Company number: 05587987

CONDOR GOLD PLC
Report and Accounts
Year ended 31 December 2021

CONDOR GOLD PLC

CONTENTS OF THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

CONDOR GOLD PLC

HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2021

- On 19 January the Company announced the mobilization of a second drill rig for a 4,000m infill drilling program at the fully permitted La India "high grade" starter pits.

- On 25 January the Company completed the ground investigation drilling and test pits in preparation for mine construction at the La India project (the "La India Project").

- On 16 February, the Company announced the placing of 9,523,810 new ordinary shares at a price of 42p per placing share, including a directors and CFO subscription for 4,871,414 new ordinary shares, for aggregate gross proceeds of £4,000,000 before expenses.

- On 15 March, the Company announced the purchase of a brand new Semiautogenous Grinding Mill ("SAG Mill") package from First Majestic Silver Corp. The purchase consideration is approximately US$6.5 million, including US$3.0 million payable in shares of the Company. The SAG Mill package represents a key item of the plant required to bring the Company's La India Project into production.

- On 1 June, the Company announced the grant of 4,200,000 options to Directors, employees and consultants. The 2021 Options have an exercise price of 48 pence per share, equal to the closing price on AIM on 28 May 2021 and are exercisable for a period of 5 years from the Grant Date, with the restriction that no options can be exercised within 12 months of the Grant Date, only up to 50% of the said options can be exercised in the following 12 months and thereafter, 100% of the said options can be exercisable, provided that the grantee remains with the Company.

- On 9 June the Company announced the appointment of H&P Advisory Limited (Hannam & Partners) as joint broker to the Company, alongside SP Angel Corporate Finance LLP.

- On 23 June, the Company announced it has selected Hanlon Engineering & Associates ("Hanlon") of Tucson, Arizona, a wholly owned subsidiary company of GR Engineering Services Limited as the Lead Engineer to develop a Feasibility Study level of design for a new processing plant around Condor's recently acquired new SAG Mill at the La India Project, Nicaragua. Hanlon will be responsible for the engineering designs, the capital cost and operating costs of the processing plant.

- On 9 September, the Company announced the key findings of a PEA Technical Report on its 100% owned La India Project. The open-pit plus underground scenario reports a post-tax NPV of $418 million, an IRR of 54% with average annual production of 150,000 ounces of gold for nine years with a 12-month payback.

- On 19 October the Company provided an update on the Feasibility Study on the La India Project.

- On 29 October, the Company announced a placing of 11,714,286 Units (each Unit comprising of one Ordinary Share and one half of one Ordinary Share purchase warrant) at a price of 35p per Unit, including a directors & CFO subscription of 2,972,144 Units, for aggregate gross proceeds of £4.1 million before expenses.

- On November 30, the Company announced the completion of the geotechnical drilling for its Feasibility Study for the La India Project.

Post Period Highlights

- On 10 March, 2022 the Company announced that all assay results had been received for 8.004m infill drilling at the La Mestiza open pit at the La India Project. The results of the infill drilling programme were consistent with previous drilling grades and widths, demonstrating good continuity in gold mineralization between adjacent drill holes in the high-grade zones and therefore adding confidence to the geological model. The drilling was designed to upgrade the existing open pit gold mineral resource to the indicated category for the potential inclusion in a future Feasibility Study of the Company's fully permitted La India Project.

CONDOR GOLD PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

Dear Shareholder,

I am pleased to present Condor Gold Plc's ("Condor", the "Company" or the "Group", www.condorgold.com or if you are viewing from Canada ca.condorgold.com) annual report for the 12-month financial year to 31 December 2021. It has been a transformational year for the Company with the completion of all technical studies at La India Project required for a Feasibility Level Study ("FS Study") on the La India open pit utilising the new SAG Mill package acquired by Condor in March 2021. The La India Project has been materially de-risked and is nearing a construction ready status. An FS Study increases the confidence of the Project, incorporating a Feasibility Level engineering design, and +/- 15% capital and operating costs. This in turn will facilitate Project financing ahead of Project construction. Condor staff and our contractors at Hanlon Engineering, Tierra Group International, SGS Lakefield Laboratories and SRK Consulting (UK and USA) have been diligently pursuing the supporting work for the study for over a year and have made substantial headway in completion of that work, such that all technical studies are complete save the final analysis, despite the challenges of logistics, market conditions, and of course, the impact of the coronavirus pandemic on the ability to travel.

The Company has fully permitted 3 open pits for extraction and has the master permit to construct and operate a mine. The Company's twin strategy remains the construction and operation of a base case processing plant with capacity of up to 2,800 tonnes per day ("tpd") capable of producing approximately 100,000 oz gold per annum, significantly increasing this production capacity, and proving a major Gold District at the 588km² La India Project, in Nicaragua.

During 2021 the Company informed the Ministry of the Environment and Natural Resources ("MARENA") that it had commenced construction and fulfilled the conditions of an Environmental Permit (the "EP") granted for the development, construction, and operation of an open pit mine, a 2,800 tpd or 1.0 Mt per annum CIP processing plant and associated infrastructure at the La India Project, Nicaragua.

Condor has 8,583Kt at 3.3g/t gold for 903,000 oz gold in the Indicated Mineral Resource category and 1,901Kt at 3.6g/t gold for 220,000 oz gold in the Inferred Mineral Resource category permitted for extraction from 3 open pits: La India, America and Mestiza. Production from permitted open pit material is estimated at 100,000 oz gold p.a. for 7 to 8 years.

The La India Project has a Mineral Resource totalling 9.85 Mt at 3.6 g/t gold for 1,140,000 oz gold in the Indicated category and 8.48 Mt at 4.3 g/t gold for 1,179,000 oz gold in the Inferred category. It was last updated in January 2019, 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 total open pit Mineral Resource is 8.58 Mt at a grade of 3.3 g/t gold, for 902,000 oz gold in the Indicated category and 3.01 Mt at a grade of 3.0 g/t gold, for 290,000 oz gold in the Inferred category. Total underground Mineral Resources are 1.27 Mt at a grade of 5.8 g/t gold, for 238,000 oz gold in the Indicated category and 5.47 Mt at a grade of 5.1 g/t gold, for 889,000 oz gold in the Inferred category. The intention is to permit the underground Mineral Resource after open pit mining begins.

During 2021 the Company has been focused on de-risking La India Project by advancing and completing several technical and engineering studies for the FS Study, some of which are a condition of the EP. The following progress has been made:

- A new geological model to FS level has been completed. It includes a lithological, weathering and structural model. The updated model incorporates approximately 3,500 m of infill drilling completed in 2021.
- The Tailings Storage Facility ("TSF") and 2 water retention ponds have been fully designed and engineered with drawings one step short of "issued for construction", which is beyond an FS level detail of design. Tierra Group Inc, of Denver, Colorado has completed site visits and is conducting the engineering studies. 23 geotechnical drill holes and 55 geotechnical test pits have been completed.
- The stormwater attenuation structure at La Simona has been designed to FS level.
- The design of the site wide water balance ("SWWB"), including a surface water management plan was awarded during 2020 to SRK Consulting (UK) Limited ("SRK"). SRK's work includes the area of the permitted La India, America and Mestiza open pits. The ultimate objective of the exercise is to produce engineering plans for the installation of the physical components of a water management system, including the piping, pumping and structural requirements that will satisfy Nicaraguan authorities and at the same time meet the design standards for a feasibility study. The SWWB includes consideration of the pit dewatering contributions i.e. hydrogeology. SRK's remit includes an emphasis on training and capacity building for the local Condor team to ensure full ownership and facilitate implementation and sustainability of the SWWB. A hydrologist from SRK completed a 4 week site visit in early 2021. The SWWB to FS Study level has now been completed.
- Hydrogeology / pit water management - Condor successfully intercepted the deepest level of the 1950s-era underground mine workings, providing confidence that the said workings are a suitable collection point to draw down ground water levels and support depressurization of the pit slopes. A test borehole close to the historical mineshaft was drilled in November 2021 and additional boreholes were drilled to the south and are possible locations for the long-term pumping station.
- The processing plant designs to FS level have been completed by Hanlon Engineering (owned by GR Engineering Services in Australia) using the new SAG Mill packaged purchased by Condor in March 2021. The processing plant design has been laid out with the ability to double capacity from 2,300tpd.
- Site preparation and clearance of 11 hectares around the location of the processing plant has been completed.
- Metallurgical testwork to FS level has been completed.
- Pit Geotechnical – approximately 2,800 m of geotechnical drilling was completed in 2021. Pit angles to FS level have been received and designed by SRK. This involved oriented core drilling, followed by televiewer logging.
- Mine and waste dump schedules for a number of mining scenarios have been completed to a level that can be submitted to MARENA. The FS level mine and waste dump schedules are underway.
- The power studies have been progressed and completed to FS level. Several meetings have been held with the Ministry of Energy and Mines. National grid electricity pylons are located 700 meters from the processing plant. The Nicaraguan Government is already building a new electricity sub-station 12km from the processing plant as part of network improvement; designs for supplying grid power via the new sub-station are underway.

- MARENA has written to the Company confirming that the final designs for the domestic wastewater treatment system for the offices and accommodation blocks at La India comply with MARENA's technical and environmental requirements and the final designs are approved.
- An updated forestry inventory has been completed. The compensation plan under the local law is to replace every tree removed with 10 new trees. Condor has a tree nursery which currently contains approximately 6,200 trees.
- Under the terms of the EP, the Company has to purchase or have legal agreements in place for the land required for the mine site infrastructure. Offers have been made to all land owners. The Company has now purchased 98% of the land in and around the permitted La India open pit mine site area. The Company has purchased land totalling 822 hectares in and around the permitted La India open pit mine site infrastructure. In addition, the Company can also demonstrate physical possession for approximately 18 years on the land covering the Mestiza open pit, has purchased 98% of this land and has claimed ownership over 303 hectares in this area. The Company has ownership of 96 hectares of land in the area of the America open pit. The Company has spent approximately US$4.3 million on buying land during the last 6 years.
- The power studies have been progressed and completed to FS level. Several meetings have been held with the Ministry of Energy and Mines. National grid electricity pylons are located 700 meters from the processing plant. The Nicaraguan Government is building a new electricity sub-station 12km from the processing plant; designs for supplying grid power via the new sub-station are underway.
- MARENA has written to the Company confirming that the final designs for the domestic wastewater treatment system for the offices and accommodation blocks at La India comply with MARENA's technical and environmental requirements and the final designs are approved.
- An updated forestry inventory has been completed. The compensation plan under the local law is to replace every tree removed with 10 new trees. Condor has a tree nursery which currently has approximately 6,200 trees.
- Under the terms of the EP, the Company has to purchase or have legal agreements in place for the land required for the mine site infrastructure. Offers have been made to all land owners. The Company has now purchased 98% of the land in and around the permitted La India open pit mine site area and is close to completing one of the main conditions of the EP and significantly de-risking the Project. The Company has purchased land totalling 822 hectares in and around the permitted La India open pit mine site infrastructure. In addition, the Company can also demonstrate physical possession for approximately 18 years on the land covering the Mestiza open pit, has purchased 98% of this land and has claimed ownership over 303 hectares in this area. The Company has ownership of 96 hectares of land in the area of the America open pit. The Company has spent approximately US$4.3 million on buying land during the last 6 years.

In October 2021, Condor Gold announced the key findings of a technical report on the La India Gold Project prepared by SRK. This technical report (the "Technical Report") presented the results of a strategic mining study to Preliminary Economic Assessment ("PEA") standards. The strategic study covers two scenarios: Scenario A, in which the mining is undertaken from four open pits, termed La India, America, Mestiza and Central Breccia Zone ("CBZ"), which targets a plant feed rate of 1.225 million tonnes per annum ("Mtpa"); and Scenario B, where the mining is extended to include three underground operations at La India, America and Mestiza, in which the processing rate is increased to 1.4 Mtpa. The 2021 Technical Report was issued in October 2021 and filed on SEDAR and the Company's websites for public disclosure to NI 43-101 standards.

Highlights 1.225 Mtpa PEA La India Open Pit + Feeder Pits:

- Internal Rate of Return ("IRR") of 58% and a post-tax Net Present Value ("NPV") of US$302 million, at a discount rate of 5% and gold price of US$1,700/oz.
- Average annual production of ~120,000 oz of gold over the initial 6 years of production.
- 862,000 oz of gold produced over 9-year Life of Mine ("LOM").
- Initial capital requirement of US$153 million (including contingency).
- Payback period 12 months.
- All-in Sustaining Costs ("AISC") of US$813 per oz gold.
- Robust Base Case presents an IRR of 48% and a post-tax NPV of US$236 million at a discount rate of 5% and gold price of US$1,550/oz.

Highlights: 1.4Mtpa PEA Open Pit + Underground Operations

- IRR of 54% and a post-tax NPV of US$418 million, after deducting upfront capex, at a discount rate of 5% and gold price of US$1,700/oz.
- Average annual production of ~150,000 oz of gold over the initial 9 years of production.
- 1,469,000 oz of gold produced over 12-year Life Of Mine ("LOM").
- Initial capital requirement of US$160 million (including contingency), where the underground development is funded through cash flow.
- Payback period 12 months.
- All-in Sustaining Costs of US$958 per oz gold over LOM.
- Robust Base Case presents an IRR of 43% and a post-tax NPV of US$312 million at a discount rate of 5% and gold price of US$1,550/oz.

The highlight of the 2021 Technical Report is a post-tax, post upfront capital expenditure NPV of US$418 million, with an IRR of 54% and 12 month pay-back period, assuming a US$1,700 per oz gold price, with average annual production of 150,000 oz gold per annum for the initial 9 years of gold production. The open pit mine schedules have been optimised from designed pits, bringing higher grade gold forward resulting in average annual production of 157,000 oz gold in the first 2 years from open pit material with underground mining funded out later out of cashflow.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

Condor completed a 3,370 m infill drilling programme on La India starter pits by June 2021. The starter pits are designed pits containing 445Kt at 4.17g/t gold for 59,700 oz gold using a 2.0g/t gold cut-off. The starter pits have a maximum depth of 35m and have a relatively low strip ratio. The drill program within the La India starter pits closes-up the sample density to 25 metre by 25 metre spacing and is the final drilling ahead of the commencement of mining. Mining the higher grade pits early will bring forward cashflow, shorten the payback period and enhance project economics. Highlights from the infill drilling are:

- 22.05 m (21.6 m true width) at 6.48 g/t gold from 24.75 m drill depth including 15.35 m (15.0 m true width) at 8.68 g/t gold from 24.75 m drilled depth (drill hole LIDC413).
- 60.60 m (54.5 m true width) at 1.98 g/t gold from 4.15 m drill depth, including 5.75 m (5.2 m true width) at 16.88 g/t gold from 42.55 m drill depth in drill hole LIDC452 located between the two proposed starter pits.
- 16.00 m (15.7 m true width) at 5.30 g/t gold from 18.35 m drill depth, including 5.90 m (5.8 m true width) at 12.35 g/t gold from 22.10 m drilled depth (drill hole LIDC416).

Condor completed 8,004 m infill drilling on La Mestiza open pit by November 2021. The drilling programme has tightened drill spacing to 25 m along strike and 50 m down-dip in the zones that have the potential to support open pit mine development. The drilling is expected to upgrade the existing open pit gold mineral resource to the indicated category for the potential inclusion in future pre-feasibility or feasibility studies. La Mestiza open pit has an open pit mineral resource of 92 kt at 12.1 g/t gold for 36,000 oz gold in the Indicated category and 341 kt at 7.7 g/t gold for 85,000 oz gold in the in the Inferred category. Highlights from the infill drill on Mestiza open pit are:

- 6.3 m true width at 6.84 g/t gold from 31.45 m (drill hole LIDC568), approximately 50 m below surface outcrop (which occurs on a rise).
- 4.1 m true width at 15.23 g/t gold from 47.80 m (drill hole LIDC514) approximately 40 m below surface.
- 3.6 m true width at 29.1 g/t gold from 105.70 m (drill hole LIDC471) approximately 85 m below surface.

Mineral resource expansion drilling during 2021 focused on the Cacao deposit were a 3,500m exploration drill programme has been a success. A 10 metre-plus true width mineralised zone including the main Cacao vein has been confirmed for a strike length of approximately 1,000 m beneath and extending to the East of the current Cacao area, which contains a combined open pit and underground Mineral Resource of 662 Kt at 2.8 g/t gold for 60,000 oz gold. Drill hole CCDC033 intercepted 14.9 m true width at 3.94g/t gold beneath the existing mineral resource, and 700 m along strike of this intercept, drill hole CCDC028 intercepted 32.9 m true width at 0.38g/t gold. Cacao is interpreted as a fully preserved epithermal gold system due to the sinter on the surface and its preservation in a downthrown block. The current round of drilling has been interpreted to be clipping the top of the gold mineralising system with the gold grade increasing at depth. It is highly significant that a wide, greater than 10 m true width, mineralised zone for a strike length of 1,000 m, open along strike and down dip, has been identified with grades increasing at depth.

The Company remains convinced that the La India Project is a major gold district with the potential for significant future discoveries. Condor's geologists have identified two major north-northwest-striking mineralised basement feeder zones traversing the Project, the "La India Corridor", which hosts 90% of Condor's gold mineral resource and the "Andrea Los Limones Corridor". Numerous geophysics, soil geochemistry and surface rock chips indicate the possibility for further mineralisation along strike.

Another exciting target is Andrea East (about 8.0 km north of La India), which is now drill-ready and shows excellent grades at surface. It is a high priority for drilling. Trenches along it demonstrate significant width and grades. Best intercepts are observed at LICT15 (4.0 m at 1.79 g/t gold), LICT20 (5.6 m at 1.65 g/t gold) and LICT21 (3.0 m at 3.6 g/t gold). Grab samples give up to 9.7 g/t gold. Vein textures are very similar to La India and very encouraging.

The Company continues to enhance its social engagement and activities in the community, thereby maintaining its social licence to operate. Condor has strengthened its community team and stepped-up social activities and engagement programmes. The main local focus is the drinking water programme, implemented in April 2017. A total of 740 families are currently benefiting from the program and currently receive five-gallon water dispensers each week. In May 2021, the Company installed a water purification plant at a cost of approximately US$200,000 to double the amount of drinking water provided to the local communities.

In January 2018 Condor initiated 'Involvement Programmes', which now extend to 6 groups in the local village to benefit communities which may be affected by the mine. Taking the Elderly Group as an example, a committee of 6 people has been formed. The Company allocates monthly support to the Elderly Group, which decides how this money is spent to benefit the elderly in the Community. Projects include a garden for medicinal herbs which are made into products which are used by group members and sold to others in the community.

Condor continues to have very constructive meetings with key Ministries that granted the EP for the La India, La Mestiza and America open pits. The Company has been operating in Nicaragua since 2006 and, as a responsible gold exploration and development company, continues to add value to the local communities and environment by generating sustainable socio-economic and environmental benefits. The new mine would potentially create approximately 1,000 jobs during the construction period, with priority to be given to suitable skilled members of the local community. The upfront capital cost of approximately US$125 million will have a significant positive impact on the economy. The Government and local communities will benefit significantly from future royalties and taxes.

As of the date of this document, the ability of the Company to operate has not been materially affected by the on-going Covid-19 pandemic. The situation is kept under close review by management and the Board; certain measures have and will be taken as appropriate to ensure the health and safety of employees in this regard and to reduce the potential spread of the virus within the local community.

In October 2021 the Company announced it had raised £4.1 million by way of a private placement of new ordinary shares. (See RNS of 29 October 2021 for details).

