



AND CONTROLLED ENTITIES

ANNUAL REPORT

For the year ended 30 June 2014

CORPORATE DIRECTORY

DIRECTORS

Stavros Vlahos
Glen Darby
Michael Stafford

COMPANY SECRETARY

Peter Dunoon

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MANAGING DIRECTOR'S REPORT

Managing Director's Report

Dear fellow shareholders,

This report covers the progress of Condor this financial year through to 30 June 2014. It will also provide you with an outline of the Company's strategy for financial year 2015. The Company has faced several challenges over that period, with several disappointments that have undermined what seemed to be a breakthrough period for Condor.

Nevertheless, this year has seen Condor achieve several key milestones in relation to the development of the Marianas Project. This included a Scoping Study and the completion of the bulk commercial trial. Environmental permitting has been far slower than hoped, but Condor is continuing to take steps to move through that process. The operation report that follows summarises progress made during the last financial year.

In addition to our operational achievements, the Board also secured funding through various placements over the year. This funding has ensured that the Company remains in a position to complete the necessary advancements to the Projects, which continue to add value to shareholders.

The disappointments experienced were linked to changes on the Condor Board. Initially, Dr Paul Crosio joined the Condor Board as Chairman. The Company pursued substantial funding and hard coking coal projects in South Africa. This led to long-standing directors Mr John Shanahan and Mr Carl Swensson retiring. Sadly, the coal project acquisition did not succeed. Dr Crosio resigned. In accordance with a tighter focus on control, Mr Steven Vlahos, a Sydney-based financial and management accountant joined the Board.

We understand that this year has been difficult time for shareholders with the Company's share price experiencing extreme volatility and eventually settling at a new low. I write this letter on behalf of the Company to make it clear to Shareholders that we understand these challenges and are aware of their concerns and anger, and to reassure them that we remain focused on the best way forward for Condor in 2014. We believe that the new project acquisitions recently announced provide a means of reinvigorating the Company, by bringing in new projects, new ideas and new supporters. Rebuilding market confidence will not be easy, but we believe that the current share price undervalues the Company substantially and that our job is to correct that, and in doing so also rebuild shareholder value.

Warmest regards,



Mr Glen Darby
Managing Director

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 30 June 2014.

Directors

The names of the Directors who held office during or since the end of financial year and until the date of this report are as follows. Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

Stavros Vlahos – Non-Executive Chairman – appointed 22 June 2014

Mr Vlahos has over 15 years' experience in corporate accounting. He has also served in financial roles in the securities industry, including stockbroking. Mr Vlahos is Sydney based, has previously been an Associate Tax Director at Grant Thornton and a Senior Tax Manager at BDO. Mr Vlahos is a Member of the Institute of Chartered Accountants, a Fellow of FINSIA and a Member of the Tax Institute of Australia. Mr Vlahos is recognised as possessing excellence in cross border structures, transfer pricing and M&A accounting and holds a Masters in Professional Accounting and Bachelor of Economics from UNSW.

Other Current Directorships:

None

Former Directorships in the last 3 years:

None.

Glen Darby – Managing Director

Mr Darby has been involved at an executive level in the management of listed and unlisted mining companies for the past eight years, with a focus on project generation, project development and capital raising. Mr Darby has also worked in the commodities trading industry and has a hands on familiarity with mine to end user processes. Mr Darby was responsible for the acquisition of assets into Condor Mines, and for the early stage corporate structuring of the company. This saw the company founded in 2010 and then brought to IPO just one year after incorporation. Mr Darby is also Managing Director of Brilliant Diamonds Pty Ltd, an exploration company with alluvial and hard-rock diamond tenements in West Africa. Mr Darby has a Masters of Property Economics specialising in mining projects and valuation.

Other Current Directorships:

None.

Former Directorships in the last 3 years:

None.

Michael Stafford – Non-Executive Director – appointed 21 May 2014

Mr Stafford is a corporate commercial lawyer and has over 20 years' experience in this field. He specialises in corporate finance, mergers and acquisitions and ASX listed companies including holding a prior directorship with Oldfield's Holdings Limited. He has extensive knowledge of statutory regulations, reporting and re-structuring.

Other Current Directorships:

None.

Former Directorships in the last 3 years:

None.

Lia Darby – Alternate Director for Mr Glen Darby – appointed 1 August 2014

Lia Darby is a mining company executive with a legal background who is a founding director of three public companies on the ASX. Ms Darby performs a corporate role for the private consultancy company she is a Director of, Superstructure International Pty Ltd.

Other Current Directorships:

Global Metals Exploration NL (ASX:GXN)

Proto Resources & Investments Ltd (ASX:PRW).

Former Directorships in the last 3 years:

Condor Blanco Mines Limited (ASX: CDB)

Dr Paul Crosio – Non-Executive Chairman - appointed 02/07/2013, resigned 22 June 2014

Dr. Crosio's background is in company management, capital raising and financial advisory having served in senior roles in telecoms, consumer goods and technology in companies such as Citibank, LG Philips Electronics, Global Crossing and Colgate Palmolive as well as Board roles on NASDAQ. Paul is founder and Managing Partner of Emerald Resources Ltd. which is a Hong Kong based advisory, boutique banking and investment management company focusing on the resources and infrastructure sectors in developing markets. Dr. Crosio holds undergraduate degrees in Law and Economics (Hons) from University of Sydney, M.B.A from University of Technology and post graduate qualifications from European Universities including INSEAD.

Other Current Directorships:

None

Former Directorships in the last 3 years:

None

John Shanahan – Non-Executive Director - resigned 16 May 2014

Mr. Shanahan's background is in commodity price risk management and he has held senior management positions with Barclays Capital, Rothschild Inc., Pasminco Ltd, and Australian Mining and Smelting. Mr. Shanahan is the President & CEO of Revett Minerals Inc., and is also a director of Mediterranean Resources Ltd. Mr. Shanahan holds a bachelor of commerce degree from the University of Melbourne, a graduate diploma in Systems Analysis and Design from the Royal Melbourne Institute of Technology, and an MBA degree from the Columbia School of Business.

Other Current Directorships:

Revett Minerals Inc.

Mediterranean Resources Ltd:

Former Directorships in the last 3 years

None

Carl Swensson – Executive Director, Geology - resigned 20 May 2014

Mr Swensson is a leading geologist with extensive experience over 33 years in the minerals exploration and mining industries. Mr Swensson has held senior exploration and exploration management positions with CRA Limited, Bendigo Gold Associates and Normandy Mining Limited. At Normandy Mining, as Chief Exploration Geologist, he was responsible for the management of the exploration budget across that company's Australian tenement portfolio. Mr Swensson has been working in South America for over 10 years and has developed a deep knowledge of Chile and its geological features. Mr Swensson is also a director of Lefroy Resources Limited and Global Nickel Investments NL, ASX-listed exploration companies with extensive operations in Chile and Western Australia.

Other Current Directorships:

Global Metals Exploration NL

Lefroy Resources Limited

Former Directorships in the last 3 years:

Brazilian Metals Group Limited

Richard Pritchard – Non Executive Director - appointed 8th November 2012, resigned 2 July 2013

Richard Pritchard is a graduate of the University of Brighton, England, holding an Honours Degree in Civil Engineering, he has had over 17 years' experience in Civil Engineering, having been responsible for numerous infrastructure projects in the fields of telecommunications, transport, water, mining and energy; he has also spent 7 years in Financial Service's including four as an advisor at Macquarie Bank. Richard has been responsible for major capital raisings and corporate transaction including founding and listing as managing Director of an energy technology company on the ASX (ASX: WHN) re-capitalisation and re-listing of SVC Group Limited as its Chairman and its acquisition of

Subzero Group Limited (ASX: SZG). Richard currently manages companies with a diverse investment portfolio including emerald exploration in Zambia, and property development in Australia. Richard founded Shale Energy Limited in 2007 and is currently its biggest shareholder. Richard has a Graduate Diploma in Public Company management from The Institute of Company Directors and is a Member of The Institute of Company Directors, and a Member of the Institute of Engineers Australia.

Company Secretary

Peter Dunoon

Mr Dunoon is a Fellow CPA, a Fellow member of the Governance Institute of Australia and is the principal of Dunoon Financial. During the past 10 years Peter has held a number of CFO and company secretary positions with companies involved in mining, construction and retail. Peter has in-depth knowledge of mining and has experience encompassing capital raisings, mergers, acquisitions and ASX company listings. Peter will strengthen Condor's exposure to capital markets.

Interests in the Shares and Options

The following relevant interests in shares and options of the company were held by directors as at the date of this report:

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Stavros Vlahos	-	-
Glen Darby	18,880,000	6,145,001
Michael Stafford	-	-
Paul Crosio*	-	-
Carl Swensson*	-	2,040,000
John Shanahan*	-	-
Richard Pritchard*	-	100,000

* Held at date of resignation

Principal Activities

The principal continuing activities during the period of the Group were acquisition and exploration and evaluation of exploration assets in Chile.

Review of Operations**Introduction**

Condor Blanco Mines Limited holds controlling interests in two Chilean-based mineral resource companies - Condor Blanco SCM (70%) and Tierra Amarilla SCM (100%). These Chilean-based subsidiaries hold interests over a portfolio of copper-gold projects located to the west of the major mining city of Copiapo in northern Chile. Condor Mines' projects are considered prospective for two types of mineralization (1) epithermal gold and silver, and (2) porphyry copper-gold.

Operations during the reporting period have concentrated on advancing both the Gold Iron porphyry copper project and the Marianas Magnetite Tailings project. In summary:

- Following an initial Heads of Agreement signed over production and processing at the Marianas Tailings project in Chile, Condor made acquisition payments to take a 50% share in the project. Condor then commissioned an independent scoping study for the Marianas project and mined and processed a 200t bulk sample were completed. This bulk sample excavated from the Marianas Tailings Project was processed through Lacerta Finance and Mining SpA's commercial magnetite plant near La Serena in northern Chile. A total of 174 tonnes of the 200 tonnes of material stockpiled was processed. The results of the commercial trial exceeded Condor's expectations. Key results of the trial were:
 - Both mined head grade (17.88% Fe) and contained magnetite (11.68% magnetite) were significantly higher than the earlier 40 tonne samples.
 - Confirmatory analysis was particularly impressive with Davis Tube Test contained iron in the 20.1 tonnes of concentrate produced substantially increased at 69.63%. The magnetite concentrate represented 12.54% of material collected by weight, a 12.5% increase on the earlier recovery result.
 - The trial outperformed results in the earlier recovery study and substantially enhance the modelled economics of the project. The results of the trial surpassed previous results from both previous channel sampling programmes and from the treatment of an earlier 40 tonne bulk sample.
- Two diamond drill holes, DDHGI-01 and DDHGI-02 completed on the SE margins of the alteration system at Gold Iron porphyry copper project intersect significant widths of copper mineralisation. While assays returned sub-economic copper grades with a peak assay of 0.43% Cu over 1m from DDHGI-02, the results are seen as highly encouraging showing the porphyry system is significantly mineralised and the results providing a vector for increasing grade towards the NW and more central parts of the system with only 20% of the alteration tested to date.

Marianas Magnetite Tailings Project

Considerable progress was made on the Marianas project. This included the signing of a Heads of Agreement ("HOA") for the processing and production of magnetite concentrate, the commissioning and finalisation of an independent scoping study. During June 2014 the payment schedule on Marianas was renegotiated and a further payment made. The parties have agreed on an extension of time to make further payments (originally due in July and September, with a final payment in March 2015). Consequently, the payments otherwise originally due have not been made while this renegotiation is completed. The renegotiation of the agreement has also including coverage of the acquisition of the entire 100% of the project rights. Condor and its partners at Marianas are assessing the best operator to engage for the project.

Heads of Agreement

A Heads of Agreement was signed with Lacerta Finance and Mining SpA ("Lacerta") a local mining contractor who has operated and is currently operating magnetite tailings re-processing projects in northern Chile. Lacerta already has received and processed two 40 tonne bulk samples from Marianas. The positive results of that work, which achieved magnetite recovery up to 63%, has informed the HOA. Under the HOA, a 200 tonne bulk sample is to be extracted and shipped to La Serena, Chile where Lacerta currently has its plant located at the La Higuera tailings deposit. This will allow a final 200t test to be undertaken. After this, and subject to final receipt of mine permits, Lacerta would relocate its magnetite plant and all necessary mining equipment (including trucks, excavators and dozers) to Marianas.

Independent Scoping Study

It should be noted that Condor is not able to report a Production Target for Marianas as insufficient information is available to justify the establishment of a Production Target under ASX Listing Rules Chapter 5. For further detail on this, please see: <http://www.asx.com.au/regulation/compliance/asx-mining-reporting-faqs.htm#types-of-pt-subject-to-ch5>.

