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This is a replacement prospectus to the prospectus dated 24 November 2010.

For the offer of a minimum of 17,500,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$3,500,000.

Oversubscriptions of up to a further 7,500,000 Shares at an issue price of \$0.20 each to raise up to a further \$1,500,000 may be accepted.

**The Closing Date of this Offer is 24 January 2011.**

**Financial Adviser and Lead Manager**



K S Capital Pty Limited  
ACN 124 761 557  
AFSL No: 316880

**Offer Sponsor**



Kinetic Securities Pty Limited  
ACN 120 225 149  
AFSL No: 309743

**Important Information**

This replacement prospectus should be read in its entirety. You should consider carefully the risk factors in Section 5 in light of your personal circumstances and seek professional advice before you decide whether to invest. The Offer does not take into account your investment objectives, financial situation or particular needs. The Shares offered by this replacement prospectus should be considered speculative.

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*Landscape at Carachapampa*



*Gold Iron Porphyry Alteration Zone*



*Maracunga Belt near La Coipa - Carachapampa*



## CHAIRMAN'S LETTER

**Dear Investor,**

On behalf of the Board of Directors, I invite you to become a shareholder in Condor Blanco Mines Limited ("Condor", "the Company") through this Prospectus which seeks to raise a minimum \$3,500,000 and up to \$5,000,000 by the issue of fully paid Shares at an issue price of \$0.20 each.

Condor has acquired through direct ownership and binding option agreements an interest in a portfolio of seven projects covering a combined area of 137.6 km<sup>2</sup> in a region described in the Independent Geologist's Report in Section 6 of this Prospectus as an "exceptional mineral province". Indeed, the Maricunga Belt and nearby Domeyko Cordillera host some of the largest gold, silver and copper mines in the world including Chuquicamata and Escondida. The projects in this world-class region, Carachapampa, La Isla and Yaretas, combine a geology marked by demonstrated anomalous alteration systems and the presence of proven mineralisation to make them highly prospective, providing first-rate exploration. Interest in the area is strong, with the major miners actively exploring and expanding their holdings. Our direct neighbours include Kinross Gold Corporation, Anglo American and New Gold Inc.

Condor offers a portfolio of gold and copper exploration tenements at a time when mining of these metals is highly profitable. The gold price is currently sitting at above US\$1,300 per ounce and copper has recently broken through US\$8,000 per tonne. Copper's ongoing strength, driven by rapid industrialisation across emerging economies, gives the Directors of Condor great confidence for the future of the Company. There are a number of examples of junior explorers finding large resources in the area (such as Exeter Resource Corporation at Caspiche, Andina Minerals Inc. at Volcan and Laguna Resources NL at Arqueros just three (3) km from Condor's Carachapampa project) and Condor's management has been intently watching the recent corporate activities surrounding tenement holdings in the area.

From a macroeconomic perspective Condor is well positioned with all its projects located in Chile - renowned as one of the world's most productive and supportive mining destinations. Foreign companies are allowed to hold 100% of Chilean assets and are treated on an equal basis to local firms. Indeed Chile is consistently rated as one of the best countries in which to operate a resources company and as a mining powerhouse is a major supplier of a range of commodities including approximately 40% of the world's copper.

I recommend that you read the Independent Geologist's Report in its entirety to gain a full understanding of the Company's projects. In particular, I would draw your attention to an important feature of the projects as outlined in that report: that they combine identified alteration systems and known mineralisation. The summary findings of the Independent Geologist's Report in Section 6 highlight this strong combination of demonstrated mineralisation and the right location: *"With a focus on procuring projects with demonstrable copper and gold mineralisation, Condor has brought together a portfolio of exploration projects and short-term development targets in a renowned area of northern Chile."* (emphasis added).

In addition, the copper gold projects in which the Company has acquired an interest, namely Cautiva-Victoria, Fenix, Fraga and Gold Iron exhibit vein and manto-style disseminated copper mineralisation. While the Company does not have a JORC classified resource, we consider the first two projects to represent early term trial production opportunities. They are well placed to utilise the nearby open access government copper smelter that will allow us to pursue rapid development. A production plan has already been designed for Cautiva-Victoria, mining contractors have been briefed and we look forward to breaking ground to get mine development underway. Refer to the Independent Geologist's Report at page 72 for further details.

Interested investors should carefully review the Risk Factors set out in Section 5 of this Prospectus and consult their professional adviser with any questions. Investors should note that an investment in the Company is speculative.

I encourage you to consider this Offer and commend Condor to you.

**Yours sincerely,**

Dr Pierre J. Richard  
Chairman





## IMPORTANT NOTICE

This is a replacement prospectus dated 9 December 2010 (this replacement prospectus is hereafter referred to as the "Prospectus"). This Prospectus replaces the earlier prospectus dated 24 November 2010.

A copy of this Prospectus was lodged with the ASIC on 9 December 2010. Neither the ASIC nor ASX take any responsibility for the contents of this Prospectus.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for Quotation.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. There are risks associated with an investment in Condor and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 11 of this Prospectus.

All amounts are in Australian dollars unless otherwise specified.

### **Exposure Period**

In accordance with Chapter 6D of the Corporations Act, the 24 November 2010 prospectus was subject to an Exposure Period of 7 days from the date of lodgement of that prospectus with the ASIC. This period was extended by ASIC for a further period of 7 days. The purpose of the Exposure Period was to enable the prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies.

### **Electronic Prospectus**

This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at [www.condormines.com](http://www.condormines.com) and at [www.kscapital.com.au](http://www.kscapital.com.au). The offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act 2001 prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at [info@condormines.com](mailto:info@condormines.com).



## CORPORATE DIRECTORY

### DIRECTORS

Pierre Richard	Non-Executive Chairman
Glen Darby	Managing Director
Carl Swensson	Executive Director, Geology
Jose Bahamondes	Executive Director, Operations
Lia Darby	Non-Executive Director

### COMPANY SECRETARY

Elizabeth Hanrahan

### REGISTERED OFFICE

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SYDNEY NSW 2000

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### PROPOSED ASX CODE

CDB

### FINANCIAL ADVISER AND LEAD MANAGER

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### OFFER SPONSOR

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PERTH WA 6000

### LEGAL ADVISORS TO THE COMPANY (CHILE)

Jaime León Herrera  
Rodríguez N° 771 Oficina B  
Copiapó  
Chile

### INDEPENDENT GEOLOGIST

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Malaysia

### INVESTIGATING ACCOUNTANTS

Deloitte Touche Tohmatsu  
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PERTH WA 6000

### SHARE REGISTRY\*

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### AUDITORS

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Woodside Plaza  
Level 14, 240 St Georges Terrace  
PERTH WA 6000

*\* This party had no involvement in the preparation or issue of this Prospectus. Its name appears for information purposes only.*

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## INVESTMENT OVERVIEW

### 1.1 Important Notice

Prospective investors should read this Prospectus in its entirety, including the Risk Factors in Section 5, Independent Geologist's Report in Section 6, the Investigating Accountant's Report in Section 7, and the Solicitor's Report on Tenements in Section 9.

Neither Condor nor any other person guarantees the performance of the Shares offered pursuant to this Prospectus, or the performance of Condor or the return on any investment. An investment in the Company should be considered speculative. Investors should be aware that while the Directors consider that the projects in which the Company has acquired an interest are prospective and have proven mineralisation, none of the projects contain a JORC compliant resource and while the company believes it can commence trial mining at two projects in the near term (refer to page 72 of the Independent Geologist's Report for details), there is no guarantee that exploration of the projects will identify an economic resource or, if an economic resource is identified, that it will be able to be commercially exploited.

### 1.2 Project Highlights

Condor is an Australian minerals exploration and mining development company established to invest in mining and exploration opportunities in Chile, South America. Chile hosts world-class copper and gold mineralisation and Condor has acquired an interest in a portfolio of attractive exploration and short-term development targets in this stable, supportive mining environment. Condor's operations will be conducted via two Chilean subsidiary companies, Tierra Amarilla SCM (100% owned) and Condor Blanco SCM (70% owned). Of the seven projects in which the Company has acquired an interest, Yaretas, Fraga and Fenix are directly held by these subsidiaries and Carachampampa, La Isla and Gold Iron are the subject of binding option agreements that give exclusive exploration rights and the subsidiaries an option to acquire full-ownership based on pay-out figures proportional to the size of any mineralisation defined during exploration. Condor's Cautiva-Victoria project is partially owned by the subsidiaries and partially optioned. Investors should refer to Section 10.5 for a summary of the terms and conditions of the option agreements.

- The Independent Geologist's Report in Section 6 of this Prospectus details the geological prospectivity across the project portfolio, which is marked by identified alteration anomalies and evidenced mineralisation. Lead projects include:

#### *Carachapampa and La Isla (Option to Acquire 100% Indirect Interest)*

o Situated in the world-class Maricunga Belt, these two exploration projects target epithermal gold-silver mineralisation and have additional prospectivity for copper-gold porphyry at depth. The Maricunga Belt in the Andean Cordillera of northern Chile, hosts many multi-million ounce deposits of gold. Since 1980, 50 Moz of gold, 89 Moz of silver and 5,000 Mlbs of copper have been delineated in this 150 km long mineralised province and current feasibility studies reported include Cerro Casale (25.30 Moz Au, 63.98 Moz Ag and 5729.55 Mlbs Cu, Barrick/Kinross) and Marte-Lobo (6.09 Moz Au, Kinross) and Volcan (10.5 Moz gold, Andina Minerals). Refer to Table 2 of the Independent Geologist's Report for full resource and reserve details. Both projects present large combined alunite and jarosite anomalies confirming the visible alteration systems observed. Although relatively untested, making outcomes uncertain, channel and rock-chip samples at Carachapampa in 2008 returned results ranging up to 6.58 g/t Au, and 57 g/t Ag. Carachapampa is just 3km southwest of the Arqueros gold-silver deposit where ASX-listed, Laguna Resources NL has defined a resource of 16.90 Mt @ 0.38g/t Au and 57.00g/t Ag (inferred) and 5.9Mt @ 0.38g/t Au and 93.00g/t Ag (indicated) at a 0.7g/t Au cut-off grade ([www.lagunaresources.com/arquerosproject.html](http://www.lagunaresources.com/arquerosproject.html)) (see Table 2 of Independent Geologist's Report for full resource details). Just one km further away is the Chimberos silver deposit, which was mined by Compañia Mantos de Oro (Kinross), producing 34 Moz silver over 13 months from 1998 to 1999. Previous drilling at La Isla also proved existing mineralisation within the alteration anomaly present with five drill holes into the alteration system producing results including 12m @ 0.37g/t Au and 35.78g/t Ag, and 42m @ 0.38g/t Au and 4.2g/t Ag. Further exploration is needed to assess these projects.

#### *Yaretas (100% Indirect Interest)*

o Immediately to the west of the Maricunga Belt in the Domeyko Cordillera, the Yaretas project has potential for large porphyry style copper mineralisation (as well as associated high sulphidation epithermal gold and silver) of which Chile hosts the largest examples in the world including Chuquicamata and Escondida that are hosted in the same geological belt further to the north. Condor's main target is for a large porphyry copper-gold system, similar to the others identified elsewhere in the Domeyko Belt (porphyry deposits in the Domeyko Belt are typically in the order of 500-2,000 million tonnes at average grades of 0.5-1.0% Cu,  $\pm$  0.01-0.5g/t Au  $\pm$  0.01-0.04% Mo). This is attractive exploration, but due to uncertainty there is no guarantee that a discovery will be made.





*Fraga (100% Indirect Interest), Gold Iron (Option to Acquire 100% Indirect Interest), Cautiva-Victoria and Fenix (Partly 70% Indirect Interest and Option to Acquire a 70% Indirect Interest in the Remaining Portion)*

o The copper-gold projects, Fraga and Gold Iron, are hosted in the Chilean Iron Belt, a major copper-gold and iron producing lithology. Fraga and Gold Iron exhibit vein and manto-style disseminated copper mineralisation of iron oxide-copper-gold (“IOCG”) affinity typical of the Punta del Cobre district. The Company’s two early production projects, Cautiva-Victoria and Fenix are also in the Chilean Iron Belt, and will benefit first-hand from the local government run copper smelter and leaching plant. Access to this plant allows rapid production development without plant lead times. Cautiva-Victoria is at the most advanced stage of development, which the Directors believe has the potential to enter into trial production within 6-12 months of the Company’s ASX Listing subject to satisfactory exploration results. Conceptual mining assessment suggests scale could increase, with the subsequent commencement of production at Fenix. Further discussion relating to the Company’s business plan is contained in the Independent Geologist’s Report.

- The Board has extensive and relevant experience in the exploration and finance industries and a close understanding of the operating environment in Chile. The Company greatly benefits from a highly experienced exploration team including Mr Carl Swensson the Company’s Executive Director of Geology and former Chief Exploration Geologist at Normandy Mining Ltd. Mr Swensson’s Chilean business partner and a qualified miner Mr Jose Bahamondes is also an integral part of the team and is on the board of the Company as Operations Director.
- Upon successful completion of the IPO, the Company will have 66,328,332 Shares (or up to 74,078,332 Shares with full oversubscriptions) on issue offering shareholders excellent leverage to exploration success across a number of high quality exploration targets in a region hosting some of the largest known copper and gold deposits in the world.



*Landscape at La Isla*



### 1.3 Risk Factors

There are risks associated with an investment in the Company which are discussed in Section 5 of this Prospectus. Some of the principal risks include:

- There can be no assurance that exploration of the projects in which the Company has acquired, or will acquire, an interest or other exploration properties that may be acquired by the Company in the future, will result in the discovery of an economic resource. Even if an economic resource is identified, there is a risk that the Company may not be able to commercially exploit the resource. The Company has plans to commence trial production at two projects in the near-term. There is no guarantee that commercial production will commence;
- Title to the tenements in which the Company has acquired, or will acquire, an interest is subject to the tenement holder complying with the terms and conditions of the tenements. Should any conditions attached to the granting of tenement licences not be met, or the holder fail to comply with any legislation affecting the tenements, the Company could lose title or its interest in tenements. A summary of the terms and conditions attaching to the tenements is set out in the Solicitor's Report on Tenements in Section 9;
- While Chile is considered one of South America's most politically stable nations, there can be no assurance against social and economic uncertainty;
- The current regime for foreign companies in Chile is similar to that of Australia as at the date of this Prospectus, however there can be no assurance that regulatory requirements in Chile will not change, which may affect the Company's operations. These changes may include, but are not limited to, foreign ownership of licences, taxation and royalties and land access;
- Operational and resource estimate risks in respect of the projects in which the Company has acquired or will acquire an interest such as a failure to locate or identify economic mineral deposits and operational and technical challenges in the mining and processing of ore;
- The Company has not previously generated an income and does not anticipate becoming profitable in the short to medium term. The Company may require additional capital in the future and may not be able to obtain such capital on satisfactory terms or at all. In particular, it is likely that the Company will require additional capital to exercise the options referred to in Section 1.2 and elsewhere in this Prospectus. If the Company does not have sufficient funds to exercise the options, the Company will not be able to acquire title to the relevant projects. In addition, the option exercise payments are denominated in US\$ or Chilean pesos. Any adverse exchange rate movement with AU\$ will effectively increase the costs of the options; and
- Environmental and regulatory risks and reliance on key management personnel.

**An investment in Condor is speculative and prospective investors should carefully review the Risk Factors set out in Section 5 of this Prospectus and consult their professional adviser with any questions.**

### 1.4 Indicative Timetable

Lodgement of Replacement Prospectus with ASIC	9 December 2010
Opening Date for Applications	10 December 2010
Closing Date for Applications	24 January 2011
Expected dispatch of holding statements	31 January 2011
Expected date for listing on ASX	7 February 2011

These dates are indicative only and may vary. Condor reserves the right to close the Offer early, or extend the Closing Date without prior notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.



## 1.5 Pro-forma Capital Structure

The pro-forma capital structure of Condor, at the minimum and maximum subscriptions levels, is summarised in the table below.

	Minimum \$3.5m raised Number	%	Maximum \$5.0m raised Number	%
Shares on issue as at the date of this prospectus:				
Promoter Shares	10,000,001	15.1%	10,000,001	13.5%
Vendors Shares	10,000,000	15.1%	10,000,000	13.5%
Seed capital Shares	25,203,331	38.0%	25,203,331	34.0%
Shares now offered pursuant to this Prospectus	17,500,000	26.4%	25,000,000	33.8%
Shares to be issued upon conditional approval:				
Directors (refer Section 10.5)	1,500,000	2.2%	1,500,000	2.0%
Consultants (refer Section 10.5)	1,250,000	1.9%	1,250,000	1.7%
Brokers and promoters (refer Sections 2.10 and 10.5)	875,000	1.3%	1,125,000	1.5%
	<b>66,328,332</b>	<b>100.0%</b>	<b>74,078,332</b>	<b>100.0%</b>

### Options

The Company currently has on issue 37,876,666 Unlisted Options over Shares, exercisable at \$0.20 within five years of the Company listing on ASX. Quotation of these unlisted options will not be sought.

Up to a further 2,875,000 Options will be issued to directors, brokers and consultants (refer Section 10.5) upon conditional admission to ASX ("Proposed Options"). These Proposed Options will be exercisable at \$0.20 at any time on or before 1 April 2014.

The Proposed Options will rank equally with the Options to be offered pursuant to the non-renounceable entitlements issue of Options as set out in Section 1.7. Application will be made for the Proposed Options to be granted Quotation on completion of the non-renounceable entitlements issue.

## 1.6 Restricted Securities

Securities on issue as at the date of this Prospectus, as well as those to be issued upon conditional admission to ASX, may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such securities may be required to be held in escrow for up to 24 months from date of ASX listing and may not be transferred, assigned or otherwise disposed of during that period. These agreements will be entered into in accordance with the Listing Rules.

## 1.7 Non-renounceable Entitlements Issue of Options after Listing

All Shareholders registered on the share register of Condor within approximately sixteen weeks following the listing of Condor's shares on the ASX (record date to be confirmed) will be entitled to participate in a proposed non-renounceable entitlements issue of options on the basis of one Proposed Option for every four Shares held. The Proposed Options are to be issued at one (1) cent each with an exercise price of 20 cents and expiring 1 April 2014. Application will be made for the Proposed Options to be granted Quotation.

The terms and conditions of the Proposed Options to be issued pursuant to the entitlements issue are set out in Section 10.3 of this Prospectus.

## 2. DETAILS OF THE OFFER

### 2.1 Shares Offered for Subscription

By this Prospectus, the Company offers for subscription 17,500,000 Shares at an issue price of \$0.20 each to raise \$3,500,000 (before expenses of the Offer). The Company may also accept oversubscriptions of up to a further 7,500,000 Shares at an issue price of \$0.20 each to raise up to a further \$1,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

### 2.2 Purpose of the Offer

The purpose of the offer is to provide Condor with the necessary funding to explore and develop the Projects. It is intended to apply funds raised from the Offer as follows in accordance with whether the offer is subscribed to the minimum level of \$3,500,000 or oversubscribed to a maximum additional \$1,500,000.

	Note	Minimum Subscription	Maximum Subscription
Cash at 30 June 2010	1	\$553,684	\$553,684
Additional seed raised	-	748,833	748,833
Pre-IPO exploration and administration	-	(518,475)	(518,475)
IPO funds raised	-	\$3,500,000	\$5,000,000
<b>Total cash available at IPO</b>		<b>\$4,284,042</b>	<b>\$5,784,042</b>
<b>Year 1 Expenditure</b>			
Exploration expenditure	2	\$1,169,900	\$1,318,900
Tenement option payments	-	\$264,000	\$264,000
Administration and support	-	\$332,600	\$402,600
Exploration sub-total	3	\$1,766,500	\$1,985,500
Project acquisition costs	-	\$275,000	\$275,000
Expenses of Issue	-	\$545,250	\$670,250
Corporate overhead	-	\$200,000	\$280,000
Sub-total	-	\$1,020,250	\$1,225,250
<b>Total expenses</b>	-	<b>\$2,786,750</b>	<b>\$3,210,750</b>
<b>Cash at year end year 1</b>	-	<b>\$1,497,292</b>	<b>\$2,573,292</b>
<b>Year 2 Expenditure</b>			
Exploration expenditure	2	\$828,000	\$1,239,000
Tenement option payments	4	\$210,000	\$210,000
Administration and support	-	\$343,600	\$413,600
Exploration sub-total	3	\$1,381,600	\$1,862,600
Corporate overhead	-	\$115,000	\$180,000
Sub-total	-	\$115,000	\$180,000
<b>Total expenses</b>	-	<b>\$1,496,600</b>	<b>\$2,042,600</b>
<b>Cash at end year 2</b>	-	<b>\$692</b>	<b>\$530,692</b>



## Notes:

<sup>1</sup> Refer to the Financial Information in Section 8 for further information.

<sup>2</sup> Refer to the Independent Geologist's Report in Section 6 for further information. Exploration expenditures will be reviewed on an ongoing basis, depending upon the nature of results forthcoming from the respective work programmes. The Independent Geologist's Report presents exploration expenditure figures based on maximum subscription being accepted. In the event that more than the minimum subscription and less than the maximum subscription is raised, the Company intends to allocate the funds primarily towards evaluation and exploration (after costs of the Offer) and budgets will be scaled back proportionately based on the level of subscription achieved.

<sup>3</sup> Refer to Section 3.4 of this Prospectus for details of the proposed exploration budget and associated administration.

<sup>4</sup> The tenement option payments are denominated in US\$ and Chilean pesos. Any adverse currency exchange movement with AU\$ will increase the effective cost of the options. The payments are referred to above in AU\$ and assumes a US\$0.94/AU\$ exchange rate. The budgeted tenement option payments are based on no instalments being paid on Victoria in year 2, as the project will be discontinued if not self-funding by then as noted in the Independent Geologist's Report.

The above tables represent statements of the intended use of the funds raised by the Company as at the date of this Prospectus. However, it must be recognised that all exploration budgets may change as the conducted programmes provide encouragement or disappointment and new opportunities may be identified elsewhere. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis. Further, it is the Company's intention to increase and accelerate its exploration and drilling programs to achieve results as soon as practicable and, subject to encouraging results being obtained, to delineate resources. The Company may seek to raise additional funds within two years after listing on ASX to the extent required to increase and accelerate the exploration and drilling programs as determined by the Board.

Following the completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

### 2.3 How to Apply

Applications for Shares under the Offer can only be made on the Application Form attached to this Prospectus.

The Application Form must be completed in accordance with the instructions set out on the back of each Application Form.

**Completed Application Forms and accompanying cheques should, at any time after the Opening Date be:**

**Posted to:**

Condor Blanco Mines Limited  
C/- Advanced Share Registry Services  
PO Box 1156  
NEDLANDS WA 6909

OR

**Delivered to:**

Condor Blanco Mines Limited  
C/- Advanced Share Registry Services  
150 Stirling Highway  
NEDLANDS WA 6909

OR

OR

K S Capital Pty Limited  
GPO Box 5485  
SYDNEY NSW 2001

K S Capital Pty Limited  
Level 9, 23-25 O'Connell Street  
SYDNEY NSW 2000

Cheques must be made payable to "Condor Blanco Mines Limited – Share Application" and crossed "Not Negotiable".

No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200), and can only be made by completing the Application Form attached to this Prospectus. An original, completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Company reserves the right to reject any Application or to allocate an Applicant fewer Shares than the number applied for.





## **2.4 Allotment of Shares**

Subject to ASX granting approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Closing Date, following which statements of shareholdings will be dispatched to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

Pending the issue of the Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Directors have the right to allocate Shares under the Offer. The Company may reject any Application or allocate any Applicant fewer Shares than applied for under the Offer.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

## **2.5 Minimum Subscription**

The minimum subscription to the Offer is 17,500,000 Shares at an issue price of \$0.20 per Share to raise \$3,500,000 before expenses of the Offer. If the minimum subscription has not been raised within three (3) months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act 2001.

## **2.6 Oversubscriptions**

The Company may accept oversubscriptions of up to a further \$1,500,000 through the issue of up to a further 7,500,000 Shares at an issue price of \$0.20 each under the Offer. The maximum amount which may be raised under this Prospectus is therefore \$5,000,000.

## **2.7 ASX Listing**

Within seven days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be granted Quotation.

If approval for Quotation is not granted within three (3) months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all Application Monies without interest as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit Condor to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## **2.8 Applicants Outside Australia**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

## **2.9 Underwriting**

The Offer is not underwritten.



## 2.10 Brokers

K S Capital has agreed to act as financial advisor and lead manager to the Offer. Details of the agreement entered into by the Company with K S Capital are set out in Section 10.5 of this Prospectus. Brokerage and/or handling fees on applications for Shares will be payable to member firms of ASX or licensed investment advisers on such Application Forms bearing their stamp and accepted by the Company. Any such brokerage or handling fees will be paid by K S Capital out of its brokerage fee.

*In addition to the fees payable to K S Capital, on receipt of conditional approval to be admitted to ASX, the Company will issue 1,000,000 Shares to SA Capital Pty Ltd, a corporate advisory services company in consideration for services rendered in connection with the Offer. SA Capital Pty Ltd may allocate some or all of the Shares to third parties who also provided assistance in connection with the Offer, other than related parties of the Company, as an incentive and reward to assist the Company in relation to the Offer.*

## 2.11 CHES

Condor will apply to participate in the Clearing House Electronic Subregister System (CHES), operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC) (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHES, the Company will operate an electronic issuer-sponsored subregister and an electronic CHES subregister. The two subregisters together will make up the Company's principal register of securities.

Under CHES, the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus.

This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHES sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time however a charge may be incurred for additional statements.

## 2.12 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in Section 5 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company. The risk factors set out in Section 5 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

## 2.13 Forecasts

The Company is a mineral exploration company. Due to the speculative nature of exploration, there are significant uncertainties associated with forecasting future revenues from the Company's proposed activities. The Directors believe that given these inherent uncertainties, it is not possible to include a reliable forecast in this Prospectus.

## 2.14 Dividends

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company. At the date of issue of this Prospectus the Company does not intend to declare or pay any dividends in the immediately foreseeable future.



### **2.15 Privacy Disclosure**

The Company collects information in relation to each Applicant as provided on an Application Form (Information) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (Purposes).

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

### **2.16 Enquiries**

This Prospectus provides information for potential investors in Condor and it should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in Condor, please contact your stockbroker, accountant or independent financial adviser.

Additional copies of the Prospectus or further advice on how to complete and lodge the Application Form can be obtained by telephoning or visiting:

K S Capital Pty Limited  
Level 9, 23-25 O'Connell Street  
SYDNEY NSW 2000

Telephone: (02) 9295 9826  
Email: [g.wood@kscapital.com.au](mailto:g.wood@kscapital.com.au)  
Contact: Gregory Wood

Or contacting the Company Secretary, Elizabeth Hanrahan on (08) 9388 8041.



### 3. COMPANY AND PROJECT OVERVIEW

#### 3.1 Background and Corporate Objectives

Subduction of the Pacific Plate along the west coast of South America has produced a set of world-class mines in the Andean Mountain range. Melting of the oceanic crust at depth has resulted in extensive volcanism. This has fostered the formation of porphyry copper deposits at deeper levels and related epithermal gold-silver deposits at shallow depths. Condor has planned a strategy that draws on the regional strengths of this exceptional mineral province.

Condor was incorporated in Australia on 5 January 2010 for the purpose of acquiring and funding resources projects in Chile. Condor has acquired an interest in a portfolio of attractive world-class copper and gold exploration and short-term development targets in Chile. Condor's overall strategy involves:

- **Targeted exploration in known mineral districts drawing on proven anomalies.** Chile hosts world-class copper and gold deposits. Condor has acquired rights to prospective tenements in the Maricunga Belt that hosts several million ounce gold deposits, and the Chilean Iron Belt which hosts IOCG mineralisation. Epithermal gold-silver exploration in the Maricunga and Domeyko Belts at Carachapampa, La Isla and Yaretas anchors the tenement package. This is complemented by the copper potential within the Chilean Iron Belt at Gold Iron and Fraga and the near-term production opportunities at Cautiva-Victoria and Fenix.
- **Near-term copper production at Cautiva-Victoria.** Condor has prepared a business plan to exploit the copper mineralisation defined in recent and historical drilling. Although not JORC classified, the Company is confident that the mineralisation has demonstrated sufficient continuity to commence a trial mining exercise and sell what ore is recovered to the ENAMI Smelter, located just 53 km by road. Access to this Government smelter sales channel with standard purchasing rates can enable low-capital production to generate near-term revenue. Using contract production teams, Condor plans to truck copper ore directly to ENAMI. Initial trial mining will occur along the vein that runs at surface and was previously mined by local operators.
- **The management team of Condor has a proven record in mineral exploration.** Management brings competence in resource assessment, project development and mining in South America and is highly experienced in the business environment of Chile.

Further details of the projects are summarised in this Section, and full particulars of the geological settings and work undertaken previously on the tenements are set out in the Independent Geologist's Report in Section 6 of this Prospectus. Shareholders should note that the Company's interest in Carachapampa, La Isla, Gold Iron and part of Cautiva-Victoria is subject to exercise by the Company's subsidiaries of options and the payment of future amounts, some of which will require additional capital to be raised by the Company. Please see Section 10.5 for the terms and conditions of the option agreements.

It is the primary objective of Condor to become a successful and profitable exploration and mining company.

Among our corporate objectives are:

- 3.1.1 to implement exploration programs to test the geological prospectivity identified at the Projects in which the Company has acquired or will acquire an interest;
- 3.1.2 to assess opportunities for near term cashflow through the development of mining operations that utilise regional processing facilities;
- 3.1.3 to continue assessing opportunities for business development and new ventures;
- 3.1.4 to conduct operations at the highest professional and technical standards of the industry; and
- 3.1.5 to effectively communicate with Shareholders and the broader market.

**An investment in Condor is speculative and prospective investors should carefully review the Risk Factors set out in Section 5 of this Prospectus and consult their professional adviser with any questions.**

### 3.2 Tenement Holdings

The Company holds, via its majority shareholdings in its Chilean subsidiaries Tierra Amarilla SCM and Condor Blanco SCM, the following interests in tenements in Chile:

Tierra Amarilla SCM (a 100% owned subsidiary of Condor)

Project	Status of Titles	Mineralisation Style	Target Metals
Carachapampa	Option to Acquire 100% Interest	High Sulphidation Epithermal	Au, Ag
Fraga	Registered Owner	Cu-Au (IOCG)	Cu, Au
Gold Iron	Option to Acquire 100% Interest	Porphyry Cu-Au (IOCG)	Cu, Au
La Isla	Option to Acquire 100% Interest	High Sulphidation Epithermal	Au, Ag
Yaretas	Registered Owner	Porphyry Cu-Au	Cu, Au

Condor Blanco SCM (a 70% owned subsidiary of Condor)

Project	Status of Titles	Mineralisation Styles	Target Metals
Cautiva	Registered Owner	Cu-Au (IOCG)	Cu, Au
Fenix	Registered Owner	Epithermal, Porphyry Cu-Au, Vein & Mantos (IOCG)	Cu, Au
Victoria	Option to Acquire 100% Interest	Cu-Au (IOCG)	Cu, Au

The option agreements above are detailed in the Summary of Material Contracts in Section 10.5 of this Prospectus and in the Independent Geologist's Report in Section 6. The option agreements for Carachapampa, Gold Iron and La Isla allow Condor to explore on the tenements during the respective option periods subject to making a set of staged payments. Condor gains the right to purchase the projects for cash consideration at its discretion should an attractive mineralisation be identified during the option period. The option agreement for the Victoria tenement will give Condor Blanco SCM (of which Condor owns 70% of the issued capital) full ownership of the tenement on the completion of a set of five payments totalling 120 million Chilean pesos (approximately US\$227,000 at an exchange of USD1.00 = 530 Chilean Pesos) on 30 December 2011. Prior to that date Condor is permitted to explore the tenement.

Refer to Section 10.5 of this Prospectus for details of the material terms and conditions of the share sale agreement in respect of Condor Blanco SCM and Tierra Amarilla SCM.



Company site office at Victoria-Cautiva





### 3.3 Details of the Projects

Condor's copper-gold projects are distributed across several mineralised belts of different ages and exhibit mineralisation of the high sulphidation epithermal, porphyry, and IOCG styles. These epithermal gold-silver and copper-gold projects are located to the east of the major mining city of Copiapó in northern Chile. Copiapó is itself situated within the Chilean Iron Belt and is to the west of the Maricunga Gold Belt and adjacent Domeyko Cordillera. The Independent Geologist Report in Section 6 of this Prospectus provides detailed coverage of the geological prospectivity across the Project portfolio.

The epithermal gold projects comprise Carachapampa, La Isla, and Yaretas. These projects are located in the Maricunga Gold Belt and the adjacent Domeyko Cordillera, approximately 120km due east of Copiapó at an elevation of between 3,480m - 5,910m ASL. Mineralisation is primarily of the porphyry and high sulphidation types. The geology of the belt comprises a north-northeast trending chain of andesitic to dacitic volcanoes that form part of a late Oligocene-Miocene continental margin plutonic volcanic arc. Carachapampa has a total area of 31km<sup>2</sup> with La Isla offering an additional opportunity over 20km<sup>2</sup>. Both are the subject of option agreements expiring 2 June 2013 and 24 August 2014 respectively. If attractive mineralisation is found, Condor may gain a 100% ownership in the properties (via its subsidiary) under the terms of the options by making the option payments to the current owners. Some significant current deposits held by other companies in the Maricunga Belt are summarised below:

Maricunga Deposits*	Total Resource (Inferred, Indicated and Measured)	Proven and Probable Reserves	Contained Metal
La Coipa	12 Mt @ 0.9 g/t Au & 38.3 g/t Ag	27 Mt @ 1.3 g/t Au & 44.4 g/t Ag	1.2 Moz Au 41.6 Moz Ag
Refugio	368 Mt @ 0.5 g/t Au	281 Mt @ 0.7 g/t Au	7.0 Moz Au
Caspiche	1,774 Mt @ 0.5 g/t Au, 1.1 g/t Ag & 0.2% Cu		
Volcan	529 Mt @ 0.6 g/t Au		
Cerro Casale	661 Mt @ 0.4 g/t Au, 1.1 g/t Ag & 0.2% Cu	1,213 Mt @ 0.6 g/t Au, 1.5 g/t Ag & 0.2% Cu	25.3 Moz Au 64.0 Moz Ag 5,729.6 Mlbs Cu
Marte/Lobo	42 Mt @ 0.7 g/t Au	141 Mt @ 1.2 g/t Au	6.1 Moz Au

\* These projects are not assets of the Company. Please see Table 2 of the Independent Geologist's Report for full resource and reserve details. All figures are quoted to JORC equivalent categorisations unless otherwise stated and have been converted from foreign reporting systems as appropriate.

Yaretas has potential for large porphyry style copper mineralisation (as well as associated high sulphidation epithermal gold and silver mineralisation) for which Chile hosts the largest examples in the world including Chuquicamata and Escondida.

The extensive alteration targets at Carachapampa, La Isla and Yaretas form Condor's primary exploration targets for the period immediately after listing. Condor has received positive indications from Aster imagery on all three of these projects. These visible alteration images demonstrate geology consistent with high sulphidation epithermal systems on both Carachapampa and La Isla. Similarly imagery on Yaretas indicates potential for porphyry copper systems. Geological mapping and rock chip sampling is planned for La Isla and Carachapampa to be completed in early 2011. Yaretas will follow closely behind with clearing to improve road access soon to commence. Following this assessment a drilling campaign will then take place on each project to systematically test for mineralisation. The Company considers that this work is strongly justified, even though outcomes are uncertain and there can be no guarantee that further exploration will lead to the determination of a resource at these projects or at the Chilean Iron Belt projects outlined below.