CONDOR GOLD PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

Turning to the financial results for the year 2021, the Group's loss for the year was £2,330,003 (2020: £1,309,992). The Company raised a total of £11,459,817 million after expenses during the financial period (2020: £8,303,939). The net cash balance of the Group at 31 December 2021 was £2,072,046 (2020: £4,159,391).

The October 2021 PEA has demonstrated open pit production of 120,000 oz gold per annum for an initial 6 years or 150,000 oz gold per annum for 9 years from a combination of open pit and underground material. The pay-back period of 12 months for both production scenarios is highly attractive. The PEA open pit all-in sustaining costs of US$813 per oz gold is very attractive in the context of the current gold price. The open pit scenario has robust economics and presents an IRR of 48% and a post-tax NPV of US$236 million at a discount rate of 5% and gold price of US$1,550/oz.

The primary purpose of the FS is to further reduce the technical and financial risk of developing the project by increasing the confidence in development and operating costs, and to secure debt to finance the upfront capital cost of approximately US$125M for stage 1 of construction. The FS Study has been conducted solely on La India open pit, however the plan is to mine from the 3 permitted pits to achieve a quick pay back and target 100,000 oz gold production per annum before expanding to 150,000 oz gold per annum by adding the underground material to the mine plan.

The outlook for 2022 remains bright. The La India Project is substantially de-risked and nearing a construction-ready status. A FS Study is due in the first half of 2022, the Project is fully permitted for construction and extraction with a target of 100,000 oz gold p.a. in Stage 1. A new SAG Mill has been purchased and is in a warehouse in Managua. The Project economics are robust with low AISC, a high IRR and a payback period of 12 months.

M L Child

Chairman & CEO

Date: 29 March 2022

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Group's financial performance for the year was in line with Directors' expectations. The Group's total losses before taxation amounted to £2,330,003 (2020: £1,309,992). The Group's administrative expenses for the year were £2,330,003 (2020: £1,750,395). No dividends were paid during the year (2020: £nil). The Group has reviewed the future budget and cashflows.

At the end of the financial period the Group has 100% ownership of eleven concessions in La India Mining District and a further two in additional project areas in Nicaragua. During the current year, the Group capitalised a further £6,188,725 on exploration and evaluation activities of the projects, including plant and equipment of £4,354,201. During the year, the Group purchased land required to develop the mine in Nicaragua to the value of £126,033 and continues to do so. These amounts have been included within the amounts capitalised in exploration and evaluation activities and tangible assets respectively during the year. The Company is currently investing in the La India Project, which is discussed in greater detail in the 'Chairman's Statement', 'Review of Operations' and 'Projects Overview' and Notes 9 and 10 of the financial statements.

KEY PERFORMANCE INDICATORS

The key indicator of performance for the Group is its success in identifying, acquiring, developing investments of gold and silver mineral concessions so as to create shareholder value, including de-risking projects by permitting, land acquisition and advancing technical studies.

Control of bank and cash balances is a priority for the Group and these are budgeted and monitored closely to ensure that it maintains adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Group's performance.

However, a qualitative summary of performance in the period in the Chairman's Statement and the Operations Report and Project Overview is an effective way of measuring the key performance of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are the principal risks and uncertainties facing the Group:

Exploration and development risks

The exploration and mining business is controlled by a number of global factors, principally supply and demand which in turn is a key driver in global metal prices; these factors are beyond the control of the Group. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in additional Mineral Resources and / or Mineral Reserves or go on to be an operating mine. At every stage of the exploration and development process the projects are rigorously reviewed, both internally and by qualified third-party consultants to determine if the results justify the next stage of exploration and development expenditure, ensuring that funds are only applied to high priority targets.

The principal assets of the Group, comprising the mineral exploration licences and EP at La India, are subject to certain commitments. If these commitments are not fulfilled the licences and permit could be revoked. To mitigate these risks, the Group closely monitors on an ongoing basis its commitments and the expiry terms of all licenses in order to ensure good title is maintained. They are also subject to legislation defined by the government in Nicaragua; if this legislation is changed it could adversely affect the value of the Group's assets.

Mineral Resource and Mineral Reserve estimates

The Group's reported mineral resources and reserves are only estimates. No assurance can be given that the estimated mineral resources will be recovered or that they will be recovered at the rates estimated. Mineral Resource and a historic Mineral Reserve estimates have been prepared using 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) and Canadian NI 43-101 but nonetheless remain uncertain because the samples used may not be fully representative of the full mineral resource. Further, these mineral resource and reserve estimates may require revision (either up or down) in future periods based on additional drilling or actual production experience.

Any current or future mineral resources or reserves are or will be estimates and there can be no assurance that the minerals will be recovered or that they can be brought into profitable production. Furthermore, a decline in the market price for natural resources, particularly gold, could render reserves containing relatively lower grades of these resources and reserves uneconomic to recover.

Country risk

The Group's licences and operations are located in the Republic of Nicaragua. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, appropriation of property without fair compensation, cancellation or modification of contract rights, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted.

Nicaragua is the current focus of the Group's activity and actively supports foreign investment. It has a well-developed exploration and mining code with proactive support for foreign companies. The country has also historically been the recipient of major funds from the World Bank and these have been largely allocated to infrastructure projects, some of which indirectly benefit the La India project. The Group continues to monitor the economic and political climate in the country.

Volatility of commodity prices
Historically, commodity prices (including in particular the price of gold) have fluctuated and are affected by numerous factors beyond the Group's control. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices in the long-term may adversely affect the returns of the Group's projects.

A significant reduction in the global demand for gold, leading to a fall in gold prices, could lead to a significant fall in the cash flow of the Group in future periods and/or delay in exploration and production, which may have a material adverse impact on the operating results and financial position of the Group. The Group evaluates trends in the gold market in assessing the future viability of the La India Project.

Financing
The successful exploration of natural resources on any project requires significant capital investment. The Group currently sources finance through the issue of additional equity capital. The Group's ability to raise further funds will depend on the success of its investment strategy and acquired operations and the gold price. The Group may not be successful in procuring the requisite funds on terms which are acceptable and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion. To date the Group has been successful in raising capital and prepares expenditure budgets to ensure that its activities are consistent with its financial resources.

Dependence on key personnel
The Group is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the ability to recruit and retain high quality and experienced staff. The loss of service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions. Through offering competitive remuneration packages, to date the Group has been successful in recruiting and retaining high quality staff.

Uninsured risk
The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against, or third-party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

In common with other companies operating in natural resources exploration, the Group's activities are speculative and involve a high degree of risk.

The Group's exploration work involves participation in soil surveys, trenching and drilling. Interpretations of the results of these programmes are dependent on judgements and assessments of qualified geoscientists. These interpretations are applied in designing further exploration work programmes as well as mining, processing and other studies which rely upon the judgement and assessment of qualified engineers and other specialists and which may contain errors or inaccuracies and to which the Group may commit significant fiscal resources.

Work programmes often involve drilling, geoscientific and other engineering work that occasionally present unique challenges that could result in unexpected operational problems. Furthermore, activities generally take place in remote locations that can be subject to unexpected climate events, possible acts of terrorism, criminal threats, piracy and potential environmental risks.

The Group operates in countries where political, economic, legal, regulatory and social uncertainties are potential risk factors. The risk committee carefully monitors the project areas in Nicaragua, and actively work to mitigate any foreseen risks to the project. Furthermore, the Group seeks to minimise risk through purchasing of a variety of insurance policies.

GOING CONCERN

The Group reviews its going concern status, via comparisons to budgets, cash flow forecasts, and access to further financing. At the balance sheet date, the Group had £2,072,046 of cash. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. The directors have identified that further funding will be required to finance the Group's in-fill drilling and resources expansion programme in Nicaragua and, *inter alia,* compliance with the conditions of the EP awarded in regard to the La India open pit in 2018 and the La Mestiza and America open pits in 2020. The Directors are confident that the Company will be able to raise these funds, however there is no binding agreement in place to date. These conditions may cast doubt on the Group and Company's ability to continue as a going concern.

The Directors have prepared a cash flow forecast for the going concern period demonstrating the austerity measures which can be implemented to reduce the Group and Company's cash outflows to the minimal contracted and committed expenditure while also maintaining the Group's licences and permits. Based on their assessment of the financial position, the Directors have a reasonable expectation that the Group and Company will be able to continue in operational existence for the next twelve months and continue to adopt the going concern basis of accounting in preparing these financial statements.

Section 172(1) Statement – Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006. The requirements of s172 are for the Directors to:
- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

As disclosed within the Going Concern section, the Group and Company are currently reliant upon raising funds in discrete tranches for its continued operations. The pre-revenue nature of the business is important to the understanding of the Company by its members, employees and suppliers, and the Directors are transparent about its cash position and funding requirements.

The application of the s172 requirements is demonstrated through the key decisions and actions made during 2021 as described within the Chairman's Statement and Review of Operations. The Board takes seriously its ethical responsibilities to the communities and environment in which it operates.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks that include credit risk, liquidity risk, and market risks including fluctuations in the price of gold. 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.

The Group and the Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is limited to the Group's receivable of £775,693. The exposure of the Group and the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Group's Statement of Financial Position. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

The Group does not hold any collateral as security.

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 maintain sufficient cash and cash equivalents on demand to meet its obligations as and when they fall due. The Group actively manages its working capital 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, the price of gold and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

(i) Pricing risk

The Directors consider there to be price risk to the business. Price risk to the business relates to the international price of gold and to the price of gold-related equities.

(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.

(iii) Foreign exchange risk

The Group principally operates in US Dollars and in Nicaraguan Cordobas for its operations in Central America. Placement monies have been received to today in pounds sterling. The Directors believe that the contracts for transfers of funds to Central America are so small, as funds are remitted monthly in advance, that there would be no benefit gained from hedging these contracts in the market. As such, currency is bought at the spot rates prevailing on the days transfers are to take place. This situation is monitored on a regular basis, and at present the Group does not have any formal policy for hedging against exchange exposure. The Group may, when necessary, enter into foreign currency forward contracts to hedge against exposure from currency fluctuations, however, the Group has not entered into any currency forward contracts to date.

4. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue individually as going concerns, while maximising the return to Shareholders through the optimisation of debt and equity balances. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the Consolidated Statement of Changes in Equity.

ON BEHALF OF THE BOARD:

M L Child
Chairman

Date: 29 March 2022

PROJECT OVERVIEW
FOR THE YEAR ENDED 31 DECEMBER 2021

CURRENT CONCESSION HOLDINGS

Nicaragua Projects

Project	Concession	Ownership	Expiry Date	Area (km²)
La India Project	La India	100% Owned	January 2027	68.50
	Espinito Mendoza	100% Owned	November 2026	2.00
	Cacao	100% Owned	January 2032	11.90
	Santa Barbara	100% Owned	April 2034	16.20
	Real de la Cruz	100% Owned	January 2035	7.66
	Rodeo	100% Owned	January 2035	60.40
	La Mojarra	100% Owned	June 2029	27.00
	La Cuchilla	100% Owned	August 2035	86.39
	El Zacatoso	100% Owned	October 2039	1.00
	Tierra Blanca	100% Owned	June 2040	32.21
	Las Cruces	100% Owned	December 2043	142.3
	Cerro Los Cerritos	100% Owned	June 2044	132.1
	Subtotal			***587.66***
Boaco	Rio Luna	100% Owned	June 2035	43.00
RAAN	Estrella	100% Owned	April 2035	18.00
TOTAL				**648.66**

All concessions in Nicaragua are combined exploration and exploitation concessions.

CURRENT LA INDIA PROJECT CIM CODE & NI 43-101 MINERAL RESOURCE

The following Mineral Resource estimations set out Condor's Mineral Resource Statement as at 25 January 2019 (which is contained in the 2021 Technical Report) for the La India Project.

Table 1. Mineral Resource Statement prepared in accordance with CIM and Canadian NI 43-101 as at 25 January 2019 for the La India Project (SRK Consulting (UK) Ltd.).

SRK MINERAL RESOURCE STATEMENT as of 25 January 2019 (4), (5), (6)								
Category	Area Name	Vein Name	Cut-Off	Gold			Silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz) (7)
Indicated	Grand total	All veins	0.5g/t (OP) (1)	8,583	3.3	902	5.6	1,535
			2.0 g/t (UG) (2)	1,267	5.8	238	8.5	345
		Subtotal Indicated		9,850	3.6	1,140	5.9	1,880
Inferred	Grand total	All veins	0.5g/t (OP) (1)	3,014	3.0	290	6.0	341
			2.0 g/t (UG) (2)	3,714	5.1	609	9.6	860
			1.5 g/t (3)	1,751	5.0	280		
		Subtotal Inferred		8,479	4.3	1,179	8.2	1,201

(1) The methods applied to conducting the geological modelling and estimation have not changed from those described in the Technical Report. The La India, America, Central Breccia, Mestiza and Cacao pits are amenable to open pit mining and the Mineral Resource Estimates are constrained within Whittle optimised pits, which SRK based on the following parameters: A gold price of USD1,500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK projects. Metallurgical recovery assumptions are between 91-96% for gold, based on testwork conducted to date. Marginal costs of USD19.36/t for processing, USD5.69/t G&A and USD2.35/t for mining, slope angles defined by the Company Geotechnical study which range from angle 40 - 48°, a haul cost of USD1.25/t was added to the Mestiza ore tonnes to consider transportation to the processing plant.

(2) Underground Mineral Resources beneath the open pit are reported at a cut-off grade of 2.0 g/t over a minimum width of 1.0m. Cut-off grades are based on a price of USD1,500 per ounce of gold and gold recoveries of 91 percent for resources, costs of USD19.36/t for processing, USD4.5/t G&A and USD50.0/t for mining, without considering revenues from other metals.

(3) Mineral Resources as previously quoted by SRK (22 December 2011) are reported at a cut-off grade of 1.5 g/t, and have not been updated as part of the current study due to no further detailed exploration.

(4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material. All composites have been capped where appropriate. The concession is wholly owned by and exploration is operated by Condor Gold plc.

(5) The MRE 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 "CIM Standards").

(6) SRK completed a site inspection to the deposit by Mr Benjamin Parsons, MSc (MAusIMM(CP), Membership Number 222568, a "qualified person" as defined by NI 43-101.

(7) Back calculated Inferred silver grade based on a total tonnage of 4569 Kt as no silver estimates for Teresa, Central Breccia, Arizona, Auga Caliente, Guapinol, San Lucas, Cristalito-Tatescame or El Cacao.

(8) The Mineral Resources are inclusive of the Mineral Reserves

Table 2. Summary of La India Project Mineral Resource Statement as of 25 January 2019 for Indicated and Inferred Categories split per vein and prepared in accordance with CIM and Canadian NI 43-101 as at 25 January 2019 for the La India Project (SRK Consulting (UK) Ltd.).

SRK MINERAL RESOURCE STATEMENT SPLIT PER VEIN as of 25 January 2019 (4), (5), (6)								
Category	Area Name	Vein Name	Cut-Off	Gold			Silver	
				Tonnes (kt)	Au Grade (g/t)	Au (Koz)	Ag Grade (g/t)	Ag (Koz)
Indicated	La India veinset	La India/ California[1]	0.5 g/t (OP)	8,377	3.1	837	5.4	1,459
		La India/ California[2]	2.0 g/t (UG)	678	4.9	107	10.6	231
	America veinset	America Mine[1]	0.5 g/t (OP)	114	8.1	30	4.9	18
		America Mine[2]	2.0 g/t (UG)	470	7.3	110	4.7	71
	Mestiza veinset	Tatiana	0.5 g/t (OP)	92	12.1	36	19.5	57
		Tatiana	2.0 g/t (UG)	118	5.5	21	11.3	43
Inferred	La India veinset	La India/ California[1]	0.5 g/t (OP)	883	2.4	68	4.4	124
		Teresa[3]	0.5 g/t (OP)	3	6.5	1		
		La India/ California[2]	2.0 g/t (UG)	1,165	5.6	209	12.4	464
		Teresa[2]	2.0 g/t (UG)	82	11.0	29		
		Arizona[3]	1.5 g/t	430	4.2	58		
		Agua Caliente[3]	1.5 g/t	40	9.0	13		
	America veinset	America Mine[1]	0.5 g/t (OP)	677	3.1	67	5.5	120
		America Mine[2]	2.0 g/t (UG)	1,008	4.8	156	6.8	221
		Guapinol[3]	1.5 g/t	751	4.8	116		
	Mestiza veinset	Tatiana[1]	0.5 g/t (OP)	220	6.6	47	13.6	97
		Tatiana[2]	2.0 g/t (UG)	615	3.9	77	8.8	174
		Buenos Aires[1]	0.5 g/t (OP)	120	9.8	38		
		Buenos Aires[2]	2.0 g/t (UG)	188	7.1	43		
		Espenito[2]	2.0 g/t (UG)	181	8.4	49		
	Central Breccia	Central Breccia[1]	0.5 g/t (OP)	922	1.9	56		
	San Lucas	San Lucas[3]	1.5 g/t	330	5.6	59		
	Cristalito-Tatescame	Cristalito-Tatescame[3]	1.5 g/t	200	5.3	34		
	El Cacao	El Cacao[1]	0.5 g/t (OP)	188	2.3	14		
		El Cacao[2]	2.0 g/t (UG)	474	3.0	46		

(1) The methods applied to conducting the geological modelling and estimation have not changed from those described in the Technical Report. The La India, America, Central Breccia, Mestiza and Cacao pits are amenable to open pit mining and the Mineral Resource Estimates are constrained within Whittle optimised pits, which SRK based on the following parameters: A Gold price of USD1,500 per ounce of gold with no adjustments. Prices are based on experience gained from other SRK projects. Metallurgical recovery assumptions are between 91-96% for gold, based on testwork conducted to date. Marginal costs of USD19.36/t for processing, USD5.69/t G&A and USD2.35/t for mining, slope angles defined by the Company Geotechnical study which range from angle 40 - 48°, a haul cost of USD1.25/t was added to the Mestiza ore tonnes to consider transportation to the processing plant.

(2) Underground Mineral Resources beneath the open pit are reported at a cut-off grade of 2.0 g/t over a minimum width of 1.0m. Cut-off grades are based on a price of USD1,500 per ounce of gold and gold recoveries of 91 percent for resources, costs of USD19.36/t for processing, USD4.55/t G&A and USD50.0/t for mining, without considering revenues from other metals.

(3) Mineral Resources as previously quoted by SRK (22 December 2011) are reported at a cut-off grade of 1.5 g/t and have not been updated as part of the current study due to no further detailed exploration.

(4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material. All composites have been capped where appropriate. The concession is wholly owned by, and exploration is carried out is by Condor Gold plc.

(5) The MRE uses the terminology, definitions and guidelines given in the CIM Standards.

(6) SRK completed a site inspection to the deposit by Mr Benjamin Parsons, MSc (MAusIMM) (CP), Membership Number 222568, a "qualified person" as defined by NI 43-101.

(7) The Mineral Resource is inclusive of the Mineral Reserve

CURRENT LA INDIA PROJECT CIM CODE AND NI 43-101 MINERAL RESERVE

Table 3. La India Open Pit Mineral Reserve Estimate for La India Project Mineral Resource Statement as of 21 December 2014 and prepared in accordance with CIM and Canadian NI 43-101 (SRK Consulting (UK) Ltd.).

