



# Condor Resources Plc

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## **Condor Resources Plc** ("Condor" or "the Company")

### **Condor Resources El Salvador Charitable Foundation And Update on El Salvador**

Condor (AIM: CNR) is pleased to announce that it has established the Condor Resources El Salvador Charitable Foundation (the "Charitable Foundation") as a registered charity, number: 1141548. The Charitable Foundation has been entered into to the Register of Charities in the United Kingdom.

#### **The Charitable Foundation**

The Board of Condor has approved the gift of 10% of the issued ordinary share capital of Minerales Morazan S.A. into the Charitable Foundation. Minerales Morazan S.A. is a company incorporated in the Republic of El Salvador that is currently wholly owned by Condor. Minerales Morazan S.A. holds all the exploration concessions granted to Condor and is the local subsidiary through which Condor has conducted all exploration activity in El Salvador. Minerales Morazan S.A. has a JORC Code compliant inferred resource of 747,000 oz gold and 22.4m oz silver for a combined resource of approximately 1,120,000 oz of gold equivalent at 2.6g/t (assuming 60g/t silver as equivalent to 1g/t gold). Condor will continue to pay 100% of the operating costs of Minerales Morazan S.A. while maintaining a 90% shareholding. The Charitable Foundation in effect has a 10% free carried interest in Condor's operations in El Salvador. Furthermore, Condor will gift US\$10,000, by way of a cash payment, to the Charitable Foundation.

The objectives of the Charitable Foundation are listed in its Articles of Association. They are to apply the income or the whole or part of the capital to any charitable interest, bodies or funds for the purpose of the following for the benefit of the people of El Salvador:

- Conservation, protection and improvement of the physical and natural environment
- Prevention or relief of poverty for the public benefit
- Advancement of education for people under the age of 25 years old
- Sustainable development, by promoting of sustainable means of economic growth
- Relief of sickness and preservation of health
- Relief of financial hardship by making grants or providing services
- Relief of suffering among victims of natural or other kinds of disasters

The Charitable Foundation has the potential to receive income or capital from three main sources:

1. Condor resumes drilling on its concessions in El Salvador, completes a bankable feasibility study and the concessions are sold. The Charitable Foundation would receive 10% of the sales proceeds.

2. Condor builds a producing mine in El Salvador. The Charitable Foundation has a 10% economic interest in the mine and would participate equally with other shareholders in future profits and dividend distribution.
3. Cash donations, similar to the US\$10,000 donated by Condor.

The Charitable Foundation has three trustees. The Articles of Association provides for only one trustee to be an employee of Condor, whereas two trustees are to be independent of Condor. This is to avoid any potential conflict of interest and prevent the allocation of the Charitable Funds to causes or entities that would directly benefit Condor's business activities.

The reason that Condor has set up a Charitable Foundation is to demonstrate to the Government of El Salvador that Condor takes its corporate and social responsibilities very seriously. Condor has looked at a number of ways to work with the Government of El Salvador to assist with the removal of the moratorium on all mining and exploration and develop a sustainable business model for all parties.

### **El Salvador Update**

Investors are referred to Condor's previous update on the 16<sup>th</sup> September 2010. According to the Department for Regulating Energy and Mines (the "Department of Mines"), the Tau Group report on the Strategic Environmental Evaluation of the Metallic Mining Sector of El Salvador ("EAE") is due for release in the coming months. The content of the EAE should not come as a surprise as the purpose of the EAE is to inform the Government how to conduct exploration and mining in a safe, secure and environmental friendly manner, utilising modern mining methods. A supervisory committee comprising of independent expert consultants, including Professor Bebbington, who works at Manchester University, will assist the Department of Mines in the interpretation of the Tau Group report.

A tender for a Mining Policy Review is scheduled to be released in the near future. The purpose of the Mining Policy Review is to review the current Mining Law enacted in 1996 and amended in 2001 with a view to determining whether exploration and mining should be permitted in El Salvador and on what basis. The Ministry of the Economy (MINEC) would draft any amendments to the current Mining Law based on the EAE and Mining Policy Review, which in turn would have to be adopted by Congress and approved by President Funes.

Pacific Rim Mining Corp [www.pacific-mining.com](http://www.pacific-mining.com) ("Pac Rim" TSX:PMU) continues with a circa US\$70m claim for damages against the Government of El Salvador ("GOES"). Pac Rim has brought claims against the GOES under the Dominican Republic-United States-Central America Free Trade Agreement ("CAFTA"). Commerce Group Corp [www.commercegroupcorp.com](http://www.commercegroupcorp.com) (CCQO:QB) recently had a circa US\$100m claim against the GOES rejected under CAFTA. Condor has refrained from commencing costly litigation against GOES, preferring a more collaborative approach. However, Condor will re-examine a claim against GOES under bi-lateral trade and investment laws between the UK and El Salvador and/or trade and investment laws between the European Union and El Salvador should Pac Rim's litigation for damages prove successful and/or the GOES bans mining.

Congressional elections are scheduled for March 2012. A number of pro-mining congressmen have approached Condor and it is clear from these discussions that many businessmen, who have become congressmen, understand the economic merits of adopting a pro-mining policy. The benefits of such a policy can be seen in Mexico, Nicaragua, Chile and several other countries in Central and South America. Condor believes that the upcoming congressional elections are likely to exert some pressure on the incumbent government to adopt a pro-mining policy.

Mark Child, Chairman of Condor Resources, commented:

“The impression one gets from meeting officials at the Department of Mines in San Salvador is that the Government has embarked on a well thought out process to review its mining policy. However, the main concerns stem from the potential damage mining may have on the environment, hence the independent Strategic Environmental Study and expert advice that has been engaged. Condor is encouraging MINEC to conduct a study on the economic benefits of mining as well. The Condor Resources El Salvador Charitable Foundation aims to help create an awareness where greater economic benefit can be gained from mining while at the same time helping to preserve the environment and investing in the future needs of the people of El Salvador.”

### ***Competent Person's Declaration***

The information in this announcement that relates to Exploration Results and database is based on information compiled by and reviewed by Dr Luc English, the Country Exploration Manager, who is a Chartered Geologist and Fellow of the Geological Society of London, and a geologist with sixteen years of experience in the exploration and definition of precious and base metal Mineral Resources. Luc English is a full-time employee of Condor Resources plc and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration, and to the type of activity which he is undertaking to qualify as a Competent Person as defined in the June 2009 Edition of the AIM Note for Mining and Oil & Gas Companies. Luc English consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

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For further information please visit [www.condorresourcesplc.com](http://www.condorresourcesplc.com) or contact:

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### **About Condor Resources Plc:**

Condor Resources plc is an AIM listed exploration company focused on developing gold and silver resource projects in Central America. The Company was admitted to AIM on 31<sup>st</sup> May 2006 with the stated strategy to prove up JORC Resources in Nicaragua and El Salvador. Condor has four 100% owned licenses and 80% of La India concession in La India Mining District; three 100% owned licences in three other project areas and 20% in the Cerro Quiroz concession in Nicaragua. In El Salvador, Condor has 100% ownership of four licences in two project areas.

Condor's concession holdings currently contain a JORC compliant inferred resource base of 1,092,000 ounces of gold in Nicaragua and 747,000 ounces of gold and 22 million ounces of silver in El Salvador. The Resource calculations are compiled by independent geologists Ravensgate, Geosure and SRK.

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