



ACN 141347640
Condor Blanco Mines Limited
and Controlled Entities

ANNUAL REPORT

2015 - 2016 Financial Year
(1 July 2015 to 4 July 2016)

CORPORATE DIRECTORY

DIRECTORS

Mr Joshua Farquhar	(Executive Chairman and Managing Director)
Ms Sarah Miles	(Non-executive Director)
Dr Simon Wood	(Non-executive Director)

COMPANY SECRETARY

Ms Regina Abood

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DIRECTORS' REPORT

DIRECTORS' REPORT

This is the Annual Report for the Group, being Condor Blanco Mines Limited (“Condor”, “the Company”) and its controlled entities, for the 2015-2016 Financial Year, which comprises the period from 1 July 2015 to 4 July 2016.

PRELIMINARIES

This report has been released on 27 January 2017. Reasons for the delay in the production and release of this report are outlined below.

Under the provisions of section 323D of the *Corporations Act 2001* (Cth), Condor has adjusted the period of the Company’s financial year by extending the last day of the 2015-2016 financial year from 30 June 2016 to 4 July 2016. The Company’s 2016-2017 financial year will run from 5 July 2016 to 30 June 2017. Subsequent financial years will revert to commencing on 1 July and ending on 30 June. The purpose of the extension is to align the end of the 2015-2016 financial year with the removal of Condor’s former Board by vote of shareholders at general meeting on 5 July 2016 and the election of an entirely new slate of directors on that date.

All share prices stated within the report are adjusted to allow for 30:1 consolidation, unless otherwise specified.

All monetary amounts are stated in Australian dollars, unless otherwise specified.

References within the report to former directors and officers of the Company, except for specific references to specifically identified individuals, refer only to those directors and officers who were engaged by the Company between 1 July 2015 and 4 July 2016 (the “Former Directors”).

* * *

DIRECTORS' REPORT (continued)

DIRECTORS AND OFFICERS DURING THE 2015-2016 FINANCIAL YEAR

Between 1 July 2015 and 28 June 2016, the Board of the Company was comprised of the following directors (the "Former Directors"):

- **Mr Glen Darby**, who had been a director of the Company since its incorporation in January 2010.
- **Ms Lia Darby**, who had been formally appointed as a director since 26 February 2015. She allegedly resigned on 27 June 2016. In addition to those formal periods of appointment, Ms Darby may well have continued to act as a shadow director after 27 June 2016 until the whole Board was terminated and replaced on 5 July 2016, and she may well have been a shadow director before her formal appointment.
- **Ms Michelle Feruglio**, who was appointed as a director and non-executive Chairman on 20 May 2015. As at 4 July 2016, ASIC records continued to record her as a director. However, she had already apparently resigned with effect from 30 June 2016 according to the ASX announcement made by the Former Directors on that date.

On 28 June 2016, the Company announced Ms Darby's resignation as director and the appointment of Mr Timothy Stops as her replacement. On 30 June 2016, the Company announced the resignation of Ms Feruglio as director.

All of the directors during the period 1 July 2015 to 4 July 2016 claimed to be "non-executive" directors. However on 20 May 2015, the Former Directors described above announced to the ASX that "the Board will take an active role in managing the Company's day to day affairs until a suitable replacement for the position of Managing Director is found". Since a Managing Director was not subsequently hired prior to the entire Board being removed on 5 July 2016, the Directors mentioned above are responsible for the management decisions made during the period within which each remained or acted as director from the period 20 May 2015 to 5 July 2016.

According to at least Mr Darby, Mr Timothy Stops also held a position as a director during the week commencing 28 June 2016 until 5 July 2016.

Other individuals may have been shadow directors during 2015 and 2016. The Company is still investigating the involvement of other former directors – such as Mr Michael Stafford, a solicitor who held a formal board appointment with the Company from 21 May 2014 to 25 February 2015, but who after that date appeared to be very closely involved in a number of the transactions of the Company set aside by the Takeovers Panel (discussed below) or which were examined in the Court proceedings (discussed below).

Mr Peter Dunoon was Company Secretary, Chief Financial Officer, and the Company's Accountant for a number of years prior to and including the year ended 4 July 2016. He also remained as Company Secretary for part of the 2016-2017 Financial Year until his

DIRECTORS' REPORT (continued)

position was terminated following a review of the state of the Company's books and records by the new Board of the Company appointed on 5 July 2016.

On 5 July 2016, at an extraordinary general meeting of shareholders, Mr Darby was removed from his office as a director of the Company, Mr Stops' purported tenure as a director was terminated by operation of the Company's Constitution, and an entirely new Board of Directors was elected by shareholders.

Further details regarding the directors and officers are listed below.

* * *

CORPORATE STRUCTURE

At 4 July 2016, Condor held an approximate 99.99% shareholding in Chile Iron Pty Ltd and a 70% shareholding in Condor Blanco Sociedad Contractual Minera ("Condor Blanco SCM") (a Chilean company).

Condor's 100% shareholding in Tierra Amarilla Sociedad Contractual Minera ("Tierra Amarilla SCM") (a Chilean company) was reported as being sold on 27 November 2015.

Condor's involvement in the joint venture "Uludere Project" in Turkey is understood to have terminated on 11 December 2015.

The Company currently holds no other known interests in other subsidiaries, external projects or joint ventures.

* * *

OVERVIEW OF THE COMPANY'S PERFORMANCE

Under the management of the Former Directors, the Company endured significant losses and engaged in transactions which were arguably not in the best interests of the Company or of its shareholders.

The Company appeared to also incur very significant costs in related party transactions for the benefit of one or more Former Directors or entities associated with them. Legal action in respect of those transactions is being considered having regard to the Company's resources and to the effective recourse that may be available to recover the losses incurred by the Company arising from such transactions.

DIRECTORS' REPORT (continued)

Total Shareholder Return

Between 1 July 2015 and 4 July 2016, Total Shareholder Return comprised a loss of (70%) (2015: (88%) loss).

Condor paid no dividends during the period.

Condor's share price, while the Company's shares were quoted on the ASX, fell from \$0.03 (adjusted for 30:1 consolidation) on 1 July 2015 to \$0.009 on 6 May 2016, at which date its' shares were suspended from trading following queries raised by the ASX in relation to transactions undertaken by the Company while under the management of the Former Directors.

The following factors appear to have materially contributed to this share price deterioration during the period:

- The Former Directors committed Condor to divest assets previously announced to be core assets, for nil or no material consideration (the circumstances of which remain under investigation).
- The Company failed to achieve its objective of securing a new acquisition, despite this objective being portrayed as the Company's priority in announcements made throughout the period (including in the market update released 27 November 2015, the Quarterly Reports for September 2015, December 2015 and March 2016, and in the December 2015 Interim Report released on 16 March 2016, all of which summarised Condor's activities by statements such as that Condor was continuing *"with a substantial due diligence program aimed at finding a suitable acquisition for the Company"* and that the Company *"continued to focus on potential acquisitions"*).
- Ongoing high cash expenditure, a material proportion of which was incurred on payments to the Former Director or to entities associated with them, without securing positive results for the Company.
- Highly material dilutions (or attempted dilutions) of share capital, including in an apparent attempt to prevent shareholders from exercising statutory rights to convene a meeting to remove the Former Directors. Some of those share issuance transactions were set aside by the Takeovers Panel, as discussed in this report. Other material dilutive actions by the Former Directors were arguably invalid transactions and further announcement will be made regarding those transactions in due course.
- Execution of corporate transactions without clear (if any) benefit to the Company or shareholders, and including with entities closely associated with one or more Former Directors and/or Mr Michael Stafford or his law firm, Eakin McCaffrey Cox.
- Mr Darby's conviction in Court of serious criminal offences.

Financial performance and corporate governance

In the December 2015 Interim Financial report released on 16 March 2016, Condor's Former Directors stated: *"Care is being taken to apply funds effectively in order to deliver a new asset position in mining or another industry."*

Condor ended the year with negative net assets of (\$179,135) (2015: \$12,845), which apparently exhausted the final remnants of the Company's \$21,017,107 paid capital.

Working capital (current assets less current liabilities) at 4 July 2016 was a net deficiency of (\$179,135) (2015: (\$717,964)).

The net financial loss for the period was (\$2,009,713) (2015: (\$8,994,952)).

Cash expenditure throughout the period was \$991,064. This left cash at bank on 4 July 2016 overdrawn at (\$8,006) (2015: \$21,520) even after taking into account the \$872,300 cash "working capital" raised from share issues during the period. Condor also reported additional non-cash expenditure of \$942,621 made as share issues in lieu of cash payment, bringing total cash and share-based payments during the period to \$1,933,685.

Condor's largest expense category during the period was cash payments to Condor's Former Directors and officers, which amounted to \$655,273 paid in cash, equating to 66% of total cash expenditure.

Through these payments the Former Directors appeared to be intent on draining the Company of its material cash resources regardless of the fact that they were not delivering positive outcomes or results for the Company.

Additionally, \$49,645 cash was expended via Mr Darby's personal expense account over the period, which predominately appeared to comprise "entertainment" related expenses.

The Company now considers such expense account payments and elements of the remuneration taken by some or all of the Former Directors were made in contravention of directors duties, the Corporations Act, and internal policies governing such expenditure. The Company is assessing its options to recover payments and benefits taken by Former Directors having regard to its resources and other priorities.

Mr Darby also made numerous cash withdrawals from the Company's credit card account which remain unexplained.

It is noteworthy that Condor's second largest cash expense category after payments to directors and officers was capital raising expenses, with \$57,713 paid in cash and \$115,900 paid via share allocations.

DIRECTORS' REPORT (continued)

The current Board is seeking to determine whether Condor's Former Directors, officers and advisers obtained financial benefits from the Company in excess of authorised remuneration. The new Board of Directors is working with ASIC, ATO and ASX to identify and, where appropriate, to remedy any breaches of law and/or the ASX Listing Rules.

The current Board is of the view that Condor's Former Directors and officers failed to discharge their corporate governance responsibilities during the financial year ended 4 July 2016 and that this resulted in a number of apparent breaches of the Corporations Act and ASX Listing Rules. The suspension of Condor from trading on the ASX on 6 May 2016 was the direct result of these contraventions. As announced on 26 August 2016, suspected contraventions of sections 180, 181, 182, 184, 1041E, 1041H and 1307 of the Corporations Act 2001 (Cth) and sections 192E and 192G of the Crimes Act 1900 (NSW) are being investigated.

Comparison to historical performance

Condor's results for the period are comparable to the Company's sustained historical performance, under which the Company's assets and financial position continued to deteriorate.

Throughout the Company's nearly six years as a listed entity, it has never paid a dividend and has failed to achieve a positive financial result.

Overall, Condor has recorded total losses amounting to \$22,320,693.

Condor's historic Annual Reports list the annual financial results under the Company's former directors (including the Former Directors for the financial year ended 4 July 2016) as follows:

2016:	(\$2,006,282)
2015:	(\$8,994,952)
2014:	(\$2,898,872)
2013:	(\$3,514,793)
2012:	(\$2,153,860)
2011:	(\$1,817,316)
2010:	(\$224,352)

Since listing on the ASX, Condor's share price has sunk from above \$6.00 (adjusted for consolidation) on 25 February 2011 (when official ASX quotation commenced) to just \$0.009 on 6 May 2016 (at which date it was suspended from trading), with total shareholder return equating to a 99.9% loss.

Condor would now need to achieve share price growth of more than 66,000% to restore shareholder value to the position at the time of the initial public offering.

DIRECTORS' REPORT (continued)

On 5 July 2016, after the conclusion of the financial year, Condor's Board was removed by shareholder vote and an entirely new slate of directors elected. Since that date, the activities of the Company have been focused on addressing the legacy issues caused by the Company's Former Directors and officers, as well as commencing to undertake work to identify some forward looking opportunities as announced to the ASX on 22 November 2016.

* * *

OVERVIEW OF CASH EXPENDITURE

Summary of all identified cash transfers during the financial year

<u>Recipient</u>	<u>Payments</u>
1. Mr Glen Darby (former director)	\$272,854
2. Mr Peter Dunoon (former officer)	\$161,835
3. Ms Lia Darby (former director)	\$79,296
4. Capital raising expenses	\$57,713
5. Ms Michelle Feruglio (former director)	\$55,548
6. EMC / Mr Michael Stafford (former director)	\$51,855
7. Glen Darby personal expenses (former director)	\$49,645
8. Nexia Court & Co (auditors)	\$49,632
9. ASX	\$41,490
10. Tierra Amarilla SCM	\$34,387
11. Advance Share Registry	\$31,752
12. Insurance expenses	\$25,326
13. Other legal expenses	\$21,913
14. Mr Pierre Richard (former director)	\$18,485
15. Mr Stavros Vlahos (former director)	\$15,400
16. Mr Brett Crowley (Oak Capital)	\$11,000
17. Transfer to unknown credit card	\$3,480
18. ASIC	\$2,255
19. Cabcharge	\$2,250
20. Mr Andrew Mortimer (married to Lia Darby)	\$2,000
21. Website expenses	\$1,980
22. Bank fees and interest expenses	\$812
23. Mining-related expenses	\$157
Total cash expenditure:	\$991,064

DIRECTORS' REPORT (continued)

Summary of all identified payments made by share transfer during the financial year

<u>Recipient</u>	<u>Volume of shares</u>	<u>Issue price</u>	<u>Value</u>
1. Mr Pierre Richard and associated parties (related to "escrow" share arrangement)	27,937,359	\$0.025	\$698,434
2. Anatolian Resources Pty Ltd (associated with Mr Pierre Richard)	3,154,352	\$0.02	\$63,087
3. Mr Leslie Szancer (capital raising expenses)	2,875,000	\$0.02	\$57,500
4. Mr David Sorrell (director of Superstructure Energy Pty Ltd - associated with Lia Darby)	2,200,000	\$0.025	\$55,000
5. Baycrest Capital (capital raising expenses)	3,333,333	\$0.02	\$50,000
6. LeMessurier Securities Pty Ltd (capital raising expenses)	336,000	\$0.025	\$8,400
7. Mr Pierre Richard and associated parties	288,000	\$0.025	\$7,200
8. Mr Vince Truda	150,000	\$0.02	\$3,000
Total payments made by share transfer:	40,274,044		\$942,621

* * *

REVIEW OF OPERATIONS - PRINCIPAL ACTIVITIES

Despite Condor's frequent announcements under its Former Directors relating to potential acquisitions, the Company's only successful activity throughout the financial year ended 4 July 2016 was apparently conducting share placements - only some of which resulted in funds being raised - and expending the funds that were raised predominately on cash payments to the Company's Former Directors and officers.

Condor's September 2015 Quarterly Activity Report dated 31 October 2015 indicated that Condor's corporate focus during the first quarter was on *"examining project acquisitions"*. During that period, Condor failed to achieve any such acquisition, and Condor's current directors have not seen product of any legitimate due diligence work occurring during this quarter.

Condor's December 2015 Quarterly Activity Report dated 1 February 2016 indicated that the Company's corporate focus during the second quarter continued to be on obtaining *"a suitable acquisition"*, stating that *"Due Diligence processes that were commenced over*

DIRECTORS' REPORT (continued)

three target industries... were completed". Condor's current directors have not seen evidence that legitimate due diligence was undertaken during this second quarter.

Condor's March 2016 Quarterly Activity Report dated 29 April 2016 again indicated that the Company's focus during the third quarter was *"a substantial due diligence program aimed at finding a suitable acquisition for the Company."* It further stated that *"detailed financial modeling has been undertaken using conservative assumptions based on current statistics and market inputs."* Condor's current directors have not seen evidence that legitimate due diligence was undertaken during the quarter, not any evidence of any genuine financial modeling efforts, nor any record of statistical or market inputs.

Condor's activities during the fourth quarter appear to have been principally concerned, firstly, with attempting to explain breaches of ASX Listing Rules and the Corporations Act 2001 (Cth) to the Takeovers Panel and the ASX; secondly, with responding to ASIC queries; and, thirdly, with bringing about the imposition of an invalid administration for an improper purpose - that purpose being, as stated by the Supreme Court of NSW, *"negating the power and influence of the incoming directors and defeating the will of the members who were about to put those directors into office."*

The Company's Minute Book, comprising all Board minutes and circular resolutions for the entire period of 1 July 2015 to 4 July 2016, records only one resolution signed during the financial year - this being a resolution that Condor *"issue 50,000,000 ordinary shares each at 1 cent (\$0.01)"*. The Minute Book contains no other director resolutions signed during the period 1 July 2015 to 4 July 2016. However, there are numerous unsigned minutes in various forms and other indications that further meetings of directors seem to have occurred.

