Condor Gold PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

TWELVE MONTHS ENDED DECEMBER 31, 2018

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Background

This Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations is prepared as at March 22 2019 and should be read in conjunction with the Consolidated Financial Statements of Condor Gold plc (the "**Company**" or "**Condor**") as at 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and International Accounting Standards.

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

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

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

Technical Information

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

Company Overview and Discussion of Operations

Company Overview

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

The La India Project is comprised of eleven contiguous and adjacent concessions that total 455 square kilometres held by wholly owned subsidiaries of the Company and located in northeastern Nicaragua. A concession in Nicaragua is awarded by the Minsterio De Energia y Minas (Ministry of Energy and Mines – "**MEM**"). A concession is valid for 25 years and confers upon the holder exclusive rights of exploitation and exploration.

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

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

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

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

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

As at December 31, 2018, a total of 59,697 metres had been drilled by the Company at the La India Project. A total of approximately 78,500 metres of drilling has been completed on La India Project by Condor and previous explorers.

<u>Discussion of Operations</u>

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

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

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

On August 6, 2018 the Company announced that the Ministry of the Environment and Natural Resources ("**MARENA**") had granted the Company the Environmental Permit ("**Environmental Permit**") for the development, construction and operation of a processing plant with capacity to process up to 2,800 tonnes per day at La India without the need to resettle La Cruz de la India village, consisting of approximately 330 households, or 1,000 people.

Meanwhile, as of the date of this document, the Company has been working to fulfill the requirements of an Environmental and Social Action Plan ("**ESAP**") in accordance with the Performance Standards (the "**IFC Performance Standards**") of the International Finance Committee ("**IFC**") for the Company's activities during the exploration phase, as agreed to with IFC in conjunction with its equity investment in the Company. The Company's on-going fulfilment of the ESAP items is establishing the basis for the sustainability of a future mine at the La India Project, whose development is subject to obtaining all required permits and compliance with IFC Performance Standards applicable to that stage. Implementation of the IFC Performance Standards helps Condor manage and improve its environmental and social performance through an outcomes-based approach and also provide a solid base from which the Company may enhance the sustainability of its business operations and provides benefits for its shareholders. The IFC's Environmental and Social Team continues to provide technical support and guidance to the La India Project in order that it is positioned for the next stage of development. As of the date hereof, the IFC holds approximately 4.6% of the issued and outstanding Ordinary Shares.

Exploration during the twelve months ended December 31, 2018 was two-pronged; firstly, regional exploration through mapping and sampling and a limited amount of trenching aimed at identifying 'grassroots' drilling targets, including those at Andrea East and Cacao East. Mapping was also carried out at the Tierra Blanca concession (see below). Secondly, detailed mapping was carried out on the America and Guapinol veins with the specific aim of identifying further drill targets. Thirdly, a systematic relogging of drillcore from the La India, America and Mestiza vein sets was completed together with the Cacao vein ("relog") and the principal structures modelled in order to improve the understanding of geological stratigraphy and structures.

Drilling at Andrea in 2017 demonstrated improving gold grades towards the Southeast. Mapping, trenching and sampling therefore focused on Andrea East, about 1.5 km along strike from the final 2017 drill hole. This demonstrated a relatively wide structure with gold mineralisation. Vein textures are encouraging since they are of the type associated with high grade gold mineralisation. Drill platforms have been planned.

The relogging effort has produced a more robust database and a firm foundation for future mineral resource estimates at La India and America. In particular, the data has enabled a reinterpretation of the La India veinset and provided a good understanding of previous mine voids. Based on the relog, about 5,000 metres of drilling has been planned to test known and postulated high-grade ore shoots which are outside of the current Mineral Resources. Furthermore, sinter, the product of hot springs, has been discovered on the Tierra Blanca concession. Sinters are a good guide to precious metal veins and this is a priority for continued exploration.

Developments in the twelve months ended December 31, 2018

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

The Company announced the retirement from the Company's Board of Directors of Mr. Roger Davey and the appointment of Mr. Andrew Cheatle, both on January 18, 2018.

It was announced by the Company on February 26, 2018 that it had formally submitted a 130 page amendment to its Environmental and Social Impact Assessment ("**ESIA**") to MARENA that does not require the resettlement of approximately 330 households, occupied by 1,000 people. The ESIA is part of the Environmental Permit application process.

On March 13, 2018 the Inter-Institutional Committee, comprising 10 technicians from three Ministries: MEM, MARENA and the Ministry of Forestry, plus representatives from local mayor's offices (the "**Inter-Institutional Committee**") conducted a final site visit inspection of the re-designed mine site infrastructure, which avoids resettlement.

