

STOCK EXCHANGE ANNOUNCEMENT



July 31, 2014

June 2014 Quarterly Activity Report

ASX Release Stock Code: CDB

Condor Blanco Mines Limited – Quarterly Activities Report

During this quarter Condor Blanco Mines Limited (ASX: CDB; Condor, the Company) completed a trial bulk sampling of the Marianas Magnetite Tailings. The trial outperformed results in the earlier recovery study, enhancing the economic modelling of the project.

In the period Condor also completed due diligence over several coking coal projects in South Africa that were to be acquired from Hong Kong company, Signet Coking Coal Limited (Signet). The projects were to be funded through a €10 million debt funding agreement. As announced 10 June 2014, Condor terminated all agreements in relation to the debt funding and the acquisition agreement for the Signet coking coal project.

Marianas Magnetite Tailings Project

On 22 April 2014, Condor announced that the commercial scale trial at the Marianas Magnetite Tailings Project has surpassed previous results. Mined head grade (17.88% Fe) containing magnetite (11.68% magnetite) were significantly higher than the earlier 40 tonne samples. The analysis (Davis Tube Test) contained iron in the 21.9 tonnes of concentrate produced 69.63% levels. The magnetite concentrate represented 12.54% of material collected by weight, a 12.5% increase on the earlier recovery result.

The concentrate grade of the 21.9 tonnes of output from the un-optimised three drum circuit was 51.48% Fe. Consequently, to shift this grade up towards the DTT level, the implementation design will include an additional circuit to disperse and sieve the feed as well as a linear arrangement of two final drums to deliver a concentrate close to the DTT produced a result of 69.74%. The analytical results of the commercial trial reported on 22 April 2014 are shown in the table below, which contrasts them from the earlier trial reported on 18 November 2013:

Performance Measure	Scoping Study Result (Announced 18 November 2013)	200t Bulk Trial Result (Announced 22 April 2014)	Improvement Recorded (% increase in commercial trial)
Tailings Fe Grade	12.61% FeTotal	17.88% FeTotal	41.80% increase in Fe grade
DTT concentrate recovery (% of feed recovered as concentrate by weight)	11.14%	12.54%	12.40% increase in Recovered Weight
Magnetic DTT concentrate	65.22 % FeTotal	69.63% FeTotal	6.76% increase in DTT Fe grade
Magnetic iron in the samples	7.29%	11.68%	60.22% increase in contained Magnetic Fe

As can be seen in the table, the grade results and processing performance of this commercial scale bulk sampling are substantially higher than earlier testwork. The mined head grade and magnetite content in this 200 tonne sample is particularly pleasing, being strongly representative and showing increases of over 40% from smaller tests.

Just after the end of the quarter on 3 July 2014, Condor released an update of recent activities in Chile. This included the visit by Managing Director, Mr Glen Darby, to Chile in order to update agreements around Condor's ongoing project portfolio. As part of this trip, all payments required to maintain desired project rights were paid prior to 30 June 2014 (as reflected in the balances and outgoings of this Appendix 5B Cash Flow Report).

The visit involved renegotiation of fees and payment terms for the exploration project options held by Condor. In particular, the option payment for Carachapampa was agreed at \$50,000 the second half of 2014. In addition, the fee for Gold Iron was broken into 6-monthly payments of \$25,000. During the trip, the project owners were formally notified that the La Isla option was being relinquished.

In the period, Condor also held final interviews and then employed a full-time environmental and administrative officer, Esther Weinstein, to drive the approvals process. Ms. Weinstein was previously employed in a similar role for Canadian firm Minera Verde Resources Chile Ltda., where she held overall responsibility for environmental permits and land management supervision. Prior to this, Ms. Weinstein worked at BHP Billiton within the Minerals Exploration Department.

South African Coal Projects and €10m Debt Finance

On 10 June 2014, Condor announced that it would not be continuing with the Signet acquisition or loan finance. Detailed clarification of the reasons for this were provided to market just after the end of the quarter on 3 July 2014. In short, parties were not able to complete obligations as indicated to Condor, including the financing of intermediary fees relating to the debt finance. This led to requests for more information that were not able to be completed to Condor's satisfaction, leading to termination of the

debt funding process. In turn, Condor was not prepared to carry the financing risk of continuing with the Signet transaction, which involved initial obligations of up to \$5m.

