

STOCK EXCHANGE ANNOUNCEMENT



7 January 2013

Carachapampa New 4000m Diamond Drilling Program Underway

ASX Code: CDB

Executive Summary

- Drilling starts at Carachapampa. 4,000m is to be drilled on a 24-hour basis in two shifts.

Carachapampa Drilling Underway

Condor Blanco Mines limited has commenced a new major phase of diamond drilling at its Carachapampa Project in the highly prospective Maricunga Belt in northern Chile. The diamond drill rig has started the 4,000m program on drill hole DDHCP4 (see figures 1, 2) that together with holes DDHCP 5 and 6 will test the central geophysical target described in Condor's announcement of 13 December 2012..

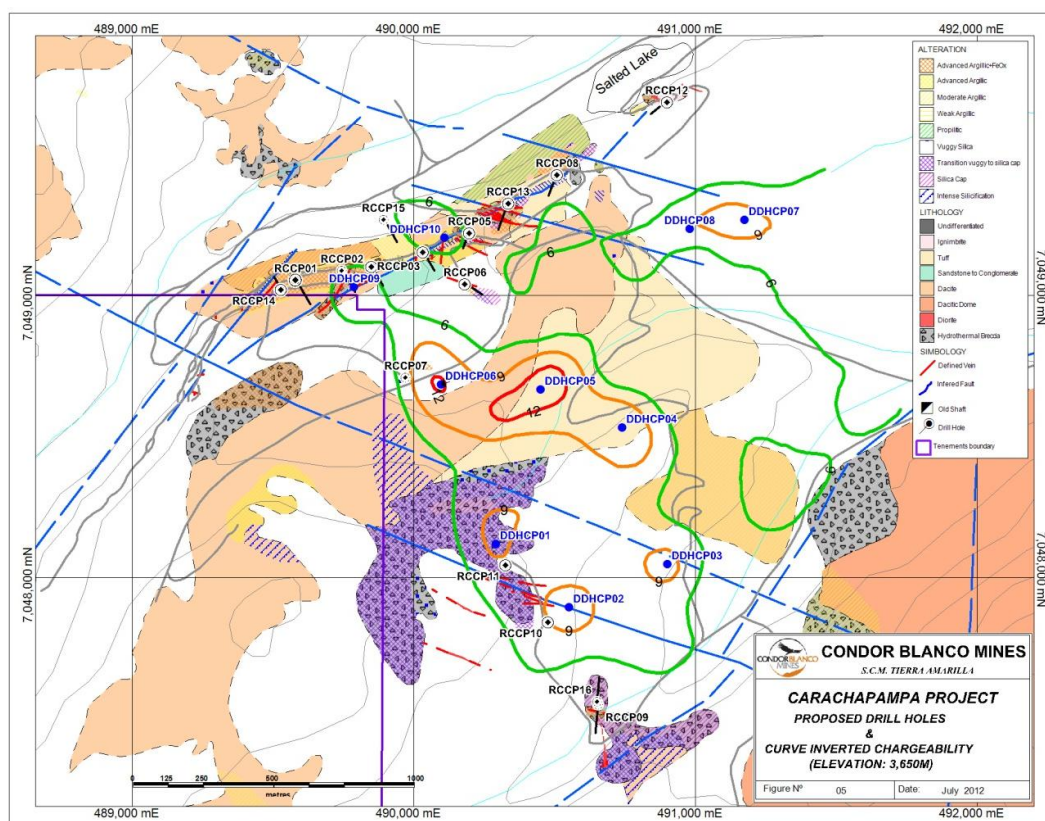


Figure 1: Proposed Drill Holes at Carachapampa over Mapped Geology

Prior to commencement, Condor Mines had a more powerful motor fitted to the diamond drill rig to perform more effectively at high altitude. All staff also complied with new legislative requirements for all personnel working above 3,500m to undergo medical checks to maximise safety.

Drilling will be conducted on a 24 hour basis with two crews working 12 hour shifts. A third crew is available for a crew change each week. Depending on progress over the next two weeks, a decision will be made whether to add an additional rig to boost drilling capacity. A core shed and core cutting facility has been constructed near Condor Mines' office in Copiapo to enable rapid sample preparation of the core.

