

# STOCK EXCHANGE ANNOUNCEMENT



25 September 2014

## Condor Executes Gold Mining Heads of Agreement

ASX Release Stock Code: CDB

### Highlights

- Condor has today executed a binding Heads of Agreement with an Australian unlisted public company, Rio Perdido Gold Limited (RPG), with a view to forming a joint venture over part of the Sabaleta Gold Project in the Republic of Ecuador.
- Subject to conducting due diligence on RPG, Condor will within 20 days of today enter into a Joint Venture Agreement that will allow it to fund the small scale mining of gold on the Sabaleta Concession ("Sabaleta Concession").

### Heads of Agreement to form Gold Mining Joint Venture

Condor Blanco Mines Limited (ASX: CDB) ("Condor") is pleased to announce that it has signed a binding Heads of Agreement (HOA) with an Australian unlisted public company, Rio Perdido Gold Limited (RPG), to form a joint venture over part of the Sabaleta Gold Project in the Republic of Ecuador (**Joint Venture**).

The HOA establishes the framework for an unincorporated joint venture between the parties involving small scale gold mining operation on part of the Sabaleta Concession as set out in Block 19 of the map shown in Figure 1 ("JV Area"). Under the HOA, Condor and RPG have agreed that the Joint Venture Agreement shall include the following items:

- an initial term of three (3) years that is renewable for another 3 years on a rolling basis;
- the JV Area will be the location for the start-up of the Joint Venture and its gold mining activities ("JV Area");
- Condor to provide the funding required via share placements in Condor to construct a small scale gold mine operation on the JV Area in stages as per an agreed budget and mine plan;
- if the funding cannot be raised within a month of signing the Joint Venture Agreement, it will automatically terminate without penalty to either party;
- Net proceeds from gold production to be shared equally (50:50) by Condor and RPG after costs;
- the parties intend that Condor receive an agreed staged repayment of the funding from gold production and sales within the initial term of 3 years;
- Condor and RPG will use best endeavours to discuss and conclude within 3 months an earn-in through large scope exploration over other parts Sabaleta Concession; and
- if during the Joint Venture, Rio accepts a takeover offer or agrees to sell the Concession then Rio shall pay to Condor the greater of: (1) double the amount invested by Condor in the Joint Venture including the Initial Funding or other payment which has not been repaid to Condor at that time; or

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(2) an amount equal to the value of Condor's then interest in the Joint Venture, as determined by an independent valuer,

The HOA is conditional upon Condor undertaking commercial, legal and mining due diligence on RPG and notifying RPG that it wishes to proceed with the Joint Venture within 15 days of signing the HOA. Condor will incur no costs or penalties should it elect to not sign the Joint Venture after that due diligence is completed.

Ecuador is one of the few minerals rich countries that remains underexplored. International mining companies, including companies like Codelco, Corriente Resources, Grupo Mexico, Southern Peru Copper, Dynasty Metals & Mining Inc and SolGold Plc are amongst the few with gold and copper rich assets in Ecuador. Condor is pleased to have gained this opportunity to invest in an already established mining opportunity there.