Mineral Reserve Class	Diluted Tonnes	Diluted Grade		Contained Metal	
	(Mt dry)	(g/t Au)	(g/t Ag)	(Koz Au)	(Koz Ag)
Proven	-	-	-	-	-
Probable	6.9	3.0	5.3	675	1,185
Total	**6.9**	**3.0**	**5.3**	**675**	**1,185**

Note

(1) Open pit mineral reserves are reported at a cut-off grade of 0.75 g/t Au assuming: metal price of U.S.$1,250 per ounce gold, processing cost of U.S.$20.42 per tonne milled, G&A cost of U.S.$5.63 per tonne milled, U.S.$10/oz Au selling cost, 3% royalty on sales and a processing recovery of 91%.

CONDOR GOLD PLC

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2021

NICARAGUA – OPERATIONS REPORT

Introduction

La India Project is a 588 km² concession package covering an estimated 98% of the historic La India Gold Mining District and comprising 12 concessions - see Figures 1a and 1b. The District supported production of up to 41,000 oz gold per annum at over 11.0 g/t head grade from underground mining between 1938 and 1956. An estimated total of 575,000 ounces of gold were mined during this period. The Project area currently contains 9.85M tonnes at 3.6 g/t gold for 1,140,000 oz gold in the Indicated category and 8.48M tonnes at 4.3g/t gold for 1,179,000 oz gold in the Inferred category. The total open pit Mineral Resource is 8.58Mt at a grade of 3.3 g/t gold, for 902,000 oz gold in the Indicated category and 3.01Mt at a grade of 3.0 g/t gold, for 290,000 oz gold in the Inferred category. Total underground Mineral Resources are 1.27Mt at a grade of 5.8 g/t gold, for 238,000 oz gold in the Indicated category and 5.47Mt at a grade of 5.1 g/t gold, for 889,000 oz gold in the Inferred category

Following completion of a Pre-Feasibility Study ("PFS") on La India in December 2014 (see below), the Company's focus shifted to permitting a processing plant with capacity to produce 100,000 oz gold per annum and demonstrating that La India Project hosts a district scale gold deposit, while minimising environmental and social risks.

In August 2018 Condor received an Environmental Permit 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 ("EP"). In April and May 2020, Environmental Permits were awarded for the Mestiza and America open pits respectively. The Mestiza open pit is situated less than 4 kilometres from the location of the permitted processing plant for the La India open pit.

The Company's objective is, *inter alia*, to comply with the terms of the EP, including completion of purchases of land, submission to the Nicaraguan Ministry of Environment and Natural Resources ("MARENA") of final engineering designs for several key components of the mine prior to construction, and in the short term to advance La India towards the construction phase.

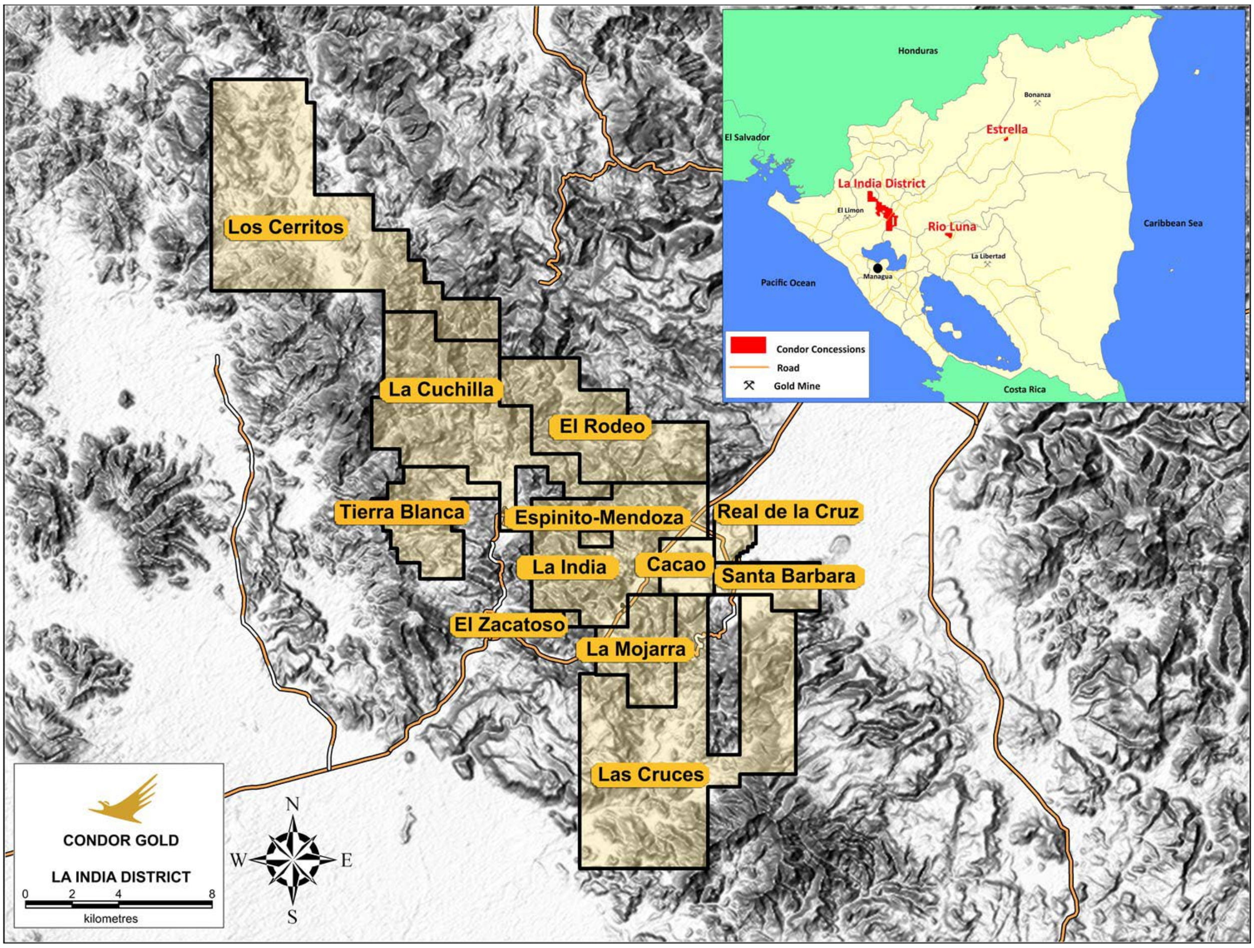


Figure 1a. Location of Condor Gold's 588 km² concession package at La India Project in Nicaragua

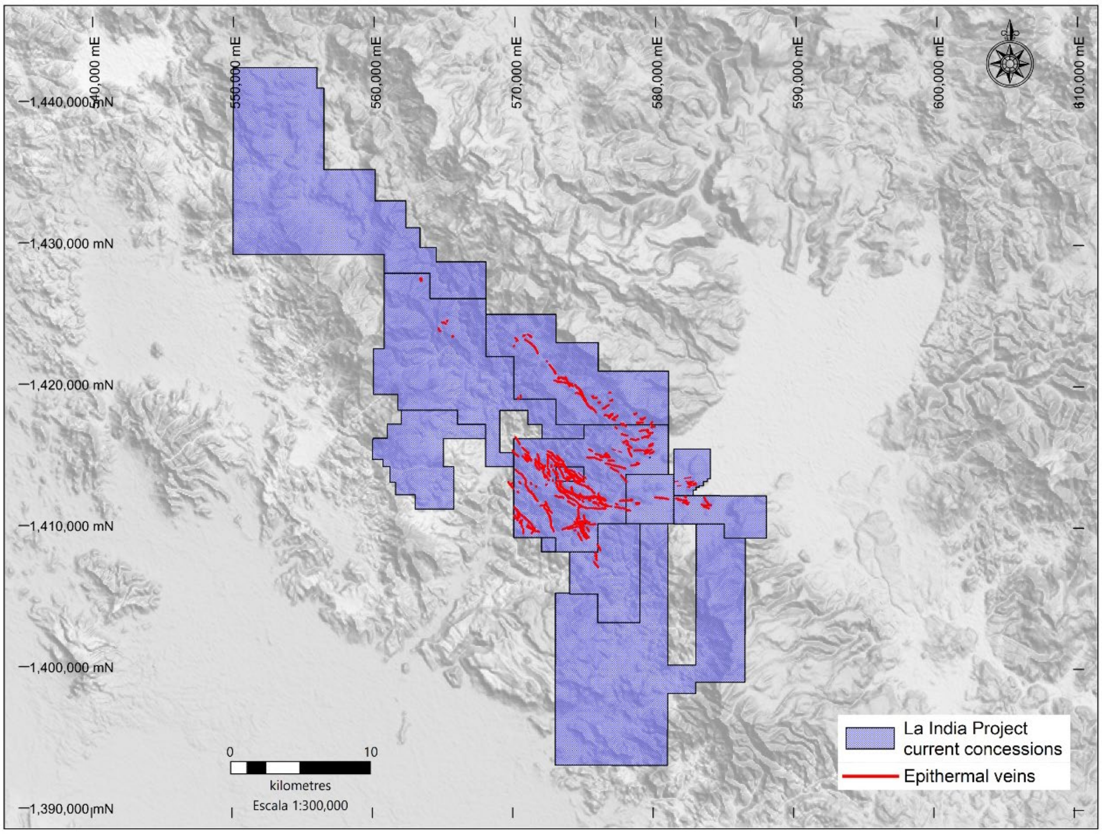


Figure 1b. Location of Condor Gold´s 588 km² concession package at La India Project showing extent of mapped to date epithermal veins

A Pre-Feasibility Study ("PFS") on open-pit mining at La India and two supplementary Expansion Scenarios which explored the possibility of including two additional satellite open pits, and underground mining beneath the La India and America open pits, as summarised in the Technical Report, were released with an effective date of 21st December 2014 and re-issued in December 2017. The PFS defined the first mineral reserve at La India project since mining ceased in 1956, with an open pit Probable Mineral Reserve of 6.9Mt ore at 3.0g/t gold and 5.3g/t silver for a total of 675,000oz gold and 1,185,000oz silver on the principal La India Vein.

Mining and Technical Studies

Following purchase of the SAG Mill in March of 2021, technical developments during 2021 were focused on developing a project PEA to refine and present the outlook for a potential open-pit-only case and an open-pit case with an underground contribution. Additional technical studies to support publication of a Feasibility Study were also advanced with the objective of publication in early 2022. As with many other industries, Covid-19 has caused some delays, however, work has continued to advance.

Preliminary Economic Assessment of the District Mining Potential

The October 2021 PEA covers two scenarios: Scenario A, in which the mining is undertaken from four open pits, termed La India, America, Mestiza and Central Breccia Zone ("CBZ"), which targets a plant feed rate of 1.225 million tonnes per annum ("Mtpa"); and Scenario B, where the mining is extended to include three underground operations at La India, America and Mestiza, in which the processing rate is increased to 1.4 Mtpa. Key findings of the study were:

Scenario A: 1.225 Mtpa PEA La India Open Pit + Feeder Pits:

- IRR of 58% and a post-tax NPV of US$302 million, at a discount rate of 5% and gold price of US$1,700/oz.
- Average annual production of ~120,000 oz of gold over the initial 6 years of production.
- The 2021 PEA Technical Report will be issued within 45 days of the public disclosure to NI 43-101 standards.
- 862,000 oz of gold produced over 9-year Life of Mine ("LOM").
- Initial capital requirement of US$153 million (including contingency).
- Pay-back period 12 months.
- All-in Sustaining Costs of US$813 per oz gold.
- Robust Base Case presents an IRR of 48% and a post-tax NPV of US$236 million at a discount rate of 5% and gold price of US$1,550/oz.

Scenario B: 1.4Mtpa PEA Open Pit + Underground Operations

- Internal Rate of Return ("IRR") of 54% and a post-tax Net Present Value ("NPV") of US$418 million, after deducting upfront capex, at a discount rate of 5% and gold price of US$1,700/oz.
- Average annual production of ~150,000 oz of gold over the initial 9 years of production.
- 1,469,000 oz of gold produced over 12-year Life of Mine ("LOM").
- Initial capital requirement of US$160 million (including contingency), where the underground development is funded through cash flow.
- Pay-back period 12 months.
- All-in Sustaining Costs of US$958 per oz gold over LOM.
- Robust Base Case presents an IRR of 43% and a post-tax NPV of US$312 million at a discount rate of 5% and gold price of US$1,550/oz.

The 2021 PEA was posted on the Company's SEDAR profile on October 25, 2021.

Purchase of SAG Mill from First Majestic Silver

On 15 March 2021, Condor announced the procurement of a new semi-autogenous grinding mill (SAG mill) from First Majestic Silver. The mill was purchased for a consideration of US$6.5 million, paid in shares and cash. Condor contacted Metso/Outotek and confirmed through their engineers that a throughput of 2,300 tpd was achievable with the original 3.3 Mw motor upgradable to 2,850tpd with a larger motor. This mill has been shipped to Nicaragua and is now in secure storage in Managua, with two components stored in Mexico at no cost to Condor. Acquisition of this mill led to the commitment to complete the Feasibility Study.

Processing Plant Design

Following acquisition of the mill, Condor solicited proposals from a number of engineering firms, ultimately selecting Hanlon Engineering (a division of GR Engineering Services) of Tucson, Arizona to compile a Feasibility Level plant design. Hanlon was selected on the basis of price, convenience of location, and prior experience with the recently purchased SAG mill from First Majestic. Plant design was completed in the 3rd quarter of 2021, with vendor bids solicited to develop the capital cost requirements of the plant. Final reviews of the plans will take place in the first quarter of 2022.

Hanlon staff conducted a site visit in December 2021 to finalize the general arrangement of the non-plant infrastructure and drainage features of the project.

Following the commendable performance by Hanlon in the plant design, Condor subsequently awarded the cost estimation and much of the engineering of the infrastructure to Hanlon to take advantage of their work on contractor cost estimates. As with the plant design, the capital review of the infrastructure will take place in the first quarter of 2022.

TSF Design and Water Retention Reservoir

The conditions specified in the EP require that Condor supply detailed designs for the TSF and related structures. As noted in earlier reports, this work has been contracted to Tierra Group International, a firm with extensive experience in dam design and with Nicaraguan regulatory requirements. During the period, the geotechnical investigations conducted in 2021 were used to develop and complete designs of the TSF and La Simona attenuation structures, along with supporting reports in Spanish. This work will be integrated into the Feasibility Study. Costing of the construction was assigned to Hanlon.

Surface Water Management System

A parallel effort for satisfaction of the conditions of the EP is that of detailed designs of the surface water management system surrounding the La India pit and associated mine site infrastructure. This work was completed in the second half of 2021, followed by cost estimation of the system by Hanlon.

The studies conducted by SRK also included consideration of the dewatering / depressurization requirements of the ultimate pit design. During the last quarter of 2021, Condor/SRK successfully intersected the 1950's mine workings and was able to establish that there was hydraulic connectivity between the various sections of the mine, thus confirming the feasibility of dewatering the open pit rock mass, while simultaneously providing process makeup water.

Geotechnical Data Collection

SRK designed and implemented a geotechnical study program for a Feasibility level rock mechanics program for the La India Pit. The data collection portion consisted of the drilling of 21 holes totalling 2,551.50 meters of oriented core followed by either optical or acoustic televiewer scanning depending on the presence or absence of water. The core was also logged manually by Condor staff with review by SRK geotechnical consultants. Core samples were shipped to US labs for determination of the physical characteristics of the rock mass constituents.

The results of these studies have been forwarded to SRK/Cardiff and will be incorporated into their report, due in Q1 2022.

Metallurgical Test Work

SRK's-Denver office designed a metallurgical study to advance the understanding of the expected metallurgical performance at a Feasibility level. The test work was based on core samples designed to estimate recovery from the first years of production and broken out by the phases originally proposed for the PFS. Samples were sent to SGS Lakeview in Canada for grinding, leaching and comportment studies. Results were completed by December 2021, with the report due in the first quarter of 2022.

Mine Design and Schedules

Updated mine designs based upon the 2014 SRK pit slopes were incorporated into the PEA studies announced by Condor on September 9, 2021 and were contained within the PEA. Additional mine design work incorporating the updated results from the various 2021 studies, along with updated metals prices, will be incorporated within the FS currently under development.

Site Preparation

Site preparation continued at the site with the upgrading of roads into the site, installation of fencing and culverts in the stream channels. Clearing of vegetation also continued in the plant area in anticipation of site-specific foundation design for the plant equipment. Locations of the main plant features have been flagged in the field.

Power Study

Additional studies of the various means of providing power continued into 2022, with the identification of an alternative vendor for power to the plant with a potential to lower the capital and operating expenses of the project. This work remained underway as of the end of the year.

Staff Additions

With the additional workload required for detailed mine planning and the support work associated with contractor quotes, Condor has added a senior mining engineer to the staff in September 2021. Jair Diaz holds a BSc in Mining Engineering from Colorado School of Mines and has 10 years of experience working at Barrick, Maptek (Vulcan), Oceana / Haile and Gran Columbia mines.

Dave Crawford
Chief Technical Officer

Mining and Technical Study Drilling

Water Retention Reservoir - ground investigation

The final six boreholes (for 106.70 m combined) were drilled at the beginning of the year to complete a ground investigation geotechnical drilling at the proposed water retention dam. The drilling information and associated geotechnical test work was collated by consultants Tierra Group International, who produced the geotechnical engineering analysis results and recommendations to support final designs of the retention dam.

Engineering geologist John Chavez operating the acoustic Televiewer on geotechnical drillhole LIGT505.

La India Pit Walls - geotechnical drilling

A programme of geotechnical drilling to collect oriented drill core and downhole acoustic or optical Televiewer survey data was undertaken between May and November. The data collected at site was supported by geotechnical lab testing of selected samples and was designed to establish pit slope stability and design the final pit slopes of the La India open pit to feasibility study level of confidence. A total of 21 drill holes for 2,551.50 m of core was drilled, with a pause after the initial 1700 m to review results and adjust the programme to better key areas of the pit wall. The programme was designed and the results analysed by specialists from SRK Consulting (UK) Ltd and will feed into the final pit design for the upcoming Feasibility Study.

La India Pit Dewatering – hydrogeological drilling

Five vertical diamond core drill holes for a total of 612.20 m were drilled to investigate alternative options for dewatering the La India open pit. The drilling was designed to find the best location to tap into the lower parts of the historic mine workings in order to utilize what is effectively a ready-made drainage network to dewater the open pit. Three different locations were tested and water injection tests undertaken to assess connectivity with the lower levels of the historic mine workings along the length of the open pit shell. A good hydraulic connection was established which will make mine dewatering relatively cost efficient, and the findings will be used in the upcoming Feasibility Study.

