

CONDOR METALS

Quarterly Report: March 2011

Date 27 April 2011

ASX Code: CNK

www.condormetals.com

Share Capital
65.4 million ordinary shares

Market Capitalisation: A\$13.1 million

Share Price \$0.20

Board

Laurence Freedman AM, Chairman
Ross Gillon,
Robert Schuitema, Company Secretary

Senior Management

John McKinstry, COO

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Airborne geophysical survey report identifies manganese (Mn) and iron ore (Fe) drill targets at Kallona

Program of Work for drilling at Kallona approved

Soil sampling conducted at Dingo Range, testing for base metals presence

Follow up work at Gundocketa required to test the extent and depth of the iron rich pisolitic (gravel) lateritic cover

With cash at hand of \$3.37M, and low overheads, the company is well funded to carry out planned activities.

Kallona (100%)

Condor Metal's Kallona project area is approximately 70 km southeast of Nullagine in the East Pilbara, Western Australia. The project area lies 75Km west of the Nullagine River JV (Fortescue / BC Iron). The project area contains outcropping Marra Mamba Iron Formation and manganese bearing Carawine Dolomite, both largely covered by weathered and transported material, which is why the area had not previously attracted attention.

Rock chip samples taken by Condor from the Carawine Dolomite contained 27-38% manganese. The project area is considered prospective for both iron ore and manganese deposits. The targets lie immediately south of Hancock Prospecting Pty Ltd's recently commissioned Nicholas Downs manganese mine and south west of Consmin's Woodie Woodie manganese mine.

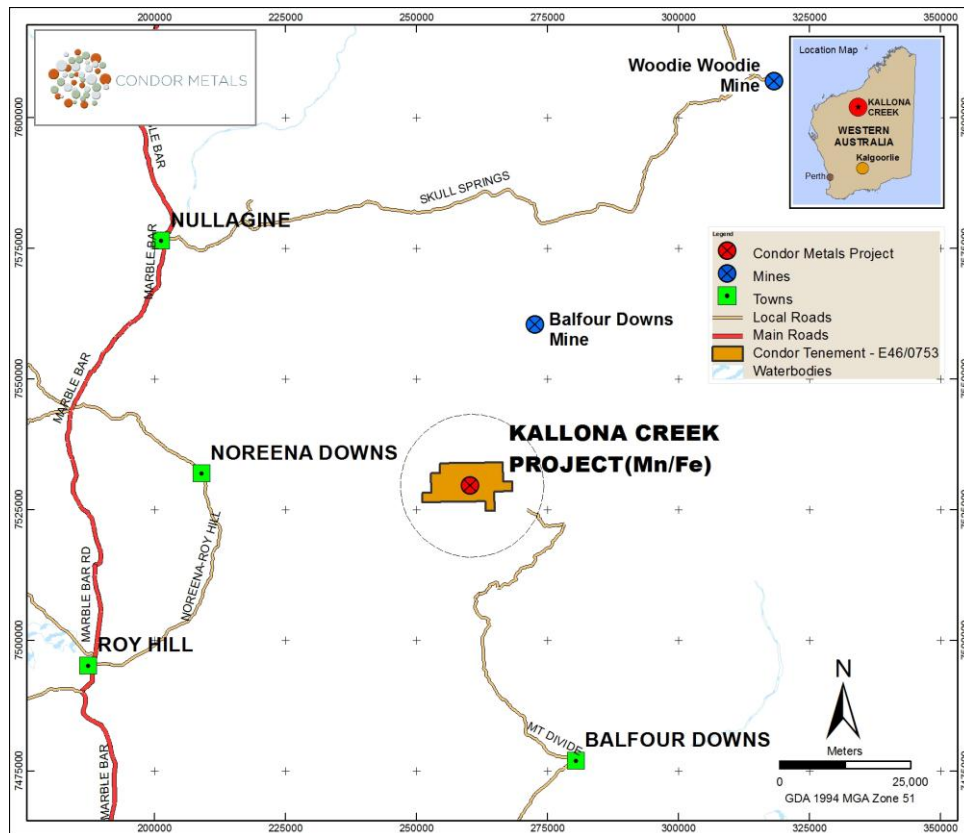


Figure 1 Showing location of the Kallona Project

In late 2010 Condor Metals commissioned Southern Geoscience Consultants (SGC) to manage a VTEM survey on the Kallona tenement (see Fig 1). During the March quarter the report from SGC was finalised, and on the basis of the targets provided a program of 85 reverse circulation holes has been designed and budgeted. Approval of the Program of Work has been received and preparation for cultural heritage site clearance work has commenced.