The Cautiva-Victoria, Fenix, Fraga and Gold Iron projects are located in the Chilean Iron Belt. This belt hosts a number of impressive iron oxide copper gold ore ("IOCG") deposits, with extensive copper mineralisation. The copper-gold mineralisation in the Chilean Iron Belt belongs to the IOCG class of deposits of which the Olympic Dam deposit in South Australia is the largest example. IOCG mineralisation in the Chilean Iron Belt is typically in the form of steeply dipping veins or mantos. The latter type of mineralisation results from replacement of chemically reactive rocks such as limestone or the impregnation of porous rocks such as vesicular basalts by mineralising solutions to form more massive and horizontal deposits. Fraga and Gold Iron are considered attractive copper-gold targets and strong copper veins and manto-style mineralisation which the Directors consider make Cautiva-Victoria and Fenix suitable for near-term low CAPEX copper production subject to satisfactory exploration results.

Fraga and Gold Iron exhibit vein and manto-style disseminated copper mineralisation of IOCG affinity typical of the Punta del Cobre district. This renowned copper district passes through Copiapó and is part of the Chilean Iron Belt. This belt is a 500km long zone of iron and IOCG mineralisation, spatially associated with the Atacama Fault Zone and is host to +2000 million tonnes of iron ore reserves and world-class copper-gold deposits such as Mantos Blancos (probable reserve 18.80 Mt @ 0.94% Cu, proven reserve 7.2 Mt @ 0.88% Cu) and Mantoverde (probable reserve 6.6 Mt @ 0.54% Cu, proven reserve 37.7 Mt @ 0.59% Cu) (Anglo American plc Fact Book 2009/10).

Cautiva-Victoria and Fenix have been acquired in order to provide potential near-term production. These projects are located within economic haulage distances of Copiapó. The Cautiva-Victoria project is typical of the vein and manto-style IOCG deposits of the region with copper sulphide mineralisation being intimately associated with iron in the form of magnetite and hematite, with gold and silver often being valuable accessory minerals. The mineralisation at Fenix tends to be lower temperature and has closer affinities with epithermal mineralisation that display a higher silver content and less iron. Most deposits in the region exhibit elements of both vein and manto-styles of mineralisation.

Cautiva-Victoria and Fenix are close to sealed roads and within 50 - 60km of Copiapó and the ENAMI smelter. ENAMI is a Chilean Government owned entity providing open access to copper processing. ENAMI purchases copper ore from small operators based on the copper content of the ore delivered and global prices. For sulphide ore, the seller also receives credits and is paid for metals including gold and silver. The provision of this government service allows miners to exploit copper resources with small scale earth moving equipment such as trucks, loaders and hand held drilling equipment without requiring the capital expenditure for a processing plant.

The weather around Copiapó is well suited to mining. It is located in the southern Atacama Desert and experiences a very uniform, equitable climate with rainfall exceedingly rare so that operations are unlikely to be disrupted by the climate. The extreme aridity results in very sparse vegetation at best and materially reduces environmental sensitivities. The shipping of ore to ENAMI for processing also overcomes the need for tailings control or for the provision of significant water or power infrastructure.

Condor intends to leverage off the facilities and guaranteed off-take of ore provided by ENAMI by using its experienced team to efficiently and profitably mine its tenements. Mining projections at Cautiva-Victoria have allowed the design of a mining and development project that could support initial production. Because the capital requirements are minimal, the Directors believe that Condor is in a position to move forward with production without the need for comprehensive exploration subject to satisfactory exploration results. This results in a significantly reduced expenditure on exploration feasibility costs and a much shorter lead time to production. Nevertheless, sufficient drilling will be undertaken to provide the confidence for the initial expenditure to develop the ore body.

If production at Cautiva-Victoria is successful, Condor intends to systematically develop the nearby Fenix tenements with an aim to bring these into production over a 2-3 year time frame. The Company will also be actively assessing mining opportunities on its Fraga licenses. The ability to incrementally add to the planned near-term production volumes will be criteria for their assessment.



*Government smelter near Copiapo*



### 3.4 Proposed Exploration Budget

The Company proposes to fund its intended activities as outlined in the tables below from the proceeds of the Offer and has budgeted its commitments for expenditure on the Projects in accordance with the ASX Listing Rules. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from such exploration as carried out. This involves an ongoing assessment of the Company's project interests and may lead to increased or decreased levels of expenditure on certain interests reflecting a change in emphasis. Subject to the above, the following expenditure is proposed:

#### Minimum Subscription (\$3.5M) Proposed Exploration Budget

Expenditure	Year 1	Year 2	Total
Geological mapping	\$28,000	\$0	\$28,000
Geochemical surveys and prospecting	\$48,500	\$0	\$48,500
Exploration drilling	\$300,000	\$532,500	\$832,500
Analyses and assays	\$69,000	\$133,000	\$202,000
Technical personnel	\$30,000	\$60,000	\$90,000
Field personnel	\$72,000	\$34,500	\$106,500
Field costs	\$23,400	\$32,000	\$55,400
Vehicle costs	\$49,000	\$36,000	\$85,000
Mine development	\$400,000	\$0	\$400,000
Capital equipment	\$150,000	\$0	\$150,000
Tenement costs (option payments)	\$264,000	\$210,000	\$474,000
Administration and support costs	\$332,600	\$343,600	\$676,200
<b>Total</b>	<b>\$1,766,500</b>	<b>\$1,381,600</b>	<b>\$3,148,100</b>

#### Maximum Subscription (\$5M) Proposed Exploration Budget

Expenditure	Year 1	Year 2	Total
Geological mapping	\$28,000	\$0	\$28,000
Geochemical surveys and prospecting	\$48,500	\$0	\$48,500
Exploration drilling	\$400,000	\$882,500	\$1,282,500
Analyses and assays	\$89,000	\$183,000	\$272,000
Technical personnel	\$34,000	\$68,000	\$102,000
Field personnel	\$92,000	\$34,500	\$126,500
Field costs	\$23,400	\$32,000	\$55,400
Vehicle costs	\$54,000	\$39,000	\$93,000
Mine development	\$400,000	\$0	\$400,000
Capital equipment	\$150,000	\$0	\$150,000
Tenement costs (option payments)	\$264,000	\$210,000	\$474,000
Administration and support costs	\$402,600	\$413,600	\$816,200
<b>Total</b>	<b>\$1,985,500</b>	<b>\$1,862,600</b>	<b>\$3,848,100</b>

Please refer to the Independent Geologists Report, Section 6, for detailed proposed expenditure for each project.

The information in this Prospectus that relates to Exploration Results is based on information compiled by Mr Carl Swensson, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Swensson has sufficient experience relevant to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Swensson consents to the inclusion of this information in the form and context in which it appears.

## 4. BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### 4.1 Board of Directors

#### **Non-Executive Chairman**

##### ***Pierre Richard***

With a background in project management and investment economics, Dr Richard provides oversight on the assessment of project feasibility and economics. Dr Richard has worked in infrastructure finance and corporate law, providing a firm understanding of the management of international investment risk and corporate governance. In an executive role, Dr Richard was previously engaged as Chief Development Officer of Proto Resources & Investments Ltd during the feasibility and approvals process for a Nickel mine in northern Tasmania. Dr Richard also has extensive international experience, having consulted in mining and exploration overseas and most recently to a large operating zinc-lead producer in the Middle East. He holds a BCom(Fin) and LLB from the University of New South Wales and a PhD in strategy from the Australian Graduate School of Management.

#### **Managing Director**

##### ***Glen Darby***

Mr Darby has been involved at an executive level in the management of listed and unlisted mining companies for the past five years, with a focus on project generation, project development and capital raising. Mr Darby has also worked in the commodities trading industry and has a hands on familiarity with mine to end user processes. Mr Darby was responsible for the acquisition of assets into Condor, and for the early stage corporate structuring of the company. Mr Darby is also Managing Director of Brilliant Diamonds Pty Ltd, an exploration company with alluvial and hard-rock diamond tenements in West Africa. Mr Darby has a Masters of Property Economics specialising in mining projects and valuation.

#### **Executive Director, Geology**

##### ***Carl Swensson***

Mr. Swensson is a leading geologist with extensive experience over 33 years in the minerals exploration and mining industries. Mr. Swensson has held senior exploration and exploration management positions with CRA Exploration Limited, Bendigo Gold Associates and Normandy Mining Limited. At Normandy Mining, as Chief Exploration Geologist, he was responsible for the management of the exploration programmes and budget for Australia and had an advisory role in Normandy's international exploration projects. Mr. Swensson has been working in South America for over 10 years and has developed a thorough understanding of the geology, mineralisation and business environment of Chile. Mr. Swensson is also a director of Lefroy Resources Limited and Global Nickel Investments Limited, ASX-listed exploration companies with extensive operations in Chile and Western Australia.

#### **Executive Director, Operations**

##### ***Jose Bahamondes***

The founder of Tierra Amarilla SCM (now a subsidiary of the Company), Mr Bahamondes, is a Chilean mining engineer with dual Australian citizenship. Mr Bahamondes has extensive experience in the mining industry in Chile and Peru. Mr Bahamondes' demonstrated record of acquiring mining properties for Australian companies was critical to the development of Condor's portfolio of tenements. His knowledge and extensive network of business contacts in both Chile and Peru provide the potential to build the portfolio of projects in both these countries. Mr Bahamondes has extensive operational experience in the Copiapó region and has established exploration and production teams ready to implement Condor's exploration and production programmes.

#### **Non-Executive Director**

##### ***Lia Darby***

Ms Darby has extensive experience in corporate governance, project acquisitions and capital raisings, focussing on due diligence processes and the independent financial and economic assessment of projects and companies in the mining sector. Ms Darby has extensive experience in the listing of mining securities on the ASX and other recognised stock exchanges. Ms Darby is an executive director of ASX-listed Proto Resources & Investments Ltd and Chairman of Global Nickel Investments NL, as well as a director of corporate advisory firm Superstructure International Pty Ltd. Ms Darby holds a BA(Hons) and LLB(Hons) from Sydney University.



## 4.2 Corporate Governance

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are relevant to the organisation, the Company has adopted the principles outlined in the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council.

The following policies and procedures have been implemented and are available in full on the company's website at [www.condormines.com](http://www.condormines.com):

- Statement of Board and Management Functions;
- Code of Conduct for Directors and Key Executives;
- Share Trading Policy;
- Audit Committee Charter;
- Continuous Disclosure Policy;
- Shareholder Communications Strategy;
- Risk Management Policy;
- Remuneration Committee Charter;
- Process for Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives; and
- Corporate Code of Conduct.

The responsibilities of the Board include:

- protection and enhancement of shareholder value;
- formulation, review and approval of the objectives and strategic direction of the Company;
- monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- approving all significant business transactions including acquisitions, divestments and capital expenditure;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of executive directors and key staff;
- the establishment and maintenance of appropriate ethical standards; and
- evaluating and, where appropriate, adopting with or without modification the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company is presently considering the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company seeks to follow these recommendations for listed companies where appropriate for its size and operations. In cases where the Company determines it would be inappropriate to follow the principles because of its circumstances, the Company will provide reasons for not doing so in its Annual Report. One such instance is the Board presently considers that due to the Company's size and scope of activities, it does not justify the establishment of special or separate committees at this stage, preferring to manage the Company through the full Board of Directors.



## 5. RISK FACTORS

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Shares. The principal risk factors include, but are not limited to, the following:

### 5.1 Economic Risks

General economic conditions, movements in interest and inflation rates, the prevailing global gold and copper prices and currency exchange rates may have an adverse effect on the Company's exploration and any future development and production activities, as well as on its ability to fund those activities.

As with any mining project, the economics are sensitive to metal and commodity prices, particularly for copper and gold. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

### 5.2 Exploration Risk

Potential investors should understand that gold, silver and copper exploration and development is a high-risk undertaking. There can be no assurance that exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. While the Company believes that it can commence trial production at two projects in the near-term, the Company does not have a JORC classified resource and hence there is no guarantee that commercial production will be achieved.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of the Projects.

### 5.3 Environmental Impact Constraints

The Company's exploration programs will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines and, where required, being approved by governmental authorities.



#### **5.4 Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Mining is a difficult activity that involves the management of material operational risk.

Having been incorporated on 5 January 2010 Condor does not have any operating history, although it should be noted that the Company's Directors have between them significant operational experience. No assurances can be given that Condor will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until Condor is able to realise value from its projects, it is likely to incur ongoing operating losses.

#### **5.5 Resource Estimates**

The Projects do not have a JORC compliant resource. Even if a JORC compliant resource is identified, resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

#### **5.6 Exploration Cost Estimate**

The exploration costs of the Company described in the Project Review section of this Prospectus and the independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

#### **5.7 Sovereign Risk**

While Chile is considered one of South America's most politically stable nations, there can be no assurance against social and economic uncertainty. There can be no assurance that the regulatory requirements in Chile will not change, which may affect the Company's operations. These changes may include, but are not limited to, foreign ownership of licences, taxation and royalties and land access.

A Mining Royalty Tax regime is mandatory to all mining operators deriving annual "operational income" from large-scale mining activities in Chile. The tax only applies to firms with annual sales above the equivalent of 12,000 metric tons of fine copper (approximately US\$100,746,000 of total sales at the 2 November 2010 copper price of US\$8,395.50 per tonne). Mining operators whose annual sales have an equivalent value between 12,000 and 50,000 metric tons of fine copper pay the tax at progressive rates ranging between 0.5 per cent and 4.5 per cent. Mining operators whose annual sales exceed the equivalent of the value of 50,000 metric tons of fine copper pay a flat five per cent tax rate. Regulators in Chile have been reviewing royalty rates, but it is not expected that this would be extended to small miners, though this remains a risk. Access to the ENAMI processing facility is subject to sovereign risk. Although Condor expects open access to be maintained and is confident that all available ore shipped to ENAMI will be purchased, this cannot be guaranteed.

#### **5.8 Regulatory and Title Risks**

The regime for foreign companies in Chile is comparable to those for local companies operating in Australia. Nevertheless, government policy may be unpredictable, and subject to rapid change. All activities carried out by Condor will be subject to national and local laws, policies and regulations governing the exploration and development of mineral resources, taxation, exchange controls, investment approvals, employee relations and other matters. Variations to any of these laws and regulations may affect the Company's ability to obtain or maintain necessary permits, authorisations or agreements to implement projects and economically continue operations.

Exploration concessions in Chile are granted for a limited term (two periods of two years as from the date of grant). To maintain tenement rights in good standing an annual rent must be paid. Exploration concessions can be over pegged, which requires the holder to respond

to retain good title. To do so a licensee must monitor the Official Mining Bulletin, which is where such over pegging challenges are listed. This produces a risk to title if a company misses such a notice or fails to respond. Condor has engaged competent consultants to monitor the bulletin, but cannot guarantee their performance. Mining concessions are not subject to over pegging and as long the annual rent payments have been made can be maintained in perpetuity. The Company has acted to convert most its directly held and optioned tenements to mining concessions in order to address this risk, and intends to continue this conversion process based on exploration results.

Interests in tenements in Chile are governed by Chilean national legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it administrative and rent payment conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet rent commitments. Unlike Australia, Chile does not have a regulatory system that imposes minimum exploration expenditure commitments. Some of the Company's various exploration licences, work permits, and mining licences are due for renewal from time to time. The Company expects that it will in due course lodge renewal applications for them as required. The Company has no reason to believe any of these will not be renewed, however, this cannot be guaranteed. There is no existing regime of native title rights in Chile, but it is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate private land holdings exist. If private title does exist, the ability of the Company to progress from the exploration phase to the development and mining phases of operations will require addressing those rights within the regulatory framework established under the Chilean mining legislation.

Reference should be made to the relevant section of the Solicitor's Report on Tenements set out in Section 9 of this Prospectus for information on the issue of integrity of title.

#### **5.9 Additional Requirements for Capital – Ability to Exercise Option Agreements**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

Investors should note that the exercise of the options to acquire an interest in Gold Iron, Isla and Carachapampa are subject to cash payments in US\$ and Chilean Pesos on the terms and conditions set out in Section 10.5. The amounts required to exercise the options exceed the funds available to the Company on completion of the Offer. As such, the Company's ability to validly exercise the options and acquire title to the relevant projects is subject to the Company raising sufficient additional capital before the expiry of the respective option periods, namely 2 June 2013 in respect of Carachapampa, 24 August 2014 in respect of La Isla and 2 September 2014 in respect of Gold Iron. In addition, during the term of the option in respect of Isla, the licence holder may give notice to the option holder that it has received a bona fide offer from a third party to acquire Isla, in which case the option holder must elect to either exercise or forfeit the option within 60 days. If there is an adverse exchange rate movement of US\$ or Chilean pesos against the AU\$, the effective cost of the options will increase. The information showing the Use of Funds in Section 2.2 and the budgets in Section 3.4 and the Independent Geologist's Report assume an exchange rate of 0.94 US\$/AU\$. Accordingly these are estimates only.

#### **5.10 Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

#### **5.11 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



# SECTION 6

BOONJARDING RESOURCES LTD

# INDEPENDENT GEOLOGIST'S REPORT

**Chile Mineral Assets**

**for**

**CONDOR BLANCO MINES LIMITED**

Prepared by: G.Powell  
Date: 30 September 2010



## **BOONJARDING RESOURCES LTD**

### **Mining & Mineral Exploration Consultant Services**

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30 September 2010

#### **THE BOARD OF DIRECTORS CONDOR BLANCO MINES LIMITED**

109 Pitt Street  
Sydney NSW 2000  
AUSTRALIA

Dear Sirs

### **INDEPENDENT GEOLOGIST'S REPORT – CHILE MINERAL ASSETS**

Boonjarding Resources Ltd ("BRL") has been commissioned by Condor Blanco Mines Limited ("Condor" or "the Company") to provide an Independent Geologist's Report on its various mining tenements and mining tenement applications ("Mineral Assets" or the "Properties"), located in the Republic of Chile ("Chile") in which the Company has, or has a right to acquire, an interest. This report is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC") on or about the 29 October 2010, offering for subscription 17,500,000 (17.5 million) Ordinary Shares at an issue price of 20 cents per Ordinary Share through a Prospectus, to raise a total of \$3,500,000 (before costs associated with the issue), with a provision, at the directors' discretion, for over-subscriptions of up to an additional \$1,500,000. The funds raised will be used for the purpose of exploration and evaluation of the existing Mineral Assets and identification of new projects.

BRL has based its review of the various Mineral Assets on information provided by the Company, along with technical reports prepared by Government agencies and previous tenements holders, and other relevant published and unpublished data. A listing of the principal sources of information is included at the end of the Independent Geologist's Report. BRL has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which the Independent Consulting Geologist's Report is based. A site visit was undertaken to the Chile Mineral Assets by Mr. Gary Powell during May 2010. A final draft of the report was provided to the Company, along with a written request to identify any material errors or omissions, prior to lodgement. Where appropriate, and in accordance with ASIC Regulatory Guide 55, consent has been obtained to quote data and opinions expressed in unpublished reports prepared by other professionals.

The Chile Mineral Assets are understood to consist of 29 granted Exploitation Concessions and 24 granted Exploration Concessions covering a total combined area of approximately 137.6 square kilometres. With the exception of the Victoria exploitation concession and the tenements associated with the Carachapampa, La Isla and Gold Iron projects, the tenements are held by Condor Blanco SCM or Tierra Amarilla SCM, 70% owned and 100% owned subsidiaries of Condor Blanco Mines Limited respectively. The status of tenements, material agreements relating to tenements, royalties payable on production derived from tenements and indigenous title claims and issues arising there from have not been independently verified by BRL, and for these reasons, BRL offers no comment or opinion in the Independent Geologist's Report on any of these matters. The Report has however been prepared by BRL on the assumption that the tenements and tenement applications are in good standing and will prove lawfully accessible for exploration.

The assessment of each of the Mineral Assets is based upon technical and tenement information provided by Condor and this information has been accepted by BRL as being true and accurate and that the Company has not retained any material information relevant to the reporting assessment of the Mineral Assets.

The Independent Geologist's Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("The Valmin Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM"), the Australian Institute of Geoscientists ("AIG"), and the rules and guidelines





issued by such bodies as the Australian Securities and Investments Commission (“ASIC”) and Australian Securities Exchange (“ASX”), which pertain to Independent Expert Reports.

The Mineral Assets, in which the Company has, or is earning, an interest, are considered to be “Exploration Projects” and therefore inherently speculative in nature. BRL considers that these Projects have been retained or acquired on the basis of sound technical merit. All of the Mineral Assets are generally considered to be sufficiently prospective to warrant further exploration and assessment of their economic potential as per the Company’s proposed programs.

All references to currency in this report, is in Australian Dollars (AUD), unless otherwise specified. Exploration and evaluation programs summarised in the Report amount to a total expenditure of approximately \$3.85 million, of which the Company plans to spend approximately \$1.99 million in the first year of assessment (assuming full oversubscriptions).

Condor intends to raise \$3,500,000 (with a provision, at the directors’ discretion, for over-subscriptions of up to an additional \$1,500,000), and at least half the liquid assets held, or funds proposed to be raised by the Company, are understood to be committed to acquisition, exploration, development and administration of the Mineral Assets, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b).

BRL is satisfied that if the minimum subscription is raised the Company will have sufficient working capital to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

Condor has provided reasonably comprehensive work programs and budgets covering the initial two years of exploration. Where proposed exploration strategies have been stated, the proposed programs are considered to be broadly consistent with the potential of the various projects. The corresponding budgets are generally adequate to cover the anticipated costs of the programs. BRL considers that sufficient exploration has been undertaken within the last 2 years and where this is not the case the relevant areas have sufficient technical merit, to justify the proposed programs and associated expenditure, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Independent Geologist’s Report has been prepared on information available up to and including 30 September 2010. BRL has provided consent for the inclusion of the Independent Geologist’s Report in the Condor Prospectus, in the form and context in which the report and those statements appear, and has not withdrawn that consent before lodgement of the Prospectus with the ASIC.

Boonjarding Resources Ltd is an exploration, mining and resource consulting firm, which has been providing services to the international mining and exploration industry since 1998. This report has been compiled by Mr. G. R. Powell, who is a professional geologist with more than 25 years experience in mineral exploration, development and mining, and evaluation of Mineral Assets within Australia, Central Asia and South East Asia. Mr. Powell is a Member of the AusIMM and the AIG, and has the appropriate relevant qualifications, experience, competence and independence to be considered an “Expert” under definitions provided in the Valmin Code and a “Competent Person” as defined in the JORC Code.

Neither Boonjarding Resources Ltd, nor the author of this report, have or have previously had any material interest in Condor Blanco Mines Limited or the Mineral Assets in which the Company has an interest. The relationship with Condor Blanco Mines Limited is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

***Yours sincerely***

Boonjarding Resources Ltd

Gary R Powell

BAppSc(Geol), MAusIMM, MAIG

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## SUMMARY

Condor Blanco Mines Limited (“Condor” or “the Company”) was created to invest in mining and exploration opportunities in Chile. With a focus on procuring projects with demonstrable copper and gold mineralisation, Condor has brought together a portfolio of exploration projects and short-term development targets in a renowned area of northern Chile. The projects benefit from Chile’s well established stable and supportive mining environment.

Condor’s Properties are located in the Atacama Region of northern Chile (Figure 1), comprising 7 projects covering a combined area of 137.6 square kilometres. The Properties are at an early exploration stage without any defined mineral resources, but each with demonstrable surface manifestations of copper, gold, and or silver mineralisation, and each considered worthy of further exploration.

Subduction of the Pacific Plate along the west coast of South America has produced a set of world-class deposits and mines in the Andean Mountain range. Melting of the oceanic crust at depth has resulted in extensive volcanism, fostering the formation of porphyry copper deposits at deeper levels and related epithermal gold-silver deposits at shallow depths. Condor has planned an exploration and evaluation strategy that draws on the regional strengths of this exceptional mineral province.

Condor’s exploration strategy, upon listing on the ASX, is to immediately commence exploration activities in the well known metallogenic belts, such as the Maricunga Gold Belt, with a focus on its Carachapampa and La Isla epithermal gold projects, and the Yaretas porphyry Cu-Au project. Simultaneously, the Company intends to target potential short-term copper production at its Cautiva-Victoria Project. This strategy is supported by a portfolio of additional copper-gold and epithermal gold-silver projects at varying stages of development.

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Figure 1. Location Plan – Condor’s Chile Mineral Assets



## TERMS OF REFERENCE

Boonjarding Resources Ltd (“BRL”) has been commissioned by Condor to provide an Independent Geologist’s Report on its various mining tenements and mining tenement applications (“Mineral Assets” or the “Properties”), located in the Republic of Chile (“Chile”) in which the Company has, or is entitled to acquire, an interest. This report is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission (“ASIC”) on or about the 24 November 2010.

### Sources of Information and Report Basis

This report is compiled from: reports and electronic database provided by Condor, various published technical papers, information available on the website of the geological survey of Chile (Servicio Nacional de Geología y Minería – “SERNAGEOMIN”), various internet sources, and observations made by the author during his site visit and due diligence investigations carried out in May 2010.

As this is primarily an exploration project, all existing information has been taken at face value. BRL has undertaken limited independent confirmation of currently available data, based on examination of historic reports and summaries, and has accepted that data as correct.

BRL has prepared this report on the understanding that all granted tenements within the project area are currently in good standing and that the Company has legal and unrestricted access to its tenements. BRL has not attempted to establish the legal status of tenements within each project area with respect to potential environmental and access restrictions. BRL has not independently verified ownership and current standing of the tenements and is not qualified to make legal representations in this regard. The tenement schedule tabled in this Report was confirmed by Condor as being current as at the date of this report, and the information is presented without warranty.

### Field Involvement of Qualified Person

Mr. Gary Powell (the “author”) has undertaken field verification of 5 of the 7 projects from 20th to 24th May 2010. Two of the projects (La Isla and Yaretas) were not inspected due to limited access at the time of the visit. Field verification included inspection of altered and mineralized outcrops within each of the project areas, various abandoned and operating artisanal workings within or proximal to each of the project areas, and known mines and deposits located near to the project areas. The author was accompanied by Mr. Carl Swensson, an experienced geologist representing Condor, and who has had varying degrees of involvement with each of the Properties and has authored some of the unpublished reports that are included in the sources of information.

### Reporting Code

The Independent Geologist’s Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“The Valmin Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”), the Australian Institute of Geoscientists (“AIG”), and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (“ASIC”) and Australian Securities Exchange (“ASX”), which pertain to Independent Expert Reports.

## RELIANCE ON OTHER EXPERTS

BRL has not independently verified the ownership and current standing of Condor’s Mineral Assets and is not qualified to make legal representations in this regard. BRL has relied upon information provided by Condor. BRL has prepared this report on the understanding that all of the mineral titles constituting Condor’s properties are currently in good standing. BRL has not attempted to establish the legal status of each of the mineral titles with respect to competing claims or potential environmental and access restrictions.

Comments relating to environmental, political, climatic, sociological and other similar non-geological areas are, of necessity, outside the expertise of BRL and are included on the basis that they are generally publicly available and relevant for the reader to place the project in an overall perspective.

BRL specifically disclaims responsibility for these aspects of the due diligence for the purpose of this Report.

The opinions in this report are based on information supplied to BRL by Condor as well as that gathered by BRL during a field visit. BRL does not accept responsibility for any errors or omissions in the supplied information.



As recommended in the Valmin Code, Condor has provided BRL with an indemnity under which BRL is to be compensated for any liability and/or additional work or expenditure resulting from extra work required which results from BRL's reliance on information provided (or not) by Condor or extra workload resulting from further inquiries arising from this report.

## BACKGROUND INFORMATION ON CHILE

The República de Chile (Republic of Chile, or "Chile", or the "State") is a narrow 4,500 km strip of land located between the Andes and the Pacific Ocean on the west coast of South America (Figure 1). Chile is bordered by three of South America's twelve other countries (Argentina, Bolivia & Peru) and the Pacific Ocean to the west. Chile's climate varies according to the terrain and latitude with the northern regions consisting of dry brown hills and sparse vegetation and containing the extremely arid Atacama Desert and Andean plateau. The population of Chile is approximately 16.75 million.

Chile is fortunate to host highly prospective and well endowed geology, as geological processes have resulted in the formation of the richest copper province in the world, currently producing approximately 40% of the world's copper. Chile is also a major producer of gold, silver and molybdenum.

Currently, Chile is one of South America's most stable and prosperous nations. It has a dynamic market-oriented economy characterized by a high level of foreign trade. In 2006, Chile became the country with the highest nominal GDP per capita in Latin America.

Chile is considered an excellent operating environment for the mining industry. Foreign companies are able to hold 100% ownership of assets providing they have a company entity incorporated there, and there is no time limit on property rights. Chile also has a favourable tax regime and many of the world's major mining companies have a significant presence in Chile. In promoting trade and investment, the Chilean government has signed free trade agreements (FTAs) with many countries, including Australia in 2009.

The quality of the institutional environment was confirmed in the 2009/2010 Fraser Institute Annual Survey of Mining Companies, where Chile ranked 3rd in the Policy Potential Index out of 41 countries (behind Canada, Finland, and USA), and 7th out of 71 jurisdictions. In this year's publication of Behre Dolbear's - 2010 Ranking of Countries for Mining Investment, Chile's overall score for political risk assessment was 3rd best, behind Australia and Canada. Behre Dolbear concluded, amongst others, that "Canada, Australia, and Chile will remain the three best jurisdictions in which to develop mining projects".

### Administration of Mineral Rights

Under Chilean law, any person, whether a Chilean national or a foreigner, may apply for the granting of Mining Concessions subject to compliance with procedural requirements. The rights over a concession, which is independent from the ownership right to the land surface, is transferable and entitles its holder to explore for, or exploit any and all mineral resources contained within its boundaries. Mining Concessions are granted in the form of an Exploration Concession, which legally entitles the holder to explore for minerals within the prescribed area for a period of two years, at the expiration of which the concession may be extended, or an Exploitation Concession, which legally entitles the holder to exploit mineral substances contained therein for an indefinite period of time subject to payment of the annual tax. There is no prescribed expenditure commitment on mining concessions.

Mining concessions are subject to a fiscal tax, stated as a factor of the value of the published Monthly Tax Unit (Unidad Tributaria Mensual - "UTM"). The latest published rate (April, 2010) for one Monthly Tax Unit is 36.862 Chilean Pesos, which at the published exchange rates of 30 September 2010, equates to approximately AUD81.19.



Table 1. Fiscal tax rates for mining concessions

Exploration Concession		Exploitation Concession	
Area (hectares)	% (UTM)	Area (hectares)	% (UTM)
<300	0.5	<100	1
300 - 1,500	2	100-300	2
1,500 - 3,000	3	300-600	3
>3,000	4	>600	4

The legal procedure to obtain the granting of a new mining concession is regulated in detail in the Chilean Mining Code. Tenure is secure as long as the titleholder meets clearly defined obligations over time.

Environmental permit applications for both exploration and mine development projects are assessed through the Environmental Impact Evaluation System (SEIA) managed by the National Environmental Committee (CONAMA) and Regional Environmental Committees (COREMAs).

Surface rights in Chile are distinct from mining rights and must be acquired separately. The Mining Code provides for the leasing, acquisition, and some form of expropriation of privately held surface rights subject to fair compensation. Landowners are obliged by law to provide access to the mineral license holder to conduct exploration.

#### Access to Public Mineral Processing Facilities

To promote, foster and sustain independent mining in the major copper districts of northern Chile, the Chilean Government, in 1960, founded the National Mining Company (Empresa Nacional de Minería – “ENAMI”) which has established copper processing facilities, including copper smelters, in the major copper producing districts, including Atacama Region. ENAMI purchases copper ore from small-to-medium sized operators based on the copper content at global prices based on a monthly schedule for the processing of copper, gold and silver ores delivered to its smelter and/or processing plants. For sulphide ore, the seller also receives credits for metals including gold and silver. ENAMI publishes a monthly tariff schedule for the purchase and processing of copper, gold and silver ores delivered to its smelter and/or processing plants. The provision of this government service allows miners and prospectors to exploit small copper resources without having to front the capital expenditure normally required for a processing plant and associated infrastructure, such as tailings dams, and which would not be justifiable.

### REGIONAL GEOLOGICAL SETTING & DEPOSIT TYPES

Chile is defined by a narrow strip of land, generally less than 200 km east-west, and stretching for over 4,000 km in a north-south orientation. The geological setting of Chile is dominated by a series of north-south trending, sub-parallel belts of volcanic rocks which become progressively younger from the coast to the east, with the youngest rocks still forming from active volcanism along the highest part of the Andean Cordillera. This geological framework extends northwards into Peru and has evolved as a result of the progressive subduction of the Pacific Plate along the west coast of South America. Melting of the oceanic crust at depth has resulted in extensive volcanism and the formation of porphyry copper deposits at deeper levels and related epithermal gold-silver deposits at shallower depths.

The country can be divided into several zones based on tectonic and geomorphological features. Condor’s Projects are located in Northern Chile (Figure 1), which is divided into three parallel, north-south orientated zones, ranging in ages from oldest in the west at the coast, to youngest in the east in the Andes, viz:

- (i) Coastal Cordillera – flanks the Pacific Ocean and is dominated by a belt of Late Palaeozoic and Mesozoic volcanic and intrusive rocks.
- (ii) Central Depression, or Central Valley – a downwarp with a Mesozoic to Quaternary sedimentary fill.
- (iii) Main Cordillera – the youngest zone which is continually experiencing uplift due to subduction forces causing significant crustal shortening, with eastward thrusting, since the Jurassic period.



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Figure 2. Condor's Project Locations & Tectonic Zones  
 (Coastal Cordillera - Green (1), Central Depression - Yellow (2), Main Cordillera - Red (3))





Present day evidence of continuing subduction is manifested by an almost continuous line of active and dormant volcanoes, that are scattered along the entire length of the country, accounting for almost 10% of the circum-Pacific 'rim of fire'. Between latitudes 27° and 31° south (i.e. between Copiapó and La Serena), there is a gap in volcanic activity where the subduction zone flattens and the Central Depression zone is not evident (Figure 2). The northern zone of volcanic activity is built on the Altiplano, a high plateau area where the crust is unusually thick, up to 70 km, and where the rich mineral wealth of Chile is predominately developed.

The western continental margin of South America has been predominantly an active plate margin. Prior to the commencement of subduction-related processes, the continental margin evolved as a result of terrane accretion and westward arc migration. These processes formed what is recognized today as the 'basement' metamorphic complexes and associated magmatic rocks of Proterozoic, Palaeozoic and Triassic ages, on which the Mesozoic and Cenozoic Andean sequences subsequently formed.

In addition to the normal evolution of the Andean subduction-related orogen, there were superimposed events such as subduction of passive and active ridges, and changes in plate geometry and dynamics. In the more recent history of the Andean Orogen, there existed episodes of extension separated by intervening, shorter periods of contractural deformation, possibly caused by increases and decreases in plate convergence rate. Continental accretion and erosion, and positioning of the magmatic arc and its associated fore-arc and back-arc areas are strongly dependant on these fluctuations in plate dynamics. Major strike-slip fault systems appear to have been controlled by the location of the magmatic arc, and their movement mainly controlled by the obliquity of convergence. These faults represented favourable zones for concentrating ore-rich solutions and development of ore deposits, and, once instigated, they remained as lines of weakness that acted as a control on later deformation and mineralisation (Charrier et al, 2010).