The study used the results of a systematic sampling programme undertaken in July 2013 as previously reported. Sampling utilised an excavator to excavate 15 large pits to an average depth of 3.3m and samples taken by channel sampling. Samples were assayed in San Lorenzo Laboratory for total Fe (FeTotal) and Fe magnetics (FeMag) using the Davis Tube Test (DTT) methodology. The DTT results were as follows:

- Samples average grade: 12.61 % FeTotal
- DTT concentrate recovery: 11.14% (% of feed recovered as concentrate)
- Magnetic DTT concentrate: 65.22 % FeTotal
- Magnetic iron in the samples: 7.29%

The results provide a concentrate grading 65.22% Fe Total. The metallurgical test work has demonstrated the ability to upgrade the magnetite mineralisation in the tailings to

approximately 65% Fe. The product produced was also shown to contain very low levels of impurities and so is relatively high quality.

The study also addressed marketing and selling of the final product. Two existing port facilities, Caldera and Totoralillo, could facilitate the export of the iron concentrate on an FOB basis. The Environmental Permitting Process is expected to be relatively straightforward, as the project will support the rehabilitation of this historic tailings dump. The environmental and social rehabilitation of a sector of the Copiapo River valley will add environmental value to the area, and provides a sound reason for a positive assessment of the project's environmental impact. Therefore no delays are expected in the permitting process. Currently a 19% tax on profit is applied in Chile. No mining royalty charges are expected to apply to the project as the Marianas project is below the size at which such royalties start to apply in Chile.

The Company is very pleased with the positive conclusions of the study.

Bulk Sampling Programme

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

The trial was undertaken under the Heads of Agreement signed previously with Lacerta Finance and Mining SpA (Lacerta). Lacerta has demonstrated expertise in recovering a high quality saleable iron concentrate from projects similar to Marianas. Lacerta operates the Mol magnetic separation plant located 90 kilometres north of La Serena, Chile. 200 tonnes of material was collected from 7 trenches at Marianas and sent to La Serena. 38 scoops of a Caterpillar 938G loader were then feed into the plant for processing, being a total of 174.4 tonnes of magnetite tailings.

The chemical testing was performed by Analisis Mineros Limitada (Analmin), located in Coquimbo, Chile. Testing included the determination of total Fe, DTT, magnetic Fe, all potential contaminants as well as elements of potentially economic interest such as molybdenum, copper and gold.

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 result of 69.74%.

Gold Iron

Two diamond drill holes were completed at Condor's Gold Iron porphyry copper project (fig 1) during the reporting period, returning highly encouraging results which build on the exciting initial drilling results returned from the project in late 2011. The diamond drill

holes took advantage of the availability of the diamond rig from Condor's Carachapampa project due to the onset of winter snow and utilised drill pads previously constructed at the project.

Drilling was undertaken by contractor SW Drilling utilising a Boart LF 90D diamond drilling rig in NQ sized core. The locations of the two drill holes are shown in Figure 1. Both holes targeted the 2 x 0.8 km alteration system on its SE margins.

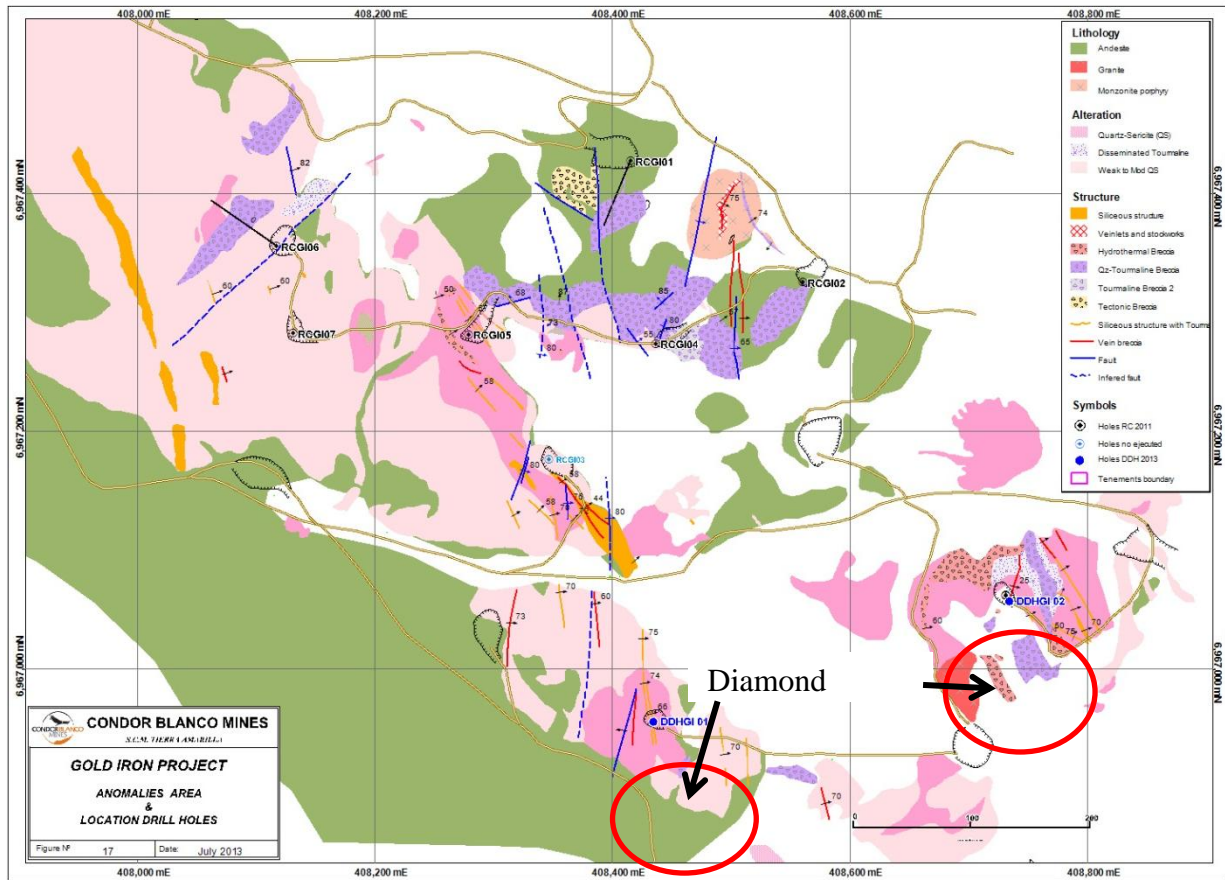


Figure 1: Location of diamond drill holes DDHGI-01 and 02 at Gold Iron

Drilling was designed to provide detailed alteration and veining relationships and to overcome any high water flow problems that were encountered in the initial reverse circulation drilling program. Drill holes DDHGI-01 and DDHGI-02 were drilled to depths of 337m and 390.3m respectively. Problems were encountered with the drilling of DDHGI-02 which encountered a broken zone associated with a major structure at approximately 80m. The hole was terminated at 87.3m and re-drilled 4m distant. The initial abandoned hole has been designated DDHGI-02B.

Both drill holes encountered exceptionally strong alteration and extensive but generally low grade copper mineralisation. Hole DDHGI-01 intersected 131m of disseminated and vein chalcopyrite mineralisation from 206m to the end of hole (EOH) at 337m. Hole DDHGI-02 intersected 299.3m of similar mineralisation from 91m to EOH at 390.3m, returning a peak assay of 0.43% Cu and 54ppm Mo over 1m from 190-191m.

DDHGI-01: Drilled approximately 80m north of the southern boundary of the porphyry system this drill hole encountered 227m of a complex of intrusive breccias from surface before intersecting highly altered granite from 227m to EOH at 337m. The summary log is presented in Table 1. In general it is observed that copper mineralisation is poorly developed in the intrusive breccias, probably as a result of these bodies being post the main mineralising phase. However the breccias are intensely altered to the point where the original fabric is obscured (figures 4, 5). Chalcopyrite increases in the granite particularly associated with chlorite-magnetite-silica alteration. The hole demonstrates that while the alteration is intense, it represents a lower temperature part of the system, reflecting the position on the margins of the system.

Assays of significance (>100ppm Cu and >10ppm Mo) are shown in Table 2. Due to the high magnetite content of the breccias, chalcopyrite was best developed in the granite from 206m to EOH. Generally copper assays ranged from 50 – 150ppm with little molybdenite mineralisation. Despite the low tenor of the copper values, the extensive distribution of the copper in this hole so close to the unaltered margins is seen as an indication of the strength of the porphyry system.

Table 1: Summary Drill Log DDHGI-01

Fro m	To	Inter val	Lithology	Alteration	Mineralogy
12.0 0	68.9 0	56.90	Tourmaline Breccia	QS Mod (Ser+Kaolinite+ Qz+ Clays)	Oxides
68.9 0	114. 00	45.10	Intrusive Breccia	Argillic - Sericitic (Ser+Kaolinite+Qz+ Clays)	Oxides
114. 00	134. 00	20.00	Intrusive Breccia	CM (Chlorite + Magnetite)	Pyrite, magnetite
134. 00	227. 10	93.10	Intrusive Breccia	magnetite	Pyrite, chalcopyrite, magnetite
227. 10	283. 00	55.90	Granite	Propylitic	Pyrite, chalcopyrite, magnetite
283. 00	337. 00	54.00	Granite	Propylitic + CM	Pyrite, chalcopyrite, magnetite

Table 2: Summary of Significant Assays DDHGI-01

From (m)	To (m)	Intercept (m)	Cu ppm	Mo (ppm)
0	12	12	163	
0	5.6	5.6		19
86.1	93.9	7.8		16
117	119	2	202	
252	255	3	125	
264	268	4	123	

DDHGI-02: This hole was drilled further from the contact of the alteration than DDHGI-01, at a distance of possibly 200m although the contact is obscured in the SE area. As with DDHGI-01, the hole passed through a thick sequence of intrusive, dominantly tourmaline

breccias (258m) before intersecting altered granite from 258m to 390.3m at EOH (Table 3). Copper mineralisation is best developed in the granite as both disseminations and veinlets (figures 4, 5) with chalcopyrite intersected over 299.3m from 91m to EOH. The best developed copper mineralisation was from a 13m zone, particularly within a 13m zone from 173-191m. Table 4 provides a summary of significant results (>100ppm Cu and >10ppm Mo).

Table 3: Summary Drill Log DDHGI-02

FROM (m)	TO (m)	WIDTH (m)	LITHOLOGY	ALTERATION	MINERALIZATION
0.00	74.15	74.15	Tourmaline Breccia	Mod + Strong Argillic - Sericitic (Ka+Ser+Clays)	Oxides
75.15	91.90	16.75	Diorite	Mod Chloritic	Pyrite from 88m
91.90	189.00	97.10	Intrusive Breccia	Mod - Strong CMS (Chl+Mt+Cal+Bi=secondary+Ep)	Pyrite, chalcopyrite, magnetite, molybdenite
189.00	202.00	13.00	Undifferentiated	Mod - Strong CMS (Chl+Mt+Bi=secondary+Ep)	Pyrite, chalcopyrite, magnetite, molybdenite
202.00	226.00	24.00	Intrusive Breccia	Mod - Strong CMS (Chl+Mt+Cal+Bi=secondary+Ep)	Pyrite, chalcopyrite, magnetite
226.00	258.00	32.00	Breccia	Mod - Strong Silicification	Pyrite, chalcopyrite, magnetite
258.00	267.00	9.00	Granite (?)	Mod Propylitic and Tourmaline	Pyrite, chalcopyrite, magnetite, molybdenite
267.00	272.65	5.65	Intrusive Breccia	Strong CMS (Chl+Mt+Cal+Ep)	Pyrite, Chalcopyrite magnetite
272.65	286.00	13.35	Granite	Mod Potassic (Orthoclase+Chl)	Pyrite, Chalcopyrite magnetite
286.00	390.30	104.30	Granite	Mod Silicification	Pyrite, Chalcopyrite magnetite

Copper grades report in the range 50-500ppm, generally higher than reported from DDHGI-01, reflecting the hole being further from the system margins. The most significant mineralisation was from an 18m zone of 512ppm Cu from 173-191m which included 1m of 0.43% Cu from 190-191m. A number of zones of elevated molybdenum were intersected in the hole with a maximum value of 54ppm Mo from the high copper interval from 190-191m. Generally the better copper values are associated with chlorite-magnetite silica alteration. Towards the end of the hole, this alteration changes to solidification with a decrease in chalcopyrite mineralisation and is interpreted as reflecting proximity to the contact with the margins of the system and the reason for the termination of the hole.

Table 4: Summary of Significant Assays DDHGI-02

From (m)	To (m)	Intercept (m)	Cu ppm	Mo (ppm)
0	7	7	108	
16	20	4	152	
10	20	10		21
35	39	4	123	
42	44	2	133	
50.5	58	7.5	109	
69	74.2	5.2	224	
82	85.4	3.4	459	
132.8	138	5.2	183	
154	157	3	133	
163	166	3	275	
163	164	1	617	
173	179	6	380	
173	191	18	512	
190	191	1	4342	54
254	256.8	2.8	147	
269.2	272.7	3.5	148	
388	390.3	2.3	141	

Significance of the Results

Condor is highly encouraged by the results of the diamond drilling which demonstrate:

- The Gold Iron porphyry system is mineralised over a great vertical extent even at the margins of the system. Mineralisation remains unclosed in most holes.
- The diamond drilling has shown for the first time that mineralisation is in both disseminated and vein form.
- The increase in grade from DDHGI-01 to DDHGI-02 indicates increasing grades towards the centre of the system. This observation is supported by generally better grades and a more consistent tenor of copper mineralisation in the initial reverse circulation holes which are even further towards the centre of the alteration.
- The better developed mineralisation intersected in all drilling to date is associated with the chlorite-magnetite-silica alteration (CMS).

