240,000	1,750,000

The interests of the directors in options to subscribe for ordinary shares of the company were:

	Exercise price (p)	Latest exercise date	As at 1 January 2007	Granted during the year	Lapsed in the year	As at 31 December 2007
DIRECTORS						
M L Child	15	30 May 2011	1,250,000	-	-	1,250,000
N M Ferguson	15	30 May 2011	4,500,000	-	-	4,500,000
K P Eckhof	15	30 May 2011	1,750,000	-	-	1,750,000

SUBSTANTIAL SHAREHOLDERS

Shareholders	Number of ordinary shares	Holding %
Pershing Keen Nominees Limited	16,000,000	12.3
Pershing Keen Nominees Limited	13,877,600	10.6
ISI Nominees Limited	7,100,000	5.4
Vidacos Nominees Limited	4,782,000	3.7
T. Hoare Nominees Limited	4,515,000	3.5
HSBC Global Custody Nominee (UK) Limited	4,400,000	3.4
T D Waterhouse Nominees (Europe) Limited	4,128,067	3.2

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks that include credit risk, liquidity risk, and market risks. The Group does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

1. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

At this early stage of the Group's development, in the absence of customers, it does not have credit risk.

2. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

To ensure liquidity, the group maintains sufficient cash and cash equivalents on demand to meet its obligations as and when they fall due. The Group actively manages its working finance to ensure that sufficient funds exist for operations and planned expansion.

3. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

(i) Pricing and risks

The directors do not consider there is a price risk to the business. The Group has no exposure to equity securities price risk as it holds no other listed or equity investment.

(ii) Interest rate cash flow risk

The Group does not have interest-bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

The directors are in the process of negotiating funding form a number of sources. The directors believe that the cash flow required for continuing operations will be obtained either from new funding or asset sales.

(iii) Foreign exchange risk

The group principally operates in US Dollars. The directors believe that the contracts for transfers of funds to Central America are so small, that there would be no benefit gained from hedging these contracts in the market. As such currency is bought as the spot rates prevailing on the days transfers are to take place. This situation is monitored on a regular basis.

Corporate Governance

Corporate Policies

Condor takes its health, safety, environmental and community responsibilities seriously, and has developed policies and systems to ensure that it explores in a safe, low impact and consultative manner, maximising the sustainability of its present and future operations for the benefit of all stakeholders.

Health and Safety

Condor takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice. To this end, a new safety management system has been implemented for its exploration operations.

Environment

Condor operates in strict adherence to local and Governmental standards with regard to environmental impact on the local community. This procedure includes pre-exploration checks and post-exploration remediation programs. Currently, no unfulfilled commitments exist to remediate land upon which the Company has conducted exploration work.

Community

Condor is committed to working consultatively and co-operatively within the communities in which it operates, which includes local subsistence farmers and pastoralists and firmly believes that future mining operations should be to the benefit of all. To this end, Condor personnel participate in cultural awareness programs and have forged close ties with landholders and maintain a constructive dialogue with the Department of Environment and local community representatives. Condor is also a sponsor of many community development and aid programs currently in place including the provision of clean water through drilling water wells, tree planting, the supply of school books and training of locals in both technical and non technical skills to assist their personal development.

Compliance with the Combined Code

The directors recognise the value of the Combined Code on Corporate Governance, and whilst under AIM rules full compliance is not required, the directors believe that the company applies the recommendations insofar as is practicable and appropriate for a public company of its size.

Board of Directors

The board of directors comprises one executive director and two non-executive directors who qualify as independent non-executive directors as defined by the Combined Code. The directors are of the opinion that the board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The board, through the chairman and executive director in particular, maintain regular contact with its advisers and public relations consultants in order to ensure that the board develops an understanding of the views of major shareholders about the company.

The board meets regularly throughout the year and met eight times during the year to 31 December 2007. The board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. Day-to-day management is devolved to the executive director who is charged with consulting with the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among directors concerned where necessary and appropriate.

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the Company's expense, as and when required.

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the board.

Committees

Each of the following committees has its own terms of reference.

Audit Committee

The Audit Committee comprises Klaus Eckhof – non-executive director and Mark Child – non-executive chairman. Its terms of reference indicate at least two meetings occur per year.

In 2007 the Committee met on June 13th to review the audit work on the 2006 accounts. It also met on 19th September 2007 to review the findings of the 2007 interim review and on 27th May 2008 to review the audit work on the 2007 accounts.