The metallic ore deposits of Chile are mostly hydrothermal in origin, with an inherent and temporal relationship to the arc-related magmatic activity, where they are believed to derive most of their metallic content from underlying subduction processes. Most of the Chilean metallic mineralisation occurs in the arid and semi-arid northern section of the country, from Santiago, in the south, to the Peruvian border in the north. This area probably contains the richest ore deposits in the entire Andean mountain belt.

Supergene processes have enriched many of the copper, gold and silver deposits, transforming what might have been sub-economic deposits into quite profitable mining operations, particularly since the mid- twentieth century. The uppermost several hundred metres of most major porphyry copper deposits in arid northern Chile have been affected by supergene oxidation and leaching processes, typically resulting in underlying chalcocite enrichment that has made them economically viable.

### **Metallogenic Provinces**

The Projects of Condor are all located within the Atacama Region (Region III), where the three major Metallogenic Provinces are well represented, namely:

#### **Coastal Cordillera**

Igneous, sedimentary and metamorphic Palaeozoic rocks representing formation of an accretionary platform. Intrusives and volcanics, marine and continental sediments representing development of magmatic back-arc basins during the Jurassic-Early Cretaceous.

Deposit Types include magnetite-apatite Iron, iron oxide copper gold (IOCG), mesothermal and epithermal gold, copper-gold (silver) and porphyry copper deposits.

#### **Domeyko Cordillera**

Igneous and sedimentary rocks of Palaeocene to Eocene age deposited during evolution of successive magmatic back-arc basins. The widely distributed Palaeocene-Eocene igneous rocks are associated with the development of magmatic arcs, and caldera and dome complexes.

Deposit Types include Cu-Mo porphyries (Eocene), breccia pipes (Palaeocene and Eocene), mesothermal Cu-Au-Ag-Pb-Zn (Palaeocene & Eocene), epithermal Au and Ag (Eocene) deposits, stratabound and vein-type Cu and Cu-Ag (Upper Cretaceous). Deposits are related to successive magmatic events between the Upper Cretaceous and the Upper Eocene.

#### **Main Andean Cordillera**

Volcanic and volcano-sedimentary rocks related to formation of successive magmatic arcs since the Oligocene. Volcanic centres developed on Palaeozoic and Mesozoic basement.



Deposit Types include epithermal Ag and Au (Oligocene-Miocene), porphyry Au (Lower-Middle Miocene) and epithermal Au-Ag (Middle Miocene) related to the development of the volcanic centres from Upper Oligocene to Middle Miocene.

As a result of several metallogenic episodes occurring during the history of the Andes Orogen, a succession of north-south trending, sub-parallel metallogenic belts have formed within the metallogenic provinces described above.

This report describes some of the metallogenic belts and their associated ore deposits, for which the projects of Condor are located within or proximal to, and for which they are considered to have the potential for discoveries of those types of deposits.

### **Porphyry Copper-Gold-Molybdenum Deposits**

Porphyry copper ( $\pm$ Au  $\pm$ Mo) deposits are the most abundant type of mineralisation in the Chilean Andes, and occur in six longitudinal belts along the Andes of northern Chile, each representing a discrete metallogenic period. The two youngest porphyry belts comprise the largest mineral deposits and are where most current mining operations are concentrated. In contrast, the majority of the older porphyry Cu-Mo deposits are currently sub-economic, with a few exceptions such as Cerro Colorado (Eocene), Lomas Bayas (Palaeocene), Andacollo, Dos Amigos (Early Cretaceous), and Spence (Eocene) deposits.

The porphyry belts are described below in order of decreasing age.

#### ***Late Palaeozoic-Triassic Porphyry Cu-Mo Belt (298-230 Ma)***

Generally, pre-Mesozoic mineralisation is not well developed in Chile, although a belt of Late Palaeozoic-Triassic porphyry Cu-Mo prospects is distributed along the northern extension of the Late Carboniferous to Early Triassic magmatic arc, which extends for over 2,500 km from northern Chile to southern Argentina (Figure 3). Despite these copper occurrences being interspersed with the Cenozoic porphyry Cu-Mo deposits of northern Chile, none have yet proved to be economically viable.

#### ***Early Cretaceous Porphyry Copper Belt (132-97 Ma)***

Early Cretaceous porphyry copper deposits occur along a belt that extends along the Coastal Cordillera of northern Chile (Figure 3). Most of them are low-grade and only the chalcocite supergene enrichment blankets of the Andacollo and Dos Amigos deposits are currently mined. These porphyries were early recognized as forming a distinct belt that was referred as the 'Pacific Belt of porphyry copper and hydrothermal systems'.

#### ***Palaeocene-early Eocene Porphyry Cu-Mo Belt (60-50 Ma)***

A belt of Palaeocene-early Eocene porphyry Cu-Mo belt which extends for over 1,300 km Southern Peru to 29.5°S, just north of La Serena, in central-northern Chile (Figure 3). These Porphyry Cu-Mo deposits are relatively poorly mineralized and only those with well-developed supergene enrichments are currently economic. Two of the more significant deposits include the Cerro Colorado and Spence deposits.

Tourmaline breccias are commonly associated with the Palaeocene-early Eocene porphyry copper deposits (e.g. Copucha breccia pipe at Sierra Gorda). In addition, Palaeocene granodioritic plutons in the Copiapó and Inca de Oro areas of northern Chile host a great number of vertical tourmaline-bearing breccia pipes, typically less than 100 metres in diameter. Some breccia pipes are mineralized with Cu-Mo and a number also contain Au and/or W. The main examples are the San Pedro de Cachiyuyo, Cachiyuyo de Liampos, Los Azules and Cabeza de Vaca districts. Cu-Mo mineralisation is restricted to the matrix of the breccia bodies.



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Figure 3. Late Palaeozoic – early Eocene Porphyry Belts

(Purple = Late Palaeozoic-Triassic Porphyry Cu-Mo Belt; Orange = Early Cretaceous Porphyry Cu Belt; Yellow = Palaeocene-early Eocene Porphyry Cu-Mo Belt)

#### **Late Eocene-early Oligocene Porphyry Cu-Mo Belt (43-31 Ma)**

The most significant of the Chilean porphyry belts, it extends for more than 1,400 km along the Domeyko Cordillera and can be traced from the Peruvian border to latitude 31 °S. This arc-parallel belt includes more than 30 porphyry Cu-Mo deposits and prospects, constituting the world's largest concentration of copper. The most distinctive geological characteristic of this porphyry belt is its spatial relationship with the Domeyko Fault System, which is a significant arc-parallel regional fault zone that follows an uplifted crustal block (Domeyko Cordillera) with an Upper Palaeozoic basement core (Figure 4).

These porphyry Cu-Mo deposits formed in several narrow, aligned clusters, each with areas of < 200 km<sup>2</sup>, irregularly distributed along the belt. The world-class porphyry Cu-Mo (+Au) deposits of La Escondida and Chuquibambilla occur within this important belt.

#### **Late Miocene-early Pliocene Porphyry Cu-Mo Belt (12-4.3 Ma)**

The second most important belt is the late Miocene-early Pliocene porphyry belt which occurs over a relatively short distance of approximately 400 km in central Chile, between latitudes 32 °S and 34 °S (Figure 4). This belt includes the world-class porphyry Cu-Mo deposits of El Teniente, Los Bronces-Rio Blanco and Los Pelambres.

#### **Gold-rich Porphyry Deposits**

##### **Miocene Epithermal Au-Ag & Porphyry Cu-Au (Maricunga & El Indio Belts)**

A number of gold-rich porphyry deposits occur in the Main Andean Cordillera between latitudes 27 °S and 28 °S (the Maricunga belt), and includes the Caspiche, Cerro Casale, Lobo, Marte, Refugio, Santa Cecilia, Volcan and other deposits (Figure 4). This group of deposits constitutes the largest known gold concentration in the Andes as their resources total more than 60 Moz of gold. Miocene volcanic edifices host the gold-rich porphyry deposits of the Maricunga area, which occur within a NNE structural trend (deflection) between latitudes 27 °S and 29 °S, and dominated by major reverse faults. Despite this structural disposition, the porphyry stocks, intrusive breccia bodies, gold-bearing sheeted veins, local faults, dykes and silica ledges related to these deposits are preferably aligned along NW trends. Thus, on a local scale the Au porphyry mineralisation appears to be controlled by subsidiary NW-trending faults that are especially common in the Maricunga area.

##### **Epithermal Precious Metal Deposits**

The Upper Tertiary (Neogene) volcanic belt of the Central Andes contains abundant hydrothermal alteration zones of epithermal affiliation, some of which are world-class epithermal precious metal deposits. Within the Maricunga (and El Indio) belt of northern Chile, rich epithermal gold deposits occur. In addition, a number of mesothermal to epithermal silver-bearing veins and gold-bearing veins occur associated with Palaeocene-early Eocene volcanic rocks in northern Chile, some of which are peripheral to Palaeocene-early Eocene porphyry Cu-Mo deposits.

##### **Miocene Precious Metal Epithermal Deposits (Maricunga & El Indio Belts)**

The most significant precious metal deposits, hosted by Miocene volcanic rocks, occur in the Maricunga and El Indio belts, over the flat-slab subduction zone, where active volcanism is absent (Figure 4). These precious metal epithermal deposits are predominantly of the high-sulphidation type and essentially correspond to complex fault-controlled vein systems (e.g. El Indio, La Pepa), breccia-hosted orebodies (Choquelimpie, Esperanza, El Tambo) and disseminated ores (La Coipa, Pascua). The deposits are commonly associated with conspicuous bleached areas with advanced argillic alteration. El Indio is hosted by a Miocene rhyolitic to dacitic tuff unit and La Coipa and Esperanza are associated with dacite dome complexes. In contrast, the Miocene gold dissemination and gold-bearing stockworks of Pascua are hosted by Late Palaeozoic granite and, and at La Coipa the early Miocene Ag-Au mineralisation hosted by Miocene dacite continues in the underlying basement formed by Triassic shale beds.

The extensive hydrothermal alteration zones that are associated with the epithermal deposits are conspicuous and largely of the high-sulphidation type, and residual vuggy silica ledges flanked by quartz-alunite zones. Structural and lithological control of hydrothermal alteration occurs, and contrasting intensity of hydrothermal alteration is common within the altered areas.



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Figure 4. Late Eocene – early Pliocene Porphyry (+epithermal) Belts  
(Green = Late Eocene-early Oligocene Porphyry Cu-Mo Belt; Blue = Late Miocene-early Pliocene Porphyry Cu-Mo Belt; Red = Miocene Epithermal Au-Ag & Porphyry Cu-Au – Maricunga & El Indio Belts)



### **Palaeocene-early Eocene Precious Metal Deposits**

The Palaeocene-early Eocene metallogenic belt includes a great number of mesothermal to epithermal silver-bearing veins and epithermal gold-bearing veins of both high-sulphidation affiliation and low-sulphidation affiliation. This precious metal mineralisation is associated with Lower Tertiary (Palaeogene) volcanic rocks and locally with volcanic calderas.

### **Iron Oxide Copper-Gold (IOCG) Deposits**

Copper-gold deposits associated with iron oxides have been known since the seventeenth century in the Punta del Cobre district some 15 km south of Copiapó in northern Chile (Figure 5). This mining district includes a number of veins, tabular or lens-like breccia bodies, as well as stockwork and stratabound Cu-Au deposits associated with iron-oxide minerals. The Chilean IOCG deposits belong to a class of deposits characterized by abundant Ti-poor oxide mineralisation, referred to as the iron oxide (Cu-U-Au-REE) class or categorized as low-sulphur Cu-Au deposits.

The significance of this type of deposit has only been realised in Chile since the discovery of the large Candelaria deposit in 1986. Candelaria and the deposits of the nearby Punta del Cobre district are probably the best known examples of the iron oxide Cu-Au deposit class in South America.

The Candelaria-Punta del Cobre deposits formed at shallow crustal levels (<3 km) in an arc- back-arc environment. Although host rocks are consistent with an extensional setting, it is thought that mineralisation occurred during basin inversion under probably transpressional conditions during the early Cretaceous. The deposits occur along a major structural zone and mineralisation, is controlled by brittle and ductile structures, and is associated with regional scale sodic alteration at its periphery.

Common characteristics of many of the South American IOCG deposits are (i) host rocks consistent with an extensional tectonic setting, (ii) often in or near major shear or brittle fault zones, (iii) location in Fe districts, (iv) variable intrusive association, but intrusives invariably nearby, (v) complex Ca-Na-K-Fe alteration, but (vi) best deposits tend to have a major K component to alteration, and (vii) paragenesis: early Fe oxides  $\pm$  K  $\pm$  Na alteration, later Cu sulphides  $\pm$  Ca  $\pm$  K alteration.

### **Stratabound Copper (+ Silver) Deposits (Manto-type)**

Stratabound copper deposits, with subordinate silver, occur along the Coastal Cordillera and are hosted by Jurassic to Lower Cretaceous volcanic and volcano-sedimentary rocks (Figure 5). These deposits are known as 'Chilean Manto-type' deposits, and historically were the second source of Chilean copper production after Cenozoic porphyry copper deposits, although now, they constitute the third largest source, following the more recent discovery and mining of the large Candelaria and Manto Verde IOCG deposits.

The largest stratabound copper deposit in Chile, Mantos Blancos, is hosted by Jurassic volcanic and consists of hydrothermal breccias, disseminations and stockwork-style mineralisation.



Figure 5. Precious metal, IOCG & Stratabound manto-type deposits

(Blue = Palaeocene-early Eocene Precious Metal Deposits; Dark Green = Iron Oxide Cu-Au (IOCG) Deposits; Light Green = Stratabound Manto-type Cu-Ag Deposits)

### **Copper-, Silver- and Gold-bearing Veins**

Numerous copper-bearing veins with associated iron oxides occur along the Coastal Cordillera of central and northern Chile, especially between latitudes 21°S and 26°S (Figure 6 – yellow diamonds). Upper Jurassic dioritic to granodioritic batholiths host these veins, the most significant of which occur in the Tocopilla, Gatico, Naguayan Desesperado, Julia and Montecristo districts. These vein districts were of primary economic importance in the nineteenth century and early twentieth century when most of the Chilean copper production came from the exploitation of copper-bearing veins, but they are now long abandoned.

These are predominantly NE-trending, steeply dipping veins (though some veins are striking WNW, E-W and N-S), from 750 to 2,000 m long, 1 to 12 m wide and with up to 600-700 m of known vertical extent. Copper ores concentrate in rich pockets along these structures, separated by low-grade or barren sections. Strong silicification, argillic alteration and chloritization occur within these copper-bearing veins, and extend some metres into their intrusive wall rocks. The structure of the Cu-bearing veins is regular and continuous within intrusive bodies, but quite irregular and discontinuous when veins extend into the intruded volcanic rocks.

Gold-bearing veins occur in faults and fractures within Jurassic batholiths and their country rocks near the contact with the intrusive masses along the Coastal Cordillera in northern and central Chile (Figure 6 – yellow circles). Individual veins are generally less than 350 m long, 0.5 to 1 m wide, and most have been exploited only within the oxidized zone down to depths of less than 100 m.

Silver-bearing veins occur in the old district of Santa Rosa Huantajaya, Iquique, in the Coastal Cordillera (Figure 6 – yellow triangle). This district has been exploited intermittently since colonial times, becoming a significant silver producer by the end of the nineteenth century and early years of the twentieth century, but has been abandoned since 1942. The veins are hosted by Middle to Late Jurassic limestone strata that are intruded by dioritic and andesitic dykes and sills with local skarn development. Veins are orientated ENE and WNW dipping 60° to the SE and SW respectively, and E-W with subvertical dips. They extend up to 700 m long, up to 2 m wide, and have rich pockets at vein intersections, which were exploited down to 500 m.

### **Sedimentary-hosted Gold Deposits**

East of the old Potrerillos copper mine, a Jurassic limestone sequence hosts disseminated gold deposits such as the El Hueso, Agua de la Falda and Jeronimo gold deposits.

### **Skarn Deposits**

Copper skarn deposits are the most common type of skarn deposits, although only a few are being mined. Zn-Pb and Fe skarns also occur. The copper skarns occur predominantly in the Coastal Cordillera of northern Chile and are hosted by Lower Cretaceous carbonate rocks intercalated with a volcano sedimentary sequence (Figure 6). Some skarns also occur in similar Lower Cretaceous carbonate rocks of the Main Andean Cordillera, which were deposited in a shallow back-arc marine basin.



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Figure 6. Copper-, silver-, gold-bearing veins, skarn deposits (Yellow = Cu-, Ag-, Au-,bearing veins; Red = skarn deposits)

## EPITHERMAL GOLD PROJECTS

Condor's epithermal portfolio comprises the Carachapampa and La Isla projects. These projects are located in the well known Maricunga Belt, approximately 120km due east of Copiapó, at elevations between 3,750m and 5,900m ASL.

The Maricunga Gold Belt hosts several of the world's largest gold in resources and is still considered to be highly prospective for large-scale gold deposits. In 2009, Kinross Gold Corporation alone produced 465,000 ounces 'gold equivalent' from two of its mines, Maricunga (formerly Refugio) and La Coipa ( see the Kinross Gold Corporation Annual Report 2009). Several large-scale 'feasibility study' level projects are reportedly in progress, including Cerro Casale (25.30 Moz Au, 63.98 Moz Ag and 5729.55 Mlbs Cu, Barrick/Kinross) and Marte-Lobo (6.09 Moz Au, Kinross). The reserves supporting these in-ground values are detailed in Table 2 below.

Since 1980, 50Moz of gold, 89Moz of silver and 5,000Mlbs of copper have been delineated in this 150km long mineralised province. Mineralisation is primarily of the porphyry and high-sulphidation epithermal styles.

Table 2. Significant metalliferous deposits located in the Maricunga Gold Belt

Maricunga Deposits*	Inferred Resource	Indicated Resource	Measured Resource	Probable Reserve	Proven Reserve	Contained Metal
La Coipa	1 Mt @ 0.1 g/t Au & 36.4 g/t Ag	3 Mt @ 1.0 g/t Au & 28.1 g/t Ag	8 Mt @ 0.9 g/t Au & 42.0 g/t Ag	7 Mt @ 1.2 g/t Au & 30.6 g/t Ag	20 Mt @ 1.3 g/t Au & 49.0 g/t Ag	1.2 Moz Au 41.6 Moz Ag
Refugio	208 Mt @ 0.5 g/t Au	141 Mt @ 0.6 g/t Au	19 Mt @ 0.6 g/t Au	139 Mt @ 0.7 g/t Au	141 Mt @ 0.8 g/t Au	7.0 Moz Au
Cerro Casale	444 Mt @ 0.4 g/t Au, 1.1 g/t Ag & 0.2% Cu	203 Mt @ 0.4 g/t Au, 1.1 g/t Ag & 0.2 % Cu	15 Mt @ 0.3 g/t Au, 1.3 g/t Ag & 0.2% Cu	981 Mt @ 0.6 g/t Au, 1.4 g/t Ag & 0.2% Cu	232 Mt @ 0.6 g/t Au, 1.9 g/t Ag & 0.2% Cu	25.3 Moz Au 64.0 Moz Ag 5,729.6 Mlbs Cu
Volcan	37 Mt @ 0.7 g/t Au	289 Mt @ 0.6 g/t Au	203 Mt @ 0.6 g/t Au			
Caspiche	458 Mt @ 0.4 g/t Au, 0.1% Cu & 1.0 g/t Ag	1,024 Mt @ 0.5 g/t Au, 0.2% Cu & 1.1 g/t Ag	292 Mt @ 0.5 g/t Au, 0.2% Cu & 1.2 g/t Ag			
Marte/Lobo	22 Mt @ 0.6 g/t Au	9 Mt @ 0.8 g/t Au	11 Mt @ 1.0 g/t Au	24 Mt @ 0.9 g/t Au	117 Mt @ 1.3 g/t Au	6.1 Moz Au

\* Note: these mines are not assets of Condor Blanco Mines Limited. The information in this table is sourced from market announcements and public documents including the Kinross Gold Annual Report 2009, [www.lagunaresources.com/arquerosproject.html](http://www.lagunaresources.com/arquerosproject.html), [www.exeterresource.com/chile-caspiche.php](http://www.exeterresource.com/chile-caspiche.php) and [www.andinaminerals.com/projects/volcan\\_resources](http://www.andinaminerals.com/projects/volcan_resources).

The deposits in the Maricunga - La Coipa district are typical of high-sulphidation epithermal systems produced by volcanism-related hydrothermal activity at shallow depths and low temperatures. Mineralisation typically displays intense zoning and is characterized by an upper zone of secondary Ag enrichment, intermediate levels of Au-Ag in the oxidized zone and primary Au-Cu mineralisation in the lower reduced zone.

## CARACHAPAMPA PROJECT

The Carachapampa project comprises 12 Mining Titles covering a total area of 31km<sup>2</sup> within the La Coipa Mines district of the Maricunga Gold Belt. The Project is located some 21km to the NW of Kinross Gold Corporation's ("Kinross") La Coipa gold processing plant and associated group of gold mines, and the northwest boundary is located just 2.5km SE of the recently closed Kinross' Los Chimberos Mine (Figure 7).





(underlying image source: Google Earth)  
Figure 7. Carachapampa Project Location

### Location, Access, Climate and Physiography

The Carachapampa Project is centred 145 km NE of Copiapó and is accessed some 185 km by road via the International Highways C-35 and C-31, and National Road C-173, which traverses the eastern boundary of the project area. The first 25 km is sealed and the remainder is unsealed, although is mostly in good condition but can be icy during the winter. Highway 31, and its subsidiary roads, provides access to various mining camps in the Maricunga Gold Belt, including the nearby La Coipa group of mines and the Marte-Lobo mines of Kinross.

The project is situated at elevations ranging from 3,750m to 4,397m ASL, the peak being Mt Carachapampa. The climate is dry, windy, and cold with precipitation occurring as snow during the winter from May until September. The summers are sunny, cool, and very dry. The average annual temperature is about 11° C and can vary from highs of around 20° C in summer (January) to lows around -30° C in winter (August).

Vegetation is sparse consisting of mostly grasses and shrubs in the drainages with water. Wildlife in the region includes foxes, vicunas and guanacos. Pink flamingos are also frequently seen around the salt flats, except during their migration period in the winter.

The site was not able to be accessed at the time of the site visit due to an unseasonal heavy rainfall, accompanied by snow. Access was however attained to the nearby Los Chimberos mining area, and the altered and mineralized outcrops situated just to the NW of the tenements boundary. The silica ledges located within the project area were observed during the site visit, albeit at a distance.

## Tenure

The project comprises 12 exploitation concessions (“mining leases”) totalling approximately 3,100 hectares. The concessions are optioned to Tierra Amarilla.

Table 3. Carachapampa Project – Tenement Schedule

Mining Concession	Concession	Area	Registration
Type	Name	(Ha)	Date
EXPLOITATION	CARACHAPAMPA I	300	11-Aug-08
EXPLOITATION	CARACHAPAMPA II	300	11-Aug-08
EXPLOITATION	CARACHAPAMPA III	300	11-Aug-08
EXPLOITATION	CARACHAPAMPA IV	300	11-Aug-08
EXPLOITATION	CARACHAPAMPA V	200	11-Aug-08
EXPLOITATION	CARACHAPAMPA VI	200	11-Aug-08
EXPLOITATION	CARACHAPAMPA VII	300	11-Aug-08
EXPLOITATION	CARACHAPAMPA VIII	300	11-Aug-08
EXPLOITATION	CARACHAPAMPA IX	200	11-Aug-08
EXPLOITATION	CARACHAPAMPA X	200	11-Aug-08
EXPLOITATION	CARACHAPAMPA XI	200	11-Aug-08
EXPLOITATION	CARACHAPAMPA XII	300	11-Aug-08

## Agreements and Encumbrances

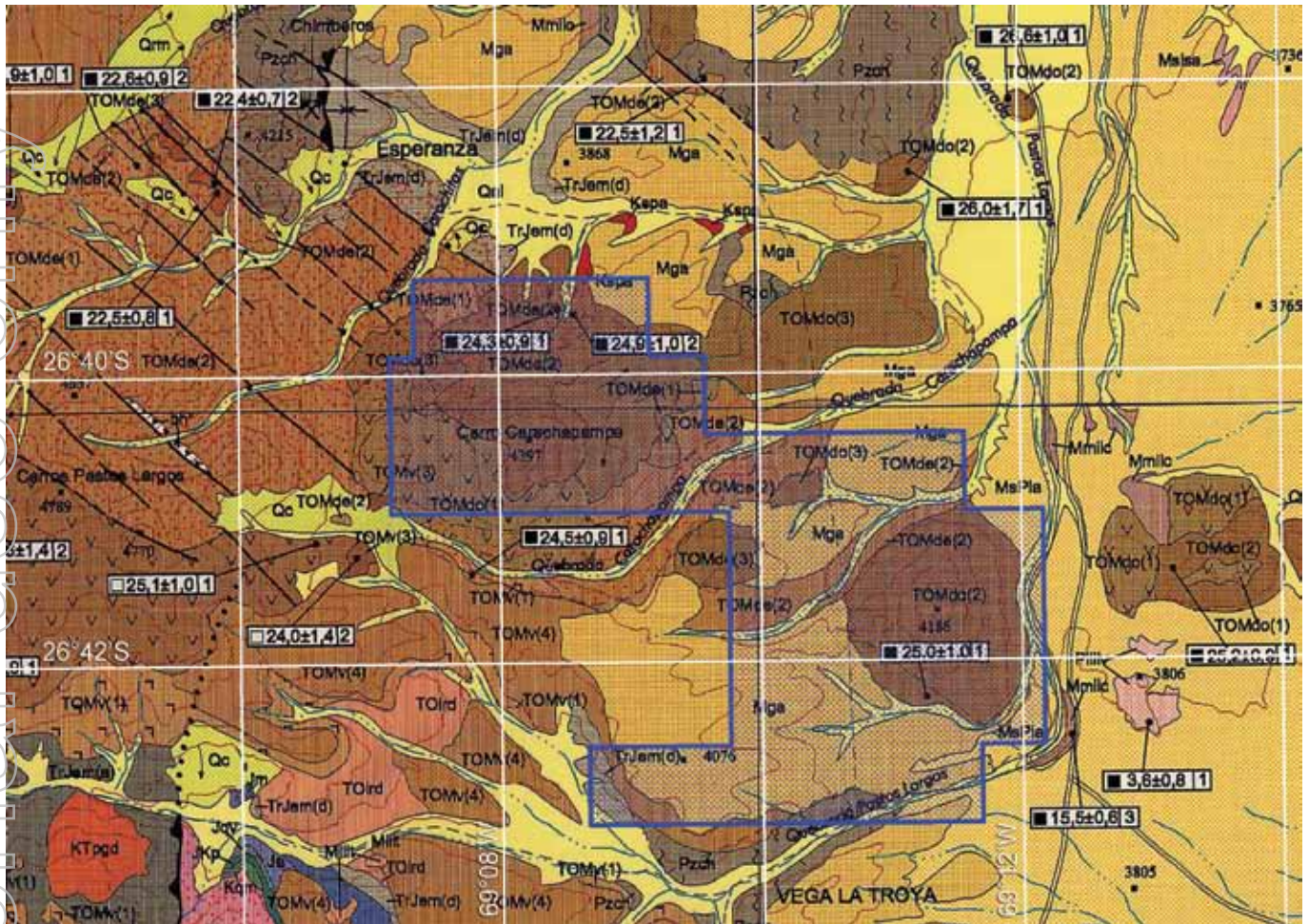
Condor has executed an option agreement for the Carachapampa Project, which involves a staggered payment schedule totalling US\$300,000, enabling the Company to explore for up to 4 years with the option to acquire 100% of the tenement rights being exercisable at anytime for an exercise price of US\$3 million. An additional payment of US\$7 million is payable to the owners if a proven reserve exceeding 10 million ounces of gold is discovered.

There are no other agreements or encumbrances.

## Project Geology & Mineralisation

The tenement area is dominated by the late Oligocene-early Miocene intrusives and associated volcanics of the Cerros Carachapampa Volcanic Centre (Figure 8).





(geology source: Servicio Nacional de Geología y Minería – Salar de Maricunga 1:100,000 geological map)

Figure 8. Carachapampa Project – Tenements & Geology

The dominant lithologies are described hereunder in order of decreasing age.

**Chinchas Formation (Devonian-Carboniferous) Pzch**

The oldest rocks in this area are present at the southern boundary of the project area on the flanks of Pastos Largos Creek. They comprise massive, fine-medium meta-sandstones, and micaceous phyllites with poorly developed cleavages.

**El Mono Strata (Upper Triassic-Lower Jurassic) TrJem(d)**

Detrital sedimentary sequence, up to 2,000 m thick. The upper levels of the El Mono Strata outcrop in the NW corner of the project area, in fault contact with the overlying the area of TOMde1&2. In this area, the unit comprises quartz sandstone and matrix-supported conglomerates. The sediments were formed as gravitational debris flows and lacustrine turbidites, which rest conformably on black carbonaceous shales. The equivalent of these rocks host Au-Ag mineralisation at La Coipa and Chimberos mines.

**Intrusive Complex (Upper Cretaceous, 90-69 Ma) Ks(pa)**

Hypabyssal intrusives (sills) that outcrop at the northern boundary of the project area, and include andesitic porphyry and microdioritic rocks.

**Cerro Carachapampa Volcanic Complex (Upper Oligocene-Lower Miocene, 26-23 Ma) TOMdo(1,2,3)**

Rocks of the Cerro Carachapampa Volcanic Complex constitutes the major group of lithologies present in the Project area. They represent the deeply eroded remnants of an extrusive volcanic centre and domes of 3-6 kilometres in diameter. Rock types include dacitic and andesitic lavas, rhyolitic and dacitic domes, and pyroclastic flow deposits. Two large dacite domes occur within the project area, forming the two major topographic highs (Cerro Carachapampa and South Dome).

**Esperanza domes (Upper Oligocene-Lower Miocene, 24-22 Ma) TOMde(1,2)**

Deeply eroded subcircular rhyodacitic domes of 4-6 km in diameter with associate pyroclastic deposits. The domes and their proximal and distal pyroclastic products are affected by intense argillic and siliceous hydrothermal alteration and host epithermal gold and silver mineralisation, such as the Esperanza Prospect and the Arqueros gold-silver deposits of Laguna Resources Ltd ("Laguna"). Outcrops of these sequence includes fine rhyolitic tuffs, and rhyodacitic extrusive and intrusive, located at the base of Cerro Carachapampa and South Dome, and cut by the Carachapampa and Carachitas Creeks and its tributaries. The tuffs exhibit extensive advanced argillic hydrothermal alterations (alunite, pyrite and quartz), with 'ledges' of vuggy silica and siliceous sinters. The extrusive and subvolcanic rhyodacitic domes have a massive porphyritic texture, with silicified breccia margins. Illegal mining is occurring within this group of rocks, both within and outside of the Project area.

**Volcanic Complex - Cerros Bravos-Barros Negros and La Sal-Los Corrales (Upper Oligocene-Lower Miocene, 26-22 Ma) TOMv(4)**

Deeply eroded complex of two coalescing stratovolcanoes, 25 km in diameter and with associated subvolcanic, extrusive and pyroclastic deposits that are spread over an area of 150 km<sup>2</sup>. The complex is situated on a regional NW-trending fault corridor, which also encompasses the project area. Pyroclastic flow deposits are found in the SW corner of the project area, and comprise unconsolidated, 'block and ash' type deposits, with juvenile dacitic blocks arranged in a chaotic fabric.

**Atacama Gravels (Middle Miocene, 17-11 Ma) Mga**

Semi-consolidated deposits of matrix-supported gravel and sand, intercalated with ignimbrites, the top of which consists of a pediment surface covered by ignimbrite deposits. Terrace deposits consist of metres of polymictic, clast and matrix supported, fluvio-alluvial gravels, locally imbrication of boulders and carbonate cement. These deposits represent the filling of a river system developed in the Middle-Upper Miocene, which drained to the west of the current area of the Altiplano.

Outcrop with the tenement area is generally sparse, sporadic and separated by Tertiary and Quarternary alluvial and colluvial deposits.

A zone of intense, sinistral faulting has been reported trending in a NW direction. Cerro Carachapampa is located on the eastern margin of Pilar de La Coipa, a horst structure represented by high-angle, reverse faulting.

A number of major alteration systems are evident within the tenements, particularly in the central part. These exhibit classic high sulphidation alteration mineralogy and zonation from preserved silica caps through to vuggy silica (Figures 9, 10). These include advanced argillic alteration to argillically altered outer zones. These indicators are similar in all respects to the alteration systems described for the La Coipa and Chimberos mines.



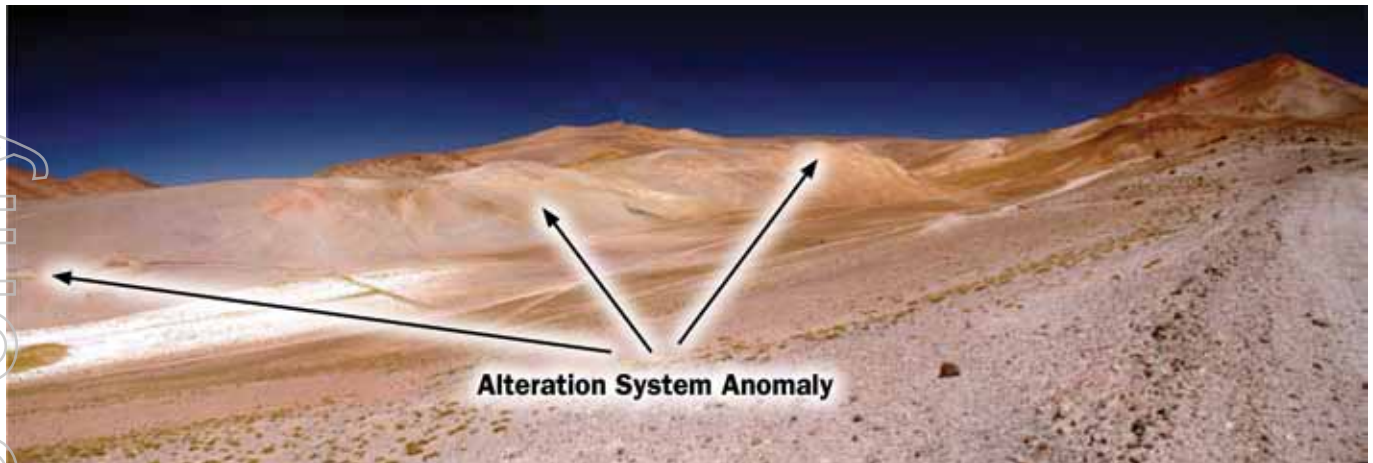


Figure 9. Main alteration system anomaly at Carachapampa



Figure 10. Silica cap and vuggy silica outcrop in foreground

### Exploration History

The earliest written information about the La Coipa area as a precious metal prospect dates back almost a century, when a small underground copper-silver mine was in operation about 2 km southeast of the present-day La Coipa operations (Belanger, 2003). Regional resources have been sporadically exploited since then, but the La Coipa area itself received little attention until the late 1970s.

Following the discovery of the high-grade El Indio deposit, further to the south, in 1975, several international mining companies began exploring areas related to Upper Tertiary volcanic rocks in northern Chile. The Maricunga district became one of the most active exploration areas in the world. A number of deposits, none of them similar to El Indio, were found in the district between 1980 and 1985. These include La Coipa, Esperanza, Lobo-Marte, El Hueso, La Pepa and Pantanillos. More than 8 M oz of gold was discovered in the district during this period (Belanger, 2003).