The announcement 10 June 2014, followed the earlier one on 16 April 2014 confirming that Condor had signed definitive agreement to acquire an interest in these South African hard coking coal projects from Signet. That agreement had given Condor the right to earn an initial stake in The Duel, Universal Annex and Mopane projects, all located in the Soutpansberg Coalfield of northern South Africa. The central aim of the new joint venture was for Condor to finance the drill-out of The Duel project. The Duel was a set of six tenements sits directly adjacent to the already drilled Makhado (including Telema and Gray) and Mt Stuart projects held by Coal of Africa Limited, which were reported to contain a total of 879,734,822 Gross Tonnes in Situ (GTIS) for Makhado (including Telema and Gray) and an inferred resource of 407,162,828 GTIS for Mt Stuart.¹ The Duel drilling program had been prepared, but Condor was not prepared to continue under the agreement given the large financial investment involved.

Corporate Events

On 23 April 2014, Condor announced it had made a share placement of 122,290,236 ordinary shares. This included over \$1m to a fund managed by Beaufort Securities Limited, a leading UK corporate broker. Condor directly placed the remainder of the stock. The placement completed the full \$2,000,000 investment subscription contracted in the February 2014 investment agreement that Beaufort has acted as a placement agent for. This third tranche was priced at \$0.012, and followed two earlier tranches issued at \$0.008.

On 8 May 2014 Condor announced that several classes of options had expired unexercised. This include 2,875,000 unlisted \$0.20 options with an expiry date of 1 April 2014, 10,000,000 unlisted \$0.10 options with an expiry date of 30 April 2014 and 21,475,771 listed \$0.20 options (ASX: CDBO) with an expiry date of 1 April 2014.

On 16 May 2014 Condor announced that Mr John Shanahan had resigned as a director of the Company. On 21 May 2014 Mr Michael Stafford, a corporate lawyer with over 20 years' experience was joining the Board of Condor. Mr Stafford replaced Mr Carl Swensson, who also resigned at this time.

On 16 May 2014, Condor released a Notice of General Meeting to take place at 11am (Sydney time) on 17 June 2014. On 17 June 2014, Condor announced that it had resolved to withdraw five of the nine resolutions being put at the General Meeting of Shareholders scheduled for 4pm that day. These surrounded the issue of bonus shares to directors of the company as well as the issue of shares as required by the Signet agreement. The remaining four resolution were past ratifying a past share placement and attaching option issues as well as pre-approving future placement capacity.

¹ See: http://www.coalofafrica.com/assets/technical-reports/venmyn-deloitte-independant-specialist-report_10dec12.pdf. Makhado (including Telema and Gray) has GTIS resources of resources of 445,025,424 tonnes measured, 328,176,038 indicated and 106,533,360 inferred for a total of 879,734,822 GTIS.

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On 23 June 2014 Condor announced another change to the Board. Dr Paul Crosio resigned and was replaced by Mr Steven Vlahos as its new Non-Executive Director and Chairman of Condor. Mr Vlahos has over 15 years' experience in corporate accounting and the finance industry. Mr Vlahos is providing important assistance as part of the Board's Audit Committee and in monitoring the audit process at Condor.



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Condor Blanco Mines Limited

ABN

16 141 347 640

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date \$A'ooo
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(414) (1,458)	(1,301) (2,261)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid		(260)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(1,871)	(3,821)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(1,871)	(3,821)

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1.13	Total operating and investing cash flows (brought forward)	(1,871)	(3,821)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,492	4,353
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	15	875
1.17	Repayment of borrowings		-860
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	2,507	4,368
	Net increase (decrease) in cash held	636	547
1.20	Cash at beginning of quarter/year to date	62	149
1.21	Exchange rate adjustments to item 1.20		2
1.22	Cash at end of quarter	698	698

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(1,872)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	20	15
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100,000
4.2 Development	250,000
4.3 Production	50,000
4.4 Administration	200,000
Total	600,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	698	62
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	698	62

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			

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6.2 Interests in mining
tenements acquired or
increased

Nil			
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	613,566,935	613,566,935		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	122,290,236 ordinary shares issued on 17/04/2014	122,290,236 ordinary shares	\$0.012 per share	\$0.012 per share
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options (description and conversion factor)	Total	Number Quoted	Exercise Price	Expiry Date
		37,876,666		\$0.20	23-Feb-2016
		20,000,000		\$0.06	01-Aug-2015
		15,000,000		\$0.0333	01-Aug-2017
		283,444		\$0.0470	13-Sep-2015
		406,556		\$0.0920	24-Sep-2015
		227,966		\$0.0460	07-Jan-2016
		547,259		\$0.0370	11-Feb-2016
		562,500		\$0.0330	18-Feb-2016
		595,000		\$0.0210	25-Mar-2016
		595,000		\$0.0210	03-Apr-2016
		476,000		\$0.0270	10-Apr-2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31/07/2014
Secretary

Peter Dunoon
Print name:.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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