



ACN 141347640
Condor Blanco Mines Limited
and Controlled Entities

HALF-YEAR REPORT

5 July 2016
to
31 December 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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AUDITORS

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CONTENTS

	Page
DIRECTORS' REPORT	3
<i>Preliminaries</i>	3
<i>Review of operations</i>	3
<i>Results from operations</i>	4
<i>Corporate events during the half-year period</i>	5
<i>Corporate events since 31 December 2016</i>	8
<i>Strategy statement</i>	9
<i>Directors holding office during the period</i>	10
<i>Director remuneration since 5 July 2016</i>	10
<i>Inclusion of auditor's independence declaration</i>	10
AUDITOR'S INDEPENDENCE DECLARATION	12
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF CASH FLOWS	18
NOTES TO THE FINANCIAL STATEMENTS	19
DIRECTOR'S DECLARATION	24
INDEPENDENT AUDITOR'S REPORT	25

DIRECTORS' REPORT

DIRECTORS' REPORT

This is the Half-year Report for the Group, being Condor Blanco Mines Limited ("Condor", "the Company") and its controlled entities, for the period from 5 July 2016 to 31 December 2016.

PRELIMINARIES

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 adjustment is to align the end of the 2015-2016 financial year with the removal of Condor's former Board of Directors by vote of shareholders at general meeting on 5 July 2016 and the election of an entirely new slate of directors on that date.

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").

* * *

REVIEW OF OPERATIONS

Condor's operations since 5 July 2016 have focused on determination and resolution of legacy issues, particularly in regard to amelioration of compliance issues. These efforts have included work towards resolving the status of various share issues, director payments and other questionable transactions and arrangements, as well as reconstruction of the Company's accounts and records.

The resources available to Condor since 5 July 2016 have predominately been allocated, firstly, to removal of the invalid administration forced upon the Company, secondly to reconstruction of the Company's financial accounts and files, and thirdly to efforts to understand historical arrangements and transactions that have caused the dissipation of millions of dollars of shareholder capital.

Condor's new directors have been significantly hampered in these efforts by the failure of the Former Directors to hand over company information or otherwise assist with transition of control of the Company. Condor's new directors have also been significantly hampered by the excessive delays of Mr Peter Dunoon (Condor's former Company Secretary, CFO

DIRECTORS' REPORT (continued)

and accountant) in providing Condor's new directors with company information, despite numerous efforts by Condor to obtain the required information. However, on 10 March 2017, Mr Dunoon certified that he had finally, at that date, handed over all Condor books, records and documents to the Company's current directors.

Since 5 July 2016, Condor has been presented with numerous proposals for potential acquisitions, merger transactions (such as reverse takeover proposals), and joint ventures. Despite the Company's necessary focus on addressing legacy issues, Condor has also reviewed all proposals received by the Company, and has conducted appropriate due diligence and relevant negotiations. However, Condor is not currently proceeding further with any of the proposals it has so far reviewed.

Condor will continue to consider any proposals that it might receive. However, due to current resource constraints and other strategic priorities, Condor does not currently plan to allocate substantial resources to this task.

Condor has not conducted any mining exploration, development or exploitation activities since earlier than 5 July 2016.

* * *

RESULTS FROM OPERATIONS

Condor's operations during the period have resulted in a loss of (\$234,333) (1 July 2015 to 31 December 2015: (\$1,791,459) loss), including legal expenses of \$261,037 and all other expenses of \$53,466. Of the legal expenses accrued during the period, \$259,837 was incurred by legal proceedings to remove the invalid administration imposed on Condor by Mr Domenic Calabretta.

Condor's loss for the half-year period will be partially offset by the Court order issued by the Supreme Court of NSW on 16 September 2016 awarding costs in favour of Condor and against Mr Calabretta. However, this amount has not yet been included in the Company's financial statements as at present it remains subject to negotiation.