In the late 1970s, the La Coipa area began to attract the interest of several exploration companies and it wasn't until 1981, that systematic exploration was first carried out at La Coipa. During 1982-1985, a subsidiary of Phelps Dodge explored the La Coipa area, drilling approximately 90,000 m and carrying out 800 m of underground development. The program resulted in the discovery of the Ladera-Farellon and Coipa Norte orebodies. Based on a cut-off grade of 1.0 g/t Au-equivalent, the reserves for Ladera-Farellon were estimated at 52.1 Mt at an average grade of 1.58 g/t Au and 60.36 g/t Ag. The reserves at Coipa Norte stood at 9.15 Mt grading 0.19 g/t Au and 171.7 g/t Ag. At the time these reserves were sufficient for a 12-year mine life (Belanger, 2003).



Since 1985, exploration activities by several companies have made numerous discoveries, although claim ownership disputes and legal wrangling have sometimes hampered exploration progress over the years.

The Chimberos silver deposit, which is part of Esperanza, and only 1 km from Arqueros was mined by Compañía Mantos de Oro (Kinross) from 1998 to 1999, producing 34 Moz silver over 13 months. Subsequently, the high grade zones within Arqueros mineralisation were mined underground from 2000 to 2004 by a local Chilean company who over the five years extracted 270,000 ounces gold equivalent from 1.2 million tonnes of ore, which it processed at an average grade of 1.34 g/t gold and 364 g/t silver (approx. 7 g/t 'gold equivalent'), using a 4.5 g/t 'gold equivalent' cut-off.

In the 1980s, Anglo American and Cominco, carried out surface geological mapping in the general area encompassing the Carachapampa tenements. Results of any work carried out on the project area, if at all, are not known.

In 2005-2006, Kinross Gold Corporation ("Kinross"), through a joint venture agreement with the owners of the Carachapampa tenements, conducted limited exploration of some of the alteration zones located within the project area, including geological mapping, trenching, and up to 12 shallow exploratory Reverse Circulation ("RC") drill holes. During a hiatus period of exploration, the joint venture was dissolved by the owners in 2007 and the project subsequently offered to Tierra Amarilla in 2008, subject to an option to purchase agreement. The results from Kinross' work are not currently available, but anecdotal evidence suggests that at least some of the holes returned positive results, as local prospectors removed the drill cuttings to process for gold and gold is being currently mined by artisanal workers between some of Kinross's drill holes on the tenements (Swensson pers. comm. 2010).

In 2008, the claimowners collected 22 channel and rock-chip samples from zones of quartz veining occurring in isolated outcrops and road cuttings. Samples were submitted to the Vigalab Laboratory in Copiapó, and analyses returned values ranging up to 6.58 g/t Au, and 57 g/t Ag (Lazcano & Fuentes, 2008).

#### **Condor Exploration**

During 2008 and 2009, Tierra Amarilla carried out some reconnaissance activities to confirm alteration styles and intensity that were reported by previous explorers. ASTER images were acquired and interpretations completed. There has been no other work conducted by the company or its subsidiaries.

A large, 2km x 2km, combined alunite + jarosite anomaly exists in the central part of the Project area (Figure 11). The anomaly is situated over altered rocks of the El Moro Strata, Carachapampa Volcanic Complex and Esperanza Domes, and the area which encompasses the small-scale mining activities.



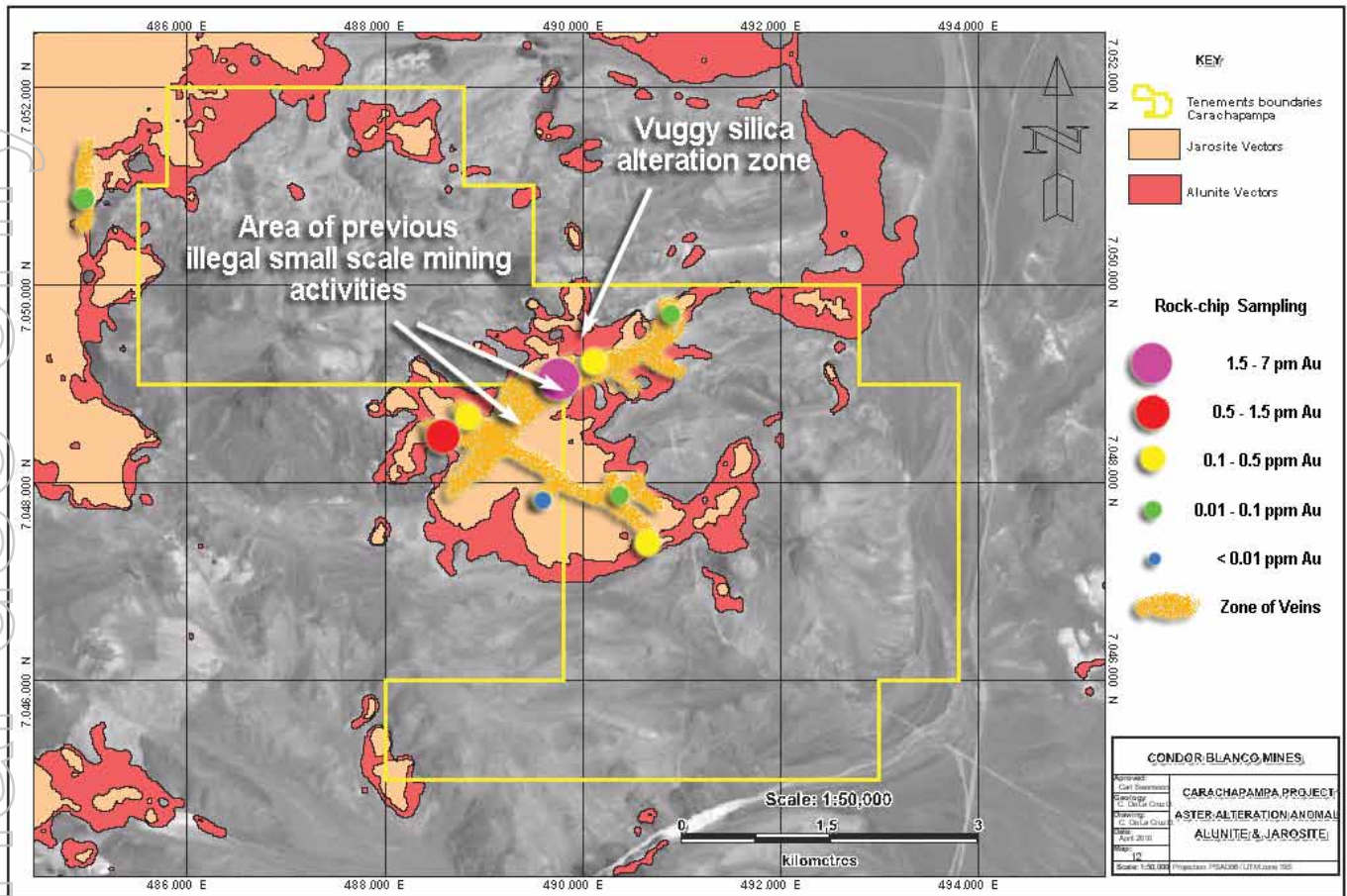


Figure 11. ASTER image – coincident alunite+jarosite alteration anomaly (including rock chip sample results and areas of veining and small scale mining activity)

### Exploration Potential

The Arqueros gold-silver deposit is located just 3 kms to the NW of the project area, and is currently being explored by ASX-listed, Laguna Resources NL. Laguna recently announced an upgrade to its Arqueros gold-silver deposit to a 16.90 Mt @ 0.38g/t Au and 57.00g/t Ag (inferred) and 5.9Mt @ 0.38g/t Au and 93.00g/t Ag (indicated) at a 0.7g/t Au cut-off grade ([www.lagunaresources.com/arquerosproject.html](http://www.lagunaresources.com/arquerosproject.html)).

The Carachapampa project has been subjected to limited exploration in recent years, which itself is considered to be insufficient to have effectively explored the area. The alteration systems appear to be large, and offer good potential for the discovery of epithermal mineralisation similar to the nearby gold±silver deposits, such as Chimberos and the La Coipa group of gold mines. The ASTER images, particularly the coincident alunite+jarosite anomaly image in Figure 11, highlights the alteration zone that has demonstrable gold potential. The gold- and silver-mineralised samples collected by the original claim owners in 2008 were taken from within this area, which coincides with ASTER anomaly and visual colour anomaly, as observed in Figure 11.

The alteration area shown in Figures 11 and 12 remains completely untested and continues for a significant distance down into the Quebrada Carachapampa valley in the south-east of that crest. The central alteration system transgresses into the adjacent tenements of Kinross, and was subjected to illegal mining in late 2007, before Kinross had the illegal miners removed.



(underlying image source: Google Earth)

Figure 12. Carachapampa Project, La Coipa group of mines and nearby deposits  
(red outline = Carachapampa Project tenements)

In addition to the major alteration system partially explored by Kinross, several other alteration zones have been noted by Condor in the reconnaissance conducted to date. For example, the porphyritic dacite intrusive which forms Cerro Carachapampa is highly altered (argillic) and is possibly a porphyry target.

It is noteworthy that a thin veneer of recent volcanic 'air-fall' deposits is present in the area, including with the tenements, up to 1.5m thick. The significance of this is that these recent deposits appear to obscure some of the alteration system(s) at the Carachapampa Project, and that the alteration is much larger than that indicated by the ASTER imagery, particularly to the east of the main alteration area.

The current owners of Carachapampa are undertaking small-scale shallow underground mining on narrow, high-grade breccia and vuggy silica bodies within the alteration zone. This activity has so far been effective in preventing a repeat of incursion by illegal miners.

Although a site visit was hampered by bad weather, several outcrops of silica ledges and zones of alteration were easily observed from a distance. The alteration systems located within the Carachapampa project present immediate targets for follow-up exploration and drilling activities.



## Exploration Program & Budget

An exploration program has been developed by Condor for a two year period. The program involves the following activities:

<b>Year 1</b>	<b>AUD\$</b>
Geological mapping	8,000
Geochemistry survey	23,000
Drilling	150,000
Analyses	33,000
Technical Personnel	12,000
Field Personnel	31,000
Field Costs	11,000
Vehicle Costs	18,000
Tenement Costs (Option Payments)	100,000
Administration & Support Costs	105,000
<b>TOTAL YEAR 1</b>	<b>491,000</b>
<b>Year 2</b>	
Drilling	250,000
Analyses	55,000
Technical Personnel	14,000
Field Personnel	12,000
Field Costs	10,000
Vehicle Costs	18,000
Tenement Costs (Option Payments)	100,000
Administration & Support Costs	124,000
<b>TOTAL YEAR 2</b>	<b>583,000</b>

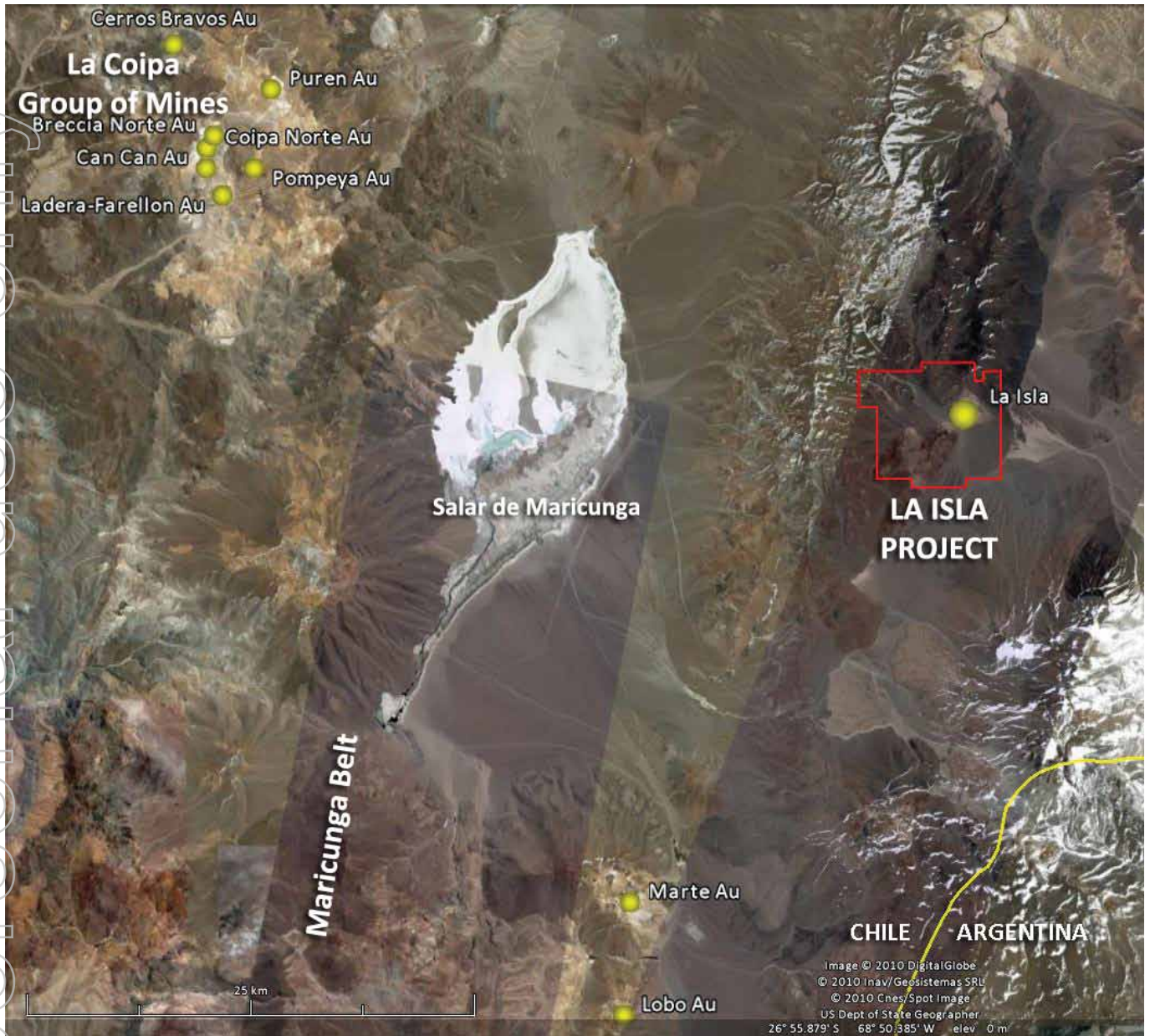
Condor Mine's proposed exploration program and budget of \$1,074,000 is considered to be consistent with the conceptual exploration targets.

Should the Company not raise the maximum subscription of \$5M offered under this Prospectus, the exploration budget will be reduced in accordance with the funds raised (minimum being \$3.5M).

## LA ISLA PROJECT

The La Isla project comprises 5 Exploitation and 6 Exploration Mining Concessions covering a total area of 29.9 km<sup>2</sup> within the Marte-Lobo Mines district of the Maricunga Gold Belt. The Project is located some 33km to the NW of Kinross' Marte gold mine and processing plant (Figure 13).





(underlying image source: Google Earth)

Figure 13. La Isla Project Location & nearby gold deposits of the Maricunga Gold Belt

### Location, Access and Physiography

The La Isla Project is centred 155 km NE of Copiapó and is accessed some 220 km by road from Copiapó via the International Highways C-35 and C-31, which passes by the southeastern boundary of the project area.

The project is situated at elevations ranging from 4,380m to 5,910m ASL. Climate and vegetation is similar to that at the Carachapampa Project.

The site was not able to be accessed at the time of the site visit due to an unseasonal rain and snowfall, covering the project area. The closest distance attained was 17km, near to the San Francisco Border Control Complex, whilst en route to the Carachapampa project.



## Tenure

The project comprises 11 concessions totalling 2,990 hectares. The concessions are optioned to Tierra Amarilla SCM.

Table 4. La Isla Project – Tenement Schedule

Mining Concession	Concession	Area	Registration
Type	Name	(Ha)	Date
EXPLOITATION	LA ISLA I	200	01-Apr-10
EXPLOITATION	LA ISLA II	230	08-Aug-08
EXPLOITATION	LA ISLA III	260	08-Aug-08
EXPLOITATION	LA ISLA IV	300	01-Apr-10
EXPLORATION	LA ISLA VII	200	01-Apr-10
EXPLORATION	LA ISLA VIII	300	02-Jun-10
EXPLORATION	LA ISLA X	300	01-Apr-10
EXPLORATION	LA ISLA XI	300	01-Apr-10
EXPLORATION	LA ISLA XII	300	01-Apr-10
EXPLORATION	LA ISLA XIII	300	01-Apr-10
EXPLOITATION	LA ISLA XIV	300	01-Apr-10

La Isla is the subject of a four year option agreement for the property involving three option payments of US\$50,000 payable on signing and thereafter at 12 and 14 month intervals, with the option exercisable at anytime for up to 4 years to acquire 100% of the titles for an exercise price of US\$2 million.

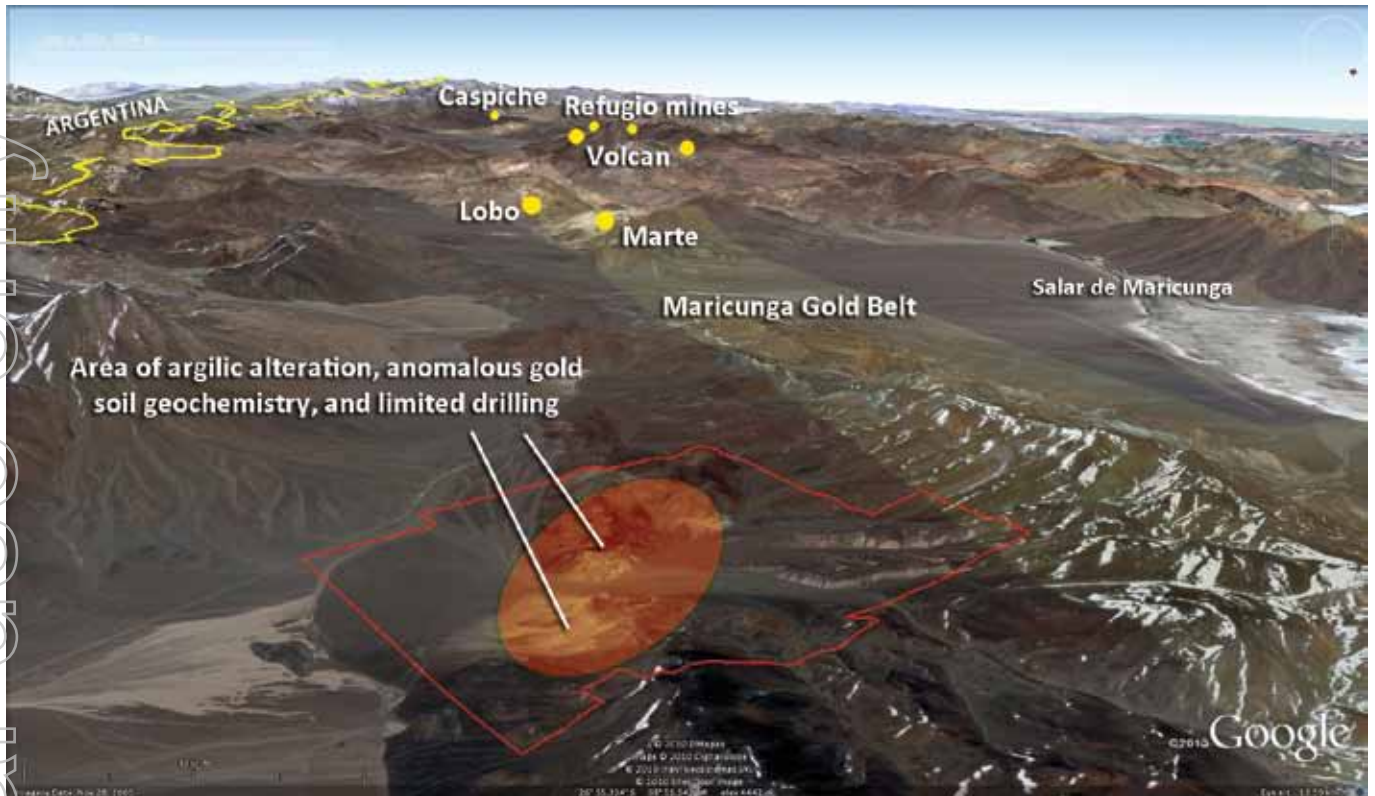
## Agreements and Encumbrances

There are no other agreements or encumbrances.

## Project Geology & Mineralisation

The geology of the project area is similar to that of the Carachapampa Project, with the main rock types being andesitic tuffs, welded tuffs and dacitic lithic tuffs of similar Oligocene Miocene ages.





(underlying image source: Google Earth)

Figure 14. La Isla Project - Area of Argillic Alteration

The andesitic welded tuff is the dominant outcrop type in the surrounding area. Within the project area, this unit is typically reddish in colour, and comprises an aphanitic texture with thin “flammas”. At the surface, and in drill samples, this unit typically displays slight argillic alteration. A major alteration system of approximately 3.5km x 1.5km is located in the centre of the tenements (Figure 14) which exhibits a typical high sulphidation epithermal alteration assemblage.

The dacitic lithic tuff is the dominant unit in the north and south prospect areas within the project area. The dacitic lithic tuffs comprise lithic fragments ranging in size between 0.5 to 3 cm, angular to sub-rounded, and altered to varying degrees from partial to intensely argillic. Due to its high permeability, this unit is associated with the largest surface geochemical anomalies, and constitutes the host rock of the silica ledges.

This system is well preserved as evidenced by the preservation of silica caps and vuggy silica zones. Varying amounts of limonite, jarosite, hematite and goethite are found in outcrops of altered volcanic units, in conjunction with some iron sulphates. High silver values were obtained from rock samples taken from trenches and in some drill intercepts. Gold mineralisation has been identified, strongly associated with ‘ledges’ and outcropping areas of silicified tuffs, with values up to 14.9 g/t Au being obtained from rock chip sampling. Kinross initially sampled based on geological mapping of outcrops and existing workings. The full range of results was not reported and so is not available. This was followed-up with systematic soil sampling. Oxidised copper mineralisation has been described, from an area located to the southwest of the drilling area, occurring as fracture fill. Condor intends to follow-up with further geochemistry and drilling to check these earlier results. This further exploration is warranted, though outcomes are uncertain and there can be no guarantee of determining a resource.

### Exploration History

During the 1980s, preliminary geologic exploration of the Andean Cordillera of northern Chile was commenced in late 1980 and 1981 by Minera Anglo American Chile Ltda. as operators for an Anglo American-Cominco Resources joint venture, and at roughly the same time, by other groups, most notably Exploraciones y Minerales Sierra Morena (then a subsidiary of Gold Fields’ Mining Corporation).



During the 1980s, Sierra Morena, conducted a systematic exploration program of the alteration system present within the project area, including soil sampling, trenching, and diamond drilling in the southern part of the project area (author unknown, date unknown). There are no records available for this work.

The project lay dormant for about twenty years, when in 2004, Kinross Minera Chile Ltda, as subsidiary of Kinross Gold Corp. ("Kinross"), undertook a program of rock-chip sampling, returning gold values up to 14 g/t Au, and >400 g/t Ag.

In 2006-2007, Kinross undertook a more detailed exploration program, comprising soil and rock geochemistry sampling over the main alteration system, and then drilled a total of 13 Reverse Circulation ("RC") holes for 1,564m. 309 soil samples were collected on a course grid of 200m x 100m with infill at 100m x 100m. 171 Rock samples were also collected from the surface and old trenches. The surface and trench rock chip samples were taken on a convenience basis but were supported by the systematic grid-based soil sampling performed. Although exact assay figures were not reported by Kinross, the range of results shown in Figure 15 below were graphically presented. The soil geochemistry showed an extensive and cohesive gold and silver anomaly over the alteration zone with higher gold values in the southern third of the system (Figure 15). Multi-spectral analysis using a portable spectrometer was used to identify clay minerals and their alteration associations in rock and drill samples. At least four major alteration associations were identified, corresponding to alteration assemblages typical of mineralised epithermal systems.

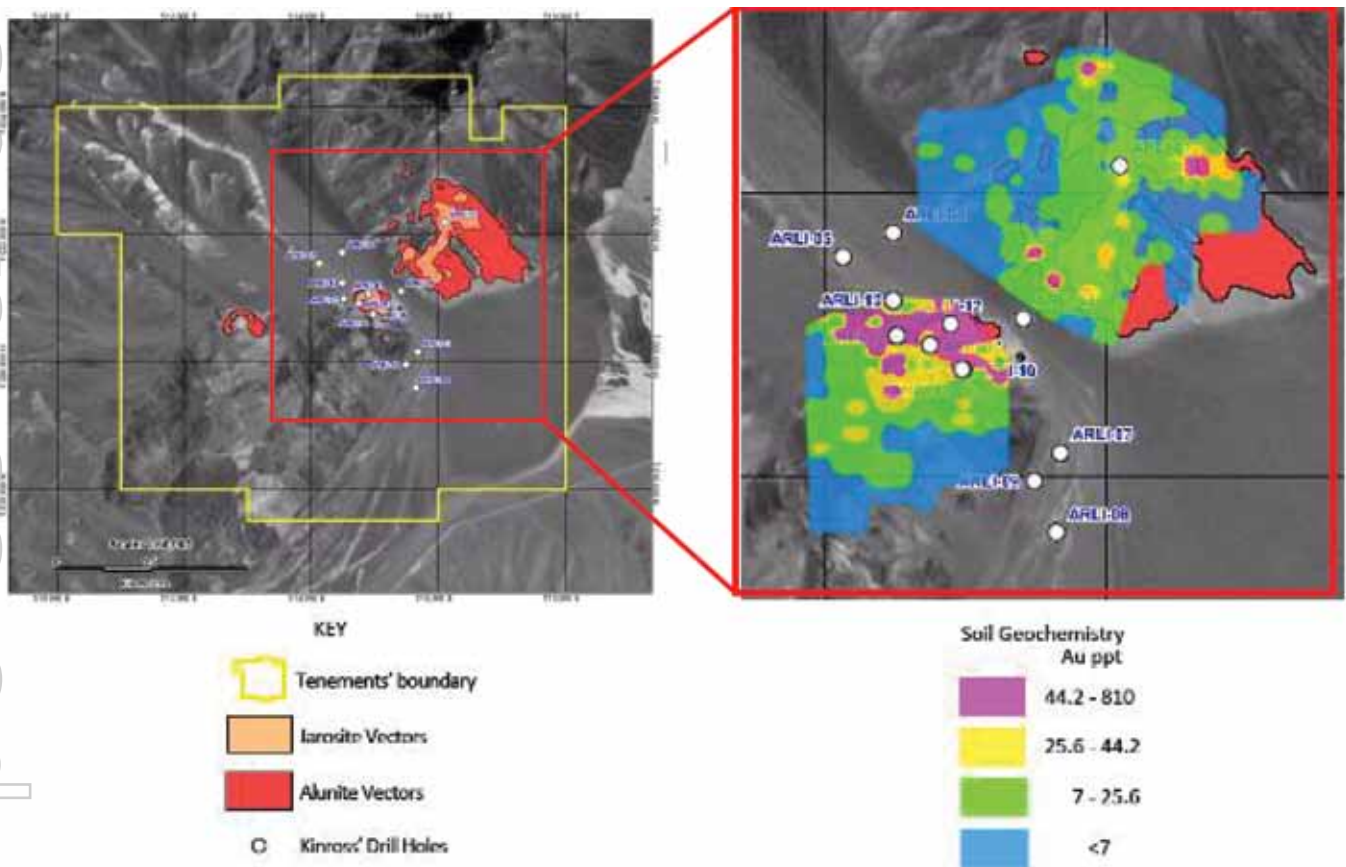
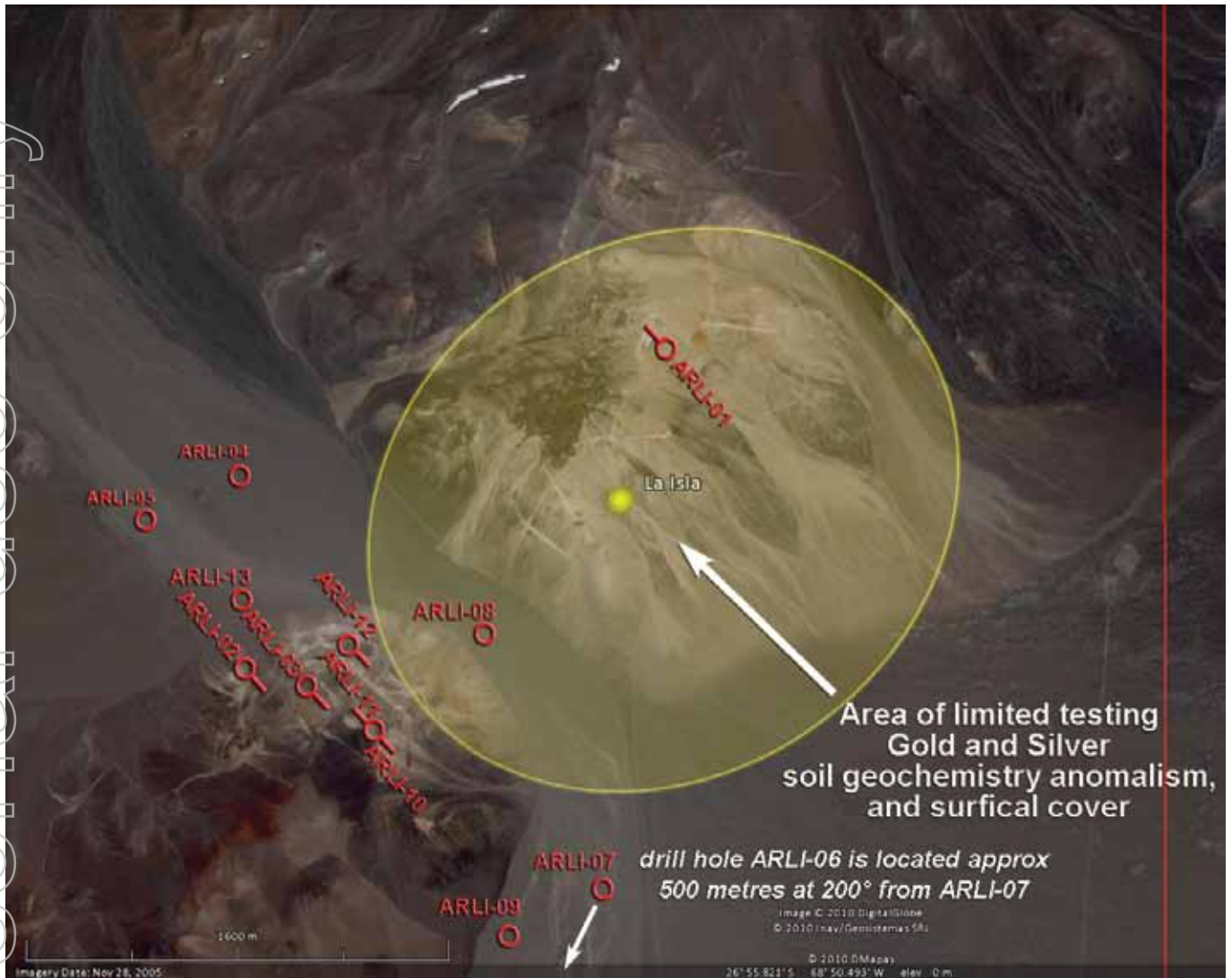


Figure 15. ASTER image – Alunite + Jarosite Anomalies  
(includes Kinross' Drill Hole Locations & gold soil geochemistry)

Drilling targeted the southwestern portion of the system (Figure 16) and only 5 of the 13 drill holes were drilled within the target alteration. The other 8 drill holes were drilled in alluvial and/or colluvial covered areas, and consequently they either did not penetrate the alluvial gravels in the valley, or only intersected <20 metres of bedrock beneath the cover. Best results of 12m @ 0.37g/t Au and 35.78g/t Ag from drill hole ARU-11, and 42m @ 0.38g/t Au and 4.2g/t Ag from drill hole ARU-12 were obtained by this program. Kinross subsequently relinquished the project.



(underlying image source: Google Earth)

Figure 16. La Isla Project - Alteration Area with limited drilling

### Condor Exploration

Condor recently acquired ASTER data over the project area and carried out interpretation to define alteration anomalies. The image of combined alunite + jarosite anomaly highlights two areas of alteration (Figure 15). The largest, 1.6km x 2km in size has only been tested by one drill hole. The second, smaller anomaly is approximately 600m x 400m and was drilled by four holes.

### Exploration Potential

BRL agrees with Condor view, that the large alteration system at La Isla has been insufficiently tested with only 5, generally shallow holes having been drilled into approximately 25% of the area of the alteration system. In addition there are several locations where soil sampling obtained anomalous gold and silver values which were not drilled. It is unclear whether Kinross based the drilling on a combination of alteration mapping and geochemistry. However in these complex systems, careful alteration mapping in conjunction with the geochemistry is required and reliance on assays alone can be misleading. Condor considers that the size of the epithermal alteration system at La Isla, the nature of the alteration, and the geochemical results to date warrant further exploration.





## Exploration Program & Budget

An exploration program has been developed by Condor for a two year period. The program involves the following activities:

<b>Year 1</b>	<b>AUD\$</b>
Geological mapping	8,000
Geochemistry survey	23,000
Drilling	250,000
Analyses	56,000
Technical Personnel	12,000
Field Personnel	31,000
Field Costs	5,000
Vehicle Costs	24,000
Tenement Costs (Option Payments)	50,000
Administration & Support Costs	92,800
<b>TOTAL YEAR 1</b>	<b>551,800</b>
<b>Year 2</b>	
Drilling	250,000
Analyses	55,000
Technical Personnel	14,000
Field Personnel	12,000
Field Costs	10,000
Vehicle Costs	18,000
Tenement Costs (Option Payments)	50,000
Administration & Support Costs	110,500
<b>TOTAL YEAR 2</b>	<b>519,500</b>

Condor Mine's proposed exploration program and budget of \$1,071,300 is considered to be consistent with the conceptual exploration targets.

Should the Company not raise the maximum subscription of \$5M offered under this Prospectus, the exploration budget will be reduced in accordance with the funds raised (minimum being \$3.5M).

## COPPER-GOLD PROJECTS

The copper-gold projects portfolio comprises the Yaretas, Cautiva-Victoria, Gold Iron, Fenix & Fraga Projects.

The Yaretas Project has potential for large porphyry style copper-gold mineralisation, as well as associated high-sulphidation epithermal gold and silver mineralisation. The Gold Iron Project similarly has potential for porphyry copper-gold mineralisation. Chile hosts the largest examples of these types of deposits in the world, including Chuquicamata and Escondida.

Cautiva-Victoria, Fenix, and Fraga exhibit vein and manto-style disseminated copper mineralisation of IOCG affinity typical of the Punta del Cobre district. This renowned copper district passes through Copiapó and is part of the Chilean Iron Belt (Figure 5), a 500km long corridor of iron and IOCG mineralisation spatially associated with the Atacama Fault Zone, and is host to >2,000 million tonnes of iron ore reserves and world-class copper-gold deposits such as Mantos Blancos (probable reserve 18.80 Mt @ 0.94% Cu, proven reserve 7.2 Mt @ 0.88% Cu) and Mantoverde (probable reserve 6.6 Mt @ 0.54% Cu, proven reserve 37.7 Mt @ 0.59% Cu) (Anglo American plc Fact Book 2009/10).