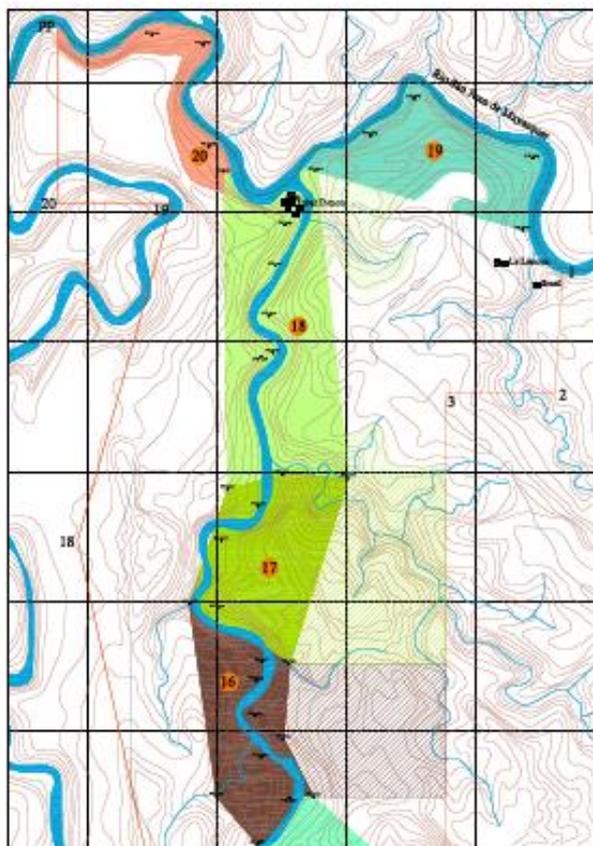
## Overview of the Sabaleta Project

The Sabaleta Concession covers an Area of 3,380.73 hectares along the alluvial plain of the Camumbi River. Sabaleta is a low grade bulk mining project with a potential low operating cost, as it will be mined from surface to a depth of 8 metres. Low operating costs for the project are anticipated as both the gold and platinum are free, allowing a very simple mechanised operation with no toxic chemicals which, most importantly, is environmentally low impact.

Gold appears to be concentrated at the river mouth at the western end of Block 19 (where it meets Block 18). Local artisanal miners have been winning gold in that area for a long time. This makes Block 19 a highly attractive area given the flow pattern of the river. Block 19 also benefits from good logistics, with direct access via the river. Figure 1 below shows the Sabaleta concession and Block 19 which is subject to the Joint Venture.

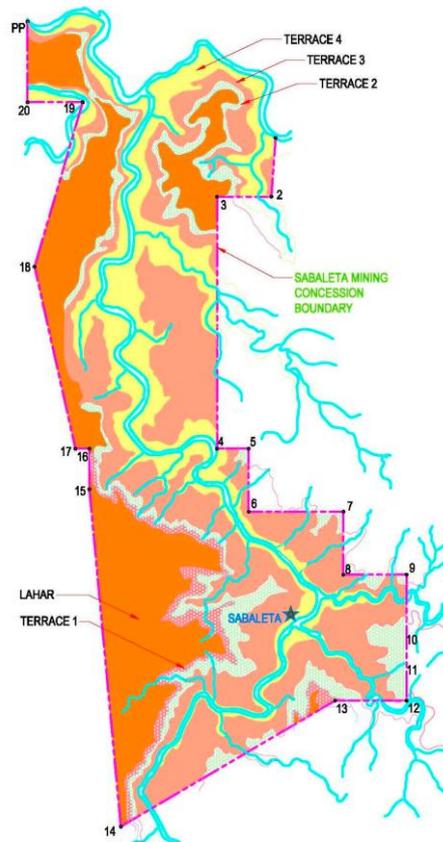


*Artisanal Mining at the Sabaleta Concession*



*Figure 1: Sabaleta Concession and Block 19 Location Map*

The gold is distributed across several terraces of varying ages (T1-T4 in decreasing age). T4 has reported the highest gold value in sampling, and it is prominent in Block 19 (see Figure 2). Material of the terraces comprise poor to medium sorted, poorly to well bedded, mature, unconsolidated, unlithified, rounded to sub-rounded conglomerates, pebbles, sandy clays and gravels mainly of white quartz.



**Figure 2: Sabaleta Geological Map including Gold Bearing Terraces (T1-4)**

Previous investigation covered initially 1,000 hectares in the central-south part of the concession. The 2006 program commenced in October, 139 pits were executed resulting in 139 samples of concentrate. The sampling was widely spaced over the four terraces. 74 pits correspond to the oldest terraces (T-1, T-2 and T-3) and 65 to the modern alluvium (T-4). Analysis showed classic sediments and heavy minerals, determining the presence of values ranging from 0.19 g/m<sup>3</sup> (T-1, T-2 and T-3) up to 0.5 g/m<sup>3</sup> (T-4). Details of concentrate assay results from the different terraces are set out in the table below:

Terrace Number	No of Samples	Values g/t	Depth of pits
T4	19	>0.40 <0.50	4.70 m
T3	23	>0.30 <0.36	4.20 m
T2	4	>0.30 <0.31	4.50 m
T1	3	>0.18 <0.23	4.50 m

### Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information reviewed by Michel Rowland, who is a Member of the Australasian Institute of Mining & Metallurgy. Michel Rowland is a full-time consulting geologist, who provides geological consulting services to Condor Blanco Mines Limited, and has sufficient experience 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Michel Rowland consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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*Artisanal miners on the Sabaleta Concession*



*Gold from the Sabaleta Concession*



*Platinum from the Sabaleta Concession*



*Sluice on the Sabaleta Concession*

**Activities in the Sabaleta area, a concession owned by Rio Perdido Gold Limited**



For more information, visit [www.condormines.com](http://www.condormines.com) or contact:

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