Evidence exists that Condor's directors conducted conversations with parties involved with various enterprises during the financial year. Evidence also exists that Condor paid substantial sums for entertainment, international and domestic travel, and to "consultants" for services purported to be related to potential merger or acquisition transactions. However, the Company has no specific documentation or records to demonstrate legitimate purpose for these activities, and Condor's Former Directors and officers have failed to provide evidence to demonstrate that the activities and expenditures generated anything of value for the Company. Despite frequent references to due diligence in statements disclosed to the market, Condor has no record of either preliminary or substantial due diligence or other analysis having been completed during the financial year, nor any record of commercially legitimate negotiations having taken place during the period.

Overall, Condor's current directors have seen very little evidence to demonstrate either that legitimate business operations were conducted during the period, or that Condor's Former Directors and officers made genuine effort towards creating value for shareholders during the 2015-2016 financial year.

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OVERVIEW OF MATTERS RELATED TO SHARE ISSUES

As of 1 July 2015, the Company had last announced 1,289,004,494 fully paid ordinary shares as being on issue (6 May 2015). On 22 July 2015, the Company announced completion of a 30:1 share consolidation (pursuant to a resolution passed by members at general meeting of shareholders on 26 June 2015). Following the consolidation, the Company announced that 42,967,361 shares were on issue at 22 July 2015.

Through to 4 July 2016, the Company reported that a total of 145,761,686 further shares had been “issued” or “placed”, including (i) an announcement on 25 September 2015 that 45 million shares had been “placed” into “escrow” with “*ECM (Nominees) Pty Ltd*”, and (ii) an announcement on 1 March 2016 that a further 50 million shares had been placed into “escrow” with “*ECM (Nominees) Pty Ltd*” and that 17,062,641 of the shares supposedly “placed” into “escrow” on 25 September 2015 had been “cancelled”.

On 1 May 2016, Mr Joshua Farquhar, Executive Chairman of the Company since the removal of the former Board on 5 July 2016, made an application to the Takeovers Panel for a declaration of unacceptable circumstances in respect of the affairs of the Company, and remedial orders. Mr Farquhar made this application to the Takeovers Panel in his capacity as a shareholder of the Company. The so-called placement into “escrow” of the 95 million shares referred to above was a central focus of Mr Farquhar’s panel application. Mr Farquhar’s application to the Panel alleged, among other things, that the “escrow” transactions were in contravention of the Corporations Act and the ASX Listing Rules, that the Company’s disclosure around these transactions had been materially misleading and incomplete, and that the transactions were oppressive of shareholders of the Company.

On 6 May 2016, the Company was suspended from quotation by ASX. The Company understands that the suspension from trading was a result of concerns by ASX over the so-called “escrow” transaction and the failure of the Company’s management to offer a satisfactory explanation.

On 20 May 2016, the Company acknowledged that the references to “*ECM (Nominees) Pty Ltd*” in all of the Company’s previous market announcements had been incorrect and that the 95 million shares had instead been “placed into escrow” with EMC (Nominees) Pty Ltd (not “*ECM (Nominees) Pty Ltd*”). Up until this date, all lodgments and market releases by Condor had listed the wrong entity. Numerous separate false statements made by one or more Former Directors referred to the acquirer as “*ECM (Nominees) Pty Ltd*” rather than EMC (Nominees) Pty Ltd.

The current Board considers that this was not a matter of a simple typographical error but rather appears to have been an attempt by one or more Former Directors to disguise a transaction which appeared to entail using the service company of Condor’s lawyers at the time (Eakin McCaffrey Cox) to warehouse shares.

The current Board considers that this obfuscation had the effect of preventing the market and shareholders from understanding the actual full circumstances of the share issues, and

DIRECTORS' REPORT (continued)

impeding inquiries that might have brought to light the illegal arrangements much sooner. The obfuscation was finally brought to light by the Takeover Panel proceedings brought against Condor while the Company was still under the management of the Former Directors.

Mr Michael Stafford, a partner at Eakin McCaffery Cox, a former director of Condor and Condor's legal and corporate governance advisor at the relevant times, is the secretary and alternate director of EMC (Nominees) Pty Ltd. The new Board understands that the shares were "*placed*" with this entity controlled by Eakin McCaffery Cox following the receipt of advice from Eakin McCaffery Cox and Mr Stafford.

Despite the shares being announced to the market as being issued as fully-paid ordinary shares, the Form 484 lodged with ASIC at the time of the purported issue states that the shares were only half-paid, while the Company's bank records indicate that nil consideration was actually received by Condor for the purported issue of these shares.

On 30 May 2016, the Takeovers Panel made a declaration of unacceptable circumstances in relation to the affairs of the Company. The Panel made a number of remedial orders, including an order that the 50 million shares purportedly "*placed into escrow*" and the 17,062,641 shares referred to in the 1 March 2016 announcement all be cancelled. The Panel also ordered that the Company pay Mr Farquhar's costs in relation to the proceedings.

On 7 June 2016, the Company announced that after giving effect to the orders of the Takeovers Panel, it had 121,666,407 fully paid ordinary shares on issue. This number includes 27,936,360 shares that were supposedly "*placed into escrow*" with the entity controlled by Eakin McCaffery Cox but that were not cancelled as part of the Panel's orders.

The current Board of Directors has serious concerns regarding the validity of the placement of these 27,937,360 shares with the entity controlled by Eakin McCaffery Cox and the subsequent transfer of those shares from the Eakin McCaffery Cox entity to a number of persons. The current Board has not been provided with a satisfactory rationale for these transactions.

The 27,937,360 shares have never traded on ASX and have been subject to a trading lock since the current Board assumed control of the Company.

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CORPORATE EVENTS DURING THE 2015-2016 FINANCIAL YEAR

The following events occurred during the period 1 July 2015 to 4 July 2016. Condor's records relating to these events remain incomplete and the Company has been seeking to recover missing records from its former Company Secretary (Mr Peter Dunoon) among others. The principal Former Director, Mr Glen Darby, is not in a position to supply missing documents, given his criminal conviction and imprisonment for rape.

22 July 2015 - 30:1 share consolidation

On 22 July 2015, Condor announced that a thirty-to-one (30:1) share consolidation had been completed. Prior to the consolidation, Condor's shares had traded at a price of \$0.001 per share.

26 August 2015 - Issue of 24,504,353 new shares

Condor commenced the period with a total of 42,967,361 shares on issue at 1 July 2015.

On 26 August 2015, Condor lodged an Appendix 3B announcing the issue of 24,504,353 new shares, under the provisions of Rule 7.3 (which requires specific shareholder approval), for the stated purpose of "*General working capital of the Company*".

Shareholders passed a resolution at the general meeting of the Company on 26 June 2015 authorising the issue of shares for the purpose of "*working capital requirements and to add further value to current exploration projects in Northern Chile (enhancing their value for potential joint ventures)*". "

Condor received \$332,500 cash from this placement. Of these funds, approximately \$252,000 was paid in cash to Condor's Former Directors and officers, and an additional \$10,000 was allocated to Mr Darby's personal expense account.

1 September 2015 - Failure to convene general meeting of shareholders

On 1 September 2015, Condor received a notice from Mr Mathew Walker, at that time a substantial shareholder of Condor, seeking to requisition a general meeting for the purpose of spilling the Board under the provisions of section 203D of the Corporations Act.

Also on 1 September 2015, Mr Walker had lodged a Form 603 with the ASX stating that he had become a substantial shareholder on 26 August 2015, having acquired 3,375,000 shares in the Company - slightly more than 5% of the 67,471,714 shares on issue at that date. Mr Walker was thereby entitled to call a general meeting in accordance with section 249F(3).

DIRECTORS' REPORT (continued)

On 7 September 2015, Mr Walker acquired an additional 3,350,000 shares in Condor, bringing his holding to 6,725,000 - approximately 10% of shares on issue.

On 8 September 2015, Condor issued 6,800,000 shares, a further 13,924,000 shares on 23 September 2015, and purported to issue another 45,000,000 shares into 'escrow' on 25 September 2015 (with nil consideration received for this final issue) while announcing that shares on issue had increased to 135,395,714 - a 100% increase since 7 September 2015. It is unclear what legitimate urgent purpose might have necessitated the issue of such volume of shares during this short period.

These issues, if valid, reduced Mr Walker's holding to 4.97% of the Company as at 25 September 2015, slightly below the 5% substantial shareholder threshold.

On 1 October 2015, Condor's Former Directors announced that *"As at 29 September 2015 Mr Walker is no longer a substantial shareholder and not entitled to call this meeting."*

That assertion was incorrect in law, since the validity of a shareholder requisition is determined by the shareholdings held by the signatories to the requisition at midnight immediately before the requisition is made, and not at a subsequent time. By refusing to convene the requisitioned meeting, the current Board considers that the Former Directors of Condor committed a material breach of the Corporations Act and have advised ASIC accordingly.

8 September 2015 - Issue of 6,800,000 new shares

On 8 September 2015, Condor lodged an Appendix 3B announcing the issue of 6,800,000 new shares, under the provisions of Rule 7.3 (which require specific shareholder approval), for the stated purpose of *"General working capital of the Company"*.

Shareholders had passed resolution at General Meeting on 26 June 2015 authorising issue of shares for the purpose of *"working capital requirements and to add further value to current exploration projects in Northern Chile (enhancing their value for potential joint ventures)."*

Condor received \$170,000 cash from this placement. Of these funds, approximately \$69,000 was paid in cash to Condor's former directors and officers, and an additional \$8,103 was allocated to Mr Darby's personal expense account.

22 September 2015 - Entry into "debt assignment and indemnity agreement"

On 22 September 2015, Condor apparently entered into an agreement with Minesweeper Ltd (an English company) and Monclar Pty Ltd purporting to address liabilities held by Tierra Amarilla SCM, a subsidiary organised under Chilean law and owned by Condor.

DIRECTORS' REPORT (continued)

This “debt assignment and indemnity agreement” was not disclosed to the market until 1 February 2016 with release of the December 2015 Quarterly Report.

Minesweeper and Monclar are entities associated with Mr Pierre Richard and his wife Ms Nicola Philip. Mr Richard is a former director of Condor.

The agreement with Minesweeper and Monclar provided that Condor would issue shares in the Company as consideration for the assumption of certain liabilities of the subsidiary (Tierra Amarilla SCM).

In a letter to the ASX on 7 June 2016, Condor stated that the total quantum of the liabilities to be addressed by the agreement amounted to AUD\$352,412. However, internal Company documents indicate that the actual amount payable by the subsidiary for liabilities owing was only US\$94,950. This lesser amount has also been confirmed by lawyers working for Condor in Chile.

Ultimately, 27,937,360 purported shares of Condor stock with an aggregate share price of \$698,434 were transferred via Eakin McCaffery Cox and EMC (Nominees) Pty Ltd to related parties associated with Minesweeper and Monclar. The current Board of Directors has serious concerns about the purpose and legality of this agreement and, as noted above, is presently considering what actions should be taken in respect of the purported issue of 27,937,360 shares under the agreement.

Condor's letter to ASX of 7 June 2016 indicated that the purpose of the “debt assignment” agreement was to allow Condor to sell Tierra Amarilla SCM, stating to the ASX that the sale of Tierra Amarilla SCM “*would have been an impossibility had the debt in the subsidiary not previously been removed.*”

Tierra Amarilla SCM was sold on 27 November 2015 for an amount stated in various documents as being either \$100, \$1,000, or US\$9,900. Condor's rationale for the sale of Tierra Amarilla SCM at such price is unclear, and the stated valuation of Tierra Amarilla SCM at the date of sale remains unexplained. The new Board of Directors is currently investigating the circumstances surrounding the disposal of this asset.

23 September 2015 - Issue of 16,124,000 new shares

On 23 September 2015, Condor lodged an Appendix 3B announcing the issue of 16,124,000 new shares, under the provisions of Rule 7.3 (which require specific shareholder approval), for the stated purpose of “*General working capital of the Company*”.

Shareholders had passed a company resolution on 26 June 2015 authorising issue of shares for “*working capital requirements and to add further value to current exploration projects in Northern Chile (enhancing their value for potential joint ventures).*”

DIRECTORS' REPORT (continued)

Condor received \$332,500 cash from this placement. Of these funds, approximately \$287,000 was paid in cash to Condor's former directors and officers, and an additional \$36,890 was allocated to Mr Darby's personal expense account.

25 September 2015 - Purported issue of 45,000,000 shares

On 25 September 2015, Condor purported to issue 45,000,000 fully-paid ordinary shares at a price of \$0.025.

Despite the shares being announced to the market as being issued fully-paid, the Form 484 lodged with ASIC at the time of the purported issue indicates that the shares were only half-paid, while the Company's bank records indicate that nil consideration was actually received by Condor for the issue these purported shares.

The initial recipient of all 45,000,000 purported shares was EMC (Nominees) Pty Ltd, albeit that the actual identity of this recipient was not disclosed until the matter was interrogated via Takeovers Panel proceedings in May 2016.

The volume of shares purported to be issued represented a stock dilution of more than 49%, and allocated EMC (Nominees) Pty Ltd a stake of more than 33% of shares purported as being on issue. However, in a statement released to the market at the time of this placement, Condor falsely stated *"No party connected to this allocation will hold greater than 19.9% of the issued capital in the Company."* Condor reaffirmed this false statement in the September 2015 Quarterly Report issued on 31 October 2015, and then again in the December 2015 Half-yearly Report issued on 16 March 2016.

On numerous occasions, Condor stated falsely to the market that the purported shares had been issued *"ECM (Nominees) Pty Ltd"*, rather than disclosing EMC (Nominees) Pty Ltd as the actual recipient. Instances of these misleading statements related to this specific share issue include Condor's ASX announcement on 25 September 2015, the Appendix 3B submitted to the ASX on 25 September 2015, the September 2015 Quarterly Report issued on 31 October 2015, and the December 2015 Half-yearly Report released 16 March 2016. Condor's current directors are not aware of any instance where the actual recipient was publicly disclosed prior to the Takeovers Panel proceedings in May 2016.

Condor also failed to disclose that EMC (Nominees) Pty Ltd was an entity operated by Condor's lawyers.

On 1 March 2016, Condor submitted an Appendix 3B to ASX stating that 17,062,641 of the shares had been "cancelled", implying that 27,937,359 of the 45,000,000 purported shares remain on issue.

The irregularities related to this purported issue of 45,000,000 shares were among the matters raised with the Takeovers Panel in May 2016. Following commencement of the

DIRECTORS' REPORT (continued)

Takeovers Panel proceedings, ASX issued Condor with a letter requiring explanation of the issues of the shares.

Condor understands that the irregularities related to this purported share issue are the principal reason for the Company's ongoing suspension from quotation on the ASX.

The validity of these share issues will be the subject of a further announcement once the Company has received final advice on this issue.

27 November 2015 – Purported sale of Tierra Amarilla SCM

Tierra Amarilla SCM is a Chilean company that was a 100% owned subsidiary of Condor. A list of the mining tenements held by Tierra Amarilla SCM at 27 November 2015 is included in the ASX Additional Information section of this Annual Report.

On 27 November 2015, Condor apparently sold Tierra Amarilla SCM to Oak Capital Limited for total consideration variously recorded as either \$100, \$1000 or US\$9,900.

Condor failed to disclose the sale of Tierra Amarilla SCM to the market until 1 February 2016.

Condor's accounts show that the Company had invested up to \$732,820 into Tierra Amarilla during the 2015-2016 Financial Year, and \$5,512,391 over all previous years (these figures are dependent on matters related to legitimacy of purported shares issued in lieu of cash payment). However, as stated in the December 2015 Interim Financial Report, Condor had written-down the value of Tierra Amarilla to \$0.

Condor's current directors have seen no evidence to explain the reduced valuation of Tierra Amarilla or the nominal price for which the subsidiary might have been sold. As noted above, Condor's current Directors are investigating the circumstances of the transaction.

27 November 2015 - Annual General Meeting

On 27 November 2015, Condor held its Annual General Meeting of shareholders. All resolutions put to the meeting were passed by a show of hands.