## YARETAS PROJECT

The Yaretas project comprises 10 concessions covering a total area of 28 km<sup>2</sup> located within the Eocene-Oligocene porphyry copper belt of northern Chile, host to some of Chile's most prolific mining districts. Major mines along the belt include Collahuasi, Quebrada Blanca, Chuquicamata, La Escondida, El Salvador and Potrerillos. The Project is located some 25km to the west of Kinross' Maricunga, or Refugio, porphyry gold mines and processing plant (Figure 17), and immediately west of the New Gold Inc ("NewGold")/Antafogasta plc ("Antafogasta") Joint Venture's Rio Figueroa Project.

### Location, Access and Physiography

The Yaretas Project is centred 80 km ESE of Copiapó and is accessed some 105 km by road from Copiapó via the International Highways C-35 and C-31, then National Road C-365, which is mostly in good condition, can be icy during the winter, and deteriorates to a track traversing the valley floors when approaching the area encompassing the Yaretas Project. The first 25 km is sealed and the remainder is unsealed, with C-31 continuing on from the junction with C-17 as a formed, treated unsealed road, although is mostly in good condition. Other National Roads are usually graded unsealed roads traversing up valley floors.

The project is situated at elevations ranging from 3,480m to 4,403m ASL, and the climate is dry, windy, and cold with precipitation occurring as snow during the winter from May until September. The summers are sunny, cool, and very dry. The vegetation is sparse consisting of grasses and shrubs existing only in the drainages with water.

The site was not able to be accessed at the time of the site visit due to access being inhibited by an unseasonal rain and snowfall, covering the majority of the project area.



(underlying image source: Google Earth)  
Figure 17. Yaretas Project Location

### Tenure

The Yaretas project comprises 3 Exploitation and 7 Exploration Concessions covering a total area of 28 km<sup>2</sup> within the Domeyko Cordillera. The Project is located some 25km to the west of Kinross' Maricunga, or Refugio, porphyry gold mines and processing plant. The concessions are held by Tierra Amarilla. The 7 exploration concessions were repegged in 2010. These applications are expected to be granted in due course as outlined in the Solicitor's Report on Tenements in Section 9.





Table 5. Yaretas Project – Tenement Schedule

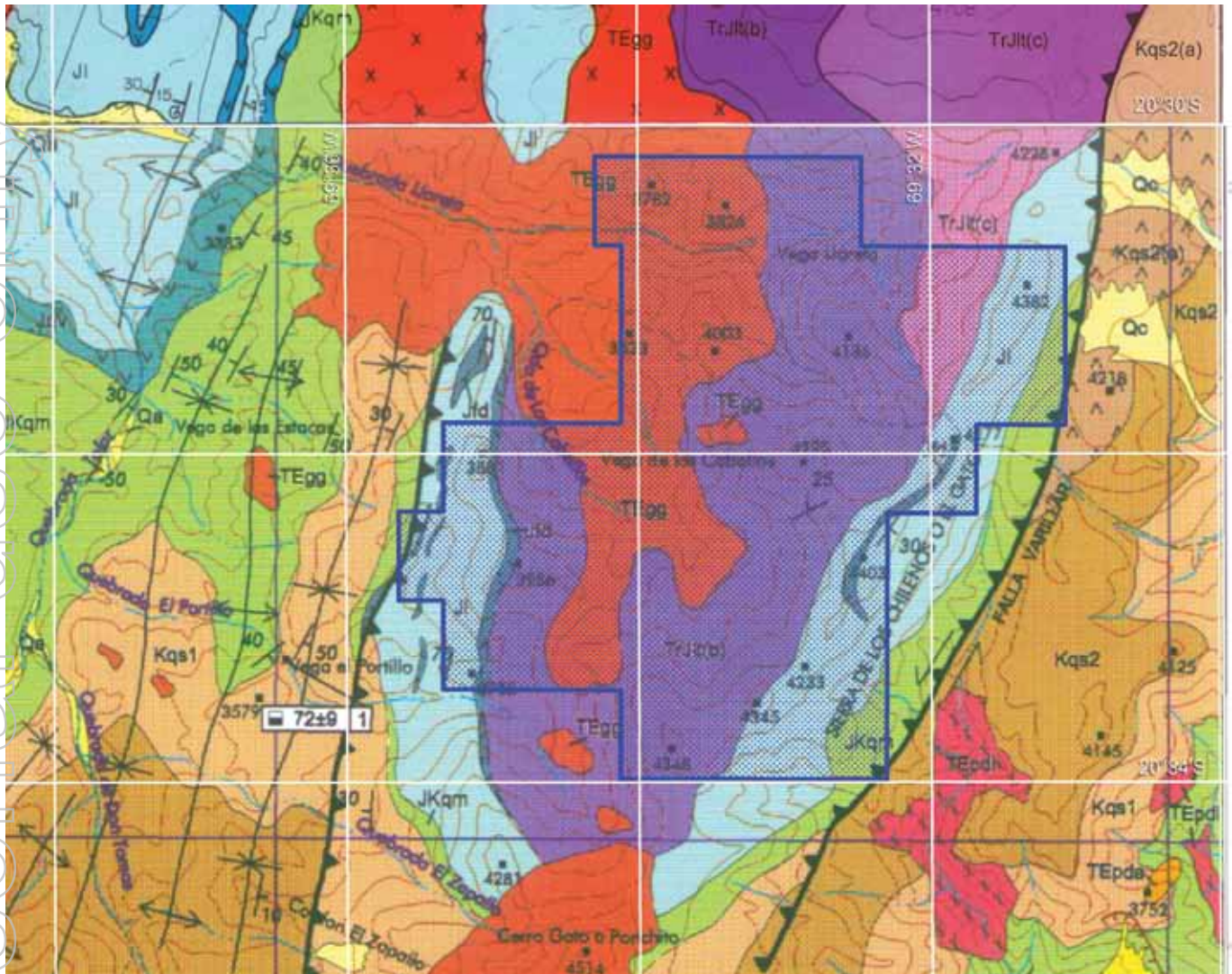
Mining Concession Type	Concession Name	Area (Ha)	Registration Date
EXPLOITATION	YARETA I	300	08-Mar-08
EXPLOITATION	YARETA II	300	08-Mar-08
EXPLOITATION	YARETA III	300	08-Mar-08
EXPLORATION	YARETA IV	300	12-Aug-08
EXPLORATION	YARETA V	300	12-Aug-08
EXPLORATION	YARETA VI	300	12-Aug-08
EXPLORATION	YARETA VII	300	12-Aug-08
EXPLORATION	YARETA VIII	200	12-Aug-08
EXPLORATION	YARETA IX	300	12-Aug-08
EXPLORATION	YARETA X	200	12-Aug-08

#### Agreements and Encumbrances

There are no agreements or encumbrances associated with the Yaretas Project.

#### Project Geology & Mineralisation

The Yaretas Project is situated along a southern extension of the Domeyko Fault System within the Late Eocene-Early Oligocene Chilean porphyry copper-gold-molybdenum belt associated with the Domeyko Cordillera, a mountain belt stretching over some 1,400 kms. This belt represents the largest copper accumulation in the world with 220 million tonnes of copper resources located in 25 major deposits which includes the world renowned Chuquicamata and Escondida mines.



(geology source: Servicio Nacional de Geología y Minería – La Guardia & Carrea Pinto 1:100,000 geological maps)

Figure 18. Yaretas Project – Geology & Tenements' boundary

The project's geology is shown in Figure 18, and the dominant lithologies are described hereunder in order of decreasing age:

**La Ternera Formation (Upper Triassic-Lies, 228-19.6Ma) TrJlt(b),(c)**

A Sedimentary and volcanic sequence, resting unconformably on Paleozoic granitoid basement. Includes a basal clastic sedimentary facies, and pyroclastic-volcanics towards the top. Within the Project area, the volcanic and pyroclastic-volcanics facies rocks constitutes the majority of the outcrop, and is intruded by the El Gato Pluton. The volcanic facies is composed of aphanitic to weakly porphyritic, and amygdular andesitic lavas and andesitic-basalts, with breccias at the base, and includes thin interbedded tuff, sandstone and shale.

**Lautaro Formation (Sinemurian-Bajocian, 196.5-167.7Ma) JI**

Sequence of sandstone, calcarenite, calcilutites and marine limestones conformably overlying the La Ternera formation. In the Project area, this formation comprises cocquina limestone and calcareous sandstone.



**Quebrada Vicuña Strata (Upper Jurassic, 161.2-145.5Ma) Jqv**

Sequence of andesitic lavas with intercalations of lenticular calc-arenites. The lavas are porphyritic basaltic andesites and pyroxene andesites. Outside of the Project area, the formation lies conformably on the Lautaro formation, both of which were deposited in back-arc basins. The Quebrada Vicuña Strata are also associated with a set of fine-grained andesitic sills and dykes, which in the Project area, intrudes the Lautaro formation.

**Quebrada Monardes Formation (Upper Jurassic-Lower Cretaceous, 161.2-100Ma) JKqm**

Clastic sequence of continental medium to fine grained cross-bedded and parallel-bedded sandstones and conglomerates conformably overlying the Quebrada Vicuña Strata. The sandstones have an andesitic volcanic component towards the top of the sequence.

**Quebrada Seca Formation (Upper Cretaceous) Kqs2(a)**

A thick sedimentary and volcanic sequence, unconformably overlying the Quebrada Monardes Formation. Within the project area, the formation is represented by andesitic-basaltic, trachyandesitic lava beds, with brecciated bases and tops, and minor tuffaceous sedimentary intercalations. The top of this sequence is composed of dacitic lavas. The basal section of the formation was deposited in an isolated basin, possibly an extensional basin.

**El Gato Pluton & associated intrusives (Eocene, 46-40Ma) TEgg**

The El Gato Pluton is composed of a group of intrusives, forming a narrow tabular semi-elliptical body with surface dimensions of 50 km long and 5 km wide. The pluton is composed primarily of equigranular, medium-grained, granodiorite with lesser occurrences of diorite and monzodiorite. An isolated outcrop of the pluton occurs within the project area, where it intrudes the La Ternera and Lautaro formations. The intruded rocks are typically contact metamorphosed, and characterized by intense silicification (Figure 19).

Deformation events in the Early Cretaceous has led to a narrow system of NNE trending low-angle reverse faults and asymmetric folds overturned to the east.

NNE-trending reverse faults, which can be traced for 40-100 km, are the most distinctive structural features of the region. In the eastern part of the project area, a medium- to high-angle reverse fault (the Varillar Fault) forms the eastern side of a 'horst' structure, in which the El Gato Pluton is emplaced.

Within the project area, extensive areas of argillic alteration is developed in the granodiorite of the El Gato Pluton (Figure 19). In the foreground of Figure 19, the presence of matrix-supported breccia pipes intruding the altered El Gato granodiorite is a significant indicator of hydrothermal activity. These breccias are sulphidic, show multi-stage brecciation and are indicative of high level hydrothermal activity typical of a mineralised porphyry environment. Surrounding the El Gato granodiorite, rocks of the La Ternera Formation are intensively silicified. Although this may represent simple thermal contact metamorphism on the contact with the granodiorite, the extensive and advanced nature of the silicification is suggestive of a silica cap of a porphyry system. If this is the case, it suggests that the system has been highly preserved. The granodiorite here is a visible, major colour anomaly due to strong argillic alteration.



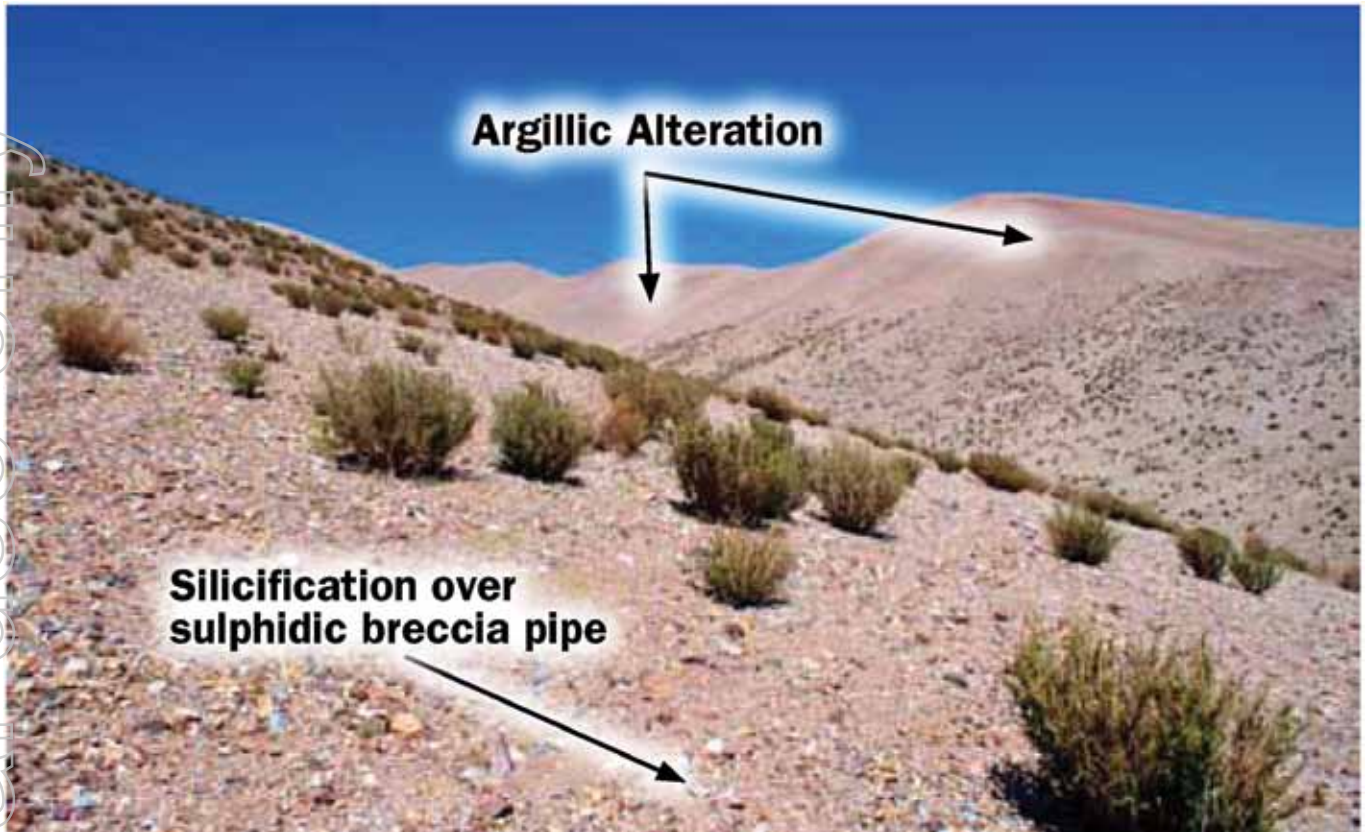


Figure 19. Argillised El Gato granodiorite + silicified, sulphidic breccia pipe

#### Exploration History

There is no information available relating to any historical exploration activities that may have taken place within the Project area.

#### Condor Exploration

During a recent survey of Condor's tenements, the surveying team reported previously unrecorded extensive outcrops of copper carbonate mineralisation (malachite) and argillic alteration located in the centre of the tenements (Swensson pers. comm. September 2010).

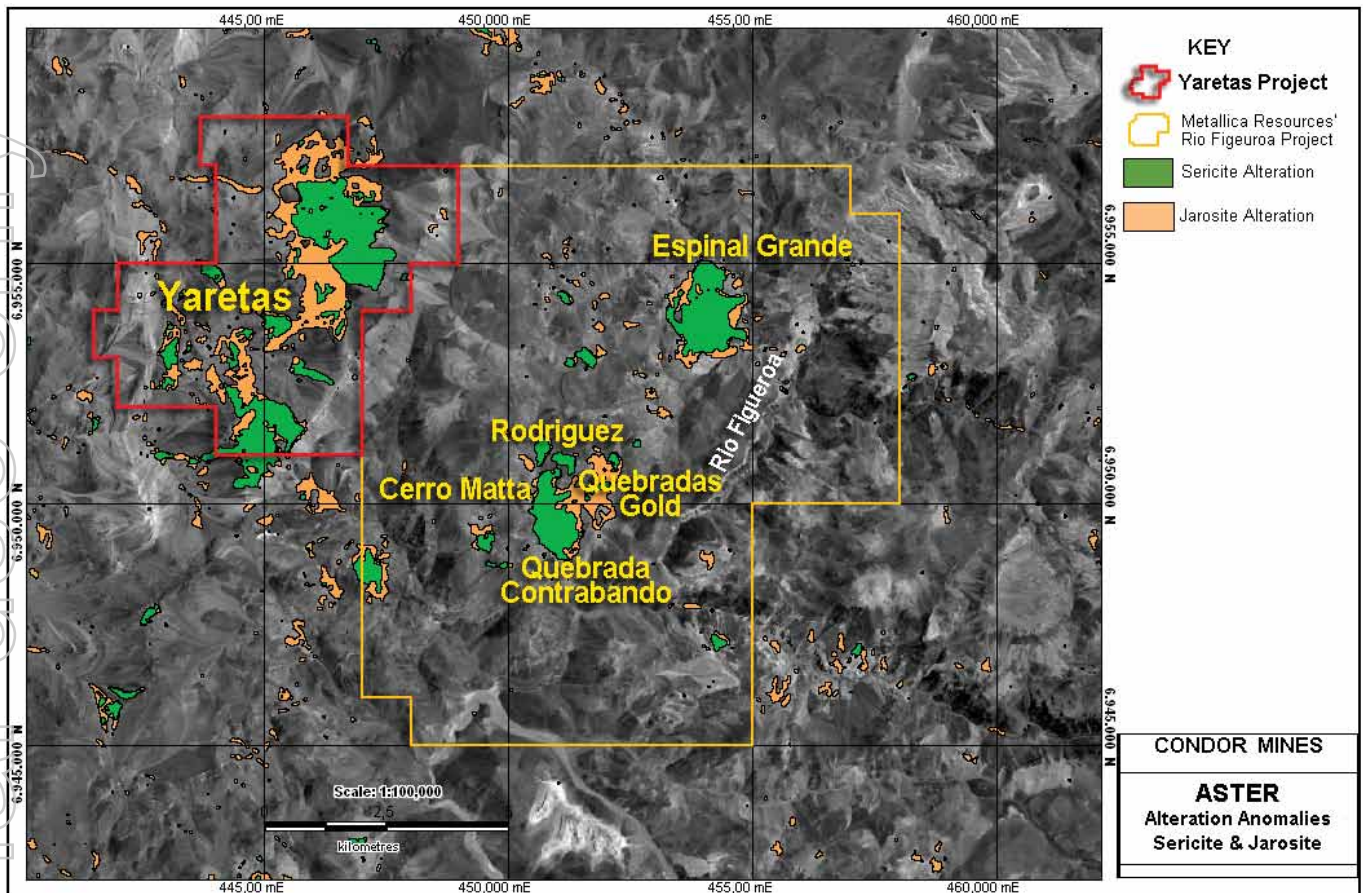


Figure 20. ASTER image – Yaretas Project & Rio Figueroa Project (NewGold/Antofagasta JV)

ASTER images acquired by Condor demonstrate the presence of large alteration zones within the Project area, as well as in the adjacent property (Rio Figueroa Project) that is subject to a joint venture between wholly owned subsidiaries of Canadian and UK miners, NewGold and Antofagasta, respectively. Antofagasta are currently earning their equity in the Rio Figueroa Project. The image displaying the various alteration assemblages demonstrates this very well (Figure 20). Here it can be seen that the size and nature of the coincident sericite-jarosite anomalies located within the Project’s tenements are comparable with those at the nearby Quebrada Contrabando porphyry cluster currently being explored by Antofagasta.

### Exploration Potential

Antofagasta are currently exploring a cluster of porphyry copper-gold and epithermal gold targets within the adjacent tenements. One of the more advanced prospects is their Cerro Matta prospect, where a mineralized intrusive is exposed over an area of 300 by 900 meters within a larger altered envelope. Among the significant drill intercepts recently obtained from Cerro Matta include 294m @ 0.42% Cu, 0.55 g/t Au; 422m @ 0.24% Cu, 0.28 g/t Au, and 158m @ 0.37% Cu, 0.56 g/t Au. The Cerro Matta mineralisation remains open in three directions and at depth. Tourmaline Breccias appear to have a spatial relationship with the porphyry mineralisation.

Antofagasta are also evaluating an epithermal gold target at their Quebrada prospect, where a recent 25 drill hole program has returned grades of 0.5 to 3.7g/t Au over 1-17 metres with a best intercept to date of 17m @ 1.98g/t Au. Here gold is hosted in a shallow zone of oxidized sedimentary rocks along a major NE trending fault system.

As can be seen from Figure 20, similar extensive alteration zones to those interpreted within the adjacent Rio Figueroa Project, are evident in the Yaretas tenements. No exploration has been undertaken at Yaretas and the large alteration systems, the recently encountered extensive outcrops of copper carbonate mineralisation in the central portion of the project area, and the presence of tourmaline breccias pipes, provide an immediate focus for exploration.





Condor's main target is for a large porphyry copper-gold (and potentially molybdenum) system, similar to the others identified elsewhere in the Domeyko Belt such as Escondida and Chuquibambilla two of the largest copper deposits in the world. In addition, there is potential for epithermal gold deposits. This is a conceptual target based on indicative geology. It is uncertain whether further exploration will lead to the determination of a resource.

### Exploration Program & Budget

Condor's objectives of the initial exploration phase are to define target areas across the alteration for focused exploration in sufficient detail to establish initial drill targets. An exploration program is being developed by Condor for the next two years. The program involves the following activities:

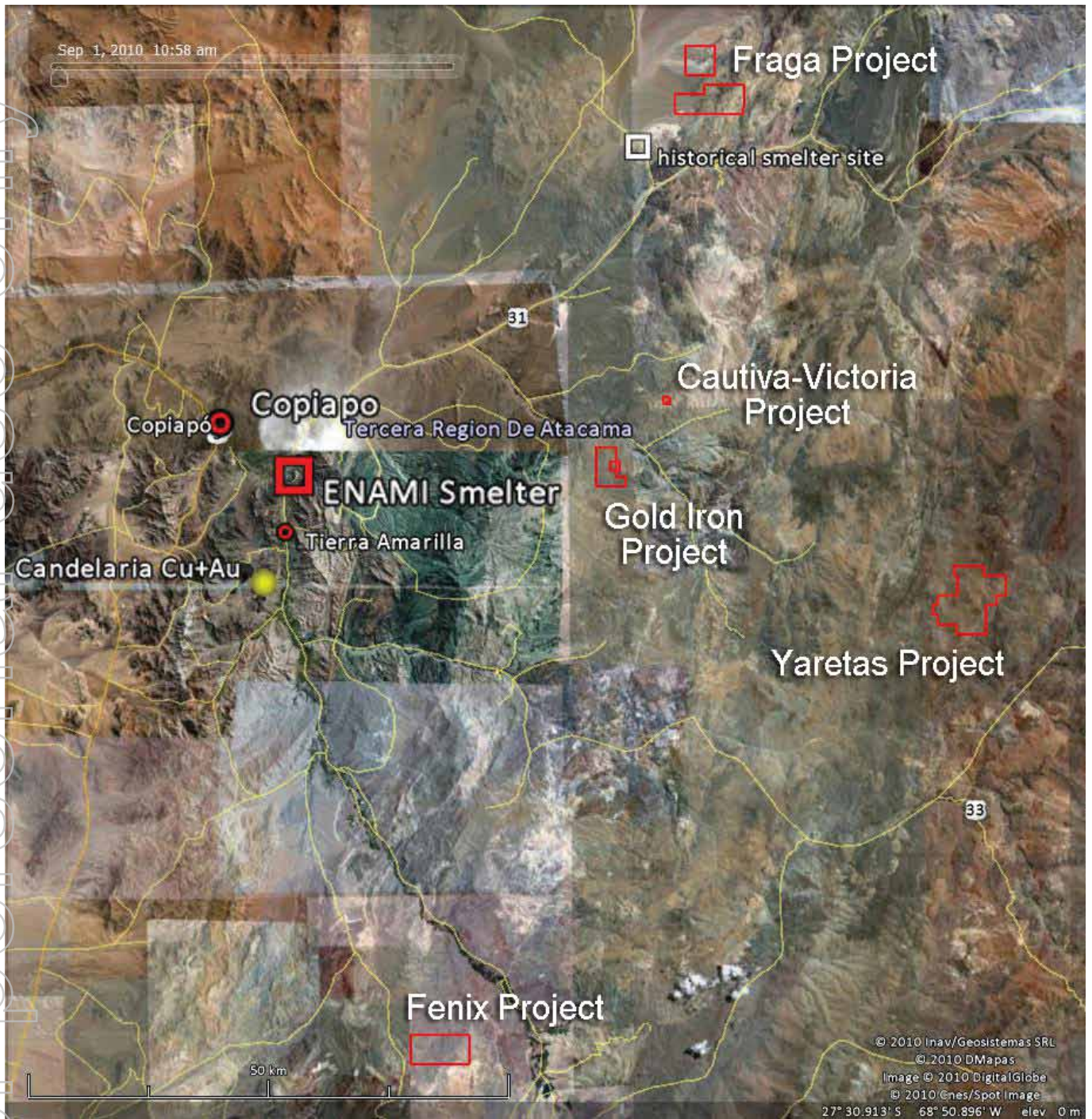
<b>Year 1</b>	<b>AUD\$</b>
Geological mapping	12,000
Geochemistry survey	2,500
Field Personnel	10,000
Field Costs	7,400
Vehicle Costs	12,000
Administration & Support Costs	12,200
<b>TOTAL YEAR 1</b>	<b>56,100</b>
<b>Year 2</b>	
Drilling	232,500
Analyses	40,000
Technical Personnel	28,000
Field Personnel	7,000
Field Costs	11,000
Vehicle Costs	
Administration & Support Costs	100,100
<b>TOTAL YEAR 2</b>	<b>418,600</b>

Condor Mine's proposed exploration program and budget of \$474,700 is considered to be consistent with the conceptual exploration targets.

Should the Company not raise the maximum subscription of \$5M offered under this Prospectus, the exploration budget will be reduced in accordance with the funds raised (minimum being \$3.5M).

### CAUTIVA-VICTORIA PROJECT

The Cautiva-Victoria Project comprises 3 Mining Concessions covering a total area of 62 hectares within the Chilean Iron Belt, and is located some 40km to the east of ENAMI's copper smelter (Figure 21).



(underlying image source: Google Earth)  
Figure 21. Cautiva-Victoria Project Location

The mineralisation style within the Cautiva-Victoria project area is typical of the vein and manto-style IOCG deposits of the region with copper sulphide mineralisation being intimately associated with iron in the form of magnetite and hematite, and with gold and silver often being valuable accessory minerals.

Condor has prepared a business plan to exploit the copper mineralisation defined in recent and historical drilling. Although not JORC classified, the Company is confident that the mineralisation has demonstrated sufficient continuity to commence a trial mining exercise and sell what ore is recovered to the ENAMI Smelter, located just 53 km by road. The shipping of ore to ENAMI for processing also overcomes the need for significant capital expenditure, associated with construction of processing facilities, tailings storage facilities, and so forth. Trial mining will occur along the vein structure that is visible at surface and the ore shipped to ENAMI. The exploration and operating risks outlined in Section 5 of this Prospectus apply. The result of trial mining will inform the decision to undertake further work at Cautiva-Victoria and it is uncertain that the trial mining exercise will extract economic mineralisation.

### Location, Access and Physiography

The Cautiva-Victoria Project is centred 46 km E of Copiapó and is accessed some 60 km by road from Copiapó via the International Highways C-35 and C-31, then National Roads C-365 and C-369 for 54 km, then 7 km via a track to the Project area. The first 25 km is sealed and the remainder is unsealed, although is mostly in good condition and can be icy during the winter.

The project is situated at elevations ranging from 2,045m to 2,260m ASL, and experiences a very uniform, equitable climate with rainfall exceedingly rare. The extreme aridity results in very sparse vegetation at best and there are also no significant environmental sensitivities.

### Tenure

The project comprises 3 mining concessions totalling 62 hectares as shown in Table 6. The Cautiva and Veta Gruesa concessions are held by Condor Blanco SCM ("Condor Blanco"). The Victoria concession is the subject of a purchase agreement between Condor Blanco and the claim owner, Mr. Cesar Maldonado.

Table 6. Cautiva-Victoria Project – Tenement Schedule

Mining Concession	Concession	Area	Registration
Type	Name	(Ha)	Date
EXPLOITATION	VETA GRUESA	4	N/A
EXPLOITATION	CAUTIVA	5	N/A
EXPLOITATION	VICTORIA	53	N/A

### Agreements and Encumbrances

The following summary the Victoria purchase agreement was supplied by Condor.

The purchase agreement for the Victoria concession entails that a purchase price of 120 million pesos (US\$227,000 at an exchange of USD1.00 = 530 Chilean Pesos) is to be paid by one initial instalment of 20 million pesos and then four equal six monthly instalments of 25 million pesos each. The first two instalments have already been paid, and the remaining three instalments can be paid out at any time or the agreement terminated at any time.

### Project Geology & Mineralisation

The geology of the project area (Figure 22) is dominated by the following lithologies, described in order of decreasing age.

#### **La Ternera Formation (Upper Triassic) Trlto3**

A sedimentary and volcanic sequence composed of lavas, pyroclastic rocks, conglomerate, sandstone and shale. It occurs as a NNE trending sequence with west dipping beds, underlain by a low-angle extensional fault (the Huella de Guanaco Fault). Within the project area, the sequence is represented by mainly quartziferous conglomerates, sandstones, with interbedded shale.



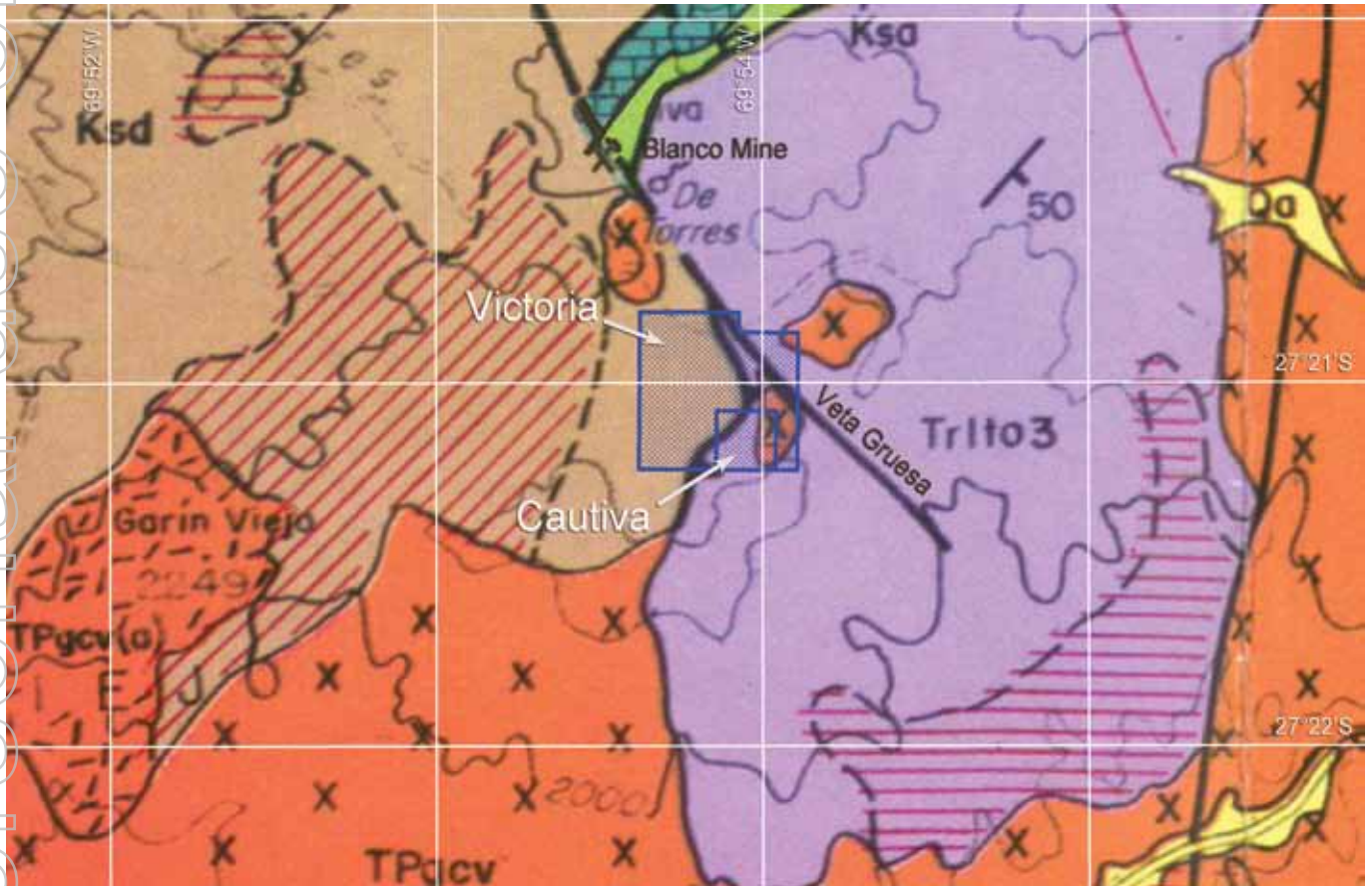


### **Cabeza de Vaca Pluton (early Palaeocene) TPgcv**

The eastern part of the Cautiva tenement comprises a small (< 500 metre diameter) body of this pluton. The Pluton has been described as consisting of granodiorite, granite and medium-grained hornblende-biotite granite porphyry.

### **Sierra La Dichosa Lavas (Upper Cretaceous) Ksd**

Basalt to trachybasalt lavas ranging in thickness between 7 to 20 metres. The lavas are porphyritic with phenocrysts of plagioclase and pyroxene in a pilotaxitic groundmass with intersertal, subordinate altered olivine grains. Interspersed with the lavas are breccias, paraconglomerates and red sandstone. Rocks of this unit host Cu, Ag and Au mineralisation in veins.



(geology source: Servicio Nacional de Geología y Minería - Carrea Pinto 1:100,000 geological map)

Figure 22. Cautiva-Victoria Project – Geology & tenements' boundary

Mineralisation within the project area is hosted by a major vein structure known as the Veta Gruesa structure which has a general strike of  $330^\circ$  with local variations in strike direction from  $295^\circ$  –  $320^\circ$ . The structure is traceable for approximately 1.5 km of which approximately 400 metres of the Veta Gruesa structure and associated vein splays is located within the Cautiva tenement (Figure 23), and approximately 700 metres is present within the Victoria tenement, before it continues northwesterly into the neighbouring Blanco property, where it is currently being mined by a private enterprise.

The structure has a dominantly vertical dip with local flexures resulting in vein dips of  $80^\circ$  to both the NE and SW. As is common with such structures, vein width varies with widths ranging from 0.5m – 5m with an average width of 1.5m. Ladder veins are developed intermittently along the main structure, dipping  $20^\circ$  –  $30^\circ$  towards the SW and provide for significant thickening of the mineralisation at the intersection with the main structure. In addition to the development of ladder veins, fine stockwork veining is occasionally developed on the NE side of the main structure as are occasional parallel veins. All of these subsidiary mineralised geometries provide for local thickening of the ore body.



The vein is composed of quartz-calcite-hematite-magnetite, hosting chalcopyrite and pyrite in the primary (sulphide) zone. In the oxidised and transition zones a complex suite of secondary copper minerals includes malachite, atacamite, chrysocolla, cuprite, covellite and bornite.

In the southern portion of the Cautiva tenements the mineralisation is hosted within the Cabeza de Vaca pluton. Elsewhere, in the north of this area, mineralisation is hosted in hornfelsed sediments, consisting dominantly of calcareous siltstones and fine sandstones of the La Ternera Formation.