Kallona's conductive zones, while similar in nature to other manganese deposits such as Woodie Woodie, cover significantly large areas. Drill testing of a selection of the higher priority

anomalies will be undertaken as part of an initial assessment of the mineralisation of the conductivity zones.

The aeromagnetic survey also identified a substantial and unexpected, strongly magnetic complex occupying the central western portion of the survey area. The complex, and associated structures, may influence the distribution of manganese mineralisation. Drilling will test the intrusive, to see whether it has potential to host nickel – copper sulphide mineralisation.

Dingo Range (100%)

The Dingo Range tenements are located in a greenstone belt 150Km SE of Wiluna and 200Km NNE of Leonora in Western Australia.

Significant exploration by previous explorers has targeted the Dingo Range area for base metals including nickel, copper and iron. RAB drilling programmes have identified basalts and strong nickel mineral anomalies. Other rock types including graphitic shales, metasediments and granites have identified mineral anomalies including gold, copper, iron, lead, zinc and titanium.

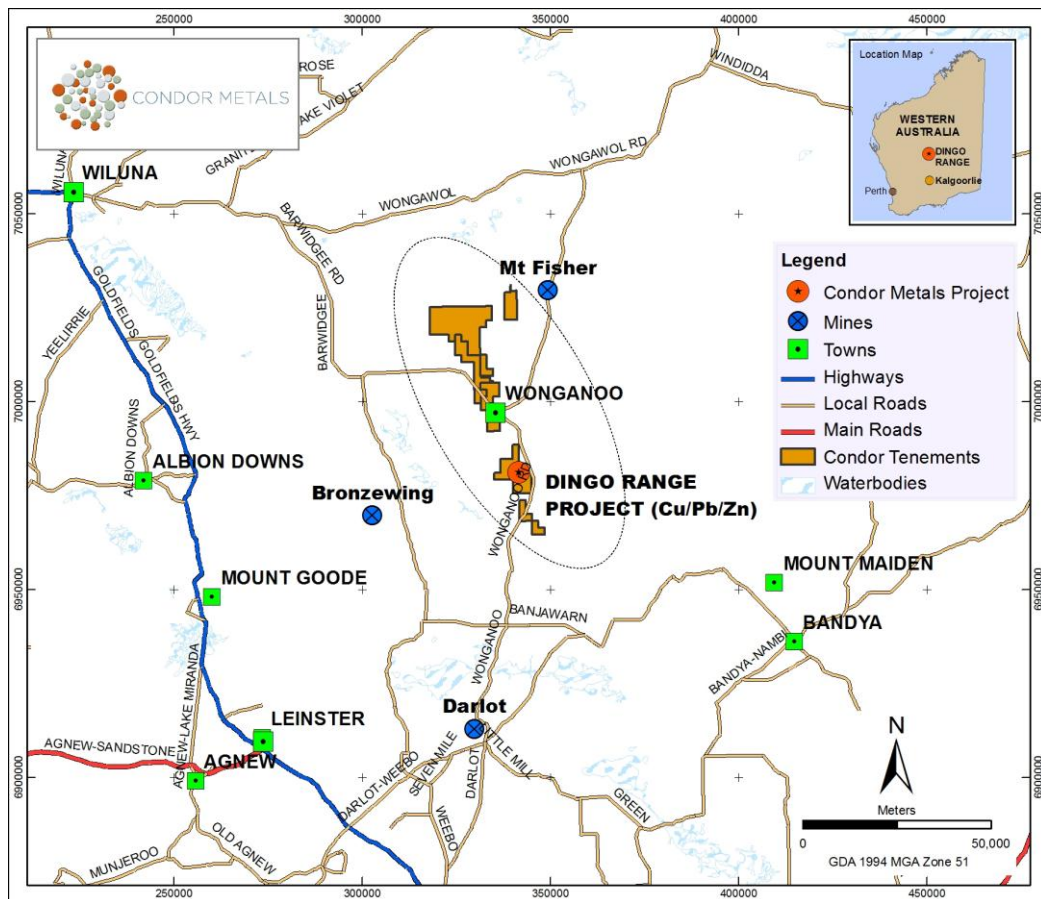


Figure 2 Showing the location of the Dingo range tenements

During the quarter two geochemical soil sampling program have taken place over targeted areas within E53/1352 and E53/1447. The areas have been targeted because of a previous copper prospect discovery known as the Johnny Walker, and two significant gold anomalies identified from an auger soil sampling program.