On March 23, 2018, the Company announced a private placement (the "**March 2018 Placement**") of 5,197,674 units of the Company at a price of 43 pence per unit, together with a subscription by Directors of the Company for 616,279 units, to raise in aggregate gross proceeds of £2,500,000. The March 2018 Placement price of 43 pence per unit represented a discount of 7.5% to the closing price of the Ordinary Shares on AIM of 46.5 pence per share on March 22, 2018.

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

On the May 2, 2018, the Executive Chairman and senior management of the Company held a meeting with the Inter-Institutional Committee at the offices of MEM to discuss additional information required by the Inter-Institutional Committee following their site visit inspection on March 13, 2018.

On June 11, 2018 Mr. Peter Flindell retired from his position as a Non-Executive Director of the Company.

The Company announced on July 6, 2018 that it had formally submitted 450 pages of additional technical documents ("**additional documents**") to MARENA, further to a site inspection in March 2018, carried out in response to submission of an amended ESIA, which is part of an application for the Environmental Permit.

Further to the above and as announced by the Company on July 16, 2018, MARENA completed a positive technical review of the additional documents and provided written notification to the Company, detailing the procedural requirements and the date of a public consultation or public hearing (the "Public Consultation"), which took place on July 13, 2018. The Public Consultation was attended by nearly 500 people in the village of La Cruz de La India and the proceedings thereof were assessed by the Inter-Institutional Committee. During a 3 week period leading up to the Public Consultation the Company received 700 job applications from people living in the local communities who want to work in a future mine at Mina La India.

On August 6, 2018 it was announced by the Company that it had received the Environmental Permit from MARENA for the development, construction and operation of a processing plant with a capacity of up to 2,800 tonnes per day and associated mine site infrastructure at La India.

On November 14, 2018 the Company announced that SRK Consulting (U.K.) Ltd has been engaged to update the mineral resource for approximately 12,000m drilling since the previous mineral resource update in December 2014.

The Company announced on December 7, 2018 that it had been granted the 142.6 km² Las Cruces concession, which is contiguous and south east of the La India project and is expected to host a strike extension of the gold mineralised vein system.

Secondary trading on the OTCQX market in the United States was terminated on December 31, 2018 at the Company's election.

Events subsequent to December 31, 2018

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

On February 1, 2019, the Company announced a private placement (the "**February 2019 Placement**") of 7,291,667 Units at a price of 24p per Unit (the "**February 2019 Placing Price**"), including a Directors & CFO subscription of 3,221,667 Units, to raise in aggregate gross proceeds of £1.75 million. The February 2019 Placement Price of 24 pence per unit represented a discount of 6.7% to the closing price of the Ordinary Shares on AIM of 46.5 pence per share on January 31, 2019.

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

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

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

Status, Plans and Expenditures at the La India Project

As at the date hereof, from a NI 43-101 reporting perspective the La India Project is at the PFS stage. However, as part of the permitting process, the Company has conducted several additional engineering, environmental and social studies to a standard required by MARENA in an Environmental Impact Assessment ("EIA"), which is a key component of the application process for and Environmental Permit, which has been granted to the Company by MARENA. The Environmental Permit is considered to be the "master permit" in Nicaragua, and once granted, all permits for construction, electricity, water use, explosives etc. are expected to follow.

During 2018, the Company continued exploration activities aimed at identifying gold mineralisation outside of the current Mineral Resource / Mineral Reserve areas through geological mapping and trenching over selected targets over the entire La India Project and in addition, continued to conduct relogging of drill core to improve the understanding of lithological and geological aspects of gold mineralisation at the La India Project. The Company incurred costs for carrying out the above for the period October 2017 to end-December 2018 amounted to £ 3.1 million, as set out below:

	Per non-offering prospectus of December 21, 2017	Actual Oct 17 > Sep 18	Variance
	Pounds Sterling '000's	Pounds Sterling '000's	Pounds Sterling '000's
Securing approval of the EP	105	370	(265)
Exploration aimed at identifying gold mineralisation outside of the current Mineral Resource / Mineral Reserve areas	643	949	(305)
Payment of land surface taxes	144	216	(72)
In-country operating costs	83	165	(82)
Costs of administering the Company	606	1,395	(789)
Total	**1,581**	**3,095**	**(1,513)**

The overspend of actual to budget is driven by the decision of the Company not to scale back the management structure, as had been envisaged at the time of publication of the non-offering prospectus of the Company on December 21, 2017. This decision has been taken due to the closing of the March 2018 placement, coupled with success in securing the Environmental Permit – see "*Discussion of Operations - Developments in the twelve months ended December 31, 2018*".