### Exploration History

The only known previous exploration conducted on the properties was that undertaken by Catalina Resources plc ("Catalina") in 2007. Catalina undertook surface rock chip sampling of the Veta Gruesa mineralisation over the Cautiva and Victoria tenements and drilled a total of six reverse circulation drill holes targeting the Veta Gruesa Vein for a total of 1,146 metres. Four of the drill holes were drilled on the Victoria tenements and all failed to intersect the target structure. Two holes were drilled on the Cautiva tenements (drill holes PR4 & PR5), successfully intersecting the main vein as well as subsidiary structures.

The position of the two Cautiva drill holes are shown in Figure 23. Drill hole PR4 returned an intersection of 1m @ 0.98% copper from 106-107m within a 16m wide zone of 0.32% Cu mineralisation from 101 -116m down hole. Drill hole PR5 intersected a 37m wide zone of 0.46% Cu mineralisation from 29-66m with two ore grade intercepts of 2m @ 2.4% copper from 32-34m and 1m @ 2.2% copper from 64-65m. The upper intersection also returned a significant gold intercept of 0.6g/t gold.

Table 7. Summary of copper mineralisation intercepts – Catalina Resources plc, 2007

Hole ID	Inclination	Down-hole Intercept (metres)			Copper %
		From	To	Thickness	
PR4	-60°	101	111	10	0.36
		112	116	4	0.31
		243	244	1	0.25
PR5	-60°	29	66	37	0.46
		73	76	3	0.31

In addition to the drilling, Catalina also undertook rock sampling of the main and subsidiary mineralisation (Figure 23), although Condor Blanco has only been able to acquire the geochemistry results for the Cautiva property. These results show that the grade for the main vein ranged from 0.6% - 2.89% copper over widths of 4-5 metres with an average grade of 1.9% copper over an average width of 4.8 metres. Four of the six samples taken from the main vein within the Cautiva tenement reported copper grades in excess of 2% copper.

### Condor Exploration

In August 2010, Condor carried out a drilling program comprising 3 RC drill holes totalling 360 metres. The program targeted the depth extensions to the Veta Gruesa mineralisation, beneath and along strike from Catalina's drill holes, and the open pits and stopings of the more recent small scale mining activities.



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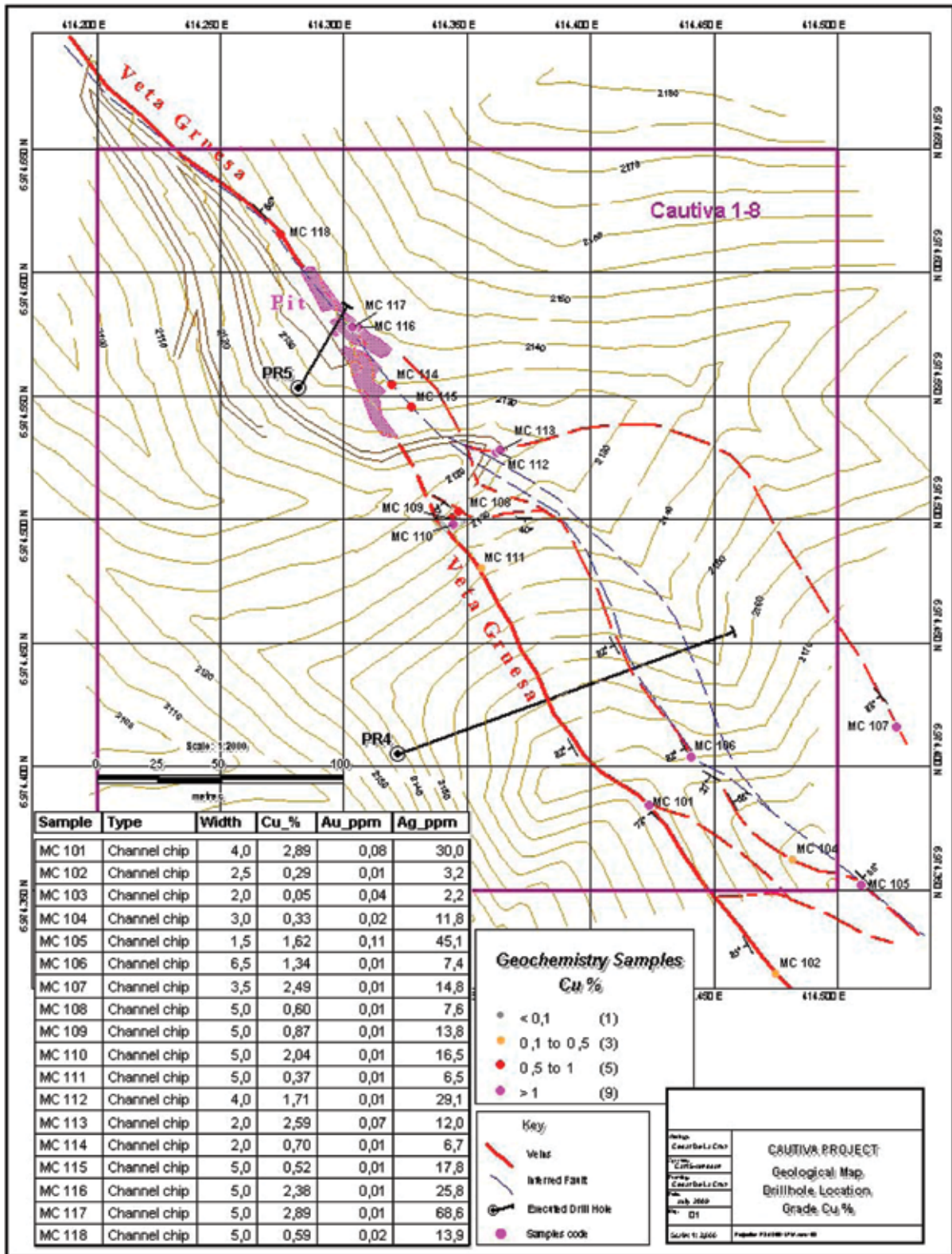


Figure 23. Catalina's drill holes & channel sample locations, 2007

Table 8. Summary of Cu mineralisation intercepts – Condor’s RC drilling program

Hole ID	Inclination	Down-hole Intercept (metres)			Copper
		From	To	Thickness	%
RCCB02	-62°	56	70	14	0.20
		73	77	4	0.12
RCCB01	-62°	59	62	3	0.12
		73	76	2	0.14
RCCB03	-62°	83	84	1	0.10
		93	94	1	0.22
		118	119	1	0.15

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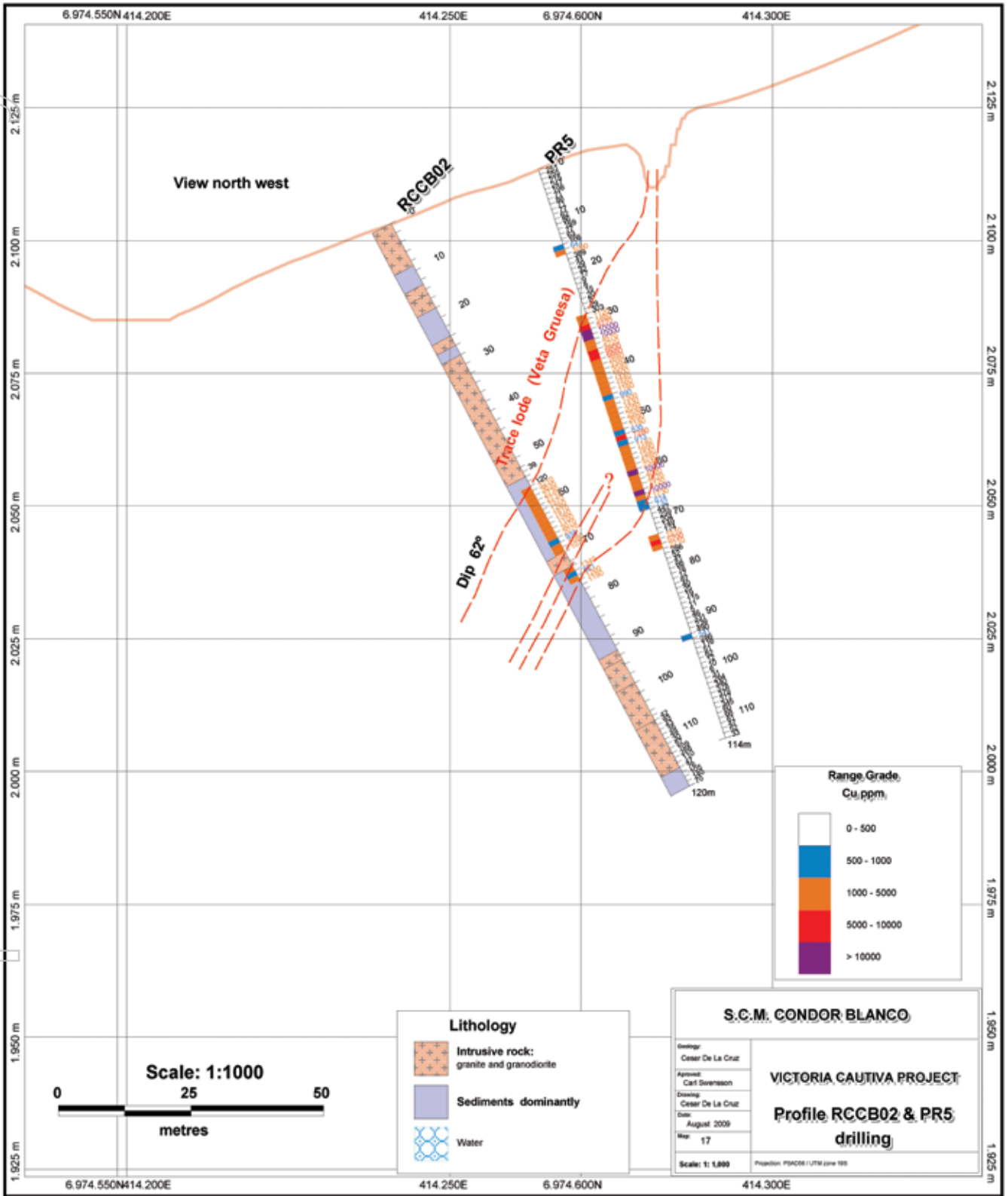


Figure 24. Cautiva – Drill cross-section – Drill holes PR5 & RRCB02



Drill hole RCCB02 was drilled approximately 20m to the SW of Catalina's drill hole PR4 (Figures 24, 25), and returned a reasonable width (14 metres) of copper mineralisation averaging 0.2% Cu from 56 down-hole depth. The tenor of copper mineralisation is not as high as that for Catalina's drill hole PR4, and it is suspected that the high-grade mineralisation may plunge away from RCCB02.

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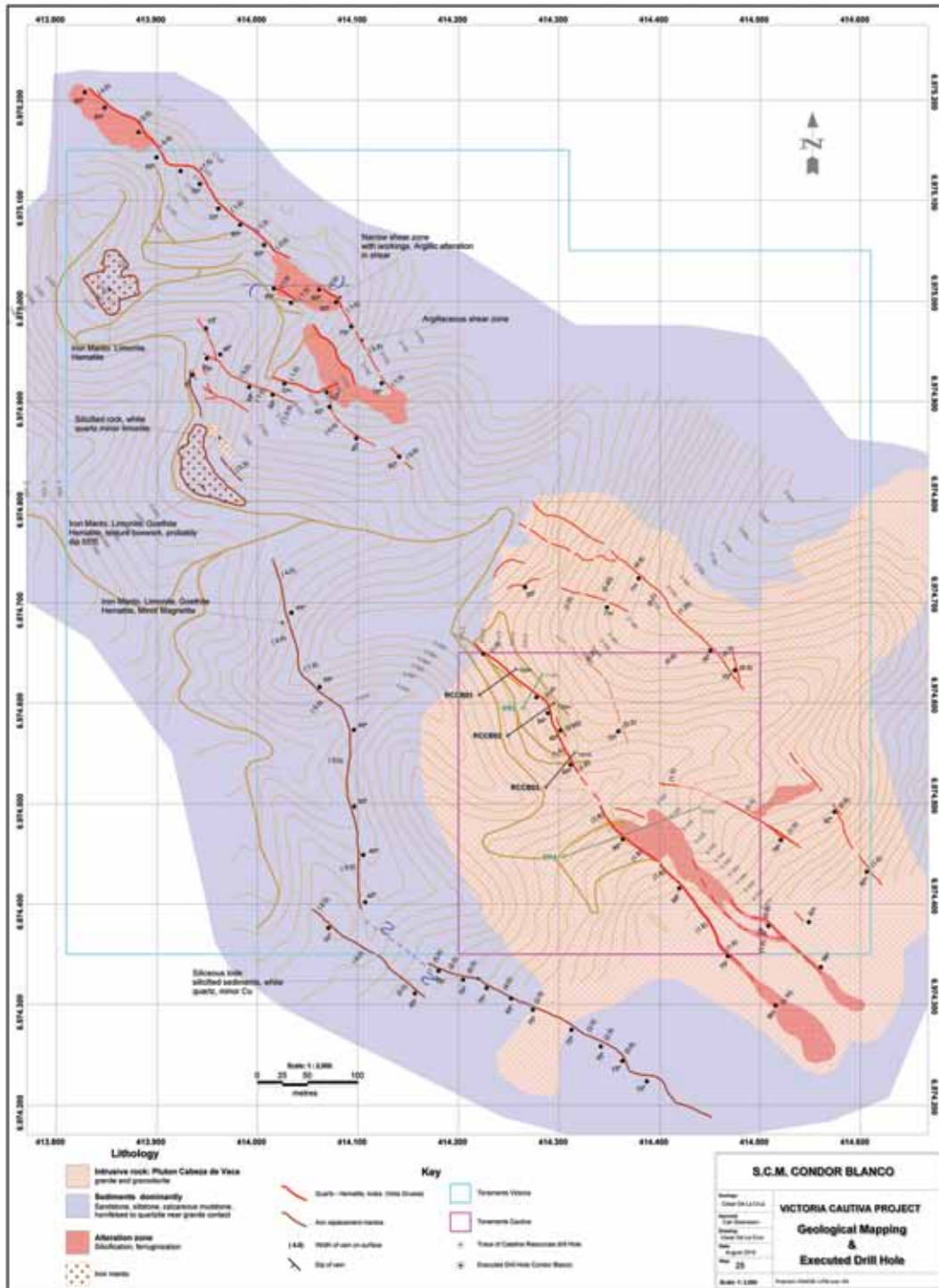


Figure 25. Cautiva-Victoria Project – Geology, Tenement, Drill hole Location Plan



## Exploration Potential

Mining for oxidised copper ore has historically occurred sporadically along the entire length of the Veta Gruesa structure predominantly at near surface from small open pits, shafts and adits. Small scale mining is currently being carried out, intermittently, on both the Cautiva and Victoria tenements. The Veta Gruesa structure on the Blanco property, immediately north of the Victoria tenement, is currently the focus of a mechanised mining operation, producing approximately 200 tonnes per day for sale to the ENAMI Smelter plant (Swensson, per.com. Sept 2010). This property is not an asset of Condor, however the operation lends support to the proposed exploration activities of Condor.

The results obtained by Condor's and Catalina's work support the assumptions of vein widths in excess of 1 metre and sulphide ore grades up to 2% copper. There is also some indication in the results that gold may attain good credit levels in parts of the Veta Gruesa mineralisation.

## Exploration Program & Budget

It is Condor Blanco's intention to proceed with the purchase of the Victoria tenements which will consolidate the ground holdings to provide a suitable target for the definition of a shallow copper resource(s) over a 1,100 metre of strike of the Veta Gruesa structure. Condor has prepared a Mining Business Plan, which is described in more detail elsewhere within the Prospectus, with the intention of exploiting the copper resources and selling mined ore to the ENAMI Smelter plant located near Copiapó. There is sufficient area within the Cautiva-Victoria tenements to conduct the proposed mining activities and accommodate associated operational infrastructure at the surface. Cautiva-Victoria has received the administrative approvals to mine outlined in the second part of Annexure A of The Solicitor's Report on Tenements. A supplementary mine plan notifying of proposed operations would be lodged prior to starting trial mining.

An exploration program has been developed by Condor for a two year period. The program involves the following activities:

<b>Year 1</b>	<b>AUD\$</b>
Capital Equipment	150,000
Site Works (Contractor)	20,000
Mining Development (Contractor)	300,000
Development (Ore)	100,000
Technical Consultants	10,000
Tenement Costs (Option Payments)	114,000
Administration & Support Costs	192,600
<b>TOTAL YEAR 1</b>	<b>886,600</b>

### **Year 2**

Year 2 expenditure is dependent on success of year 1 exploration and mining program. No budget is prepared, as it assumes that if there is success, it will be self-funding or otherwise divested.

<b>TOTAL YEAR 2</b>	<b>N/A</b>
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Condor Mine's proposed exploration program and budget of \$886,600 is considered to be consistent with the conceptual exploration targets, and sufficient to enable a decision to be made as to the viability of the underground mining proposal.

Should the Company not raise the maximum subscription of \$5M offered under this Prospectus, the exploration budget will be reduced in accordance with the funds raised (minimum being \$3.5M).

## **GOLD IRON PROJECT**

The Gold Iron project comprises 5 exploration concessions covering a total area of 13km<sup>2</sup>, with an excised mining concession (0.6km<sup>2</sup>), within the Chilean Iron Belt. The Project is located some 40km to the east of Copiapó (Figure 21).

Mineralisation in the Chilean Iron Belt comprises the significant IOCG type deposits, such as the Candelaria and Cobre del Punta deposits, mantos and precious metal vein deposits. The Gold Iron Project comprises a large area of significant alteration that has potential for the discovery of porphyry-style copper-gold mineralisation.

A site visit was conducted by the author on 20th May 2010.

### Location, Access and Physiography

The Gold Iron is centred 40 km east of Copiapó and is accessed some 58 km by road from Copiapó via International Highways C-35, C-31 and C-17 for 34 km, then 16km up San Miguel Creek along National Road C-365, and then 8km up smaller roads and tracks up Pajaritos Creek to the western boundary of the Gold Iron Project tenements. The first 25 km is sealed and the remainder is unsealed, although is mostly in good condition.

The project is situated at elevations ranging from 1,365m to 2,140m ASL. The climate and vegetation is similar to that at the Cautiva-Victoria Project.

### Tenure

The Gold Iron project comprises 5 Exploration Concessions covering a total area of 13 km<sup>2</sup>. A mining concession is excised from the project tenements, resulting in a total area available for exploration of 12.4 km<sup>2</sup>. The concessions are subject to an option to purchase agreement between Tierra Amarilla and the claimowners.

Table 9. Gold Iron Project – Tenement Schedule

Mining Concession Type	Concession Name	Area (Ha)	Registration Date
EXPLORATION	GOLDIRON I	300	01-Apr-10
EXPLORATION	GOLDIRON II	300	01-Apr-10
EXPLORATION	GOLDIRON III	300	01-Apr-10
EXPLORATION	GOLDIRON IV	300	01-Apr-10
EXPLORATION	GOLDIRON V	100	02-Jun-10

### Agreements and Encumbrances

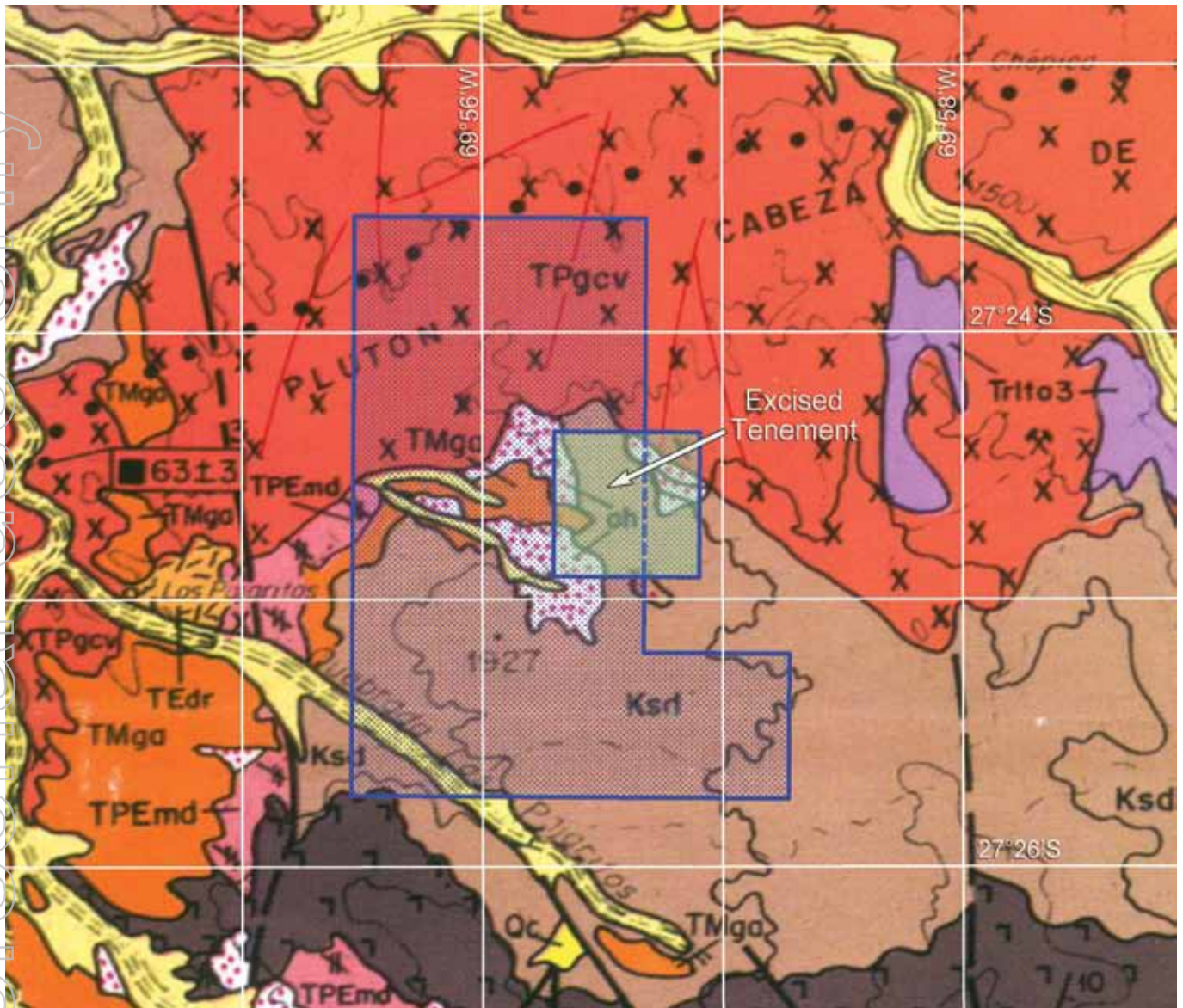
Condor has negotiated an option agreement to purchase the tenements. This negotiated option provides a 4 year option term for Condor to explore the tenements for a consideration of 3 annual cash payments of US\$25,000, upon signing of the agreement, and 12 months and 24 months on the anniversary dates of signing of the agreement, with the final exercise cash payment of US\$2M. The option agreement can be exercised or withdrawn from at any time. A detailed description of the Option agreement is included in the Independent Lawyer's Report, included elsewhere in this Prospectus.

There are no other agreements or encumbrances related to this project.

### Project Geology & Mineralisation

The Gold Iron Project is situated in a region that is rather complicated structurally, and has been divided, by SERNAGEOMIN into three structural domains (western, central and eastern domains). The Project area (as well as the Cautiva-Victoria Project) lies in the Western Domain, which is bounded to the east by the regional NNE-SSW trending La Ternera Fault structure. This structure is characterized by low-angle normal faults, which forms the floor of four extensional allochthonous groups of rocks, collectively known as the Sierra Fraga-Puquios Extensional Complex. The complex is the result of extensional deformation processes occurring on a large scale, probably in the middle Cretaceous. The post-extension Cretaceous units are represented by Upper Cretaceous volcano-sedimentary sequences, Paleocene-Eocene plutonic-volcanic complexes and Eocene calderas, a common occurrence in other areas of the central Atacama region.





(geology source: Servicio Nacional de Geología y Minería - Carrea Pinto 1:100,000 geological map)  
Figure 26. Gold Iron Project – Geology and Tenements' boundary

The project's geology is shown in Figure 26, and the lithologies described below in order of decreasing age:

**Sierra La Dichosa Lavas** (Upper Cretaceous, 80-65?Ma) Ksd  
(see Cautiva-Victoria Project Geology)

**Cabeza de Vaca Pluton TPgcv**

The northern third of the project area comprises outcrops of this Pluton, an intrusive body up to 7 km wide, outcropping as an arcuate body with an apparent radius of approximately 55 km. The Pluton has been described as consisting of granodiorite, granite and medium-grained hornblende-biotite granite porphyry. Within the vicinity of the project area, monzonite and fine-grained quartz monzodiorites occur.



### **Quebrada El Romero Strata TPqr**

The southern part of the project area comprises a layered sequence of welded tuff, pumice and crystal tufts of rhyolitic composition with eutaxitic textures. This unit is up to 900 metres thick and includes abundant devitrified 'fiamme'.

### **Monzonite and diorite porphyry** (Palaeocene-Eocene?) TPEmd

Hypabyssal intrusives that outcrop as 'stocks' (~2 km<sup>2</sup>) and small apophyses emplaced in the vicinity of the Cabeza de Vaca Pluton. Silicification and argilization is typically developed in host rocks' contacts with the intrusions. Age is uncertain, however, they intrude the Upper Cretaceous rocks.

### **Atacama Gravels** (Miocene, 15-12Ma) TMga

Conglomeratic gravels - poorly consolidated hetero-compositional, with lenses of well-stratified sand and silt intercalations, local, weakly welded tuff. Terraced deposits can be up to 55 m thick, and accumulated as the filling of an ancient river system, coinciding with, but at a higher level than the existing valleys.

Hydrothermal alteration, typically argillic, is widespread in the central portion of the project area, at or proximal to the contact between the monzonite-diorite intrusives with the Cabeza de Vaca Pluton, and the volcanic and sedimentary units of the Sierra La Dichosa Lavas.

Several small tourmaline-rich breccia pipes occur in the tenement area, particularly proximal to and within the large alteration system. These breccias pipes are sometimes associated with porphyry style copper-gold mineralisation elsewhere in the Atacama region.

Within the mining concession that is excised from the project area (Figure 26), known mineralisation comprises a magnetite-rich lode hosted in a tourmalinised monzodiorite, which has been partly mined at the surface. The lode occurs on the side of a steep slope, within a vertical structure which can be traced along the surface for up to 300 metres, averages 10m in width, with some areas up to 30 metres wide. Several small surface open cut workings occur where magnetite has been mined in places where the lode widens. To the SE, the position of the lode is occupied by a laminated quartz vein, 4-5 metres in width, with copper and silver mineralisation. The relationship between the IOCG lode and the laminated quartz vein is unclear, although they both appear to occupy different parts of the same structure. At the southern extent of the quartz veins, small tourmaline breccias bodies outcrop that appear to have a spatial relationship with the quartz veins. The mineralised structures extend southeasterly onto the project area.

The Lode is a classic example of IOCG mineralisation and consists of magnetite, hematite, amphibole, quartz and calcite. While oxidized on the surface, abundant pyrite with some chalcopyrite is present in some of the iron workings. Secondary copper mineralisation as malachite, atacamite and chrysocolla is also locally abundant.

Within the Project area and approximately 1km to the SW of the Lode, a large quartz-sericite (phyllitic) alteration system (Figure 27) is present, hosted within a quartz-feldspar porphyry body, which intrudes rocks of the Sierra La Dichosa Lavas. Alteration is extensive, occupying an area of several square kilometres. Around the margins of the alteration system, a number of small tourmaline breccia pipes outcrop. Some of these pipes appear to be phreatic, indicating very high level and intense hydrothermal activity. Elsewhere in the district, such pipes sometimes host copper-gold mineralisation. The pipes' diameters range from 10 - 50m.

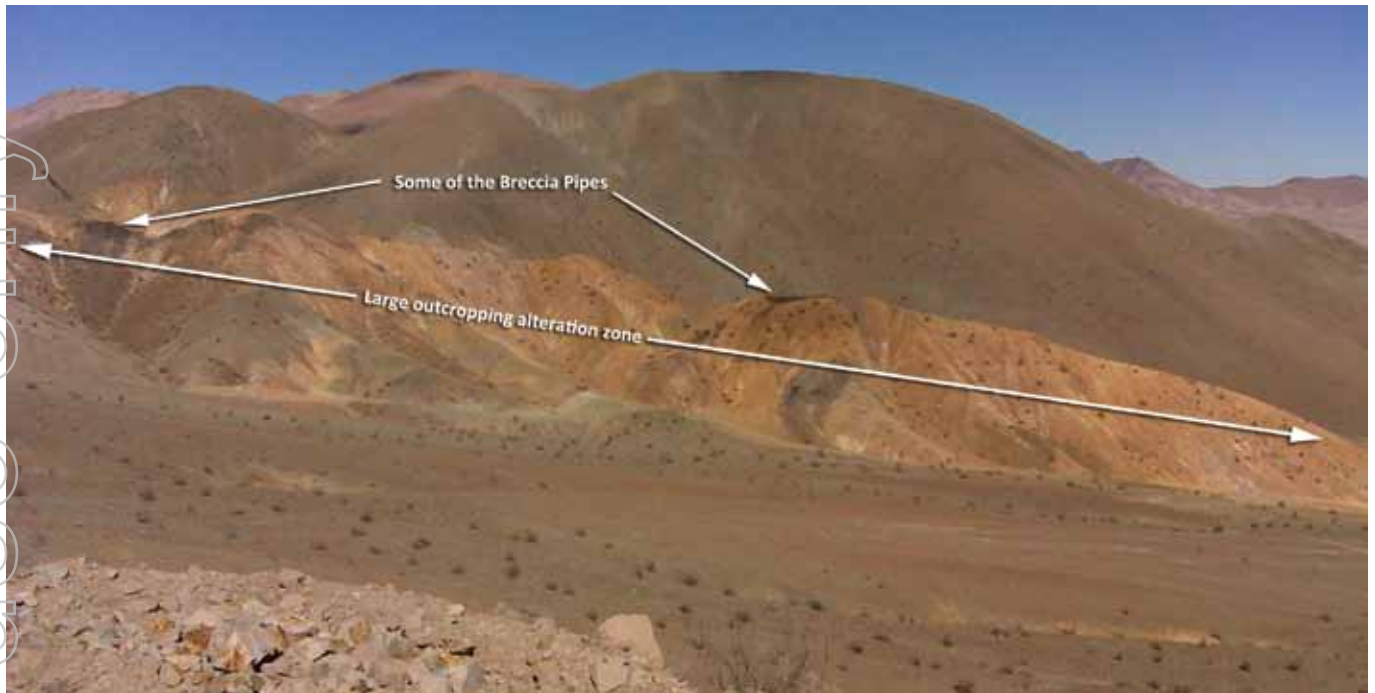


Figure 27. Large Argillic Alteration Zone and Breccia bodies  
(breccia pipes are visually obvious from a distance by their conspicuous dark oval or circular shapes)

#### Exploration History

In 1988, Anglo American carried out a small drilling program in the central part of the project area, in the main area of phyllic/argillic alteration. Eight shallow (< 100m) RC drill holes were completed (Figure 28). Data from this program is not available to Condor. An inspection of one of the Anglo American drill holes (RCAGI-02, located at 27° 24' 59" S, 69° 55' 43" W) was carried out by the author during the May site visit. Drill cuttings obtained from the collar of the drill hole were observed with significant pyrite and sericite, indicating that the alteration is advanced argillic. Condor's geologists have inspected the drill spoil from all 6 Anglo American drill holes located within the property and observed the same strong and consistent sericite-pyrite alteration, and reported chalcopyrite in cuttings obtained from the same hole (RCAGI-02) that was inspected by the writer.

#### Condor Exploration

Condor has carried out reconnaissance exploration activities within the project area. ASTER data has been acquired and processed to derive various images, demonstrating the presence of various alteration assemblages (Figure 28). From this images it can be seen that the central area of the project area comprises one large zone with strongly coincident sericite-jarosite-K-feldspar(albite) alteration.





Recent surface mapping by Condor in 2010, particularly over the large alteration zone in the central area, found that the margins of the alteration zone is characterized by phyllic alteration (quartz-sericite), with evidence of relict textures of the quartz-plagioclase porphyry host. This confirms the ASTER image interpretations in Figure 28.

K-feldspar and alunite alteration products are more widespread and appears to be more prominent within the Sierra La Dichosa Lavas adjacent to the contact with the intrusive Cabeza de Vaca Pluton.

Towards the central portion, there are some areas of potassic alteration of the porphyry where there is complete textural destruction. The alteration assemblages at surface (Phyllic alteration) suggests that the more prospective zones (sericite-chlorite and potassic zones) may be present at depth.

There are numerous breccias bodies present, of which 3 types have been identified by Condor to date:

1. quartz-tourmaline breccias
2. lithic, matrix-supported breccias – silica-sericite (rock flour) matrix, and
3. late stage, phreatic breccias – totally altered (argillised)

Laminated quartz veins have been identified by the company within the project area, which are similar in nature and orientation to those present within the excised mining concession, especially that of the 'strike extensions' to the IOCG lode structure described in the previous section (Project Geology and Mineralisation). Sampling of the southern-most extension of the laminated quartz veins extending from the excised mining concession onto the project area returned copper values of 1.72% Cu over 1.55 metres width, and 1.325% Cu over 0.64 metres width. Copper mineralisation (malachite) is visible in this area.

### Exploration Potential

The large alteration system located in the central part of the tenement provides a good opportunity for the discovery of porphyry style copper-gold mineralisation.

Anglo American's drilling program appears to have only tested the shallow (< 100 metres depth) parts of the margins of the alteration system. Alteration mapping using ASTER images and ground reconnaissance by Condor indicates that the holes drilled by Anglo might be too shallow and are located on the margins of the sericite-jarosite-albite alteration zone. Essentially the central core of the alteration system remains to be tested at surface and at depth, where it is considered to have the best potential for the discovery of a porphyry-style mineralisation system.

Some of the breccias pipes also provide a good indication of hydrothermal activity having taken place and also constitute potential targets for copper-gold mineralisation in their own right.

### Exploration Program & Budget

Condor is targeting porphyry-associated and/or breccia-hosted copper-gold mineralisation. An exploration program has been developed by Condor for the next two years. The program involves the following activities:

**Year 1** No Exploration or Budget Proposed for Year 1

<b>Year 2</b>	<b>AUD\$</b>
Drilling	150,000
Analyses	33,000
Technical Personnel	12,000
Field Personnel	3,500
Field Costs	1,000
Vehicle Costs	3,000
Tenement Costs (Option Payments)	60,000
Administration & Support Costs	79,000
<b>TOTAL YEAR 2</b>	<b>341,500</b>





Condor Mine's proposed exploration program and budget of \$341,500 is considered to be consistent with the conceptual exploration targets.

Should the Company not raise the maximum subscription of \$5M offered under this Prospectus, the exploration budget will be reduced in accordance with the funds raised (minimum being \$3.5M).

## FENIX PROJECT

The Fenix project comprises 6 Exploitation Concessions covering a total area of 18 km<sup>2</sup> within the Chilean Iron Belt. The Project is located some 50km to the south-southeast of BHP's Candelaria Porphyry Copper-Gold mine (Figure 21).