11 December 2015 - Expiry of Uludere Project agreement

The "Uludere Project" referred to a series of agreements regarding a purported joint venture mining project in Turkey. The project apparently involved Turkish Mining Licence 200806380 in Turkey's Şırnak province - a region bordering Iraq and Syria. Uludere is less than 10 kilometres from the Iraq border, and approximately 100 kilometres from the Iraqi city of Mosul.

DIRECTORS' REPORT (continued)

Turkey's Şırnak province has been one of Turkey's most unstable regions for decades. The area is the site of the "Uludere Massacre" which occurred on 28 December 2011. In mid-2014, large-scale terrorist operations worsened the area's security situation. After the city of Mosul was captured by ISIS terrorist forces in June 2014, nearby areas were involved in intense fighting, resulting in hundreds of thousands becoming displaced persons and fleeing the area. The severe security situation in the region has continued to today.

Condor's Uludere Project was announced as having commenced on 11 September 2014. Condor released a statement on that day stating that it had executed a "Mining Project Tenement Agreement" between Condor and Anatolian. On 15 September 2014, Condor further announced that a "Binding Offtake Sales Contract" had been executed between Condor, Anatolian and Meskan Ölmez Madencilik Ltd Şti.

Condor's December 2015 Quarterly Report released on 1 February 2016 regarding extension of the agreement stated: *"the parties have again agreed to extend Condor's decision period on the project to 11 February 2016."*

Condor's last announcement regarding the project was made in the December 2015 Interim Financial Report released on 16 March 2016 which stated: *"Condor's joint venture partner have voluntarily allowed a further extension until 11 April 2016."*

Condor's March 2016 Quarterly Report, released on 29 April 2016, makes no reference to the project.

Condor's Former Directors failed to announce the expiry or termination of the Uludere Project or associated agreements.

However, Condor's current directors have now formed the view that no further extension to the agreements was executed beyond 11 December 2015, and that Condor's involvement in the Uludere Project thereby terminated on that date.

Shareholders should disregard the statements regarding extensions to the agreements that were previously made by the Company in the December 2015 Quarterly Report and the December 2015 Interim Financial Report.

At 31 December 2015, Condor had written off \$752,892 of capitalised expenditure on the project, mostly comprised of payments made to Anatolian. This figure does not include additional expenditure related to the Uludere Project by Condor that has not been capitalised.

Condor's current Board is continuing investigations into various aspects related to the Uludere Project.

DIRECTORS' REPORT (continued)

18 January 2016 - Issue of 3,333,333 new shares

On 18 January 2016, Condor lodged an Appendix 3B announcing the issue of 3,333,333 new shares, under the provisions of Rule 7.1, for the stated purpose of "*Settlement of outstanding liability with Baycrest Capital LLC*". Condor received nil cash from this placement.

16 February 2016 - Announcements regarding acquisition agreement

On 16 February 2016, Condor announced that an acquisition was imminent. Condor stock was placed in a voluntary trading halt "*due to the finalisation and pending announcement of its proposed acquisition in waste technologies*" as was stated by Condor at the time.

After the counterparty became aware of Condor's issue of shares to EMC (Nominees) Pty Ltd, the counterparty terminated the agreement because of this issue.

On 22 February 2016, Condor announced that the agreement had been "*terminated due to concerns regarding structural compliance of the transaction.*" This reference was in regard to the acquisition transaction, and no mention was made of the share issue to EMC (Nominees) Pty Ltd. Condor repeated the same statement in the March 2016 Quarterly Report released on 29 April 2016.

26 February 2016 – Meeting of the Board of Directors

Condor's Minute Book records that a meeting of the Board of Directors occurred on 26 February 2016. Minutes from this meeting record Ms Feruglio, Mr Darby, Ms Darby and Mr Dunoon as being in attendance.

One resolution was recorded as being passed at this meeting, that being to "*issue 50,000,000 ordinary shares each at 1 cent (\$0.01) in escrow to be held by ECM (Nominees) Pty Ltd pending the finalisation of confidential agreements on funding, project acquisitions and/or vendor consideration to un-related and un-associated parties.*"

The minutes of the meeting referred to no previous meetings nor minutes from previous meetings, and in regard to future meetings stated only that "*The next meeting will be held in due course.*"

The 26 February Board meeting is the only meeting of the Company's directors during the 2015-2016 Financial Year that is evidenced by signed minutes within Condor's Minute Book. Although additional meetings of directors might have occurred, no proper records of any such additional meetings have been kept in the Company's files.

1 March 2016 - Purported issue of 50,000,000 shares

On 1 March 2016, Condor purported to issue a further 50,000,000 fully-paid ordinary shares to *"ECM (Nominees) Pty Ltd"*.

Again, despite the shares being announced to the market on 1 March 2016 as being issued fully-paid, the Form 484 lodged with ASIC on 11 March 2016 indicates that the shares were only half-paid, while the Company's bank records indicate that nil consideration was actually received by Condor for the issue of these purported shares.

The volume of this purported share issue represents stock dilution of more than 36%, and allocated EMC (Nominees) Pty Ltd a further stake of more than 29% of shares purported as being on issue. However, in a statement released to the market at the time of this placement, Condor again falsely stated *"No party connected to this allocation will hold greater than 19.9% of the issued capital in the Company."* Condor reaffirmed this false statement in the Half-yearly Report issued on 16 March 2016.

As with Condor's earlier purported placement to EMC (Nominees) Pty Ltd, Condor falsely stated to the market on numerous occasions that the shares had been issued to *"ECM (Nominees) Pty Ltd"*. Specific instances of these misleading statements to the market included Condor's ASX announcement on 1 March 2016, the Appendix 3B submitted to the ASX on 1 March 2016, and the December 2015 Half-yearly report released 16 March 2016.

Condor also failed to disclose that EMC (Nominees) Pty Ltd was an entity operated by Condor's lawyers.

As noted above, the irregularities related to this purported issue of 50,000,000 shares were among the matters raised in Takeovers Panel proceedings in May 2016, and later questioned by the ASX.

On 30 May 2016, the Takeovers Panel ordered that *"the 50 million Condor shares currently held by EMC are cancelled"*.

On 9 June 2016, Condor lodged an Appendix 3B stating that the 50,000,000 shares were cancelled.

1 March 2016 - purported cancellation of 17,062,641 shares

On 1 March 2016, Condor purported to "cancel" 17,062,641 of the 45,000,000 shares that the Company had previously announced as being issued to *"ECM (Nominees) Pty Ltd"*.

27,937,359 shares from the purported 45 million share placement were not expressly dealt with at that time. A further announcement will be made regarding that parcel of shares once advice is finalised.

2 May 2016 - Takeovers Panel application by Mr Farquhar

On 2 May 2016, the Takeovers Panel received an application from Mr Joshua Farquhar as a shareholder of the Company.

As noted above, the application raised a number of issues including that Condor has issued shares in contravention of the Corporations Act and that there had been misleading and incomplete disclosure regarding, among other things, the number of shares on issue, the terms of issue of shares and the identities of substantial shareholders.

On 3 May 2016, the Takeovers Panel issued Interim Orders requiring that Condor *“must not register any transfer in respect of any of the 50,000,000 ordinary shares referred to in its announcement dated 1 March 2016.”*

On 30 May 2016, the Takeovers Panel issued a Declaration of Unacceptable Circumstances against Condor and made orders including *“that the 50 million Condor shares currently held by EMC are cancelled.”*

On 7 June 2016, the Takeovers Panel issued further orders restricting the voting power of specified Condor shares and awarding costs to the applicant.

6 May 2016 - ASX trading suspension

On 6 May 2016, ASX suspended Condor from trading in response to matters brought to attention by the application to the Takeovers Panel.

On 9 May 2016, ASX issued a letter requiring Condor to provide answers to questions regarding numerous historical share issues and Company statements, and to release this information to the market. In response, Condor issued a market release on 20 May 2016.

On 27 May 2016, ASX issued a further letter stating that *“Most of CDB’s responses are unsatisfactory”* and requiring Condor to provide further answers. The answers provided by Condor’s second response released to the market on 7 June 2016, contained numerous statements that were either incomplete, ambiguous or appear to be false.

The ASX suspension continues to remain in place.

27 June 2016 - Defamatory statements made by Ms Feruglio

On 27 June 2016, Condor issued an announcement to the market containing a document titled “Company Circular to Shareholders” signed by Ms Feruglio as Chairman. This document was defamatory to Mr Farquhar. Condor acknowledged that statements made in the document were incorrect and issued a public apology on 28 June 2016.

28 June 2016 - Director resignation and purported appointment

On 28 June 2016, Condor announced that Ms Lia Darby had resigned as a director of Condor, and that Mr Timothy John Stops had become a director of the Company. The announcement also stated that Mr Stops had been appointed to replace Ms Feruglio as non-executive chairman, but that Ms Feruglio would *"remain as a non-executive director of the Company."* Condor's Minute Book contains no signed resolution appointing Mr Stops as a director of the Company, nor as Chairman of the Board.

29 June 2016 - Takeovers Panel application by ASIC

On 29 June 2016 - the Takeovers Panel received an application from ASIC seeking a declaration of unacceptable circumstances in relation to the affairs of Condor. In the application, ASIC referred to *"potential undisclosed relevant interests and associations among the "Transferees"[i.e. of certain of the shares that were purportedly placed into "escrow"], being Minesweeper Pty Ltd, Ms Nicola Philip, Monclar Pty Ltd, Mr Pierre Jules Richard, IPS Nominees Ltd (as nominee of Minesweeper) and Beaufort Securities Ltd (a company incorporated under the laws of England and Wales). The Transferees were persons to whom 27,937,360 Condor shares were transferred pursuant to Condor Blanco's direction to EMC (Nominees) Pty Ltd. Collectively the Transferees hold 24.57% of Condor Blanco."*

ASIC submitted that *"the associations result in contraventions of the 20% threshold (s606) and the substantial holder notice provisions (s671B)"*, and further that *"the acquisition of control over voting shares in [Condor Blanco] by the Transferees did not take place in an efficient, competitive and informed market."*

ASIC sought orders that included restricting these parties *"from disposing of Condor Blanco shares prior to, and voting at, the shareholders' meeting"*, remediation of substantial shareholder disclosure obligations, and divestment of issued shares *"so the transaction that resulted in the contravention of s606 is effectively unwound"*.

ASIC also sought an order that *"the Condor shareholders' meeting to be held on 5 July 2016 be postponed until the determination of the proceedings."*

On 4 July 2016, in response to a demand from the Takeovers Panel, Condor's then Company Secretary emailed ASIC and the Takeovers Panel advising that the near final proxy count indicated that almost two-third of proxy votes were in favour of removal of Mr Darby and election of an entirely new slate of directors at the general meeting of shareholders scheduled of the next day. ASIC then advised the Panel that it did not press the application for an interim order postponing the general meeting and did not object to Condor's general meeting proceeding the following day as scheduled. The Takeovers Panel then confirmed that the Panel had decided not to make an interim order adjourning the general meeting.

DIRECTORS' REPORT (continued)

On 5 July 2016, the Takeovers Panel issued Interim Orders “*to prevent the disposal of Condor shares held by or on behalf of parties*” that specifically included Monclar Pty Ltd, Mr Pierre Jules Richard, IPS Nominees Ltd, Ms Nicola Philip, Minesweeper Pty Ltd, King Spirit International Ltd, Mr Ahmet Ertus, Beaufort Securities Ltd, and any of their respective associates.

30 June 2016 - Further director resignation

On 30 June 2016, Condor announced that Ms Feruglio had resigned from her position as a non-executive director of the Company, leaving Condor with just two directors.

Ms Feruglio's action caused the Company to be in breach section 201A of the Corporations Act which requires that a public company must have no fewer than three directors. The Company remained in breach of the Corporations Act until 5 July 2016, on which date the breach was rectified by shareholders at general meeting, without assistance of the Former Directors - all of whom failed even to attend the meeting.

4 July 2016 - Invalid appointment of Administrator

On 5 July 2016, Mr Dominic Calabretta announced to the ASX that he had been appointed as administrator of the Company on 4 July 2016.

On 30 August 2016, the Supreme Court of NSW declared this appointment to be “*invalid, void and of no effect*”, meaning that Condor was not, and never had been, under Administration.

Further detail of the invalid administration is provided below.

* * *

CORPORATE EVENTS SINCE 4 JULY 2016

5 July 2016 - Removal and replacement of all directors by shareholders

At general meeting on 5 July 2016, shareholders voted for the removal of Condor's entire former Board and elected an entirely new slate of directors.

Prior to their removal at the meeting, the Company's former Board consisted of only Mr Darby and Mr Stops. Neither of these directors attended the general meeting, nor did any of the Company's other Former Directors.

Condor's new Board comprised Mr Joshua Farquhar as Chairman and Managing Director, and Ms Sarah Miles and Mr Jay Stephenson as non-executive directors.

5 July 2016 - Trespass on Condor by invalid administrator

At 14:15pm on 30 June 2016, Condor's directors purported to pass a solvency resolution at a meeting of the Board.

By the end of 4 July 2016, Condor had received sufficient proxies to indicate that, at the General Meeting scheduled for the following day, the removal of all directors was a certainty.

On 5 July 2016, Mr Dominic Calabretta announced to the ASX that he had been appointed as administrator of the Company on 4 July 2016. Condor's Board appointed on 5 July 2016, after reviewing the available evidence, concluded that Mr Calabretta had not been validly appointed.

On 6 July 2016, Condor provided a statement to the ASX raising concerns regarding the validity of Mr Calabretta's purported appointment, and stating that Condor's new directors were "*concerned that the appointment of the purported Administrator appears to have occurred for an improper purpose and without due consideration of factors affecting the Company's solvency.*" This announcement was initially suppressed, despite efforts by the current Board to have it released by the ASX, but then later released to the market on 31 August 2016. Between these dates, the ASX only released announcements that had been approved by Mr Calabretta as the purported administrator of the Company.

On 27 July 2016, Condor commenced legal action seeking, among other things, an order declaring the purported administration invalid..

On 28 July 2016, the Supreme Court of NSW ordered that an Injunction be applied against Mr Calabretta. Condor had lodged an announcement with the ASX disclosing this Court order on 29 July 2016. Again, this announcement was initially suppressed because Mr Calabretta did not authorise its release, but then later released to the market on 31 August 2016.

DIRECTORS' REPORT (continued)

On 30 August 2016, the Supreme Court of NSW declared that Mr Dominic Calabretta's purported appointment as Administrator of Condor was "*invalid, void and of no effect*", meaning that Condor was not, and never had been, under administration.

The Court found that Mr Darby and Mr Stops, who purported to appoint Mr Calabretta, had not formed the required opinions in good faith regarding the Company's solvency. The Court also found that Mr Darby was "*motivated by an improper purpose of negating the power and influence of the incoming directors and defeating the will of the members who were about to put those directors into office.*"

During the period since the election of the new Board on 5 July 2016 until the Court's decision 30 August 2016, the effect of Mr Calabretta's purported appointment and assertion of control over the affairs of the Company resulted in the activities of Condor and its new directors being limited solely to addressing the issue of invalidity, and effectively preventing the Company from progressing other objectives.

Mr Calabretta's actions further discouraged the new Directors from taking steps on behalf of Condor, through threatening the new Directors with personal legal sanctions and financial penalties if they took steps on behalf of the Company to progress its affairs. Mr Calabretta's assertions that he was the valid administrator of the Company were in fact false and misleading. Numerous parties, including the ATO, ASIC, the ASX, and Condor's bank, arguably acted or refrained from acting in relation to the Directors or adjusted their position in relation to the Directors as a result of those false assertions.

Additionally, the invalid administration required Condor to incur significant legal expenses, which hindered Condor in addressing legacy issues, meeting compliance responsibilities, and developing future sources of value for the Company.

On 16 September 2016, the Supreme Court of NSW ordered that Mr Calabretta pay one-half of the costs incurred by Condor in seeking the declaration of invalidity. The Company is in the process of seeking to recover costs under this costs order.

A further Court hearing in the matter is listed for 8 February 2017 at which Condor will seek a third-party costs order against Mr Darby.