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

The above amounts exclude the cost of purchasing land under the Option Agreements or from any of the surface rights holders that have not entered into Option Agreements with the Company. Now that it has secured the Environmental Permit, and subject to availability of funding, the Company intends to purchase the surface rights under the Option Agreements or from any other landowners under its land acquisition programme. See "*Company Overview and Discussion of Operations – Discussion of Operations*" for additional information. Following the grant of the Environmental Permit the Company will prioritise the completion of additional technical studies required by MARENA prior to the commencement of construction of the processing plant and associated mine site infrastructure

As recommended in Section 26 of the Technical Report, the Company also plans to resume additional exploration drill programmes with three principal objectives:

- A mineral resource in-fill drilling programme of approximately 20,000 meters to be conducted with the aim of taking the existing mineral reserves from the PFS level of confidence to the bankable level of Feasibility Study. The total cost for the drill programme would amount to approximately U.S.$4 million, including incremental Company operating costs that would arise during these programmes.

- A mineral resource expansion drilling programme of approximately 20,000 metres and focusing on the Mestiza and La India vein sets. The target of this drilling is to expand the mineral resource on these two vein sets. The cost of this programme, including incremental Company operating costs would amount to approximately U.S.$4 million.

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

Following the grant of the Environmental Permit, announced in August 2018, the Company's additional objective is to concurrently progress the redesigned mine site infrastructure for La India Open Pit to a bankable level of Feasibility Study ("**FS**") level and provide MARENA with additional studies required prior to construction of a processing plant and associated mine site infrastructure e.g.the final design and operations manual for the Tailings Storage Facility.

The cost of the FS and technical studies required by MARENA is estimated to be in the order of U.S.$7 million, plus circa U.S.$2 million for land purchase, and for which the Company will also need to seek external funding. Also concurrent to the FS, the Company intends to carry out additional environmental and social studies to bring the current ESIA in line with international good practice, aligned with the IFC Performance Standards.

The Company does not hold sufficient financial resources to carry out the FS, the technical studies required by MARENA or the planned drilling outlined above and will need to seek external funding in order to do so. Sources of such funding are likely to include issuance of additional share capital in the Company. See "*Risks and Uncertainties*".

Contingent on receipt of additional funds, the Company expects to commence the in-fill drilling and mineral resources expansion programmes within six months of the grant of the Environmental Permit. It is the Company's intention to complete the FS and the drilling programmes outline above within 12 months of their respective dates of commencement. See "*Statement Regarding Forward-Looking Information*".

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

Expenditure by the Company up to end-December 2018 on the La India Project amounted to £37.5 million on a cumulative basis.

Achievement of plans and milestones in 2018

The principal plans of the Company in the twelve months ended December 31, 2018 have been to:

- Secure the grant of the Environmental Permit application.
- The development of a stratigraphic and lithological model on the La India and America veins, with rock chip sampling; and
- Following on from soil surveys and a study of the structural geology within the La India Project, to continue exploration activities for gold mineralisation outside of the existing Mineral Resource/Mineral Reserve areas.

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

- The Company has significantly boosted the social team and its investment in / expenditure on social projects in the local community. A drinking water programme supplies 360 households with clean water. Social programmes extend across: healthcare, education, youth activities, elderly groups and artisanal miners.
- The Company has been evaluating the results of various rock chip samples both within and outside of the existing Mineral Resource/Mineral Reserve areas.
- As per the announcement by the Company on August 6, the Environmental Permit application was approved by MARENA and the Enviromental Permit was awarded to the Company.
- MEM granted Condor the Las Cruces concession in December 2019, which expands La India Project area by 45% to 455 sq km. Las Cruces is expected to host the south east strike extension of the gold mineralised vein system.

For further discussion of the above, see *Company Overview and Discussion of Operations – Developments in the twelve months ended December 31, 2018*".

Risks and Uncertainties

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

The Company is closely monitoring the social unrest in Nicaragua. Between April to July 2018 approximately 300 people were killed including 20 policemen.The Government has subsequently re-asserted control, blockades have been cleared and there have been very few deaths. Condor promotes peaceful dialogue between all parties.