These observations indicate good potential in the hotter parts of the system associated with maximum CMS alteration. Hence Condor intends to initiate a ground magnetometer and induced polarisation (IP) survey over the entire alteration to target the next phase of drilling. The combination of magnetics and IP will indicate areas of maximum magnetite development, sulphide accumulation and silicification. It should be appreciated that even after the completion of the two diamond drill holes, only approximately 20% of the currently known extent of the alteration system, has been tested by drilling and potential remains for significant mineralisation.



Figure 2: Veinlets of Calcite-Pyrite-Magnetite in intrusive breccia - DDHGI-01. The magnetite is replacing breccia due to intense alteration associated with silicification.



Figure 3: Calcite-Chalcopryite-Pyrite-Magnetite veining in intrusive breccia, DDHGI-02



Figure 4: Typical Chlorite-magnetite Silica alteration near the granite contact showing pyrite-chalcopyrite-silica veining, DDHGI-02.



Figure 5: Pyrite-chalcopyrite veins in CMS and tourmaline altered granite, DDHGI-02

South African Coal Projects and €10m Debt Finance

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). These projects were to be funded through finalisation of a €10 million debt funding agreement. As announced on 10 June 2014, Condor had prior to the end of the period terminated all agreements in relation to the debt funding. In consequence, the acquisition agreement for the Signet project was allowed to lapse at that same time.

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 of 9 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 sitting 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.

General Exploration Update

Also during June 2014, Condor completed renegotiation of fees and payment terms for the exploration project options. These revised payment terms lowered outgoings. In particular, the option payment for Carachapampa was agreed at \$50,000 for the next 6 months. The fee for Gold Iron was also broken into 6-monthly payments of \$25,000. At that time, Condor also made the decision to relinquish the La Isla option to reduce future outgoings. The project owners were notified of the intention to discontinue and no further option payment has been made in relation to the project. Consequently, Condor no longer retains any interest over the La Isla project.

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.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Jones, who is a Member of the Australasian Institute of Mining & Metallurgy. Andrew Jones is a full-time employee of TasEx Geological Services Pty Ltd, which provides geological consulting services to Condo Blanco Mines Ltd, 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". Andrew Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Operating Results

The consolidated loss of the Group after providing for income tax and eliminating non-controlling equity interests amounted to (\$2,898,872) (2013: (\$3,514,793)).

Financial Position

The net assets of the Group at 30 June 2014 are \$8,092,346 (2013: \$7,684,083).

The Group's working capital, being current assets less current liabilities is \$656,440 at 30 June 2014 (2013: (\$127,975)).

Personnel Changes

During the period Condor went through material Board changes. Richard Pritchard, Carl Swensson and John Shanahan left the Board, as did Dr Paul Crosio who was appointed at the start of this financial year. Michael Stafford and Stavros (Steven) Vlahos joined the Board prior to the end of the period.

During the period, Condor employed a full-time environmental and administrative officer, Esther Weinstein, to drive the approvals process on Marianas. 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, reporting directly to the CEO. Prior to this, Ms. Weinstein commenced her career at BHP Billiton, where she spent 12 years in various administration roles within the Minerals Exploration Department.

There were no other material changes to staffing during the period.

Share Placements

During the period Condor Mines successfully completed capital raising to support ongoing operations. This included the issuing of 19,031,725 ordinary shares on 1 July 2013 at 2 cents each (raising \$392,601), 22,422,857 ordinary shares at 1.75 cents each on 18 July 2013 (raising \$392,400), 59,187,926 ordinary shares at 1.1 cents each on 25 October 2013 (raising \$651,067), 83,811,454 ordinary shares at 0.8 cents each on 3 February 2014 (raising \$670,492), 111,275,805 ordinary shares at 0.8 cents each on 28 February 2014 (raising \$890,206) and 122,290,236 ordinary shares at 1.2 cents each on 17 April 2014

(raising \$1,479,826). These funds provided the capital needed to push towards production at Marianas Magnetite Tailings Project, which is expected to commence by the end of this year.

Annual General Meeting

On 29 November 2013, Condor Mines held its Annual General Meeting of Shareholders. All resolutions put to the meeting were passed unanimously by a show of hands.

Significant Changes in State of Affairs

On 3 February 2014, the Company issued 83,811,454 ordinary fully paid shares at \$0.008 per share to raise \$670,492 before costs.

On 28 February 2014, the Company issued 111,275,805 ordinary fully paid shares at \$0.008 per share to raise \$890,206 before costs.

The Company entered into a Heads of Agreement with Hong Kong company Signet Coking Coal Limited (Signet) that would have seen it have the right to acquire a majority stake of up to 50.3% in The Duel and Tshipise 2 projects held by Signet's South African subsidiaries Subiflex Proprietary Limited and the Universal Annex Project held by Exotic Coal Exploration Proprietary Limited. The Company also pursued a five year limited recourse loan of €10m to allow completion of undertakings under the Signet HOA as well as to develop the Marianas Magnetite Tailings Project in Copiapo, Chile. Both agreements were terminated prior to the end of the financial year and have no further impact on the Company.

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.

On 23 June 2014 Condor announced another change to the Board. Dr Paul Crosio resigned. Condor appointed Mr Steven Vlahos as a 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.

Dividends Paid or Recommended

No dividends were paid during the period and no recommendation is made as to dividends.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors of Condor Blanco Mines Limited (the "Company").

The following persons acted as directors during or since the end of the financial year:

Stavros Vlahos – appointed 22 June 2014

Glen Darby

Michael Stafford - appointed 21 May 2014

Paul Crosio – appointed 2 July 2013, resigned 22 June 2014

Carl Swensson - resigned 20 May 2014

John Shanahan - resigned 16 May 2014

Richard Pritchard – resigned 2 July 2013

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

Principles used to determine the nature and amount of remuneration

The remuneration policy of Condor Blanco Mines Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. Currently those long-term incentives include shares and options acquired by the executives prior to the Stock Exchange listing of the Company. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board recognises that the Company operates in a global environment. To prosper in this environment, we must attract, motivate and retain key executive staff. The principles supporting our remuneration policy are that:

- Reward reflects the competitive global market in which we operate.
- Individual reward is based on performance across a range of indicators that apply to delivering results across the company.

- Rewards to executives are linked to creating value for shareholders.
- Executives are rewarded for both financial and non-financial performance.
- Remuneration arrangements are equitable and facilitate the deployment of senior management across the company.

Senior managers receive a significant component of their reward in equity and are required to retain that holding over time.

Consistent with attracting and retaining talented executives, the board endorses the use of incentive and bonus payments. The board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the company's position with the external market. In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology.

Executives are also entitled to participate in the employee share and option arrangements.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors, which currently shall not exceed \$250,000, is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, i.e. put options, on unvested shares and options which

form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

DIRECTORS' REPORT (continued)

Details of Remuneration

The remuneration for each key management personnel of the Company during the year was as follows:

2014	Short-term benefits			Post employment	Long-term benefits	Share-based payments	
	Cash Salary and fees	Bonus	Non-Monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Stavros Vlahos (Chairman) *	800	-	-	-	-	-	800
Michael Stafford **	-	-	-	-	-	-	-
Paul Crosio (Chairman) ***	171,674	-	-	-	-	-	171,674
John Shanahan****	7,500	-	-	-	-	-	7,500
Richard Pritchard*****	-	-	-	-	-	-	-
Executive Directors:							
Glen Darby +	150,000	75,000	-	-	-	-	225,000
Carl Swensson*****	34,636	-	-	-	-	-	34,636
Other Key Management Personnel:							
Peter Dunoon	90,000	-	-	-	-	-	90,000
	454,610	75,000	-	-	-	-	529,610

* Represents remuneration from 22 June 2014 to 30 June 2014

** Represents remuneration from 21 May 2014 to 30 June 2014

*** Represents remuneration from 2 July 2013 to 22 June 2014

**** Represents remuneration from 1 July 2013 to 20 May 2014

***** Represents remuneration from 1 July 2013 to 2 July 2013

***** Represents remuneration from 1 July 2013 to 16 May 2014

2013	Short-term benefits		Post employment	Long-term benefits	Share-based payments
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DIRECTORS' REPORT (continued)

	Cash Salary and fees \$	Bonus \$	Non- Monetary \$	Super- annuation \$	Long service leave \$	Equity- settled \$	Total \$
Non-Executive Directors:							
John Shanahan (Chairman)	-	-	-	-	-	-	-
Richard Pritchard*							
Executive Directors:							
Glen Darby +	140,000	-	-	-	-	430,796	570,796
Carl Swensson	177,655	-	-	-	-	-	177,655
Other Key Management Personnel:							
Peter Dunoon**	75,000	-	-	-	-	22,005	97,005
	392,655	-	-	-	-	452,801	845,456

* Represents remuneration from 8 November 2012 to 30 June 2013

** Represents remuneration from 12 September 2012 to 30 June 2013

+ Director fees were paid to Odyssey Corporate Pty Ltd, an entity associated with Glen Darby.

The proportion of cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus paid/payable	
	2014 \$	2013 \$	2014 \$	2013 \$
Non-Executive Directors:				
Stavros Vlahos (Chairman)	-	-	-	-
Michael Stafford	-	-	-	-
Paul Crosio (Chairman)	-	-	-	-
John Shanahan	-	-	-	-
Richard Pritchard	-	-	-	-
Executive Directors:				
Glen Darby	33%	-	-	-
Carl Swensson	-	-	-	-
Other Key Management Personnel:				
Peter Dunoon	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

DIRECTORS' REPORT (continued)

Name: Mr Stavros Vlahos
Role: Chairman
Date commenced: 22 June 2014
Term of agreement: No specific term
Details: Base salary of \$36,000 per annum (plus GST). Nil termination notice by either party, non-solicitation and non-compete clause.

Name: Mr Michael Stafford
Role: Non-Executive Director
Date commenced: 21 May 2014
Term of agreement: No specific term
Details: Base salary of \$36,000 (plus GST). Nil termination notice by either party, non-solicitation and non-compete clause. Mr Stafford also acts as the Company's corporate lawyer in which the Company has a commercial engagement. Mr Stafford's director fees are only payable if his fees for providing legal services to the Company are less than \$36,000 per annum, in which case, the balance up to \$36,000 will be paid as director fees.

Name: Mr Glen Darby
Role: Managing Director
Date commenced: 5 January 2010
Term of agreement: No specific term
Details: Base salary of \$180,000 (plus GST) to be reviewed annually by the Nomination and Remuneration Committee, discretionary bonus of 0-50% as approved by board of directors. 1 month termination notice by either party.

Share-based compensation

Details of ordinary shares in the Company that were granted as compensation to each key management person during the year and details of ordinary shares that were vested during the year are as follows:

None

Options over Shares Granted as Compensation

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the year and details of options that were vested during the period are as follows:

None

Description of Options Issued as Remuneration

No options were granted as compensation during the 2014 financial year.

Cash Bonuses Granted as Compensation

The Directors resolved to increase Mr Glen Darby's cash remuneration, which had been otherwise unchanged at \$150,000 since listing in 2010. Mr Directors resolved to pay Mr Darby an additional \$75,000 for work up to that date. This was paid in the form of a 50% cash bonus in accordance with his employment contract for work Mr Darby had completed in developing the Company's mining operations in Chile up to that date. The Board resolved at that time to adjust Mr Darby's base rate to better reflect market rates, which was subsequently set at \$180,000 during the next year.

Additional disclosures relating to key management personnel**Shareholding**

The number of shares in the company held during the financial year by each director of the consolidated entity is set out below:

	Balance 1/7/13	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/14
Directors					
Glen Darby	5,145,001	-	-	1,000,000	6,145,001
Peter Dunoon	20,000	-	-	-	20,000
	<u>18,120,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,185,001</u>

Option holding

The number of options over ordinary shares in the company held during the financial year by each director of the consolidated entity is set out below:

	Balance 1/7/13	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/14	Vested and Exercisable
Directors						
Glen Darby	20,987,501	-	-	(2,107,501)	18,880,000	18,880,000
Peter Dunoon	1,000,000	-	-	-	1,000,000	1,000,000
	21,987,501	-	-	-	19,880,000	19,880,000

Other transactions with key management personnel

There were no transactions between the company and key management personnel other than those already disclosed.

End Remuneration Report

Indemnifying Officers or Auditors

The Company has entered into deeds of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

Meetings of directors

During the financial period, 6 meetings of directors were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Paul Crosio	5	5
Glen Darby	6	6
Carl Swensson	6	6
John Shanahan	6	5
Richard Pritchard	1	1
Stavros Vlahos	0	0
Michael Stafford	0	0

Environmental issues

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial period. The directors will reassess this position as and when the need arises.

Future Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

After Balance Date Events

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 June 2014.

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 in 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.