All directors received a copy of the respective audit committee reports prior to these meetings and had an opportunity to comment. The meetings were attended by the auditors.

The chief financial officer and a representative of the external auditors are normally invited to attend meetings. Other directors or staff may be invited to attend, as considered beneficial by the committee.

The Audit Committee's primary responsibilities is to review the effectiveness of the Company's systems of internal control, to review with the external auditors the nature and scope of their audit and the results of the audit, and to evaluate and select external auditors.

Remuneration Committee

The Remuneration Committee plans to meet at least twice in each year. Its members are M L Child (chairman) and K Eckhof, both of whom were in attendance at the meetings.

The Group's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee agrees with the board a framework for the remuneration of the chairman, the executive directors and the senior management of the Group. The principal objective of the committee is to ensure that members of the executive management of the company are provided incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company. Non-executive fees are considered and agreed by the board as a whole.

Service Contracts

The Company has service contracts with its executive and non-executive directors.

The service contracts also provide that the directors and parties related to the directors are entitled to participate in the share option arrangements operated by the Company as well as consultancy payments.

Details of the contracts currently in place for directors and related parties are as follows:

	Annual salary £'000	Consultancy payments £'000	Date of Contract	Unexpired term	Notice period
M. L. Child	12	24	24 May 2006	-	6 months
N. M. Ferguson	24	136	24 May 2006	-	6 months
K. P. Eckhof	12	24	24 May 2006	-	6 months

Subject to the notice requirements described above, there is no provision in the service agreements for compensation to be payable on early termination of the contract.

Supplier payment policy

It is the Group's policy to pay suppliers in accordance with the terms of business agreed with them. The number of days' purchases outstanding for the group as at 31 December 2007 was 30 days (2006: 30 days).

Annual general meeting

Your attention is drawn to the Notice of Meeting enclosed with this report convening the Annual General Meeting of the company at 10 a.m. on 1st July 2008 at the offices of the company at 1 Warwick Row, London SW1E 5ER. The Notice of Meeting sets out and explains the special and ordinary business to be conducted at the meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements.in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. In preparing these financial statements the directors have also elected to comply with IFRS's, issued by the International Accounting Standards Board (IASB). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit and loss of the group for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statement comply with IFRS as adopted by the European Union and IFRS's issued by IASB, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2007

The directors are responsible for the maintenance and integrity of the group web-site www.condorresourcesplc.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Mazars LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

3rd June 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CONDOR RESOURCES PLC

We have audited the group and parent company financial statements (the "financial statements") of Condor Resources plc for the year ended 31 December 2007, which comprise the Consolidated Income Statement, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Balance Sheet, Consolidated and Company Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements. In addition we report to you, if in our opinion, the company has not kept proper accounting records, if we have not received all the information we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, Chairman's Statement and Review of Operations. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of, whether the accounting policies are appropriate to the Group's and Company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with,International Financial Reporting Standards as adopted by the European Union of the state of the group's and company's affairs as at 31 December 2007 and of the group's result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CONDOR RESOURCES PLC

Emphasis of matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. As disclosed in note 1, the Group is reliant on obtaining further funding in order for the going concern basis to be appropriate. At the date of this report, the Group has yet to obtain such funding. This indicates the existence of a material uncertainly which may cast significant doubt about the group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Mazars LLP
Chartered accountants
Registered auditors
Tower Bridge House
St. Katharine's Way
London E1W 1DD

3rd June 2008

CONDOR RESOURCES PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	Year Ended 31.12.07 £	Year Ended 31.12.06 £
CONTINUING OPERATIONS			
Administrative expenses		(1,474,129)	(807,565)
OPERATING LOSS	-	(1,474,129)	(807,565)
Finance income	4	114,136	117,342
Loss before tax		(1,359,993)	(690,223)
Tax	6	-	(241)
LOSS FOR THE YEAR		(1,359,993)	(690,464)
Attributable to:			
Equity holders of the parent		(1,359,993)	(690,464)
Earnings per share expressed in pence per share:	8		
Basic and diluted		(1.04)	(0.72)