Exploration Activities

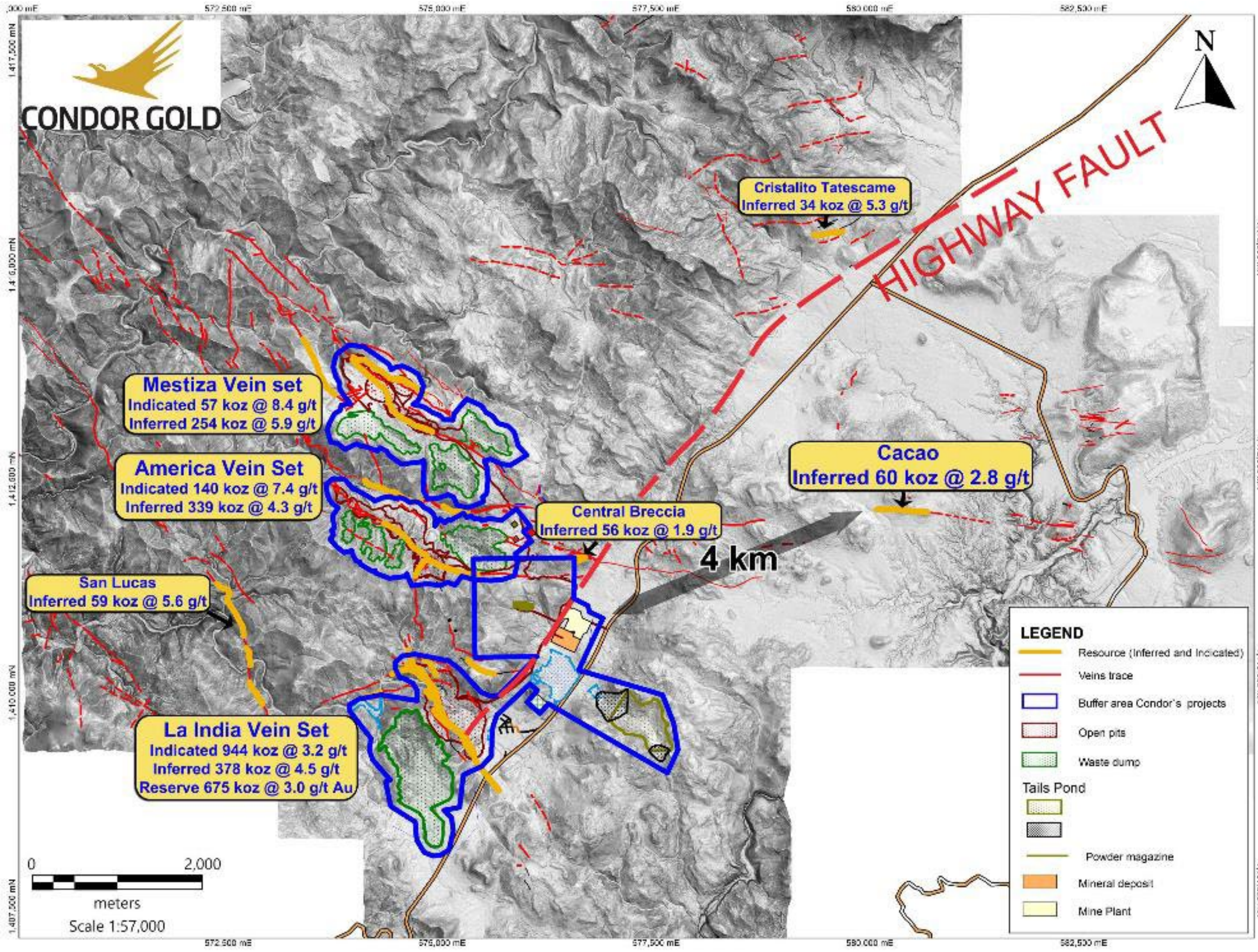
The Company ramped-up exploration and resource drilling in the La India District during the year with up to four diamond core drilling rigs operating to complete 18,052 m of drilling: 14,780.88 m of exploration and resource definition drilling and 3,265.10 m for technical studies (see above). The technical drilling, although designed to collect geotechnical and hydrogeological data, often passed through mineralised structures and so these drill holes were logged, sampled and assayed in the same way as an exploration drill hole, and the results will be included in future mineral resource estimates. The drilling rigs were distributed between three different areas until the last hole was completed in November 2021:

1. A programme of infill drilling and reverse circulation ("RC") replacement drilling on the principal La India open pit resource. The results fed into a new geological model in preparation for a mineral resource update and mine feasibility study and was completed in June.
2. An extensive programme of infill drilling on the projects second largest open pit mineral resource, the nearby La Mestiza area, was undertaken between May and October. This drilling aimed to bring La Mestiza (principally the Tatiana Vein) open pits to the level of confidence required for a pre-feasibility or feasibility study.
3. Geotechnical drilling was completed on the La India open pit walls between June and November to provide the information required for a feasibility level pit design.
4. A number of hydrogeological holes were drilled between June and November to provide data for the pit dewatering design.

Exploration team safety meeting.

Drilling Programme	No. drill holes	Metres
La Mestiza infill	96	8,004.87
Cacao exploration	15	3,504.41
La India infill & RC-twin	56	3,271.60
La India open pit geotechnical	21	2,652.90
La India hydrogeological	5	612.20
TOTAL	**199**	**18,045.98**

Summary of drilling undertaken by Condor Gold on La India Gold Project in 2021.



Plan showing the La India and La Mestiza open pit resources and the partially hidden, deep-seated Cacao prospect in relation to the planned La India Gold Mine infrastructure.

Infill drilling on La India open pit resource

Infill diamond core drilling to 25 m spacing within the planned high-grade starter pits and twinning of all reverse circulation ('RC') drill holes within the La India open pit mineral resource was completed in June 2021. A total of fifty-six drill holes for 3,271.60 m was drilled in 2021, of which twenty-three (for 1,632.05 m) were replacing RC drill holes. The drilling results formed the basis for an updated geological interpretation which will be incorporated into a mineral resource update and Feasibility Study. The close-spaced drill grid within the starter pits has provided the sample density and detailed geological information required to finalize pit designs and mine schedules ahead of production. The replacement of the RC drill holes has improved the precision of the geological model.

The holes drilled in the starter pits have confirmed that mining in the 1940's and 1950's only extracted a very narrow high-grade core zone, leaving behind considerable widths of mineralisation in both the hanging wall and footwall zones, including some high-grade veins. For example, in the Northern Starter Pit drill hole LIDC413 returned a combined and amalgamated 22.05 m (**21.6 m true width**) **at 6.48 g/t gold** from either side of a 4.3 m wide mine void. At this location a significant amount of mineralisation has been left in the hanging wall of the mine with 15.35 m (15.0 m true width) at 8.68 g/t gold from 24.75 m drilled depth. Similarly in the Southern Starter Pit there is an amalgamated 19.40 m (18.7 m true width) at 2.80 g/t gold from 28.45 m drill depth, including 8.20 m (7.9 m true width) at 4.90 g/t gold in the hanging wall of a 4.3 m thick historic mine working (drill hole LIDC433).

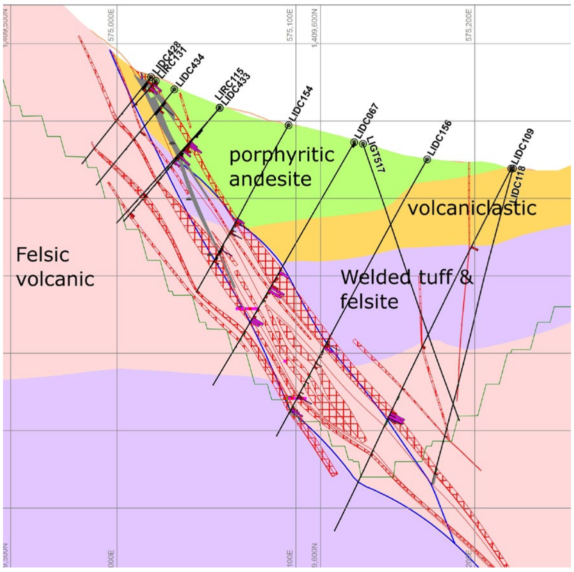
Diamond core drilling rig inspection with contractors Rodio-Swissboring.

The twinning of RC drill holes with diamond core improved the quality of the geological model. Whilst the widths and grades of mineralisation were similar between twin holes, the exercise has provided useful data on grade variability and 'nugget' effect.

All the infill drilling and most of the RC replacement drilling was in the richest and most complex part of the ore body where the La India structure splits into several interconnected veins and breccias. This drilling has added detail to our understanding of the form of the mineralised structure in this zone. This new information, along with the additional geotechnical and hydrogeological drilling which filled some gaps in the drill coverage away from the mineralised zone, has strengthened the geological model that will be used in the next mineral resource update and Feasibility Study.

La India geological model update

Considerable effort has been made in the last few years to improve the understanding of the bedrock geology and the orientation of the geological structures that hosts the gold mineralisation at La India. A major drill core re-logging campaign in 2016-2017 identified a number of local rock units that can be correlated between drill holes and mapped at surface. This scheme has been refined and consolidated and an updated 3-dimensional geological model developed using a combination of the new drilling data, validation of the old core re-logging, and additional field mapping. The new geological model will improve confidence in the next mineral resource update and pit slope model for the upcoming feasibility study.



Cross-section 10800 showing wide zones of gold mineralisation concentrated in the faulted zone where the La India structure splits into two.

Infill drilling on La Mestiza open pit resource

Between May and October two drilling rigs drilled ninety-six diamond core drill holes for a combined 8,004.87 m of infill drilling on the fully permitted La Mestiza open pit resource. The Mestiza area is located only 3 km from the site of the proposed La India processing plant and is the most advanced of the potential satellite deposit on the La India Gold Project with the land acquired and an open pit mining permit already in place. La Mestiza hosts:

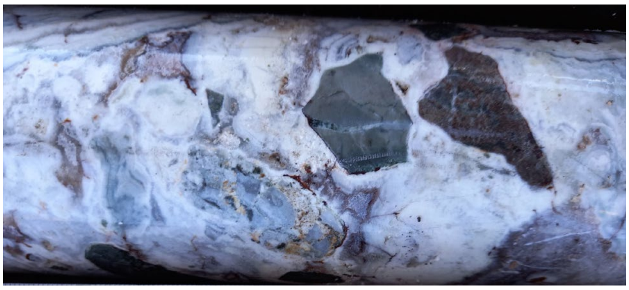
- an open pit Mineral Resource of 92 kt at 12.1 g/t gold for 36,000 oz gold in the Indicated category and 341 kt at 7.7 g/t gold for 85,000 oz gold in the Inferred category, and
- an underground Mineral Resource of 118 kt at 5.5 g/t gold in the Indicated category and 984 kt at 5.3 g/t gold for 169,000 oz gold in the Inferred category.

The infill drilling targeted the part of the Mineral Resource that is considered to have potential to support open pit mining, focussing on the 85,000 oz gold that is currently categorised as Inferred. The drilling has 'tightened-up' the drill spacing from a mix of 50 m to 100 m spacing to a regular 25 m along strike and 50 m down-dip. This will improve the confidence of the geological model and upgrade a significant proportion of the inferred open pit mineral resource to the indicated mineral resource category for use in future pre-feasibility or feasibility level studies.

Delays in assaying by Bureau Veritas' laboratory in Vancouver attributed to Covid-related and other issues resulted in only 52% of the assay results had been received at the end of the reporting period. The results received, however, are consistent with expectations and include the best intercept returned on the project to-date of **3.90 m (3.6 m true width) at 29.09 g/t gold** from 105.70 m drill depth (drill hole LIDC471), approximately 85 m below surface at the base of the current open pit shell on the principal Tatiana vein.

Kluane drilling the central part of Buenos Aires vein set drill hole LIDC547 (left) and Condor geological staff supervising drilling (right).

Exploration drilling at Cacao

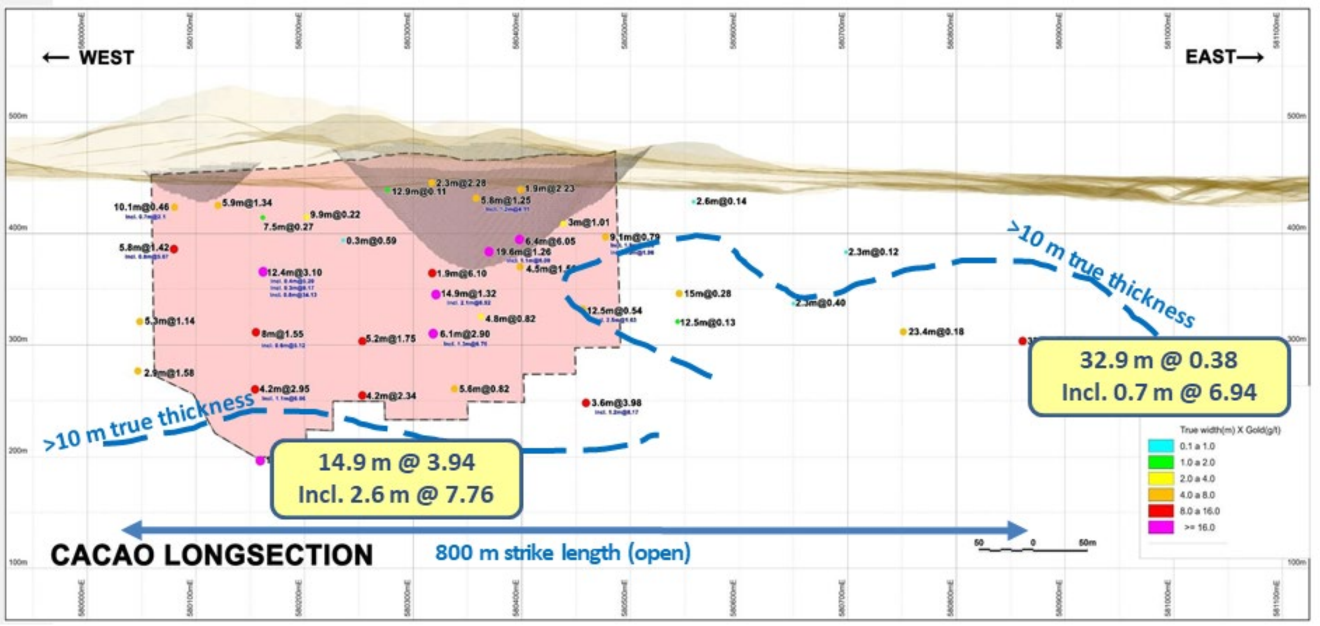


High-grade chalcedonic banded quartz vein discovered 260 m below surface in drill hole CCDC033 grading at 4.58 m (2.6 m true width) at 7.76 g/t gold.

The Cacao prospect, which Condor discovered with trenching and then follow-up drilling when the Company first started operations in Nicaragua between 2006 and 2008, returned some encouraging drill intercepts at depths that suggest that it is developing into an important underground exploration target. A programme of fifteen drill holes for 3,504.41 m was undertaken between February and May 2021 to further test the concept that the moderate grade gold mineralisation encountered at surface amongst altered and silicified country rock and sinter deposits is hiding a fully preserved deep-seated epithermal gold deposit. A breakthrough was made when the planned infill and strike extension drilling at moderate depths of 100-150 m below surface failed to return significant mineralisation and the programme was adjusted to explore deeper. The new approach was vindicated when the deepest drill hole to-date, hole CCDC033 returned the best intercept to-date of **25.93m (14.9m true width) at 3.94g/t gold** from 263.82m, **including 4.58m (2.6m true width) at 7.76g/t gold** from 282.12m drill depth. The high-grade in this drill hole is associated with chalcedonic banded quartz veining characteristic of the upper high-grade 'bonanza' level of a low sulphidation epithermal system. This high-grade intercept, which is approximately 260 m below surface, may well be the top of a fully preserved epithermal gold deposit and further drilling at the same and deeper levels has every chance of defining a significant underground mineral resource.

The Cacao prospect is located at the eastern end of a 3 to 4 kilometre long structure with isolated exposures of quartz veins in bedrock and colluvium, and some artisanal mine workings where bedrock is exposed by a river canyon. The recognition of deep-seated epithermal mineralisation at Cacao suggests that the entire structure could be prospective for hidden deep-seated gold mineralisation. With this in mind four of the drill holes were designed to start testing for a hidden strike extension to the east of Cacao at a depth of 100-150 m below surface. One of these holes (CCDC038) appears to have successfully cut the top of a hidden epithermal system 155 m below barren surface some 400 m from the Cacao surface mineralisation. The drill hole intercepted weakly quartz veined fault breccia which returned 0.85 m (0.7 m true width) at 6.64 g/t gold from 218.07 m drill depth.

Drilling CCDC038 (left) which intercepted hidden gold mineralisation (0.85 m (0.7 m true width) at 6.64 g/t; right) at 155 m depth below barren surface some 400 m along strike of the outcropping gold mineralised sinter at Cacao.



Long-section showing Cacao drilling intercepts including (1) the deepest drill hole below the current mineral resource limits which returned CCDC033 with 14.9 m true width at 3.94 g/t gold in quartz vein with textures characteristic of the top of the epithermal 'bonanza' grade boiling zone. (2) a significant 'blind' intercept including 1.2 m true width at 6.17 g/t gold some 400 m along strike of the surface mineralisation.

Other Project Areas

Location of the La India and other project areas

Rio Luna Concession

The Rio Luna Concession covers an area of 43 km² in the Central Highlands of Nicaragua. Rio Luna is an advanced exploration project where the previous explorer, First Point Minerals of Canada, report spending over US$1.8 million between 2004 and 2008. The Concession was granted to Condor in June 2010 and will expire in 2035. First Point Minerals completed an extensive programme of soil, auger, rock chip and trench sampling on the Rio Luna Project area to define 18km of epithermal quartz veining in three distinct northwest-southeast trending gold vein sets. This surface sampling defined seven principal prospects, five of which were drill-tested over several phases of drilling between 2004 and 2006, with a total of fifty-eight diamond drill holes completed for a total of 6,250m drilled. The mineralisation is medium-sulphidation epithermal vein gold-silver type, hosted by a Tertiary-aged volcanic sequence of andesite flows intercalated with subordinate basalt.

No exploration activity took place at Rio Luna during 2021.

Estrella Concession

The Estrella Concession covers an 18 km² area in Nicaragua's historic 'Mining Triangle' in the northeast of the country. The concession is centred on the historic Estrella Gold Mine. No mine plans or production data are available for the Estrella Mine (also referred to as the Estrella de Venus Mine in old reports). However, it is believed that the mine exploited two or more sub-parallel epithermal veins on two or three levels along a strike length of at least a 250 m processed 20-50 tonnes per day.

The mine was worked for only a few years before being destroyed in 1935 during civil unrest: abandoned steel mine trolleys and rail tracks are testament to this period of mechanised mining. The old workings can be traced for approximately 100 m where the mineralised structure runs close to the bank of a small river and continue for an indeterminate distance beneath the crest of a ridge. The drift that runs next to the river has been reopened by artisanal miners. It is considered likely that the mining relied on gravity dewatering and did not extend below the level of the drainage adit at river level, no deeper than the 10-15 m depth exploited by the artisanal miners.

Trench and underground channel sampling by previous explorers and confirmed by Condor has returned high grade gold intercepts over a 400 m strike length including the historic Estrella Gold Mine and extending along strike up the ridge to the northeast. Two to three parallel epithermal veins separated by short intervals of 5 to 10 m of country rock are recognised in old mine workings and trenches. A best trench intercept of 9.0 m at 5.44 g/t gold reflects the full width of the mineralisation, whilst the channel sampling of the more selectively mined underground workings, often only exploiting one of the structures, returned an average intercept of 0.9 m at 8.53 g/t gold. Exploration for gold mineralisation away from the historic mine area has only returned one positive assay result from quartz vein float located approximately 1,200 m along strike of the historic gold mine workings which suggests that gold mineralisation extends over a strike length of over 1.5 km. The challenge on this concession is to extend the size of the mineralised zone beyond the 400 m strike length defined to date. It is highly unlikely that the mineralised fluids that deposited this ore body were restricted to an isolated structure and future exploration activity will aim to discover extensions to the known structure and/or other gold mineralised veins in the vicinity.

No exploration activity took place at Estrella during 2021.

Luc English
Resident Geologist

Social Matters

Condor's social team was focused on raising awareness and providing medical and sanitary supplies to the local communities to mitigate the impact of the Covid-19 pandemic including preventing loss of life in the affected communities. These actions initiated by the Company and the Social Team demonstrated the human face of the Company and that it truly values the relationship it has with the local people, which generated a significant amount of goodwill with the families affected by the pandemic.