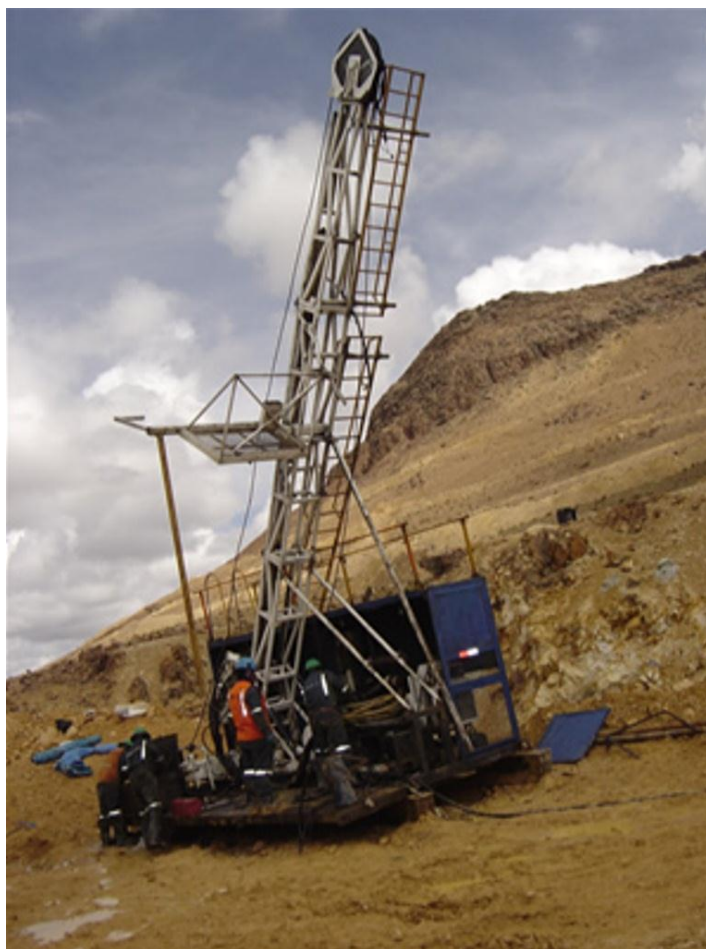


Figure 2: Drilling Underway at Carachapampa

Carachapampa hosts known gold-silver mineralisation and is close to existing multi-million ounce mines and advanced copper-gold-silver projects. Carachapampa locates 15km from Kinross Gold Corporation's La Coipa Mine and just 4km from Kingsgate Consolidated Limited's (ASX: KCN) Nueva Esperanza Project. The Chimberos silver deposit which is part of Esperanza and only 1 km from a second resource at Arqueros, was mined by Compañía Mantos de Oro (Kinross) from 1998 to 1999, producing approximately 40 Moz¹ silver over 13 months. Subsequently, the high grade zones within Arqueros were mined underground from 2000 to 2004 by a local Chilean company who over the five years extracted 288,000 ounces gold equivalent from 1.2 million tonnes of ore, which it processed at an average grade of 1.34 g/t gold and 365 g/t silver (7.4 g/t gold equivalent), using a 4.5 g/t gold equivalent cut-off grade.² On 18 April 2012, Kingsgate announced an upgrade to the combined Nueva

Esperanza Project Mineral Resource to 75.3 million ounces of silver and 227,000 ounces of gold hosted in approximately 30 million tonnes at 0.24 g/t gold and 79 g/t silver (being 1.9 million ounces of gold equivalent).³ Condor Mines has observed similar ratios of silver and gold in work completed at Carachapampa.

Enquiries: Mr Glen Darby
Managing Director
Condor Blanco Mines Limited
Office: +61 (0)2 9225 4070
Email: glen.darby@condormines.com

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Carl Swensson, who is a Member of the Australasian Institute of Mining & Metallurgy. Carl Swensson is a director of Condor Blanco Mines Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Carl Swensson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



¹ <http://www.asx.com.au/asxpdf/20110706/pdf/41zmmvx2kly3zd.pdf>

² <http://www.kingsgate.com.au/southamerica/arqueros-project.htm>

³ http://www.kingsgate.com.au/investors/2012/apr_18/180412.pdf