Within E53/1352 the Johnny Walker prospect indicates the presence of significant copper mineralisation. The strongly altered sediments are associated with graphitic shales and quartz veining. Surface rock chip sampling in the past by CNK has indicated copper grades of 3-4%.

In the 2010 auger soil sampling program two gold anomalies of 215ppb Au and 110ppb Au were located approximately 1Km apart in a north east trending direction. Both soil anomalies have been the target of the recent auger soil sampling on 100m X 100m spacings, infilling and extending previous traverse lines.

During the quarter, a smaller surface soil sampling and mapping program was carried out to further define the anomalous areas. A total of 326 Auger soil samples has extended the coverage of the adjacent areas on E53/1407 and 80 surface soil samples have been collected at the anomaly. Assay results have only been received for the surface soil program and interpretation has not been finalised. Assay results from the auger soil sampling programme (428 samples) have not yet been received.

CNK anticipates that the areas north and south of the Johnny Walker prospect and Anomaly A (see Fig 3) will warrant further investigation for a base metal deposit.

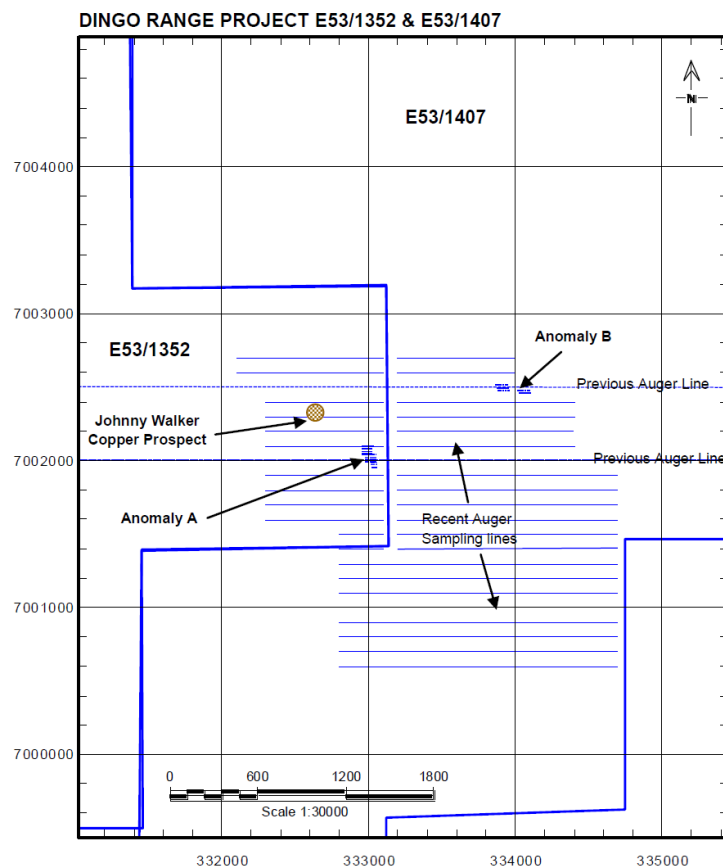


Figure 3 Soil sampling conducted in March Quarter 2011

Gundocketa (100%)

The Gundocketa Project (E25/292) is located 60kms due east of Kalgoorlie Boulder in Western Australia. The tenements lay 20Km west of Fairstar Resources' Steeple Hill iron ore project. Attractive features of the project are its proximity to Kalgoorlie, and the short distance from the southern boundary of E25/292 to the Trans Australian Railway (17Km).

A field visit following up the results from two auger soil geochemistry programs indicated the presence of an iron enriched horizon, occurring as a strong surface layer of fine lateritic pisolites (gravel). The pisolitic layer forms alluvial concentrations as part of drainage systems entering Lake Yindarlgooda.

The main iron rich alluvial pisolitic layer is continuous over a cumulative strike distance of around 10Kms. The source of the alluvial material has not been determined however field investigations have indicated the presence of iron rich rocks outcropping on the surface near the lake and to the north of the tenement.

