

STOCK EXCHANGE ANNOUNCEMENT



19 December 2014

Clarification Statement – Dr Paul Crosio

ASX Release Stock Code: CDB

On 1 October 2014, Condor Blanco Mines ("**CDB**") published its 2014 annual report on its own website and that of the ASX.

That annual report contained the Managing Director's Report.

The penultimate paragraph of the Managing Director's Report refers to various changes in the structure of the Board of Directors. It also referred to the fact that the Coal Acquisition Project did not succeed.

It was not the intention of CDB or its Board to infer or imply that:

- (a) Dr Crosio was a poor Chairman;
- (b) Dr Crosio was the sole cause, either directly or indirectly of the challenges experienced by CDB;
- (c) Dr Crosio undermined the financial position of CDB;
- (d) Dr Crosio caused CDB to pursue an inappropriate investment strategy;
- (e) Dr Crosio caused CDB to pursue an inappropriate capital raising strategy;
- (f) Dr Crosio was the cause of the failure to successfully acquire the coal project, and it was noted, in accordance with section 195 of the Corporations Act, Dr Paul Crosio was not present for the deliberations and the Board vote on this proposed acquisition;
- (g) As a result of Dr Crosio's actions, CDB pursued "substantial funding" and hard coking coal projects in South Africa when it was inappropriate to do so;
- (h) Dr Crosio's actions caused the retirement of long-standing directors of the Company;
- (i) Dr Crosio causes disharmony to the boards on which he sits;
- (j) Dr Crosio causes disharmony to the boards on which he chairs;
- (k) Dr Crosio's stewardship of CDB lacked control; and
- (l) Dr Crosio's stewardship of CDB lacked a focus on control.

CDB and its directors unreservedly retract the statements contained in the Managing Director's Report to the extent that they are capable of conveying imputations to the effect of those set out in the preceding paragraph.

CDB and its Board apologise to Dr Crosio for any hurt he may have suffered by virtue of the publication of the Managing Director's Report.

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