On 11 September 2014, the Company issued 165,443,130 ordinary shares at 0.3 cents each and raised \$496,329 in relation to the share issue.

On 11 September 2014, the Company entered into a Project mining agreement to mine Lead, Zinc & Silver in Eastern Turkey (ASX Announcement 11/09/14).

On 15 September 2014, the Company issued 81,333,333 ordinary shares at 0.3 cents each and raised \$244,000 in relation to the share issue.

On 15 September 2014 Condor executed a Binding Offtake Sales Contract with a local Turkish company, Meskan Olmez Madencilik in respect of sales of material from the newly optioned Uludere Project in Eastern Turkey (ASX Announcement 15/09/14).

On 16 September 2014, the Company issued (1) 77,661,096 ordinary shares at 0.3 cents each and raised \$232,983 in relation to the share issue and (2) 122,290,236 unlisted options exercisable at 1.2 cents expiring 16 September 2019 that were issued as free attaching options to prior capital raisings.

Ecuador Gold Project

On 25 September 2014, Condor was pleased to announce that it had signed a binding Heads of Agreement with an Australian unlisted public company, Rio Perdido Gold Limited, to form a joint venture over part of the Sabaleta Gold Project in the Republic of Ecuador. The Sabaleta Gold Project has defined a resource which is in compliance with the Canadian NI43-101 geological reporting standards. This project has also been the subject of a successful Scoping Study by Australian consulting engineers R. J. Robbins & Associates. 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 the figure below.

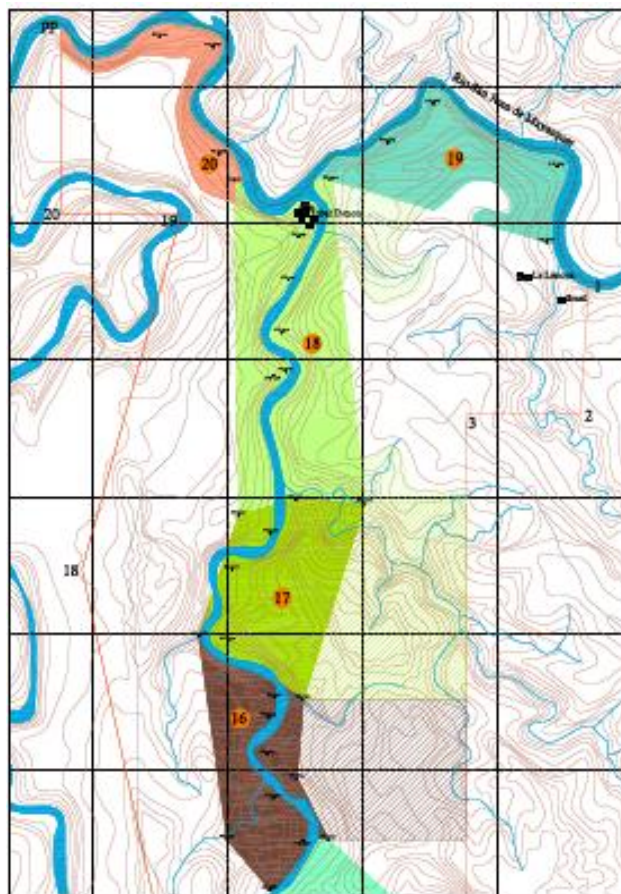


Figure 6: Sabaleta Concession and Block 19 Location Map

Lead-Zinc-Silver Project in Turkey

On 11 September 2014 Condor executed a Project Agreement with a local Turkish company, Anatolian Madencilik in respect of a Mining Tenement in Eastern Turkey referred to as the “Uludere Project”. The Project Agreement comprises 3 phases under which Condor has the ability to (1) invest in trial mining; (2) invest in mining; and (3) acquire 75% of the Tenement, subject to payments being made by the Condor in accordance with the Project Agreement. Trial mining was set to commence during September. Any Lead-Zinc-Silver extracted is planned to be sold to a local firm for processing at their nearby flotation plant. Off-take terms for this material are under discussion.

On 15 September 2014 Condor executed a Binding Offtake Sales Contract with a local Turkish company, Meskan Olmez Madencilik in respect of sales of material from the newly optioned Uludere Project in Eastern Turkey. The Offtake Contract binds Meskan Olmez Madencilik to accept all material produced from the Uludere Project from today until 31 March 2015. Condor will receive a 90% provisional payment within 5-days of each lot being delivered to the Meskan Olmez Madencilik. Pricing is based on a payables schedule that adjusts according to the metals grade and London Metals Exchange prices.

Future Developments

The Group will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources and developing cash flow producing operations.

Environmental Issues

The Group is aware of its environmental obligations with regards to its exploration and development activities and ensures that it complies with all regulations when carrying out any work. The consolidated Group is subject to a number of significant environmental regulations in South America to which it is fully compliant and the Group plans to perform activities so that adverse effects on the environment are avoided or kept to a minimum.

Options

At the date of this report, the unissued ordinary shares of Condor Mines under option are as follows:

Date of Expiry	Exercise Price	Number under Option
16 September 2019	\$0.012	122,290,236 (unlisted)
23 February 2016	\$0.20	37,876,666 (unlisted)
1 August 2015	\$0.06	20,000,000 (unlisted)
1 August 2017	\$0.0333	15,000,000 (unlisted)
13 September 2015	\$0.047	283,444 (unlisted)
24 September 2015	\$0.092	406,556 (unlisted)
7 January 2016	\$0.046	227,966 (unlisted)
11 February 2016	\$0.037	547,259 (unlisted)
18 February 2016	\$0.033	562,500(unlisted)
25 March 2016	\$0.021	595,000(unlisted)
3 April 2016	\$0.021	595,000 (unlisted)
10 April 2016	\$0.027	476,000 (unlisted)

During the period ended 30 June 2014, no ordinary shares of Condor Mines were issued on the exercise of options. No further shares have been issued as a result of the exercise of options since year end.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

Non- audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors as imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to the commencement to ensure they do not adversely affect the integrity and objectivity of the auditors; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees paid or payable to the external auditors for non-audit services during the year end 30 June 2014.

2013 - Nil

Auditor's Declaration of Independence

The auditor's independence declaration for the period ended 30 June 2014 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.



Glen Darby
Managing Director
30 September 2014

The Board of Directors
Condor Blanco Mines Limited
Suite 1901, Level 19
109 Pitt Street
Sydney NSW 2000

30 September 2014

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Condor Blanco Mines Limited.

As lead audit partner for the audit of the financial statements of Condor Blanco Mines Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Andrew Hoffmann
Partner



Nexia Court & Co
Chartered Accountants

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

		Consolidated	Consolidated
		2014	2013
		\$	\$
	Note		
Revenue	2	29,486	2,420
Administration expenses		(1,577,876)	(1,324,931)
Compliance and regulatory expenses		(104,834)	(84,937)
Consultancy costs		(304,857)	(357,979)
Depreciation		(30,995)	(23,161)
Directors Fees		(442,228)	(167,655)
Impairment		(127,219)	-
Share based payments		(71,006)	(1,334,695)
Travel expenses		(267,230)	(226,418)
Loss before income tax		(2,896,759)	(3,517,356)
Income tax benefit	3	-	-
Loss for the year		(2,896,759)	(3,517,356)
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(392,000)	(45,445)
Total comprehensive income for the period		(3,288,758)	(3,562,801)
Loss attributable to:			
Members of the parent entity		(2,898,872)	(3,514,793)
Non-controlling interest		(2,113)	(2,563)
		(2,896,759)	(3,517,356)
Total comprehensive loss attributable to:			
Members of the parent entity		(3,288,427)	(3,558,769)
Non-controlling interest		(331)	(4,032)
		(3,288,758)	(3,562,801)
Basic and diluted loss per share	5	(0.0078)	(0.0299)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2014**

		Consolidated	Consolidated	Consolidated
	Note	2014 \$	2013 \$	1 Jul 2012 \$
ASSETS				
Current Assets				
Cash and cash equivalents	6	697,719	106,823	228,647
Trade and other receivables	7	353,823	517,185	954,916
Other assets	8	15,878	14,237	3,065
Total Current Assets		1,067,420	638,245	1,186,628
Non-Current Assets				
Exploration and evaluation expenditure	9	7,413,141	7,719,454	6,229,307
Plant and equipment	10	22,764	92,604	105,878
Total Non-Current Assets		7,435,905	7,812,058	6,335,186
Total Assets		8,503,326	8,450,303	7,521,814
LIABILITIES				
Current Liabilities				
Trade and other payables	11	410,979	766,220	803,759
Total Current Liabilities		410,979	766,220	803,759
Total Liabilities		410,980	766,220	803,759
Net Assets		8,092,346	7,684,083	6,718,055
EQUITY				
Issued capital	12	15,664,710	12,038,695	8,844,562
Reserves	13	3,393,067	3,715,843	2,425,124
Accumulated losses		(11,316,026)	(8,421,381)	(4,906,588)
Parent interest		7,741,751	7,333,157	6,363,098
Non-controlling interest	14	350,595	350,926	354,957
Total Equity		8,092,346	7,684,083	6,718,055

The accompanying notes form part of these financial statements.

Refer to note 28 for detailed information on restatement of comparatives.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
Balance at beginning of period	9,232,061	2,342,580	(448,138)	(4,195,528)	324,566	7,255,541
Adjustment for correction (note 28)	(387,499)	197,383	333,299	(711,060)	30,391	(537,486)
Balance at 1 July 2012 - restated	8,844,562	2,539,963	(114,839)	(4,906,588)	354,957	6,718,055
Loss for the year	-	-	-	(3,514,793)	(2,563)	(3,517,356)
Foreign currency translation differences	-	-	(43,976)	-	(1,469)	(45,445)
Total Comprehensive loss	-	-	(43,976)	(3,514,793)	(4,032)	(3,562,801)
Shares issued during the year	3,426,198	1,334,696	-	-	-	4,760,894
Options Issued	-	-	-	-	-	-
Expired Options transferred to retained earnings	-	-	-	-	-	-
Transaction costs	(232,065)	-	-	-	-	(232,065)
Balance at 30 June 2013	12,038,695	3,874,659	(158,816)	(8,421,381)	350,926	7,684,083
Balance at beginning of period	12,038,695	3,874,659	(158,816)	(8,421,381)	350,926	7,684,083
Loss for the year	-	-	-	(2,894,645)	(2,113)	(2,896,759)
Foreign currency translation differences	-	-	(393,782)	-	1,782	(392,000)
Total Comprehensive loss	-	-	(393,782)	(2,894,645)	(331)	(3,288,758)
Shares issued during the year	4,476,593	71,006	-	-	-	4,547,599
Options Issued	-	-	-	-	-	-
Expired Options transferred to retained earnings	-	-	-	-	-	-
Transaction costs	(850,577)	-	-	-	-	(850,577)
Balance at 30 June 2014	15,664,710	3,945,664	(552,598)	(11,316,026)	350,595	8,092,346

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated	Consolidated
		2014	2013
		\$	\$
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Interest received		640	2,419
Payments to suppliers and employees		(2,948,591)	(1,321,844)
Interest paid		(10,349)	(84,937)
Net cash (used in) operating activities	19	<u>(2,958,299)</u>	<u>(1,404,361)</u>
Cash flows from investing activities			
Purchase of plant and equipment		-	(9,887)
Payments for exploration and evaluation expenditure		(211,116)	(1,913,898)
Loans from related parties		134,296	12,189
Net cash (used in) investing activities		<u>(76,820)</u>	<u>(1,911,596)</u>
Cash flows from financing activities			
Proceeds from issue of shares		4,476,592	3,426,198
Proceeds from issue of options		-	-
Payment of share issue costs		(850,577)	(232,064)
Net cash provided by financing activities		<u>3,626,015</u>	<u>3,194,133</u>
Net increase in cash held		590,896	(121,824)
Cash at beginning of the financial period		106,822	228,647
Cash and cash equivalents at period end	6	<u>697,719</u>	<u>106,823</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. *Statement of Significant Accounting Policies*

These consolidated financial statements and notes represent those of Condor Blanco Mines Limited (the "Group"). Condor Mines is a listed public company, incorporated and domiciled in Australia. The Group is a for-profit entity and is primarily involved in the exploration of mining tenements in Chile.

The financial statements were authorised for issue on 30 September 2014 by the directors of the Company. The Company has the power to amend and re-issue the financial report.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements of the group and the financial statements of the company comply with International Financial Reporting Standards ('IFRS') and the interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report has been prepared on the basis that the Company is a going concern. The board considers that the Company has sufficient cash resources to meet all operating costs for at least the next twelve months from the date of this report.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

New and Amended Standards Adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2013:

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

The Consolidated Entity has applied 2011-4 from July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ("KMP"). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify KMP disclosure requirements to be included within the Directors' Report.