Iron rich pisolitic lateritic cover associated with the drainage system has been established over an area of approximately 3.9 Km² on the Gundocketa EL. The area is estimated to cover an area approximately 10Km in length and 100m to 700m in variable width.

Lag sampling of the iron pisolites in twenty six locations was carried out with samples screened to +2mm and foreign particles separated out by hand. Rock chip sampling of outcropping weathered rocks was carried out at several locations within the tenement boundary.

Future work involves additional lag sampling on a wider spaced grid pattern over defined areas adjacent to the lake, and submission of a work program to excavate trenches to determine the depth of the iron enriched layer.

There was no activity on the Gundocketa Project in the March quarter.

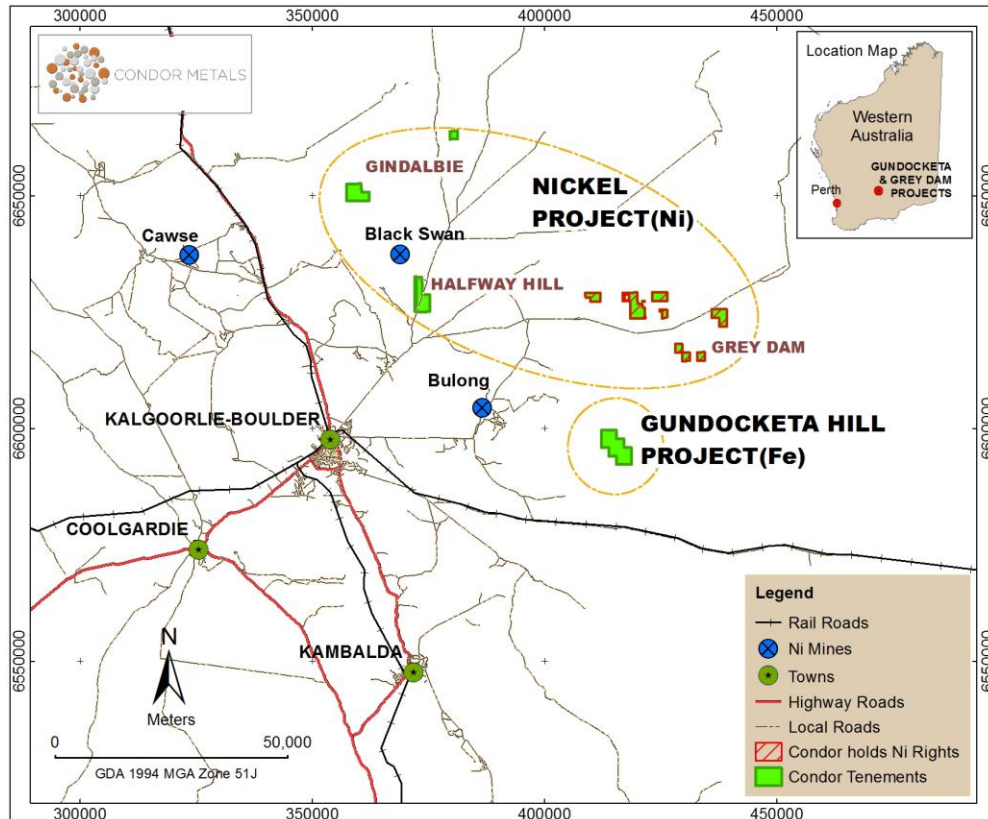


Figure 4 Showing the location of the Grey Dam Nickel Project and Gundocketa Project

Grey Dam Nickel Project (Nickel rights)

CNK acquired the nickel rights on tenements held by Carrick Gold Limited as part of the initial company listing. Previous exploration work by Carrick Gold Limited identified significant lateritic and sulphide nickel targets at Grey Dam and Halfway Hill. Halfway Hill lies approximately 5km south east of the Black Swan nickel mine.

The presence of nickel and cobalt mineralisation has proven to be significant in the larger area of Grey Dam prospect. A significant definition exists between nickel laterite mineralisation overlying considerable nickel sulphides at depth.

The geology of the exploration area has been interpreted from magnetic intensity images describing the strike directions of approximately 5Km in a WN-W/ ES-E direction and 10Km in a N-S direction. This area is intersected by a strong mineralised north-northwest trending shear zone called the Avoca Shear, which hosts gold and nickel mineralisation.