The notes in pages 35 to 47 form an integral part of these financial statements

CONDOR RESOURCES PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	31.12.07	31.12.06
		£	£
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	9	143,281	69,473
Intangible assets	10	5,525,962	4,464,040
Trade and other receivables	12	19,725	170,076
		5,688,968	4,703,589
CURRENT ASSETS			
Trade and other receivables	12	59,841	40,818
Cash and cash equivalents		1,111,020	3,456,183
		1,170,861	3,497,001
LIABILITIES:			
NON-CURRENT LIABILITIES			
Trade and other payables	14	13,127	-
		13,127	-
CURRENT LIABILITIES			
Trade and other payables	14	107,846	176,934
Tax payable		-	241
		107,846	177,175
NET CURRENT ASSETS		1,063,015	3,319,826
NET ASSETS		6,738,856	8,023,415
SHAREHOLDERS' EQUITY			
Called up share capital	17	1,303,118	1,298,118
Share premium		7,352,508	7,306,486
Legal reserves		71	60
Exchange difference reserve		(1,062)	-
Share options reserve		134,738	109,275
Retained earnings		(2,050,517)	(690,524)
TOTAL EQUITY		6,738,856	8,023,415

The financial statements were approved by the Board of Directors on .... and were signed on its behalf by:

....
Director

The notes in pages 35 to 47 form an integral part of these financial statements

CONDOR RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2007

	Share capital	Share premium	Legal Reserve	Exchange difference reserve	Share option reserve	Profit and loss reserve	Total
	£	£	£	£	£	£	£
Group							
At 1 January 2006	-	-	-	-	-	-	-
New shares issued	1,298,118	7,306,486	-	-	-	-	8,604,604
Loss for the period	-	-	-	-	-	(690,464)	(690,464)
Transfer to legal reserve	-	-	60	-	-	(60)	-
Share based payment	-	-	-	-	109,275	-	109,275
At 31December 2006	1,298,118	7,306,486	60	-	109,275	(690,524)	8,023,415
New shares issued	5,000	46,022	-		-	-	51,022
Loss for the period	-	-	-	-	-	(1,359,993)	(1,359,993)
Exchange difference	-	-	-	(1,051)	-	-	(1,051)
Transfer to legal reserve	-	-	11	(11)	-	-	-
Share based payment	-	-	-		25,463	-	25,463
At 31December 2007	1,303,118	7,352,508	71	(1,062)	134,738	(2,050,517)	6,738,856

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue.

Legal reserve represents the El Salvadoran statutory reserve calculated on results declared.

Exchange difference reserve represents the sterling amount of applying balance date exchange rates to equity consolidating entries.

Share options reserve represents the cumulative fair value of share options granted.

Profit and loss reserve represent the cumulative net gains and losses recognised in the consolidated income statement.

The notes in pages 35 to 47 form an integral part of these financial statements

CONDOR RESOURCES PLC

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	31.12.07 £	31.12.06 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,061	-
Intangible assets	10	-	234,807
Investments	11	3,606,021	3,606,021
Trade and other receivables	12	2,854,798	1,018,330
		6,471,880	4,859,158
CURRENT ASSETS			
Trade and other receivables	12	21,994	22,345
Cash and cash equivalents		1,061,018	3,405,764
		1,083,012	3,428,109
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	85,580	166,707
NET CURRENT ASSETS		997,432	3,261,402
NET ASSETS		7,469,312	8,120,560
SHAREHOLDERS' EQUITY			
Called up share capital	17	1,303,118	1,298,118
Share premium		7,352,508	7,306,486
Share options reserve		134,738	109,275
Retained earnings		(1,321,052)	(593,319)
TOTAL EQUITY		7,469,312	8,120,560

The financial statements were approved by the Board of Directors on .... and were signed on its behalf by:

....
Director

The notes in pages 35 to 47 form an integral part of these financial statements

CONDOR RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2007

	Share capital	Share premium	Share option reserve	Profit and loss reserve	Total
	£	£	£	£	£
Company					
At 1 January 2006	-	-	-	-	-
New shares issued	1,298,118	7,306,486	-	-	8,604,604
Loss for the period	-	-	-	(593,319)	(593,319)
Share based payment	-	-	109,275	-	109,275
At 31 December 2006	1,298,118	7,306,486	109,275	(593,319)	8,120,560
Loss for the period	-	-	-	(727,733)	(727,733)
New shares issued	5,000	46,022	-	-	51,022
Share based payment	-	-	25,463	-	25,463
At 31 December 2007	1,303,118	7,352,508	134,738	(1,321,052)	7,469,312

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue.

