CONDOR RESOURCES PLC

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Highlights

- Increased JORC compliant inferred resources at La Calera Project in El Salvador to 313,000 ounces of gold at 1.6 grams per tonne from previous resource of 113,000 ounces contained gold.
- Increased JORC compliant inferred resources within the El Pescadito Project area in El Salvador by 10 percent to 434,000 ounces gold at 1.9 grams per tonne and 22.1 million ounces silver at 96.7 grams per tonne.
- The decision by El Salvador's Ministry of the Economy to undertake a Strategic Environmental Evaluation Study of the benefits of mining to the Republic of El Salvador has meant Condor has not been issued with permits to drill on key projects in the country**.** A decision was made to place operations in El Salvador on care and maintenance as material progress is unlikely before the end of 2009, which is the earliest Condor is likely to drill on key projects.
- Maiden JORC compliant inferred resources at three locations in Nicaragua comprising:
  - 41,000 ounces gold at 1.2 grams per tonne at El Cacao,
  - 79,000 ounces gold at 5.1 grams per tonne at Arras in Nicaragua (concession returned to vendor post period), and
  - 25,000 ounces gold at 1.1 grams per tonne at Kuikuinita, but not considered to have economic potential and the concession was returned to the vendor
- It was decided that the economic potential of the Columbus and Kuikuinita concessions in Nicaragua did not justify the option payments or the high surface tax levels and the concessions were returned to the vendor.
- Raised £2,000,000 in June 2008 before expenses by way of a placing of 200,000,000 new ordinary shares with a nominal value of £0.01 each at 1p each.
- Nicaragua operations have been cut back with no exploration expenditure envisaged in the near term, but the Group continues to apply for concessions in order to assemble an attractive land bank.

Post Period Highlights

- Condor terminated the option agreement on the San Albino-Murra Concession because the US$250,000 option payment required to convert the concession to a joint venture was not considered a justifiable use of funds.
- Condor was granted 100 percent ownership of the Santa Barbara Concession which is contiguous with Condor's 100 percent owned Cacao Concession, and includes two known gold mineral anomalies believed to represent outcrops of the Cacao structure up to four kilometres along strike of the Cacao Resource.
- Condor completed a share exchange with Grafton Resources Investments Limited (the "Fund") whereby Condor issued 140,000,000 new ordinary shares with a nominal value of £0.01 at 1p each and the Fund issued £1.4m worth of its shares to Condor.

Current (Inc. Post Period) Global JORC Inferred Resource

	Tonnes	Average Gold Grade (g/t)	Contained Gold (oz)	Average Silver Grade (g/t)	Contained Silver (oz)	JORC Category
Nicaragua Projects						
El Cacao	1,100,000	1.2	41,000	-	-	Inferred
El Salvador Projects						
Pescadito	7,100,000	1.9	434,000	96	22,100,000	Inferred
La Calera	6,000,000	1.6	313,000	1.4	280,000	Inferred
Total	**15,000,000**	**1.7**	**788,000**	**53**	**22,380,000**	**Inferred**

Note that tonnage and grade are rounded to two significant figures, contained gold to nearest thousand ounces, and contained silver to nearest ten thousand ounces.

CONDOR RESOURCES PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Chairman's Statement

Dear Shareholder,

I am pleased to present Condor Resources PLC's ("Condor" or "the Company" or "the Group") annual report for the 12 month financial year to the 31st December 2008. www.condorresourcesplc.com It has been a challenging year for your exploration Company. The original strategy of Condor at the time of Admission to AIM in May 2006 was to prove a commercial gold or silver resource in the Republic of El Salvador (El Salvador) or Nicaragua. This strategy has been derailed by the government in El Salvador imposing an unofficial moratorium on all exploration and mining activity in their country and not helped by the global financial crisis, which has significantly reduced the availability of capital to non income producing exploration companies. The Board took the decision to restructure the Group, placing the operations in El Salvador and Nicaragua on a care and maintenance basis, significantly reduce costs and conserving, as far as practically possible, the £2m cash raised in the June 2008 placement.

The main challenge has been in El Salvador where Condor has 95% of its 1 million ounce gold equivalent JORC Resource. As reported in my Chairman's statements for 2006 and 2007, the Ministry of the Environment (MARN) delayed issuing environmental permits to drill on key projects. In March 2008, President Saca publicly stated he opposed the granting of any impending mining permits. At a press conference, President Saca announced that he intended to revisit the entire legal framework that was already in place to regulate mining in El Salvador. Condor based its investment and exploration expenditure of several million dollars in El Salvador on the El Salvadoran Mining Law and the stated 2001 policy of the Government in favour of "mining activity" because it is "of great importance to the economy of the country as it generates investments by nationals and foreign companies, contributing in this way to the creation of jobs and development in the areas where these activities are made".

President Saca lost a presidential election held in El Salvador on 15 March 2009. The new President, Mauricio Funes, took charge of a new government on 1st June 2009. The policy of the recently elected President and new government towards exploration and mining is unclear. New ministers have been appointed for MARN and the Ministry of the Economy (MINEC). The latter issue permits for exploration concessions. MINEC stated almost 18 months ago that it would undertake a Strategic Environmental Evaluation Study of the benefits of mining to the Republic of El Salvador, which would be completed by an independent consultancy group. MINEC stated that this study is critical to allow the issue of environmental permits by MARN and to allow the Government to make a well informed decision about the benefits of mining. MINEC has yet to commission this report.

The Board, following discussions with MARN and MINEC and a number of consultants, has concluded that environmental permits to drill and the extension of exploration concessions are unlikely in 2009. Hopefully the picture will become clearer in the months ahead when the recently elected President and Ministers have formulated a policy on exploration and mining.

Condor's two projects in El Salvador are La Calera Project, which has 312,000 oz gold and El Pescadito Project, which has 434,000 oz gold, both to a JORC Compliant Inferred Resource. Both show excellent potential through additional drilling to produce in excess of 1 million ounce resources each. However, in light of the significant uncertainty surrounding the future of exploration and mining in El Salvador the Board has decided to reduce the carrying cost of the Company's assets in the country by £716,576.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

In Nicaragua, in the first half of 2008, following almost 2,000 meters of drilling and a similar amount of trenching, maiden JORC inferred resources totalling 144,000 oz gold were defined in three concession areas. Pursuant to the June 2008 placement and the effects of the financial crisis, the Board decided to terminate option agreements on San Albino-Murra, Kuikunita and Columbus due to the fact that significant funds were required to exercise the options which had to be spent on exploration prior to exercising the options. The strategy going forward in Nicaragua is to acquire 100% ownership of concessions that become available and accumulate an attractive portfolio of concessions in the country. Condor announced on 6 May 2009 it has been granted the Santa Barbara concession, adjacent to the wholly owned Cacao concession, which hosts a 41,000 oz gold JORC Resource.

Turning to the financial results for the year 2008, the operating loss was £3,526,579 and the total loss before tax was £3,476,595. As a pure exploration company, Condor has no revenues save interest on its bank deposits. The main portion of the loss relates to the impairment of intangible assets in both Nicaragua and El Salvador, which amounted to £2,349,059. The Group incurred costs associated with redundancies as the operations in El Salvador and Nicaragua were put on care and maintenance. The Group reduced office facilities and sold vehicles in both operations. At the Head Office, further cut backs were made with the resignation of the CEO, redundancy of his personal assistant and relocation to a much cheaper office in London.

On 12th June 2009 shareholders voted 165.4m for and 5m against a Share Exchange with Grafton Resources Investments Limited (the "Fund"). The net result is that Condor issued 140m new ordinary shares to the Fund at 1p per share, a premium to the then share price, for a total consideration of £1.4m and in return Condor acquired £1.4m worth of shares in the Fund at its 29th May 2009 NAV. Post the transaction, the Fund holds 29.7% of Condor and Condor has a current asset in the form of shares in the Fund which can be sold and used for working capital requirements. Further details on the Fund can be found at www.graftonresources.net On 29th May 2009 the Fund had 48 investments in the natural resource sector, a third of which are unlisted. The Share Exchange provides Condor with an additional source of potential deals in the form of the Fund's portfolio of unquoted investments.

The outlook for Condor depends on three factors. Firstly, the El Salvador Government's ultimate policy towards exploration and mining, for which we do not expect a conclusion this year. Secondly, the ability of Condor to accumulate an attractive package of concessions in Nicaragua, where Condor has applied for three further concessions. Lastly, the ability of the Board to identify and negotiate further attractive acquisitions for the Company in order to diversify the geographical and political risk from El Salvador.

Mark Child
Chairman

26th June 2009

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2008

Operations Report

NICARAGUA

In Nicaragua, the Company, through its wholly owned Nicaraguan subsidiary, Condor S.A., focused exploration during 2008 on two key areas; Cacao and the Segovia Project (San Albino-Murra and Potrerillos concessions).

