

22 November 2016

## NEW STRATEGIC PHASE: FUTURE BUSINESS OPPORTUNITIES

Condor Blanco Mines Limited ("Condor", "the Company") has today progressed to a new strategic phase. Condor's focus in Phase 3 will be development of specific opportunities to realise value for shareholders.

Progression to Phase 3 succeeds earlier strategic phases completed since 5 July 2016. Company action in Phase 1 was restricted solely to the removal of the invalid administration, while Condor's strategic focus in Phase 2 was amelioration of wider legacy issues.

### BACKGROUND – EARLIER PHASES

#### Phase 1: removal of invalid administration (5 July to 30 August 2016)

The new Board, appointed by vote of shareholders on 5 July 2016, was restricted throughout this phase to seeking removal of the invalid administration. The invalid administrator prevented Condor from progressing any other work for the entire the duration of this phase.

Phase 1 successfully concluded on 30 August 2016 with the Supreme Court of NSW handing down orders declaring the administration "invalid, void and of no effect."

#### Phase 2: amelioration of legacy issues (31 August to 21 November 2016)

During this phase, Condor focused on addressing wider legacy issues. These included further legal proceedings relating to the invalid administration, obtaining access to Condor's corporate records and financial accounts, progression of compliance requirements, developing understanding of Condor's liabilities and past actions, and reducing the Company's exposure to risk.

Among outstanding legacy issues, the following remain as priorities:

- Rectification of compliance requirements (completion of audit, lodgment of Quarterly and Annual Reports, and conduct of an Annual General Meeting);
- Cancellation of shares issued via questionable escrow arrangements; and
- Resolution of purported liabilities relating to Superannuation Guarantee Charge and Pay As You Go Withholding matters.

The Company will continue to allocate appropriate resources to ensure these remaining issues are progressed as matters of high priority.

## PHASE 3: FUTURE BUSINESS OPPORTUNITIES

With phase 3 commencing from today, Condor has shifted focus towards future opportunities to realise value for shareholders.

### Reverse takeover

Condor's main effort during this phase will be progress towards a reverse takeover (RTO). This will require resolution of outstanding legacy issues, selection of a high-quality business suitable for merger via a RTO, and optimisation of the structure of Condor for such a transaction.

Condor has already been presented with multiple RTO proposals for consideration. Initial screening and analysis of these proposals is underway.

### Other ongoing operations

Condor will continue to progress work in other areas that offer potential opportunities to capture value for shareholders. These efforts include:

- Litigation seeking compensation for damages;
- Procurement of costs awarded to Condor by Court orders;
- Development of avenues to realise potential tax benefits from historical financial losses;
- Assessment of subsidiary asset holdings; and
- Assessment of viability to recoup funds related to historical transactions that may have been uncommercial.

### Phase endstate

Phase 3 will be complete once a specific RTO opportunity has been selected and a term sheet executed. Condor will then move into a new phase seeking reinstatement to ASX quotation and execution of a RTO merger transaction.

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