Analysis of Financial and Operating Performance

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

The Company reports in U.K. pounds sterling. The functional currency of the La India Project is Nicaraguan Cordobas, which is pegged to the USD with a 5% annual depreciation to the USD. The presentational currency of the Company is U.K. pounds sterling. The financial statements of the Company for the twelve months ended December 31, 2018 are prepared in accordance with IFRS as issued by the IASB.

	Year ended December 31, 2018 £	Year ended December 31, 2017 £
Total comprehensive loss for the year	(2,155,323)	(3,080,918)
Cash and cash equivalents	220,975	946,261
Exploration assets	20,644,243	18,927,968
Net assets	21,044,043	20,021,492

The total comprehensive income/(loss) for the Company of £(2,155,323) for the twelve months ended December 31, 2018 (twelve months ended December 31, 2017: £(3,080,918)) was after the following principal items:

- General and Administrative ("G&A") costs of £(2,067,413) for the twelve months ended December 31, 2018 (twelve months ended December 31, 2017: £(3,023,953)). Within G&A costs there is a non-cash unwinding charge for share options granted and in the twelve months ended December 31, 2018, a once-off loss on disposal of subsidiary. See "Results from Operations".

- Currency translation differences for the twelve months ended December 31, 2018 of £144,006 (twelve months ended December 31, 2017: £(57,303)), driven by movements in the United States dollar, the Nicaraguan Cordoba relative to the U.K. pound sterling, resulting in unrealised currency translation differences.

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

The cash levels of the Company as at December 31, 2018 and December 31, 2017 vary due to the timing and quantum of financing by the Company as well as the level of expenditures by the Company on exploration and administrative activities.

The movement in exploration assets between December 31, 2018 and December 31, 2017 is a function of exploration expenditure during the year, together with foreign exchange movements and any asset impairments or revaluations during the period. See *"Analysis of Intangible Assets".*

Comparison of Financial Condition

The financial condition of the Company is primarily measured by the reserves of cash and cash equivalents, and the level of net assets. As of December 31, 2018, the Company held cash and cash equivalents of £220,975 (December 31, 2017: £946,261). As of December 31, 2018, the Company had net assets of £21,044,043 (December 31, 2017: £20,021,492). The March 2018 Placement (see *"Developments in the twelve months ended December 31, 2018"),* offset by subsequent cash expenditures through to December 31, 2018 (see *"Summary of Cash Flows")* are the primary drivers behind the variances in these two measures between December 31, 2017 and December 31, 2018. Net assets are also impacted by the operating performance of the Company (see "*Results from Operations*").

Summary of Cash Flows

	Year ended December 31, 2018 (£)	Year ended December 31, 2017 (£)
Net cash used in operating activities	(1,545,194)	(1,931,402)
Net cash used in investing activities	(1,579,143)	(2,947,883)
Net cash generated from financing activities	2,399,051	5,241,936
Net increase/(decrease) in cash and cash equivalents	725,286	362,651

The net cash flows used in operating activities for the twelve months ended December 31, 2018 and December 31, 2017 are driven by activities in the management of the La India Project. The change between December 31, 2018 and December 31, 2017 is primarily attributed to spend on corporate and administrative costs (see "*Results from Operations*"), together with variations arising from fluctuations in trade and other receivables and payables.

Cash used in investing activities decreased to £(1,579,143) in the twelve months ended December 31, 2018 as compared to £(2,947,883) in the twelve months ended December 31, 2017. The higher spend in 2017 as compared to 2018 was principally driven by the implementation in 2017 of a new drilling programme at the La India Project. In the twelve months ended December 31, 2018 there was no drilling carried out at La India.

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

Analysis of Selected Financial Information

	31 December 2018 (£)	31 December 2017 (£)	31 December 2016 (£)
Revenue	Nil	Nil	Nil
Gross Profit	Nil	Nil	Nil
Loss attributable to owners of the parent	(2,299,329)	(3,023,615)	(7,681,718)
Total comprehensive loss attributable to owners of the parent	(2,155,323)	(3,074,566)	(8,589,793)
Dividends / Distributions	Nil	Nil	Nil
Total Assets	21,295,359	20,466,522	17,287,445
Total non-current liabilities	Nil	Nil	Nil
Weighted average number of shares	65,873,187	59,994,972	52,910,649
Loss attributable to owners of the parent basic and diluted (pence per share)	(3.49)	(5.04)	(14.52)
Total comprehensive loss attributable to owners of the parent basic and diluted (pence per share)	(3.27)	(5.12)	(16.24)

For analysis of loss attributable to owners of the parent for the year ended December 31, 2018 of £(2,299,329) and for the year ended December 31, 2017 of £(3,023,615), see "*Results from operations*." The loss attributable to owners of the parent for the year ended December 31, 2016 of £(7,681,718) was driven primarily by administrative expenses of £(3,618,877) and included an impairment of assets in El Salvador of £(4,065,086).