Location of Condor Resources concessions held in Nicaragua during 2008 and post-period (Santa Barbara). Note that Columbus, Kuikuinita and San Albino-Murra were all returned to their vendor during 2008 or post-period.

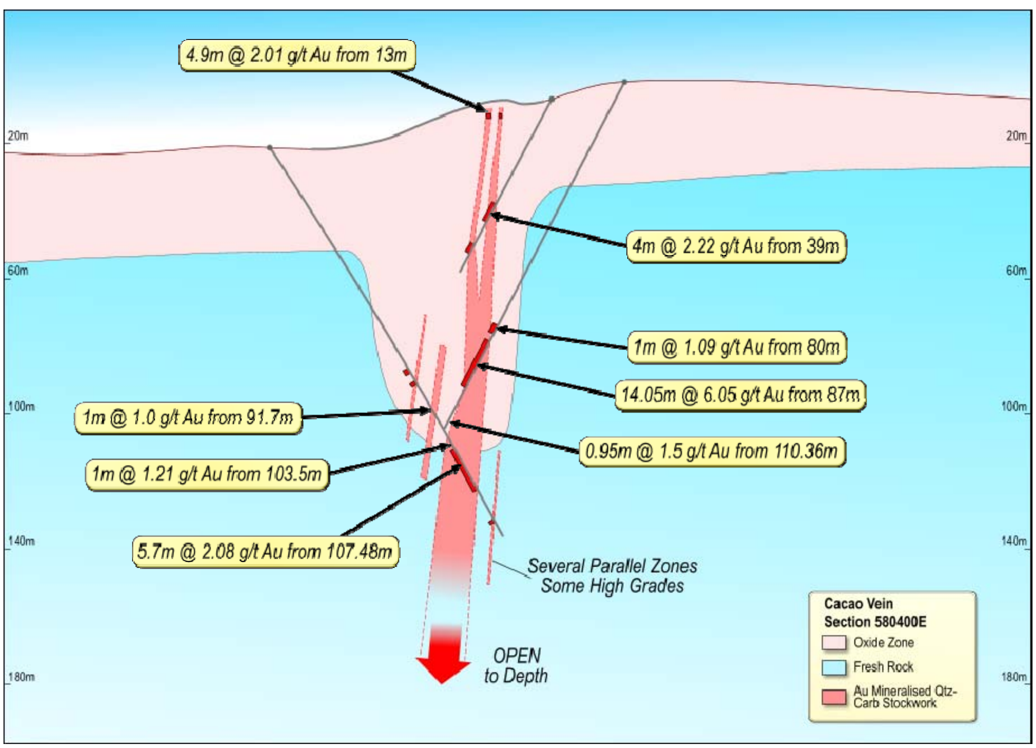
			From 1 January to 31 December 2008												QA/QC Samples				
PROJECT	LICENCE	PROSPECT	Rock Chip Samples	Soil Samples	Trenches Completed	Trenching (metres)	Trench Samples	Drillholes Completed	Total Drilling (metres)	RC Drilling (metres)	RC 1m splits Samples	RC comp Samples	Diamond Drilling (metres)	Core Samples	Field dups	Lab duplicates	core resamples	Blanks	standards
Matagalpa	Cacao	Cacao	68	46	11	299	218	10	871	473	105	70	398	249	13	51		15	14
		Cerro la Calera																	
	Morritas	Morritas	0	46															
	Regional	La India region	9		5	44	42									4		2	
Nueva Segovia	San Albino-Murra	San Albino	274		32	423	364								39	19		7	7
		Arras			11	59	62	9	1006	1006	112	243			17	14		17	17
		Conchitas			22	305	277								16	23		4	1
		Murra			48	341	364								36	6		5	2
	Potrerillos	Potrerillos	21		31	722	854								28	92		28	0
	Regional	El Jicaro (El Golfo)	4																
Siuna	Columbus	Mina Columbus	0																
		El Callado																	
	Kuikuinita	Los Indios	0																
Regional	Regional	Le Reina Sur/Camoapa	4																
Totals			380	92	160	2192	2181	19	1877	1479	217	313	398	249	149	209	0	78	41

Summary of exploration conducted in Nicaragua during 2008.

La India Mining District

Cacao Concession
(Condor 100% ownership)

At Cacao, a resource drilling programme initiated at the end of 2007 was completed. Eight hundred and seventy one metres of reverse circulation and diamond core drilling was completed in ten drill holes to bring the total drilling at El Cacao to 2,170 metres, including 697 metres of diamond core. In addition, 299 metres of trench sampling was completed during the year to bring the total to 1,121 metres of trenching. These twenty metre spaced infill trenches which aimed to better define the surface resource on the Cacao Prospect returned the best surface intercept to date of 7 metres at 2.39 grams per tonne gold (Trench CCTR028). The outcropping part of the Cacao vein has now been trench tested for surface gold mineralisation at 20 metre spacing over the entire 600 metre strike length that is exposed in outcrop. The drilling has tested subsurface gold mineralisation beneath the outcrop at 40 metre line spacing over a 400 metre strike length, and approximately 80m spacing over the remaining 200m of strike. Drill testing has been to a maximum of 160m below surface with one of the best intersections to date returned from the deepest drillhole; 4.15 metres at 2.93 grams per tonne gold from 163 metres drill depth (CCRD020). The high-grade gold intercepts encountered in the deeper drilling points to a rich level below the currently drill-tested upper 100 metres of the system. The Cacao vein remains open at depth and open along strike in both directions where it is unexplored beneath sedimentary cover sequences. Independent consultants Geosure Exploration and Mining Solutions ("Geosure") calculated an inferred resource of 41,000 ounces at 1.2 grams per tonne gold at Cacao.



Schematic cross-section showing the sub-vertical mineralisation at Cacao and the deep weathering along the mineralised structure which would allow easy mining of soft oxidised material to approximately 100 metres below surface.

Approximately 1.5 kilometres along strike to the west of the El Cacao vein, an epithermal quartz vein has been discovered on the side of Cerro la Calera hill, where trench sampling has returned a best intercept of one metre at 1.39 grams per tonne gold. Further exploration is planned along this mineralised structure.

The Cacao Concession is located within La India Gold District, where Tertiary aged island arc volcanic rocks host Bonanza-type epithermal gold deposit such as at La India mine. La India Mine, which operated between 1938 and 1955, has past production of 576,000 ounces gold at an average grade of 13.4 grams per tonne. The Cacao Concession is situated only six kilometres to the north-east of La India Mine.

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2008

Post Period Development

Santa Barbara Concession
(Post-period acquisition, Condor 100% ownership)

On the 17th April 2009 Condor was granted the Santa Barbara Concession covering an area of 16 square kilometres adjacent with, and to the east of the Cacao Concession. The Santa Barbara Concession includes two historically reported gold occurrences located approximately two kilometres and four kilometres to the east of the Cacao Resource. The gold occurrences occur as dacite-hosted epithermal quartz stockwork zones, and are interpreted as exposures of the eastern strike extension of the same structure that hosts the Cacao gold resource. Previous explorers reported rock chip samples assaying at over 1 gram per tonne gold at both sites, check sampling undertaken by Condor verified these results.

A programme of surface mapping, rockchip sampling and trenching is planned to test the areas of outcrop. This will be supplemented by ground geophysics designed locate the mineralised structure beneath alluvial cover sequences that are known to occur between the two gold occurrences and the Cacao Resource.

Segovia Project

San Albino-Murra Concession
(Returned to vendor February 2009– formerly option to earn 80% ownership)

On the San Albino-Murra Concession nine reverse circulation drillholes were completed for a total of 1,006 metres. The latest drilling demonstrated continuation of gold mineralisation down to 90 metres below surface with significant intercepts at depth including 4 metres at 16.3 grams per tonne gold from 84 metres drill depth (SARC021). The gold-mineralised structure, which dips at a gradient of approximately 45 degrees, has been traced for 150 metres down-dip from the surface expression where trench sampling has defined a 230 metre surface strike extent. The subsurface gold mineralisation remains open down-dip. Drilling intercepts vary in width and tenure down dip, indicating a pinch-and-swell structure typical of a ductile geological regime. Closer spaced infill-drilling will be required to accurately map out the high-grade lenses. Gold mineralization occurs in sulphide-bearing quartz veins and veinlets hosted by a thick package of quartz-mica-graphite schist. Independent consultant Geosure calculated an inferred resource of 78,000 ounces at 5.1 grams per tonne gold at Arras, which was announced in May 2008.