Share options reserve represents the cumulative fair value of share options granted

Profit and loss reserve represent the cumulative net gains and losses recognised in the consolidated income statement.

The notes in pages 35 to 47 form an integral part of these financial statements

CONDOR RESOURCES PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	31.12.07	31.12.06
		£	£
Cash flows from operating activities			
Loss before tax		(1,359,993)	(690,223)
Share based payment		25,463	109,275
Depreciation charges		51,993	4,332
Impairment intangible assets		576,270	-
Exchange rate differences		79,996	11,310
Profit on disposal of fixed assets		-	(690)
Finance income		(114,136)	(117,342)
		(740,407)	(683,338)
Decrease/(increase) in trade and other receivables		131,329	(208,454)
(Decrease)/increase in trade and other payables		(55,962)	176,934
Income tax paid		(241)	-
Net cash from operating activities		(665,281)	(714,858)
Cash flows from investing activities			
Purchase of subsidiaries		-	(55,570)
Purchase of intangible fixed assets		(186,207)	(234,807)
Purchase of tangible fixed assets		(125,801)	(74,736)
Increase in exploration costs		(1,482,010)	(354,327)
Sale of tangible fixed assets		-	4,710
Interest received		114,136	117,342
Net cash from investing activities		(1,679,882)	(597,388)
Cash flows from financing activities			
Proceeds from share issue		-	5,545,000
Less issue costs		-	(776,571)
Net cash from financing activities		-	4,768,429
Increase in cash and cash equivalents	1	(2,345,163)	3,456,183
Cash and cash equivalents at beginning of year		3,456,183	-
Cash and cash equivalents at end of year	1	1,111,020	3,456,183

The notes in pages 35 to 47 form an integral part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

1. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 31 December 2007

	31.12.07	1.1.07
	£	£
Cash and cash equivalents-	1,111,020	3,456,183

Period ended 31 December 2006

	31.12.06	1.1.06
	£	£
Cash and cash equivalents	3,456,183	-

NON-CASH TRANSACTIONS

During the year, the group settled a liability with Brett Resources Inc. to maintain its interest in the Potosi exploration project in El Salvador. The consideration was partly satisfied by the issue of 500,000 ordinary shares of 1p each at a value of 10.2p each. This is the only major non-cash transaction for the year.

The notes in pages 35 to 47 form an integral part of these financial statements

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	Year Ended 31.12.07 £	Year Ended 31.12.06 £
Cash flows from operating activities			
Loss before tax		(727,733)	(593,319)
Share based payment		25,463	109,275
Depreciation charges		3,855	-
Finance income		(113,941)	(117,184)
		(812,356)	(601,228)
Increase in trade and other receivables		(1,550,288)	(744,719)
(Decrease)/increase in trade and other payables		(81,127)	166,707
Gross cash payments from operations		(2,443,771)	(1,179,240)
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(234,807)
Purchase of fixed asset investments		(14,916)	(65,802)
Interest received		113,941	117,184
Net cash from investing activities		99,025	(184,425)
Cash flows from financing activities			
Proceeds from share issue		-	5,545,000
Less issue costs		-	(776,571)
Net cash from financing activities		-	4,768,429
Increase in cash and cash equivalents		(2,344,746)	3,405,764
Cash and cash equivalents at beginning of year	1	3,405,764	-
Cash and cash equivalents at end of year	1	1,061,018	3,405,764

The notes in pages 35 to 47 form an integral part of these financial statements

NOTES TO THE COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

1. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	31.12.07	01.01.07
	£	£
Cash and cash equivalents	1,061,018	3,405,764

	31.12.06	01.01.06
	£	£
Cash and cash equivalents	3,405,764	-

NON-CASH TRANSACTIONS

During the year, the group settled a liability with Brett Resources Inc. to maintain its interest in the Potosi exploration project in El Salvador. The consideration was partly satisfied by the issue of 500,000 ordinary shares of 1p each at a value of 10.2p each. This is the only major non-cash transaction for the year.

The notes in pages 35 to 47 form an integral part of these financial statements

1. ACCOUNTING POLICIES

General information
These financial statements are for Condor Resources plc (the "Company") and its subsidiary undertakings. The Company was incorporated in England on 10th October 2005. The address of its registered office is 6 St. Andrew Street, London EC4A 3LX.