Total comprehensive loss attributable to owners of the parent also include currency translation differences of £144,006 for the twelve months ended December 31, 2018, £(57,303) for the twelve months ended December 31, 2017 and £(918,254) for the twelve months ended December 31, 2016. These arose from the relative movements in U.K. pounds sterling in relation to the United States dollar, the Nicaraguan Cordoba and (in 2016) the Salvadorian Colon and which impacted the values recorded in U.K pounds sterling of the Company's foreign assets and liabilities.

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

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

Fourth Quarter

For the three-month period ended December 31, 2018, the Company had total comprehensive income attributable to owners of the parent of £(640,969) and a net loss per share of (0.95) pence, compared to £67,251 and a net profit per share of 0.11 pence in the three-month period ended December 31, 2017, a decrease in 2018 of £708,220.

Significant factors in line items that caused the decrease in net income for the three-month period ended December 31, 2018 as compared to the three-month period ended December 31, 2017 were as follows:

- Currency translation differences in the fourth quarter of 2018 of £(38,035) versus £(792,492) in the fourth quarter of 2017. These arose from the relative movements in U.K. pounds sterling in relation to the United States dollar, the Nicaraguan Cordoba and which impacted the values recorded in U.K pounds sterling of the Company's foreign assets and liabilities.

- Adjustment of in the fourth quarter of 2017 of the share-based payments charge. The cumulative non-cash charge for the first three quarters of 2017 totalled £(1,849,859). After a change to the inputs applied in the Black - Scholes options / warrants pricing model as compared to the first and second quarters of the year, whereby the volatility of the options and warrants was revised to be calculated over the vesting period of the instruments, rather than over a longer period, the cumulative non-cash share based payments charge amounted to £(740,362). The corresponding credit to the profit and loss of £1,109,497 was recorded in the fourth quarter of the 2017. There was no such adjustment in the fourth quarter of 2018.The matching of the volatility period to the vesting period of the relevant financial instrument provides a more accurate measure of the financial impact of share based payments.

The net increase / (decrease) in cash and cash equivalents of £ (657,297) for the fourth quarter of 2018 was driven by operating and investing activities at the Company. The equivalent measure for the fourth quarter of 2017 of £(1,074,232) was also driven by these factors

Quarterly Financial Information

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

Quarter Ended	December 31, 2018 (£)	September 30, 2018 (£)	June 30, 2018 (£)	March 31, 2018 (£)	December 31, 2017 (£)	September 30, 2017 (£)	June 30, 2017 (£)	March 31, 2017 (£)
Revenue	—	—	—	—	—	—	—	—
Profit/(loss) from continuing operations[(1)]	(687,449)	(324,349)	(684,853)	(602,678)	860,336	(538,473)	(2,392,219)	(953,260)
Total comprehensive income/(loss) attributable to owners of the parent	(640,969)	(334,179)	218,113	(1,398,288)	67,251	(1,327,310)	(350,282)	(1,464,225)
Profit/(loss) from continuing operations pence per share	(1.02)	(0.48)	(1.02)	(0.97)	1.40	(0.88)	(3.90)	(1.86)
Total comprehensive earnings/(loss) per share	(0.95)	(0.50)	0.32	(2.24)	0.11	(2.16)	(0.57)	(2.86)

Notes

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

Profit/(loss) from continuing operations in each of the periods disclosed is driven on an on-going basis by G&A costs, which include non-cash charges arising in connection with share options and in 2017, warrants .

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

For information regarding progress of the Company in achieving previously announced milestones, see “*Discussion of Operations”* and *“Achievement of plans and milestones in 2018*”*).*

Results from Operations

	12 months ended December 31, 2018 £	12 months ended December 31, 2017 £
Cash expenditure on Exploration activities	(1,566,015)	(2,819,554)
Net Movement in Intangible Assets		
Expenditure (cash + non-cash)	1,566,015	3,423,883
Disposals	-	-
Foreign exchange movement	150,260	(420,109)
Impairment	-	-
Net Movement	1,716,275	3,003,774