In addition to the resource drilling on the Arras Prospect an ongoing programme of rock chip sampling and geological mapping, with follow-up trenching and, where appropriate mine adit sampling, identified and advanced numerous gold occurrences over a 20 kilometre strike length. Methodical trench testing of locations where rock chip samples that have returned assay results exceeding one gram per tonne gold has delineated a number of prospects, some with extremely high grade gold mineralisation. Up to 100 grams per tonne gold was returned from Las Conchitas area in the south, and visible gold has been observed at the Santo Domingo vein in the north. Follow-up trenching has demonstrated strike continuity to gold mineralisation in a number of these areas, such as El Mango Prospect in the south of the concession which has a best trench intercept of 4 metres at 10.5 grams per tonne gold and a strike length already defined over more than 100 metres.

The San Albino-Murra Concession contains numerous abandoned shafts and adits spread along more than 20 kilometre strike length of a Palaeozoic schist belt known as the Guayape Suture Zone, testament to brief, interrupted periods of gold mining activity. Gold production is not well documented, however, the San Albino Gold Mine, located near the boundary with Condor's 100 percent owned Potrerillos Concession (see below), recorded an average daily production of 10 tonnes at 31 grams per tonne gold (for 10 ounces gold per day) during a brief period of production between 1922 and 1923, before revolutionary activity halted mining. Production at San Albino briefly resumed between 1938 and 1940 as a local enterprise on a smaller scale for which records are not available. Estimates place the regions total production at up to 20,000 ounces gold. Panning the river and stream beds for free gold continues on an ad hoc basis to this day.

Post Period Development

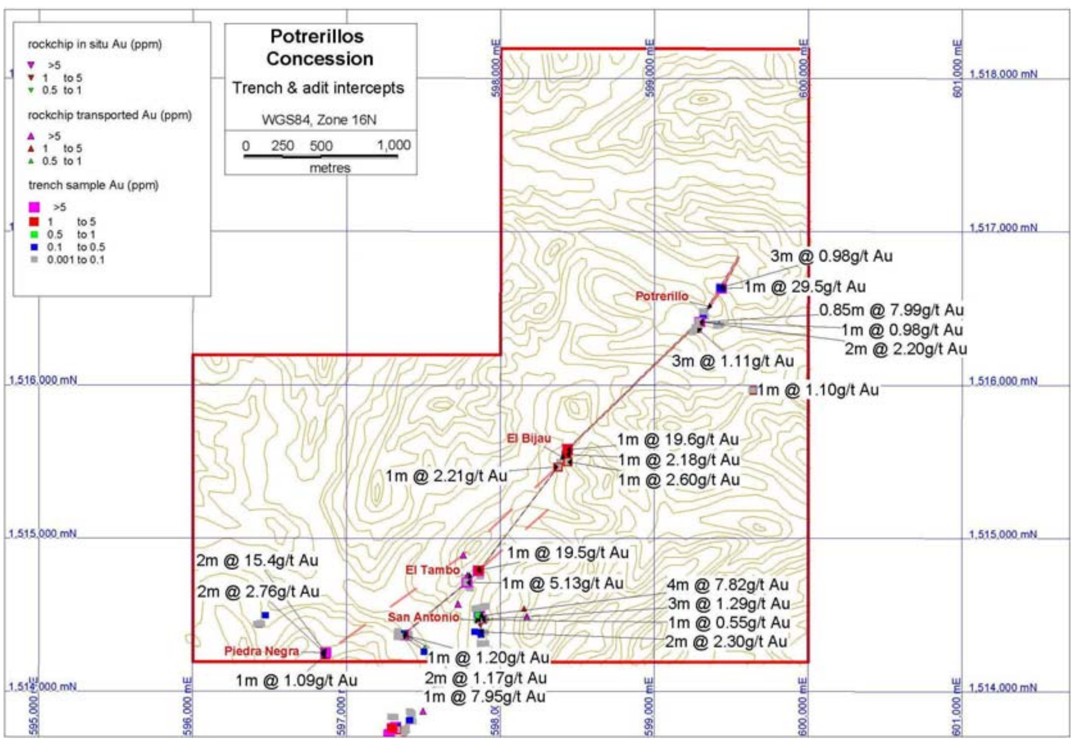
In February 2009 Condor decided to withdraw from the San Albino-Murra option agreement. An upcoming option payment of US$250,000 required for Condor to earn an 80 percent equity interest in the concession was not considered a good use of funds given the size of the resource and the substantial amount of drilling that would be required to discover whether or not the concession contains a commercial resource. Condor retains the adjacent 100 percent Condor owned Potrerillos Concession.

Potrerillos Concession

(Condor 100% ownership)

At Potrerillos trench and old mine adit sampling across gold-bearing outcrops has identified at least six prospects along a 3,600 metres strike length of the main mineralised corridor. In addition to regional rock chip sampling, Condor channel sampled over 600 metres of trenches and road cuttings and 130 metres of old mine adits during the year, with significant gold intercepts returned along the length of the mineralised corridor, including:

- One metre at 29.5 grams per tonne gold from trench POTR017 on the Potrerillos Prospect located in the north-east of the concession,
- One metre at 19.6 grams per tonne gold from old mine adit POTN006 on El Bijau Prospect in the centre of the concession, and
- One metre at 19.5 grams per tonne gold from sampling old mine adit POTN003 on the El Tambo Prospect in the south-west of the concession.



Potrerillos Concession gold mineralisation trend showing significant trench and historic mine adit intercepts.

The Potrerillos Concession, which covers an area of 12 kilometres squared, contains a number of abandoned shafts and adits, testament to brief, interrupted periods of gold mining activity along a Palaeozoic schist belt known as the Guayape Suture Zone. The gold mines of the Potrerillos Concession were processed less than one kilometre south of the concession at the historic San Albino Mine (see San Albino-Murra Concession above).

Other Project Areas

Columbus Concession

(Returned to vendor – formerly option to earn 80% ownership)

The style of mineralisation and the preferred exploration model for the Columbus concession was reviewed in the light of the 2006 and 2007 exploration data. Condor concluded that it is unlikely that the concession hosts an economic gold deposit and the decision was made at the end of the year to withdraw from the option agreement. Title for the concession was returned to the vendor in December 2008.

Kuikuinita Concession

(Returned to vendor – formerly option to earn 80% ownership)

In the first half of the year an inferred resource of 25,000 ounces at 1.1 grams per ton gold was calculated by independent consultant Geosure for Los Indios area of the Kuikuinita Concession. The resource utilised trenching and drilling completed by a previous explorer as well as the trenching completed by Condor over the previous two years. The re-examination of the style of gold mineralisation at Kuikuinita was supplemented with a petrographic study, and re-assaying of selected core samples to test for base metal potential. The base metal assays failed to return any significant intercepts. Title for the concession was returned to the vendor in December 2008

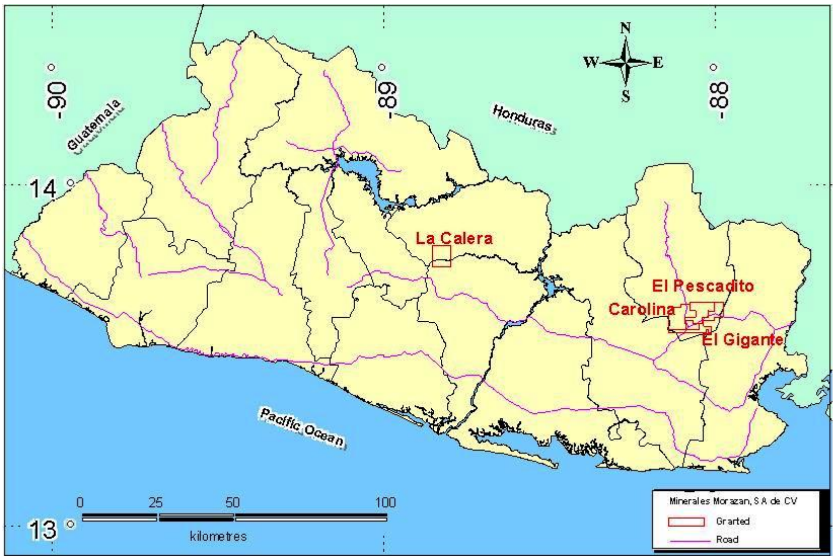
Morritas Concession

(Relinquished – formerly Condor 100% ownership)

The Morritas Concession was formally relinquished in June 2008. A number of prospecting trips failed to find any signs of the gold mineralisation, quartz veining or hydrothermal alteration, in the well-exposed volcanic terrain and check sampling of a reported gold soil anomaly failed to confirm anomalous gold results. Condor concluded that the concession area is unlikely to host significant gold resources.

EL SALVADOR

In El Salvador the continued delay in the granting of Environmental Permits by the Ministry of Environment and Natural Resources restricted exploration to surface sampling and trench sampling. While there remains uncertainty about the El Salvador government's policy regarding future mining operations exploration expenditure has been kept to a minimum in order to conserve cash. By the end of the year Condor's wholly owned local subsidiary Minerales Morazan SA de CV, had been reduced to care-and-maintenance basis with staffing levels cut back to the minimum necessary to maintain the licences in good standing. It is anticipated that expenditure will be kept to a minimum until such time as the government commits to supporting future mining operations. The Company, along with all other exploration and mining companies in El Salvador, continues to lobby the government for the issue of these permits to allow drilling and mining of economic resources.