25 July 2016 - Debt funding agreement

On 25 July 2016, Condor accepted a debt funding agreement from a group of investors comprising a number of Condor shareholders and other external investors. Execution of the agreement was conditional on the granting of a General Security Interest to the investors under the Personal Property Securities Act 2009 (Cth), and the purported administration being declared invalid. Condor was not able to access funding under this agreement until 30 August 2016, the date on which the Supreme Court declared the administration invalid.

DIRECTORS' REPORT (continued)

Condor had lodged an announcement with the ASX disclosing the debt funding agreement on 25 July 2016 - this announcement was initially suppressed, but then later released to the market on 31 August 2016.

Further delay in obtaining access to these funds was caused by Condor's inability to open or operate a bank account due to the effects the invalid administration.

The agreement was executed on 29 September 2016 with Condor receiving a sum of \$300,000 on 12 month terms, with interest payable monthly at 8% p.a. All interest owing under this agreement has been paid. The debt is convertible to equity in the event of an equity issue.

17 August 2016 - Director appointment and resignation

On 17 August 2016, Condor appointed Dr Simon Wood as director. Following Dr Wood's appointment, Mr Jay Stephenson resigned from the Company.

Condor lodged an announcement with the ASX on 17 August 2016 disclosing this appointment and resignation - this announcement was initially suppressed, but then later released to the market on 31 August 2016.

18 August 2016 - ASIC investigation of former officers and directors

On 18 August 2016, Condor became aware that ASIC had commenced an investigation into actions by former Condor directors and officers who held positions with Condor during the period 1 February 2014 to 4 July 2016. ASIC stated that it was investigating suspected contraventions of sections 180, 181, 182, 184, 1041E, 1041H and 1307 of the Corporations Act 2001 (Cth) and sections 192E and 192G of the Crimes Act 1900 (NSW).

Condor's new directors welcomed this investigation as a positive progression towards addressing issues that have critically affected Condor's corporate performance up until 5 July 2016. Condor understands that the investigation remains ongoing.

31 October 2016 - Condor's new directors obtain access to Company bank records

On 31 October 2016, Condor's new directors obtained, for the first time, access to statements for the bank accounts operated by Condor prior to 5 July 2016. This access was critical in enabling the Company's new directors to understand the Company's actions prior to 5 July 2016. Condor's Former Directors had failed to hand over any Company information or to facilitate access to the Company's accounts, and access to the bank statements had been further restricted by the bank due to the invalid administration.

DIRECTORS' REPORT (continued)

31 October 2016 - Removal of Company Secretary

Mr Dunoon ceased to be an officer of Condor on 31 October 2016, ending his period as Company Secretary, Chief Financial Officer and the Company's Accountant - responsibilities which he had held since 9 August 2012.

2 November 2016 - Appointment of new Company Secretary

On 2 November 2016, Ms Regina Abood was appointed as Condor's new Company Secretary.

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FUTURE STRATEGY

Condor is focused on three main strategic objectives, in order of priority:

Determination and resolution of legacy issues

This includes resolving the status of the various share issues, director payments and other transactions referred to above, as well as amelioration of the Company's accounts and records. Satisfactorily addressing these issues is a necessary pre-condition to the Company being re-admitted to quotation on ASX, among other things.

Restoration of improperly dissipated shareholder value

This may include efforts to recover damages from various parties, including through litigation where merited. The Board has obtained legal advice to the effect that litigation may offer good prospects of recovering damages for the benefit of the Company and shareholders; however, such outcome can not be guaranteed. The Company is presently in discussion with a number of litigation funders regarding the financing of litigation.

Generation of future value for shareholders

Generation of future value may be achieved through execution of an appropriate acquisition or merger transaction (such as a reverse takeover). Condor will also continue to assess and develop opportunities to secure value from realisation of tax benefits from historical financial losses (such as via a joint venture agreement), recoupment of funds or assets related to historical transactions that may have been uncommercial, and sale or exploitation of subsidiary mining assets.

In allocating the limited resources of the Company, Condor will continue to be guided by the prioritization of these strategic objectives.

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REASONS FOR DELAY IN PRODUCTION OF THE ANNUAL REPORT

The production and lodgment of this annual report has been delayed including due to the following reasons.

Invalid administration imposed on Condor

The invalid administration materially impeded Condor's ability to progress activities required for the production of the annual report. The detrimental effects continue to affect the Company. For example, despite the best efforts of the Company, Condor's status with the ATO remains listed as "under administration", impeding Condor from accessing essential information from the ATO.

Failure of Former Directors and officers to assist with transition or provide Company files or records

Condor's Former Directors have failed to provide any material assistance or corporate records to the new directors appointed from 5 July 2016.

Incoherent, incomplete and disorganised state of Company's records

Up until 5 July 2016, Condor had maintained two separate sets of records - one set being maintained only electronically, and the other predominately as physical paper files. Condor's paper files were mostly loose-leaf papers stored haphazardly in piles and without index or order. Condor's electronic files were also poorly organised, incomplete and often with nondescript file and folder names. Many copies of Board minutes, agreements and other critical documents were held only in partially-signed form or as apparent drafts that were wholly unsigned. Very little supporting or explanatory documentation appears to exist, including for the Company's major transactions, agreements and purported corporate activities. This has hindered the new Board in understanding the Company's true position.

Poor maintenance of Company's financial accounting.

Numerous discrepancies and poorly recorded transactions existed in Condor's accounts, to the extent that it has been necessary to rebuild the Company's accounts and assess all accounting entries against individual cash transactions and originating documentation, to the extent that the Company's records and resources have allowed.

Difficulties in obtaining key information regarding foreign assets.

Very poor and incomplete records have been kept regarding Condor's subsidiaries and foreign assets.

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MEDIA REPORTS RELATED TO CONDOR

The following media articles relate to matters discussed in this Annual Report.

Hawthorne, M. **"New Chile mining venture more like a Proto type"**. *Sydney Morning Herald*, 12 February 2011.

Hawthorne, M. **"Blanco Chequo"**. *Sydney Morning Herald*, 19 February 2011.

Begley, P. **"Sydney mining CEO Glen Paul Darby guilty of rape but granted bail"**. *Sydney Morning Herald*, 16 May 2015.

Quinn, L. **"Condor Blanco Mines' Glen Paul Darby raped woman on his desk but walks free"**. *Daily Mail*, 16 May 2015.

Begley, P. **"Mining CEO Glen Paul Darby appeals rape convictions, arguing 'illogical' verdicts"**. *Sydney Morning Herald*, 2 November 2015.

Klan, A. **"Condor Blanco Mines suspended from ASX"**. *The Australian*, 7 May 2016.

Klan, A. **"Character not an issue for troubled director Glen Darby"**. *The Australian*, 11 May 2016.

Klan, A. **"Bad company-rap sheet no bar to mine boss"**. *The Australian*, 21 May 2016.

Klan, A. **"Condor Blanco Mines board warned of criminal consequences"**. *The Australian*, 24 May 2016.

Klan, A. **"Takeovers Panel slaps Condor Blanco with new orders"**. *The Australian*, 7 June 2016.

Klan, A. **"Condor Blanco Mines founder Glen Darby avoids jail over drink-driving"**. *The Australian*, 24 June 2016.

Klan, A. **"Condor Blanco's Michelle Feruglio defends director Glen Darby"**. *The Australian*, 25 June 2016.

Klan, A. **"Condor chair out on ASIC probe"**. *The Australian*, 30 June 2016.

Webb, M. **"Embattled Condor Blanco appoints administrators"**. *Mining Weekly*, 5 July 2016.

DIRECTORS' REPORT (continued)

Klan, A. **“Administrator takes over Condor Blanco Mines”**. *The Australian*, 6 July 2016.

Klan, A. **“Takeover Panel’s Condor Blanco probe dropped”**. *The Australian*, 8 July 2016.

Klan, A. **“Condor Blanco directors seek severance pay”**. *The Australian*, 15 July 2016.

Klan, A. **“Condor Blanco’s Glen Darby jailed for rape”**. *The Australian*, 16 August 2016.

Klan, A. **“Admitted ice user on Condor Blanco Mines board”**. *The Australian*, 22 August 2016.

Gosnell, P. **“Calabretta victim of the curse of Condor Blanco”**. *Sydney Insolvency News*, 31 August 2016.

Klan, A. **“Court overturns alcoholic director’s Condor Blanco decision”**. *The Australian*, 31 August 2016.

Gosnell, P. **“Former Jirsch Sutherland partner linked to Condor Blanco DOCA fiasco”**. *Sydney Insolvency News*, 2 September 2016.

Gosnell, P. **“Condor and Calabretta sparring over costs”**. *Sydney Insolvency News*, 7 September 2016.

Gosnell, P. **“Calabretta Cops Costs Order”**. *Sydney Insolvency News*, 21 September 2016.

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DIRECTOR DETAILS – FORMER DIRECTORS AND OFFICER

Directors holding office during the 2015-2016 Financial Year

The following directors either resigned during the period, or were removed from office at the general meeting of shareholders on 5 July 2016.

Mr Glen Darby

Place of residence: Kirkconnell Correctional Centre.
Period as director: from 5 January 2010 to 5 July 2016.
Special responsibilities: none disclosed.
Qualifications: unverified (claims Masters in Property Economics).
Experience and other directorships: Brilliant Diamonds Pty Ltd (Director),
Odyssey Corporate Pty Ltd (Director),
Proto Resources & Investments Ltd (Officer).

Mr Timothy Stops

Place of residence: no fixed address.
Period as director: from 28 June 2016 to 5 July 2016.*
Special responsibilities: Chairman of Board (28 June 2016 to 5 July 2016).*
Qualifications: unknown/unverified.
Experience and other directorships: experience unknown/unverified; no other listed directorships.

** Note: Condor's Minute Book contains no signed resolution appointing Mr Stops as a director of the Company, or as Chairman.*

Ms Michelle Feruglio

Place of residence: Melbourne.
Period as director: from 20 May 2015 to 30 June 2016.
Special responsibilities: Chairman of Board, (20 May 2015 to 28 June 2016).
Qualifications: unverified (claims BA).
Experience and other directorships: The Australian International Golf Show Pty Ltd (Director).

DIRECTORS' REPORT (continued)

Ms Lia Darby

<i>Place of residence:</i>	Sydney.
<i>Period as director:</i>	from 5 January 2010 to 16 April 2012 (director), from 1 August 2014 to 26 February 2015 (alternate director), from 26 February 2015 to 27 June 2016 (director).
<i>Special responsibilities:</i>	none disclosed.
<i>Qualifications:</i>	unverified (claims BA(Hons), LLB(Hons)).
<i>Experience and other directorships:</i>	<p><u>Listed</u></p> <p>Proto Resources & Investments Ltd (ASX: PRW) (Director, Secretary), Global Metals Exploration NL (ASX: GXN) (Director, Secretary), Zinc Of Ireland NL (ASX: ZMI) (Director, Secretary).</p> <p><u>Public</u></p> <p>Corsair Resources Ltd (Director, Secretary), Messina Resources Ltd (Director, Secretary), Metal Bank Ltd (Director), Myrmidon Capital Ltd (Director, Secretary), Protal Metals Group Ltd (Director, Secretary), Superstructure Enterprises Ltd (Director, Secretary), Superstructure Oil Ltd (Director), XTL Energy International Ltd (Secretary).</p> <p><u>Proprietary</u></p> <p>African Millennium Exploration Pty Ltd (Director, Secretary), Archenland Pty Ltd (Director, Secretary), Hellespont Investments Pty Ltd (Director, Secretary), Matilda Resources Pty Ltd (Director, Secretary), Odyssey Corporate Pty Ltd (Director, Secretary), Proto Petroleum Pty Ltd (Director, Secretary), Salazar Pty Ltd (Director, Secretary), SR71 Pty Ltd (Director, Secretary), Superstructure International Pty Ltd (Director, Secretary), Superstructure Capital Group Pty Ltd (Director, Secretary), European Copper Pty Ltd (Director), European Iron Pty Ltd (Director), Exchequer Holdings Pty Ltd (Director), Hazelnut Holdings Pty Ltd (Director), Superstructure Enterprises Pty Ltd (Director), Superstructure Capital Pty Ltd (Director).</p>

DIRECTORS' REPORT (continued)

Company Secretary as at 4 July 2016

Mr Peter Dunoon

Place of residence: Sydney.
Period as Secretary: from 9 August 2012 to 31 October 2016.
Additional responsibilities: Chief Financial Officer and Company Accountant.
Qualifications: Fellow of CPA Australia, Fellow of Governance Institute of Australia, BBus, GradDip Applied Corporate Governance.
Experience: Sydney Accounting Practice Pty Ltd (Director),
Clean Global Energy Pty Ltd (CFO, Company Secretary),
Corporate Apparel Group Pty Ltd (CFO, Company Secretary).

* * *

DIRECTOR DETAILS – NEW DIRECTORS SINCE 5 JULY 2015

The following directors were either elected by shareholders at general meeting on 5 July 2016, or have been appointed since.

Mr Joshua Farquhar

Place of residence: Sydney.
Period as director: from 5 July 2016 (ongoing).
Special responsibilities: Chairman of Board, from 5 July 2016 (ongoing), and
Managing Director, from 5 July 2016 (ongoing).
Qualifications: Member of Australian Institute of Company Directors,
Member of Governance Institute of Australia, MBA, BA,
Cert Governance.
Experience and other directorships: no other listed company directorships.

Ms Sarah Miles

Place of residence: Newcastle.
Period as director: from 5 July 2016 (ongoing).
Special responsibilities: Independent, non-executive director.
Qualifications: JD, MIntLaw, GradCert Legal Practice, BBus.
Experience and other directorships: no other listed company directorships.

DIRECTORS' REPORT (continued)

Dr Simon Wood

Place of residence: Sydney.
Period as director: from 17 August 2016 (ongoing).
Special responsibilities: Independent, non-executive director.
Qualifications: MChD, BA(Hons).
Experience and other directorships: no other listed company directorships.

Mr Jay Stephenson

Place of residence: Perth.
Period as director: from 5 July 2016 to 17 August 2016.
Special responsibilities: Independent, non-executive director.
Qualifications: Fellow of CPA Australia, Fellow of Governance Institute of Australia, Certified Management Accountant (Canada), Member of Australian Institute of Company Directors, MBA, GradDip Applied Corporate Governance.
Experience and other directorships: Aura Energy Ltd (ASX: AEE) (Director), Bubs Australia Limited (ASX: BUB) (Director), Bulletproof Ltd (ASX: BPF) (Director), Doray Mining Ltd (ASX: DRM) (Director), Drake Resources Limited (ASX: DRK) (Director), Torque Mining Limited (ASX: TQE) (Director), Nickelore Ltd (ASX: NIO) (Director), Parker Resources Ltd (Director), Parmelia Resources Ltd (Sentosa Mining Ltd) (Director), Strategic Minerals Corporation NL (ASX: SMC) (Director), Veriluma Limited (ASX: VRI) (Director), Yonder and Beyond Group Ltd (ASX: YNB) (Director).

* * *

DIRECTORS' REPORT (continued)

DIRECTORS' ATTENDANCE AT DIRECTORS' MEETINGS

Directors up until 4 July 2016

	<u>Meetings eligible to attend*</u>	<u>Board meetings attended*</u>
Mr Glen Darby	1	1 of 1
Mr Timothy Stops	0	0 of 0
Ms Michelle Feruglio	1	1 of 1
Ms Lia Darby	1	1 of 1

** Note: Condor's Minute Book contains signed minutes evidencing only one meeting of directors during the 2015-2016 Financial Year. Although additional meetings of directors might have occurred, no proper records of any such additional meetings have been kept in the Company's files. Regarding director committees, Condor's corporate records show no evidence that any director committees existed during the 2015-2016 Financial Year, nor that any committee meetings were held.*

Directors since 4 July 2016

	<u>Meetings eligible to attend</u>	<u>Board meetings attended</u>
Mr Joshua Farquhar	3	3 of 3
Ms Sarah Miles	3	3 of 3
Dr Simon Wood	0	0 of 0
Mr Jay Stephenson	3	3 of 3

* * *

DIRECTORS' INTERESTS IN 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 unless otherwise specified. The numbers of share and options is adjusted for the effect of the 30:1 share consolidation completed on 20 July 2015.