### Location, Access and Physiography

The Fenix Project is centred 68 km SSE of Copiapó and is accessed some 78 km by road from Copiapó, passing by the mining town of Tierra Amarilla and BHP's Candelaira Cu-Au mine, via the sealed International Highway C-35 for 39km, then via National Roads C-423 and C431 for 38km, from which a track heading east is used to access the western boundary of the project area. The National roads are unsealed, although are mostly in good condition.

The project is situated at elevations ranging from 1,690m to 2,140m ASL. The climate and vegetation is similar to that at the Cautiva-Victoria Project.

### Tenure

The project comprises 6 Exploitation Concessions totalling 18 km<sup>2</sup>. The concessions are held by Condor Blanco SCM.

Table 10. Fenix Project – Tenement Schedule

Mining Concession Type	Concession Name	Area (Ha)	Registration Date
EXPLOITATION	FENIX II	300	08-Feb-06
EXPLOITATION	FENIX III	300	08-Feb-06
EXPLOITATION	FENIX V	300	03-Aug-06
EXPLOITATION	FENIX IX	300	03-Aug-06
EXPLOITATION	FENIX X	300	03-Aug-06
EXPLOITATION	FENIX XI	300	08-Feb-06

### Agreements and Encumbrances

There are no agreements or encumbrances associated with this project.

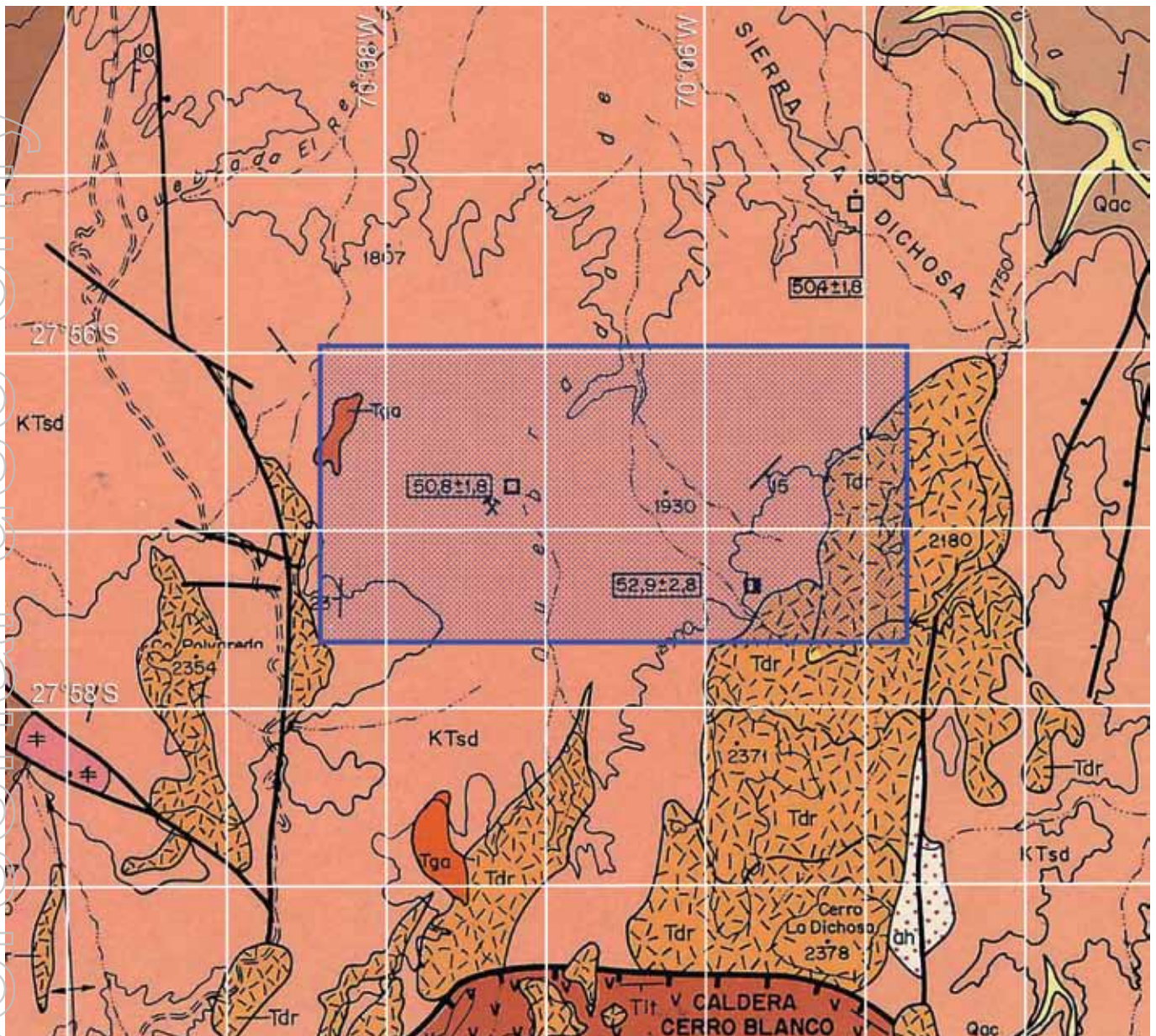
### Project Geology & Mineralisation

The Fenix Project is centred 5km to the north of the outer rim of the large Cerro Blanco Caldera (Figure 29).

The following is a summary of the lithologies present within the project area, in order of decreasing age.

#### **Sierra La Dichosa Lavas (Upper Cretaceous – Palaeocene, 80-65 Ma) KTsd**

(see Cautiva-Victoria Project Geology). Rocks of this unit host Cu, Ag and Au mineralisation in veins, as well as mantos type mineralisation.



(geology source: Servicio Nacional de Geología y Minería – Los Lorros 1:100,000 geological map)

Figure 29. Fenix Project – Geology & tenements' boundary

**Rhyolitic domes and dikes (Palaeocene) Tdr**

Domes, dykes and dyke swarms of rhyolite to white trachydacite, with phenocrysts of quartz and oligoclase in a groundmass with signs of devitrification to perlitic and spherulitic aggregates. Exposed surfaces are between 0.2 and 4 km. Some domes (Cerro La Dichosa, Cerro Salitral) have associated tephra deposits. These constitute one of the post collapse facies associated with the Cerro Blanco Caldera.

**Atacama Gravels (Miocene) Tga**

Gravel and rubble of poor consolidation and selection. Clasts have variable lithology over a matrix of sand, silt and clay are remnants of 5-100 m thick deposited on old erosion surfaces.



The project area is dominated by volcanics of the Sierra La Dichosa Lavas. The central Fenix area is located on a north trending anticline which is developed within a broad regional synclinorium, and situated between two calderas; the Lomas Bayas Caldera in the north and the Cerro Blanco Caldera in the south. Both calderas have established epithermal silver and gold mining districts around them.

NNE-trending, near vertical, brittle structures with a sinistral sense of movement are the most obvious structures in the Fenix area and appear to control major rock unit contacts as well as the distribution of mineralisation, particularly in the Majaditas valley area. The immediate project area exhibits approximately 24km of mineralised structures in a number of en echelon vein arrays with over 40 small workings exploiting oxide copper mineralisation. The structures host copper mineralisation in veins ranging from 0.2m – 5.0m in width, often in an en echelon vein array, and with a vertical attitude. The number of veins and thickness tends to increase in the vicinity of dilation zones where the veins jog to the east. Copper and silver mineralisation is hosted by quartz-calcite-barite veins and at surface in the oxidised zone comprises chalcocite, bornite, argentite, malachite, chrysocolla and atacamite. The main copper mineral in the primary zone is chalcopyrite.

In addition to the vein mineralisation, mineralisation is developed within the vesicular flow tops of the basalts as disseminated mineralisation. These form manto-style deposits of 0.5 – 5m thickness, dipping parallel to the dips of the strata which in the Majaditas area are about 20° (Figure 30). The spatial association of the manto mineralisation with the vein mineralisation indicates that the vertical structures hosting the vein mineralisation are potentially the feeders for the manto mineralisation. Hence, locally wide zones of mineralisation might be anticipated at the intersection of the veins with the manto mineralisation.



Figure 30. Manto-copper mineralisation in Andesite flow top breccia



## Exploration History

There is a history of small-scale copper and silver mining in the Majaditas area at Fenix, in the Cerro Blanco and Lomas Bayas mining districts to the north and south, and in the El Fraile-Cachiyuyo field to the south-west of Fenix. Mining in these districts is currently being undertaken by both manual and small mechanised operations at shallow depths for oxide ore.

The only available recorded historical exploration for the Fenix project is that completed by Rey Investments Chile Ltda, a wholly owned Chilean subsidiary of an Australian registered company, Rey Resources Ltd ("Rey Resources").

In 2006-2007, Rey carried out reconnaissance exploration, identifying more than 40 copper-molybdenum outcrops with rock chip assay results ranging from 0.01% to 17.2% copper and up to 40ppm molybdenum.

Follow-up activities by Rey Resources included:

- (a) Mapping of the main vein systems and 'manto' occurrences at 1:10,000 scale over an area of 2,500ha;
- (b) Detailed geologic and topographic mapping at 1:5,000 scale;
- (c) Extensive rock geochemistry including the excavation and sampling of 40 trenches for an aggregate length of 3.2km;
- (d) 30 line km of Induced Polarisation ("IP") surveys which identified numerous conductors for drill testing; and,
- (e) 2 phases of RC drilling, 32 RC drill holes and one diamond drill hole totalling 4,194m targeting vein, manto and IP targets. 1,623 (2 metre composite) samples were submitted for analyses.

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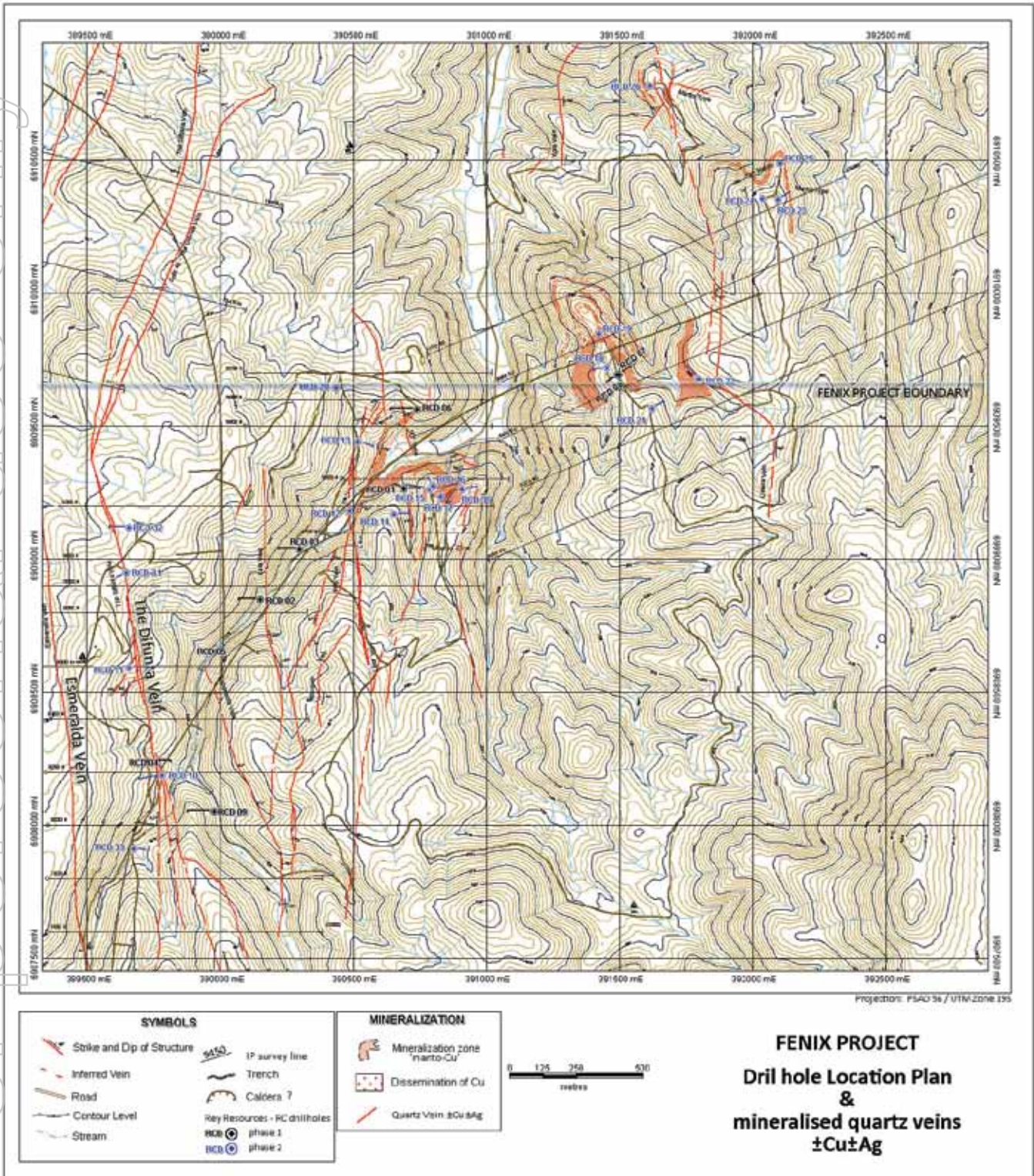


Figure 31. Fenix Project – drill hole location plan



The area containing stratiform copper mantos mineralisation (Figure 31) extends over a length of 2km, dipping at 10°-15° to the southwest and appears to vary in thickness from 15 to 30 metres. It is cut by a series of north-south trending dykes. Assays returned up to 4.95% copper for samples containing copper oxides and chalcocite, with an average grade of 1.3%. The geophysics IP profiles completed displayed moderate chargeability anomalies broadly coincident with mineralised outcrop.

Twenty of the 33 drill holes targeted thin manto-style mineralisation in the oxide zone, six holes targeted IP anomalies and five holes targeted the vein-style mineralisation. These latter holes were directed at just 1km of the 3.6km long Difunta Vein system (Figure 31).

One deep diamond hole drilled to 374 metres depth (RCD 20) encountered an intrusive body bearing visible native copper which was thought by Rey to be possibly related to sulphide mineralisation in the interpreted stratigraphic equivalent of the Punta del Cobre Formation, which is the host formation at the Candelarai Cu-Au mine located 40km to the north.

21 of these drill holes (RCD01-6, RCD9-14, RCD16-18, RCD20-21, RCD30-RCD33) are located within the current Project area.

Table 11. Summary of significant intercepts from Rey Resources Ltd's RC drilling program, 2007

Hole ID	Inclination	Down-hole Intercept (metres)			Copper %
		From	To	Thickness	
RCD4	-70	22	28	2	4.09
RCD10	-60	6	10	4	2.06
RCD11	-60	64	72	8	7.07
RCD31	-73	94	96	2	2.48
		102	110	8	1.40
RCD32	-60	38	40	2	3.27

It should be noted, that the drill holes were angled at -60° to -73°, therefore the true widths of the mineralisation is more likely to be half the down-hole width.

No further work was carried out by Rey Resources, and they relinquished the project sometime during 2008.

#### Condor Exploration

Condor has carried evaluation of the data generated by Rey Resources to develop its proposed exploration program. No other work has been carried out.

#### Exploration Potential

The extensive distribution of the vein systems in the Majaditas area combined with demonstrated widths of 0.5 to 5 metres provides potential for mineable widths, particularly with the potential for 'ballooning' of mineralisation at the intersection of manto mineralisation with the mineralised vertical structures, such as the Difunta vein structure. The geochemical sampling conducted by Rey Resources on surface vein material indicates copper grades in the oxide zone of 1-3% copper which is supported by previous and current illegal mining activities.

The five RC drill holes which intersected a small part of the Difunta Vein also returned economic intersections in the sulphide zone (e.g. RCD 11: 8m @ 7.69% Cu from 64 metres down-hole depth) as well as sub-economic intersections. These holes demonstrate grades of up to 7.69% copper over true widths of up to 4 metres over a 1km of strike of the Difunta Vein. The vein system is open along strike and has only been tested at shallow depths (<100 metres vertical).

Small scale artisanal mining (Figures 32, 33) of the Difunta Vein is currently being undertaken on true widths of up to 5 metres, with good mineralisation. The ore is being trucked to the ENAMI smelter in Copiapó for processing.





Figure 32. Steeply dipping Difunta Vein – copper oxide mineralisation visible in face



Figure 33. Difunta Vein – close up view of figure 32 (note dark coarse 'blebs' of oxide-copper mineralisation)



The other six sub-parallel vein systems in the Majaditas area remain untested by drilling, and offer additional targets for drilling.

Any resources that are defined at Fenix, could be easily exploited, with little capital expenditure, as the ore could be transported to the ENAMI smelter for processing. That is, there would no requirement for constructing processing facilities, tailings storage facilities, and so forth.

#### Exploration Program & Budget

Condor Mine's proposes not to explore the Fenix Project in the short term, pending the results of exploration at the Cautiva-Victoria Project. Should that program prove viable, then the Fenix Project will be explored with the same aim of defining high-grade copper mineralization for mining and selling to the nearby ENAMI smelter. BRL considers that the Condor Mine's philosophy and proposed minimum expenditure is considered to be consistent with the potential of this project relative to the potential of the major projects, such as Carachapampa, La Isla, Gold Iron and Yaretas.

## FRAGA PROJECT

The Fraga Project comprises 6 Exploration Mining Concessions covering a total area of 17 km<sup>2</sup> within the Punto del Cobre district. The Project is located some 33km to the south of Coporación Nacional del Cobre's ("Codelco") Inca de Oro copper deposit, and 68km NE of the Candelaria porphyry copper mines.

#### Location, Access and Physiography

The Fraga Project is centred 60 km NE of Copiapó, about 5km east of the main highway linking Copiapó to Inca de Oro and Diego de Almagro (Figure 21).

The project area is accessed some 80 km by road from Copiapó via the sealed International Highways C-35, C-31 and C-17 for 63km, then 6.5km along the unsealed National Road C-335, which is mostly in good condition, but can be icy during the winter. A rough track traverses northwards from C-335, opposite the site of an old copper smelter, 6km to the western boundary of the southern block of the project's tenements.

The project is situated at elevations ranging from 1,860m to 2,760m ASL. The climate and vegetation is similar to that at the Cautiva-Victoria Project.

The project is located in an area of many small and medium sized copper mines of both manto and vein styles typical of the Punto del Cobre district.

#### Tenure

The project comprises 6 exploration concessions totalling 17 km<sup>2</sup>. The concessions are held by Tierra Amarilla .

Table 12. Fraga Project – Tenement Schedule

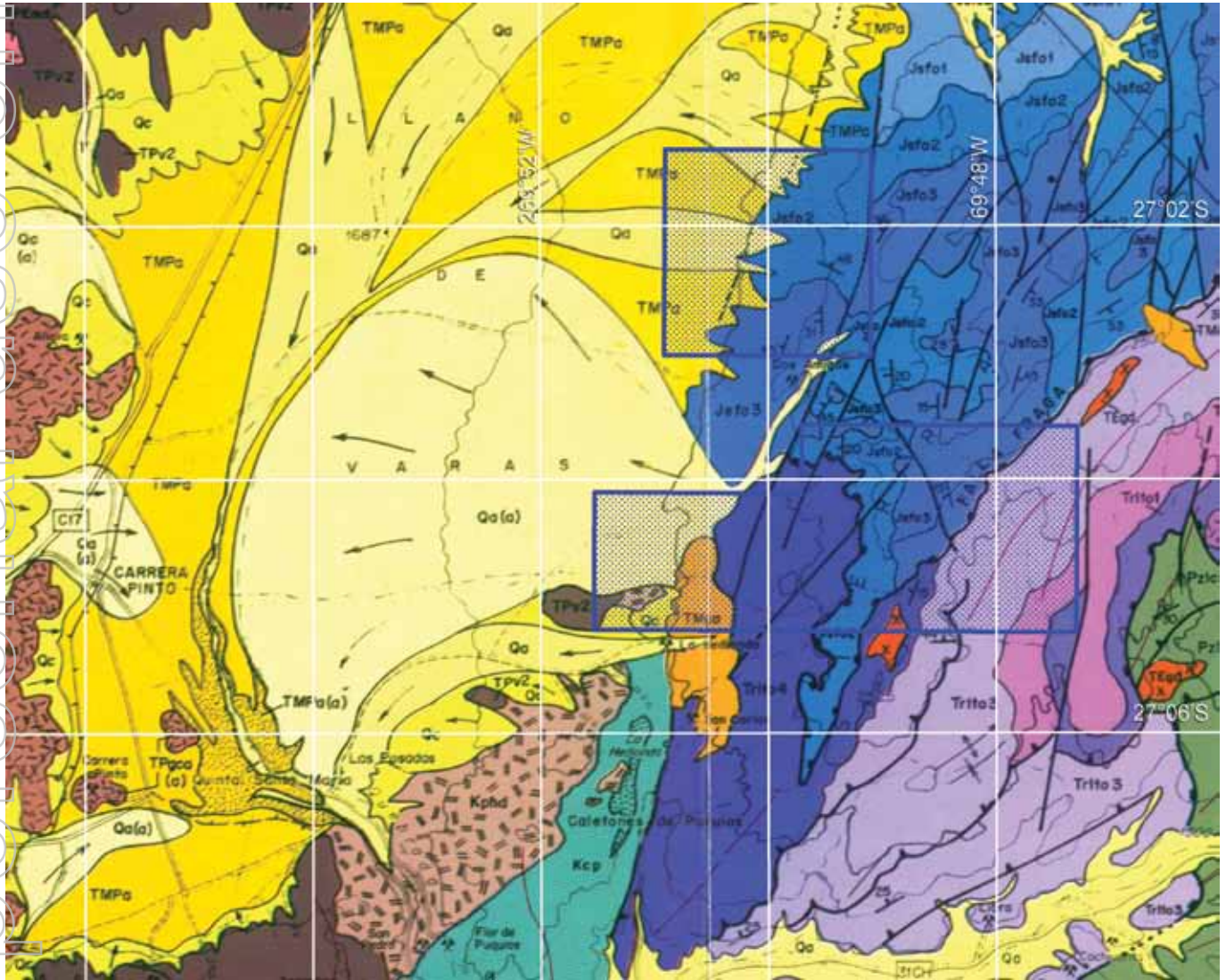
Mining Concession	Concession	Area	Registration
Type	Name	(Ha)	Date
Exploration	Fraga I	300	21-Sep-10
Exploration	Fraga II	300	21-Sep-10
Exploration	Fraga III	300	21-Sep-10
Exploration	Fraga IV	300	21-Sep-10
Exploration	Fraga V	300	21-Sep-10
Exploration	Fraga VI	200	21-Sep-10



## Agreements and Encumbrances

There are no agreements or encumbrances associated with this project

## Project Geology & Mineralisation



(geology source: Servicio Nacional de Geología y Minería - Carrea Pinto 1:100,000 geological map)

Figure 34. Fraga Project – Geology & tenements' boundaries

The following is a summary of the main lithologies encountered within the project's tenements (Figure 34).

### **La Ternera Formation (upper Triassic) Trlto(1)(2)(3)**

A volcanic sequence composed of lavas, pyroclastic rocks, conglomerate, sandstone and shale. It occurs as a NNE trending sequence with west dipping beds, underlain by a low-angle extensional fault (the Huella de Guanaco Fault).



**Sierra Fraga Formation** (mid-upper Jurassic) Jsfo(1)(2)(3)

A thick, marine and continental, volcanic and sedimentary unit, bounded in the east by the sub-horizontal Fraga Fault, and overlying the Triassic sequences of the La Ternera Formation. This Formation dominates the project's geology and comprises a basal section of a well stratified, fossiliferous calcareous unit, a middle section of well stratified, feldspathic sandstones, interbedded with shales, and an upper section of porphyritic andesitic Lavas, with amygdalites filled primarily by chlorite and quartz.

**Hypabyssal intrusive and rhyolite-dacite domes** (early Palaeocene) KPhd

Small bodies of massive dacites and rhyolites, with lithic andesitic pumice. A dacite/rhyolite dome outcrops adjacent to the Venado Formation in the southwestern part of the tenements

**Venado Formation** (early Palaeocene) TPv

A thick (>1,000m) sequence of Lavas and epiclastic sediments, comprising a well stratified, basal sandstone and breccias, a middle section of poorly sorted, stratified breccias, with interbedded andesitic-basaltic lavas and clasts of porphyritic andesites, in a thick tuffaceous sandstone matrix, and an upper section of andesitic lava flows.

**Granodiorite Plutons** (Eocene) TEgd

Small to moderate sized, irregular shaped plutons (varying between 1 and 30 km<sup>2</sup>). Includes amphibole and biotite diorites. Typically medium grained and equigranular. A small pluton has been mapped by the Servicio Nacional de Geología y Minería ("SNGM") at the southern boundary of the tenements, adjacent to the Fraga Fault.

**Atacama Gravels** (mid-Miocene) TMga

Poorly consolidated, conglomeratic gravels, with lenses of well-stratified sand and silt intercalations, locally with weakly welded tuffs. This unit occurs primarily as terraced deposits up to 55 m thick which formed infilling of ancient river systems coinciding with the existing valleys.

The western margins of the tenements comprise alluvial and colluvial deposits associated with current and ancient drainage systems.

Mineralisation comprises manto copper in the upper section of the Sierra Formation, in the amygdaloidal porphyritic andesitic lavas. Condor has reported the occurrence of manto copper mineralisation in the eastern parts of the tenements, however, the mineralisation tends to be thin (1-2 metres) and with limited strike length (20-30 metres) and show no significant alteration. Some small scale mining of the manto copper mineralisation has been carried out in a number of small workings.

**Exploration History**

There are no recorded historical exploration activities for these tenements.

**Condor Exploration**

Condor has conducted limited reconnaissance activities within these tenements, and identified the presence of manto copper mineralisation in the eastern part of the tenements.

**Exploration Potential**

Copper mineralisation as small mantos have been mined from a number of small workings in the eastern sector of the tenements, the only area the Condor team has reconnoitred to date.

Further work is required to determine the potential of the central and eastern areas of the tenements. The surrounding area is tightly held by unrelated parties, who are actively exploring for copper.

**Exploration Program & Budget**

As per the Fenix Project, Condor does not propose not to explore the Fraga Project in the short term. BRL considers that the Condor Mine's philosophy and proposed minimum expenditure is considered to be consistent with the potential of this project relative to the potential of the major projects, such as Carachapampa, La Isla, Gold Iron and Yaretas.



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## GLOSSARY OF TECHNICAL TERMS

Terms not listed below are as defined in:

the Collins English Dictionary (4th Australian Edition – ISBN 0 00 472219 1), or

the JORC Code (2004) – <http://www.JORC.com.au>

<b>acid</b>	'acid' rock - alternative term for 'felsic' rock.
<b>aeromagnetic survey</b>	A magnetic survey conducted from an aircraft.
<b>AIG</b>	Australian Institute of Geoscientists.
<b>alkaline rock</b>	Igneous rock containing a relatively high concentration of the alkali (lithium, sodium, potassium, rubidium, cesium, and francium) and alkaline earth metals (magnesium, calcium, strontium, barium, and radium). Igneous rocks of the alkaline suite span the composition range from basic to acid, and may be intrusive or extrusive.
<b>allochthonous</b>	Of rocks whose primary constituents have not been formed in situ.
<b>alteration</b>	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
<b>alteration zone</b>	A zone in which rock-forming minerals have been chemically changed.
<b>alunite</b>	A hydrous, potassium and aluminum sulphate mineral, typically formed by acid-sulphate alteration of alkali feldspars.
<b>aphanitic</b>	Referring to the texture of an igneous rock in which the crystalline components are not distinguishable by the unaided eye.
<b>Archaean</b>	Oldest Era of geological time. >4 billion to 2.5 billion years ago.
<b>argillic</b>	A rock alteration in which certain minerals are converted to minerals of the clay group.
<b>arkose</b>	A sandstone consisting of feldspar and quartz grains cemented by a mixture of quartz and clay minerals.
<b>AusIMM</b>	Australasian Institute of Mining and Metallurgy.
<b>Autochthonous</b>	Originating where found
<b>basic</b>	alternative term for 'mafic' rock.
<b>block, sub-block</b>	Mining tenement description: block = meridian block described as 1' latitude by 1' longitude, sub-block = part of a meridian block described as 30" latitude by 30" longitude.
<b>calc-alkaline</b>	The name given to a suite of rocks comprising the volcanic association basalt-andesite-dacite-rhyolite or the plutonic association gabbro-diorite-granodiorite-granite. Calc-alkaline rocks are typically developed on the continental side of plate subduction zones.
<b>Cenozoic</b>	Late era of geological time. 65 million years ago to present day
<b>complex</b>	An assemblage of rocks of various ages and origins intricately mixed together.
<b>Cretaceous</b>	Period of geological time. 141 to 65 million years ago.
<b>dacite</b>	A fine-grained extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both. It is the extrusive equivalent of granodiorite.
<b>diabase</b>	alternative name for dolerite. An old term.
<b>diamond drilling</b>	Rotary drilling technique using diamond set or impregnated bits, to cut a solid, continuous core sample of the rock. The core sample is retrieved to the surface, in a core barrel, by a wireline.
<b>dyke</b>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<b>Eocene</b>	Epoch of geological time. 54 to 34 million years ago.
<b>epithermal</b>	Descriptive of mineral deposits formed in rock fissures at shallow depths and low temperatures by ascending mineralizing solutions.
<b>felsic</b>	Light coloured rocks containing an abundance of feldspars and quartz.
<b>fiamme</b>	aligned, "flame-like" lenses found in welded ignimbrite. Fiamme also occur in welded pyroclastic fall deposits, secondary welded pumice-rich facies, diagenetically altered and compacted non-welded, pumiceous, volcanoclastic facies and lavas.
<b>foreland basin</b>	A basin formed within a continental setting, often adjacent to a mountain range.
<b>g</b>	gram.
<b>g/t</b>	grams per tonne.
<b>g/t Au, g/t Ag</b>	grams gold per tonne, grams silver per tonne.
<b>Ga</b>	Billion years ago.
<b>geochemistry survey</b>	Systematic collection of data on the variation of chemical elements in rocks and soils.
<b>geophysical survey</b>	Systematic collection of data on the variation of physical properties in rocks and soils.



<b>granophyre</b>	A fine-grained igneous rock that has large intergrown crystals of quartz and feldspar in the matrix, a granophyric texture.
<b>holocrystalline</b>	(Pertaining to igneous rocks that are entirely crystallized minerals, without glass)
<b>intersertal</b>	(Referring to the texture of a porphyritic igneous rock in which the groundmass forms a small proportion of the rock, filling the interstices between unoriented feldspar laths)
<b>IP survey</b>	Induced Polarization survey. An electrical geophysical survey technique measuring the magnetic field spontaneously induced in a volume of rock by the application of an electric current. A technique often used to identify disseminated sulphide deposits.
<b>jarosite</b>	A hydrous, potassium and iron sulphate mineral.
<b>JORC</b>	Joint Ore Reserves Committee. Established the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code' or 'the Code') which, sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.
<b>Jurassic</b>	Period of geological time. 205 to 141 million years ago.
<b>kaolinite</b>	A hydrated aluminium silicate mineral, formed by hydrothermal alteration or weathering of feldspar.
<b>Ma</b>	Million years ago.
<b>mafic</b>	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates, and for rocks in which these minerals are abundant.
<b>magnetic anomalies</b>	Zones where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
<b>magnetic survey</b>	Systematic collection of readings of the earth's magnetic field.
<b>mesothermal</b>	Mineral deposits formed (precipitated) at moderate temperatures.
<b>Mesozoic</b>	Era of geological time. 251 to 65 million years ago.
<b>Mineral Resource(s)</b>	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories – from the JORC Code (2004).
<b>Miocene</b>	Epoch of geological time. 24 to 5.3 million years ago.
<b>Mo</b>	Chemical symbol for molybdenum.
<b>monzogranite</b>	A granular plutonic rock with a composition between monzonite and granite.
<b>normal fault</b>	A fault along which movement has placed younger rocks over older rocks.
<b>Oligocene</b>	Epoch of geological time. 34 to 24 million years ago.
<b>ortho-</b>	A prefix used in front of a metamorphic rock name indicating that rock derived from an igneous rock. Orthogneiss – gneissic rock derived from igneous rock types.
<b>Ore Reserve(s)</b>	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. From the JORC Code (2004)
<b>Palaeocene</b>	Epoch of geological time. 65 to 54 million years ago.
<b>Palaeozoic</b>	Era of geological time, 545 to 251 million years ago.
<b>para-</b>	A prefix used in front of a metamorphic rock name indicating that rock derived from a sedimentary rock. Paragneiss – gneissic rock derived from sedimentary rock types.
<b>Paraconglomerates</b>	(A conglomerate that is not a product of normal aqueous flow but is deposited by such modes of mass transport as subaqueous turbidity currents and glacier ice; characterized by a disrupted gravel framework, often unstratified, and notable for a matrix of greater than gravel-sized fragments)
<b>Phanerozoic</b>	Eon of geological time, 545 million years ago to present day.
<b>phyllitic</b>	A rock alteration where the alteration minerals are represented by sericite+quartz+pyrite.
<b>Pilotaxitic</b>	(Pertaining to the texture of the groundmass of a igneous rock in which lath-shaped microlites (usually of plagioclase) are arranged in a glass-free felty mesh, often aligned along the flow lines)
<b>Pliocene</b>	Epoch of geological time. 5.3 to 1.8 million years ago.
<b>Proterozoic</b>	Era of geological time. 2.5 billion to 545 million years ago.



**Quaternary  
RC**

Late period of geological time. 1.8 million years ago to present day.

Reverse Circulation. A method of rotary drilling in which the sample is returned to the surface, using compressed air, inside the inner-tube of the drill-rod. A more accurate drilling technique than RAB, which minimises contamination.

**rift basin**

A large fault-bounded depression infilled with volcanic and/or sedimentary material.

**secondary**

A rock or mineral formed as a consequence of alteration, usually by oxidation, of pre-existing minerals.

**sericite**

a fine-grained variety of muscovite produced by the alteration of feldspar.

**shear zone**

A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.

**sheetwash**

A widely distributed, thin blanket of sediment deposited in a broad, poorly defined drainage.

**stockwork**

A network of (usually) quartz veinlets produced during pervasive brittle fracture.

**stratabound**

Occurring parallel to the rock strata, but not necessarily deposited at the same time.

**stringer**

A small discontinuous or irregular veinlet.

**supergene**

of, or relating to minerals and mineral deposits or enrichments formed near the surface, generally by descending solutions.

**syntectonic**

Occurring or forming at the same time as deformation and metamorphism.

**Tertiary**

Period of geological time. 65 to 1.8 million years ago.

**tonalite**

A coarse grained plutonic rock similar to diorite in composition but containing quartz as 5% to 20% of the light colored minerals.

**Triassic**

Period of geological time. 251 to 205 million years ago.

**ultramafic**

Igneous rocks consisting essentially of ferro-magnesium minerals and containing less than 45% silica, with trace quartz and feldspar.

**volcanoclastic**

Pertaining to sedimentary clastic rock containing volcanic material.

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## **SECTION 7**

# **INVESTIGATING ACCOUNTANTS REPORT**

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24 November 2010

The Directors  
Condor Blanco Mines Limited  
Unit 35, Level 3  
22 Railway Road  
Subiaco WA 6008

Dear Sirs

## **INVESTIGATING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CONDOR BLANCO MINES LIMITED AS AT 30 JUNE 2010**

### **Introduction**

The Directors of Condor Blanco Mines Limited ('Condor Blanco' or the 'Company') have requested Deloitte Touche Tohmatsu ('Deloitte') to prepare this Investigating Accountants' Report ('Report') for inclusion in a Prospectus to be dated on or around 24 November 2010 ('Prospectus') in connection with the issue of ordinary shares in the Company.