	12 months ended December 31, 2018 £	12 months ended December 31, 2017 £
Analysis of Operating Loss:		
General and Administration Costs (including Share-based Payments)		
Wages and salaries	(269,793)	(186,467)
Unwinding / (Charge) for share options granted (non-cash)	(544,613)	(184,218)
Unwinding / (Charge) for warrants granted (non-cash)	-	(550,815)
Travel / expenses	(110,356)	(156,040)
Exploration costs expensed	(75,192)	(668,962)
Professional fees	(582,387)	(822,519)
Legal fees	(53,595)	(94,027)
Overheads/Other	(431,477)	(360,905)
General and Administration Costs	(2,067,413)	(3,023,953)
Loss on disposal of subsidiary (non-cash)	(234,210)	-
Operating Loss	(2,301,623)	(3,023,953)
Fixed asset impairment (non-cash)	-	-
Finance income	2,294	338
Loss for the year	(2,299,329)	(3,023,615)
Non-controlling interest	-	-
Loss attributable to owners of the parent	(2,299,329)	(3,023,615)
Currency translation differences	144,006	(57,303)
Total comprehensive loss	(2,155,323)	(3,080,918)
Non-controlling interest	-	(6,352)
Total comprehensive loss attributable to owners of the parent	(2,155,323)	(3,074,566)

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

	12 months ended December 31, 2018 (£)	12 months ended December 31, 2017 (£)
Payroll	(584,197)	(470,436)
Operating Costs	(255,545)	(48,023)
Permitting	(216,196)	(188,626)
Direct field expenditure (Drilling / Sampling / Studies)	(510,077)	(2,112,469)
Cash expenditure on Exploration activities	(1,566,015)	(2,819,554)

Cash expenditure levels vary according to the timing and nature of these activities undertaken as the Company advances the La India Project. Exploration activities included a drilling programme initiated in March 2017 and concluded in August 2017. No drilling was carried out in 2018. A summary of the activities carried out in the year and how these relate to the development plans of the project are set out in "*Status, Plans and Expenditure at the La India Project* "and "*Achievement of Plans and Milestones in 2018*".

For analysis regarding how these expenditures related to relevant milestones for the La India Project and anticipated timing and costs to advance the La India Project to further stages, see "*Status, Plans and Expenditures at the La India Project"* and "*Achievement of Plans and Milestones in 2018".* For analysis of net movement in intangible assets and explanation of the Company's exploration activities, see *"Analysis of Intangible Assets."*

G&A costs have decreased in the twelve months ended December 31, 2018 as compared to the prior period from £(3,023,953) to £(2,067,413). The main drivers behind these changes are as follows:

- (Unwinding)/Charge for share options granted resulted in a non-cash charge over the twelve months ended December 31, 2018 of £(544,613) (twelve months ended December 31, 2017: £(184,218)) as the estimated fair value of options granted are fully recognised within G&A costs on a pro-rata basis over the vesting period and are calculated using the Black-Scholes pricing model.

- The non-cash charge for warrants granted for the twelve months ended December 31, 2018 of £nil (twelve months ended December 31, 2017: £550,815) was driven by warrants issued in connection with private placement announced in February 2017 (see "*Other Information – Outstanding Share Data*") and calculated in accordance with the Black-Scholes pricing model.

- Wages and salaries have increased in the twelve months ended December 31, 2018 as compared to the prior period, from £(186,467) to £(269,793) in 2018 due to the consolidation of management structure and rewards.

- Exploration costs expensed, which include expenditure on consultant services outside of Nicaragua and which are generally expensed by the Company, have decreased from £(668,962) in the twelve months ended December 31, 2017 to £(75,192) in the twelve months ended December 31, 2018 due to the timing and nature of the Company's exploration activities, coupled with realised foreign exchange movements in relation to funds remitted to and expensed by local operating subsidiaries, which incur costs in United States dollars and/or Nicaraguan Cordobas. Gains or losses between realised exchange rates on remittance and exchange rates on date of transaction can also result in volatility in this measure.

- Professional fees have decreased in the twelve months ended December 31, 2018 as compared to the prior period, from £(822,519) to £(582,387) due to the timing of payments, and) due primarily to additional charges raised in connection with the February 2017 Placement.

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

Additional movements:

The loss on disposal of subsidiary of £(234,210) in the twelve months ended December 31, 2018 (twelve months ended December 31, 2017: £nil) relates to writing down of remaining balance sheet items in relation to the Company's former activities in El Salvador

Currency translation differences of £144,006 for the twelve months ended December 31, 2018 (twelve months ended December 31, 2017: £(57,303) arose from the relative movements in U.K. pounds sterling in relation to the United States dollar, the Nicaraguan Cordoba and which impacted the values recorded in U.K pounds sterling of the Company's foreign assets and liabilities.