Location of Condor Resources licences in El Salvador.

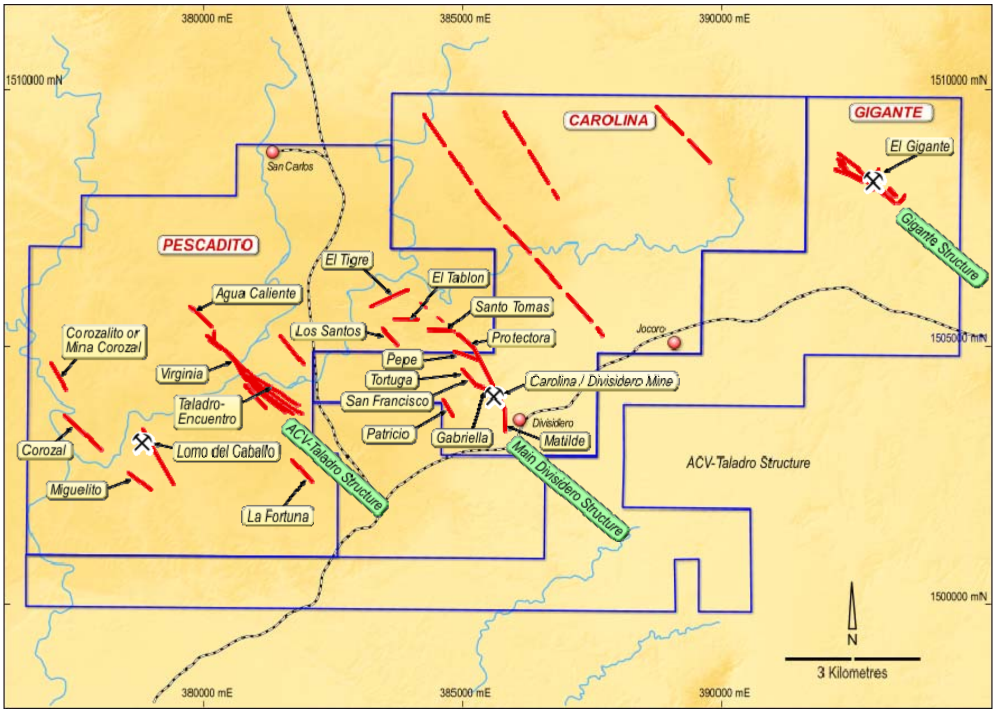
Pescadito Project
El Pescadito, Carolina and El Gigante Licences
(Condor 100% ownership)

Located in eastern El Salvador, 95 kilometres east of the capital San Salvador and 20km northeast of the town of San Miguel, the Pescadito Project comprises three contiguous concessions covering an area of 133 kilometres squared: El Pescadito, Carolina and El Gigante licences.

Exploration during the year focused on defining the location and grade of gold mineralisation along three northwest trending structurally controlled vein systems: the Main Divisidero Structure; the Agua Caliente-Virginia-Taladro Structure; and the Gigante Structure. All three structures host historic mining operations. Field exploration comprised reconnaissance geological mapping, rock chip sampling (six samples), and sixteen trenches for a total of 768.50 metres of trenching at the Taladro Prospect along the mineralised Agua Caliente-Virginia-Taladro Structure. A revised resource calculation at the Divisidero-Carolina Prospect, and a maiden resource calculation at the Gigante Prospect was also completed by independent consultant Geosure.

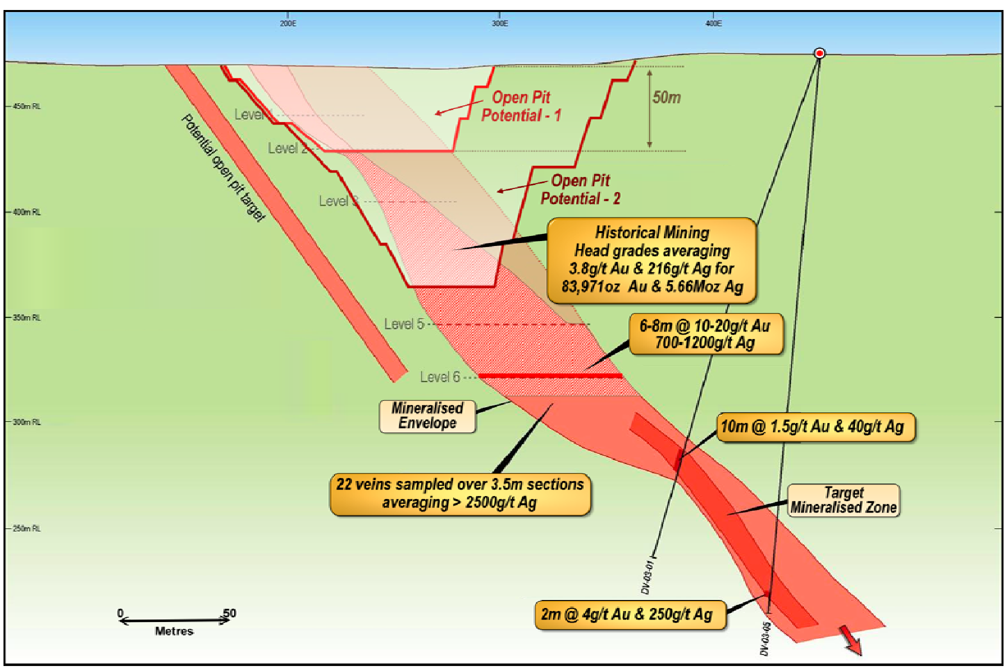
Project	Licence	Prospect	Rock chip Samples	Trenches Completed	Trenching Metres	Trenching Samples
El Pescadito	El Pescadito	Taladro	6	16	768.5	822

Summary of exploration conducted in El Salvador during 2008 (only one prospect sampled).



El Pescadito Project comprising the Pescadito, Carolina and Gigante licences, showing known gold-silver mineralised structures.

Anomalous rock chip values (up to 3.6 grams per tonne gold) and significant trench sampling results, such as five metres at 4.71 grams per tonne gold and 490 grams per tonne silver, including one metre at 12.4 grams per tonne gold and 1376 grams per tonne silver in road cutting TLCT001 at Taladro continue to highlight the exploration potential of the Prospect.



Schematic cross section showing open pit mining potential at the Divisidero-Carolina Resource (combined underground and oxide inferred JORC resource of 279,000 ounces gold grading at 2.2g/t and 17.1 million ounces silver at 135g/t).

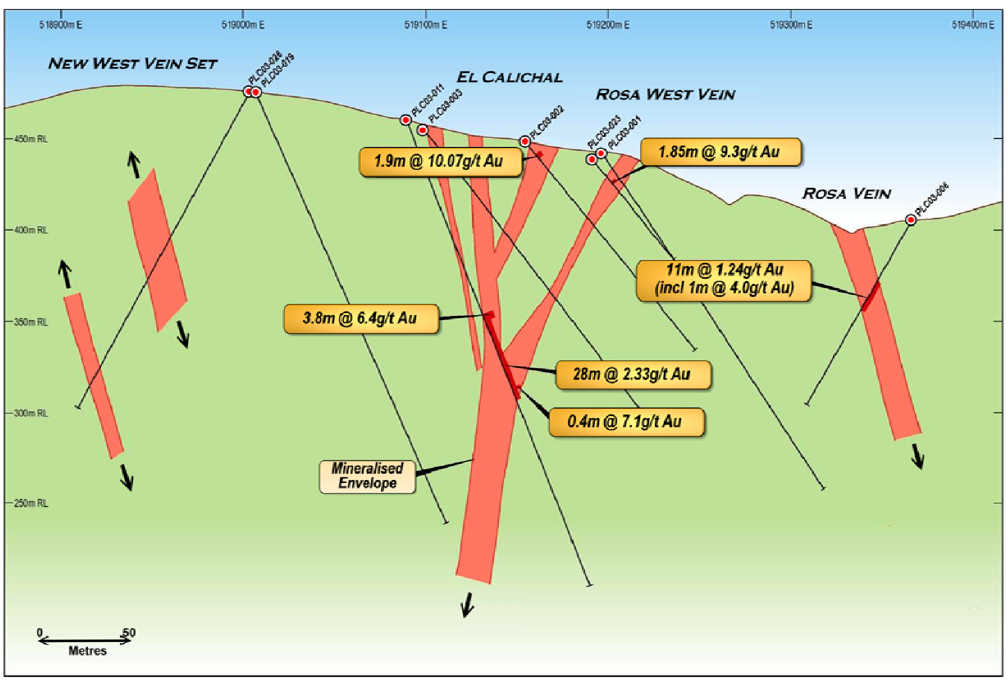
REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2008

JORC compliant inferred resource estimations were completed by independent consultant Geosure on the oxide zone of the Divisidero-Carolina Prospect and at the Gigante Prospect based on a combination of Condor's trenching and historic data. The addition of an oxide resource of 41,000 ounces gold at 1.0 grams per tonne and 2.1 million ounces of silver at 53 grams per tonne, to the existing underground resource brings the total inferred resource at Divisidero-Carolina to 279,000 ounces gold at an average grade of 2.2 grams per tonne, and 17.2 million tonnes of silver at a grade of 135 grams per tonne. The inferred resource estimate of 39,000 ounces of gold grading at 2.0 grams per tonne, and 1.7 million ounces of silver grading at 87 grams per tonne at El Gigante represents a maiden resource for this rospect.