At Grey Dam the ultramafic-mafic-sediment stratigraphy includes a chert (rock type) marker horizon which is presumed to follow the major mineralised structures and direction associated with the Avoca Shear. Strong nickel and cobalt mineralisation is related to the Avoca Shear transecting the ultramafic stratigraphy.

In December 2009 Golder Associates produced an Inferred Resource for the Grey Dam deposit; a summary of the Mineral Resource Statement is shown below.

Ni cut off %	Tonnes	Ni %	Co ppm	Mg %	Al %
0.4	14.50M	0.7	456	8.75	2.15
0.7	5.22M	0.94	802	7.67	2.31
1.0	1.75M	1.16	1062	7.19	2.36

Table 1 Mineral Resource Statement for Grey Dam

There was no activity on the Grey Dam Nickel Project during the March quarter

Southern Cross (under application)

Exploration licence application E77/1898 is a 50-block (~150km²) area situated within the NW-trending eastern limb of the Southern Cross greenstone belt (Fig 4). The application commences in the north near the historic gold mining town of Southern Cross, and stretches in SSE-direction abutting the operating Marvel Loch gold mine tenements (121,870 ounces of gold produced in FY 2010).

The application area overlays mining leases held by St Barbara Mines; the mining leases will be excised out of the final EL granted (refer to Fig 5). Historically a number of high-grade, significant gold deposits have been located within the belt, typically controlled by structure and lithology. The tenement sits in close proximity to processing plant and other associated infrastructure.