1. *Statement of Significant Accounting Policies (continued)*

AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 Separate Financial Statements, AASB 128 'Investments in Associates and Joints Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

These amendments restructure the existing requirements by relocating disclosure requirements into a single Standard (AASB 12) and locating requirements for group accounting (AASB 10) in a Standard that is separate from the Standard addressing parent-only accounting (AASB 127). The Standards make changes that will affect amounts and other information reported in financial statements with respect to consolidated financial statements, joint arrangement and off balance sheet vehicles. The most significant changes under the standards include:

- Redefining and clarifying the notion of control in AASB 10. This may alter which entities should be incorporated on a line-by-line basis into the consolidated financial statements of a group and which entities that are consolidated into a group's financial statements;
- Requiring the financial statements of a party to a joint arrangement to reflect its rights and obligations arising from the arrangement under AASB 11, allowing the economic form, rather than the legal form, of an arrangement to determine its accounting requirements; and
- Enhancing disclosures about consolidated entities and unconsolidated (off balance sheet) structured entities, including the introduction of new disclosures to increase the ability of users to assess the risks to which an entity is exposed from involvement with structured entities under AASB 12.

The amendments have made no significant impact on the financial statements. The Company applied the amended standard from 1 July 2013.

Accounting Policies

a. *Basis of consolidation*

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Condor Blanco Mines Limited at the end of the reporting period. A controlled entity is any entity over which Condor Mines has the ability to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 to the financial statements.

In preparing the consolidated financial statements, all intra-group transactions, balances, and transactions between entities in the Group have been eliminated in full on consolidation.

1. Statement of Significant Accounting Policies (continued)

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

b. Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the statement of profit or loss and other comprehensive income when the tax relates to items that are credited or charged directly to equity.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous

1. Statement of Significant Accounting Policies (continued)

realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	16.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

1. Statement of Significant Accounting Policies (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

1. Statement of Significant Accounting Policies (continued)

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a prolonged decline in the value of the instrument is considered to determine

whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

e. Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. They may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

f. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

1. Statement of Significant Accounting Policies (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Foreign Currency Transactions and Balances

Functional and presentational currency

The functional currency of each of the Group's companies is measured using the currency of the primary economic environment in which that company operates. The consolidated

financial statements are presented in Australian dollars which is the parent entity's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

1. Statement of Significant Accounting Policies (continued)

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligation includes the costs of removing facilities, abandoning sites and restoring the affected areas.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

k. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

l. Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

1. Statement of Significant Accounting Policies (continued)

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 15.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the statement of profit or loss and other comprehensive income.

o. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

1. Statement of Significant Accounting Policies (continued)

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made

for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(e).

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 15.

q. New Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Group's assessment of the impact of these new standards is set out below:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity instruments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit and loss. In the current reporting period, the Group did not recognise any such activity therefore there were no gains recorded in other comprehensive income.

1. *Statement of Significant Accounting Policies (continued)*

There will be no impact on the Group's Accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group will apply the amended standards from 1 July 2017.

r. *Going Concern*

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realization of assets and the settlement of liabilities in the normal course of business.

The consolidated entity has incurred a net loss of \$2,896,759 and experienced net operating and investing cash outflows of \$3,035,119 for the year end 30 June 2014. As at 30 June 2014, the consolidated entity has net current assets of \$656,440 which includes \$697,719 in cash and cash equivalents, \$369,701 in trade and other receivables and \$410,980 in trade and other payables.

The directors believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- The company has capacity under listing rule 7.1 & 7.1A to issue ordinary shares up to 25% of the current shares on issue to fund future expenditure commitments;
- The company has put in place processes aimed at minimizing all discretionary expenditures during the year; and
- The company believes that it has the capacity to raise new equity to invest in its ongoing Exploration projects and Joint Venture agreements.
- The company also has a facility with Minesweeper Ltd which allows the company to draw down up to \$3m in exchange for shares in the company.
- The company is in the process of completing joint venture agreements (Ecuador & Turkey) that will provide positive cash flow.

The directors have reviewed the consolidated entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the consolidated entity be unable to source additional funding from equity markets, material uncertainty would exist as to the ability of the consolidated entity to continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
2. Revenue		
Interest received	640	280
Other income	28,846	2,140
	29,486	2,420

3. Income tax expense

(a) Recognised in the statement of profit or loss and other comprehensive income

	2014	2013
	\$	\$
Net loss before tax	(1,962,777)	(3,517,356)
Income tax benefit on above at 30%	(588,833)	(1,055,207)
	(588,833)	(1,055,207)
Increase in income tax due to tax effect of:		
Non-deductible expenses	34,193	408,151
Current year tax losses not recognised	746,008	701,093
Movement in unrecognised temporary differences	(50,984)	34,419
Decrease in income tax due to tax effect of:		
Deductible equity raising costs	(140,385)	(88,455)
Income tax expense attributable to entity	-	-

Available tax losses to date amount to \$7,553,026. As at the date of this report, no deferred tax assets have been recognised as it is not yet considered sufficiently probable that future taxable profits will be generated in the appropriate jurisdictions to enable these to be utilised. The deferred tax asset not recognised in relation to tax losses is \$2,265,908.

	2014	2013
	\$	\$
4. Expenses		
Depreciation - plant and equipment	30,995	23,161
Superannuation expenses	-	697

5. Earnings per share

Reconciliation of earnings to loss:

Loss	(2,896,759)	(3,517,356)
Loss attributable to non-controlling equity interest	2,113	2,563
Loss used to calculate basic EPS	(2,894,646)	(3,514,793)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

	No. 2014	No. 2013
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	371,799,792	117,421,655

As the Group is in a loss position the options outstanding at 30 June 2014 have no dilutive effects on the earnings per share calculation.

6. Cash and cash equivalents

Cash at bank	<u>697,719</u>	<u>106,823</u>
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7. Trade and other receivables

Current

GST receivable	61,583	19,472
VAT receivable	215,453	198,238
Other receivables	76,787	299,475
	<u>353,823</u>	<u>517,185</u>

8. Other assets

Current

Prepayments	<u>15,878</u>	<u>14,237</u>
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9. Exploration and evaluation expenditure

	2014 \$	2013 \$
Exploration and evaluation phase		
Carrying amount at the beginning of the period	7,719,454	6,395,732
Exploration and evaluation prospects purchased	-	-
Expenditure capitalised during the period	211,116	1,323,722
Foreign currency translation differences	(390,210)	-
Expenditure written off during the period	(127,219)	-
Carrying amount at the end of the year	<u>7,413,141</u>	<u>7,719,454</u>

10. Plant and equipment

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

At cost	55,646	124,928
Accumulated depreciation	(32,882)	(32,324)
	<u>22,764</u>	<u>92,604</u>

Plant and equipment

Carrying amount at the beginning of the period	92,604	106,327
Additions		9,438
Disposals	(38,845)	
Depreciation	(30,995)	(23,161)
Carrying amount at the end of the year	<u>22,764</u>	<u>92,604</u>

11. Trade and other payables

Current

Trade payables and accruals	264,494	754,031
Amounts payable to related entities	146,485	12,189
	<u>410,979</u>	<u>766,220</u>

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

12. Issued capital

(a) Issued and paid up capital

Ordinary shares fully paid of no par value	<u>15,664,710</u>	<u>12,038,695</u>
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(b) Movement in ordinary shares on issue

	2014 No.	2014 \$	2013 No.	2013 \$
At beginning of the financial period	195,546,932	12,038,695	86,328,332	9,232,061
Shares issued during the year	418,020,003	4,476,593	109,218,600	3,038,699
Transaction costs	-	(850,577)		(232,065)
At 30 June	<u>613,566,935</u>	<u>15,664,710</u>	<u>195,546,932</u>	<u>12,038,695</u>

(c) Terms and conditions of contributed equity

The Company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in

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proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Share options

At the end of the period, the following options over unissued ordinary shares were outstanding:

Date of Expiry	Exercise Price	Number under Option
23 February 2016	\$0.20	37,876,666 (unlisted)
1 August 2015	\$0.06	20,000,000 (unlisted)
24 September 2015	\$0.092	406,556 (unlisted)
13 September 2015	\$0.047	283,444 (unlisted)
7 January 2016	\$0.046	227,966 (unlisted)
11 February 2016	\$0.037	547,259 (unlisted)
18 February 2016	\$0.033	562,500(unlisted)
25 March 2016	\$0.021	595,000(unlisted)
3 April 2016	\$0.021	595,000 (unlisted)
10 April 2016	\$0.027	476,000 (unlisted)
1 August 2017	\$0.0333	15,000,000 (unlisted)

For details of options issued, exercised, lapsed and vested during the financial year and the options outstanding at year end, refer to note 15: Share based payments.

(e) Capital management

The Company considers its capital to comprise its ordinary share capital and reserves. Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

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	2014	2013
	\$	\$
13. Reserves		
Share-based payments reserve	3,945,664	3,874,659
Foreign currency translation reserve	(552,598)	(158,816)
	<u>3,393,067</u>	<u>3,715,843</u>
<i>Share-based payments reserve</i>		
Opening balance	3,874,659	2,539,963
Share based payments expense	71,006	1,334,696
	<u>3,945,664</u>	<u>3,874,659</u>
<i>Foreign currency translation reserve</i>		
Opening balance	(158,816)	(114,839)
Foreign currency translation differences	(393,782)	(43,976)
	<u>(552,598)</u>	<u>(158,816)</u>

The share based payment is used to record the value of equity benefits provided to directors as part of their remuneration and to related parties and consultants in consideration for the acquisition of tenements, consulting services and ongoing promotion of the Group's activities.

The foreign currency translation reserve records exchange differences arising on translation a foreign controlled subsidiary.

	2014	2013
	\$	\$
14. Non-controlling interest		
Non-controlling interests arising on the acquisition of Condor Blanco SCM	350,926	354,957
Total comprehensive loss attributable to the non-controlling interest	(331)	(4,031)
	<u>350,595</u>	<u>350,926</u>

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15. Share based payments

Options

The following table illustrates the number, weighted average exercise price of and movements in share options issued during the year:

	2014 No.	2014 Weighted average exercise price	2013 No.	2013 Weighted average exercise price
At beginning of the financial period	109,171,162	\$0.14	72,227,437	\$0.19
Granted during the year	-		38,693,725	\$0.05
Cancelled during the year	-		-	
Exercised during the year	-		-	
Expired during the year	(32,600,717)	\$0.14	-	
Outstanding at end of the year	76,570,391	\$0.12	110,921,162	\$0.14
Exercisable at the end of the year	76,570,391	\$0.12	109,171,162	\$0.14

The weighted average remaining contractual life of options outstanding as at 30 June 2014 was 1.6 years (2013: 2.16 years)

Options granted to directors and consultants as share based payments are as follows:

Options series	Number	Grant Date	Exercise Price \$	Vesting Date	Expiry Date	Fair value at grant date \$
(1) Issued 21 February 2010	20,000,000	05/01/10	0.20	05/01/10	23/02/16	0.0453
(2) Issued 22 February 2010	5,400,000	22/02/10	0.20	22/02/10	23/02/16	-
(2) Issued 19 March 2010	1,700,000	19/03/10	0.20	19/03/10	23/02/16	-
(2) Issued 25 March 2010	2,300,000	25/03/10	0.20	25/03/10	23/02/16	-
(3) Issued 10 May 2010	1,150,000	10/05/10	0.20	10/05/10	23/02/16	-
(3) Issued 21 May 2010	770,000	21/05/10	0.20	21/05/10	23/02/16	-
(3) Issued 24 May 2010	2,350,000	24/05/10	0.20	24/05/10	23/02/16	-
(3) Issued 11 June 2010	262,500	11/06/10	0.20	11/06/10	23/02/16	-
(4) Issued 29 July 2010	1,315,000	29/07/10	0.20	29/07/10	23/02/16	0.0453
(4) Issued 5 October 2010	200,000	05/10/10	0.20	05/10/10	23/02/16	0.0453
(4) Issued 25 October 2010	2,229,166	25/10/10	0.20	25/10/10	23/02/16	0.0453
(4) Issued 29 October 2010	200,000	29/10/10	0.20	29/10/10	23/02/16	0.0453
(12) Issued 10 January 2013	10,000,000	10/01/13	0.06	10/01/13	01/08/15	0.03
(13) Issued 2 April 2013	10,000,000	02/04/13	0.06	02/04/13	01/08/15	0.02
(14) Issued 20 January 2013	283,444	20/01/13	0.05	20/01/13	12/09/15	0.03
(15) Issued 20 January 2013	406,556	20/01/13	0.09	20/01/13	24/09/15	0.02
(16) Issued 20 January 2013	227,966	20/01/13	0.05	20/01/13	07/01/16	0.03
(17) Issued 20 January 2013	547,259	20/01/13	0.04	20/01/13	11/02/16	0.03
(18) Issued 20 January 2013	562,500	20/01/13	0.03	20/01/13	18/02/16	0.03

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(19) Issued 20 January 2013	595,000	20/01/13	0.02	20/01/13	25/03/16	0.03
(20) Issued 20 January 2013	595,000	20/01/13	0.02	20/01/13	03/04/16	0.03
(21) Issued 20 January 2013	476,000	20/01/13	0.03	20/01/13	10/04/16	0.03
(22) Issued 20 January 2013	15,000,000	20/01/13	0.03	20/01/13	01/08/17	0.03

- (1) Options were issued to the vendor of the Chile projects and promoters of the Company.
- (2) Options were issued as attaching options on seed capital raisings on the basis of one option for every 5 cent seed share subscribed for.
- (3) Options were issued as attaching options on seed capital raisings on the basis of one option for every two 10 cent seed share subscribed for.
- (4) Options were issued as attaching options on seed capital raisings on the basis of one option for every two 10 cent seed share subscribed for.
- (5) Options were issued to KS Capital Pty Ltd, the financial adviser and lead manager of the Company's Initial Public Offering, pursuant to the mandate.
- (6) Options were issued to directors and consultants upon the Company obtaining ASX listing approval, pursuant to the employment agreements and consultancy contracts.
- (7) Options were issued to directors and consultants, after shareholder approval, following the first calendar year after the Company's ASX listing, pursuant to the employment agreements and consultancy contracts.
- (8) Options are proposed to be issued to directors and consultants, subject to shareholder approval, following the second calendar year after the Company's ASX listing, pursuant to the employment agreements and consultancy contracts.