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in British pounds ("£") which is the Company's presentation and functional currency.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis. This is considered appriopriate by the directors as the Company is seeking further funding by way of an issue of new shares in order to meet operational cash flows requirements. Should sufficient funding not be obtained, the Company and the Group will be unable to continue trading and adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to classify non current assets as current assets.

The financial statements have been rounded to the nearest pound.

In the current year, the Group has adopted IFRS 7 *Financial Instruments : Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 *Presentation of Financial Statements*. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital .

The Group and Company have not applied the following IFRSs and IFRICs that are applicable to the Group and Company and that have been issued but are not yet effective.

IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 July 2009)

IAS 32, Financial Instruments: Presentation, revised 2008 (effective 1 January 2009)

IFRS 8, Operating Segments (effective 1 January 2009)

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective 1 March 2007)

Basis of consolidation
The group financial statements consolidate the accounts of its wholly owned subsidiaries; Minerales Morazan S.A. De C.V. and Condor S.A. under the acquistion method. The financial statements of subsidaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Acquisitions
On the acquisition of a subsidiary, fair values are attributed to the group's share of net assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchase goodwill, which is capitalised and amortised over its estimated useful life. Where the cost of acquisition is less than the value attributable to such net assets, the difference is treated as negative goodwill and is recognised immediately in the income statement.

1. **ACCOUNTING POLICIES - continued**

Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Rental Property	- The rental property is being completely refurbished and will be depreciated over its useful economic life once work is finished.
Plant and machinery	- 20% on cost
Fixtures and fittings	- 50% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 50% on cost

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

(a) *Other receivables and other assets*
Other receivables and other assets are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(b) *Cash and cash equivalents*
For purposes of the consolidated balance sheet and consolidated statement of cash flows, the group considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At 31 December 2007 management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

(c) *Financial liabilities*
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits.

Intangible assets - exploration costs, licences and minerals resources
Exploration expenditure comprises costs which are directly attributable to researching and analysing data. Licences includes the costs incurred in acquiring mineral rights and, the entry premiums paid to gain access to areas of interest. Mineral resources includes amounts paid to third parties to acquire interests in existing projects.

1. ACCOUNTING POLICIES - continued

When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable.

In the event of production commencing, exploration costs, licences and mineral resources are amortised through administrative expenses, over the expected life of the mineral reserves on a unit production basis. Other pre-trading expenses are written off as incurred. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation of a foreign operation, assets and liabilities are translated at the balance sheet rates, income and expenses are translated at rates ruling at the transaction date. Exchange differences on consolidation are taken to the income statement.

Share based payments
The fair value of equity instruments granted to directors, employees and consultants is charged to the income statement with a corresponding increase in equity. The fair value of share options is measured at grant date, using the Black-Scholes model, and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest, except where forfeiture is due to criteria, as stated in the share option agreements.

2. REVENUE AND SEGMENTAL REPORTING

The Group has not generated revenue during the period.

The Group's operations are located in England, El Salvador and Nicaragua.

The following is an analysis of the carrying amount of segment assets, and additions to plant and equipment, analysed by geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant & equipment and intangible assets		Depreciation charged in the year		Carrying amount of liabilities		Result for the year	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	£	£	£	£	£	£	£	£	£	£
England	4,545,789	3,872,977	(378,051)	234,807	3,855	-	85,580	166,707	(995,965)	(593,319)
El Salvador	1,133,767	2,414,781	424,566	2,219,887	26,133	3,906	10,410	9,709	(326,562)	(57,063)
Nicaragua	1,180,273	1,912,832	1,089,215	1,806,131	22,005	426	24,982	759	(37,466)	(40,082)
Total	6,859,829	8,200,590	1,135,730	4,260,825	51,993	4,332	120,973	177,175	(1,359,993)	(690,464)

3. EMPLOYEES AND DIRECTORS

	31.12.07	31.12.06
	£	£
Wages and salaries	71,000	51,657
Social security costs	5,563	2,259
	76,563	53,916

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

	Group		Company	
Year ended 31st December	2007	2006	2007	2006
Directors	3	3	3	3
Employees	27	34	1	1
	30	37	4	4