Total Shareholder Return

Between 5 July 2016 and 31 December 2016, Total Shareholder Return remained neutral (0%) (1 January 2016 to 4 July 2016: (88%) loss).

Condor paid no dividends during the period.

As Condor's shares have remained suspended from trading on the ASX since 6 May 2016, there has been no change to Condor's last traded share price of \$0.009 since that date.

* * *

CORPORATE EVENTS DURING THE HALF-YEAR PERIOD

The events described in this section, encompassing the period 5 July 2016 to 31 December 2016, have been previously reported in Condor's 2016 Annual 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.

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.

DIRECTORS' REPORT (continued)

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.

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.

DIRECTORS' REPORT (continued)

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.

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 of 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.

DIRECTORS' REPORT (continued)

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.

31 October 2016 - Removal of Company Secretary

Mr Peter 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.

* * *

CORPORATE EVENTS SINCE 31 DECEMBER 2016

7 February 2017 - Annual General Meeting

On 7 February 2017, Condor held an Annual General Meeting of the Company. All resolutions put to the meeting were passed by vote of shareholders. These resolutions included election of Dr Simon Wood and re-election of Ms Sarah Miles as directors of the Company.

7 February 2017 – Establishment of annual director remuneration limit

On 7 February 2017, Shareholders passed a resolution at the Annual General Meeting of the Company establishing \$500,000 as the maximum total amount available for allocation as director remuneration in any one financial year.

Establishment of this remuneration limit brings Condor into compliance with the requirements of clause 11.6(a) of the Company's Constitution, and provides Shareholders with a mechanism to maintain direct control of the total annual sum available for director remuneration and a safeguard against director excess.

DIRECTORS' REPORT (continued)

* * *

STRATEGY STATEMENT

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

Objective 1: Determination and resolution of legacy issues

Achievement of this objective requires resolving the status of various share issues, director payments and other questionable transactions, as well as further amelioration of the Company's accounts and records. Condor must maintain this objective as first priority in order to fulfill compliance obligations. Further, satisfactorily addressing these issues is a necessary pre-condition to the Company being re-admitted to quotation on ASX, among other things.

Objective 2: Restoration of improperly dissipated shareholder value

Actions towards this objective 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 cannot be guaranteed. The Company has a number of litigation funding arrangements available for these purposes. Condor is also progressing actions to restore value from recoupment of funds or assets expended or divested via historical transactions that may have been uncommercial or illegitimate.

Objective 3: Generation of future value for shareholders

Generation of future corporate 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), and sale or farming-out of subsidiary mining assets.

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

* * *

DIRECTORS' REPORT (continued)

DIRECTORS HOLDING OFFICE DURING THE PERIOD

The following persons were directors of the Company during the period commencing 5 July 2016.

Current directors

Mr Joshua Farquhar	(Executive Director)	5 July 2016 to present
Ms Sarah Miles	(Non-executive Director)	5 July 2016 to present
Dr Simon Wood	(Non-executive Director)	17 August 2016 to present

Previous director, elected on 5 July 2016

Mr Jay Stephenson	(Non-executive Director)	5 July 2016 to 17 August 2016
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Previous directors, removed on 5 July 2016

Mr Glen Darby	(Executive Director)	5 January 2010 to 5 July 2016
Mr Timothy Stops	(Non-executive Director)	28 June 2016 to 5 July 2016

* * *

DIRECTOR REMUNERATION SINCE 5 JULY 2016

At the date of publication of this report, none of Condor's directors since 5 July 2016 have received payment of any fees from the Company.

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

* * *

INCLUSION OF AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 has been received for the half-year period ended 31 December 2016 and is included within the financial statements.

DIRECTORS' REPORT (continued)

* * *

This concludes the Directors' Report for the half-year ended 31 December 2016.