This year an important communication campaign was also carried out to publicize the Company's Community Training Program. With the participation of 45 community leaders, this campaign covered 10 communities and 959 homes. Furthermore, the Water Treatment Plant Project was inaugurated in 2021 delivering purified water to over 450 families in La India and Agua Fria. This year the program expanded, delivering two five-gallon containers of water per week in La India, Agua Fria and multiple other households outside of these communities.

Additionally, the Social Team continued working to maintain the Company's social license by consolidating the existing eight villager groups through eight local programs involving approximately 80% of the local population: elderly, local businessmen, artisanal miners co-operative members, independent artisanal miners, APROSAIC (local association for development initiatives), water committee, "Youth in Action" and "Happy Childhood". The Company also strengthened its social license around the Tatiana and América projects where it has already established very good relations with the communities.

During the year, the Company continued to promote and improve the six self-sustaining projects initiated by the Company: Medicinal Garden (focused on the sale and reproduction of plants), Santa Cruz de la India Piñatas and Varieties (that made and sold 400 piñatas), Communal Bank (provided 39 loans to its members), Savings Program (over 40 business owners participated), Cleaning and Recycling (collected and recycled 1,083 pounds of plastic), Community Rooms (nine rooms and five families participated) and in September a new project of Basic Houses was opened through APROSAIC in five communities in alliance with the Ministry of Health from Santa Rosa del Peñón and El Jicaral.

In compliance with Condor´s HSEC policy and international standards, the Company also implemented quarterly communal assemblies in the three villages within the direct area of influence of La India to communicate in detail the activities of the La India Gold Project's development and exploration.

Levinia Sequeira
Social Manager

Environment

The La India concession nursery began the year with 5,400 trees and currently has 8,276 trees, a number that increased due to the new propagation that was carried out throughout the year for a total of 4,500, a mixture of forestry and ornamental trees, and the purchase of 859 fruit trees, to be used in the new reforestation areas for 2022, where the planting agreement with property owners is for 25% fruit trees and 75% forestry. 2,482 trees were used from the nursery for planting, replacement in the reforestation areas and donations for the different activities of the company. It is important to point out that the purchase of trees was made to donate to Institutions such as INAFOR, since the quantities amounted to almost 5,000 trees, which would be used for the national reforestation plan in the communities led by this Institution, and in turn are taken into account as part of the fulfilment of the 200,000 plants that the company promised to MARENA for the Mina La India project. In 2020, Condor installed an irrigation system in 30% of the tree nursery infrastructure, which has been used in 2021; most of the nursery irrigation is done manually. A total of 832 trees were donated to social programs, schools and landowners to promote reforestation campaigns and environmental education activities in the La India and Real de la Cruz concessions. Maintenance of six areas for reforestation continued; maintenance included irrigation, fertilization, pest control and some 1521 new trees were planted in three of the six reforestation areas and 130 plants were replaced due to losses.

Other environmental activities were carried out in collaboration with the social team to promote environmental awareness. Two environmental awareness talks were given through the Happy Childhood program and in the El Tanque and Talpetate communities. Talks on Waste Management were given to Company Workers and two cleaning activities were organized. Signs were also installed in the reforestation areas for their identification. Other environmental awareness activities were postponed until 2022.

This year a total of 164 kg of plastic bottles were collected internally and 538 kg of recyclable materials (paper and cardboard) were donated to the Agua es Vida program led by Beatriz Vega; this year it was not sent to the "Los Pipitos" as they were not receiving this type of material due to Covid-19. 600 lbs. of organic waste were sent to the Jicaral landfill in the first semester and almost 800 lbs. in the second semester.

Institutions such as MARENA and INAFOR visited site as part of the monitoring of tree cutting permits and environmental permits, specifically to assess the reforestation and nursery areas. The Ministry of Energy and Mines (“MEM”) also carried out a site visit to monitor the activities carried out in the Espinito Mendoza and La India Concessions.

Tree cutting activities were carried out in the Tatiana pit area and the Processing Plant area, prior to starting construction activities.

This year there was no presentation of the results of the water sampling, which is part of the Participatory Water Monitoring Program, due to the ongoing Covid-19 pandemic. To limit large numbers of people gathering, only awareness campaigns and environmental education were carried out through outreach materials related to water protection and fire prevention. In the second half of the year, 5 environmental awareness activities were carried out in coordination with the social area, dealing with issues related to environmental ephemeris, in order to care for and protect the environment, as part of compliance with environmental permits, the measures to prevent Covid-19 infections.

In April and November, water samples were taken as part of the environmental baseline of the three projects La India, América and Tatiana, this being part of the Participatory Water Monitoring Program in 13 sites.

The Company continues to monitor surface water flow at five sites and groundwater levels at 41 sites as part of its hydrology and hydrogeology baseline studies. his include the 14 piezometers which were installed in the proposed Tailings Storage Facility and Water Dam areas. The Company continues the daily monitoring of weather data using three rain gauges and a digital weather station.

As part of the environmental studies in compliance with international standards, in July the Company conducted a second river sediment sampling at 6 sites as part of the annual sampling schedule, which began last year in the same sites and for the same parameters.

The acid rock drainage kinetic study continues; in 2021 year some activities were modified due to the lack of precipitation. This required the generation of leachate by artificial irrigation, obtaining sufficient volume to take 10 samples (one per week since October) to send to SGS Canada laboratory, obtaining the requisite number of results that are required to complete the FS. These tests will run for 2 more years and will be supported by laboratory analyses as appropriate to characterise the potential acid generation from the waste rock.

Heidi Vallecillo
Environment Manager

Permitting

In compliance with Nicaraguan legislation, the 2020 Annual Environmental Report was presented to government institutions, as well as the 2020 quarterly reports. MARENA and MEM were accompanied during the inspections of several concessions. Also in January 2021, the annual technical report of the 14 concessions of the Company for the year 2020 was presented to MEM, in compliance with the mining law of the State of Nicaragua for monitoring all mining companies in the country.

In March 2021, the Environmental Authorization was obtained for the construction and operation of the drinking water plant that benefits the Communities near the Mina La India project.

In April 2021, the Company sent a communication to MARENA about the start of activities in the La India Project (cutting trees, opening roads, importing the mill), as part of compliance with the conditions of the EP for the La India Project. The other conditions of the permit must be fulfilled during the construction and operating phases.

In July 2021, tree cutting permits were obtained for the following sectors: La India open pit, the tailings dam, the processing plant and offices, and for the Mestiza open pit. Permits for the use of chainsaws were also obtained from the Mayor's Offices and INAFOR.

In August 2021, an inspection was performed by the Leon office of MARENA as part of the monitoring and compliance of projects that have received Environmental Permits or authorizations. During this inspection, the drinking water plant was visited.

In October 2021 the following events occurred:

- Representatives from the Leon office of MARENA and the Mayor's Office of Jicaral visited the La India Project as part of the follow-up of the Company's reforestation efforts. The Company received positive comments from MARENA regarding its compliance with reforestation permits, highlighting the good work done by the Company and its commitment to comply with the Environmental Permit covenants.
- In compliance with the conditions of the Environmental Permit, a communication was sent to MARENA regarding the start of activities in the Tatiana Pit Mining Exploration project (Mestiza), announcing the commencement of infill drilling, clearing of the pit zone (cutting of trees) and road improvements.
- The Company requested the renewal of the Environmental Permit for the América Pit Mining Project as no activities had been carried out for a period of 18 months. MARENA granted the renewal Resolution in November 2021.

MEM carried out a new routine inspection in December 2021 at the Espinito Mendoza and La India concessions. The Company received positive comments for its good environmental, social, health and safety management.

Aiser Sarria Sirias
General Manager Mina La India

STATEMENT REGARDING FORWARD-LOOKING AND TECHNICAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this document 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 document contains forward-looking statements pertaining to the following:

- Mineral Resource and Mineral Reserve estimates;
- targeting additional mineral resources and expansion of deposits;
- the impact of the redesigned La India open pit on the technical viability, economic attractiveness and anticipated gold production of the La India Project;
- 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 document:

- 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; and
- other risks and uncertainties described under the heading “*Risk Factors*” in the Company’s Annual Information Form dated 31 March 2021, available under the Company’s 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 reserves and 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.

STATEMENT REGARDING FORWARD-LOOKING AND TECHNICAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

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 of the Company 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 of the Company 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.

TECHNICAL INFORMATION

Certain disclosure contained in this document relating to the La India Project of a scientific or technical nature has been summarized or extracted from the technical report entitled “Condor Gold *Technical Report on the La India Gold Project, Nicaragua*”, dated October 2021 with an effective date of September 2021 (the “Technical Report”), prepared in accordance with NI 43-101. The Technical Report was prepared by or under the supervision of Tim Lucks, Principal Consultant (Geology & Project Management), Gabor Bacsfalusi, Principal Consultant (Mining), Benjamin Parsons, Principal Consultant (Resource Geology), each of SRK Consulting (UK) Limited, and Neil Lincoln of Lycopodium Minerals Canada Ltd., each of whom is an independent Qualified Person as such term is defined in NI 43-101. The Company intends to publish a Feasibility Study on the La India Project in the first half of 2022.

On January 28, 2019, the Company announced an updated Mineral Resource estimate (“MRE”) at La India. The MRE as at 25 January 2019 is 9.85 million tonnes (“M tonnes” or “Mt”) at 3.6 g/t gold for 1,140,000 oz gold in the Indicated category and 8.48M tonnes at 4.3g/t gold for 1,179,000 oz 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. GEP, a qualified person within the meaning of NI 43-101.

David Crawford, Chief Technical Officer of the Company, and Andrew Cheatle, a non-executive Director of the Company, each of whom is a Qualified Person as defined by NI 43-101, have approved the written disclosure in this document.

Qualified Person: Andrew Cheatle has supervised the preparation of the geological information in this report. He has circa 30 years of relevant experience in mineral exploration and development and provides consulting services in that field to various companies in the gold exploration and/or development sectors.

Andrew Cheatle is satisfied that the results are verified, based on an inspection of the results from activities carried out in 2017, as set out in this document, including of drill core, a review of the sampling procedures, the credentials of the professionals completing the work and the visual nature of the geology within a district where he is familiar with the style and type of mineralization.

Quality Assurance and Control: Samples generated from soil sampling and drilling activities are shipped directly in security-sealed bags to Bureau Veritas preparation facility in Managua (ISO 9001). Samples shipped also include intermittent standards and blanks. Pulp samples are subsequently shipped to Bureau Veritas Acme Laboratories in Vancouver, Canada for analysis. For the drilling assays used for Mineral Resource estimations, five percent of pulp samples are prepared and analysed by ALS Minerals in Vancouver, Canada (ISO 17025:2017 and ISO 9001:2015) and Bureau Veritas Laboratories (ISO 17025:2005 and ISO 9001:2015). Metallurgical tests were done on quartered core samples for La India, America and Central Breccia. No systematic mineralogy analysis has been carried out.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2021.

DIRECTORS

The Directors shown below have held office during the year and up to the date of approval of these financial statements:

M Child
J Mellon
K Harcourt
A Cheatle
I Stalker

DIVIDENDS

The Directors do not recommend payment of a dividend (2020: £nil).

SUBSTANTIAL SHAREHOLDERS

On 29 March 2022 the Company was aware of the following interests in 3% or more of the Company's issued share capital:

Shareholders	Number of ordinary shares	Holding %
Mr J Mellon	27,908,511	19.0
Nicaragua Milling Company	7,150,000	4.9
Oracle Investments Ltd	5,154,826	3.5

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 2021 were:

		31 December 2021		31 December 2020	
Directors	Holding	Number of shares	Number of options	Number of shares	Number of options
M Child	Direct	3,993,020	5,450,000	3,963,750	4,200,000
	Indirect	236,980	-	236,980	-
J Mellon	Direct	2,889,883	1,450,000	2,889,883	1,050,000
	Indirect	25,018,628	-	17,399,580	-
I Stalker	Direct	242,858	800,000	100,000	400,000
	Indirect	67,370	-	67,370	-
A Cheatle	Direct	145,241	1,125,000	119,050	825,000
	Indirect	-	-	-	-
K Harcourt	Direct	-	1,250,000	-	950,000
	Indirect	-	-	-	-

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 2021	Granted during the year	Exercised in the year	Lapsed in the year	As at 31 December 2021
DIRECTORS							
M L Child							
	80	26 Sept 2021	600,000	-	-	(600,000)	-
	62	6 July 2022	800,000	-	-	-	800,000
	42	23 Sept 2023	800,000	-	-	-	800,000
	22	13 July 2024	1,000,000	-	-	-	1,000,000
	42	31 May 2025	1,000,000		-	-	1,000,000
	48	31 May 2026	-	1,250,000	-	-	1,250,000
J Mellon							
	80	26 Sept 2021	150,000	-	-	(150,000)	-
	62	6 July 2022	150,000	-	-	-	150,000
	42	23 Sept 2023	150,000	-	-	-	150,000
	22	13 July 2024	300,000	-	-	-	300,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	400,000	-	-	400,000
I Stalker	22	20 Nov 2024	100,000	-	-	-	100,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	400,000	-	-	400,000
K Harcourt							
	80	26 Sept 2021	150,000	-	-	(150,000)	-
	62	6 July 2022	150,000	-	-	-	150,000
	42	23 Sept 2023	150,000	-	-	-	150,000
	22	13 July 2024	150,000	-	-	-	150,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	300,000	-	-	300,000
A Cheatle	65	24 January 2023	150,000	-	-	-	150,000
	42	23 Sept 2023	75,000	-	-	-	75,000
	22	13 July 2024	300,000	-	-	-	300,000
	42	31 May 2025	-	300,000	-	-	300,000
	48	31 May 2026	-	300,000	-	-	300,000

Directors held 3,709,053 warrants as at 31 December 2021 (2020: 3,832,624), to subscribe for ordinary shares of the company. Nil warrants held by the directors expired during the year (2020: 1,054,165) and 1,478,928 warrants were issued to or acquired by Directors during the year.

CORPORATE GOVERNANCE

To the extent applicable, the Group has adopted the Quoted Companies Alliance Corporate Governance Code (the “Code”). Details of how the Group complies with the Code, and the reasons for any non-compliance, are set out in the Corporate Governance Report, together with the principles contained within the Code.

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 include local subsistence farmers and small scale miners, and firmly believes that future mining operations should be to the benefit of all. To this end, Condor personnel participate in cultural awareness programmes and have forged close ties with landholders and maintain a constructive dialogue with MARENA 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, tree planting, the supply of school books and training of members of local communities in both technical and non-technical skills to assist their personal development.

Financial Risk Management

The Group is exposed through its operations to the following financial risks:

- credit risk
- liquidity risk
- market risk, and
- capital risk

In common with all other businesses, the Group is exposed to risks that arise from its area of operation. These, along with management's policies surrounding risk management, are set out in the Strategic Report.

Board of Directors

The Board of Directors at the year-end included one executive chairman and four non-executive directors. The Directors are of the opinion that the recommendations of the Code have been implemented to an appropriate level. The Board, through the Chairman and non-executive Directors, maintains 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, for both Board committee meetings and full operational Board meetings. During the year to 31 December 2021 the Board held a total of 12 meetings. 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 General Manager 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.

i. Audit Committee

The Audit Committee comprises J Mellon, A Cheatle and K Harcourt, each a non-executive Director. The committee meets at least once a year.

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 auditor. The Chief Financial Officer and a representative of the external auditor 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 are to review the effectiveness of the Company's systems of internal control, to review with the external auditor the nature and scope of their audit and the results of the audit, and to evaluate and select external auditors.

ii. Remuneration Committee

The Remuneration Committee meets at least once each year. Its members are J Mellon and A Cheatle, each a non-executive Director, both of whom were in attendance at the meetings since their appointment date.

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 non-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 Group 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.

iii. Risk Committee

The Risk Committee plans to meet at least once each year. Its members are A Cheatle and K Harcourt.

The Risk Committee's primary responsibilities are to identify and review the risks the group faces and to review the effectiveness of the safeguards in place to mitigate those risks.

Service Contracts

The Company has service contracts with its 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(1)	-	175	13 July 2011	-	6 months
J Mellon	-	25	6 April 2011	-	2 months
A Cheatle	25	-	18 January 2018	-	30 days
K Harcourt	25	6	2 March 2015	-	2 months
I Stalker	-	49	21 Nov. 2019		30 days

(1) M L Child additionally receives £4,284 of other benefits

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.

Annual general meeting

Details of the ordinary and special business to be conducted and the resolutions to be proposed at the 2022 Annual General Meeting to be held on 12 May 2022 will be sent to all shareholders and will be made available on the Company's website in due course.

Directors Insurance

During the year the Company paid £33,000 (2020: £29,000) in respect of Directors professional indemnity insurance.

SUBSEQUENT EVENTS

- In January 2022, the Company announced the exercise of options to the total value of £66,000.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law 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 UK-adopted International Accounting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The maintenance and integrity of the Condor Gold Plc web site, which includes compliance with AIM Rule 26, is the responsibility of the Directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

The auditor, PKF Littlejohn LLP, will be proposed for re-appointment at the Annual General Meeting to be held on 12 May 2022 in accordance with Section 489 of the Companies Act 2006. PKF Littlejohn LLP has indicated its willingness to continue in office.

ON BEHALF OF THE BOARD:

Mark Child

M L Child
Chairman
Date: 29 March 2022

CONDOR GOLD PLC

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Condor Gold plc ("the Company") has adopted the QCA Corporate Governance Code ("the Code") as its code of corporate governance. The Code is published by the Quoted Companies Alliance ("QCA") and is available at www.theqca.com.

The Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Board applies each of the principles, including where applicable any deviation from those principles:

Principle One

Business Model and Strategy

The Board has concluded that the highest medium- and long-term value can be delivered to its shareholders by the continued application of its strategy of continuing to advance the La India project in Nicaragua. This can be summarised as follows:

- To construct and operate a base case processing plant with capacity of up 2,800tpd to produce an average of 80,000 ounces of gold per annum for the first five years of an eight-year mine life from a single open pit at the La India Project.
- To continue with the successful exploration strategy of expanding Mineral Resources by one to two million ounces of gold and demonstrating a major gold district, using a multi- disciplined approach of detailed geological mapping, geochemistry soil surveys, structural modelling, which together build on the geophysics survey, combined with trenching and exploration drilling.
- To continue to explore production growth opportunities beyond the base case scenario, and which are contingent upon exploration success.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.condorgold.com, and via Mark Child, the Executive Chairman who is available to answer investor relations enquiries.

Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key relationships. For example, the Executive Chairman conducts regular visits to Nicaragua and encourages a full and open dialogue process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful two-way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and in particular, has an active social engagement, support and development programme in place within the local communities which is managed by a dedicated team. The Company also has regular and direct interaction with various levels of government and provides these stakeholders with the opportunity to raise issues and provide feedback to the Company.

Principle Four

Risk Management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out the principal risks and identifies their ownership and the controls that are in place to mitigate them. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. N.B. A more complete schedule of risk factors is set out in the Strategic Report of the Company.

Activity	Risk	Impact	Control(s)
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company

Principle Four - continued

Risk Management - continued

Activity	Risk	Impact	Control(s)
Environmental/ Social	Meeting permit conditions, leading to project schedule delays	Inability to develop	Effective relations & communications with stakeholders, community and government
Exploration	Lack of exploration success	Lack of expansion of mineral resource estimates	Retention of geological expertise
Political	Political uncertainty and turmoil in Nicaragua	Delays in permits and approvals	Meetings with all stakeholders to ensure benefits of mine are understood and the design controls in place
Financial	Liquidity, market and credit risk	Inability to continue as going concern	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Incorrect reporting of assets	Appropriate authority and investment levels as set by Treasury and Investment Policies Audit Committee

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Executive Chairman. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Chief Financial Officer of the Company and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle Five

A Well-Functioning Board of Directors

As at the date hereof the Board comprised, the Executive Chairman Mr. Mark Child and four non-executive Directors, Mr Jim Mellon, Ms Kate Harcourt, Mr Andrew Cheatle and Mr Ian Stalker. Biographical details of the current Directors are set out on the Company's website under the heading "About / Directors and Management". Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years.