	Salary payments		Termination payment		Personal consultancy payment		Related party payments *		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	£	£	£	£	£	£	£	£	£	£
T Wall	-	-	-	-		-	-	21,000	-	21,000
M Child	12,000	7,000	-	-	-	-	28,200	43,475	40,200	50,475
N Ferguson	24,000	14,000	-	-	-	33,785	108,996	66,664	132,996	114,449
K Eckhof	12,000	7,000	-	-	-	-	23,000	14,000	35,000	21,000
S Dobson	-	12,000	-	36,000	-	-	-	24,000	-	72,000
Total	48,000	40,000	-	36,000	-	33,785	160,196	169,139	208,196	278,924

* = Refer to note 22 for listing of related parties

The Company has adopted a discretionary bonus scheme by which bonuses are paid to directors, employees and consultants and used by the recipients to subscribe for new Ordinary Shares at market value. A total of up to 10 percent of the total share capital in issue from time to time will be made available for this purpose without the Board having first obtained the consent of the Shareholders. The amount of any bonus payable under this scheme will be subject to approval by the remuneration committee. At the year end no bonuses were paid.

The interests of the directors in options to subscribe for ordinary shares of the Company were:

	Exercise price (p)	Latest exercise date	As at 1 January 2007	Granted during the year	Lapsed in the year	As at 31 December 2007
DIRECTORS						
M L Child	15	30 May 2011	1,250,000	-	-	1,250,000
N M Ferguson	15	30 May 2011	4,500,000	-	-	4,500,000
K P Eckhof	15	30 May 2011	1,750,000	-	-	1,750,000

4. NET FINANCE INCOME

	31.12.07	31.12.06
	£	£
Deposit account interest	114,136	117,342

5. LOSS BEFORE TAX

The loss before tax is stated after charging/(crediting):

	31.12.07	31.12.06
	£	£
Depreciation - owned assets	51,993	4,332
Auditor's remuneration		
- statutory Audit fee	18,000	14,100
- non-statutory assurance work fee	11,000	-
Profit on disposal of fixed assets	-	(690)
Foreign exchange differences	79,996	61,633
Impairment of intangible assets	576,270	-
Rent – operating leases	37,801	31,725

6. TAXATION

Analysis of the tax charge	31.12.07	31.12.06
	£	£
Current tax:		
Tax	-	241
Total tax charge in income statement	-	241

Reconciliation of the tax charge

	31.12.07	31.12.06
	£	£
Loss before tax	(1,359,993)	(690,464)
Loss before tax multiplied by standard rate of Corporation tax in the UK of 30% (2006 30%)	(407,998)	(207,139)
Effects of:		
Deferred tax not provided	407,998	(207,139)
Tax charge relating to Minerales Morazan S.A	-	241
Total tax charge in income statement	-	241

7. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent company's loss for the financial year was (£727,733) (2006 – loss £593,319).

8. LOSS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A reconciliation is set out below:

Basic EPS	31.12.07	31.12.06
	£	£
Loss for the period	(1,359,993)	(690,464)
Weighted average number of shares	130,228,420	95,744,592
Loss per share (in pence)	(1.04)	(0.72)

In accordance with IAS 33 and as the group has reported a loss for the year, the share options are not dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Rental property £	Plant & pmchinery £	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost or valuation:						
At 1st January 2006	-	-	-	-	-	-
Additions	951	8,707	6,835	53,567	3,745	73,805
	951	8,707	6,835	53,567	3,745	73,805
At 1 January 2007						
Additions	971	652	7,157	81,957	33,649	124,387
Exchange difference	18	142	210	970	75	1,415
At 31 December 2007	1,940	9,501	14,202	136,494	37,469	199,606
Accumulated depreciation and impairment:						
At 1st January 2006	-	-	-	-	-	-
Charge for year	-	-	(2,189)	(1,762)	(381)	(4,332)
	-	-	(2,189)	(1,762)	(381)	(4,332)
At 1st January 2007						
Charge for year	-	(2,757)	(4,440)	(29,252)	(15,461)	(51,910)
Exchange difference			(88)	12	(7)	(83)
At 31 December 2007	-	(2,757)	(6,717)	(31,002)	(15,849)	(56,325)
Net Book Value:						
At 31 December 2006	951	8,707	4,646	51,805	3,364	69,473
At 31 December 2007	1,940	6,744	7,485	105,492	21,620	143,281

9. PROPERTY, PLANT AND EQUIPMENT - continued

Company

	Computer Equipment	Totals
Net Book Value	£	£
At 31 December 2006	-	-
Cost:		
At 1st January 2007	-	-
Additions	14,916	14,916
At 31 December 2007	14,916	14,916
Depreciation:		
At 1st January 2007	-	-
Charge for year	(3,855)	(3,855)
At 31 December 2007	(3,855)	(3,855)
Net Book Value:		
At 31 December 2007	11,061	11,061