Directors during the 2015-2016 Financial Year

	<u>Number of options over ordinary shares</u>	<u>Number of fully paid ordinary shares</u>
Mr Glen Darby	500,000	204,835
Mr Timothy Stops	-	-
Ms Michelle Feruglio	-	-
Ms Lia Darby	-	39,668

DIRECTORS' REPORT (continued)

Directors since 4 July 2016

	<u>Number of options over ordinary shares</u>	<u>Number of fully paid ordinary shares</u>
Mr Joshua Farquhar	-	2,000,000
Ms Sarah Miles	-	-
Dr Simon Wood	-	-
Mr Jay Stephenson	-	-

* * *

REMUNERATION OF NEW DIRECTORS SINCE 5 JULY 2016

As at the date of release of this Annual Report, Condor has paid nil remuneration to any of the Company's new directors elected or appointed since 4 July 2016.

Conversely, the current directors have, where required, contributed personal funds to cover the operating expenses of the Company.

* * *

REMUNERATION REPORT FOR 2015-2016 FINANCIAL YEAR

This is the Remuneration Report for the Group for the 2015-2016 Financial Year.

Condor's current directors do not endorse the amounts paid to key management personnel during this period, and nor do Condor's current directors seek such endorsement from shareholders. Rather, this Remuneration Report is intended to describe the stated company policy that appeared extant during the period, the remuneration amounts accrued, and the relationship (or lack thereof) between remuneration and the Company's performance during the period.

An advisory resolution for adoption of this report will be put to shareholder vote at the Company's Annual General Meeting. A vote by shareholders to adopt this Remuneration Report should not be seen as shareholder endorsement of amounts paid to Former Directors or officers. Rather, a vote by shareholders to adopt this Remuneration Report should be seen as endorsement of the position taken by Condor's current Board, articulated within this report, regarding remuneration for the 2015-2016 Financial Year.

DIRECTORS' REPORT (continued)

Advisory resolution at 2015 AGM to adopt the 2014-2015 Remuneration Report

Records of the AGM held on 27 November 2015 show that a resolution was passed for adoption of the remuneration report for the 2014-2015 Financial Year, with less than 25% of votes being cast against adoption.

Circumstances surrounding remuneration during the 2015-2016 Financial Year

During this period, no Remuneration Committee was evidenced as being in existence, and no remuneration consultant was evidenced as having been engaged.

No performance conditions relating to key management personnel appear to have been in place during the 2015-2016 Financial Year.

No shareholder resolutions were passed during the period or at any earlier time to approve any aggregate sum available for director remuneration collectively, nor for non-executive director remuneration specifically.

(Advisory resolutions were passed annually by shareholders to adopt the remuneration report for each respective year. However, in accordance with Section 250R of the Corporations Act, such resolutions do not bind the directors or the company. Such resolutions to adopt a remuneration report can not be construed as setting or approving an aggregate sum available for remuneration, which would require a separate and specific company resolution.)

No shareholder resolution was passed authorising payment of retirement benefits to any director.

Condor's Minute Book contains no signed Board minutes or circular resolutions authorising any payment to key management personnel above the base annual fees set by the executed agreements between Condor and the respective personnel (discussed further below).

Formal remuneration policy in place during the period

During the period, Condor purported to maintain adherence to a formal company Remuneration Policy. This policy was published on the Company's website under the title "Remuneration Statement".

The policy stated that "*In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally.*" There is no evidence of the Company having sought independent advice on remuneration during the 2015-2016 Financial Year.

DIRECTORS' REPORT (continued)

Among the foundation principles stated in the remuneration policy, the policy listed:

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

There is no evidence that any one of these principles was given any regard by the Company during the period. Rather, in defiance of the Company's own stated policy:

- All remuneration during the period was wholly unconnected to positive performance;
- Key management personnel were rewarded concurrent to consistently deteriorating shareholder value;
- Key management personnel were rewarded despite both unacceptable financial performance and unacceptable non-financial performance; and
- No officers or directors of the Company received any component of their remuneration during the period in equity, and nor was there any mechanism in place to ensure or encourage retention of equity by officers or directors.

The policy stated that *“Shareholders approve the maximum aggregate remuneration for non-executive directors.”* As discussed above, no shareholder resolution was passed during the period or at any earlier time granting such approval.

Service agreements with key management personnel contracts

Condor's key management personnel were authorised to accrue remuneration on the basis of executed agreements between the individuals and the Company.

- An agreement titled “Non-Executive Director Agreement” was executed between Condor and Mr Darby with effect from 20 May 2015.
- An agreement titled “Non-Executive Director Agreement” was executed between Condor and Ms Darby with effect 26 February 2015.
- A similar document titled “Non-Executive Director Agreement” was drafted between Condor and Ms Feruglio for effect from 20 May 2015, but the document appears never to have been properly executed.

DIRECTORS' REPORT (continued)

Each of these agreements titled “Non-Executive Director Agreement” established a base fee of \$48,000 per annum payable to each director, not including superannuation or GST. The agreements did not authorise any other specific payments to any director (other than termination payments, which are invalid as they were not approved by shareholders).

Condor’s Minute Book contains no signed resolutions authorising any additional payment to any director or officer during the period.

Condor’s records contain no executed agreement authorising any payment to Mr Stops. Condor’s Minute Book contains no signed resolution authorising any payment to Mr Stops. Condor’s Minute Book also contains no signed resolution appointing Mr Stops as a director.

Mr Dunoon was employed under an agreement executed between Condor and Mr Dunoon on 9 August 2012 that entitled Mr Dunoon to \$90,000 per annum plus GST as remuneration for discharge of responsibilities as Company Secretary and Chief Financial Officer. Under the terms of this agreement, Mr Dunoon accepted responsibility for a number of specific duties, including:

- *“To be responsible for the statutory requirements and financial affairs of the company including the areas of accounting, taxation, corporate structure, liquidity, borrowings and all matters associated with the financial and legal dimensions of the business.”*
- *“Preparation and lodgment of BAS, PAYG withholding, FBT, payroll tax, superannuation, workers compensation and the company’s income taxation return.”*
- *“To manage, oversee and ensure the integrity of the Company’s administration, accounting and financial management on a daily, weekly and monthly basis.”*
- *“To continually review practices and procedures to ensure that “best practice” standards are maintained to ensure prudent financial controls and procedures are in place.”*
- *“Ensure the maintenance of continuous disclosures and other compliance issues with the ASX.”*

Termination notice requirements

The “Non-Executive Director Agreements” between Condor and Mr Darby, Ms Feruglio and Ms Darby placed no requirements on provision of notice prior to termination of employment.

No employment contact existed between Condor and Mr Stops.

DIRECTORS' REPORT (continued)

Under the service agreement executed between Condor and Mr Dunoon, Condor was required to provide Mr Dunoon one month notice prior to termination.

Termination payments

The "Non-Executive Director Agreements" between Condor and Mr Darby, Ms Feruglio and Ms Darby stated provisions for payments to be made in the event of termination of directorship. These provisions, as they are structured within the agreements, do not meet requirements laid out by the Corporations Act and are invalid.

No employment contact existed between Condor and Mr Stops.

The service agreement executed between Condor and Mr Dunoon made no provision for additional payments to be made on termination of Mr Dunoon's employment with the Company.

Relationship between remuneration and the Company's performance

Considering that Condor's earnings were a loss of (\$2,009,713) during the 2015-2016 Financial Year and a loss of (\$19,568,759) for the five year period 1 July 2011 to 4 July 2016, there is no evident relationship between the remuneration of Condor's key management personnel and the Company's performance.

The consequences of the Company's performance on shareholder wealth was Total Shareholder Return equating to a loss of (70%) for the period, and a loss of (99%) for the five year period 1 July 2011 to 4 July 2016. As Condor has never paid a dividend, these results are comprised entirely of the deterioration in the Company's share price, which fell from \$4.05 (adjusted for consolidation) on 1 July 2011 to \$0.03 (adjusted for consolidation) on 1 July 2015 to a last traded price of \$0.009 by 4 July 2016.

The authorised amounts recorded in this Remuneration Report exceed any net value generated for the Company by key management personnel over the period, as is objectively evidenced by the Company's recorded results.

Considering the unacceptable performance of the Company during the 2015-2016 Financial Year (including negative financial results, deterioration of share price, enduring suspension from trading on the ASX, failure to achieve stated corporate objectives, numerous failures of compliance regarding legislation and ASX Listing Rules, numerous failures of compliance regarding internal company policies, numerous failures of market disclosure, lack of internal oversight and accountability, disregard for fiduciary duties, and the serious criminal convictions of Mr Darby), it is the opinion of Condor's current directors that payment of the amounts recorded in this Remuneration Report, or indeed any payment to key management personnel during the period, is excessive.

DIRECTORS' REPORT (continued)

Proportion of remuneration related to performance

Consistent for all key management personnel, nil remuneration was performance-related, and 100% of remuneration was non-performance related.

Non-authorised payments to key management personnel

Actual payments to key management personnel during the 2015-2016 Financial Year appear to be substantially higher than remuneration reported in this Remuneration Report. These additional payments are subject to continuing investigation by the current Board and future action will be taken as appropriate.

Where non-authorised payments to key management personnel during the period have been identified, these amounts have been provided for as a receivable in the balance sheet. This categorisation may be reviewed subject to the result of further investigations.

Details of Remuneration

The remuneration for each key management personnel of the Company during the year, on an accrual accounting basis, was as follows:

2015-2016+	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 \$
<u>Non-executive directors:</u>							
Michelle Feruglio (Chairman) *	48,000	-	-	-	-	-	48,000
Glen Darby **	48,000	-	-	-	-	-	48,000
Lia Darby ***	48,000	-	-	-	-	-	48,000
Timothy Stops (Chairman) ****	-	-	-	-	-	-	-
<u>Executive directors:</u>							
None	-	-	-	-	-	-	-

DIRECTORS' REPORT (continued)

Other key management personnel:

Peter Dunoon	81,000	-	-	-	-	-	81,000
	144,000	-	-	-	-	-	144,000

* Ms Feruglio was Chairman from 1 July 2015 to 28 June 2016 and non-executive director from 1 July 2015 to 4 July 2016. +

** Mr Darby was non-executive director from 1 July 2015 to 5 July 2016. +

*** Ms Darby was non-executive director from 1 July 2015 to 28 June 2016. +

**** Mr Stops was purported to be Chairman and non-executive director 28 June 2016 to 5 July 2016.

+ Financial year for Condor Blanco Mines Limited has been extended to 4 July 2016.

The remuneration for each key management personnel of the Company during the year, on an accrual accounting basis, was reported in the 2015 Annual Report as follows:

	Short-term benefits			Post employment	Long- term benefits	Share- based payments	
2014-2015	Cash Salary and fees \$	Bonus \$	Non- Monetary \$	Super- annuation \$	Long service leave \$	Equity- settled \$	Total \$
<u>Non-executive directors:</u>							
Michelle Feruglio (Chairman) *	5,419	-	-	-	-	-	5,419
Glen Darby +	6,065	-	-	-	-	-	6,065
Lia Darby**	30,000	-	-	-	-	-	30,000
Stavros Vlahos (Chairman) ***	32,800	-	-	-	-	-	32,800
Michael Stafford	-	-	-	-	-	-	-
<u>Executive directors:</u>							
Glen Darby +	157,258	-	-	-	-	-	157,258
<u>Other key management personnel:</u>							
Peter Dunoon	90,000	-	-	-	-	-	90,000
	321,542	-	-	-	-	-	321,542

* Represents remuneration from 20 May to 30 June 2015

** Represents remuneration from 1 August 2014 to 30 June 2015

*** Represents remuneration from 1 July 2014 to 20 May 2015

+ Represents remuneration as an executive director from 1 July 2014 to 15 May 2015 and non-executive director from 16 May 2015 to 30 June 2015. Director fees were paid to Odyssey Corporate Pty Ltd, an entity associated with Mr Glen Darby.

DIRECTORS' REPORT (continued)

Share-based compensation

No ordinary shares in the Company that were granted as compensation to key management personnel during the period of 1 July 2015 to 4 July 2016.

Options over shares granted as compensation

No options over shares in the Company that were granted as compensation to key management personnel during the period of 1 July 2015 to 4 July 2016.

Cash bonuses granted as compensation

No cash bonuses were recorded as part of the loss for the 2015-2016 Financial Year. However, as discussed separately, the current directors are continuing to investigate additional payments that may have been taken by key management personnel beyond the accrued remuneration reported in this report.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance 1 Jul 2015	Granted as Remuner- ation	Options exercised	Net change other *	Balance 4 Jul 2016
Directors					
Michelle Feruglio	-	-	-	-	-
Glen Darby	6,145,001	-	-	(5,940,166)	204,835
Lia Darby	1,090,000	-	-	(1,053,666)	36,334
Timothy Stops	-	-	-	-	-
 Peter Dunoon (Secretary)	 20,000	 -	 -	 (19,333)	 667
	7,255,001	-	-	(7,013,165)	241,836

** Net change other relates to 30:1 security consolidation. On 20 July 2015 Condor Blanco Mines Limited completed a consolidation of its securities on a 30:1 basis. For further information please refer to ASX announcement 20 May 2015 "Notice of Meeting".*

DIRECTORS' REPORT (continued)

Option holdings

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

	Balance 1 Jul 2015	Granted as Remuner- ation	Options exercised	Net change other*	Balance 4 Jul 2016	Vested and Exercisable
Directors						
Michelle Feruglio	-	-	-	-	-	-
Glen Darby	3,880,020	-	-	(3,380,020)	500,000	500,000
Lia Darby	1,840,000	-	-	(1,840,000)	-	-
Timothy Stops	-	-	-	-	-	-
Peter Dunoon (Secretary)	1,000,000	-	-	(1,000,000)	-	-
	6,720,020	-	-	(6,220,020)	500,000	500,000

* Net change other relates to options that were issued or expired during the period, and also includes the effect of the 30:1 consolidation of securities.

NOTE: On 20 July 2015 Condor Blanco Mines Limited completed a consolidation of its securities on a 30:1 basis. For further information please refer to ASX announcement 20 May 2015 "Notice of Meeting".

Other transactions with key management personnel

Condor's current directors are continuing to investigate the nature of other transactions involving key management personnel, as discussed above.

End Remuneration Report

* * *

MISCELLANEOUS DISCLOSURES

Environmental issues

Condor's current operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

The Company's current directors are not aware of any breach of any environmental obligations occurring as a result of any of the Company's operations to date.

DIRECTORS' REPORT (continued)

Options on issue

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	Type
1 Aug 2017	\$0.999	500,000	Unlisted
30 Jun 2018	\$0.0192	20,000,000	Unlisted
30 Jun 2018	\$0.03	29,214,177	Unlisted
16 Sep 2019	\$0.36	4,076,342	Unlisted

On 20 July 2015 Condor Blanco Mines Limited completed a consolidation of its securities on a 30:1 basis. For further information please refer to ASX announcement 20 May 2015 "Notice of Meeting". The Exercise Price and Number of Options listed above incorporate this consolidation of securities.

During the period ended 4 July 2016, 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.

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

During the year Nexia Sydney Partnership, the Company's auditor, has performed certain other services in addition to their statutory duties.

The directors of the Company are satisfied that the provision of non-audit services during the year by the auditor is compatible with, and did not compromise the auditor independence requirements of the *Corporations Act 2001* on the following basis:

the non-audit services provided do not undermine the general principles relating to auditor independence requirements in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditors own work, acting in a management or decision making capacity, acting as an advocate for the Company, or jointly sharing risks and rewards.

DIRECTORS' REPORT (continued)

The following fees for non-audit services were paid / payable to the external auditors during the period ended 4 July 2016: \$14,484.

* * *

INCLUSION OF AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 has been received for the period ended 4 July 2016 and is included within the financial statements.

* * *

This concludes the Directors' Report for the 2015-2016 Financial Year.

Signed in accordance with a resolution of the directors of the Company.