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



Joshua Farquhar
Executive Chairman

17 March 2017

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF CONDOR BLANCO MINES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Condor Blanco Mines Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors declaration of the Company and the consolidated entity (the Group), comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Condor Blanco Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Basis for Qualified Conclusion

Included in trade and other payables are liabilities of \$289,703 relating to the Group's operations in Australia. We have been unable to obtain sufficient appropriate evidence to satisfy ourselves as to the completeness and value of this amount. This specifically relates to ongoing negotiations with Australian regulatory bodies, in relation to Director PAYG withholding tax payments and superannuation payments, and the financial impact of this. Consequently, we have not been able to determine whether there are additional liabilities that the company is liable to pay and hence whether the disclosed value is accurate.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effect of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Condor Blanco Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Going Concern

Without modifying our conclusion, we draw your attention to Note 1 'Going concern' of the financial report, which indicates the company has incurred net losses after income tax of \$234,333 for the period ended 31 December 2016 (31 December 2015: \$1,791,459) and experienced net cash outflows from operating and investing activities of \$238,279 (31 December 2015: \$668,757) for the period ended 31 December 2016.

The financial report had been prepared on a going concern basis which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary courses of business.

In note 1, the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. If the events discussed in the note do not eventuate there are material uncertainties as to whether the company and the consolidated entity will be able to continue as a going concern and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.



Nexia Sydney Partnership



Andrew Hoffmann
Partner

Sydney
17 March 2017



CONDOR BLANCO MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		31 December 2016	31 December 2015
		\$	\$
Continuing operations			
Other income	2	80,170	227
Administration expenses		(279,771)	(131,855)
Compliance and regulatory expenses		(14,680)	(54,693)
Consultancy cost		(10,379)	(134,405)
Depreciation		-	(344)
Directors fees		-	(92,129)
Wages		(9,516)	-
Impairment of asset		-	(764,430)
Travel expenses		(157)	(34,573)
Loss before income tax		(234,333)	(1,212,201)
Income tax expense		-	-
Profit/(loss) for the period from continuing operations		(234,333)	(1,212,201)
Discontinued operations			
Profit/(loss) for the period from discontinued operations		-	(579,258)
Profit/(loss) for the period		(234,333)	(1,791,459)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		-	21,218
Reclassification adjustments			
Reclassification to profit or loss on sale of subsidiary		-	178,811
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period		-	200,029
Total comprehensive income for the period		(234,333)	(1,591,430)
Loss for the period attributable to:			
Owners of the parent entity		(234,333)	(1,788,027)
Non – controlling interest		-	(3,432)
Total comprehensive income for the period		(234,333)	(1,791,459)
Total comprehensive income attributable to:			
Owners of the parent entity		(234,333)	(1,597,364)
Non – controlling interest		-	5,935
		(234,333)	(1,591,430)
Earnings per share			
From continuing and discontinuing operations			
Basic and diluted loss per share (cents per share)		(0.19)	(2.04)
From continuing operations			
Basic and diluted loss per share (cents per share)		(0.19)	(1.38)

* The table above has taken into account the securities consolidation 30:1 completed on 20 July 2015.

CONDOR BLANCO MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31 December 2016 \$	4 July 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		62,475	754
Trade and other receivables	3	112,560	6,118
Other assets		1,200	3,277
TOTAL CURRENT ASSETS		176,235	10,149
TOTAL ASSETS			
		176,235	10,149
CURRENT LIABILITIES			
Trade and other payables		289,703	189,284
TOTAL CURRENT LIABILITIES		289,703	189,284
NON-CURRENT LIABILITIES			
Loan		300,000	-
TOTAL CURRENT LIABILITIES		300,000	-
TOTAL LIABILITIES			
		589,703	189,284
NET ASSETS			
		(413,468)	(179,135)
EQUITY			
Issued Capital	4	18,352,591	18,352,591
Reserves	5	3,966,927	3,966,927
Accumulated losses		(22,555,026)	(22,320,692)
Parent entity interest		(235,507)	(1,174)
Non-controlling interest		(177,961)	(177,961)
TOTAL EQUITY		(413,468)	(179,135)

The accompanying notes form part of this financial report.