The combined resource for the Pescadito Project, incorporating the Loma del Caballo, Divisidero-Carolina and El Gigante resources, now stands at 430,000 ounces gold at a grade of 1.9 grams per tonne and 22.1 million ounces of silver at an average grade of 96 grams per tonne (see Resource Upgrade below), from three localities within a 15 kilometre radius.

La Calera Project
La Calera Licence (Condor 100% ownership)

During 2008 a revised inferred JORC resource of six million tonnes at 1.6 grams per tonne gold and 1.4 grams per tonne silver for 313,000 ounces of contained gold and 280,000 ounces of contained silver was calculated for the Calera Project by independent geological consultants Geosure. The new resource incorporated 4600 metres of trench sampling completed in 2007 across the north-northwest trending Rosa, Rosa West, Calichal, Escobar and Acevedo vein systems, and represents an increase in resources of approximately 178 percent on the resource calculated prior to Condor's trench sampling programme.



Schematic cross-section of the Calera Project showing the multiple, branching mineralised veins.

La Calera Concession, located 45km northeast of San Salvador, consists of a single concession covering 42 kilometres squares and is 100 percent owned by Condor's subsidiary Minerales Morazan S.A de C.V.

RESOURCE UPGRADE

Following the resource calculations undertaken by independent geological consultant Geosure Exploration and Mining Solutions the Company's global resource stood at approximately 866,000 ounces gold and 22 million ounces silver at the end of 2008:

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Tonnes	Average Gold Grade (g/t)	Contained Gold (oz)	Average Silver Grade (g/t)	Contained Silver (oz)	JORC Category
Nicaragua Projects						
Arras	480,000	5.1	78,000	-	-	Inferred
El Cacao	1,100,000	1.2	41,000	-	-	Inferred
El Salvador Projects						
Loma del Caballo	2,500,000	1.4	116,000	39	3,200,000	Inferred
Divisidero-Carolina underground	2,700,000	2.7	238,000	170	15,100,000	Inferred
Divisidero-Carolina oxide	1,200,000	1.0	41,000	53	2,100,000	Inferred
El Gigante	610,000	2.0	39,000	87	1,700,000	Inferred
La Calera	6,000,000	1.6	310,000	1.4	280,000	Inferred
Total	**15,000,000**	**1.8**	**866,000**	**53**	**22,380,000**	**Inferred**

Note that tonnage and grade are rounded to two significant figures, contained gold to nearest thousand ounces, and contained silver to nearest ten thousand ounces.

Post-period Development

The post-period withdrawl from the San Albino-Murra option agreement meant that the Arras resource no longer appears on Condor's resource portfolio, reducing the Company's global resource by 78,000 ounces gold to a total of **788,000 ounces gold at an average grade of 1.7 grams per tonne**. The silver resource remains unchanged at approximately **22 million ounces silver grading at 53 grams per tonne**.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS REPORT

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Group's financial performance for the year was in line with Directors' expectations. The Group loss after taxation for the year to 31 December 2008 amounted to £3,476,595 (2007: £1,359,993).

The Group, at the end of the financial period has a total of four licences within two project areas in El Salvador, which remains unchanged from 2007, and three licences within two project areas in Nicaragua (2007: Seven licences within three project areas). The Company will continue to assess each individually with the intention of reducing the number of licences to the core assets with the highest probability of producing an economic resource. Non core assets will be divested. Operations in El Salvador are curtailed by a lack of environmental permits and all non essential operations will be put on hold until these are awarded.

The record of the business during the year and an indication of likely further developments may be found in the Chairman's statement (page 3) and the Review of Operations (page 5).

DIRECTORS

The Directors shown below have held office during the year:

N M Ferguson (resigned 3 September 2008)
M L Child
K P Eckhof
P Moussa (appointed 5 August 2008)

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 2008 were:

		31 December 2008		31 December 2007	
Directors	Holding	Number of shares	Number of options	Number of shares	Number of options
M L Child	Direct	11,000,000	10,250,000	2,000,000	1,250,000
	Indirect	-	-	-	-
K P Eckhof	Direct	-	-	-	-
	Indirect	160,000	4,750,000	160,000	1,750,000
P Moussa	Direct	-	2,000,000	-	-
	Indirect	-	-	-	-
N Ferguson	Direct	-	-	-	-
	Indirect	-	-	800,000	4,500,000

DIRECTORS' INTEREST (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 2008	Granted during the year	Lapsed in the year	As at 31 December 2008
DIRECTORS						
M L Child	15	30 May 2011	1,250,000	-	-	1,250,000
	1	23 December 2013	-	9,000,000		9,000,000
K P Eckhof	15	30 May 2011	1,750,000	-	-	1,750,000
	1	23 December 2013	-	3,000,000	-	3,000,000
P Moussa	1	23 December 2013	-	2,000,000	-	2,000,000

SUBSTANTIAL SHAREHOLDERS

On 19 June 2009 the Company was aware of the following interests in 3% or more of the Company's ordinary share capital:

Shareholders	Number of ordinary shares	Holding %
Grafton Resources Investments Limited	140,000,000	29.68
Galloway Limited (beneficial owner Jim Mellon)	41,000,000	8.69
Greenwood Projects Inc	15,500,000	3.29
Hargreave Hale Nominees Limited	15,000,000	3.18

FINANCIAL RISK MANAGEMENT

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

1. Credit Risk

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

At this early stage of the Group's development, in the absence of customers, it does not have credit risk. Additionally, cash balances are held with reputable banks.

2. Liquidity Risk

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

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

3. Market risks

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

(i) Pricing and risks

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

(ii) Interest rate cash flow risk

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

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

(iii) Foreign exchange risk

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

Corporate Governance

Corporate Policies

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

Health and Safety

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

Environment

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

Community

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

Compliance with the Combined Code

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

Board of Directors

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

The board meets regularly throughout the year and met eight times during the year to 31 December 2008. 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 country 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.

Board of Directors (continued)

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. The former director, Nigel Ferguson, and Pierre Moussa did not sit on any committee as they were executive Directors.

Audit Committee

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

In 2008 the Committee met on 27th May to review the audit work on the 2007 accounts. It also met on 29th September 2008 to review the findings of the 2008 interims.

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

The Chief Financial Officer and a representative of the external auditors are normally invited to attend meetings. Other Directors or staff may be invited to attend, as considered beneficial by the committee.

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

Remuneration Committee

The Remuneration Committee plans to meet at least twice in each year. Its members are Mark Child (chairman) and Klaus Eckhof, both of whom were in attendance at the two meetings held during 2008.

The Group's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee agrees with the board a framework for the remuneration of the chairman, the executive Directors and the senior management of the Group. The principal objective of the committee is to ensure that members of the executive management of the 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.

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.

Service Contracts (continued)

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

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

At the year end, the Group did not have any contract in place with P Moussa.

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.

Directors and officers liability insurance

During the year, the Company and Group continued to purchase liability insurance for Directors and officers as permitted by the Companies Act 1985.

Supplier payment policy

It is the Group's policy to pay suppliers in accordance with the terms of business agreed with them. The number of days' purchases outstanding for the Group as at 31 December 2008 was 30 days (2007: 30 days).

Annual general meeting

Your attention is drawn to the Notice of Meeting enclosed with this report convening the Annual General Meeting of the Company at 11 a.m. on 21 July 2009 at Speechly Bircham LLP, 6 New Street Square, London, EC4A 3LX. The Notice of Meeting sets out and explains the special and ordinary business to be conducted at the meeting.