Analysis of Intangible Assets

	Exploration Costs (£)	Mineral Resources (£)	Total (£)
Net Book Value			
At 1 January 2017	15,358,839	565,355	15,924,194
Additions	3,239,665	184,218	3,423,883
Disposals	-	-	-
Impairments	-	-	-
Exchange rate movements	(420,109)	-	(420,109)
At December 31, 2017	18,178,395	749,573	18,927,968
Additions	1,566,015	-	1,566,015
Disposals	-	-	-
Impairments	-	-	
Exchange rate movements	150,260	-	150,260
Net book value at December 31, 2018	19,894,670	749,573	20,644,243

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

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

Other Information

Outstanding Share Data

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

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

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

The February 2017 Placement closed on February 28, 2017, and each unit issued consisted of one Ordinary Share and one-half of one Ordinary Share purchase warrant (a "**2017 Warrant**"). Each such 2017 Warrant entitles the holder thereof to purchase one Ordinary Share at a price of 93 pence until February 20, 2019. Following the February 2017 Placement, the Company had 61,365,382 Ordinary Shares of 20 pence each in issue.

Stock Options and Warrants in the Company

The total Options outstanding as at the date hereof amount to 8,139,500 with an average exercise price of 68 pence, and which will be fully vested by September 23, 2020. There is no other share-based compensation paid by the Company.

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

On March 23, 2018, 2,906,975 2018 Warrants were issued as part of share subscriptions (February 20, 2017, 4,227,364 2017 Warrants). On February 1 and February 25, 2019 2,283,331 and 1,562,500 warrants were respectively issued in conjunction with the February 2019 Placement (see "*Events subsequent to December 31, 2019*").

The warrants all previously issued had a maximum life of two and a half years from the date they were issued, other than Warrants issued in 2014, which have a four-year life, and the warrants issued in 2016, 2017 and 2018, which have a two-year life. As the date hereof, there were 6,752,806 Warrants outstanding. Should all Warrants be exercised in full, the Company would receive £3,081,742.

A summary of outstanding warrants is set out below:

Date of issue	Date of expiry	Number	Exercise price £	Total amount raised if all exercised £

March 28, 2018	March 27, 2020	2,906,975	0.65	£ 1,889,534
February 1, 2019	January 31, 2021	2,283,331	0.31	£ 707,833
February 25, 2019	February 24, 2021	1,562,500	0.31	£484,375
TOTAL		**6,752,806**	**0.46 (avg)**	**£ 3,081,742**

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Liquidity, Capital Resources and Financial Instruments

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

As at December 31, 2018, the Company had £220,975 in cash at bank and on deposit. As at December 31, 2017, cash at bank and on deposit amounted to £946,261. The Company does not enter into lease arrangements or debt facilities to cover working capital requirements – see "*Contractual Obligations*."

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

In management's view the Company will be able to raise sufficient financial resources to fund currently planned exploration programmes and ongoing operating expenditures over at least the next 12 months. Total expenditures for the 12 months through to end-2019 are expected to total approximately £1.8 million and include settlement of the contractual obligations of the Company. The plans for the Company in the calendar year 2019 are to maintain its social and community programmes and continue with exploration activities including geological mapping and trenching. (see "*Status, Plans and Expenditures at the La India Project*").

Now that it has secured the Enivronmental Permit, the Company's priority is to complete the additional technical studies required by MARENA as well as a Feasibility Study prior to the commencement of construction of the processing plant of up to 2,800tpd and associated mine site infrastructure. The Company plans to resume resource in-fill and resource expansion drilling activities at the La India Project, the total cost for which is anticipated to amount to U.S.$8 million (comprising U.S.$4 million for the resource in-fill drilling programme and U.S.$4 million for the resource expansion programme) and subsequently to carry out a Feasibility Study, the cost of which is currently estimated to be in the order of U.S.$6 million. Land purchases would also be required and are estimated to cost circa U.S.$ 2 million - see "*Status, Plans and Expenditures at the La India Project*". The Company does not currently have the financial resources for the planned drilling and Feasibility Study and will be seeking additional external funding in order to carry out these activities. Sources of such funding are likely to include issuance of additional share capital in the Company.

Subsequent to the completion of a Feasibility Study and subject to the results thereof, the Company will need to seek additional sources of funding in order to initiate construction of a mine at the La India Project.