The Board meets at least six times per annum. It has established an Audit Committee, a Risk Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Executive Chairman works on a full-time basis for the Company, while the non-executive Directors are considered to be part time. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. The non-executive Directors are considered to be independent. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. The Board shall review further appointments as scale and complexity grows.

The role of Chairman of the Board shall be separated from the executive function, unless the Board determines that it can justify that the Chairman is an executive. Currently, the Board has determined that the executive role of Chairman, Mark Child, can be justified, given the following factors: (i) the stage of development of the Company i.e. the Company is at the development stage and not operational; as such, the role of the Executive Chairman is principally working with consultants and local partners to develop the Project, fundraising and determining strategic direction; (ii) the Company's four non-executive Directors have considerable public company experience and, the Board feels, can hold the Chairman to account in an effective manner (iii) the full and direct access that the Board has to all monthly management reports of the Company and the senior management of the Company, and; (iv) the frequency of Board meetings, during which the Chairman gives an account of his activities. The Company therefore believes that non-compliance with the Code in respect to the executive role of the Chairman is currently acceptable.

Attendance at Board and Committee Meetings

The Company shall report annually on the number of Board meetings held during the year and the attendance record of individual Directors. In order to be efficient, the Directors meet formally and informally both in person and by telephone and video conference.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of five Directors and, in addition, the Company has employed the outsourced services of Mrs. Kate Doody to act as the Company Secretary. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets. The professional experience of each of the Directors is set out on the Company's website. Furthermore, the Company has a non-board CFO, Mr John Seaberg, who provides oversight of the finance function and assists the Chairman on regulatory matters in the UK and Canada.

The Company also can call on the services of Mr. David Crawford, as technical advisors to the Group, in assisting with the technical development of the Company's projects.

The Board recognises that it currently has limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual Directors is undertaken on an ad hoc basis in the form of appraisal by the Chairman, who consults with the other Directors as appropriate regarding effectiveness and performance as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals of the Directors shall identify the key targets and requirements that are relevant to each Director and as necessary, their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board. While the roles of Chairman and Chief Executive are not separated, the Board receives monthly reports regarding the principal areas of activity of the Company and has unrestricted access to management and employees of the Company. The Board also has the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

Furthermore, the Executive Chairman maintains close dialogue with other Directors, both through the forum of Board meetings and through ad hoc communication on an individual level. The duties and responsibilities of the Board are set out in the Mandate of the Board as adopted on 2 November 2017 and available on the website of the Company under the heading "Investors / AIM Rule 26 / Responsibilities of the Board of Directors".

Audit Committee

As of the date of this document, the members of the Audit Committee of the Company are Mr Jim Mellon (Chairman), Ms Kate Harcourt and Mr Andrew Cheatle. Each of the members of the Audit Committee are independent. Each of the members of the Audit Committee are familiar with accounting principles, financial statements and financial reporting requirements and possess education or experience that is relevant to the performance of their duties as members of the Audit Committee of the Company. A description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member may be found above under the heading "Directors and Management" on the Company's website.

The Audit Committee's primary responsibilities are 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. The Audit Committee also reviews regular reports from management and the external auditors on accounting and internal control matters. When appropriate the Audit Committee monitors the progress of action taken in relation to such matters. The Charter of The Audit Committee is available on the Company's website under the heading "Investors / AIM Rule 26 / Audit Committee."

Remuneration Committee

The Remuneration Committee meets at least once each year. Its members are Mr Jim Mellon (Chairman) and Mr Andrew Cheatle.

The company'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 company.

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.

Risk Committee

Other than the Audit and Remuneration Committees, the Company has a Risk Committee, comprising Mr Andrew Cheatle (Chairman) and Ms Kate Harcourt. The Risk Committee’s primary responsibilities are to review the risks that the Company faces and to review the safeguards in place to mitigate those risks. The Risk Committee aims to meet at least once in each year.

At least annually, the Board shall, with the assistance of the Risk Committee, review reports provided by management of principal risks associated with Condor’s business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company though its website, www.condorgold.com and via Mr. Mark Child, Executive Chairman, who is available to answer investor relations enquiries.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CONDOR GOLD PLC FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Condor Gold Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the group financial statements the group, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2021 and of its consolidated financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1c in the financial statements, which states that the group's and company's ability to continue as a going concern is dependent on the ability to secure additional funding through financing arrangements or the issue of equity. As stated in note 1c, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of budgets and cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, including challenge of management on the basis of preparation, together with ascertaining the most recent cash position of the group and company, and identifying subsequent events impacting the going concern position.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements was £500,000 (2020: £400,000) based upon 1.5% of gross assets. The performance materiality was £350,000, (2020: £280,000). The materiality applied to the parent company financial statements was £33,000 (2020: £50,000) based upon 5% of the loss before tax. The performance materiality was £23,100 (2020: £35,000). Significant components in the scope of our group audit were audited to a level of materiality between £31,000 and £157,000, (2020: £53,000 and £149,000).

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £25,000 (2020: £20,000) for the group and £1,650 (2020: £2,500) for the parent company. There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Of the reporting components of the group, a full scope audit was performed on the complete financial information of 4 components.

3 of the 4 significant components are located in Nicaragua and were audited by a component auditor under our instruction. The Senior Statutory Auditor interacted regularly with the component audit team during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion of the group and parent company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value and assessment of impairment of intangible exploration and evaluation assets (refer note 1 'critical accounting estimates and judgements' and note 10, and property, plant and equipment -refer note 9). The group has reported intangible exploration and evaluation assets of £28,100,980 and property, plant and equipment of £7,473,433 in its Consolidated Statement of Financial Position as at 31 December 2021. The carrying value and recoverability of the intangible assets are tested annually for impairment and property, plant and equipment assessed for indicators of impairment. The estimated recoverable amount of intangible and tangible fixed assets is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	Our work in this area included: ▪ Obtaining and critically reviewing the impairment assessment prepared by management in relation to the La India Gold Project; ▪ Reviewing the Technical Report prepared by SRK Consulting (December 2014) and challenging the key inputs and assumptions for reasonableness and performing sensitivity analysis. This work was performed during the prior year audit and has been re-assessed, where applicable, for conditions existing as at 31 December 2021 (e.g. increased resources, latest gold price); ▪ Assessing the independence and competence of SRK Consulting as a management expert to satisfy ourselves that reliance can be placed on the reports they have prepared. As above, this work was satisfactorily undertaken in prior periods; ▪ Reviewing the Technical Report in conjunction with the Mineral Resource Estimate provided by SRK Consulting in January 2019, which reported increased resources in the indicated and inferred categories; ▪ Reviewing the Technical Report prepared by SRK Consulting of the results of a strategic mining study to Preliminary Economic Assessment standards issued in October 2021, noting in particular the expected internal rate of return, net present value and payback period under each mining scenario; ▪ Confirming the group holds good title to licences and key permits by obtaining the licences and confirming good title. We have obtained direct written confirmation from local legal counsel over the La India and Condor concessions in this regard; and ▪ Considered progress made during the year in advancing the Project including additional drilling and test-work results, engineering studies, and compliance with the terms of the environmental license. We are satisfied that management's assessment of impairment is reasonable in concluding no impairment is required against the carrying value of intangible exploration assets and property, plant and equipment as at 31 December 2021.

Recoverability of Investment and Intragroup balances (refer note 12) **There is a risk that the company's investment in subsidiaries and the intragroup balances are not recoverable and that an impairment charge is required.**	Our work in this area included: • Consideration of the audit work performed on the recoverability of the intangible assets and property, plant and equipment in the subsidiaries. The recoverability of the net investment in the subsidiaries is directly dependent on the ability of the subsidiaries to realise the carrying value of those assets; • Assessment of whether there are indicators of expected lifetime credit losses, in accordance with IFRS 9, taking into consideration the quasi equity nature of the intragroup receivable; and • Consideration of the forecasts provided for the going concern assessment. We are satisfied that management's assessment of impairment and expected credit losses is reasonable in concluding no impairment is required against the carrying values in the parent company as at 31 December 2021.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from International Financial Reporting Standards (IFRS), Companies Act 2006, exploration and environmental regulations in Nicaragua and local tax and employment laws.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - enquiries of management
    - review of minutes, including environmental reports
    - review of legal and regulatory correspondence
    - review of legal and professional expenses during the year for indications of possible non-compliance
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the impairment assessment of intangibles and property, plant and equipment. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We instructed the component auditor to undertake testing to identify instances of non-compliance with laws and regulations, including fraud, particularly with regard to compliance with the terms within the exploration licenses and concessions held, together with the conditions contained within the environmental license.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London, E14 4HD

29 March 2022

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CONDOR GOLD PLC
IN RESPECT OF CANADIAN NATIONAL INSTRUMENT 52-107
(ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS)
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Condor Gold Plc and its subsidiaries (the "group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IAASB").

In our opinion:

- the group financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2021 and 31 December 2020 and its financial performance and its cash flows for the years then ended; and
- the group financial statements have been properly prepared in accordance with IFRSs as issued by the IAASB.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB) and applicable law.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the group financial statements in the UK, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1c in the financial statements, which states that the group's and company's ability to continue as a going concern is dependent on the ability to secure additional funding through financing arrangements or the issue of equity. As stated in note 1c, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of budgets and cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, including challenge of management on the basis of preparation, together with ascertaining the most recent cash position of the group and company, and identifying subsequent events impacting the going concern position.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value and assessment of impairment of intangible exploration and evaluation assets (refer note 1 'critical accounting estimates and judgements' and note 10, and property, plant and equipment - refer note 9). The group has reported intangible exploration and evaluation assets of £28,100,980 and property, plant and equipment of £7,473,433 in its Consolidated Statement of Financial Position as at 31 December 2021. The carrying value and recoverability of the intangible assets are tested annually for impairment and property, plant and equipment assessed for indicators of impairment. The estimated recoverable amount of intangible and tangible fixed assets is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	Our work in this area included: ▪ Obtaining and critically reviewing the impairment assessment prepared by management in relation to the La India Gold Project; ▪ Reviewing the Technical Report prepared by SRK Consulting (December 2014) and challenging the key inputs and assumptions for reasonableness and performing sensitivity analysis. This work was performed during the prior year audit and has been re-assessed, where applicable, for conditions existing as at 31 December 2021 (e.g. increased resources, latest gold price); ▪ Assessing the independence and competence of SRK Consulting as a management expert to satisfy ourselves that reliance can be placed on the reports they have prepared. As above, this work was satisfactorily undertaken in prior periods; ▪ Reviewing the Technical Report in conjunction with the Mineral Resource Estimate provided by SRK Consulting in January 2019, which reported increased resources in the indicated and inferred categories; ▪ Reviewing the Technical Report prepared by SRK Consulting of the results of a strategic mining study to Preliminary Economic Assessment standards issued in October 2021, noting in particular the expected internal rate of return, net present value and payback period under each mining scenario; ▪ Confirming the group holds good title to licences and key permits by obtaining the licences and confirming good title. We have obtained direct written confirmation from local legal counsel over the La India and Condor concessions in this regard; and ▪ Considered progress made during the year in advancing the Project including additional drilling and test-work results, engineering studies, and compliance with the terms of the environmental license. We are satisfied that management's assessment of impairment is reasonable in concluding no impairment is required against the carrying value of intangible exploration assets and property, plant and equipment as at 31 December 2021.
Recoverability of Investment and Intragroup balances (refer note 12) There is a risk that the company's investment in subsidiaries and the intragroup balances are not recoverable and that an impairment charge is required.	Our work in this area included: • Consideration of the audit work performed on the recoverability of the intangible assets and property, plant and equipment in the subsidiaries. The recoverability of the net investment in the subsidiaries is directly dependent on the ability of the subsidiaries to realise the carrying value of those assets; • Assessment of whether there are indicators of expected lifetime credit losses, in accordance with IFRS 9, taking into consideration the quasi equity nature of the intragroup receivable; and • Consideration of the forecasts provided for the going concern assessment. We are satisfied that management's assessment of impairment and expected credit losses is reasonable in concluding no impairment is required against the carrying values in the parent company as at 31 December 2021.

Other information

The other information comprises the information included in the annual report and the management discussion and analysis, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the group and the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

<u>REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CONDOR GOLD PLC</u>
<u>IN RESPECT OF CANADIAN NATIONAL INSTRUMENT 52-107</u>
<u>(ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS)</u>
<u>FOR THE YEAR ENDED 31 DECEMBER 2021</u>

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditors' report is David Thompson.

David Thompson (Engagement Partner)
for and on behalf of PKF Littlejohn LLP
Statutory Auditor

29 March 2022

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Administrative expenses		(2,330,003)	(1,750,395)
Gain on disposal of project		-	439,228
Operating loss	5	(2,330,003)	(1,311,167)
Finance income	4	-	1,175
Loss before income tax		(2,330,003)	(1,309,992)
Income tax expense	6	-	-
Loss for the year		**(2,330,003)**	**(1,309,992)**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation differences		(119,937)	(1,615,168)
Other comprehensive (loss) / income for the year		**(119,937)**	**(1,615,168)**
Total comprehensive loss for the year		**(2,449,940)**	**(2,925,160)**
Loss attributable to:			
Non-controlling interest		-	-
Owners of the parent		(2,330,003)	(1,309,992)
		(2,330,003)	**(1,309,992)**
Total comprehensive loss attributable to:			
Non-controlling interest		-	-
Owners of the parent		(2,449,940)	(2,925,160)
		(2,449,940)	**(2,925,160)**
Earnings per share expressed in pence per share:			
Basic and diluted (in pence)	8	(1.70)	(1.21)

The notes in pages 53 to 75 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21	31.12.20
		£	£
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,473,433	3,067,397
Intangible assets	10	28,100,980	22,089,314
		35,574,413	25,156,711
CURRENT ASSETS			
Trade and other receivables	12	775,693	114,409
Cash and cash equivalents		2,072,046	4,159,391
		2,847,739	4,273,800
TOTAL ASSETS		**38,422,152**	**29,430,511**
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	14	248,176	266,412
TOTAL LIABILITIES		**248,176**	**266,412**
NET CURRENT ASSETS		2,599,563	4,007,388
NET ASSETS		**38,173,976**	**29,164,099**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Called up share capital	15	29,326,143	23,732,526
Share premium		42,528,627	37,175,626
Exchange difference reserve		(2,482,038)	(2,362,101)
Retained earnings		(31,198,756)	(29,381,952)
		38,173,976	**29,164,099**
Non-controlling interest		-	-
TOTAL EQUITY		**38,173,976**	**29,164,099**

The financial statements were approved and authorised for issue by the Board of directors on 29 March 2022 and were signed on its behalf by:

M L Child - Chairman
Company No: 05587987

The notes in pages 53 to 75 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Share Capital	Share premium	Exchange difference reserve	Retained earnings	Total	Non-Controlling Interest	Total Equity
	£	£	£	£	£	£	£
At 1 January 2020	18,932,704	33,953,693	(746,933)	(28,354,144)	23,785,320	-	23,785,320
Comprehensive income:							
Loss for the year	-	-	-	(1,309,992)	(1,309,992)	-	(1,309,992)
Other comprehensive income:							
Currency translation differences	-	-	(1,615,168)	-	(1,615,168)	-	(1,615,168)
Total comprehensive income	-	-	(1,615,168)	(1,309,992)	(2,925,160)	-	(2,925,160)
New shares issued	4,799,822	3,444,143	-	-	8,243,965	-	8,243,965
Issue costs	-	(222,210)	-	-	(222,210)	-	(222,210)
Share based payment	-	-	-	282,184	282,184	-	282,184
Total transactions with owners, recognised directly in equity	4,799,822	3,221,933	-	282,184	8,303,939	-	8,309,939
At 31 December 2020	23,732,526	37,175,626	(2,362,101)	(29,381,952)	29,164,099	-	29,164,099
Comprehensive income:							
Loss for the year	-	-	-	(2,330,003)	(2,330,003)	-	(2,330,003)
Other comprehensive income:							
Currency translation differences	-	-	(119,937)	-	(119,937)	-	(119,937)
Total comprehensive income	-	-	(119,937)	(2,330,003)	(2,449,940)	-	(2,449,940)
New shares issued	5,593,617	5,366,126	-	-	10,959,743	-	10,959,743
Issue costs	-	(13,125)	-	-	(13,125)	-	(13,125)
Share based payment	-	-	-	513,199	513,199	-	513,199
Total transactions with owners, recognised directly in equity	5,593,617	5,353,001	-	513,199	11,459,817	-	11,459,817
At 31 December 2021	29,326,143	42,528,627	(2,482,038)	(31,198,756)	38,173,976	-	38,178,976

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.

The exchange difference reserve is a separate component of Shareholders' equity in which the exchange differences, arising from translation of the results and financial positions of foreign operations that are included in the Group's Consolidated Financial Statements, are reported.

Retained earnings represent the cumulative net gains and losses recognised in the consolidated income statement.

The notes in pages 53 to 75 form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Notes	31.12.21	31.12.20
		£	£
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,309,955	-
Investments	11	751,977	751,977
Other receivables	12	39,511,480	32,260,491
		44,573,412	33,012,468
CURRENT ASSETS			
Trade and other receivables	12	33,329	30,656
Cash and cash equivalents		1,956,467	4,045,574
		1,989,796	4,076,230
TOTAL ASSETS		**46,563,208**	**37,088,698**
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	14	169,456	183,786
TOTAL LIABILITIES		**169,456**	**183,786**
NET CURRENT ASSETS		1,820,340	3,892,444
NET ASSETS		**46,393,752**	**36,904,912**
SHAREHOLDERS' EQUITY			
Called up share capital	15	29,326,143	23,732,526
Share premium		42,528,627	37,175,626
Retained earnings		(25,461,018)	(24,003,240)
TOTAL EQUITY		**46,393,752**	**36,904,912**

The loss for the financial year dealt with in the financial statement of the parent company was £1,970,977 (2020: £1,347,955).

The financial statements were approved and authorised for issue by the Board of directors on 29 March 2022 and were signed on its behalf by:

M L Child - Chairman
Company No: 05587987

The notes in pages 53 to 75 form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2020	18,932,704	33,953,693	(22,937,469)	29,948,928
Comprehensive income:				
Loss for the period	-	-	(1,347,955)	(1,347,955)
Total comprehensive income	-	-	(1,347,955)	(1,347,955)
New shares issued	4,799,822	3,444,143	-	8,243,965
Issue costs	-	(222,210)	-	(222,210)
Share based payment	-	-	282,184	282,184
Total transactions with owners recognised directly in equity	4,799,822	3,221,933	282,184	8,303,939
At 31 December 2020	23,732,526	37,175,626	(24,003,240)	36,904,912
Comprehensive income:				
Loss for the period	-	-	(1,970,977)	(1,970,977)
Total comprehensive income	-	-	(1,970,977)	(1,970,977)
New shares issued	5,593,617	5,366,126	-	10,959,743
Issue costs	-	(13,125)	-	(13,125)
Share based payment	-	-	513,199	513,199
Total transactions with owners recognised directly in equity	5,593,617	5,353,001	513,199	11,459,817
At 31 December 2021	29,326,143	42,528,627	(25,461,018)	46,393,752

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.