Joshua Farquhar
Executive Chairman
27 January 2017

The Board of Directors
Condor Blanco Mines Limited
Suite 601, Level 6
2 Bligh St
Sydney NSW 2000

27 January 2017

Dear Board Members

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

As lead audit partner for the audit of the financial statements of Condor Blanco Mines Limited for the financial period 1 July 2015 to 4 July 2016, 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



Nexia Sydney Partnership



Andrew Hoffmann
Partner

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

		<i>Consolidated 2016 \$</i>	<i>Consolidated 2015 \$</i>
	<i>Note</i>		
Continuing operations			
Other Income	2	133,035	2,487
Administration expenses		(219,795)	(521,513)
Compliance and regulatory expenses		(95,664)	(70,081)
Consultancy costs		(169,805)	(118,825)
Depreciation		(348)	(776)
Directors Fees		(144,000)	(231,542)
Impairment of exploration asset		(764,430)	(4,074,539)
Travel expenses		(2,251)	(7,894)
Other Provisions		(170,629)	-
Loss before income tax		(1,433,887)	(5,022,683)
Income tax benefit	3	-	-
Loss from continuing operations		(1,433,887)	(5,022,683)
Discontinued operations			
Loss from discontinued operations	4	(579,258)	(4,131,847)
Loss for the period		(2,013,145)	(9,154,530)
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit and loss:			
Reclassification to profit and loss on sale of subsidiary		178,811	-
Exchange differences arising on translation of foreign operations		20,626	8,878
Total comprehensive income for the period		(1,813,708)	(9,145,652)
Loss attributable to:			
Members of the parent entity		(2,009,713)	(8,994,952)
Non-controlling interest		(3,432)	(159,578)
		(2,013,145)	(9,154,530)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,819,643)	(8,611,162)
Non-controlling interest		5,935	(534,490)
		(1,813,708)	(9,145,652)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

Basic and diluted loss per share *	5	(0.0192)	(0.2787)
Basic and diluted loss per share for continuing operations*	5	(0.0137)	(0.1556)

** The basic and diluted loss per share has been calculated taking into account the 30:1 share consolidation which was completed on 20 July 2015.*

The accompanying notes form part of these financial statements.

STATEMENT FINANCIAL POSITION AS AT 4 JULY 2016

	Note	Consolidated 2016 \$	Consolidated 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	754	27,902
Trade and other receivables	7	6,118	6,844
Other assets	8	3,277	16,310
Total Current Assets		10,149	51,057
Non-Current Assets			
Exploration and evaluation expenditure	9	-	730,461
Plant and equipment	10	-	348
Total Non-Current Assets		-	730,809
Total Assets		10,149	781,866
LIABILITIES			
Current Liabilities			
Trade and other payables	11	189,284	769,021
Total Current Liabilities		189,284	769,021
Total Liabilities		189,284	769,021
Net Assets		(179,135)	12,845
EQUITY			
Issued capital	12	18,352,591	16,730,862
Reserves	13	3,966,927	3,776,856
Accumulated losses		(22,320,692)	(20,310,978)
Parent interest		(1,174)	196,740
Non-controlling interest	14	(177,961)	(183,895)
Total Equity		(179,135)	12,845

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
Balance at beginning of period	16,730,862	3,945,664	(168,808)	(20,310,978)	(183,895)	12,845
Loss for the year	-	-	-	(1,830,902)	(3,432)	(1,834,334)
Reclassification to profit or loss on sale of subsidiary	-	-	178,811	(178,811)	-	-
Foreign currency translation differences	-	-	11,260		9,366	20,626
Total Comprehensive loss	-	-	190,071	(2,009,713)	5,935	(1,813,708)
Shares issued during the year	1,682,341		-	-	-	1,682,341
Options Issued	-	-	-	-	-	-
Expired Options transferred to retained earnings	-	-	-	-	-	-
Transaction costs	(60,612)	-	-	-	-	(60,612)
Balance at 4 July 2016	18,352,591	3,945,664	21,263	(22,320,692)	(177,960)	(179,135)
Balance at beginning of period	15,664,710	3,945,664	(552,598)	(11,316,026)	350,595	8,092,346
Loss for the year	-	-	-	(8,994,952)	(159,578)	(9,154,530)
Foreign currency translation differences	-	-	383,789	-	(374,912)	8,878
Total Comprehensive loss	-	-	383,789	(8,994,952)	(534,490)	(9,145,652)
Shares issued during the year	1,330,313		-	-	-	1,330,313
Options Issued	-	-	-	-	-	-
Expired Options transferred to retained earnings	-	-	-	-	-	-
Transaction costs	(264,161)	-	-	-	-	(264,161)
Balance at 30 June 2015	16,730,862	3,945,664	(168,808)	(20,310,978)	(183,895)	12,845

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016

		Consolidated 2016 \$ Inflows/ (Outflows)	Consolidated 2015 \$ Inflows/ (Outflows)
Cash flows from operating activities			
Interest and Other Income received		501	2,487
Payments to suppliers and employees		(627,423)	(423,027)
Interest paid		(809)	(4,327)
Net cash (used in) operating activities	19	(627,731)	(424,867)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(34,306)	(171,700)
Loans to related parties		(176,799)	(133,028)
Net cash (used in) investing activities		(211,105)	(304,728)
Cash flows from financing activities			
Proceeds from issue of shares		872,300	62,068
Payment of share issue costs		(60,612)	(2,290)
Net cash provided by financing activities		811,688	59,778
Net increase/(decrease) in cash held		(27,148)	(669,817)
Cash at beginning of the financial period		27,902	697,719
Cash and cash equivalents at period end	6	754	27,902

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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 27 January 2017 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. As discussed in the Directors Report there have been a number of factors that have delayed the preparation of the financial report including:

- The invalid administration imposed on Condor.
- Failure of the former directors to assist with transition or provide Company files or records.
- Ineffective performance of accounting and company secretary functions.
- Incoherent, incomplete and disorganised state of Company’s records.
- Poor maintenance of the Company’s financial accounting.
- Difficulties in obtaining key information regarding foreign assets.

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 will have available 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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 27 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- 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.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

impairment accounting policy (e)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are finalised, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

e. 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.

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.

f. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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.

g. 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.

h. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

i. 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).

j. 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.

k. 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

is remeasured, with any changes in fair value recognised in the statement of profit or loss and other comprehensive income.

l. Comparative Figures

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

m. 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.

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.

n. New Standards and Interpretations not yet adopted

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

A number of Australian Accounting Standards and Interpretations (and IFRSs and IFRIC Interpretations) are in issue but are not effective for the current year end. The reported results and position of the Company will not materially change on adoption of these pronouncements as they do not result in any material changes to the Company's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Company does not intend to adopt any of these pronouncements before their effective dates.

o. Invalid Administration, change in Board members, change in Company Secretary and the impact of these events on the financial statements.

During the financial period and subsequent to the period end the following events occurred:

- At the general meeting of the company held on 5 July 2016, the board of directors current at that time were removed or had resigned before the meeting.
- At the general meeting of the company held on 5 July 2016 a new board of directors were appointed. The new board of directors remains in place at the date of the annual report.
- On 5 July 2016, the ASX was notified that the company had been placed in voluntary administration effective 4 July 2016.
- On 30 August 2016 the NSW Supreme Court declared the appointment of the voluntary administrator invalid.
- On 2 November a new Company secretary was appointed following the resignation of the previous Company Secretary effective 31 October 2016.

The above events have impacted on the preparation of the financial statements, including the following:

- The financial statements were unable to be finalised within the ASX and ASIC's required statutory deadlines.
- The new management team did not gain access to the company's bank accounts and books and records until after 31 October 2016.
- The new Board and management team are currently evaluating the record keeping and accounts process in Chile.
- The new Board and management team will not have completed the record keeping and accounts process transition by the revised deadline set by ASIC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

- The new Board and management team are assessing whether there are any material adjustments resulting from the transition process.

	2016	2015
	\$	\$
2. Other income		
Interest received	-	2,487
Other income *	133,035	-
	<u>133,035</u>	<u>2,487</u>

** Other income includes \$132,580 of non-cash gain which has arisen from an issue of shares to pay invoices that were issued for a share price which was higher than market value on the day of issue.*

3. Income tax expense

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

	2016	2015
	\$	\$
Net loss before tax	(2,013,145)	(9,154,530)
Income tax benefit on above at 30%	(603,944)	(2,746,359)
	<u>(603,944)</u>	<u>(2,746,359)</u>
Increase in income tax due to tax effect of:		
Non-deductible expenses	2,998	2,846
Non-assessable income	(39,774)	-
Current year tax losses not recognised	899,391	381,552
Movement in unrecognised temporary differences	112,323	2,517,643
Decrease in income tax due to tax effect of:		
Deductible equity raising costs	(146,348)	(155,682)
Income tax expense attributable to entity	<u>-</u>	<u>-</u>

Available tax losses to date amount to \$10,370,557. 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 \$3,111,167.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

4. Disposal of Subsidiary

Disposal of interest in Tierra Amarilla SCM (discontinued operation)

On 27 November 2015, the Company disposed of Tierra Amarilla SCM, a subsidiary which carried out exploration activities in Chile. The proceeds on disposal totalled \$1,000.

The profit/(loss) for the year from the discontinued operations is analysed as follows:

	Period ended 27 November 2015	12 months ended 30 June 2015
Loss on exploration activities for the half-year	(580,258)	(4,131,847)
Gain on disposal of exploration activities	1,000	-
	<u>(579,258)</u>	<u>(4,131,847)</u>

The following were the results of the exploration activities:

	Period ended 27 November 2015	12 months ended 30 June 2015
Revenues	-	-
Realised foreign exchange translation differences	(178,811)	-
Administration expenses	-	-
Impairment expenses	(401,447)	(4,131,847)
Loss before income tax	<u>(580,258)</u>	<u>(4,131,847)</u>
Income tax expense/(benefit)	-	-
Loss after income tax	<u>(580,258)</u>	<u>(4,131,847)</u>

The net assets of Tierra Amarilla SCM at the date of disposal were as follows:

	27 November 2015
Net assets disposed	-
Gain on disposal	<u>1,000</u>
Total consideration	<u>1,000</u>

To be satisfied by cash payment.

A gain of \$1,000 was recognized on the disposal of Tierra Amarilla SCM. No tax charge or credit arose on the transaction.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

5. Earnings per share

	2016	2015
	\$	\$
Reconciliation of earnings to loss:		
Loss from continued operations	(1,433,887)	(5,022,683)
Loss from discontinued operations	(579,258)	(4,131,847)
Loss attributable to non-controlling equity interest	3,432	159,578
Loss used to calculate basic EPS	<u>(2,009,713)</u>	<u>(8,994,952)</u>
	2016	2015

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS adjusted for 30:1 consolidation which was effected on 20 July 2015. 104,546,075 32,276,261

As the Group is in a loss position the options outstanding at 4 July 2016 have no dilutive effects on the earnings per share calculation.

	2016	2015
	\$	\$
6. Cash and cash equivalents		
Cash at bank	<u>754</u>	<u>27,902</u>

7. Trade and other receivables

Current

GST receivable	(52)	6,544
Other receivables	176,799	300
Provisions for Other receivables	<u>(170,629)</u>	<u>-</u>
	<u>6,118</u>	<u>6,844</u>

8. Other assets

Current

Prepayments	2,077	16,311
Other Assets	<u>1,200</u>	<u>-</u>
	<u>3,277</u>	<u>16,311</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

9. Exploration and evaluation expenditure

	2016	2015
	\$	\$
Exploration and evaluation phase		
Carrying amount at the beginning of the period	730,461	7,413,141
Capitalised loss on share issue to settled Chile Liabilities	401,109	-
Expenditure capitalised during the period	34,306	1,354,928
Foreign currency translation differences	-	168,778
Expenditure written off during the period	(1,165,876)	(8,206,386)
Carrying amount at the end of the year	<u>-</u>	<u>730,461</u>

10. Plant and equipment

At cost	13,207	13,207
Accumulated depreciation	<u>(13,207)</u>	<u>(12,859)</u>
	<u>-</u>	<u>348</u>

Plant and equipment

Carrying amount at the beginning of the period	348	22,764
Additions		
Disposals	-	(21,640)
Depreciation	<u>(348)</u>	<u>(776)</u>
Carrying amount at the end of the year	<u>-</u>	<u>348</u>

11. Trade and other payables

Current

Trade payables and accruals	181,178	755,564
Wages Payable	6,648	-
Amounts payable to related entities	1,457	13,457
	<u>189,284</u>	<u>769,021</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

12. Issued capital

(a) Issued and paid up capital

Ordinary shares fully paid of no par value	18,352,591	16,730,862
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(b) Movement in ordinary shares on issue

	2016 number	2016 \$	2015 number	2015 \$
At beginning of the financial period	1,289,004,494	16,730,862	613,566,935	15,664,710
30:1 Consolidation of Securities	(1,246,037,133)			
Shares issued during the year	78,699,046	1,682,341	675,437,559	1,330,313
Transaction costs	-	(60,612)	-	(264,161)
At end of financial period	121,666,407	18,352,591	1,289,004,494	16,730,862

(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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

(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	Type
1 Aug 2017	\$0.999	500,000	Unlisted
30 Jun 2018	\$0.0192	20,000,000	Unlisted
30 Jun 2018	\$0.03	29,214,177	Unlisted
16 Sep 2019	\$0.36	4,076,342	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.

On 20 July 2015 Condor Blanco Mines Limited completed a consolidation of its securities on a 30:1 basis. For further information please refer to ASX announcement 20 May 2015 "Notice of Meeting". The effect of this consolidation has been incorporated in the number of options and exercise prices disclosed above.

(e) Capital management

Condor's current directors are pursuing investigations into numerous issues regarding the capital management activities pursued by the Company's Former Directors during the 2016 Financial Year. Condor will update the market as these matters are clarified and/or resolved.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

	2016	2015
	\$	\$
13. Reserves		
Share-based payments reserve	3,945,664	3,945,664
Foreign currency translation reserve	21,263	(168,808)
	<u>3,966,927</u>	<u>3,776,856</u>
<i>Share-based payments reserve</i>		
Opening balance	3,945,664	3,945,664
Share based payments expense	-	-
	<u>3,945,664</u>	<u>3,945,664</u>
<i>Foreign currency translation reserve</i>		
Opening balance	(168,808)	(552,598)
Foreign currency translation differences	11,260	383,790
Foreign currency translation on disposal of subsidiary	178,811	-
	<u>21,263</u>	<u>(168,808)</u>

The share based payment reserve is used to record the value of equity benefits from options 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.

	2016	2015
	\$	\$
14. Non-controlling interest		
Non-controlling interests arising on the acquisition of Condor Blanco SCM at beginning of year	(183,895)	350,595
Total comprehensive loss attributable to the non-controlling interest	5,934	(534,490)
	<u>(177,961)</u>	<u>(183,895)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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:

	2016 No.	2016 Weighted average exercise price	2015 No.	2015 Weighted average exercise price
At beginning of the financial period	183,860,647	\$0.050	76,570,391	\$0.12
30:1 Consolidation of Securities	(177,731,959)			
Granted during the year	49,214,177	\$0.025	122,290,236	
Cancelled during the year	-		-	
Exercised during the year	-		-	
Expired during the year	(1,552,346)	\$4.658	(14,999,980)	\$0.20
Outstanding at end of the year	53,790,519	\$0.060	183,860,647	\$0.05
Exercisable at the end of the year	53,790,519	\$0.060	183,860,647	\$0.05

The weighted average remaining contractual life of options outstanding as at 4 July 2016 was 2.07 years (2015: 0.83 years)

The table above and the list of options below has taken into account the securities consolidation 30:1 completed on 20 July 2015.