10. INTANGIBLE ASSETS

Group	Exploration costs £	Mineral resources £	Licences £	Total £
Cost or valuation:				
At 1st January 2006	-	-	-	-
Additions	628,790	3,600,443	234,807	4,464,040
	628,790	3,600,443	234,807	4,464,040
At 1 January 2007				
Additions	1,388,897	-	237,229	1,626,126
Exchange differences	12,066	-	-	12,066
At 31 December 2007	2,029,753	3,600,443	472,036	6,102,232
Accumulated impairment:				
At 1st January 2006	-	-	-	-
Impairment for year	-	-	-	-
	-	-	-	-
At 1st January 2007	-	-	-	-
Impairment for year	(395,347)	(154,305)	(26,618)	(576,270)
At 31 December 2007	(395,347)	(154,305)	(26,618)	(576,270)
Net Book Value:				
At 31 December 2006	628,790	3,600,443	234,807	4,464,040
At 31 December 2007	1,634,406	3,446,138	445,418	5,525,962

The JORC inferred resources of the group at May 2008 are as follows:

Gold 890,979 contained metal ounces (2006: 467,000)
Silver 22.4m contained metal ounces (2006: 18.4m)

During the year the Group permanently discontinued exploration activities on four licences that had capitalised costs applied to them. In accordance with IFRS 6 an impairment charge has been made. The costs of this charge are £137,432 to Nicaragua and £438,838 to El Salvador.

11. INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1st January 2006 and 1st January 2007	3,606,021
NET BOOK VALUE	
At 31 December 2006 and 31 December 2007	3,606,021

11. **INVESTMENTS - continued**

The Company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Name	Country of incorporation	Interest %	Class of shares	Nature of the business	Share capital and reserves £	Loss for the year £
Minerales Morazan S. A. de C. V.	El Salvador	100	Ordinary shares	Gold and silver exploration	(359,173)	(326,705)
Condor S. A.	Nicaragua	100	Ordinary shares	Gold and silver exploration	(73,570)	(37,466)

12. **TRADE AND OTHER RECEIVABLES**

	Group 31.12.07 £	Group 31.12.06 £	Company 31.12.07 £	Company 31.12.06 £
Current:				
Other receivables	38,761	30,696	4,950	19,995
Prepayments	21,080	10,122	17,044	2,350
	59,841	40,818	21,994	22,345
Non-current:				
Amounts owed by group undertakings	-	-	2,852,279	947,771
Loans receivable	13,000	36,534	2,519	-
Other receivables	6,725	133,542	-	70,559
	19,725	170,076	2,854,798	1,018,330
Aggregate amounts	79,566	210,894	2,876,792	1,040,675

13. **FINANCIAL INSTRUMENTS**

The Group uses financial instruments, comprising of interest free loans and various items such as trade receivables and payables and other items that arise directly from its operations. The main purpose of these financial instruments is to help finance the Group’s operations.

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The group’s financial instruments, which are recognised in the balance sheet, comprise cash and cash equivalents, receivables and payables. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

The group does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the period under review, the group’s policy that no trading in financial instruments shall be undertaken.

There were no financial instruments not recognised in the Balance Sheet.

13. FINANCIAL INSTRUMENTS - continued

13.1 Financial instruments by category

	31.12.07 £	31.12.06 £
Assets as per balance sheet		
Other receivables	79,566	210,894
Cash and cash equivalents	1,111,020	3,456,183
Total	1,190,586	3,667,077

	31.12.07 £	31.12.06 £
Liabilities as per balance sheet		
Trade and other payables	49,595	138,591
Accrued expenses	71,378	38,584
Total	120,973	177,175

13.2 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest-rate risk. These risks are limited by the group's financial management policies and practices described below:

(a) Foreign currency exchange risks
The Group does not hedge its foreign currencies. Transactions with vendors are mainly denominated in a number of currencies. Management considered that the currency exposure arising from these transactions is not significant to the Group.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2007	2006	2007	2006
USD 1	0.4994	0.5435	0.5009	0.5107
NIO 1	0.0026	0.0030	0.0026	0.0027

(b) Credit risk
As the Group had no turnover during the year, there is no significant concentration of credit risk. The group does not have written credit risk management policies or guidelines.