CONDOR BLANCO MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Shared Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 5 July 2016	18,352,591	3,945,664	21,263	(22,320,692)	(177,961)	(179,135)
Loss for the period	-	-	-	(234,333)	-	(234,333)
Foreign currency translation differences	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(234,333)	-	(234,333)
Shares issued during the period	-	-	-	-	-	-
Share based payment transactions	-	-	-	-	-	-
Issue costs	-	-	-	-	-	-
Balance at 31 December 2016	18,352,591	3,945,664	21,263	(22,555,025)	(177,961)	(413,468)

CONDOR BLANCO MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Shared Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	16,730,862	3,945,664	(168,808)	(20,310,978)	(183,895)	12,845
Loss for the period	-	-	-	(1,609,216)	(3,432)	(1,612,647)
Reclassification to profit or loss on sale of subsidiary	-	-	178,811	(178,811)	-	-
Foreign currency translation differences	-	-	11,852	-	9,366	21,218
Total comprehensive income for the period	-	-	190,633	(1,788,027)	5,934	(1,591,430)
Shares issued during the period	1,764,921*	-	-	-	-	1,764,921
Share based payment transactions	-	-	-	-	-	-
Issue costs	(62,277)	-	-	-	-	(62,277)
Balance at 31 December 2015	18,433,506	3,945,664	21,855	(22,099,005)	(177,961)	124,059

* Shares to the value of \$870,143 were issued during the half-year period ended 31 December 2015 for other than cash consideration.

CONDOR BLANCO MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016	31 December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	250
Payments to suppliers and employees	(230,503)	(669,007)
Interest paid	(7,776)	-
Net cash used in operating activities	(238,279)	(668,757)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans to/(from) related parties	-	(7,823)
Net cash used in investing activities	-	(7,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	-	832,501
Net proceeds from borrowings	300,000	-
Net cash provided by financing activities	300,000	832,501
Net increase/(decrease) in cash held	61,722	155,921
Impact of movement in foreign exchange rates	-	-
Cash at beginning of period	754	27,902
Cash at end of reporting period	62,475	183,823

CONDOR BLANCO MINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 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 17 March 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 of Condor Blanco Mines Limited and its controlled entities (the Group) for the half-year ended 31 December 2016 was authorized for issue in accordance with a resolution of the directors on 17 March 2016. Condor Blanco Mines Limited is a company incorporated in Australia and limited by shares.

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

New Standards and Interpretations not yet adopted

A number of Australian Accounting Standards and Interpretations (and IFRSs and IFRIC Interpretations) are in issue but are not effective for the financial half year period ending 31 December 2016. 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.

Going Concern

The financial report of the Group has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss of \$234,333 for the period 5 July 2016 to 31 December 2016.

CONDOR BLANCO MINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Group recorded net cash outflows from operating activities of \$238,279 for the period 5 July 2016 to 31 December 2016.

The Group had a net deficiency in assets of \$413,468 as at 31 December 2016.

The Group had cash of \$62,475 as at 31 December 2016.

Directors are pursuing all reasonable avenues towards maintaining the Company's viability as a going concern. Such avenues include:

- The Company is conducting critical functions only, in order to minimise cash outflows.
- The Company anticipates cash inflows from various sources, including litigation actions, and recoupment of funds from various uncommercial historical transactions executed prior to 5 July 2016.
- The Company has alternate sources of funding available to support execution of future operations.
- The Company is being supported, on a needs basis, by directors and shareholders.
- The Company's Directors have held off from calling on any directors' fees since taking office.

Consequently, the Directors are of the opinion that the use of the going concern basis of accounting is appropriate.

Should the Company not achieve forecast outcomes, there is significant uncertainty as to whether the Company will continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business as stated in the financial report.