Options granted to directors, consultants and members are as follows:

	Number	Grant Date	Exercise Price \$	Vesting Date	Expiry Date	Fair value at grant date \$
(1) Issued 20/01/13	500,000	20/01/13	0.9990	20/01/13	01/08/17	0.941
(2) Issued 16/09/14	4,076,342	16/09/14	0.3600	16/09/14	16/09/19	0.062
(3) Issued 1/03/16	20,000,000	1/03/16	0.0192	16/09/14	30/06/18	0.004
(4) Issued 1/03/16	29,214,177	1/03/16	0.0300	16/09/14	30/06/18	0.003

- (1) Options were issued to Mr Glen Darby as part of his director's remuneration.
- (2) Options were issued as free attaching options on capital raisings.
- (3) Options were issued as free attaching options on capital raisings.
- (4) Options were issued as free attaching options on capital raisings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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 2	Series 3	Series 4
Grant date share price	\$1.14	\$0.09	\$0.008	\$0.008
Exercise price	\$0.999	\$0.36	\$0.0192	\$0.03
Expected volatility	120%	120%	120%	120%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	3.00%	2.50%	2.00%	2.00%
Annualised time to expiry (midpoint)	2.27	2.50	1.17	1.17

Shares

Shares granted to in lieu of cash payments were as follows:

Share series – Issue date	Number	Grant Date	Vesting Date	Fair value at grant date \$
(1) Issued 24 August 2015	1,121,547	24/08/15	24/08/15	0.02
(2) Issued 24 August 2015	2,875,000	24/08/15	24/08/15	0.02
(3) Issued 24 August 2015	2,032,805	24/08/15	24/08/15	0.02
(4) Issued 24 August 2015	150,000	24/08/15	24/08/15	0.02
(5) Issued 24 September 2015	288,000	24/09/15	24/09/15	0.025
(6) Issued 24 September 2015	87,200	24/09/15	24/09/15	0.025
(7) Issued 24 September 2015	100,800	24/09/15	24/09/15	0.025
(8) Issued 24 September 2015	148,000	24/09/15	24/09/15	0.025
(9) Issued 24 September 2015	2,200,000	24/09/15	24/09/15	0.025
(10) Issued 25 September 2015	27,937,360	25/09/15	25/09/15	0.025
(11) Issued 22 January 2016	3,333,333	22/01/16	22/01/16	0.015

- (1) These shares were stated as being issued to settle purported supplier invoices for costs purported to be incurred in relation to administration, capital raising and exploration purportedly associated with the Company's project in Turkey.
- (2) These shares were stated as being issued to settle purported supplier invoices for costs purported to be incurred in relation to public relations and promotion expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

- (3) These shares were stated as being issued to settle purported supplier invoices for costs purported as being incurred in relation to administration, capital raising and exploration purportedly associated with the Company's project in Turkey.
- (4) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to consulting expenses.
- (5) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to capital raising.
- (6) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to capital raising.
- (7) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to capital raising.
- (8) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to capital raising.
- (9) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to administration, capital raising and exploration purportedly associated with the Company's project in Turkey.
- (10) These purported shares were stated as being issued to purportedly "assign debts" incurred by Tierra Amarilla SCM in relation to administration and exploration.
- (11) These shares were stated as being issued to settle purported supplier invoices for costs purportedly incurred in relation to financing costs.

Fair value of share granted:

The fair value of the shares issued was determined with reference to market price. Shares issued in lieu of cash to settle invoices of \$941,621 for the financial year, were \$132,580 higher than the market value on the date of issue. This non-cash gain is reported in other income.

Aggregate value of share based payments:

The aggregate value of share based payments to KMP for the financial year was \$Nil of which:

- i) \$Nil 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 to KMP in the prior financial period was \$Nil.

16. Auditors' remuneration

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Partnership, the auditor of the company, and unrelated firms:

	2016	2015
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

	\$	\$
Amounts, received or due and receivable by auditors for:		
Audit services – Nexia Sydney Partnership		
- audit fees	34,128	37,020
- other services	14,484	-
Audit services – Unrelated firms		
- audit fees	-	-
- other services	-	-

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 4 July 2016. The totals of remuneration paid to KMP of the Group during the year are as follows:

	2016	2015
Short term benefits	144,000	321,542
Post-employment benefits	-	-
Share-based payments	-	-
	144,000	321,542

(b) Option holdings of key management personnel

	Balance 1/07/15	Granted remuner- -ation	Options exercised	Net change other *	Balance 4/07/16	Vested and Exercisable
Directors						
Glen Darby	3,880,020	-	-	(3,380,020)	500,000	500,000
Lia Darby	1,840,000	-	-	(1,840,000)	-	-
Michelle Fergulio	-	-	-	-	-	-
Timothy Stops	-	-	-	-	-	-
Peter Dunoon**	1,000,000	-	-	(1,000,000)	-	-
	6,720,020	-	-	(6,220,020)	500,000	500,000
	Balance 1/07/14	Granted remuner- -ation	Options exercised	Net change other *	Balance 30/06/15	Vested and Exercisable
Directors						

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

Glen Darby	18,880,000	-	-	(14,999,980)	3,880,020	3,880,020
Lia Darby	1,840,000	-	-	-	1,840,000	1,840,000
Michelle Fergulio	-	-	-	-	-	-
Stavros Vlahos	-	-	-	-	-	-
Michael Stafford	-	-	-	-	-	-
Peter Dunoon**	1,000,000	-	-	-	1,000,000	1,000,000
	21,720,000	-	-	(14,999,980)	6,720,020	6,720,020

* "Net change other" relates to options that were issued or expired during the period, and adjustment for consolidation of securities. On 20 July 2015, Condor completed a consolidation of its securities on a 30:1 basis. For further information please refer to ASX announcement 20 May 2015 "Notice of Meeting".

** Company Secretary

(c) Shareholdings of key management personnel

	Balance 1/07/15	Granted as Remuner- ation	Options exercised	Net change other *	Balance 4/07/16
Directors					
Michelle Feruglio	-	-	-	-	-
Glen Darby	6,145,001	-	-	(5,940,166)	204,835
Lia Darby	1,090,000	-	-	(1,053,666)	36,334
Stavros Vlahos	-	-	-	-	-
Michael Stafford	-	-	-	-	-
Peter Dunoon (Secretary)	20,000	-	-	(19,333)	667
	7,255,001	-	-	(7,013,165)	241,836

	Balance 1/07/14	Granted as Remuner- ation	Options exercised	Net change other *	Balance 30/06/15
Directors					
Michelle Feruglio	-	-	-	-	-
Glen Darby	6,145,001	-	-	-	6,145,001
Lia Darby	1,090,000	-	-	-	1,090,000
Stavros Vlahos	-	-	-	-	-
Michael Stafford	-	-	-	-	-
Peter Dunoon (Secretary)	20,000	-	-	-	20,000
	7,255,001	-	-	-	7,255,001

*Net change other relates to 30:1 security consolidation. On 20 July 2015 Condor Blanco Mines Limited completed a consolidation of its securities on a 30:1 basis. For further information please refer to ASX announcement 20 May 2015 "Notice of Meeting".

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

Other key management personnel Transactions

Condor's current directors are pursuing investigations into numerous issues regarding transactions involving Key Management Personnel during the 2015-2016 Financial Year. Condor will update the market as these matters are clarified and/or resolved.

18. Controlled entities

Subsidiaries of Condor Blanco Mines Limited

		2016	2015
Name	Country of Incorporation	Ownership Interest	
Tierra Amarilla SCM	Chile	-	100%
Condor Blanco SCM	Chile	70%	70%
Chile Iron Pty Limited	Chile	100%	-
		2016	2015
		\$	\$

19. Cashflow information

a) Reconciliation of loss for the year to net cash flows from operating activities

Loss for the year	(2,013,145)	(8,994,952)
Non-cash flows in loss:		
Other income	(132,580)	-
Impairment	1,165,876	7,968,768
Provisions	170,629	-
Deprecation	348	776
Realised FX on disposal of subsidiary	178,811	-
Operating profit before changes in working capital	630,062	(1,025,408)
Movement in the balance sheet:		
Trade & other receivables	6,897	-
Other assets	13,033	-
Trade & other payables	(38,225)	600,541
FX Reserves	20,626	-
Cashflow from operating activities	(627,731)	(424,867)

b) Non cash transactions

During the year shares were issued in respect of invoices totalling USD\$244,187 payable by the parent company, and \$698,434 to assign debts of a Chile subsidiary to a third party. (2015: \$242,500)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

20. Commitments

As at 4 July 2016 there were no expenditure commitments.

As at 4 July 2016 there were no lease commitments.

21. Contingent liabilities

There are no other contingent liabilities as at 4 July 2016.

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, Chile and Turkey. 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.

	2016	2015
	\$	\$
Revenue by geographical location		
Australia – Interest and other income	134,035	2,487
Chile – Interest and other income	-	-
Turkey – Interest and other income	-	-
Australia – External Revenues	-	-
Chile – External Revenues	-	-
Turkey – External Revenues	-	-
	<u>134,035</u>	<u>2,487</u>

Depreciation by geographical location

Australia	348	776
Chile	-	-
Turkey	-	-
	<u>348</u>	<u>776</u>

Impairment result by geographical location

Australia	-	(4,074,539)
Chile	(412,884)	(4,131,847)
Turkey	(752,992)	-
	<u>(1,165,876)</u>	<u>(8,206,386)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

Assets by geographical location

Australia	10,149	54,405
Chile	-	-
Turkey	-	730,461
	<u>10,149</u>	<u>781,866</u>

Liabilities by geographical location

Australia	177,434	416,609
Chile	11,850	352,412
Turkey	-	-
	<u>189,284</u>	<u>769,021</u>

23. Events subsequent to period end

Events subsequent to the period end are summarised below. Further detail regarding these events is included in the Directors' Report.

- **5 July 2016 - Removal and replacement of all directors by shareholders.** At general meeting on 5 July 2016, shareholders voted for the removal of Condor's entire former Board and elected an entirely new slate of directors.
- **5 July 2016 - Trespass on Condor by invalid administrator.** On 5 July 2016, Mr Dominic Calabretta announced to the ASX that he had been appointed as administrator of the Company. On 27 July 2016, Condor commenced legal action seeking an order declaring the purported administration invalid. On 30 August 2016, the Supreme Court of NSW declared that Mr Dominic Calabretta's purported appointment as Administrator of Condor was "*invalid, void and of no effect*", meaning that Condor was not, and never had been, under administration.
- **25 July 2016 - Debt funding agreement.** On 25 July 2016, Condor accepted a debt funding agreement from a group of investors comprising a number of Condor shareholders and other external investors. The agreement was executed on 29 September 2016 with Condor receiving a sum of \$300,000 with interest payable monthly at 8% p.a. on 12 month terms.
- **17 August 2016 - Director appointment and resignation.** On 17 August 2016, Condor appointed Dr Simon Wood as director. Following Dr Wood's appointment, Mr Jay Stephenson resigned from the Company.
- **18 August 2016 - ASIC investigation of former officers and directors.** On 18 August 2016, Condor received notification that ASIC had commenced an investigation into actions by former directors and officers who had held positions

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

with Condor during the period 1 February 2014 to 4 July 2016. ASIC stated that it was investigating suspected contraventions of sections 180, 181, 182, 184, 1041E, 1041H and 1307 of the Corporations Act 2001 (Cth) and sections 192E and 192G of the Crimes Act 1900 (NSW).

- **31 October 2016 - Removal of Company Secretary.** Mr Dunoon ceased to be an officer of Condor on 31 October 2016, ending his period as Company Secretary, Chief Financial Officer and the Company's Accountant.
- **2 November 2016 - Appointment of new Company Secretary.** On 2 November 2016, Ms Regina Abood was appointed as Condor's new Company Secretary.

24. Related Party Transactions

(a) Key management personnel

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

(b) Other transactions

Condor's current directors are pursuing investigations into numerous issues, some of which may involve related party transactions. Condor will update the market as these matters are clarified and/or resolved.

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 and the management of capital.

The Board of Directors has overall responsibility for oversight of the risk management. The Managing Director constantly monitors and manages the financial risks relating to the operations of the Company.

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. Credit risk for Condor is negligible.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

Trade and other receivables

Condor does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

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:

	2016	2015
	\$	\$
Financial assets		
Loans and receivables:		
- Trade and other receivables	6,118	6,844

Liquidity risk

"Liquidity risk" is the risk that the Company will not be able to meet financial obligations as they fall due.

Condor's approach to managing liquidity is to ensure, as far as possible, that it maintains sufficient liquidity to meet its liabilities when due.

Condor has sufficient cash on demand to meet expected expenses for a period of 60 days, including the servicing of financial obligations. Beyond this, Condor relies on forecast revenues, and availability of further debt financing if required.

4 July 2016	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	189,284	-	-	189,284
Total expected outflows	189,284	-	-	189,284
Financial Assets – cash flows realisable				
Trade, term and loan receivables	6,118	-	-	6,118
Total anticipated inflows	6,118	-	-	6,118
Net inflow on financial instruments	(182,166)	-	-	(182,166)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

30 June 2015	Within 1 Year \$	1 to 5 Years \$	Over 5 Years \$	Total \$
Financial liabilities due for payment				
Trade and other payables	769,021	-	-	769,021
Total expected outflows	769,021	-	-	769,021
Financial Assets – cash flows realisable				
Trade, term and loan receivables	6,844	-	-	6,844
Total anticipated inflows	6,844	-	-	6,844
Net inflow on financial instruments	(762,177)	-	-	(762,177)

Market risk

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

	4 July 2016		30 June 2015	
	USD	CLP	USD	CLP
	\$	\$	\$	\$
Cash and cash equivalents	175	-	535	-
Trade and other receivables	-	-	-	-
Trade and other payables	-	5,925,000	-	176,205,794

Based on the financial instruments denominated in CLP at 4 July 2016, had the AUD strengthened/weakened against the CLP by +/- 20% with all other variables held constant, there would be no material impact on the group's net asset position at 4 July 2016 (2015: \$70,842 higher/lower). There would be no impact on profit or loss as a result of this fluctuation; other comprehensive income within equity would have had no material impact at 4 July 2016 (2015: \$70,842 higher/lower).

Percentages used in the foreign exchange sensitivity analysis have been based on actual movements in exchange rates between 1 July 2015 and 4 July 2016.

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 4 July 2016, the effect on loss and equity as a result of a 2% increase in the interest rate, with all other variables remaining constant would not be material (2015: \$500) and an increase in equity would also not be material (2015: \$500).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

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

Condor's current directors are pursuing investigations into numerous issues regarding the capital management activities pursued by the Company's Former Directors during the 2015-2106 Financial Year. Condor will update the market as these matters are clarified and/or resolved.

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.

	2016	2015
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	9,149	51,056
Non Current assets	-	348
TOTAL ASSETS	<u>9,149</u>	<u>51,404</u>
LIABILITIES		
Current liabilities	177,434	416,609
TOTAL LIABILITIES	<u>177,434</u>	<u>416,609</u>
EQUITY		
Issued Capital	18,352,591	16,730,862
Share based payment reserve	3,945,664	3,945,664
Accumulated losses	(22,466,540)	(21,041,731)
TOTAL EQUITY	<u>(168,285)</u>	<u>(365,205)</u>
Statement of profit or loss and other comprehensive income		
	(1,422,450)	(11,032,663)
Total loss	<u></u>	<u></u>
Total comprehensive income	<u>(1,422,450)</u>	<u>(11,032,663)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 4 JULY 2016**

Contingent Liabilities

The parent entity, Condor Blanco Mines Limited, had no contingent liabilities as at 4 July 2016 (2015: \$nil).

Commitments

As at 4 July 2016 there were no commitments or lease liabilities.

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	
		2016 %	2015
Tierra Amarilla SCM	Chile	-	100%
Chile Iron Pty Limited	Australia	100%	100%

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

Name	Principal place of business/Country of Incorporation	Principal Activities	Parent Ownership Interest		Non-controlling interest Ownership 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.*

End notes to the Financial Statements

DIRECTORS' DECLARATION

DIRECTOR'S DECLARATION

In the directors' opinion:

1. The financial statements and accompanying notes are in accordance with the *Corporations Act 2001*, including:
 - (a) Comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) Give a true and fair view of the Company's financial position as at 4 July 2016 and of the Company's performance for the year ended on that date; and
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 Managing Director has given the directors the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

On behalf of the directors:



Joshua Farquhar
Executive Chairman
27 January 2017

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

Report on the Financial Report

We were engaged to audit the accompanying financial report of Condor Blanco Mines Limited and controlled entities, which comprises the statement of financial position as at 4 July 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period 1 July 2015 to 4 July 2016, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

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 consolidated 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. However, because of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an 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 at the time that this auditor's report was made.

Basis for Disclaimer of Opinion

As stated in Note 1 'Basis of Preparation' and Note 23 'Events Subsequent to Period End, Legal Proceedings and Other Investigations', the new Board and management team are currently evaluating the record keeping and accounts process and focusing on the amelioration of all legacy issues. At the date of this report this process has not been completed. This has meant that we have not been able to satisfactorily apply the necessary audit procedures and have been unable to obtain all the information and explanations we require in order to form an opinion on the financial report. This includes, but is not limited to, the following specific items:

- In note 4 of the financial statements are details of the disposal of the Tierra Amarillia SCM subsidiary on 27 November 2015. This includes obtaining all the information and explanations we require in order to form an opinion regarding the sale of Tierra Amarilla SCM and the assignment of liabilities owed by the company.
- Included in note 11 of the financial statements are liabilities of \$189,284 relating to the consolidated entity's activities and operations in Chile and in Australia.
- Note 12, which details movements in issued capital.
- Note 17 includes details of interests of Key Management Personnel.