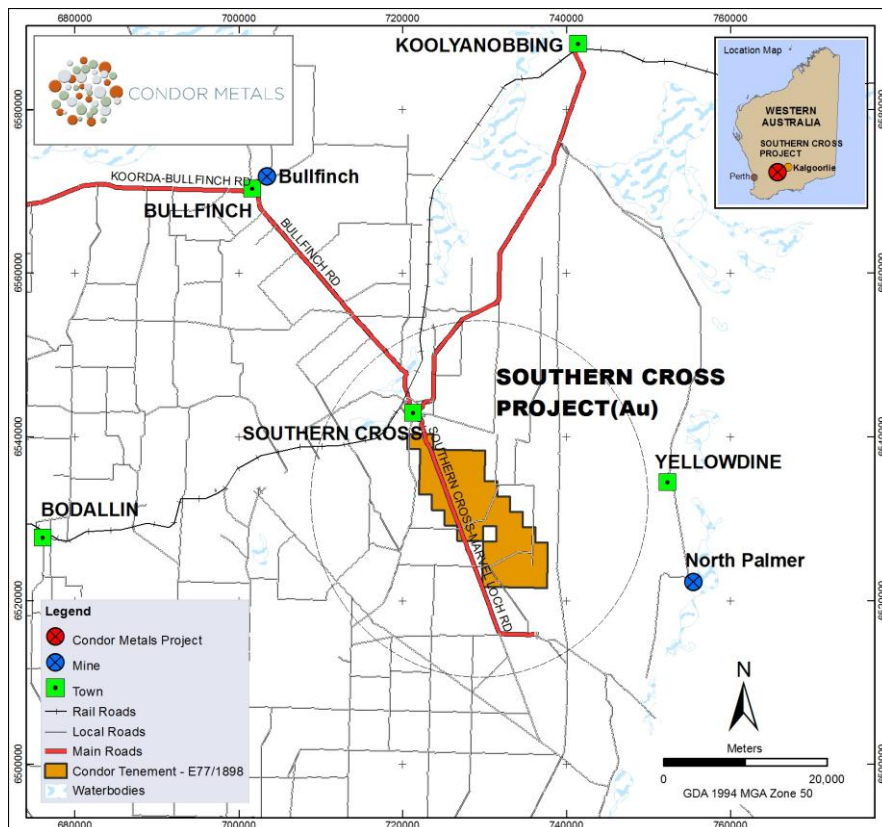


Figure 5 Showing location of the Southern Cross EL Application

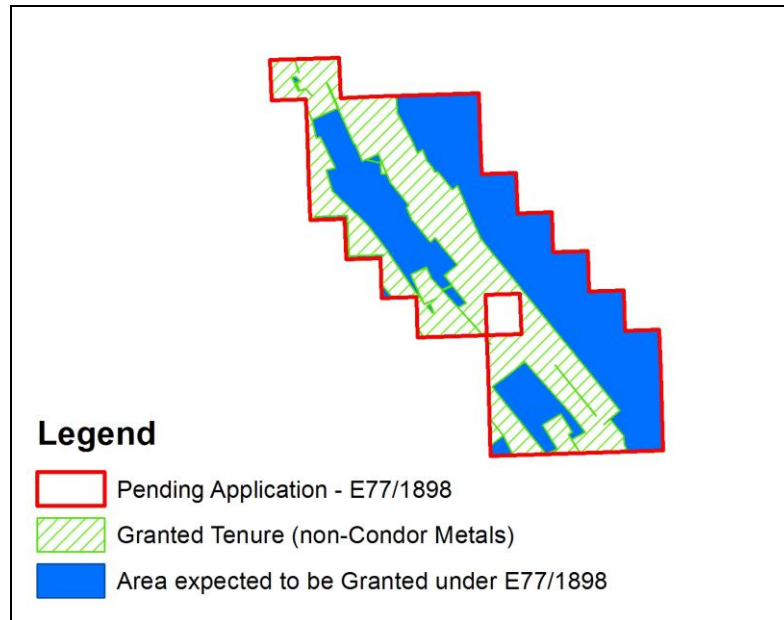


Figure 6 Showing mining lease areas to be excised out of the EL area

Previous significant drill results for gold on E77/1898 (from open file) include;

RAB

- 4m @ 0.33g/t Au from 36m

RC

- 1m @ 12.8g/t Au from 71m
- 2m @ 2.98g/t Au from 70m
- 3m @ 2.39g/t Au from 57m

Corporate and Finance

Expenditure for the quarter was \$273K compared with the previous quarter's expenditure of \$323K (excluding income from interest). Of this \$56K was spent on exploration activity. Interest received during the quarter totalled \$64K

The quarter contained a number of abnormal costs related to departure of a retiring director.

At the end of the quarter CNK had \$3.37M cash (previous quarter \$3.58M).

The major activity in the June quarter will be the drilling campaign at Kallona. Phase 1 will involve approximately 5000m of drilling. Early results will decide how quickly drilling for Phase 2 commences. Expenditure in the current quarter will be heavily influenced by the amount of drilling completed. The Company also expects to recruit a high calibre geologist to lead the exploration activities. CNK is expecting the Kallona drilling (est Phase 1 \$250K) to be completed in the June quarter pushing the forecast total expenditure to \$570K.

Expenditure relating to exploration activity on other project areas will be restricted by the need for resources at Kallona.

John McKinstry
Chief Operating Officer

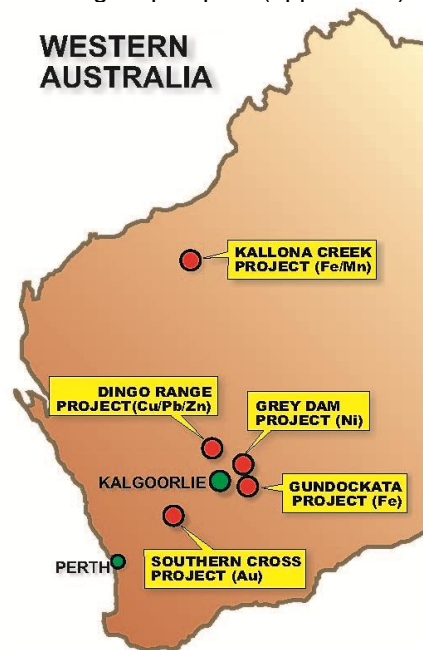
The information in this report which relates to exploration results, mineral resources or ore reserves is based on information compiled by Stephen Godfrey who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of The Australian Institute of Geoscientists with a minimum of five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Mr Godfrey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Godfrey is an employee of Golder Associates. and consults to Condor Metals Limited.

About Condor Metals Limited

Condor Metals Limited is an Australian listed company (ASX code: CNK) focused on multi-commodity projects in Western Australia.

The Company's priority targets are:

- Dingo Creek base metals project
- Grey Dam nickel prospect
- Gundockata Iron Ore Prospect
- Kallona Creek Iron / Manganese project
- Southern Cross gold prospect (application)



CNK has low overheads and promising exploration ground. The company has an open mandate on commodities and development strategy.

With approximately \$3.4 million in cash and no debt, Condor is well-funded to pursue the exploration and development of its projects.