2. OTHER INCOME

	31 December 2016 \$	31 December 2015 \$
Other Income	-	227
Income from court proceedings	80,170	-
	<hr/> 80,170 <hr/>	<hr/> 227 <hr/>

CONDOR BLANCO MINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

3. TRADE AND OTHER RECEIVABLES

	31 December 2016	4 July 2016
	\$	\$
GST receivable	26,220	(52)
Other receivables	256,969	176,799
Provisions for Other receivables	<u>(170,629)</u>	<u>(170,629)</u>
	<u>112,560</u>	<u>6118</u>

4. ISSUED CAPITAL

	\$		Shares	
	31 Dec 2016	4 Jul 2016	31 Dec 2016	4 Jul 2016
(a) Issued and paid up capital				
Fully paid, ordinary shares	18,352,591	18,352,591	121,666,407	121,666,407
(b) Movement during the period				
Balance at the beginning of the period	18,352,591	16,730,862	-	1,289,004,494
30:1 Consolidation of Securities *	-	-	-	(1,246,037,133)
Share issues during the period	-	1,682,341	-	78,699,046
Cost of capital raising	-	(60,612)	-	-
Balance at the end of the period	<u>18,352,591</u>	<u>18,352,591</u>	<u>121,666,407</u>	<u>121,666,407</u>

* The table above has taken into account the securities consolidation 30:1 completed on 20 July 2015.

Of the total shares reported as being on issue at 31 December 2016 in the table above, 27,937,360 of this number were purported as having been issued as "escrow shares". These purported "shares" were invalid ab initio and have since been removed from Condor's share register post 31 December 2016. None of these 27,937,360 purported "escrow shares" were ever traded on market.

CONDOR BLANCO MINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

5. RESERVES

	31 December 2016	4 July 2016
	\$	\$
Share based payment reserve (i)	3,945,664	3,945,664
Foreign currency translation reserve (ii)	21,263	21,263
	<u>3,966,927</u>	<u>3,966,927</u>

- (i) 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.
- (ii) The foreign currency translation reserve records exchange differences arising on translation a foreign controlled subsidiary.

9. OPERATING SEGMENTS

During the financial period, operating segments were identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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

CONDOR BLANCO MINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Australia		Chile		Turkey		Consolidated	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue and Other Income	80,170	227	-	1,000	-	-	80,170	1,227
Segment Result	(234,333)	(1,200,763)	-	(411,488)	-	-	(234,333)	(1,612,647)
	31 Dec		31 Dec		31 Dec	4 July	31 Dec	4 July
	2016	4 July 2016	2016	4 July 2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Assets	176,235	10,149	-	-	-	-	176,235	10,149

13. EVENTS SUBSEQUENT TO REPORTING DATE

7 February 2017 - Annual General Meeting

On 7 February 2017, Condor held an Annual General Meeting of the Company. All resolutions put to the meeting were passed by vote of shareholders. These resolutions included election of Dr Simon Wood and re-election of Ms Sarah Miles as directors of the Company.

7 February 2017 – Establishment of annual director remuneration limit

On 7 February 2017, Shareholders passed a resolution at the Annual General Meeting of the Company establishing \$500,000 as the maximum total amount available for allocation as director remuneration in any one financial year.

Establishment of this remuneration limit brings Condor into compliance with the requirements of clause 11.6(a) of the Company's Constitution, and provides Shareholders with a mechanism to maintain direct control of the total annual sum available for director remuneration and a safeguard against director excess.

End of 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) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors.

On behalf of the directors:



Joshua Farquhar
Executive Chairman

17 March 2017

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

Dear Board Members,

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

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

As lead audit partner for the review of the financial statements of Condor Blanco Mines Limited and Controlled entities for the period ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Sydney Partnership



Andrew Hoffmann
Partner

Dated: 17 March 2017

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END OF HALF-YEAR REPORT