CONDOR RESOURCES PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Mazars LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

M Child
Chairman

26th June 2009

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

We have audited the Group and parent Company financial statements (the "financial statements") of Condor Resources plc for the year ended 31 December 2008, which comprise the Consolidated Income Statement, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Balance Sheet, Consolidated and Company Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of Directors and auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union of the state of the Group's and Company's affairs as at 31 December 2008 and of the Group's result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

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

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

26th June 2009

CONDOR RESOURCES PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Year Ended 31.12.08 £	Year Ended 31.12.07 £
CONTINUING OPERATIONS			
Administrative expenses		(3,526,579)	(1,474,129)
OPERATING LOSS	5	(3,526,579)	(1,474,129)
Finance income	4	49,984	114,136
Loss before tax		(3,476,595)	(1,359,993)
Tax	6	-	-
LOSS FOR THE YEAR		(3,476,595)	(1,359,993)
Attributable to:			
Equity holders of the parent		(3,476,595)	(1,359,993)
Loss per share expressed in pence per share:	8		
Basic and diluted		(1.51)	(1.04)

The notes in pages 33 to 48 form an integral part of these financial statements

CONDOR RESOURCES PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31.12.08	31.12.07
		£	£
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	9	85,452	143,281
Intangible assets	10	4,537,700	5,525,962
Trade and other receivables	12	-	19,725
		4,623,152	5,688,968
CURRENT ASSETS			
Trade and other receivables	12	98,640	59,841
Cash and cash equivalents		1,450,744	1,111,020
		1,549,384	1,170,861
LIABILITIES:			
NON-CURRENT LIABILITIES			
Trade and other payables	14	11,974	13,127
		11,974	13,127
CURRENT LIABILITIES			
Trade and other payables	14	95,852	107,846
		95,852	107,846
NET CURRENT ASSETS		1,453,532	1,063,015
NET ASSETS		6,064,710	6,738,856
SHAREHOLDERS' EQUITY			
Called up share capital	17	3,303,118	1,303,118
Share premium		7,237,956	7,352,508
Legal reserves		71	71
Exchange difference reserve		881,581	(1,062)
Share options reserve		114,405	134,738
Retained earnings		(5,472,421)	(2,050,517)
TOTAL EQUITY		6,064,710	6,738,856

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

M Child
Chairman

26th June 2009

The notes in pages 33 to 48 form an integral part of these financial statements

CONDOR RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2008

	Share capital £	Share premium £	Legal reserve £	Exchange difference reserve £	Share option reserve £	Retained earnings £	Total £
Group							
At 1 January 2007	1,298,118	7,306,486	60	-	109,275	(690,524)	8,023,415
New shares issued	5,000	46,022	-	-	-	-	51,022
Loss for the period	-	-	-	-	-	(1,359,993)	(1,359,993)
Exchange difference	-	-	-	(1,051)	-	-	(1,051)
Transfer to legal reserve	-	-	11	(11)	-	-	-
Share based payment	-	-	-	-	25,463	-	25,463
At 31December 2007	1,303,118	7,352,508	71	(1,062)	134,738	(2,050,517)	6,738,856
New shares issued	2,000,000	-	-	-	-	-	2,000,000
Share issue costs	-	(114,552)	-	-	-	-	(114,552)
Loss for the period	-	-	-	-	-	(3,476,595)	(3,476,595)
Exchange difference	-	-	-	882,643	-	-	882,643
Share based payment	-	-	-	-	34,358	-	34,358
Share options lapsed	-	-	-	-	(54,691)	54,691	-
At 31December 2008	3,303,118	7,237,956	71	881,581	114,405	(5,472,421)	6,064,710

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

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

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 Company's Consolidated Financial Statements, are reported.

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

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

The notes in pages 33 to 48 form an integral part of these financial statements

CONDOR RESOURCES PLC

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31.12.08	31.12.07
		£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,094	11,061
Intangible assets	10	-	-
Investments	11	2,942,511	3,606,021
Trade and other receivables	12	1,861,832	2,854,798
		4,810,437	6,471,880
CURRENT ASSETS			
Trade and other receivables	12	10,510	21,994
Cash and cash equivalents		1,430,364	1,061,018
		1,440,874	1,083,012
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	85,491	85,580
NET CURRENT ASSETS		1,355,383	997,432
NET ASSETS		6,165,820	7,469,312
SHAREHOLDERS' EQUITY			
Called up share capital	17	3,303,118	1,303,118
Share premium		7,237,956	7,352,508
Share options reserve		114,405	134,738
Retained earnings		(4,489,659)	(1,321,052)
TOTAL EQUITY		6,165,820	7,469,312

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

M Child
Chairman

26th June 2009

The notes in pages 33 to 48 form an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2008

	Share capital	Share premium	Share option reserve	Retained earnings	Total
	£	£	£	£	£
Company					
At 1 January 2007	1,298,118	7,306,486	109,275	(593,319)	8,120,560
New shares issued	5,000	46,022	-	-	51,022
Loss for the period	-	-	-	(727,733)	(727,733)
Share based payment	-	-	25,463	-	25,463
At 31 December 2007	1,303,118	7,352,508	134,738	(1,321,052)	7,469,312
Loss for the period	-	-	-	(3,223,298)	(3,223,298)
New shares issued	2,000,000	-	-	-	2,000,000
Share issue costs	-	(114,552)	-	-	(114,552)
Share based payment	-	-	34,358	-	34,358
Share options lapsed	-	-	(54,691)	54,691	-
At 31 December 2008	3,303,118	7,237,956	114,405	(4,489,659)	6,165,820

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

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

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

The notes in pages 33 to 48 form an integral part of these financial statements

CONDOR RESOURCES PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	31.12.08	31.12.07
		£	£
Cash flows from operating activities			
Loss before tax		(3,476,595)	(1,359,993)
Share based payment		34,358	25,463
Depreciation charges		25,989	51,993
Impairment charge of intangible assets		2,349,059	576,270
Amounts written off		3,235	-
Exchange rate differences		-	79,996
Finance income		(49,984)	(114,136)
		(1,113,938)	(740,407)
(Increase)/decrease in trade and other receivables		(22,311)	131,329
Decrease in trade and other payables		(13,146)	(55,962)
Income tax paid		-	(241)
Increase in foreign exchange reserve		882,643	-
Net cash absorbed in operating activities		(266,752)	(665,281)
Cash flows from investing activities			
Purchase of intangible fixed assets		(1,360,797)	(186,207)
Purchase of tangible fixed assets		-	(125,801)
Increase in exploration costs		-	(1,482,010)
Sale of tangible fixed assets		31,841	-
Interest received		49,984	114,136
Net cash absorbed in investing activities		(1,278,972)	(1,679,882)
Cash flows from financing activities			
Proceeds from share issue		2,000,000	-
Less issue costs		(114,552)	-
Net cash from financing activities		1,885,448	-
Increase in cash and cash equivalents	1	339,724	(2,345,163)
Cash and cash equivalents at beginning of year		1,111,020	3,456,183
Cash and cash equivalents at end of year	1	1,450,744	1,111,020

The notes in pages 33 to 48 form an integral part of these financial statements

CONDOR RESOURCES PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

1. **CASH AND CASH EQUIVALENTS**

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

	31.12.08	1.1.08
	£	£
Cash and cash equivalents-	1,450,744	1,111,020

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

The notes in pages 33 to 48 form an integral part of these financial statements

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Year Ended 31.12.08 £	Year Ended 31.12.07 £
Cash flows from operating activities			
Loss before tax		(3,223,298)	(727,733)
Share based payment		34,358	25,463
Depreciation charges		4,968	3,855
Impairment of cost of investments		663,510	-
Receivables written off		1,656,013	-
Finance income		(49,984)	(113,941)
		(914,433)	(812,356)
Increase in trade and other receivables		(651,563)	(1,550,288)
Decrease in trade and other payables		(89)	(81,127)
Net cash absorbed in operating activities		(1,566,085)	(2,443,771)
Cash flows from investing activities			
Purchase of fixed asset investments		-	(14,916)
Interest received		49,984	113,941
Net cash from investing activities		49,984	99,025
Cash flows from financing activities			
Proceeds from share issue		2,000,000	-
Less issue costs		(114,552)	-
Net cash from financing activities		1,885,448	
Increase in cash and cash equivalents		369,346	(2,344,746)
Cash and cash equivalents at beginning of year	1	1,061,018	3,405,764
Cash and cash equivalents at end of year	1	1,430,364	1,061,018

The notes in pages 33 to 48 form an integral part of these financial statements

CONDOR RESOURCES PLC

NOTES TO THE COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

1. **CASH AND CASH EQUIVALENTS**

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

	31.12.08	01.01.08
	£	£
Cash and cash equivalents	1,430,364	1,061,018

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

The notes in pages 33 to 48 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

General information
These consolidated financial statements are for Condor and its subsidiary undertakings. The Company is a public company registered in England and Wales on 10th October 2005, under the Companies Act 1985. The address of its registered office is 6 New Street Square, London EC4A 3LX. The nature of the Company's operations is described in the Directors' report.

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

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations), as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been rounded to the nearest pound.