* The fair value of option series 8 is an estimate as it has not yet been approved by shareholders. The grant date used in the calculation of fair value is the date the options series were approved by the directors.

Fair value of share options granted:

Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. The fair values using the binomial option pricing model were calculated using the following inputs:

Inputs into the model	Series 1	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10	Series 11
Grant date share price	\$0.10	\$0.10	\$0.10	\$0.10	\$0.20	\$0.20	\$0.20	\$0.09	\$0.09
Exercise price	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Expected volatility	120%	120%	120%	120%	120%	120%	120%	98%	149%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	4.29%	4.29%	4.74%	5.00%	4.96%	4.96%	4.96%	4.25%	4.25%
Annualised time to expiry (midpoint)	1.79	1.79	2.00	1.79	1.05	0.55	0.05	0.92	0.90

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Shares

Shares granted to directors and consultants share based payments are as follows:

Share series	Number	Grant Date	Vesting Date	Fair value at grant date \$
(1) Issued 21 February 2010	20,000,000	05/01/10	05/01/10	0.10
(2) Issued 25 October 2010	1,235,000	25/10/10	25/10/10	0.10
(3) Issued 25 February 2011	1,125,000	15/09/10	25/02/11	0.10
(4) Issued 25 February 2011	2,750,000	30/11/10	25/02/11	0.10
(5) Issued 25 February 2011	750,000	25/02/11	25/02/11	0.20
(6) Proposed issue 25 February 2012	1,750,000	30/11/10	25/02/12	0.20
(7) Proposed issue 25 February 2013	1,750,000	30/11/10*	25/02/13	0.20
(8) Proposed issue 25 February 2014	1,750,000	30/11/10*	25/02/14	0.20
(9) Proposed issue 25 February 2012	1,750,000	30/11/10*	25/02/12	0.20
(10) Proposed issue 25 February 2013	1,750,000	30/11/10*	25/02/12	0.20
(11) Proposed issue 25 February 2014	1,750,000	30/11/10*	25/02/12	0.20
(12) Issued 11 May 2012	1,500,000	11/05/12	11/05/12	0.09

- (1) Shares were issued to the vendor of the Chile projects and promoters of the Company.
- (2) Shares were issued to consultants in lieu of services received.
- (3) Shares were issued to KS Capital Pty Ltd, the financial adviser and lead manager of the Company's Initial Public Offering, pursuant to the mandate.
- (4) Shares were issued to directors and consultants upon the Company obtaining ASX listing approval, pursuant to the employment agreements and consultancy contracts.
- (5) Shares were issued to the vendor of the Chile projects, instead of cash, pursuant to variation of share sale agreement.
- (6) Shares were issued to directors and consultants, after shareholder approval, following the first calendar year after the Company's ASX listing, pursuant to the employment agreements and consultancy contracts.
- (7) Shares are proposed to be issued to directors and consultants, subject to shareholder approval, following the second calendar year after the Company's ASX listing, pursuant to the employment agreements and consultancy contracts.
- (8) Shares are proposed to be issued to directors and consultants, subject to shareholder approval, following the third calendar year after the Company's ASX listing, pursuant to the employment agreements and consultancy contracts.
- (9) Shares are proposed to be issued to directors and consultants, subject to shareholder approval, following commencement of mining development at the Victoria Mine and Cautiva Projects.
- (10) Shares are proposed to be issued to directors and consultants, subject to shareholder approval, upon shipping of first iron ore from the Victoria Mine and Cautiva Projects.
- (11) Shares are proposed to be issued to directors and consultants, subject to shareholder approval, shares upon the Company receiving its first cheque from Enami, in respect of ore produced from the Victoria Mine and Cautiva Projects.
- (12) Shares were issued to directors and consultants, after shareholder approval, following the first calendar year after the Company's ASX listing, pursuant to the employment agreements and consultancy contracts.

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* The fair value of share series 7 to 12 are an estimate as they have not yet been approved by shareholders. The grant date used in the calculation of fair value is the date the share series were approved by the directors.

Fair value of share granted:

The fair value of the shares issued was determined with reference to market price.

Aggregate value of share based payments:

The aggregate value of share based payments for the financial year was \$71,006 of which:

- i) \$71,006 has been recognised as a share based payment expenses in the statement of profit or loss and other comprehensive income.

The aggregate value of share based payments in the prior financial period was \$1,334,695.

16. Auditors' remuneration

During the financial year the following fees were paid or payable for services provided by Nexia Court & Co., the auditor of the company, and unrelated firms:

	2014	2013
	\$	\$
Amounts, received or due and receivable by auditors for:		
Audit services – Nexia Court & Co.		
- audit fees	31,200	30,000
- other services	-	-
Audit services – Unrelated firms		
- audit fees	5,868	7,373
- other services	-	-

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17. Interests of Key Management Personnel (KMP)

(a) Compensation of key management personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel for the period ended 30 June 2014. The totals of remuneration paid to KMP of the Group during the year are as follows:

	2014	2013
Short term benefits	529,610	392,655
Post-employment benefits	-	-
Share-based payments	-	452,801
	<u>529,610</u>	<u>845,456</u>

(b) Option holdings of key management personnel

	Balance 1/7/13	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/14	Vested and Exercisable
Directors						
Glen Darby	20,987,501	-	-	(2,107,501)	18,880,000	18,880,000
Peter Dunoon* ⁱ	1,000,000	-	-	-	1,000,000	1,000,000
	21,987,501	-	-	-	19,880,000	19,880,000
	Balance 1/7/12	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/13	Vested and Exercisable
Directors						
Glen Darby	5,987,501	15,000,000	-	-	20,987,501	20,487,501
Carl Swensson	1,500,000	-	-	-	1,500,000	1,250,000
John Shanahan	333,333	-	-	-	333,333	333,333
Peter Dunoon* ⁱ	0	-	-	1,000,000	1,000,000	1,000,000
	7,820,834	15,000,000	-	1,000,000	23,820,834	23,070,834

* Net change other relates to options that were issued or expired during the period.

*ⁱ Company Secretary

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(c) Shareholdings of key management personnel

	Balance 1/7/13	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/14
Directors					
Glen Darby	5,145,001	-	-	1,000,000	6,145,001
Peter Dunoon i	20,000	-	-	-	20,000
	<u>18,120,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,185,001</u>

	Balance 1/7/12	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/13
Directors					
Glen Darby +	5,145,001	-	-	-	5,145,001
Carl Swensson +	2,040,000	-	-	-	2,040,000
John Shanahan+	-	-	-	-	-
Peter Dunoon i	-	-	-	20,000	20,000
	<u>7,185,001</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>7,205,001</u>

+ shares were held in escrow until 23 February 2013.

* Net change other relates to shares that were issued or sold during the period.

i Company Secretary

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 25: Related Party Transactions.

18. Controlled entities

Subsidiaries of Condor Blanco Mines Limited

		2014	2013
Name	Country of Incorporation	Ownership Interest	
Tierra Amarilla SCM	Chile	100%	100%
Condor Blanco SCM	Chile	70%	70%

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	2014 \$	2013 \$
19. Cashflow information		
Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(2,898,872)	(3,514,793)
Non-cash flows in loss:		
Other income	(28,846)	
Deprecation	30,995	23,161
Share based payments	71,006	1,334,695
Movement in assets/liabilities:		
Trade & other receivables	163,362	437,731
Other assets	(1,641)	11,172
Trade & other payables	(294,303)	303,673
Cashflow from operating activities	<u>(2,958,299)</u>	<u>(1,404,361)</u>

20. Commitments

(a) Expenditure commitments

As at 30 June 2014 there were no expenditure commitments. A consultant and corporate advisor agreement with Superstructure International Pty Ltd, pursuant to which a retainer of \$7,500 per month is payable for 3 years following the Company's admission to the ASX. The committed expenditure under the agreement is:

Within one year	-	52,500
Between one year and five years	-	-
	<u>-</u>	<u>52,500</u>

(b) Exploration commitments

The Chile Projects' mining concessions are subject to a fiscal tax, stated as a factor of the value of the published Monthly Tax Unit (Unidad Tributaria Mensual - "UTM"). The published rate as of 30 June 2014 for one Monthly Tax Unit is 42,052 Chilean Pesos, approximately AU\$88.31 (2013: 40,447 Chilean Pesos, approximately AU\$86.06).

Exploration Concession		Exploitation Concession	
Area (hectares)	% (UTM)	Area (hectares)	% (UTM)
<300	0.50%	<100	1%
300 - 1,500	2%	100-300	2%
1,500 - 3,000	3%	300-600	3%
>3,000	4%	>600	4%

Across all areas within the Chile Projects, these payments would approximately be a total:

Within one year	<u>27,767</u>	<u>27,060</u>
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21. Contingent liabilities

Contingent upon the company's future exploration and evaluation results, the following amounts are payable under the respective option agreements:

Carachapampa Project

The purchase agreement for the Carachapampa Project involves a staggered payment schedule totalling US\$200,000 enabling the Company to conduct exploration on the tenements with an option to acquire 100% of the tenement rights by payment of US\$2.6 million on or before 31 July 2016.

Gold Iron Project

The purchase agreement for the Gold Iron Project involves a staggered payment schedule totalling US\$100,000 allowing the Company to conduct exploration on the tenements with an option to acquire 100% of the tenement rights by payment of US\$2.35 million on or before 17 July 2016.

Marianas Iron Project

The purchase agreement for the Marianas Iron Project involves a staggered payment schedule totalling US\$590,000. On completion of the final payment on 31 March 2015 the Company will own 50% of the tenement rights.

There are no other contingent liabilities as at 30 June 2014.

22. Financial reporting by segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates in one segment, being mineral exploration within the geographical segments of Australia and Chile. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

	2014	2013
	\$	\$
Revenue by geographical location		
Australia – Interest	640	280
Chile – Interest	-	-
Australia – External Revenues	11,564	-
Chile – External Revenues	17,282	2,140
	<u>29,486</u>	<u>2,420</u>

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Depreciation by geographical location	2014 \$	2013 \$
Australia	3,452	5,771
Chile	27,543	17,390
	<u>30,995</u>	<u>23,161</u>

Segment result by geographical location

Australia	(1,962,776)	(3,355,279)
Chile	(931,869)	(159,514)
	<u>(2,894,645)</u>	<u>(3,514,793)</u>

Assets by geographical location

Australia	753,046	152,369
Chile	7,750,279	8,297,934
	<u>8,503,326</u>	<u>8,450,303</u>

Liabilities by geographical location

Australia	331,766	674,438
Chile	79,214	91,782
	<u>410,980</u>	<u>766,220</u>

23. Events Subsequent to Period End

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 June 2014.

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 in 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. On 11 September 2014, the Company issued 165,443,130 ordinary shares at 0.3 cents each and raised \$496,329 in relation to the share issue.

On 11 September 2014, the Company entered into a Project mining agreement to mine Lead, Zinc & Silver in Eastern Turkey (ASX Announcement 11/09/14).

On 15 September 2014 Condor executed a Binding Offtake Sales Contract with a local Turkish company, Meskan Olmez Madencilik in respect of sales of material from the newly optioned Uludere Project in Eastern Turkey (ASX Announcement 15/09/14).

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On 15 September 2014, the Company issued 81,333,333 ordinary shares at 0.3 cents each and raised \$244,000 in relation to the share issue.

On 16 September 2014, the Company issued (1) 77,661,096 ordinary shares at 0.3 cents each and raised \$232,983 in relation to the share issue and (2) 122,290,236 unlisted options exercisable at 1.2 cents expiring 16 September 2019 that were issued as free attaching options to prior capital raisings.

On 25 September 2014, the Company entered into a Joint Venture mining agreement to mine Gold in Ecuador (ASX Announcement 25/09/14).

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

24. Related Party Transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

(b) Other transactions

During the year, the Group incurred no transactions with related parties.

25. Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

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.