The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risks
To ensure liquidity, the group maintains sufficient cash and cash equivalents to meet its obligations as and when they fall due..

13. FINANCIAL INSTRUMENTS - continued

(d) Cash flow and fair value interest rate risks
As the Group has no interest-bearing liabilities, the group's operating cash flows are substantially independent of changes in market interest rates.

The main financial risks for the group is given on page 1 of the Directors' Report

14. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.07	31.12.06	31.12.07	31.12.06
	£	£	£	£
Current:				
Trade payables	24,123	121,736	21,782	120,727
Social security and other taxes	12,345	6,012	319	-
Other payables	-	10,602	-	10,602
Accrued expenses	71,378	38,584	63,479	35,378
	107,846	176,934	85,580	166,707
Non Current				
Deferred employee remuneration	13,127	-	-	-
	13,127	-	-	-

No interest is charged on the trade payables. The Company and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. LEASING AGREEMENTS

	Group		Company	
	31.12.07	31.12.06	31.12.07	31.12.06
	£	£	£	£
Non-cancellable operating leases:				
Within one year	12,605	16,076	-	4,200
Between one and five years	7,345	8,737	-	-
	19,950	24,813	-	4,200

16. CAPITAL COMMITMENTS

	Group		Company	
	31.12.07	31.12.06	31.12.07	31.12.06
	£	£	£	£
Within one year	438,000	344,546	438,000	344,546
Between one and five years	1,002,000	3,866,571	1,002,000	4,211,117
	1,440,000	4,211,117	1,440,000	4,211,117

16. CAPITAL COMMITMENTS - continued

Capital commitments are comprised of licence option fees, exploration and development costs made under two licence option agreements entered into in Nicaragua.

This assumes that all licences in Nicaragua covered by option agreements are considered viable by the board, and all future option payments to maintain Condor's interest in these projects are maintained. The option agreements in place, however, permit Condor to discontinue exploration and development of any licence at any time at its sole discretion; with concurrent reduction in liability without penalty should the management believe this licence will not lead to economic exploitation.

17. CALLED UP SHARE CAPITAL

Authorised Number	Class:	Nominal value	31.12.07	31.12.06
			£	£
1,000,000,000	Ordinary shares	1p	10,000,000	10,000,000

Alloted and fully paid up issued	Class:	Nominal value	31.12.07	31.12.06
			£	£
130,311,753	Ordinary shares	1p	1,303,118	1,298,118

The following shares were allotted at par on 16th February 2007:
500,000 Ordinary shares of 1p each issued at a premium of 9.2p per share. The issue price was 10.2p. The aggregate nominal value of those shares is £5,000 and the consideration received was £51,022.

18. EQUITY-SETTLED SHARE OPTION SCHEME

The Company has established a share option scheme for directors, employees and consultants to the Group.

Details of the share options outstanding during the year are as follows:

	1-Jan-07			31-Dec-07			
Date of Grant	No. of shares	Issued in year	Forfeit or lapsed in year	No. shares	Date from which options are first exercisable	Lapse date	Price per share
24/03/2006	11,750,000	-	-	11,750,000	31/05/2006	30/05/2011	15p
31/05/2007	-	1,900,000	-	13,650,000	31/05/2007	31/05/2010	10p

The estimated fair value of the options granted in 2007 is £25,463 and has been fully recognised within administration expenses. This fair value has been calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2007	2006
Share price	5.7p	6.0p
Exercise price	10.0p	15.0p
Expected volatility	54%	45%
Expected life (yrs.)	3	4
Risk free rate	4.6%	5.9%
Expected dividend yield	-	-

19. EQUITY-SETTLED SHARE OPTION SCHEME - continued

Expected volatility was determined with reference to the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The weighted average remaining contractual life of the share options outstanding at the end of the period is thee years.

20. RELATED PARTY TRANSACTIONS

During the year the Company received consultancy advice from the following directors:

Company	Related party	31.12.07 £	31.12.06 £	Outstanding at year end £
Ridgeback Holdings Pty Ltd	Nigel Ferguson	108,996	66,664	-
Iguana Resources Pty Ltd	Klaus Eckhof	24,000	14,000	-
Axial Associates Limited	Mark Child	28,200	43,475	-

21. CONTROLLING PARTY

There is no ultimate controlling party.