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

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

As of the date of this document, the Company holds sufficient working capital to meet its contractual obligations and carry out its planned activities at least through to end-2019 as outlined above. It will continue to be dependent on raising equity capital as required until and unless it reaches the production stage and generates cash flow from operations. To date the Company has been successful in raising funding from investors and believes that it will continue to be able to attract financial capital as it progressively de-risks and advances the La India Project towards the Feasibility Study, construction and production stages.

Contractual Obligations

£	*Payments Due by Period*				
	Total (£)	*Less than 1 year (£)*	*1 – 3 years (£)*	*4-5 years (£)*	*Greater than 5 years (£)*
Operating leases on offices	18,917	16,304	2,613	-	-
Material creditors	89,538	89,538	-	-	-

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

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

The Company holds options pursuant to Option Agreements to purchase surface rights covering approximately 7% of 800 hectares required for the La India Project area, representing approximately 20% of landowners.

Transactions with Related Parties

The balances recorded as at December 31, 2018 and the comparative period in 2017 are as follows and cancel out upon consolidation:

	31.12.18	31.12.17
Condor S.A.	£	£
Brought forward loan balance	6,434,360	4,739,753
Additional loans during the period	388,756	1,375,607
Management charges	224,000	319,000
Closing balance	7,047,116	6,434,360

	31.12.18	31.12.17
La India Gold S.A.	£	£
Brought forward loan balance	15,733,360	13,855,009
Additional loans during the period	1,191,974	1,559,351
Management charges	219,000	319,000
Closing balance	17,144,334	15,733,360

	31.12.18	31.12.17
La India Inversiones S.A.	£	£
Brought forward loan balance	162,177	-
Additional loans during the period	40,682	162,177
Closing balance	202,859	162,177

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

During the twelve months ended December 31, 2018 the Company received consultancy advice from the following related parties:

Company	Related party	31.12.18 £	31.12.17 £	Outstanding at year end £
Burnbrae Limited	J Mellon	25,000	25,128	-
Axial Associates Limited	M L Child	66,000	58,333	-
N/A	P Flindell	12,500	56,718	-
AMC Geological Advisory Group	A Cheatle	28,333	-	2,083

Jim Mellon and Andrew Cheatle are Non-Executive Directors of the Company. Peter Flindell retired as a Non-Executive Director on June 11, 2018. Mr. Flindell received additional remuneration of £ Nil (2017: £31,718) in his capacity as a non-executive director for providing services to the Company and Mr. Cheatle received additional remuneration of £ 4,375 (2017: £Nil) for providing services to the Company. Mark Child is Chairman and Chief Executive Officer. All key management receives their remuneration from the subsidiary they work for. The remuneration of key management in the subsidiaries is capitalised within exploration costs.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in detail in Note 1 of the Company's December 31, 2018 annual consolidated financial statements. The Company considers the following judgments and estimates to be most critical in understanding its financial results:

Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities at the date of the financial statements and the reported amounts of expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. While actual results could differ materially from these estimates, no specific sources of estimation uncertainty have been identified by management that are believed to have a significant risk of resulting in a material adjustment within the next financial year to the carrying amount of the Company's assets and liabilities as recorded as December 31, 2018.

Significant items subject to such estimates include:

Valuation of Intangible Assets

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

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

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

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

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

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

Foreign currencies

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

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

Changes in accounting policies

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

Management's Report on Internal Controls and Procedures

Disclosure controls and procedures

Disclosure controls and procedures ("**DCP**") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under supervision of the Chief Executive Officer, is responsible for the design and operation of disclosure controls and procedures and has evaluated the effectiveness of the Company's DCP and has concluded that they were effective as at December 31, 2018.

Internal control over financial reporting

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

As at December 31, 2018, an evaluation was carried out, under the supervision of the Chief Executive Officer, of the design and operating effectiveness of Condor's internal controls over financial reporting. Based on this evaluation, the Chief Executive Officer concluded that the internal controls over financial reporting were effective as at December 31, 2018, using the criteria, having taken account of the size and nature of Condor, put forward by the Financial Reporting Council in their revised guidance for Directors on internal controls for UK listed companies (issued 2005).

Changes in internal controls over financial reporting

There have been no changes in the Company's ICFR during the three and nine months ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, its ICFR.

Approval

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

Additional Information

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

Statement Regarding Forward-Looking Information

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

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

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

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

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

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

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

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

CIM Definition Standards

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

The following definitions are reproduced from the CIM Definition Standards:

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

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

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

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

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

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

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

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

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

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