Trade and other receivables

As the Group has just started operations, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

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The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	697,719	106,823
Loans and receivables:		
- Trade and other receivables	353,823	517,185
	<u>1,051,542</u>	<u>624,008</u>

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.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

30 June 2014	Within 1 Year	1 – 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	410,980			410,980
Total expected outflows	<u>410,980</u>			<u>410,980</u>
Financial Assets – cash flows realisable				
Cash and cash equivalents	697,719			697,719
Trade, term and loan receivables	353,823			353,823
Total anticipated inflows	<u>1,051,542</u>			<u>1,051,542</u>
Net inflow on financial instruments	<u><u>640,562</u></u>			<u><u>640,562</u></u>

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30 June 2013	Within 1 Year \$	1 – 5 Years \$	Over 5 Years \$	Total \$
Financial liabilities due for payment				
Trade and other payables	766,220	-	-	766,220
Total expected outflows	766,220	-	-	766,220
 Financial Assets – cash flows realisable				
Cash and cash equivalents	106,823	-	-	106,823
Trade, term and loan receivables	517,185	-	-	517,185
Total anticipated inflows	624,008	-	-	624,008
 Net inflow on financial instruments	(142,212)	-	-	(142,212)

Market risk

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 instruments.

Foreign exchange risk

The group operates internationally and is therefore exposed to foreign exchange risks, primarily in relation to the Chilean Peso and the United States Dollar.

At the Group's current stage of operations, foreign exchange risk arises primarily from assets and liabilities denominated in a currency that is not the group's functional currency, and transactions undertaken in a currency that is different from the subsidiary companies' functional currency. The Group's functional currency is AUD, the subsidiaries' functional currency is USD, and there are a number of transactions undertaken in Chile that are denominated in CHP. The risk is measured using sensitivity analysis.

The Group considers its investment in foreign subsidiaries to be a long term and on-going investment; therefore translation differences arising at balance date are recognised in other comprehensive income as a component of equity to minimise volatility in the Group's reported profit or loss. The Group monitors its foreign exchange risk on a regular basis and will consider the need for additional foreign exchange risk management policies as the Group's growth continues.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, is as follows:

	30 June 2014		30 June 2013	
	USD	CHP	USD	CHP
	\$	\$	\$	\$
Cash and cash equivalents	996	13,512,382	635	4,835,504
Trade and other receivables	-	122,726,546	-	119,302,230
Trade and other payables	-	41,691,701	-	43,705,806

Based on the financial instruments denominated in CHL at 30 June 2014, had the AUD strengthened/weakened against the CHL by +/- 20% with all other variables held constant, the group's net asset position would have been \$250,795 (2013: \$79,378) higher/lower at 30 June 2014. There would be no impact on profit or loss as a result of this fluctuation; other comprehensive income within equity would have been \$250,795 (2013: \$79,378) higher/lower.

Percentages used in the foreign exchange sensitivity analysis have been based on actual movements in exchange rates between 1 July 2013 and 30 June 2014.

Interest rate risk

The Group is exposed to interest rate risk as it invests funds at floating interest rates.

Interest rate risk sensitivity analysis

At 30 June 2014, the effect on loss and equity as a result of a 2% increase in the interest rate, with all other variables remaining constant would be \$500 (2013: \$500) and an increase in equity by \$500 (2013: \$500).

Fair value risk

The carrying amount of the Group's financial assets and financial liabilities in the financial statements approximates their fair values as at balance date.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

26. Parent Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the Group.

	2014	2013
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	751,933	148,244
Non Current assets	9,181,140	8,393,256
TOTAL ASSETS	<u>9,933,073</u>	<u>8,541,500</u>
LIABILITIES		
Current liabilities	331,766	674,438
TOTAL LIABILITIES	<u>331,766</u>	<u>674,438</u>
EQUITY		
Issued Capital	15,664,710	12,038,695
Share based payment reserve	3,945,664	3,874,659
Accumulated losses	(10,009,068)	(8,046,292)
TOTAL EQUITY	<u>9,601,306</u>	<u>7,867,062</u>

Statement of profit or loss and other comprehensive income

	(1,962,777)	(3,355,279)
Total loss		
	<u>(1,962,777)</u>	<u>(3,355,279)</u>
Total comprehensive income		
	<u>(1,962,777)</u>	<u>(3,355,279)</u>

Contingent Liabilities

The parent entity, Condor Blanco Mines Limited, had no contingent liabilities as at 30 June 2014 (2013: \$nil).

Commitments

As at 30 June 2014 there were no commitments. A consultant and corporate advisor agreement with Superstructure International Pty Ltd, pursuant to which a retainer of \$7,500 per month is payable for 3 years following the Company's admission to the ASX. The committed expenditure under the agreement was:

Within one year	-	52,500
Between one year and five years	-	-
	<u>-</u>	<u>52,500</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

27. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1.

Name	Principal place of business/Country of Incorporation	Ownership Interest	
		2014 %	2013 %
Tierra Amarilla SCM	Chile	100%	100%
Chile Iron Pty Limited	Australia	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1.

Name	Principal place of business/Country of Incorporation	Principal Activities	Parent		Non-controlling interest	
			Ownership Interest	Ownership Interest	Ownership Interest	Ownership Interest
Condor Blanco SCM*	Chile	Copper Mining	70%	70%	30%	30%

* the non-controlling interest hold 30% of the voting rights of Condor Blanco SCM.

28. Restatement of comparatives

Correction of error

As a result of a change in the consolidated entity's key accounting personnel both in Australia and Chile in the previous year, management had previously not been able to obtain all books and records of the Company and its primary operating controlled entities in Chile in relation to transactions conducted during the prior financial year. As a result, management had prepared the financial report to the best of their knowledge based on the limited information available to them at the time of the preparation of the prior year financial report. Management have engaged new staff to assist in obtaining the records of the company and have now prepared the financial report and comparatives based on complete records. This required the restatement of a number of areas as disclosed below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

Extract	Consolidated		
	2013 Reported	Adjustments	2013 Restated
Revenue	280	2,140	2,420
Expenses			
Administration	(560,014)	(764,917)	(1,324,931)
Depreciation	(22,541)	(620)	(23,161)
Share based payments	(967,637)	(367,058)	(1,334,695)
Travel expenses	(164,189)	(62,229)	(226,418)
Profit or loss before income tax from continuing operations	(2,324,672)	(1,192,684)	(3,517,356)
Income tax expense	-	-	-
Profit or loss after income tax for the year	(2,324,672)	(1,192,684)	(3,517,356)
Other comprehensive income for the year	385,511	(430,956)	(45,445)
Total comprehensive loss for the year	(1,939,161)	(1,623,640)	(3,562,801)
Profit or loss attributable to:			
Non-controlling interest	(2,542)	(21)	(2,563)
Owners of Condor Blanco Mines Ltd	(2,322,130)	(1,192,663)	(3,514,793)
Total comprehensive income for the year is attributable to:			
Continuing operations	(110,003)	105,971	(4,032)
Discontinuing operations	-	-	-
Non-controlling interest	(110,003)	105,971	(4,032)
Continuing operations	(1,829,158)	(1,729,611)	(3,558,769)
Discontinuing operations	-	-	-
Owners of Condor Blanco Mines Ltd	(1,829,158)	(1,729,611)	(3,558,769)
	(1,939,161)	(1,623,640)	(3,562,801)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

Restatement of comparatives (continued)

	2013 Cents Reported	Consolidated 2013 Adjustment	2013 Cents Restated
Earnings per share for loss attributable to the owners of Condor Blanco Mines Ltd			
Basic earnings per share	(1.98)	1.2	(0.78)
Diluted earnings per share	(1.98)	1.2	(0.78)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

Extract	1 Jul 2012 Reported	Consolidated Adjustment	1 Jul 2012 Restated
ASSETS			
Current Assets			
Cash and cash equivalents	83,646	145,001	228,647
Trade and other receivables	231,805	723,111	954,916
Other assets	306,112	(303,047)	3,065
Total Current Assets	621,563	565,065	1,186,628
Non-Current Assets			
Exploration and evaluation expenditure	6,772,225	(542,918)	6,229,307
Plant and equipment	106,327	(449)	105,878
Total Non-Current Assets	6,878,552	(543,366)	6,335,186
Total Assets	7,500,115	21,699	7,521,814
LIABILITIES			
Current Liabilities			
Trade and other payables	244,574	559,185	803,759
Total Current Liabilities	244,574	559,185	803,759
Total Liabilities	244,574	559,185	803,759
Net Assets	7,255,541	(537,486)	6,718,055
EQUITY			
Issued capital	9,232,061	(387,499)	8,844,562
Reserves	2,123,375	301,749	2,425,124
Accumulated losses	(4,424,461)	(482,127)	(4,906,588)
Non-controlling interest	324,566	30,391	354,957
Total Equity	7,255,541	(537,486)	6,718,055

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	30 Jun 2013 Reported	Consolidated Adjustment	30 Jun 2013 Restated
ASSETS			
Current Assets			
Cash and cash equivalents	155,369	(48,546)	106,823
Trade and other receivables	474,130	43,055	517,185
Other assets	635,843	(621,606)	14,237
Total Current Assets	1,265,342	(627,097)	638,245
Non-Current Assets			
Exploration and evaluation expenditure	8,581,154	(861,700)	7,719,454
Plant and equipment	96,944	(4,340)	92,604
Total Non-Current Assets	8,678,098	(866,040)	7,812,058
Total Assets	9,943,440	(1,493,137)	8,450,303
LIABILITIES			
Current Liabilities			
Trade and other payables	762,121	4,099	766,220
Total Current Liabilities	762,121	4,099	766,220
Total Liabilities	762,121	4,099	766,220
Net Assets	9,181,319	(1,497,236)	7,684,083
EQUITY			
Issued capital	12,038,695	-	12,038,695
Reserves	3,674,572	41,271	3,715,843
Accumulated losses	(6,746,511)	(1,674,870)	(8,421,381)
Parent interest	8,966,756	(1,633,599)	7,333,157
Non-controlling interest	214,563	136,363	350,926
Total Equity	9,181,319	(1,497,236)	7,684,083

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENED 30 JUNE 2014**

Restatement of comparatives (continued)

Notes

	30 Jun 2014	Consolidated 30 Jun 2013 Restated	1 Jul 2012 Restated
Current Assets			
Cash and cash equivalents	697,719	106,823	228,647
Trade receivables	333,979	287,124	252,695
Other receivables	19,844	230,061	702,221
Other assets	15,878	14,237	3,065
	1,067,420	638,245	1,186,628
Non-Current Assets			
Exploration and evaluation expenditure	7,413,141	7,719,454	6,229,307
Plant and equipment	22,764	92,604	105,878
	7,435,905	7,812,058	6,335,185
Current Liabilities			
Trade payables	264,494	754,031	803,759
Other	146,485	12,189	-
	410,979	766,220	803,759

**DIRECTOR'S DECLARATION
FOR THE YEAR ENED 30 JUNE 2014**

Statement of financial position at the beginning of the earliest comparative period

In the directors' opinion:

1. the financial statements and accompanying notes set out on pages 36 to 71 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the economic entity's financial position as at 30 June 2014 and of its performance for the year ended on that date;
2. the financial statements and notes also comply with International Financial Reporting Standards, as disclosed in Note 1 of the financial statements;
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

Signed in accordance with a resolution of the Directors.

On behalf of the directors:



Glen Darby
Managing Director
30 September 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONDOR BLANCO MINES LIMITED AND CONTROLLED ENTITIES**

Report on the Financial Report

We have audited the accompanying financial report of Condor Blanco Mines Limited and controlled entities, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

Included in the statement of financial position and note 9 of the financial statements is exploration and evaluation expenditure of \$7,413,141. Included in this balance is an amount of \$3,346,719 which relates to the exploration assets in the company's primary operating controlled entities in Chile. This amount was subject to audit procedures in accordance with Chilean Standards on Auditing and Chile general accounting accepted principles. Due to the nature and timing of these procedures we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying value of this amount. Consequently, we have not been able to determine whether an impairment exists in relation to this amount.

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Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of Condor Blanco Mines Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw your attention to Note 1(r) of the financial report, which indicates the company has incurred net losses after income tax of \$2,896,759 for the year ended 30 June 2014 (30 June 2013: \$3,517,356) and experienced net cash outflows from operating and investing activities of \$3,035,119 (30 June 2013: \$3,315,957) for the year ended 30 June 2014. The financial report had been prepared on a going concern basis as discussed in note 1(r) which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary courses of business. In note 1(r), the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. As discussed in that note, if the equity raisings or the availability of debt finance does not occur, there are material uncertainties as to whether the company and the consolidated entity will be able to continue as a going concern and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Condor Blanco Mines Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "Nexia Court & Co".

Nexia Court & Co
Chartered Accountants

A handwritten signature in black ink, appearing to read "Andrew Hoffmann".

Andrew Hoffmann
Partner

Sydney, 30 September 2014

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at asx.com.au/about/corporate_governance/index.htm.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Performance Evaluation of Senior Executives	1.4.10
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.4.10
Recommendation 2.1 Independent Directors	1.2.1
Recommendation 2.2 Independent Chairman	1.2.1
Recommendation 2.3 Role of the Chairman and CEO	1.2.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Performance Evaluation Processes	1.4.10
Recommendation 2.6 Reporting on Principle 2	1.2.1, 1.4.10, 2.3 and the Directors' Report
Recommendation 3.1 Code of Conduct	5
Recommendation 3.2 Diversity Policy	4
Recommendation 3.3 Diversity Objectives	4
Recommendation 3.4 Diversity Reporting	4
Recommendation 3.5 Reporting on Principle 3	4 and 5
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4

Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Reporting on Principle 6	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	3.1
Recommendation 7.2 Risk Management Reporting	3.1
Recommendation 7.3 Attestations by CEO and CFO	1.4.11
Recommendation 7.4 Reporting on Principle 7	2.1.3 , 1.4.11
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2
Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2.4
Recommendation 8.4 Reporting on Principle 8	2.2 and 2.2.4

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chairman and other key executives in the performance of their roles.