Retained earnings represent the cumulative net gains and losses recognised in the Company’s income statement.

The notes in pages 53 to 75 form an integral part of these financial statements

CONDOR GOLD PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONDOR GOLD PLC

	Year Ended 31.12.21 £	Year-Ended 31.12.20 £
Cash flows from operating activities		
Loss before tax	(2,330,003)	(1,309,992)
Share based payment	513,199	282,184
Depreciation	88,264	53,699
Exchange differences	78,873	(287,276)
Finance income	-	(1,175)
	(1,649,667)	(1,262,560)
(Increase) / Decrease in trade and other receivables	(661,284)	28,870
Increase / (Decrease) in trade and other payables	(18,236)	(490,690)
Net cash used in operating activities	(2,329,187)	(1,724,380)
Cash flows from investing activities		
Purchase of tangible fixed assets (1)	(2,370,879)	(2,570,054)
Purchase of intangible fixed assets	(6,188,725)	(2,472,661)
Interest received	-	1,175
Net cash used in investing activities	(8,559,604)	(5,041,540)
Cash flows from financing activities		
Net proceeds from share issue	8,801,446	8,021,755
Net cash from financing activities	8,801,446	8,021,755
Increase / (Decrease) in cash and cash equivalents	(2,087,345)	1,255,835
Cash and cash equivalents at beginning of year	4,159,391	2,903,556
Cash and cash equivalents at end of year	2,072,046	4,159,391

(1) Includes the purchase of a SAG Mill, part of which was paid for by shares of the Company.

The notes in pages 53 to 75form an integral part of these financial statements

CONDOR GOLD PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Cash flows from operating activities		
Loss before tax	(1,970,977)	(1,347,955)
Share based payment	513,199	282,184
Depreciation	-	15
Finance income	-	(1,175)
	(1,457,778)	(1,006,931)
(Increase) / Decrease in trade and other receivables	(2,673)	(7,806)
Increase / (Decrease) in trade and other payables	(14,330)	3,712
Net cash used in operating activities	(1,474,781)	(1,071,025)
Cash flows from investing activities		
Purchase of tangible fixed assets (1)	(2,164,783)	-
Interest received	-	1,175
Loans to subsidiaries	(7,250,989)	(5,242,566)
Net cash used in investing activities	(9,415,772)	(5,241,391)
Cash flows from financing activities		
Proceeds from share issue	8,801,446	8,021,755
Net cash from financing activities	8,801,446	8,021,755
Increase / (Decrease) in cash and cash equivalents	(2,089,107)	1,709,339
Cash and cash equivalents at beginning of year	4,045,574	2,336,235
Cash and cash equivalents at end of year	1,956,467	4,045,574

(1) Includes the purchase of a SAG Mill, part of which was paid for by shares of the Company.

The notes in pages 53 to 75 form an integral part of these financial statements

1. ACCOUNTING POLICIES

General information

These consolidated financial statements are for Condor Gold Plc and its subsidiary undertakings. The Company is a public company registered in England and Wales on 10 October 2005 and is listed on the AIM Market of the London Stock Exchange and the Toronto Stock Exchange in Canada. The Company is domiciled in the United Kingdom. The address of its registered office is 7/8 Innovation Place, Douglas Drive, Godalming, Surrey GU7 1JX. The nature of the Group's operation is described in the Directors' report. For the subsidiaries, the registered offices of La India Gold S.A, Condor S.A. and La India Inversiones S.A. is: La Cruz de La India, Centro de Salud 50 vrs al Sur, Municipio de Santa Rosa del Peñon, Departamento de Leon.

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 (sterling - £) which is the Group's presentational and parent company's functional currency.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) ("IFRS") in force at the reporting date, and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted for use within the UK, and with IFRS and their interpretations issued by the IASB. The parent company financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments that are measured at fair value.

The financial statements have been rounded to the nearest pound.

Standards, amendments and interpretations to published standards not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, were in issue but not yet effective, and have not been early adopted by the Group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2022)
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022)
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)
- Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41 as part of Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)
- Amendments to IAS 8: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective 1 January 2023)

Basis of consolidation

The Group financial statements consolidate the accounts of its subsidiaries; Condor S.A., La India Gold S.A. and La India Inversiones S.A. under the acquisition method. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

All the Group's companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

1. ACCOUNTING POLICIES - continued

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of on entity and a financial liability or equity instrument of another.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. IFRS 9.5.4 The Group's financial assets at amortised cost include any trade receivables (not subject to provisional pricing) or other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. IFRS 9.3.2.6(a) IFRS 9.3.2.6(c) IFRS.

1. ACCOUNTING POLICIES - continued

Financial instruments – initial recognition and subsequent measurement

9.3.2.4(b) Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

IFRS 9.5.5.1 ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For any trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. IFRS 9.4.2.1(a) Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

1. ACCOUNTING POLICIES - continued

Financial instruments – initial recognition and subsequent measurement

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

(c) Financial liabilities
Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

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 substantively enacted by the balance sheet date. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, determined using tax rates that are expected to apply when the related deferred tax asset or liability is realised or settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Intangible assets – exploration costs, licences and minerals resources

Exploration expenditure comprises all costs which are directly attributable to the exploration of a project area.

Licence costs are those acquiring mineral rights and the entry premiums paid to gain access to areas of interest.

Mineral resources costs are those paid to third parties to acquire interests in existing projects.

When it has been established that a mineral deposit has development potential, all costs (direct and applicable overheads) 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. For the purposes of impairment testing, intangible assets are allocated to specific projects with each licence reviewed annually. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

Intangible assets are not subject to amortisation and are tested annually for impairment. The recoverability of all exploration costs, licenses and mineral resources is dependent on the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production, or proceeds from the disposition thereof.

Property, Plant and Equipment

All property, plant and equipment is stated at historic cost less accumulated depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

1. ACCOUNTING POLICIES - continued

Depreciation is charged on a straight-line basis so as to write off the cost of assets, over their estimated useful lives, using the straight-line method when brought into use, on the following bases:

Improvements to rental property	25%
Plant & machinery	25%
Fixture & fittings	25%
Motor vehicles	25%
Computer equipment & software	33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the 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 closing rate at the date of the Statement of Financial Position, income and expenses for each Statement of Comprehensive Income presented are translated at average exchange rates. All resulting exchange differences shall be recognised in other comprehensive income and accumulated in equity.

Share based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

> including any market performance conditions;
> excluding the impact of any service and non-market performance vesting conditions; and
> including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Group revises its estimate of the number of options that are expected to vest.

The Group recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.
The fair value of goods or services received in exchange for shares is recognised as an expense and included within administrative expenses.

Critical accounting estimates and judgements

The preparation of financial information in conformity with generally accepted accounting standards requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period.

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following assumptions that have the most significant effect on the amounts recognised in the financial information:

a) Recoverability of intangible assets, investment in, and long term loan to subsidiaries

The Group tests annually for impairment or more frequently if there are indications that the intangible assets and/or investments and/or intercompany loan might be impaired.

Determining whether the intangible assets and/or investments and/or intercompany loan are impaired requires an estimation of the value in use of the cash generating units to which the intangible assets belong. Where impairment indicators are present, the Group is required to evaluate the future cash flows expected to arise from the cash-generating unit and the suitable discount rate in order to calculate the present value, as explained further in note 10.

1. ACCOUNTING POLICIES - continued

The carrying value of the Group's exploration and evaluation intangible assets at 31 December 2021 is £28,100,980 (2020: £22,089,314).

The Company's investment in, and loan to subsidiaries at 31 December 2021 is £39,511,480 (2020: £32,260,491).

b) Share based payments

The Group has made awards of options on its unissued share capital to certain directors and employees as part of their remuneration package.

The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions are described in more detail in note 16.

The expense charged to the Statement of Comprehensive Income during the year in relation to share based payments was £513,199 (2020: £282,184).

c) Going concern

The Group reviews its going concern status, via comparisons to budgets, cash flow forecasts, and access to further financing. At the balance sheet date, the Group had £2,072,046 of cash. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. The directors have identified that further funding will be required during 2022 for working capital purposes and to construct the processing facility at La India Project. The Directors are confident that the Company will be able to raise these funds however there is no binding agreement in place to date. These conditions may cast doubt on the Group and Company's ability to continue as a going concern.

The Directors have prepared a cash flow forecast which assumes that the Group and Company is not able to raise additional funds within the going concern period and if that was the case, the forecasts demonstrate that austerity measures can be implemented to reduce the Group and Company's cash outflows to the minimal contracted and committed expenditure while also maintaining the Group's licences and permits. These forecasts assume that Directors and Key management personnel salaries are deferred and/or reduced as part of the austerity measures – notwithstanding the above, further funding would nonetheless be required in order to continue into operational existence for at least 12 months from the date of approval of this report. Based on their assessment of the financial position, the Directors however have a reasonable expectation that the Group and Company will be able to continue in operational existence for the next twelve months and continue to adopt the going concern basis of accounting in preparing these financial statements.

2. REVENUE AND SEGMENTAL REPORTING

The Group's operating segments have been determined based on geographical areas.

The Group's operations are located in UK and Nicaragua. The Group undertakes only one business activity as described in the Director's Report.

Revenue and results

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in Note 1.

The segment results are the measures that are reported to the Groups' chairman, being the Chief Operating Decision Maker, in order to assess the segments' performance during the period.

The Group has not generated revenue during the year.

The Group's results by reportable segment for the year ended 31 December 2021 are as follows:

	UK	**Nicaragua**	**Group**
	£	**£**	**£**
RESULTS			
Operating loss	(2,184,480)	(145,523)	(2,330,003)
Interest income	-	-	-
Included in operating loss			
Depreciation	-	(88,264)	(88,264)

2. REVENUE AND SEGMENTAL REPORTING – continued

The Group's results by reportable segment for the year ended 31 December 2020 are as follows:

	UK £	Nicaragua £	Group £
RESULTS			
Operating loss	(1,554,133)	242,966	(1,311,167)
Interest income	1,175	-	1,175
Included in operating loss			
Depreciation	(15)	(53,684)	(53,699)

Assets - 2021

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in note 1.

	UK £	Nicaragua £	Consolidation £
ASSETS			
Total assets	7,049,324	31,372,828	38,422,152
LIABILITIES			
Total liabilities	169,456	78,720	248,176

The group had intercompany debt owed to the UK at 31 December 2021 split segmentally as follows:

Due from Nicaragua £39,511,480

Assets - 2020

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in note 1.

	UK £	Nicaragua £	Consolidation £
ASSETS			
Total assets	4,825,803	24,604,708	29,430,511
LIABILITIES			
Total liabilities	183,786	82,626	266,412

The group had intercompany debt owed to the UK at 31 December 2020 split segmentally as follows:

Due from Nicaragua £32,260,491

3. STAFF COSTS

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Wages and salaries	773,640	791,368	106,897	176,766
Social security costs	222,424	201,026	6,140	20,024
Share options charge	513,199	282,184	513,199	282,184
	1,509,263	1,274,578	626,236	478,974

There were no pension costs incurred. Staff costs included within additions to exploration costs during the year were £790,380 (2020: £708,160).

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

	Group		Company	
	2021	2020	2021	2020
Directors	2	2	2	2
Employees	83	56	1	2
	85	58	3	4

Directors' remuneration, which form part of key management personnel is described below. Key personnel not described below comprise the Chief Financial Officer. The total employee benefits of the Chief Financial Officer were £---- (2020: £65,000).

	Salary Payments		Related Party Payments *		Total	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
M L Child	-	138,250	175,000	36,750	175,000	175,000
K Harcourt	25,000	25,000	-	5,625	25,000	30,625
J Mellon	-	-	25,000	25,000	25,000	25,000
Andrew Cheatle	25,000	-	-	34,000	25,000	34,000
Ian Stalker	-	-	48,825	51,825	48,825	51,825
Total Remuneration of Directors	50,000	163,250	248,825	153,200	298,825	316,450
Total Remuneration of key management	81,813	65,000	-	-	81,813	65,000
Total Remuneration of Directors and key management	131,813	228,250	248,825	153,200	380,638	381,450

* Refer to Note 17 for listing of related parties

During the 12 months ended 31 December 2021, Mr Child additionally received £4,284 of other benefits (2020: £4,315). 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 15 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. As at the year-end no bonuses were paid.

3. STAFF COSTS - continued

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 2021	Granted during the year	Exercised in the year	Lapsed in the year	As at 31 December 2021
DIRECTORS							
M L Child							
	80	26 Sept 2021	600,000	-	-	(600,000)	-
	62	6 July 2022	800,000	-	-	-	800,000
	42	23 Sept 2023	800,000	-	-	-	800,000
	22	13 July 2024	1,000,000	-	-	-	1,000,000
	42	31 May 2025	1,000,000		-	-	1,000,000
	48	31 May 2026	-	1,250,000	-	-	1,250,000
J Mellon							
	80	26 Sept 2021	150,000	-	-	(150,000)	-
	62	6 July 2022	150,000	-	-	-	150,000
	42	23 Sept 2023	150,000	-	-	-	150,000
	22	13 July 2024	300,000	-	-	-	300,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	400,000	-	-	400,000
I Stalker	22	20 Nov 2024	100,000	-	-	-	100,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	400,000	-	-	400,000
K Harcourt							
	80	26 Sept 2021	150,000	-	-	(150,000)	-
	62	6 July 2022	150,000	-	-	-	150,000
	42	23 Sept 2023	150,000	-	-	-	150,000
	22	13 July 2024	150,000	-	-	-	150,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	300,000	-	-	300,000
A Cheatle	65	24 January 2023	150,000	-	-	-	150,000
	42	23 Sept 2023	75,000	-	-	-	75,000
	22	13 July 2024	300,000	-	-	-	300,000
	42	31 May 2025	300,000	-	-	-	300,000
	48	31 May 2026	-	300,000	-	-	300,000

The options all have a life of five years from the date they were issued. The exercise price varies dependent on the date of issue. Vesting conditions for options granted are as follows: half of the options granted in a year vest over a one year period from the date of issue. The remaining options granted vest over a two year period. There are no additional vesting conditions attached to the options issued, however, if the individual's engagement with the Company is terminated, the options lapse within 30 days.

The market price of the shares at 31 December 2021 was 31.00 pence (2020: 50.00 pence).
The market price during the year ranged from 28.00 pence to 55.00 pence (2020: 19.00 pence to 62.00 pence).
Directors held 3,709,053 warrants as at 31 December 2021 (2020: 3,832,624), to subscribe for ordinary shares of the Company. nil warrants held by the directors expired during the year (2020: 132,721). Further details are included in Note 16.

4. FINANCE INCOME

	31.12.21 £	31.12.20 £
Deposit account interest	-	1,175

5. LOSS BEFORE TAX

The loss before tax is stated after charging:

	31.12.21 £	31.12.20 £
Depreciation – owned assets	88,264	53,699
Fees payable to the company's auditor for the audit of parent company and consolidated financial statements	33,733	36,010
Foreign exchange differences	18,111	(15,437)
Rent – operating leases	50,964	31,935

6. TAXATION

Analysis of the tax charge	31.12.21 £	31.12.20 £
Current tax:		
Tax	-	-
Total tax charge in income statement	-	-

Reconciliation of the tax charge

	31.12.21 £	31.12.20 £
Group Loss before tax	(2,330,003)	(1,309,992)
Loss before tax multiplied by domestic tax rates applicable to losses in the respective countries	(652,401)	(366,798)
Effects of:		
Non-taxation income/(non-deductible expenses)	-	1,175
Losses on which no deferred tax is recognised	652,401	365,623
Total tax charge in income statement	-	-

The weighted average applicable tax rate was 28% (2020: 28%).

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to certain losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised. The unrecognised deferred tax asset for the Group was approximately £5,221,000 (2020: £4,858,000). The unrecognised deferred tax asset relating to Nicaraguan tax losses, which expire after 3 years, and included above amounted to approximately £792,000 (2020: £857,000).

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, 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 £1,970,977 (2020: £1,347,955).

8. EARNINGS 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 earnings per share	31.12.21 £	31.12.20 £
Loss for the year	(2,330,003)	(1,309,992)
Weighted average number of shares	136,713,691	108,460,840
Loss per share (in pence)	(1.70)	(1.21)

Diluted earnings per share

In accordance with IAS 33 and as the Group has reported a loss for the year, the share options and warrants as detailed in note 17 are anti-dilutive. Accordingly, diluted earnings per share is the same as basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings at cost	Improvements to rental property	Plant & machinery	Fixtures & Fittings	Motor vehicles
	£		£	£	£	£
Group						
Cost:						
At 1 January 2020	435,491	5,252	210,530	144,419	30,907	192,355
Additions	2,501,714	-	1,050	24,330	728	48,473
Disposals	-	-	-	-	(232)	(16,545)
Exchange difference	(25,945)	-	(12,543)	(8,604)	(1,679)	(11,460)
At 31 December 2020	2,911,260	5,252	199,037	160,145	29,724	212,822
Additions	126,033	2,712	854	4,354,201	19,651	-
Disposals	-	-	-	-	-	-
Exchange difference	(20,659)	(37)	(1,412)	(1,136)	(192)	(1,509)
At 31 December 2021	3,016,634	7,927	198,479	4,513,210	49,183	211,313
Accumulated depreciation and impairment:						
At 1 January 2020	-	-	(164,526)	(135,770)	(23,014)	(106,274)
Charge for period	-	-	(28,753)	(4,731)	(2,881)	(11,322)
Disposals	-	-	-	-	-	-
Exchange difference	-	-	9,802	8,089	1,210	6,331
At 31 December 2020	-	-	(183,477)	(132,412)	(24,685)	(111,265)
Charge for period	-	-	(14,690)	(23,733)	(5,813)	(35,069)
Disposals	-	-	-	-	-	-
Exchange difference	-	-	1,304	943	158	792
At 31 December 2021	-	-	(196,863)	(155,202)	(30,340)	(145,542)
Net Book Value:						
At 31 December 2020	2,911,260	5,252	15,560	27,733	5,039	101,557
At 31 December 2021	3,016,634	7,927	1,616	4,358,008	18,843	65,771

9. PROPERTY, PLANT AND EQUIPMENT – continued

	Computer equipment & software £	Totals
Group		
Cost:		
At 1 January 2020	78,546	1,092,248
Additions	13,711	2,595,528
Disposals	(8,425)	(25,202)
Exchange difference	(3,594)	(63,826)
At 31 December 2020	80,238	3,598,748
Additions	12,601	4,516,052
Disposals	-	-
Exchange difference	(440)	(25,385)
At 31 December 2021	92,399	8,089,145
Accumulated depreciation and impairment:		
At 1 January 2020	(76,714)	(506,298)
Charge for period	(6,012)	(53,699)
Disposals	-	-
Exchange difference	3,484	28,916
At 31 December 2020	(79,242)	(531,081)
Charge for period	(8,959)	(88,264)
Disposals	-	-
Exchange difference	436	3,633
At 31 December 2021	(87,765)	(615,712)
Net Book Value:		
At 31 December 2020	996	3,067,397
At 31 December 2021	4,634	7,473,433

The current year depreciation charge for the subsidiaries of £88,264 (2020: £53,684) is included within the addition to exploration costs in the year.