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- Note 23 'Legal Proceedings and Other Investigations' refers specially to the announcement regarding investigations commenced by ASIC. As the results of this investigation are unknown there are material uncertainties, in respect of either fraud or error, concerning the impact the investigations may have on the financial statements.

The consolidated entity has incurred net losses after income tax of \$2,013,145 for the period ended 4 July 2016 and experienced net cash outflows from operating and investing activities of \$838,836 for the period from 1 July 2015 to 4 July 2016 and has a negative net asset position of \$179,135 as at 4 July 2016. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns and therefore the company and the consolidated entity may be unable to realize their assets and discharge their liabilities in the normal course of business. We have been unable to obtain sufficient appropriate audit evidence so as to remove the significant doubt over the ability of the company and consolidated entity to continue as a going concern for at least the next 12 months from the date of the auditor's report.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report of Condor Blanco Mines Limited.

Report on the Remuneration Report

The Remuneration Report is included in pages 38 to 46 of the directors' report for the period ended 4 July 2016. 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.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Remuneration Report.

A stylized, handwritten signature of the word 'Nexia' in dark ink.

Nexia Sydney Partnership

A handwritten signature in dark ink, appearing to be 'AH' followed by a long horizontal stroke.

Andrew Hoffmann
Partner

Sydney, 27 January 2017

ASX ADDITIONAL INFORMATION

CORPORATE GOVERNANCE STATEMENT

This statement discusses Condor's approach to corporate governance during the 2015-2016 Financial Year. Since the conclusion of that period, Condor has rescinded all previous company policies and has adopted an entirely new approach to management and governance practice.

During the 2015-2016 Financial Year, in regard to the recommendations of the ASX Corporate Governance Council:

- Condor appears to have complied with recommendations 2.5, 4.3 and 6.4.
- Condor appears not to have followed the following recommendations in full for at least part of the period: 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.3, 2.4, 2.6, 3.1, 4.1, 4.2, 5.1, 6.1, 6.2, 6.3, 7.1, 7.2, 7.3, 7.4, 8.1, 8.2 and 8.3.
- Recommendation 8.3 was not applicable to Condor.

Condor's current directors are unable to offer an acceptable reason for Condor's minimal compliance with the recommendations of the ASX Corporate Governance Council during the 2015-2016 Financial Year.

In the opinion of Condor's current directors, a general explanation for why Condor has not followed many of the above recommendations is the apparent alternate allocation by the Former Directors of Condor's resources and capabilities away from good governance practice and towards other activities and expenditures that were prioritised by the Former Directors during the period. Such alternate activities and expenditures are discussed elsewhere in this Annual Report.

Condor's current directors and Company Secretary are working to implement appropriate and effective measures to ensure that the Company's historical deficiencies are rectified and that responsible corporate governance is maintained into the future.

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ASX ADDITIONAL INFORMATION

SHARE AND OPTION HOLDINGS

Distribution of shareholders

Category (size of holding)	Number (as at 24 January 2017)	
	Shareholders	Ordinary Shares
1 – 1,000	295	130,144
1,001 – 5,000	448	1,176,791
5,001 – 10,000	160	1,224,080
10,001 – 100,000	274	9,831,725
100,001 – and over	106	109,303,667
	<u>1,283</u>	<u>121,666,407</u>

The number of shareholdings held in less than marketable parcels as at 24 January 2017 is 1,128 shareholders amounting to 8,554,132 shares based on the market price of \$0.009 per share.

All shares issued are ordinary, fully paid shares as at 24 January 2017.

The names of substantial shareholders listed in the company's register as 24 January 2017 are:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
VERMAR PTY LTD / TRAYBURN PTY LTD	8,500,000	6.986

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.

ASX ADDITIONAL INFORMATION

20 Largest shareholders as at 24 January 2017

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
	VERMAR PTY LTD / TRAYBURN		
1	PTY LTD	8,500,000	6.986
2	BEAUFORT SECURITIES LIMITED	5,800,083	4.767
3	MINESWEEPER LIMITED	5,779,551	4.750
4	MALCORA PTY LTD	5,747,831	4.724
5	IPS NOMINEES LIMITED	5,504,335	4.524
6	MISS NICOLA PHILIP	5,504,335	4.524
7	MRS NADIA TSOUTSOULIS	4,977,584	4.091
8	MONCLAR PTY LTD	4,517,628	3.713
9	MIAL ENTERPRISES PTY LTD	4,213,000	3.463
10	MR LESLIE SZANCER	3,388,781	2.785
11	MR PIERRE JULES RICHARD	2,790,493	2.294
12	MR IAN ALASTAIR LEETE TAIPAN INVESTMENT	2,500,000	2.055
13	MANAGEMENT	2,500,000	2.055
14	MR JOSHUA BARRY FARQUHAR	2,000,000	1.644
15	MR PAUL JOSEPH CARROLL	1,916,667	1.575
16	MR DAVID JOHN SORRELL	1,901,334	1.563
17	CITICORP NOMINEES PTY LIMITED	1,846,047	1.517
18	MR DON TSOUTSOULIS &	1,600,000	1.315
19	OLD CAPITAL LIMITED	1,533,334	1.260
20	MR YONG JIN LI	1,400,000	1.151
		73,921,003	60.76

Largest option holders as at 24 January 2017

Listed below are the 20 largest holders of the \$0.999 options expiring 1 August 2017 as at 24 January 2017:

Rank	Name	Number of Options Held	% Held of total options on issue
1.	GLEN DARBY	500,000	100

Listed below are the 20 largest holders of the \$0.36 options expiring 16 September 2019 as at 24 January 2017:

Rank	Name	Number of Options Held	% Held of total options on issue
1.	MINESWEEPER LIMITED	2,409,675	59.11
2.	NICOLA PHILIP	1,666,667	40.89
		4,076,342	100.00

ASX ADDITIONAL INFORMATION

Listed below are the 20 largest holders of the \$0.0192 options expiring 30 June 2018 as at 24 January 2017:

Rank	Name	Number of Options Held	% Held of total options on issue
1.	VERMAR PTY LTD	10,000,000	50.00
2.	MINESWEEPER LIMITED	4,912,000	24.56
3.	MR PIERRE JULES RICHARD	2,800,000	14.00
4.	ANATOLIAN RESOURCES PTY LTD	1,200,000	6.00
5.	NICOLA PHILIP	1,088,000	5.44
		20,000,000	100.00

Listed below are the 20 largest holders of the \$0.03 options expiring 30 June 2018 as at 24 January 2017:

Rank	Name	Number of Options Held	% Held of total options on issue
1.	MIAL ENTERPRISES PTY LTD	8,975,000	30.72
2.	MR IAN ALASTAIR LEETE &	3,250,000	11.12
3.	DIRTOILGAS PTY LIMITED	2,250,000	7.70
4.	ANATOLIAN RESOURCES PTY LTD	1,616,403	5.53
5.	STRATEGIC FUNDING MANAGEMENT	1,500,000	5.13
6.	MR LESLIE SZANCER	1,437,500	4.92
7.	MR PIERRE JULES RICHARD	1,400,000	4.79
8.	TRAYBURN PTY LTD	1,250,000	4.28
9.	ACNS CAPITAL MARKETS PTY LTD	1,000,000	3.42
10.	VFT INVESTMENTS PTY LTD	675,000	2.31
11.	PIERRE JULES RICHARD	560,773	1.92
12.	MISS NICOLA PHILIP	544,000	1.86
13.	WESTGLADE PTY LTD	525,000	1.80
14.	FOXTAIL PTY LTD	500,000	1.71
15.	MR ROBERT JAMES KENT	500,000	1.71
16.	JATHRO PTY LTD	500,000	1.71
17.	MR DON TSOUTSOULIS &	300,000	1.03
18.	MR VINCE TRUDA	300,000	1.03
19.	MR BRYAN WOLFGANG DUKE &	250,000	0.86
20.	MR PAUL JOSEPH CARROLL	208,334	0.71
		29,214,177	100.00

ASX ADDITIONAL INFORMATION

Unquoted Securities

The Company has the following unquoted securities on issue at the date this report:

Date of Expiry	Exercise Price	Number under Option	
1-Aug-17	\$0.999	500,000	Unlisted
30-Jun-18	\$0.0192	20,000,000	Unlisted
30-Jun-18	\$0.03	29,214,177	Unlisted
16-Sep-19	\$0.36	4,076,342	Unlisted

Other required disclosures

The name of the company secretary was Peter Dunoon until 31 October 2016, and Regina Abood from 2 November 2016.

The address of the principal registered office in Australia is:

Suite 601
Level 6
2 Bligh Street
SYDNEY NSW 2000

Registers of securities are held at the following address:

Advanced Share Registry, 150 Stirling Hwy, Nedlands, WA 6009

Stock Exchange Listing:

Condor is listed on the ASX, with Perth being Condor's home ASX office.

All shares in Condor Blanco Mines (ASX: CDB) were suspended from trading by the Australian Stock Exchange on 26 February 2016, and remain so as at 27 January 2017.

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ASX ADDITIONAL INFORMATION

SCHEDULE OF MINING TENEMENTS DISPOSED SINCE 1 JULY 2016

Condor purported to dispose of the following mining tenements on 27 November 2015.

Chile (exploration): Tierra Amarilla Sociedad Contractual Minera (previously 100% owned subsidiary)

#	Concession	Rol**	Court	SERNAGEOMIN*	Judgement	Status
1a1	Goldiron Primera XI	2408-2014	1° Copiapo	Approved	Unknown	In process
1a2	Goldiron Primera XII	2409-2014	1° Copiapo	Approved	Unknown	In process
1a3	Goldiron Primera XIII	2410-2014	1° Copiapo	Approved	Unknown	In process
1a4	Goldiron Primera XIV	2411-2014	1° Copiapo	Approved	Unknown	In process

** Rol Nacional de Concesiones Mineras (National Registration of Mining Concessions)

* SERNAGEOMIN: Servicio Nacional de Geología y Minería (National Service of Geology And Mining)

Chile (exploitation): Tierra Amarilla Sociedad Contractual Minera (previously 100% owned subsidiary)

#	Concession	Rol**	Court	SERNAGEOMIN*	Judgement	Status
2b1	Fenix I 1/30	Unknown	Unknown	Approved	Unknown	Constituted
2b2	Fenix II 1/30	Unknown	Unknown	Approved	Unknown	Constituted
2b3	Fenix IX 1/30	Unknown	Unknown	Approved	Unknown	Constituted
2b4	Fenix X 1/30	Unknown	Unknown	Approved	Unknown	Constituted
2b5	Cautiva	Unknown	Unknown	Approved	Unknown	Constituted
2b6	Victoria 1/5	Unknown	Unknown	Approved	Unknown	Constituted
2b7	Yareta X 1/20	202-2011	2° Copiapo	Approved	13 Mar 2014	Constituted
2b8	Yareta VIII 1/20	204-2011	2° Copiapo	Approved	13 Mar 2014	Constituted
2b9	Yareta VII 1/20	205-2011	2° Copiapo	Approved	13 Mar 2014	Constituted
2b10	Yareta V 1/20	207-2011	2° Copiapo	Approved	13 Mar 2014	Constituted
2b11	Yareta IX 1/20	203-2011	2° Copiapo	Approved	13 Mar 2014	Constituted
2b12	Yareta IV 1/20	208-2011	2° Copiapo	Approved	13 Mar 2014	Constituted
2b13	Goldiron II 1/60	3000-2012	1° Copiapo	Approved	12 Aug 2014	Constituted

ASX ADDITIONAL INFORMATION

2b1 4	Goldiron III 1/60	3001-2012	1° Copiapo	Approved	12 Aug 2014	Constituted
2b1 5	Goldiron I 1/60	2999-2012	1° Copiapo	Approved	18 Jun 2015	In process
2b1 6	Goldiron IV 1/60	3002-2012	1° Copiapo	Approved	18 Jun 2015	In process
2b1 7	Goldiron V 1/60	3003-2012	1° Copiapo	Approved	In process	In process
2b1 8	Carachapampa I 1/30	38956-2008	Diego de Almagro	Approved	Unknown	In process
2b1 9	Carachapampa II 1/30	38957-2008	Diego de Almagro	Approved	Unknown	In process
2b2 0	Carachapampa III 1/30	38958-2008	Diego de Almagro	Approved	Unknown	In process
2b2 1	Carachapampa IV 1/30	38959-2008	Diego de Almagro	Approved	Unknown	In process
2b2 2	Carachapampa V 1/30	38960-2008	Diego de Almagro	Approved	Unknown	In process
2b2 3	Carachapampa VI 1/30	38961-2008	Diego de Almagro	Approved	Unknown	In process
2b2 4	Carachapampa VII 1/30	38962-2008	Diego de Almagro	Approved	Unknown	In process
2b2 5	Carachapampa VIII 1/30	38963-2008	Diego de Almagro	Approved	Unknown	In process
2b2 6	Carachapampa IX 1/30	38964-2008	Diego de Almagro	Approved	Unknown	In process
2b2 7	Carachapampa X 1/30	38965-2008	Diego de Almagro	Approved	Unknown	In process
2b2 8	Carachapampa XI 1/30	38966-2008	Diego de Almagro	Observed	Unknown	In process
2b2 9	Carachapampa XII 1/30	38967-2008	Diego de Almagro	Overlap	Unknown	In process

**** Rol Nacional de Concesiones Mineras (National Registration of Mining Concessions)**

*** SERNAGEOMIN: Servicio Nacional de Geología y Minería (National Service of Geology And Mining)**

Condor's rights regarding the following mining tenement are understood to have terminated on 11 December 2015.

Turkey: Uludere Project (joint venture agreement)

#	Licence number	Location	Licence area	Minerals	Access licence number	Holder	Issued
3	2008 06380	Uludere	1958.06 hectares	Iron, lead, zinc, silver	318 4029	Bonus enerji*	15 Aug 2014

*** Bonus Enerji Elektrik Üretim Mad. San. ve Tic. A.Ş**

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ASX ADDITIONAL INFORMATION

SCHEDULE OF MINING TENEMENTS WITH UNCERTAIN STATUS

In Condor's December 2015 Quarterly Report, the Company announced that the following tenement had been disposed on 27 November 2015. It is unclear why this tenement might have been disposed, or how disposal might have occurred. Condor's current directors are continuing investigations to ascertain if the tenement continues to be held by the Company, or otherwise to understand the circumstances of the disposal.

Chile (exploration): Condor Blanco Sociedad Contractual Minera (70% owned subsidiary)

#	Concession	Rol**	Court	SERNAGEOMIN*	Judgement	Status
4a	Miguelito I 14	3017-2014	3° Copiapo	In review	Unknown	In process

** *Rol Nacional de Concesiones Mineras (National Registration of Mining Concessions)*

* *SERNAGEOMIN: Servicio Nacional de Geología y Minería (National Service of Geology And Mining)*

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SCHEDULE OF MINING TENEMENTS HELD AS AT JANUARY 2017

Condor appears to continue to hold interests in the following mining tenements.

Chile (exploration): Condor Blanco Sociedad Contractual Minera (70% owned subsidiary)

#	Concession	Rol**	Court	SERNAGEOMIN*	Judgement	Status
4b1	Miguelito I 12	2076-2014	1° Copiapo	Approved	19 Jun 2015	In process
4b2	Miguelito I 13	3018-2014	3° Copiapo	Approved	28 Jul 2015	In process
4b3	Yareta 6	424-2014	2° Copiapo	Approved	21 Aug 2014	Constituted
4b4	Yareta 11	429-2014	2° Copiapo	Approved	21 Aug 2014	Constituted
4b5	Yareta 12	430-2014	2° Copiapo	Approved	21 Aug 2014	Constituted
4b6	Isla II 2	1839-2013	3° Copiapo	Approved	18 Mar 2014	Constituted

** *Rol Nacional de Concesiones Mineras (National Registration of Mining Concessions)*

* *SERNAGEOMIN: Servicio Nacional de Geología y Minería (National Service of Geology And Mining)*

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END ANNUAL REPORT