

Condor keeps on climbing

THERE are two Condor Resources but only one of them is listed on AIM. Condor Resources plc came to the market last May having purchased a collection of Central American assets from Condor Australia after choosing London in preference to a listing on the ASX. The target for the company has been to confirm 1-2 Moz of gold resources by month 24 from listing and, despite a few hiccups in recent months, CEO Nigel Ferguson believes the plc Condor is well placed to achieve its goal.

"We've built up a package of excellent concessions in El Salvador and Nicaragua," he says. "We've recently pulled some very good gold numbers out of

San Albino in Nicaragua and we've also started drilling at Cacao, also in Nicaragua, where we're looking for at least 500,000 oz of gold to make it a possible stand-alone project."

The company has three projects in Nicaragua: Matagalpa, which includes the Cacao concession area; Segovia, which includes the San Albino Mine; and Siuna, where the Columbus prospect has been

causing some excitement in the company. In July, the company announced the start of drilling at the 100%-owned Cacao licence, in Nicaragua's historic La India Mining District, with two veins intersected in less than 50 m. The initial programme is due to comprise eight holes and a total of 1,000 m.

Despite good progress across all projects, a major frustration for Mr Ferguson and his team at the moment has been the delay in getting an environmental permit to start drilling at the La Calera gold licence in El Salvador. The company is not alone in this regard and Mr Ferguson is confident the company will be back on track

once the current round of political manoeuvring plays out. He also maintains that La Calera's 1 Moz resource potential is well worth waiting for.

"What we're experiencing at Calera is happening to the whole mining community and seems very much to do with the elections in 12-18 months. It doesn't mean we

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can't complete other work on the licence, but drilling is a major step we need to get onto."

Located 45 km northeast of the capital, San Salvador, La Calera is 100% owned by Condor's subsidiary Minerales Morazan SA de CV. The 45 km² project area contains a number of principal veins and breccia systems and Condor has recently extended the longest single vein, the Rosa vein, to a significant 2,000 m. Aside from further drilling, "we've completed about 4,000 m of trenching," says Mr Ferguson, "and we'll probably be in a position to upgrade our resource as a result of this

activity". At this stage, he says, there is the opportunity to turn the current 100,000 oz resource into 250,000 oz and, even at this level, the property starts to become considerably more interesting.

"Even by putting 20 drill holes into La Calera, I'm sure we could get over the 500,000 oz resource mark," he says. "We have a very good geological feeling about this property and

its ability to produce a stand-alone operation."

In eastern El Salvador, 95 km east of San Salvador, there is an inferred gold resource of 345,000 oz at the company's El Pescadito property, where more drill holes are planned over the rest of this year once the latest trench results have been processed. Covering an area of 133 km², the property has three licences – El Pescadito, Carolina and El Gigante – with El Pescadito and Carolina also containing an inferred resource of 18.3 Moz of silver.



THE TEAM

MARK CHILD

Non-executive chairman

Mr Child has 21 years' equity capital markets experience, as an institutional stockbroker and in corporate finance/private equity, mainly in emerging markets. He has worked for WI Carr Indosuez, Hoare Govett, Prudential Bache Securities and was managing director of Sun Hung Kai Securities (UK) Ltd. At board level, Mr Child has been an executive director of Hong Kong-listed Regent Pacific Group, an emerging market fund manager and private equity group which spun off Charlemagne Capital Ltd and AIM-listed betinternet.com plc. In addition, he has been a non-executive director of several private companies.

NIGEL FERGUSON

CEO

Mr Ferguson is a geologist with 21 years' experience in the exploration and definition of precious- and base-metal mineral resources. Mr Ferguson is experienced at working overseas, having worked in places including Saudi Arabia, South East Asia, Central America and Africa. Mr Ferguson has held several senior technical management roles and was Ashanti Goldfield's country manager for Tanzania, being instrumental in assessing the now multi-mega-ounce Geita Gold Project for acquisition by Ashanti. Mr Ferguson has been managing Condor Resources' recent exploration in Central America and will continue to play a key technical role for the company.

KLAUS ECKHOF

Non-executive director

Mr Eckhof is a geologist and, since 1994, has managed his own geological consultancy company. He has considerable experience in assessing and acquiring mineral prospects around the world. Mr Eckhof is an executive director of TSX-V and AIM-listed Moto Goldmines Ltd, and holds several other directorships on Canadian and Australian-listed mining companies.



The fact that the share price has halved from last year's high of 13p is more a symptom of the market and current market sentiment than the company's recent performance, suggests Mr Ferguson. "AIM is being a little hard on junior explorers at the moment. In gold terms if you haven't got 1-1.5 Moz in one area or you're not in production they're tending to take a dim view of you, but, given what's happening with gold at the moment, I think the market may be selling itself short."

Aside from the temporary blip in El Salvador, Mr Ferguson believes he, his team and, indeed, the market in general has every reason to be pleased not only with the company's progress in Central America, but also the fact that it is there in the first place. "I've never worked in an area that's so easy to get around," he says. "Thanks to the presence of the paved Central American Highway, we can drive very close to all our projects on main roads and there is good access on to the property. Nicaragua is a much larger country than El Salvador but the access is still good. San Albino can be accessed by a

well-maintained dirt track and the other licences are all relatively easy to reach."

This includes the Cacao and San Albino projects, where initial drilling at Cacao and San Albino will hopefully allow calculation of initial mineral resources where grade will be king, says Mr Ferguson. "If we can get the resource above 1 Moz with a good grade, then we could be talking about something better than Pacific Rim Mining's El Dorado project in El Salvador. We've already had some very good surface trench results on both projects, including 1.4-3.0 g/t over 6 m to a single metre at 11 g/t at Cacao and up to 18 m at 6.77 g/t, 16 m at 7.89 g/t and 3 m at 20.11 g/t at San Albino. Our target here is to try and define that initial resource." If and when that happens,

there should not be too much of a problem attracting the market's attention with further significant results.



VITAL STATISTICS

Name: Condor Resources plc
Address: 1 Warwick Row, London, UK, SW1E 5ER
Tel: +44 (0) 20 7808 7222
Fax: +44 (0) 20 7808 7223
E-mail: information@condorresourcesplc.com
Website: www.condorresourcesplc.com

CONTACT
 CEO: Nigel Ferguson

SHARE INFORMATION
 Listed: AIM
 Ticker: CNR
 Shares in issue: 129.81 million
 Market cap: US\$16 million

ASSOCIATES
 Broker: Mirabaud Securities
 Company secretary: Breams Registrars and Nominees
 Independent geologist: Ravensgate
 Auditor: MRI Moores Rowland
 Solicitor: Wedlake Bell
 Solicitor in El Salvador and Nicaragua: FA Arias & Munoz
 Registrar: Share Registrars Ltd