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

- IFRS 1, First-Time Adoption of International Financial Reporting Standards, revised 2008 (effective 1 January 2009)
- IFRS 2, Share-Based Payment, revised 2008 (effective 1 January 2009)
- IFRS 3, Business Combinations, revised 2008 (effective 1 July 2009)
- IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, revised 2008 (effective 1 July 2009)
- IFRS 7, Financial Instruments: Disclosures, revised March 2009 (effective 1 January 2009)
- IFRS 8, Operating Segments, issuance 2006 (effective January 2009)
- IAS 1, Presentation of Financial Statements, revised May 2008 (effective 1 January 2009)
- IAS 7, Statement of Cash Flows, revised 2009 (effective 1 January 2010)
- IAS 16, Property, Plant and Equipment, revised 2008 (effective 1 January 2009)
- IAS 17, Leases, revised 2009 (effective 1 January 2010)
- IAS 19, Employee Benefits, revised May 2008 (effective January 2009)
- IAS 20, Government Grants and Disclosure of Government Assistance, revised 2008 (effective 1 January 2009)
- IAS 23, Borrowing Costs, revised 2008 (effective 1 January 2009)
- IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 January 2009)
- IAS 28, Investments in Associates, revised 2008 (effective 1 January 2009)
- IAS 29, Financial Reporting in Hyperinflationary Economics, revised 2008 (effective 1 January 2009)
- IAS 31, Interests in Joint Ventures, revised 2008 (effective 1 January 2009)
- IAS 32, Financial Instruments: Presentation, revised 2008 (effective 1 January 2009)
- IAS 36, Impairment of Assets, revised 2008 (effective 1 January 2009)
- IAS 38, Intangible Assets, revised 2008 (effective 1 January 2009)
- IAS 39, Financial Instruments: Recognition and Measurement, revised 2008 (effective 1 July 2009)

The Directors expect that the adoption of the above pronouncements will have no material impact to the statutory financial statements in the year of initial application.

Basis of consolidation
The Group financial statements consolidate the accounts of its wholly owned subsidiaries; Minerales Morazan S.A. De C.V. and Condor S.A. under the 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.

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

Property, plant and equipment

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

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

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

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

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

(b) *Cash and cash equivalents*
For purposes of the consolidated balance sheet and consolidated statement of cash flows, the Group considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At 31 December 2008 management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

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

1. **ACCOUNTING POLICIES - continued**

Financial instruments (continued)

(d) *Equity instruments*
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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

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

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

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

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

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

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

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

1. ACCOUNTING POLICIES - continued

Share based payments

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

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

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) Impairment of intangible assets

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

Determining whether the intangible assets are impaired requires an estimation of the value in use of the cash generating units to which the intangible assets belong to. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and the suitable discount rate in order to calculate the present value. A provision for impairment was made in the period and the carrying value of intangible assets at the balance sheet date was £4,537,700 (2007: £5,525,962).

b) Share based payments

The Group has made awards of options on its un-issued 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 18.

2. REVENUE AND SEGMENTAL REPORTING

The Group has not generated revenue during the period.

The Group's operations are located in UK, El Salvador and Nicaragua. The Group undertakes only one business activity, as described in the Directors' report.

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

	UK		El Salvador		Nicaragua		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£	£	£	£	£	£	£	£
Carrying amount of segment assets	3,771,317	4,545,789	1,787,893	1,133,767	613,326	1,180,273	6,172,536	6,859,829
Additions/(disposals) and (impairments) to property plant and equipment and intangible assets	(509,205)	(378,051)	274,582	424,566	(762,059)	1,089,215	(996,682)	1,135,730
Depreciation	4,967	3,855	18,958	26,050	49,845	22,005	73,770	51,910
Carrying amount of liabilities	85,491	85,580	6,457	10,410	15,878	24,982	107,826	120,972
Result for the year	(2,534,056)	(995,965)	618	(326,562)	(943,157)	(37,466)	(3,476,595)	(1,359,993)

3. EMPLOYEES AND DIRECTORS

	31.12.08	31.12.07
	£	£
Wages and salaries	51,277	71,000
Social security costs	4,334	5,563
	55,611	76,563

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

	Group		Company	
Year ended 31st December	2008	2007	2008	2007
Directors	3	3	3	3
Employees	12	27	1	1
	15	30	4	4

	Salary payments		Termination payment		Personal consultancy payment		Related party payments *		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	£	£	£	£	£	£	£	£	£	£
M Child	12,000	12,000	-	-	-	-	86,850	28,200	98,850	40,200
N Ferguson	14,000	24,000	56,865	-	-	-	95,664	108,996	166,529	132,996
K Eckhof	12,000	12,000	-	-	-	-	24,000	23,000	36,000	35,000
P. Moussa	-	-	-	-	-	-	-	-	-	-
Total	38,000	48,000	56,865	-	-	-	206,514	160,196	301,379	208,196

* Refer to note 20 for listing of related parties

The Company has adopted a discretionary bonus scheme by which bonuses are paid to Directors, employees and consultants and used by the recipients to subscribe for new Ordinary Shares at market value. A total of up to 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. At the year end no bonuses were paid.

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

	Exercise price (p)	Latest exercise date	As at 1 January 2008	Granted during the year	Lapsed in the year	As at 31 December 2008
DIRECTORS						
M L Child	15	30 May 2011	1,250,000	-	-	1,250,000
	1	23 December 2013	-	9,000,000	-	9,000,000
K P Eckhof	15	30 May 2011	1,750,000	-	-	1,750,000
	1	23 December 2013	-	3,000,000	-	3,000,000
P. Moussa	1	23 December 2013	-	2,000,000	-	2,000,000

4. FINANCE INCOME

	31.12.08	31.12.07
	£	£
Deposit account interest	49,984	114,136

5. LOSS BEFORE TAX

The loss before tax is stated after charging:

	31.12.08	31.12.07
	£	£
Depreciation - owned assets	25,989	51,993
Auditor's remuneration		
- statutory Audit fee	21,275	18,000
- non-statutory assurance work fee	10,349	11,000
Foreign exchange differences	-	79,996
Impairment of intangible assets	2,352,294	576,270
Rent – operating leases	16,956	37,801

6. TAXATION

Analysis of the tax charge	31.12.08 £	31.12.07 £
Current tax:		
Tax	-	-
Total tax charge in income statement	-	-

Reconciliation of the tax charge

	31.12.08 £	31.12.07 £
Loss before tax	(3,476,595)	(1,359,993)
Loss before tax multiplied by standard rate of Corporation tax in the UK of 28.5%	(990,830)	(407,998)
Effects of:		
Deferred tax not provided	990,830	407,998
Total tax charge in income statement	-	-

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.

Factors affecting current and future tax charges
A reduction in the mainstream UK tax rate to 28% from 1 April 2008, should result in a reduction in the Group's future effective tax rate. This reduction has been applied for the short term timing differences.

7. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £3,223,298 (2007 – loss £727,733).

8. LOSS PER SHARE

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

A reconciliation is set out below:

Basic EPS	31.12.08	31.12.07
	£	£
Loss for the period	(3,476,595)	(1,359,993)
Weighted average number of shares	230,311,771	130,228,420
Loss per share (in pence)	(1.51)	(1.04)

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

9. PROPERTY, PLANT AND EQUIPMENT

Group	Rental property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost or valuation:						
At 1 January 2007	951	8707	6,835	53,567	3,745	73,805
Additions	971	652	7,157	81,957	33,649	124,386
Exchange difference	18	142	210	970	75	1,415
At 1 January 2008	1,940	9,501	14,202	136,494	37,469	199,606
Additions	-	838	2,289	-	1,707	4,834
Disposals	(2,675)	-	(1,209)	(63,602)	-	(67,486)
Exchange difference	735	4,849	7,454	29,898	11,296	54,232
At 31 December 2008	-	15,188	22,736	102,790	50,472	191,186
Accumulated depreciation and impairment:						
At 1 January 2007	-	-	(2,189)	(1,762)	(381)	(4,332)
Charge for year	-	(2,757)	(4,440)	(29,252)	(15,461)	(51,910)
Exchange difference	-	-	(88)	12	(7)	(83)
At 1 January 2008	-	(2,757)	(6,717)	(31,002)	(15,849)	(56,325)
Charge for year	-	(466)	(8,230)	(46,760)	(18,314)	(73,770)
Disposals	-	-	1,209	27,506	-	28,715
Exchange difference	-	(236)	(1,746)	(157)	(2,215)	(4,354)
At 31 December 2008	-	(3,459)	(15,484)	(50,413)	(36,378)	(105,734)
Net Book Value:						
At 31 December 2007	1,940	6,744	7,485	105,492	21,620	143,281
At 31 December 2008	-	11,729	7,252	52,377	14,094	85,452