1.2.1 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in this annual report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr John Shanahan is a Non-Executive Director and independent director as he meets the following criteria for independence adopted by the Company. The Board recognises that the following criteria is not exhaustive in determining the independence of directors.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

- has not been employed in an executive capacity by the Company or another Company member since incorporation;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other Company member other than as a Director of the Company.
- their role is to advise the Company on matters pertaining to their expertise and provide governance in the best interests of the Company. Independent Directors do not participate in day to day operations or management of the Company and its affairs.
- are remunerated based on a set scale relating to the risks undertaken within their roles as Non-Executive Directors. Additional work engagements may be undertaken by independent Directors at commercial rates, however the Company and the Independent Directors must ensure that materiality thresholds are not breached.

Mr Glen Darby is an Executive Directors of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes their contribution to the Board such that it is appropriate for them to remain on the Board.

There is a departure from the recommendation in relation to a majority of independent directors due to the small scale nature of the Company and its limited financial resources to attract appropriately skilled yet independent directors. The Board is continually reviewing the status of independent directors with a view to engaging further independent directors when financial resources allow.

1.2.2 Role of the Chairman and CEO

Recommendation 2.3 has been complied with as the Company currently does not have a CEO in place and appointed management is separate from the Chairman's position.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- **Leadership of the Organisation:** overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- **Strategy Formulation:** to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- **Overseeing Planning Activities:** the development of the Company's strategic plan.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.

- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection on the Company's website.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules which is available on the Company's website. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that all new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders, the Company website and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information.

The Company's policy for shareholder communication is available on the Company's website.

1.4.9 Trading in Company Shares

On 9 February 2011 the Board adopted a Share Trading Policy to comply with ASX Listing Rule requirements. The Board periodically reminds directors, officers and employees of the prohibition in the Corporations Act 2001, and any other prohibited trading periods stated in the Share Trading Policy, concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds directors of their obligations under to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met. The Company's policy for trading in Company securities is available on the Company's website.

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct regular evaluation of its performance against appropriate measures. The evaluation process was introduced via the Board Charter adopted on 23 September 2010 and implemented for the financial period ended 30 June 2011. A performance evaluation of senior executives will be undertaken during the financial period ended 30 June 2014 in accordance with the Board Charter. The objective of this evaluation is to provide ongoing best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board as a whole.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. In the absence of a formal audit committee the board considers the issues that would otherwise be considered by the audit committee. A copy of the Audit Committee Charter is available on the Company's website. Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of three (3) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Audit Committee Charter

The Board has adopted an Audit Committee Charter which sets of the roles and responsibilities, composition, structure and membership requirements. The Board refers to the Audit Committee Charter to ensure they are meeting all the requirements otherwise delegated to an audit committee. A copy of the Audit Committee Charter is available on the Company's website.

2.1.3 Responsibilities

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which a Company published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

2.1.4 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole.

2.1.5 External Auditor

The Board's has adopted a policy setting out criteria for the selection and appointment of an external auditor. A copy of this policy is available on the Company's website.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy

Current directors' Remuneration was approved by resolution of the Board on 12 October 2010.

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. During the year there were no Non-Director Executives.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee, as performed by the full Board, include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 *Criteria for selection of Directors*

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. *Risk Management*

3.1 *Risk Management Policies*

The Company's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's risk management strategy are to:

- identify risks to the Company,
- balance risk to reward,
- ensure regulatory compliance is achieved; and
- ensure senior management, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Board requires that each major transaction proposed to the Board for decision is accompanied by a risk assessment.

The Company's risk management strategy was formally reviewed by the Board on 19 November 2010 and was considered the Company's risk management strategy sound for addressing and managing risk. A copy of the strategy is available on the Company's website.

4. *Diversity*

The Company recognises and respects the value of diversity at all levels of the organisation. The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – Nil% (when Lia Darby is acting as Director 33%)
- to senior management – Nil%
- to the organisation as a whole – Nil%

The Company's objective is to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific.

5. *Company Code Of Conduct*

The Board adheres to and is responsible for enforcing the Code of Conduct set out in this Corporate Governance Statement.

The Company is committed to:

- applying the Company's funds efficiently to provide above average and sustainable return to shareholders through capital appreciation; and

- adopting high standards of occupational health and safety, environmental management and ethics.

The Board through the Managing Director monitors the Company's compliance with the Code of Conduct periodically. The Code of Conduct will be reviewed by the Board to ensure it reflects the standards of behaviour and practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct applies to all the directors and employees of the Company who must comply with all legal obligations and the Company policies.

The Board and the executives are obligated to avoid situations of real or apparent conflict of interest between them as individuals and as Directors or employees of the Company. If a situation where a conflict of interest arises the Managing Director is to be notified; the matter will then be considered and the appropriate steps taken to avoid a repetition.

Any breach of Corporate Governance is to be reported directly to the Managing Director.

Corporate Responsibility

The Company complies with all legislative and common law requirements that affect its business, particularly environmental regulations, native title and cultural heritage laws.

A copy of the Company's Code of Conduct is available on the Company's website.

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 24 September 2014.

1. Shareholding

a. Distribution of Shareholders	Number (as at 24 September 2014)	
	Shareholders	Ordinary Shares
Category (size of holding)		
1 – 1,000	60	3,304
1,001 – 5,000	14	59,196
5,001 – 10,000	64	550,170
10,001 – 100,000	568	31,526,221
100,001 – and over	681	905,865,603
	1,387	938,004,494

- b. The number of shareholdings held in less than marketable parcels is 932 shareholders amounting to 71,839,944 shares.

- c. The followings securities are restricted at 24 September 2014:
Nil

- d. The names of substantial shareholders listed in the company's register as at 24 September 2014 are:

Shareholder	Ordinary Shares	% Held of Total Ordinary Shares
None (no shareholder having 5% holding or greater)		

e. Voting Rights

The voting rights attached to the ordinary shares are as follows:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. No voting rights are attached to the options.

f. 20 Largest Shareholders as at 24 September 2014 — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	KING SPIRIT INTERNATIONAL LTD	45,218,268	4.82
2	MINESWEEPER LIMITED	44,351,945	4.73
3	OLD CAPITAL LIMITED	36,000,000	3.84
4	SUPERSTRUCTURE INTERNATIONAL	31,333,333	3.34
5	JIANGXI RESOURCES LIMITED	31,000,000	3.30
6	ANATOLIAN RESOURCES PTY LTD	29,554,780	3.15
7	MISS NICOLA PHILIP	23,131,179	2.47
8	MR ALI REZA SADIQI	22,000,000	2.35
9	MIDFARM CAPITAL LLC	20,000,000	2.13
10	MR LESLIE SZANCER	15,363,391	1.64
11	EUTHENIA TYCHE PTY LTD	14,000,100	1.49
12	MR MILORAD BRANEZAC	13,000,000	1.39
13	MR PIERRE JULES RICHARD	11,450,000	1.22
14	J P MORGAN NOMINEES AUSTRALIA	11,054,199	1.18
15	ADRISA BUILDERS PTY LTD	11,000,000	1.17
16	HAMPSHIRE AUTOMOTIVE	10,939,454	1.17
17	MR DAVIN VALENTI	10,000,000	1.07
18	MR WARREN JOHN KING &	8,000,000	0.85
19	CITICORP NOMINEES PTY LIMITED	7,691,985	0.82
20	MR CLIVE DOMINIC CASEY	7,000,000	0.75
		402,088,634	42.87

ASX ADDITIONAL INFORMATION

Listed below are the 20 largest holders of the \$0.20 options expiring 23 February 2016 as at 24 September 2014:

Name	Number of Options Held	% Held of total options on issue
1. KOALA S.A	10,000,000	26.40
2. MR GLEN PAUL DARBY	3,680,000	9.72
3. PROTO RESOURCES & INVESTMENTS	2,250,000	5.94
4. SA CAPITAL FUNDS MANAGEMENT	2,250,000	5.94
5. LIA MELISSA DARBY	1,840,000	4.86
6. ANDREW KENNETH BRUCE	1,840,000	4.86
7. STOCKLI INVESTMENTS PTY LTD	1,840,000	4.86
8. MR ANDREW KENNETH BRUCE	1,325,000	3.50
9. PIERRE JULES RICHARD	1,062,500	2.81
10. PETARD PTY LTD	605,000	1.60
11. GRYPHON PARTNERS PTY LTD	550,000	1.45
12. SA CAPITAL FUNDS MANAGEMENT	500,000	1.32
13. MR GEORGE PHILLIP KAY	500,000	1.32
14. RHYS DAVID EVENDEN	300,000	0.79
15. CHRISTOPHER WILLIAM CURTAIN	225,000	0.59
16. GLEN PAUL DARBY	200,000	0.53
17. PROTO RESOURCES & INVESTMENTS	200,000	0.53
18. BRYLET PTY LTD	200,000	0.53
19. MARK HEYBURN &	200,000	0.53
20. AUSTRALIAN TRADE ACCESS	200,000	0.53
	29,767,500	78.59

2. The name of the company secretary is Peter Dunoon.
3. The address of the principal registered office in Australia is:
Suite 819
Level 8
160 Castlereagh Street
SYDNEY
NSW 2000
4. Registers of securities are held at the following address:
Advanced Share Registry, 150 Stirling Hwy, Nedlands, WA 6009
5. Stock Exchange Listing
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

6. Unquoted Securities

The Company has issued the following unquoted securities:

Date of Expiry	Exercise Price	Number under Option
23 February 2016	\$0.20	37,876,666 (unlisted)
1 August 2015	\$0.06	20,000,000 (unlisted)
24 September 2015	\$0.092	406,556 (unlisted)
13 September 2015	\$0.047	283,444 (unlisted)
7 January 2016	\$0.046	227,966 (unlisted)
11 February 2016	\$0.037	547,259 (unlisted)
18 February 2016	\$0.033	562,500(unlisted)
25 March 2016	\$0.021	595,000(unlisted)
3 April 2016	\$0.021	595,000 (unlisted)
10 April 2016	\$0.027	476,000 (unlisted)
1 August 2017	\$0.0333	15,000,000 (unlisted)
16 September 2019	\$0.012	122,290,236 (unlisted)

**SCHEDULE OF MINERAL TENEMENTS
AS AT AUGUST 2014**

<i>Project</i>	<i>Tenement</i>	<i>Interest</i>	<i>Interest Held by:</i>
YARETAS	YARETA IV 1/30	100%	Tierra Amarilla SCM
YARETAS	YARETA V 1/30	100%	Tierra Amarilla SCM
YARETAS	YARETA VII 1/30	100%	Tierra Amarilla SCM
YARETAS	YARETA VIII 1/20	100%	Tierra Amarilla SCM
YARETAS	YARETA IX 1/30	100%	Tierra Amarilla SCM
YARETAS	YARETA X 1/20	100%	Tierra Amarilla SCM
YARETAS	YARETA 6	100%	Tierra Amarilla SCM
YARETAS	YARETA 11	100%	Tierra Amarilla SCM
YARETAS	YARETA 12	100%	Tierra Amarilla SCM
FRAGA	FRAGA 1	100%	Tierra Amarilla SCM
FRAGA	FRAGA 2	100%	Tierra Amarilla SCM
FRAGA	FRAGA 3	100%	Tierra Amarilla SCM
FRAGA	FRAGA 4	100%	Tierra Amarilla SCM
FRAGA	FRAGA 5	100%	Tierra Amarilla SCM
FRAGA	FRAGA 6	100%	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 1	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 2	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 3	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 4	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 5	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 6	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 7	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 8	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 9	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 10	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 11	0%*	Tierra Amarilla SCM
CARACHAPAMPA	CARACHAPAMPA 12	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 1	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 2	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 3	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 4	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 5	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 11	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 12	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 13	0%*	Tierra Amarilla SCM
GOLD IRON	GOLD IRON 14	0%*	Tierra Amarilla SCM
FENIX	FENIX 2 1/30	0%*	Condor Blanco SCM
FENIX	FENIX 3 1/30	0%*	Condor Blanco SCM
FENIX	FENIX 5 1/30	0%*	Condor Blanco SCM
FENIX	FENIX 9 1/30	0%*	Condor Blanco SCM

ASX ADDITIONAL INFORMATION

FENIX	FENIX 10 1/30	0%*	Condor Blanco SCM
FENIX	FENIX 11 1/30	0%*	Condor Blanco SCM
CAUTIVA-VICTORIA	CAUTIVA	70%	Condor Blanco SCM
LA ISLA	LA ISLA 2	0%*	Tierra Amarilla SCM

* Interest subject to option agreement.