9. PROPERTY, PLANT AND EQUIPMENT – continued

Company	Plant & machinery £	Fixtures & fittings £	Computer Equipment £	Totals £
Cost:				
At 1 January 2020	-	2,722	18,228	20,950
Additions	-	-	-	-
At 31 December 2020	-	2,722	18,228	20,950
Additions	4,309,955	-	-	-
At 31 December 2021	4,309,955	2,722	18,228	20,950
Depreciation:				
At 1 January 2020	-	(2,707)	(18,228)	(20,935)
Charge for the year	-	(15)	-	(15)
At 31 December 2020	-	(2,722)	(18,228)	(20,950)
Charge for the year	-	-	-	-
At 31 December 2021	-	(2,722)	(18,228)	(20,950)
Net Book Value:				
At 31 December 2020	-	-	-	-
Net Book Value:				
At 31 December 2021	4,309,955	-	-	-

10. INTANGIBLE ASSETS

	Exploration costs	Mineral resources	Licences	Total
	£	£	£	£
Group				
Cost or valuation:				
At 1 January 2020	21,244,795	749,573	-	21,944,368
Additions	2,472,661	-	-	2,472,661
Disposals	-	-	-	-
Exchange difference	(1,292,984)	-	-	(1,292,984)
At 31 December 2020	22,424,472	749,573	-	23,174,045
Additions	6,188,725	-	-	6,188,725
Exchange difference	(177,059)	-	-	(177,059)
At 31 December 2021	28,436,138	749,573	-	29,185,711
Accumulated amortisation and impairment:				
At 1 January 2020	(1,084,731)	-	-	(1,084,731)
Impairment for year	-	-	-	-
Disposal	-	-	-	
At 31 December 2020	(1,084,731)	-	-	(1,084,731)
Impairment for year	-	-	-	-
At 31 December 2021	(1,084,731)	-	-	(1,084,731)
Net Book Value:				
At 31 December 2020	21,339,741	749,573	-	22,089,314
At 31 December 2021	27,351,407	749,573	-	28,100,980

The Group uses the above classifications to assess the exploration and evaluation assets. The total amount relates to the same asset which is all currently classified as exploration and evaluation assets and does not relate to development assets.

In arriving at its assessment as to whether an impairment review is required in relation to its Nicaragua assets, which amounted to £28,100,980 (2020: £22,089,34) at the balance sheet date, the following factors were considered:

- The exploration assets are in good standing;
- Substantive expenditure is planned on further exploration for and evaluation of mineral resources in Nicaragua project areas;
- Results from exploration for evaluation of mineral resources to date lead the directors to believe that the projects can be developed into significant commercial reserves;
- Sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is likely to be recovered in full from successful development or by sale.
- The Company published a 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 National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The Technical Report included a Pre-Feasibility Study ("PFS"), the financial results and conclusions of which clearly indicated the economic viability of the La India Project, should capital be raised in order to proceed with the development of the project. The Directors undertook an assessment of impairment through evaluating the results of the PFS, which is still applicable and relevant throughout 2021 and judged that no impairment was required with regards to the La India Project;
- The directors have also considered sensitivity analysis on the key assumptions used in the PFS, which are production volumes, discount rates, material prices, and operating costs. The headroom is most sensitive to changes in material prices and discount rates (please see the Chairman's Report for additional details); and
- The Technical Report can be found at www.condorgold.com and includes further details of the assumptions used, the method of estimation used and the possible range of outcomes.

In light of the above, the Board does not consider the remaining exploration licences and related intangible assets in Nicaragua to require impairment and has continued to capitalise exploration expenditure in relation to those projects.

11. INVESTMENTS

Company	Equity in subsidiary undertakings	Capital contribution	Total
	£	£	£
Cost:			
1 January 2020	3,629,843	991,261	4,621,104
Addition relating to share-based payment	-	-	-
Share capital in subsidiary	-	-	-
31 December 2020	3,629,843	991,261	4,621,104
Addition relating to share-based payment	-	-	-
Share capital in subsidiary	-	-	-
At 31 December 2021	3,629,843	991,261	4,621,104
Provision for impairment:			
Charge at 1 January 2020	(2,877,866)	(991,261)	(3,869,127)
Charge for the year	-	-	-
At 31 December 2020	(2,877,866)	(991,261)	(3,869,127)
Charge for the year	-	-	-
At 31 December 2021	(2,877,866)	(991,261)	(3,869,127)
Net Book Value:			
At 31 December 2020	751,977	-	751,977
At 31 December 2021	751,977	-	751,977

In assessing whether an impairment is required for the carrying value of an asset, reference has been made to the underlying intangible assets discussed in Note 10.

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

Name	Country of incorporation	Interest %	Class of shares	Nature of the business	Share capital and reserves	(Profit)/Loss for the year
					£	£
Condor S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(1,672,326)	3,832
La India Gold S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(2,129,476)	10,781
La India Inversiones S.A.	Nicaragua	100	Ordinary	Gold and silver exploration	(364,700)	139,910

The registered office of the subsidiary undertakings is disclosed in Note 1.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Current:				
Trade and Other receivables	75,820	73,896	33,329	30,656
Prepayments	699,873	40,513	-	-
	775,693	114,409	33,329	30,656
Non-current:				
Amounts owed by Group undertakings	-	-	39,511,480	32,260,491
	-	-	39,511,480	32,260,491
	775,693	114,409	39,544,809	32,291,147

In assessing whether an impairment is required for the carrying value of the amounts owed by Group undertakings to the Company, reference has been made to the underlying intangible assets discussed in Note 10. The reconciliation of amounts owed by Group undertakings is included in Note 17.

13. FINANCIAL INSTRUMENTS

The Group uses financial instruments 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 of the Company and the Group.

13.1 Financial instruments by category

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Financial assets measured at amortised cost				
Loans and receivables:				
Trade and Other receivables	775,693	114,409	33,329	30,656
Receivable from subsidiaries	-	-	39,511,480	32,260,491
Cash and cash equivalents	2,072,046	4,159,391	1,956,467	4,045,574
Total	2,847,739	4,273,800	41,501,276	36,336,721

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Financial liabilities measured at amortised cost				
Loans and payables:				
Trade and other payables	136,988	136,785	113,773	123,744
Total	136,988	136,785	113,773	123,744

The Directors consider the carrying value of the financial assets and liabilities to approximate their fair values.

13. FINANCIAL INSTRUMENTS – continued

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. The directors believe that the contracts for transfers of funds to Central America are so small, there would be no benefit gained from hedging these contracts on the market. The situation is monitored on a regular basis. Transactions with vendors are mainly denominated in a number of currencies, predominantly US Dollar, Canadian Dollar and Nicaraguan Cordoba. Therefore, the directors consider that the currency exposure arising from these transactions is not significant to the Group.

At present the Group does not have any formal policy for hedging against exchange exposure. The Group may, when necessary, enter into foreign currency forward contracts to hedge against exposure from currency fluctuations, however, the Group has not entered into any currency forward contracts to date.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
GBP/USD	0.7418	0.7573	0.7420	0.7326
GBP/NIO	0.0210	0.0217	0.0209	0.0210

A decrease of 1% in the relative strength of sterling (GBP) to US dollars (USD) would not result in a material increase in realised foreign exchange losses.

The Nicaraguan Cordoba (NIO) is set on a crawling peg to the US Dollar, with a fixed 3% devaluation per annum. Therefore, the Directors do not currently consider any change in the relative strength of the Cordoba to be a risk to the Company. Should NIO break away from its crawling peg to the USD, the Directors will review this risk.

(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 Group's cash is held in reputable banks. The carrying amount of these financial assets represent the maximum credit exposure. No collateral was held as security and other credit enhancements during the period. No financial assets are impaired or past due at the end of the reporting period.

(c) Liquidity risks

To ensure liquidity, the Group maintains sufficient cash and cash equivalents to meet its obligations as and when they fall due. All amounts included in liabilities are expected to fall due within one year.

(d) Cash flow and fair value interest rate risks

The Group has no interest-bearing liabilities. Interest rates on bank deposits are based on the relevant national inter bank offered rates. The Group has no fixed interest rate assets.

The main financial risks for the Group are set out within the Strategic Report on pages 6-9.

At 31 December 2021 the currency and interest rate profile of the financial assets and liabilities of the Group was as follows:

	31.12.21		31.12.20	
	£	Weighted average interest rate	£	Weighted average interest rate
Financial assets:				
GBP – cash and cash equivalents	1,956,467	0.20%	4,045,574	0.20%
USD – cash and cash equivalents	-	0.00%	-	0.00%
NIO – cash and cash equivalents	115,579	0.00%	113,817	0.00%
Total	2,072,046		4,159,391	

A decrease in interest rates offered by the bank will not result in a material decrease in interest receivable.

13. FINANCIAL INSTRUMENTS – continued

(e) Capital Risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated Statement of Financial Position, plus net debt.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Current:				
Social security and other taxes	24,919	13,883	1,999	(438)
Trade and other payables	112,069	122,902	111,774	124,182
Accrued expenses	111,188	129,627	55,683	60,042
Total	248,176	266,412	169,456	183,786

15. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

	Number of shares * (thousands)	Ordinary shares £	Share premium £	Total £
At 31 December 2019	94,664	18,932,704	33,953,693	52,886,397
Proceeds from shares issued	23,999	4,799,822	3,444,143	8,243,965
Issue costs	-	-	(222,210)	(222,210)
At 31 December 2020	118,663	23,732,526	37,175,626	60,908,152
Proceeds from shares issued	27,968	5,593,617	5,366,126	10,959,743
Issue costs	-	-	(13,125)	(13,125)
At 31 December 2021	146,631	29,326,143	42,528,627	71,854,770

** Nominal value 20 pence each*

The authorised share capital of the company comprises 146,630,715 Ordinary shares. All issued Ordinary shares are fully paid.

On 26 February 2021 9,523,810 ordinary shares were issued at a price of 42 pence further to a private placement.

On 15 March 2021 4,304,778 ordinary shares were issued as part of the consideration for the transfer of certain assets of Servicios Minero-Metalurgicos E Industriales SA DE CV to the Company.

Between 2 November 2021 and 3 November 2021 11,714,286 ordinary shares were issued at a price of 35 pence further to a private placement.

15. CALLED UP SHARE CAPITAL AND SHARE PREMIUM - continued

The following shares were issued pursuant to exercise of warrants and options in the 12 months ending 31 December 2021, raising £788,167.39 for the Company:

Date of Issue	Number of shares issued through subscription	Warrant / option exercise price
14 January 2021	376,713	40p
14 January 2021	125,000	31p
15 January 2021	33,333	31p
19 January 2021	60,000	31p
26 January 2021	83,333	31p
4 February 2021	1,562,500	31p
9 February 2021	92,083	31p
Subtotal: Warrants	2,332,962	
Options		
28 June 2021	38,500	22p
28 June 2021	53,750	42p
Subtotal: Options	92,250	
Total	**2,425,212**	

16. EQUITY-SETTLED SHARE OPTION SCHEME AND WARRANTS

a) Share Options

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

The options all have a maximum life of five years from the date they were issued. The exercise price is dependent on the date of issue.

Vesting conditions for options granted are as follows: half of the options granted in a year vest over a one year period from the date of issue. The remaining options granted vest over a two year period. There are no additional vesting conditions attached to the options issued, however if the individual's engagement with the Company is terminated, the options lapse within 30 days.

Details of the share options outstanding during 2020 were as follows:

Date of Grant	Weighted average exercise price £	1 January 2020 No. of shares	Issued in Year	Exercised in year	Forfeit or lapsed in year	31 December 2020	Date from which options are first exercisable	Lapse date
07/07/2015	0.67	1,223,000	-	-	(1,223,000)	-	07/07/2016	06/07/2020
26/06/2016	0.80	1,606,000	-	-	(411,000)	1,195,000	26/06/2017	25/06/2021
06/07/2017	0.62	1,833,000	-	-	(422,000)	1,411,000	06/07/2018	05/07/2022
01/11/2017	0.62	50,000	-	-	(50,000)	-	01/11/2018	31/10/2022
14/12/2017	0.5	50,000	-	-	-	50,000	14/12/2018	13/12/2022
25/01/2018	0.65	200,000	-	-	-	200,000	25/01/2019	24/01/2023
01/06/2018	0.50	20,000	-	-	-	20,000	01/06/2019	31/05/2023
15/07/2018	0.50	30,000	-	-	-	30,000	15/07/2019	14/07/2023
24/09/2018	0.42	1,755,000	-	-	(36,000)	1,719,000	24/09/2019	23/09/2023
14/07/2019	0.22	3,325,000	-	-	-	3,325,000	14/07/2020	13/07/2024
21/11/2019	0.22	200,000	-	(100,000)	-	100,000	21/11/2020	20/11/2024
01/06/2020	0.42	-	3,700,000			3,700,000		
		10,292,000	3,700,000	(100,000)	(2,142,000)	11,750,000		

16. EQUITY-SETTLED SHARE OPTION SCHEME AND WARRANTS– continued

Detains of the share options outstanding during 2021 were as follows:

Date of Grant	Weighted average exercise price £	1 January 2021 No. of shares	Issued in Year	Exercised in year	Forfeit or lapsed in year	31 December 2021	Date from which options are first exercisable	Lapse date
26/06/2016	0.80	1,195,000	-	-	(1,195,000)	-	26/06/2017	25/06/2021
06/07/2017	0.62	1,411,000	-	-	(65,000)	1,346,000	06/07/2018	05/07/2022
14/12/2017	0.5	50,000	-	-	-	50,000	14/12/2018	13/12/2022
25/01/2018	0.65	200,000	-	-	(130,000)	70,000	25/01/2019	24/01/2023
01/06/2018	0.50	20,000	-	-	-	20,000	01/06/2019	31/05/2023
15/07/2018	0.50	30,000	-	-	-	30,000	15/07/2019	14/07/2023
24/09/2018	0.42	1,719,000	-	-	-	1,719,000	24/09/2019	23/09/2023
14/07/2019	0.22	3,325,000	-	-	(257,000)	3,068,000	14/07/2020	13/07/2024
21/11/2019	0.22	100,000	-	-	-	100,000	21/11/2020	20/11/2024
01/06/2020	0.42	3,700,000	-	-	(159,500)	3,540,500	01/06/2020	31/05/2025
01/06/2021	0.48	-	4,200,000	-	-	4,200,000	01/06/2021	31/05/2026
24/06/2021	0.48	-	75,000	-	-	75,000	24/06/2021	23/06/2022
27/07/2021	0.48	-	30,000	-	-	30,000	27/07/2021	26/07/2022
01/09/2021	0.48	-	750,000	-	-	750,000	01/09/2021	31/08/2026
12/12/2021	0.35	-	150,000	-	-	150,000	12/12/2021	11/12/2026
		11,750,000	5,205,000	-	(1,806,500)	15,148,500		

The weighted average exercise price for the Group's options are as follows:

Options issued during the year:	£0.48
Options forfeited/lapsed during the year:	£0.55
Options outstanding at 31 December 2021:	£0.42
Options exercisable at 31 December 2021:	£0.38

During the year 1,806,500 share options either expired or were forfeited (2020: 2,142,000). 8,278,250 options were exercisable at the end of the year (2020: 6,387,500).

The weighted average exercise price per share option is 42p (2020: 43p) and the average contractual life is 5 years (2020: 5 years).

The weighted average fair value of options granted during the year is £0.47 (2020: £0.42).

16. EQUITY-SETTLED SHARE OPTION SCHEME AND WARRANTS - continued

The total expense recognised in the Statement of Comprehensive Income during the year was £513,199 (2020: £282,184) and has been fully recognised within administrative expenses. This fair value has been calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2021	2020
Number of options issued	5,205,000	3,700,000
Share price	48p	42p
Exercise price	48p	42p
Expected volatility	29.5%	29.5%
Expected life (yrs.)	5	5
Continuous growth rate	0.5%	0.5%
Dividend yield	0%	0%

A movement through reserves of £513,199 (2020: £282,184) was made during the year reflecting the share options charge on issued options.

Expected volatility was determined with reference to the historical volatility of the Company's share price. Calculation of volatility was based upon the 2 year vesting period of the options.

The weighted average remaining contractual life of the share options outstanding at the end of the period is 4 years (2020: 4 years).

b) Warrants

On 29 October 2021 the Company announced a placing of 11,714,286 units at a price of 35p per unit to raise in aggregate gross proceeds of £4,100,000 before expenses. Each unit is comprised of one ordinary share of 20p each in the Company and one half of one ordinary share purchase warrant of the Company. Each warrant, which is unlisted and fully transferable, entitles the holder thereof to purchase one ordinary share at a price of 50p for a period of 24 months from the date on which the shares were issued pursuant to the placing. 50% of the warrants are subject to an accelerated exercise period if the closing mid-market price of the ordinary shares on AIM is more than 60p for 10 consecutive trading days.

During 2020, as part of share subscriptions, 9,041,090 warrants were issued with an exercise price of 40p, a validity of 3 years and an expiry date of 28 May 2023. 50% of these warrants are subject to an accelerated exercise period if the closing mid-market price of the ordinary shares on AIM is more than 55p for 10 consecutive trading days.

Should all outstanding warrants be exercised in full, the Company would receive £6,974,657.50 (2020: £4,803,210).

17. RELATED PARTY TRANSACTIONS

During the year the Company received consultancy advice from the following related parties:

Company	Related party	31.12.21 £	31.12.20 £	Outstanding at year end £
Burnbrae Limited	J Mellon	25,000	25,000	-
Axial Associates Limited	M L Child	-	30,246	-
	M L Child	175,000		-
AMC Geological Advisory Group	A Cheatle	-	34,000	-
Promaco	I Stalker	48,825	51,825	3,600

During the year the Company loaned funds to its subsidiaries details of which are set out below:

Condor S.A.	31.12.21 £	31.12.20 £
Brought forward loan balance	8,008,457	7,586,684
Additional loans during the period	1,636,639	317,073
Management charges	107,000	104,700
Closing balance	9,752,096	8,008,457

La India Gold S.A.	31.12.21 £	31.12.20 £
Brought forward loan balance	20,942,844	18,762,420
Additional loans during the period	4,877,258	2,078,024
Management charges	107,000	102,400
Closing balance	25,927,102	20,942,844

17. RELATED PARTY TRANSACTIONS - continued

	31.12.21	31.12.20
La India Inversiones S.A.	£	£
Brought forward loan balance	3,309,843	668,821
Additional loans during the period	522,799	2,641,022
Closing balance	3,832,642	3,309,843

Loans made to subsidiaries are non-interest bearing and have no specific terms of repayment and have been classified as current in the subsidiaries financial statements

18. OPERATING LEASES AND OPERATING COMMITMENTS

The Group leases premises under cancellable and non-cancellable operating lease arrangements. The cancellable leases can be terminated by payment of up to one month's rental as a cancellation fee. The total value of lease payments recognised in profit or loss is £50,964 (2020: £31,935).

Future minimum lease payments under non-cancellable operating leases are as follows:
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	31.12.21	31.12.20
Group	£	£
No later than 1 year	35,731	35,654
Later than 1 year and no later than 5	32,462	77,908
Later than 5 years	-	-
	68,193	113,562

As at 31 December 2021 the Group furthermore had contractual commitments totalling £38,737, all of which crystallise within 12 months of the balance sheet date.

19. CONTINGENT LIABILITIES

In August 2011, the Group entered into a purchase agreement with La Mestiza to purchase the rights of the Espinito Mendoza concession, which now forms part of the La India Gold project. The contract included a 2.25% net smelter royalty on gold production from the concession. The royalty will become payable when gold production commences from the concession.

Under local laws in Nicaragua there is a requirement for the Group to pay the government a 3% royalty on all gold sales from the La India Gold project. The royalty will become payable when gold production commences from the La India Gold project.

The Directors are unable to accurately determine the timing of production or quantify the potential liability at 31 December 2021.

20. CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.

21. POST BALANCE SHEET EVENTS

Nil.