9. **PROPERTY, PLANT AND EQUIPMENT - continued**

Company	Computer equipment £
Cost:	
At 1 January 2007	-
Additions	14,916
At 1 January 2008 and 31 December 2008	14,916
Depreciation:	
At 1 January 2007	-
Charge for the year	(3,855)
At 1 January 2008	(3,855)
Charge for year	(4,967)
At 31 December 2008	(8,822)
Net Book Value	
At 31 December 2007	14,916
Net Book Value:	
At 31 December 2008	6,094

10. **INTANGIBLE ASSETS**

Group	Exploration costs £	Mineral resources £	Licences £	Total £
Cost or valuation:				
At 1 January 2007	628,790	3,600,443	234,807	4,464,040
Additions	1,388,897	-	237,229	1,626,126
Exchange differences	12,066	-	-	12,066
At 1 January 2008	2,029,753	3,600,443	472,036	6,102,232
Additions	1,360,797	-	-	1,360,797
At 31 December 2008	3,390,550	3,600,443	472,036	7,463,029
Accumulated impairment:				
At 1 January 2007	-	-	-	-
Impairment for year	(395,347)	(154,305)	(26,618)	(576,270)
At 1 January 2008	(395,347)	(154,305)	(26,618)	(576,270)
Impairment for year	(1,394,436)	(509,205)	(445,418)	(2,349,059)
At 31 December 2008	(1,789,783)	(663,510)	(472,036)	(2,925,329)
Net Book Value:				
At 31 December 2007	1,634,406	3,446,138	445,418	5,525,962
At 31 December 2008	1,600,767	2,936,933	0	4,537,700

The JORC inferred resources of the Group at May 2009 are as follows:

Gold 788,000 oz contained metal ounces (2007:890,979)
Silver 22.4 m contained metal ounces (2007: 22.4m)

During the year the Group permanently discontinued exploration activities on three licences that had capitalised costs applied to them. In addition an impairment charge was made to the carrying cost of mineral resources for the licences held in El Salvador pending a decision by the government on the re-introduction of drilling on exploration licences in the country. In accordance with IFRS 6 an impairment charge has been made. The costs of this charge are £1,632,483 to Nicaragua and £716,576 to El Salvador (2007: £137,432 to Nicaragua and £438,838 to El Salvador).

11. INVESTMENTS

Company	Shares in the Group undertakings £
COST	
At 1 January 2007, 31 December 2007 and 31 December 2008	3,606,021
Impairment:	
Charge at 1 January 2007 and 1 January 2008	-
Charge for year	(663,510)
At 31 December 2008	(663,510)
Net Book Value	
At 31 December 2007	3,606,021
Net Book Value	
At 31 December 2008	2,942,511

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

Subsidiaries

Name	Country of incorporation	Interest %	Class of shares	Nature of the business	Share capital and reserves £	Profit/ (Loss) for the year £
Minerales Morazan S. A. de C. V.	El Salvador	100	Ordinary shares	Gold and silver exploration	8,041	618
Condor S. A.	Nicaragua	100	Ordinary shares	Gold and silver exploration	1,704	(943,157)

12. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	31.12.08 £	31.12.07 £	31.12.08 £	31.12.07 £
Current:				
Other receivables	78,843	38,761	3,587	4,950
Prepayments	19,797	21,080	6,923	17,044
	98,640	59,841	10,510	21,994
Non-current:				
Amounts owed by Group undertakings	-	-	1,859,313	2,852,279
Loans receivable	-	13,000	2,519	2,519
Other receivables	-	6,725	-	-
	-	19,725	1,861,832	2,854,798
Aggregate amounts	98,640	79,566	1,872,342	2,876,792

13. FINANCIAL INSTRUMENTS

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

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

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

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

There were no financial instruments not recognised in the balance sheet of the Company and the Group.

13.1 Financial instruments by category

	31.12.08 £	31.12.07 £
Assets as per balance sheet		
Loans and receivables:		
Other receivables	98,640	79,566
Cash and cash equivalents	1,450,744	1,111,020
Total	1,549,385	1,190,586

	31.12.08 £	31.12.07 £
Liabilities as per balance sheet		
Loans and receivables:		
Trade and other payables	30,812	49,595
Accrued expenses	77,014	71,378
Total	107,826	120,973

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

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:

13. **FINANCIAL INSTRUMENTS (continued)**

(a) Foreign currency exchange risks

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

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2008	2007	2008	2007
USD 1	0.5390	0.4994	0.6907	0.5009
NIO 1	0.0027	0.0026	0.0034	0.0026

(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 represents the maximum credit exposure.

(c) Liquidity risks

To ensure liquidity, the Group maintains sufficient cash and cash equivalents to meet its obligations as and when they fall due.

(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 is given on page 1 of the Directors' Report.

At 31 December 2008 the currency and interest rate profile of the financial assets and liabilities of the Group was as follows:

	31.12.08 £	31.12.07 £
Financial assests:		
GBP – cash and cash equivalents	1,430,364	1,061,018
USD –cash and cash equivalents	4,659	18,440
NIO – cash and cash equivalents	15,721	31,562
Total	1,450,744	1,111,020

A decrease of 1% on the interest rates offered by the bank will result in a decrease in interest receivable of £14,300.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Current:				
Trade payables	14,038	24,123	7,097	21,782
Social security and other taxes	912	12,345	(665)	319
Other payables	3,888	-	3,888	-
Accrued expenses	77,014	71,378	75,171	63,479
	95,852	107,846	85,491	85,580
Non Current				
Deferred employee remuneration	11,974	13,127	-	-
	11,974	13,127	-	-

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

15. LEASING AGREEMENTS

	Group		Company	
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Non-cancellable operating leases:				
Within one year	-	12,605	-	-
Between one and five years	-	7,345	-	-
		19,950		

16. CAPITAL COMMITMENTS

	Group		Company	
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Within one year	-	438,000	-	438,000
Between one and five years	-	1,002,000	-	1,002,000
	-	1,440,000	-	1,440,000

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

This assumed that all licences in Nicaragua covered by option agreements were considered viable by the board, and all future option payments to maintain Condor's interest in these projects are maintained. The option agreements in place, however, permit Condor to discontinue exploration and development of any licence at any time at its sole discretion; with concurrent reduction in liability without penalty should the management believe this licence will not lead to economic exploitation. During the year the Company terminated option agreements it held over the San Albino-Murra, Kuikuinita and Columbus licence areas as significant funds would be needed to exercise these options which the Company considered would not be recovered.

17. CALLED UP SHARE CAPITAL

Authorised Number	Class:	Nominal value	31.12.8 £	31.12.07 £
1,000,000,000	Ordinary shares	1p	10,000,000	10,000,000

Alloted and fully paid up issued	Class:	Nominal value	31.12.08 £	31.12.07 £
330,311,753	Ordinary shares	1p	3,303,118	1,303,118

On 27 June 2008, 200,000,000 ordinary shares of 1p each were issued at par.

The aggregate nominal value of those shares is £2,000,000 and the consideration received was £2,000,000.

18. EQUITY-SETTLED SHARE OPTION SCHEME

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

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

Date of Grant	1 January 2008 No. of shares	Issued in year	Forfeit or lapsed in year	31 December 2008 No. shares	Date from which options are first exercisable	Lapse date	Price per share
24/03/2006	11,750,000	-	-	11,750,000	31/05/2006	30/05/2011	15p
31/05/2007	1,900,000	-	-	1,900,000	31/05/2007	31/05/2010	10p
23/12/2008	-	-	(5,550,000)	(5,550,000)	31/05/2006	30/05/2011	15p
23/12/2008	-	21,000,000	-	21,000,000	24/12/2008	23/12/2013	1p
	13,650,000	21,000,000	(5,550,000)	29,100,000			

The weighted average exercise price per share is 6.24p (2007: 14.30p) and the average contractual life is 2 years (2007: 3 years). All the share options in issue are exercisable at the year end.

The estimated fair value of the options granted in 2008 was £34,358 (2007 is £25,463) and has been fully recognised within administration expenses. This fair value has been calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2008	2007
Share price	0.4p	5.7p
Exercise price	1p	10.0p
Expected volatility	93.02%	54%
Expected life (yrs.)	3	3
Risk free rate	4.3%	4.6%
Expected dividend yield	-	-

A release from the share option reserve of £54,691 was made during 2008 reflecting that 5,550,000 options issued in March 2008 lapsed during the year.

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

19. RELATED PARTY TRANSACTIONS

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

Company	Related party	31.12.08 £	31.12.07 £	Outstanding at year end £
Ridgeback Holdings Pty Ltd	Nigel Ferguson	95,664	108,996	-
Iguana Resources Pty Ltd	Klaus Eckhof	24,000	24,000	-
Axial Associates Limited	Mark Child	86,850	28,200	-

All key management receives their remuneration from the subsidiary they work for. The remuneration of key management in the subdiaries is capitalized within exploration costs.

20. CONTROLLING PARTY

There is no ultimate controlling party.