All amounts stated in this report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

### **Background**

The Company is seeking to issue 17,500,000 Ordinary Shares at \$0.20 per share, to raise \$3.5 million, and over-subscription of up to 25,000,000 Ordinary Shares at \$0.20 per share, to raise \$5,000,000 ('Offer'), and its subsequent listing on the Australian Securities Exchange ('ASX').

The Offer is not underwritten.

## **FINANCIAL INFORMATION**

### **Pro forma Consolidated Statement of Financial Position**

The Pro forma Consolidated Statements of Financial Position are presented in Section 8 of the Prospectus and comprise:

- The Pro forma Statement of Financial Position of Condor Blanco as at 30 June 2010;
- The Pro forma adjustments as described in Section 8 of the Prospectus; and
- Relevant notes to the Pro forma Consolidated Statements of Financial Position

together known as the 'Pro forma Consolidated Statements of Financial Position'.

The Pro forma Consolidated Statements of Financial Position set out in Section 8 of the Prospectus has been derived from the audited financial statements of Condor Blanco and its controlled entities for the year ended 30 June 2010, after reflecting the pro forma adjustments as described in Section 8 of the Prospectus.

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Member of Deloitte Touche Tohmatsu Limited



The financial statements of Condor Blanco for the year ended 30 June 2010 were audited by. Our audit of Condor Blanco was conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial information was free from material misstatement. The audit opinion issued to the members of Condor Blanco on 4 November 2010 relating to the financial statements for the year ended 30 June 2010 was unqualified.

### ***Responsibility for the Financial Information***

The Directors of Condor Blanco are responsible for the preparation and presentation of the Pro forma Consolidated Statements of Financial Position of Condor Blanco as at 30 June 2010, including the determination of the pro forma adjustments and the assumptions on which they have been based.

The Pro Forma Consolidated Statements of Financial Position, together with the accompanying notes have been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates, for any purpose other than that for which it was prepared.

The Pro forma Consolidated Statements of Financial Position are presented in an abbreviated form insofar as they do not include all of the disclosures required by Australian Accounting Standards (including Australian Accounting Interpretations) applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

### **Scope**

We have reviewed the Pro forma Consolidated Statements of Financial Position of the Company in order to report whether anything has come to our attention which causes us to believe that the Pro forma Consolidated Statements of Financial Position of the Company as set out in Section 8 of the Prospectus, are not presented fairly in accordance with the basis of preparation as described in Section 8 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard on Review Engagements (ASRE) 2405 “*Review of Historical Financial Information Other than a Financial Report*”. We have made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- Analytical procedures on the Pro forma Consolidated Statements of Financial Position;
- A review of work papers, accounting records and other documents;
- A review of the pro forma adjustments and the assumptions on which they are based as described in Section 8 of the Prospectus;
- A comparison of the consistency in application of the recognition and measurement principles in Australian Accounting Standards and the accounting policies adopted by Condor Blanco as disclosed in the Condor Blanco consolidated financial statements for the year ended 30 June 2010; and
- Enquiry of the directors and management of Condor Blanco.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro forma Consolidated Statements of Financial Position.

### **Review Statement**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Pro forma Consolidated Statements of Financial Position set out in Section 8 of the Prospectus are not presented fairly in accordance with the basis of preparation as described in Section 8 of the Prospectus.

## Subsequent Events

Apart from the matters dealt with in this Report, and having regard for the scope of our Report, nothing has come to our attention that would cause us to believe that matters arising after 30 June 2010, other than matters dealt with in Section 8 of the Prospectus, would require comment on, or adjustments to, the information contained in Section 8 of the Prospectus, or would cause such information to be misleading or deceptive.

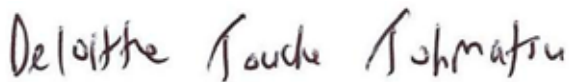
## Independence and Disclosure of Interest

Deloitte does not have any interest in the outcome of the Capital Raising other than the preparation of this Report and other related services in relation to the Capital Raising for which normal professional fees will be received.

## Consent

Deloitte has consented to the inclusion of this Investigating Accountants' Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, Deloitte Touche Tohmatsu makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Yours faithfully



**DELOITTE TOUCHE TOHMATSU**



**Chris Nicoloff**  
Partner  
Chartered Accountants



## SECTION 8

# FINANCIAL INFORMATION

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Condor Blanco Mines Limited was incorporated on 5 January 2010. This section contains financial information, provided on both an actual and pro forma consolidated basis, for Condor Blanco Mines Limited.

The actual historical financial information comprises of the statement of financial position of Condor Blanco Mines Limited as at 30 June 2010, and the notes to the historical financial information.

The pro forma consolidated financial information comprises of the consolidated statement of financial position of Condor Blanco Mines Limited as at 30 June 2010, prepared on the basis that the Pro Forma adjustments, detailed in Section 8.3, had occurred on that date, and the notes to the financial information.

The actual historical financial information and the pro forma consolidated financial information is presented in an abbreviated form and does not comply with all the presentation and disclosure requirements of Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act 2001.

## 8.1 Pro forma Consolidated Statement of Financial Position as at 30 June 2010

Set out below is the actual historical statement of financial position of Condor Blanco Mines Limited and the pro forma consolidated statement of financial position as at 30 June 2010, disclosing the impact of a minimum subscription capital raising, and a maximum subscription capital raising as detailed in Section 8.2.

	Condor Blanco Audited <sup>a</sup> 30 June 2010 \$	Minimum Subscription Reviewed Pro forma 30 June 2010 \$	Maximum Subscription Reviewed Pro forma 30 June 2010 \$	Notes
<b>Current Assets</b>				
Cash and cash equivalents	553,684	4,084,804	5,459,804	8.4.1
Trade and other receivables	14,146	52,454	52,454	8.4.2
<b>Total Current Assets</b>	<b>567,830</b>	<b>4,137,258</b>	<b>5,512,258</b>	
<b>Non Current Assets</b>				
Loans to associated entities	411,950	-	-	8.4.3
Other assets	3,061,146	-	-	8.4.4
Deferred exploration	-	4,151,548	4,151,548	8.4.5
<b>Total Non Current Assets</b>	<b>3,473,096</b>	<b>4,151,548</b>	<b>4,151,548</b>	
<b>Total Assets</b>	<b>4,040,926</b>	<b>8,288,806</b>	<b>9,663,806</b>	
<b>Current Liabilities</b>				
Trade and other payables	187,210	514,079	514,079	8.4.6
Share applications held in trust	40,000	-	-	8.4.7
<b>Total Current Liabilities</b>	<b>227,210</b>	<b>514,079</b>	<b>514,079</b>	
<b>Total Liabilities</b>	<b>227,210</b>	<b>514,079</b>	<b>514,079</b>	
<b>Net Assets</b>	<b>3,813,716</b>	<b>7,774,727</b>	<b>9,149,727</b>	
<b>Equity</b>				
Issued capital	3,132,068	7,126,575	8,473,249	8.4.8
Reserves	906,000	1,382,083	1,410,409	8.4.9
Non-controlling interests	-	373,696	373,696	8.4.10
Accumulated losses	(224,352)	(1,107,627)	(1,107,627)	8.4.11
<b>Total Equity</b>	<b>3,813,716</b>	<b>7,774,727</b>	<b>9,149,727</b>	

The above Pro forma Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes in Section 8.3.

<sup>a</sup> Extracted from the 30 June 2010 audited financial information of Condor Blanco Mines Limited lodged with the Australian Securities and Investments Commission on 4 November 2010.





## 8.2 Basis of Preparation

The audited statement of financial position has been derived from the audited financial statements of the Company for the financial year ended 30 June 2010. Deloitte Touche Tohmatsu expressed an unqualified audit opinion on those financial statements.

In presenting the pro forma consolidated statement of financial position pro forma adjustments have been made to the audited statement of financial position for the pro forma consolidated statements of financial position reflect the following transactions and events as if they had occurred at 30 June 2010:

- a) The Company has issued 7,888,331 shares at an issue price of \$0.10, with 3,944,166 free attaching Options, totalling \$788,833 to raise working capital for the Company. Proceeds of \$40,000 were received at 30 June 2010, and recorded as a current liability as the shares had not been allotted at that date. This amount has been reclassified to equity. Capital raising costs in relation to the issue of shares totalled \$21,268, and have been recorded as a reduction of the proceeds received in equity.
- b) In relation to the Minimum Subscription, the issue of 17,500,000 new shares at \$0.20 each to raise \$3,500,000 under the Offer. In relation to the Maximum Subscription, the issue of 25,000,000 new shares at \$0.20 each to raise \$5,000,000 under the Offer.
- c) Payment of capital raising costs in relation to the Offer totalling \$819,387 (Minimum Subscription), \$1,022,713 (Maximum Subscription), accounted for as a reduction against equity.

Of the capital raising costs above \$545,250 (Minimum Subscription), \$670,250 (Maximum Subscription), will be settled in cash outflows and the costs of \$274,137 (Minimum Subscription), \$352,463 (Maximum Subscription), will be satisfied with the issue of 875,000 shares and 875,000 attaching Options (Minimum Subscription), 1,125,000 shares and 1,125,000 attaching Options (Maximum Subscription), to the brokers of the Offer.

- d) In January 2010, the Company entered into a binding Term Sheet with Mr Jose Agustin Bahamondes Amestica to acquire a 70% interest in Condor Blanco SCM and 100% of Tierra Amarilla SCM ("Chile Projects"). The Term Sheet comprised a number of steps which were conditional upon various conditions precedent being met, which included the prepayment of share based payments of \$2,906,000, due diligence costs of \$155,146, and lending of funds to the Chile Projects for the purposes of exploration to the value of \$411,950 (refer to Section 8.4.12 for details on acquisition costs).

Subsequent to 30 June 2010, on 1 September 2010 the final share sale agreement for this transaction was agreed with an additional cash consideration of \$300,000 payable in instalments, with \$25,000 paid at 1 September 2010. The remaining instalments of \$275,000 have been reflected within trade and other payables (refer to Section 8.4.12 for details of the net assets acquired). As at the date of the share sale agreement, loans to associated companies for mineral exploration and other assets were reclassified to deferred exploration assets.

- e) Upon finalisation of the Offer, under the terms of the directors' employment contracts, the directors will be awarded cash bonuses totalling \$120,000, 1,500,000 shares and 1,500,000 attaching Options.
- f) Upon finalisation of the Offer, under the terms of consultant agreements, the consultants will be awarded cash bonuses totalling \$15,000, 1,250,000 shares and 250,000 free attaching Options.
- g) On 22 October 2010, the Company entered into an agreement with Metal Rocks Pty Ltd ("Metal Rocks") whereby Metal Rocks purchased 100% of the uranium assets held in Tierra Amarilla SCM, carried at a fair value of nil, through the issue of 1,000,000 shares in Metal Rocks. As at this date Metal Rocks Pty Ltd became a subsidiary of Condor Blanco Mines Limited.

On 27 October 2010, Condor Blanco Mines Limited lost control of this subsidiary as a result of Metal Rocks Pty Limited issuing 10,000,000 shares to promoters, decreasing Condor Blanco Mines Limited's shareholding to 9%. (Refer to Section 8.4.12)



### 8.3 Summary of Significant Accounting Policies

The significant accounting policies that have been adopted in the preparation of the financial information are:

#### a. Reporting Basis and Conventions

The financial information has been prepared in accordance with the accounting policies described below.

The financial information has been prepared for the period from the date of incorporation, 5 January 2010, to 30 June 2010.

The financial information has been prepared using the accrual basis of accounting and is based on historical cost and does not take account of changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial information has been prepared on a going concern basis.

#### b. Income Tax

The income tax expense/(benefit) for the period 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 comprehensive income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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.

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.

## 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	12.5%

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. Financial Instruments

### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

### Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.



**(a) Financial assets at fair value through profit or loss**

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

**(c) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

**(d) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(e) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**(f) Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**e. Impairment of Assets**

At each reporting date, the company 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 income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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. Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.



#### **g. Exploration and Evaluation Expenditure**

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation 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.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

#### **h. Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### **i. Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

##### ***Provision for restoration and rehabilitation***

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligation includes the costs of removing facilities, abandoning sites and restoring the affected areas.

#### **j. 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.

#### **k. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction



at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable

All revenue is stated net of the amount of goods and services tax (GST).

#### **l. 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **m. 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 8.6.15.

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 is remeasured, with any changes in fair value recognised in the statement of comprehensive income.

#### **n. Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. Acquisitions of assets which are not included in the scope of a business combination are accounted for at fair value as at the acquisition date. Consideration issued in the form of equity is measured under the scope of AASB 2 'Share based payments'. Transaction costs relating to the acquisition are capitalised with the acquired assets in the statement of financial position.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial information. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity



interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

## 8.4 Notes to the Financial Information

### 8.4.1 Cash and cash equivalents

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		553,684	553,684
Add / (Less) : Pro forma adjustments			
- Placement of seed capital shares (excluding allotment of share applications held in trust)	8.2(a)	748,833	748,833
- Share issue costs in relation to the placement of seed capital shares	8.2(a)	(21,268)	(21,268)
- Capital raising from the Offer	8.2(b)	3,500,000	5,000,000
- Capital raising costs associated with the Offer	8.2(c)	(545,250)	(670,250)
- Payment of cash consideration under share sale agreement for the Chile Projects(Refer to Section 8.4.12)	8.2(d)	(25,000)	(25,000)
- Cash and Cash equivalents acquired as a result of the acquisition of the Chile Projects (Refer to Section 8.4.12)	8.2(d)	8,805	8,805
- Cash bonuses to directors upon admission to the ASX	8.2(e)	(120,000)	(120,000)
- Cash bonuses to consultants upon admission to the ASX	8.2(f)	(15,000)	(15,000)
		<b>4,084,804</b>	<b>5,459,804</b>



#### 8.4.2 Trade and other receivables

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		14,146	14,146
Add / (Less) : Pro forma adjustments			
- Trade and other receivables acquired as a result of the acquisition of the Chile Projects (Refer to Section 8.4.12)	8.2(d)	38,308	38,308
		<b>52,454</b>	<b>52,454</b>

#### 8.4.3 Loans to associated entities

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		411,950	411,950
Add / (Less) : Pro forma adjustments			
- Reclassification as consideration for acquisition of the Chile Projects (Refer to Section 8.4.12)	8.2(d)	(411,950)	(411,950)
		-	-

#### 8.4.4 Other assets

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		3,061,146	3,061,146
Add / (Less) : Pro forma adjustments			
- Reclassification as consideration for acquisition of the Chile Projects (Refer to Section 8.4.12)	8.2(d)	(3,061,146)	(3,061,146)
		-	-



#### 8.4.5 Deferred exploration

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		-	-
Add / (Less) : Pro forma adjustments			
- Arising on the acquisition of the Chile Projects (Refer to Section 8.4.12)	8.2(d)	4,151,548	4,151,548
		<b>4,151,548</b>	<b>4,151,548</b>

#### 8.4.6 Trade and other payables

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		187,210	187,210
Add / (Less) : Pro forma adjustments			
- Remaining instalments of cash consideration under share sale agreement for the Chile Projects (Refer to Section 8.4.12)	8.2(d)	275,000	275,000
- Trade and other payables acquired as a result of the acquisition of the Chile Projects (Refer to Section 8.4.12)	8.2(d)	51,869	51,869
		<b>514,079</b>	<b>514,079</b>

Of the cash instalments under the share sale agreement \$125,000 will be paid to the vendor upon finalisation of the Offer, with the remaining amount due within a year from the finalisation of the Offer date.

These amounts owing do not attract any interest.

#### 8.4.7 Share applications held in trust

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		40,000	40,000
Add / (Less) : Pro forma adjustments			
- Allotment to applicants on 29 July 2010	8.2(a)	(40,000)	(40,000)
		-	-



#### 8.4.8 Issued Capital

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		3,132,068	3,132,068
Add / (Less) : Pro forma adjustments			
- Placement of seed capital shares	8.2(a)	788,833	788,833
- Options granted to as part of the seed capital raising	8.2(a)	(178,671)	(178,671)
- Share issue costs in relation to the placement of seed capital shares	8.2(a)	(21,268)	(21,268)
- Capital raising from the Offer	8.2(b)	3,500,000	5,000,000
- Capital raising costs associated with the Offer	8.2(c)	(819,387)	(1,022,713)
- Broker share issue	8.2(c)	175,000	225,000
- Directors share issue	8.2(e)	300,000	300,000
- Consultants share issue	8.2(f)	250,000	250,000
		<b>7,126,575</b>	<b>8,473,249</b>

	Section	Minimum Subscription Number	Maximum Subscription Number
Audited as at 30 June 2010		37,315,001	37,315,001
Add / (Less) : Pro forma adjustments			
- Placement of seed capital shares	8.2(a)	7,888,331	7,888,331
- Capital Raising from the Offer	8.2(b)	17,500,000	25,000,000
- Broker share issue	8.2(c)	875,000	1,125,000
- Directors share issue	8.2(e)	1,500,000	1,500,000
- Consultants share issue	8.2(f)	1,250,000	1,250,000
		<b>66,328,332</b>	<b>74,078,332</b>

#### 8.4.8.1 Options on Issue

	Section	Minimum Number of Shares	Maximum Number of Shares
Audited as at 30 June 2010			
- Existing Options exercisable at \$0.20 and expiring 1 April 2014		33,932,500	33,932,500
Add / (Less) : Pro forma adjustments			
- Options granted after 30 June 2010 exercisable at \$0.20 and expiring 1 April 2014	8.2(a)	3,944,166	3,944,166
- Broker Options exercisable at \$0.20 and expiring 1 April 2014	8.2(c)	875,000	1,125,000
- Director Options exercisable at \$0.20 and expiring 1 April 2014	8.2(e)	1,500,000	1,500,000
- Consultants Options exercisable at \$0.20 and expiring 1 April 2014	8.2(f)	250,000	250,000
		<b>40,501,666</b>	<b>40,751,666</b>

#### 8.4.9 Option premium reserve

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010			
		906,000	906,000
Add / (Less) : Pro forma adjustments			
- Options granted to as part of the seed capital raising	8.2(a)	178,671	178,671
- Options granted to the brokers of the Offer	8.2(c)	99,137	127,463
- Options granted to directors	8.2(e)	169,950	169,950
- Options granted to consultants	8.2(f)	28,325	28,325
		<b>1,382,083</b>	<b>1,410,409</b>



#### 8.4.10 Non-controlling interests

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		-	-
Add / (Less) : Pro forma adjustments			
- Non-controlling interests as a result of the acquisition of the Chile Projects (Refer Section 8.4.12)	8.2(d)	378,207	378,207
		<b>378,207</b>	<b>378,207</b>

#### 8.4.11 Accumulated Losses

	Section	Minimum Subscription \$	Maximum Subscription \$
Audited as at 30 June 2010		(224,352)	(224,352)
Add / (Less) : Pro forma adjustments			
- Cash bonuses to directors upon admission to the ASX	8.2(e)	(120,000)	(120,000)
- Share based payment expense relating to the shares and options granted to directors	8.2(e)	(469,950)	(469,950)
- Cash bonuses to consultants upon admission to the ASX	8.2(f)	(15,000)	(15,000)
- Share based payment expense relating to the shares and options granted to consultants	8.2(f)	(278,325)	(278,325)
- Fair value adjustment on loss of control of Metal Rocks Pty Ltd (Refer Section 8.4.12)	8.2(g)	-	-
		<b>(1,107,627)</b>	<b>(1,107,627)</b>





#### 8.4.12 Chile Projects acquisition

##### Projects acquired

Given that the Company has acquired areas of interest rather than operating businesses, the purchase of the Chile Projects will be accounted for under the scope of AASB 6: Exploration for and Evaluation of Mineral Resources as it is not considered a business combination under AASB3: Business Combinations.

	Principle activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
Condor Blanco SCM (incorporated in Chile)	Mineral exploration	01/09/2010	70%	915,717
Tierra Amarilla SCM (incorporated in Chile)	Mineral exploration	01/09/2010	100%	2,857,379
Metal Rocks Pty Ltd*	Mineral exploration	22/10/2010	100%*	-
				<b>3,773,096</b>

These projects were acquired in order for Condor Blanco Mines Limited to explore areas of interest in Chile for mineral exploration.

##### \*Loss of Control of Metal Rocks

On 27 October 2010, Condor Blanco Mines Limited lost control of this subsidiary as a result of Metal Rocks Pty Limited issuing 10,000,000 shares to promoters, decreasing Condor Blanco Mines Limited's shareholding to 9%.



#### Details of the consideration transferred

	Condor Blanco SCM \$	Tierra Amarilla SCM \$	Metal Rocks Pty Ltd \$	Total Value \$
<b>Amounts recognised in the audited statement of financial position:</b>				
Loans to associated entities (Refer to Section 8.4.3)	208,108	203,842	-	411,950
Share Based Payments, including transaction costs (Refer to Section 8.4.4)	644,451	2,416,695	-	3,061,146
	<b>852,559</b>	<b>2,620,537</b>	-	<b>3,473,096</b>
<b>Amounts recognised in the pro forma statement of financial position:</b>				
Cash paid (Refer to Section 8.2(d))	5,263	19,737	-	25,000
Deferred consideration (Refer to Section 8.2(d))	57,895	217,105	-	275,000
	<b>63,158</b>	<b>236,842</b>	-	<b>300,000</b>
Total consideration transferred	<b>915,717</b>	<b>2,857,379</b>	-	<b>3,773,096</b>

### Assets acquired and liabilities assumed at the date of acquisition

	Condor Blanco SCM \$	Tierra Amarilla SCM \$	Metal Rocks Pty Ltd \$	Total value \$
<b>Current Assets</b>				
Cash and cash equivalents	233	8,572	-	8,805
Trade and other receivables	18,914	19,394	-	38,308
Total Current Assets	19,147	27,966	-	47,113
<b>Non-Current Assets</b>				
Deferred exploration	1,294,169	2,857,379	-	4,151,548
Total Non-Current Assets	1,294,169	2,857,379	-	4,151,548
Total Assets	<b>1,313,316</b>	<b>2,885,345</b>	-	<b>4,198,661</b>
<b>Current Liabilities</b>				
Trade and other payables	23,903	27,966	-	51,869
Total Current Liabilities	23,903	27,966	-	51,869
Total Liabilities	<b>23,903</b>	<b>27,966</b>	-	<b>51,869</b>
<b>Net Assets</b>	1,289,413	2,857,379	-	4,146,792
Consideration transferred (as above)	915,717	2,857,379	-	3,773,096
Non-controlling interests in net assets	373,696	-	-	373,696
	<b>1,289,413</b>	<b>2,857,379</b>	-	<b>4,146,792</b>

#### 8.4.13 Related parties

##### Current Directors

The Directors in office as at the date of this Prospectus are:

Mr Glen Darby  
 Mr Jose Bahamondes Amestica  
 Ms Lia Darby  
 Mr Pierre Richard  
 Mr Carl Swensson.



#### Directors' Interests in Shares and Options

As at the date of this report the directors have relevant interests in shares and options of the Company as set out in the table below:

	Fully paid Ordinary Shares	Options Over Ordinary Shares
Glen Darby	3,880,001	3,880,000
Jose Bahamondes Amestica	6,000,000	10,000,000
Lia Darby	1,840,000	1,840,000
Pierre Richard	1,125,000	1,062,500
Carl Swensson	1,500,000	-
	<b>14,345,001</b>	<b>16,782,500</b>

#### Transactions with Directors

During the period, 5 January 2010 to 30 June 2010, the company issued the following share based payments to directors in their capacity as vendors or promoters for the share sale agreement to acquire the Chile Projects:

	Number of Shares	Fair Value	Number of Options	Fair Value
Glen Darby	3,680,000	368,000	3,680,000	166,704
Jose Bahamondes Amestica	6,000,000	600,000	10,000,000	453,000
Lia Darby	1,840,000	184,000	1,840,000	83,352
Pierre Richard	800,000	80,000	800,000	36,240
Carl Swensson	1,500,000	150,000	-	-
	<b>13,820,000</b>	<b>1,382,000</b>	<b>16,320,000</b>	<b>739,296</b>

During the period, 5 January 2010 to 30 June 2010, the Company incurred the following transactions with director related parties:

- Payment of \$44,000 to Superstructure International Pty Ltd, a company of which Lia Darby is a director, for capital raising fees;
- Payment of \$11,000 to Proto Resources & Investments Ltd, a company of which Lia Darby is a director, for rent and office services; and
- Payment of \$65,780 to Swensson Resources Management, a company of which Carl Swensson is a director, for the provision of consulting services.

There were no other transactions with directors during the period.

#### Directors' Remuneration

For the pro forma adjustments detailed in Sections 8.2(e) and 8.2(f) and all other details of related party remuneration please refer to Section 10.5 of this Prospectus.

#### The Group

The group after listing will consist of Condor Blanco Mines Limited, the parent entity, and the controlled entities, Condor Blanco SCM (70%) and Tierra Amarilla SCM (100%).



#### 8.4.14 Commitments

In order to maintain an interest in the exploration tenements in which the Company has option to explore, the Company is committed to meet the conditions under which these tenements under option were granted. After the acquisition of Condor Blanco SCM and Tierra Amarilla SCM, the Company will have certain contractual commitments that arise from these option contracts with the underlying owners of the mining properties, in order to complete the acquisition of the rights to explore and exploit these properties under option.

The Company will be able to withdraw from these agreements at any time without penalty, thus terminating these obligations. The commitments as at the date of the Offer, for the projects outlined in the Independent Geologists Report (refer to Section 6 of the Prospectus) are as follows:

	Carachapampa US\$'000	La Isla US\$'000	Cautiva-Victoria US\$'000	Gold Iron US\$'000	Total US\$'000
<b>Mining Rights</b>					
From date of Offer to 30 June 2011	100	-	114	-	214
1 July 2011 to 30 June 2012	100	50	57	25	232
1 July 2012 to 30 June 2013	-	50	-	25	75
<b>Option payments</b>					
Option to purchase 100%	3,000	2,000	-	2,000	7,000
If reserve exceeds 10 million ounces of gold	7,000	-	-	-	7,000
	<b>10,200</b>	<b>2,100</b>	<b>171</b>	<b>2,050</b>	<b>14,521</b>

For the Yaretas, Fenix and Fraga projects there are no agreements or encumbrances with these projects

The Chile Projects' mining concessions are subject to a fiscal tax, stated as a factor of the value of the published Monthly Tax Unit (Unidad Tributaria Mensual - "UTM"). The latest published rate (April, 2010) for one Monthly Tax Unit is 38,862 Chilean Pesos, which at the published exchange rates of 30 September 2010, equates to approximately AU\$81.19.

Across all areas within the Chile Projects, these payments would approximately be a total AU\$59,040 per annum.

As at the date of the Offer there are non-cancellable operating lease contracts in place for the Company's offices in Australia and Chile.

The committed expenditure for rental contracts are:

	\$
Within one year	72,000
After one year but not more than five years	-
More than five years	-
	<b>72,000</b>



In addition to the above, the following service contracts begin upon the Company's admission to the ASX:

- a. The broker of the Offer becomes entitled to \$5,000 (Excl. GST) per month for the period of 12 months from admission to the ASX for exclusive investor relations advisory services; and
- b. For Superstructure International Pty Ltd to provide investor services to the Company, and will be paid a retainer of \$7,500 (Excl. GST) per month over 36 months, from admission to the ASX.

#### Exploration expenditure

At the date of the Offer the directors, discussed in Section 3.3, have proposed the following exploration budgets,

	Minimum Subscription \$	Maximum Subscription \$
Within one year	1,766,500	1,985,500
After one year but not more than five years	1,381,600	1,862,600
More than five years	-	-
	<b>3,148,100</b>	<b>3,848,100</b>

For more information on the above please refer to Section 3.3.

Other than those commitments reflected above, the Company is potentially subject to additional commitments upon the satisfaction of certain conditions as discussed in Section 10.5 of this Prospectus.

#### 8.4.15 Contingent assets and liabilities

There are no material contingent assets or liabilities existing at 30 June 2010 or at the date of completion of this financial information.

#### 8.4.16 Share based payments

The following share based payments were made during the period, 5 January 2010 to 30 June 2010:

	Section	Number	Fair value \$	Total value \$
Seed capital option issues (granted at various dates subsequent to 30 June 2010)	8.2(a)	3,944,166	0.0453	178,671
Vendor and promoter share issue (granted 5 January 2010)	8.2(c)	20,000,000	0.10	2,000,000
Vendor and promoter option issue (granted 5 January 2010)	8.2(c)	20,000,000	0.0453	906,000
				<b>3,084,671</b>

All options have an exercise price of 20 cents and an expiry date of 5 years from admission to the ASX.

Fair value of share options granted in the period:

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.

Input variables	Series
Grant date share price	\$0.10
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	4.29%
Annualised time to expiry (midpoint)	1.79

The following share based payments are expected to be made upon admission to the ASX:

	Section	Number	Fair value \$	Total value \$
<b>Minimum Subscription</b>				
Broker share issue	8.2(c)	875,000	0.2	175,000
Broker Option issue	8.2(c)	875,000	0.1133	99,137
Directors share issue	8.2(e)	1,500,000	0.20	300,000
Directors Option issue	8.2(e)	1,500,000	0.1133	169,950
Consultants share issue	8.2(f)	1,250,000	0.20	250,000
Consultants Option issue	8.2(f)	250,000	0.1133	28,325
				<b>1,022,412</b>
<b>Maximum Subscription</b>				
Broker share issue	8.2(c)	1,125,000	0.20	225,000
Broker Option issue	8.2(c)	1,125,000	0.1133	127,463
Directors share issue	8.2(e)	1,500,000	0.20	300,000
Directors Option issue	8.2(e)	1,500,000	0.1133	169,950
Consultants share issue	8.2(f)	1,250,000	0.20	250,000
Consultants Option issue	8.2(f)	250,000	0.1133	28,325
				<b>1,100,738</b>

All options have an exercise price of 20 cents and an expiry date of 1 April 2014.

Indicative fair value of share options to be granted upon admission to the ASX:

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.



#### Indicative input variables

#### Series

Grant date share price	\$0.20
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	4.80%
Annualised time to expiry (midpoint)	1.66

#### 8.4.17 Subsequent Events

There has not been any matter or circumstance not otherwise dealt with in the Pro forma transactions detailed in Section 8.2 which would significantly affect the Company and the Financial Information.

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## SECTION 9

# SOLICITOR'S REPORT ON TENEMENTS

### LEGAL REPORT ON THE MINING CONCESSIONS OWNED BY SOCIEDAD CONTRACTUAL MINERA TIERRA AMARILLA AND COMPAÑÍA MINERA CONDOR BLANCO

This report has been prepared for inclusion in the prospectus to be issued by Condor Blanco Mines Limited ("Company") dated on or about 15 November 2010 to raise a minimum subscription of \$3,500,000 and up to \$5,000,000 by the issue of fully paid Shares at an issue price of \$0.20 each. ("Prospectus"). We have been requested to report on the mining concessions and interests to which the Company is entitled to or has acquired rights. Details of these mining tenement interests are listed in the attached Schedule of Tenements. This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

a) This legal report refers to the Exploration and Exploitation Concessions and mining rights, which are currently effective in the Republic of Chile, owned by the companies SOCIEDAD CONTRACTUAL MINERA TIERRA AMARILLA and COMPAÑÍA MINERA CONDOR BLANCO. The Company has acquired 100% of the issued capital of SOCIEDAD CONTRACTUAL MINERA TIERRA AMARILLA and 70% of the issued capital of COMPAÑÍA MINERA CONDOR BLANCO. The terms and conditions of the acquisition agreement are summarised in Section 10.5 of the Prospectus, including an overview of the framework of regulation of mining concessions in Chile set out in Annexure A.

b) This legal report also refers to the framework of regulations on mining concessions in Chile and an overview of Chilean laws on ownership and foreign investment and the current legal status of TIERRA AMARILLA SCM and COMPAÑÍA MINERA CONDOR BLANCO.



## CONCLUSIONS

**1.- a) SOCIEDAD CONTRACTUAL TIERRA AMARILLA SCM or TIERRA AMARILLA SCM** is, in the Republic of Chile, a contractual mining Co. (SCM) company which has been legally organized, and is registered with Registry in the Custodian of Mines of Santiago, which registrations are effective and in compliance with the law. **TIERRA AMARILLA SCM** is 100% owned by Condor Blanco Mines Limited, Australia with 1% held in trust for Condor Blanco Mines Limited, Australia, by Mr. José Bahamondes in accordance with Chilean legal requirements.

**1.- b) COMPAÑIA MINERA CONDOR BLANCO** is, in the Republic of Chile, a contractual mining Co. (SCM) company which has been legally organized, and is registered with the Registry in the Custodian of Mines of Santiago, which registrations are effective and in compliance with the law. **COMPAÑIA MINERA CONDOR BLANCO** is 70% owned by Condor Blanco Mines Limited, Australia.

**2.- a)** The exploration concessions and mining rights that **TIERRA AMARILLA SCM and COMPAÑIA MINERA CONDOR BLANCO** have interests in are, as of this date, duly in compliance through payment of the annual claim fee for rent for each respective concession. Payment of these licences for each year should be made during the month of March.

The rights over a concession, which is independent from the ownership right to the land surface, is transferable and entitles its holder to explore for, or exploit, any and all mineral resources contained within its boundaries. Concessions are granted in the form of an Exploration Concession, which legally entitles the holder to explore for minerals within the prescribed area for a period of two years, at the expiration of which the concession may be extended for another two years, or an Exploitation (or "Mining") Concession, which legally entitles the holder to exploit mineral substances contained therein for an indefinite period of time subject to payment of the annual claim fee.

The rent payable on concessions is calculated as an annual claim fee, stated as a factor of the value of the published "Unidad Tributaria Mensual" or UTM (Monthly Tax Unit). The latest published rate for one Monthly Tax Unit is 36,862 Chilean Pesos as at April, 2010, which at the published exchange rates of 30 September 2010, equates to approximately US\$69.55 per unit. Exploration concessions are subject to an annual claim fee of 1/50th of a UTM per hectare. Exploitation/mining concessions are subject to a higher fee rate of 1/10th of a UTM per hectare. Payment amounts for the project tenements that **TIERRA AMARILLA SCM and COMPAÑIA MINERA CONDOR BLANCO** have an interest in are listed in the table below:

PROJECT	ANNUAL FEE (US\$)	ANNUAL FEE (CHILEAN PESOS)
CARACHAPAMPA	\$13,214.68	7,003,780.00
LA ISLA	\$11,336.80	6,008,506.00
GOLD IRON	\$1,808.32	958,412.00
YARETAS	\$8,902.52	4,718,336.00
FRAGA	\$2,364.73	1,253,308.00
CAUTIVA-VICTORIA (including VETA GRUESA)	\$431.22	228,544.40
FENIX	\$12,519.17	6,635,160.00
TOTAL	\$50,577.44	26,806,046.40

Apart from the annual claim fee, there is no prescribed expenditure commitment to be met on concessions.

**3.-** The original titles of the constituted mining concessions located in the Municipalities of Copiapó, Diego Almagro and Tierra Amarilla, Province of Copiapó, Third Region, consisting in the respective court decisions which established the same concessions, and the appropriate registrations with the Registry of Discoveries of the competent Custodian of Mines, and corresponding publication thereof in the Official Mining Bulletin, are all in compliance, in form and merits, with all legal requirements. In consequence, having examined the same at the Courts wherein they were constituted, at the Custodian of Mines where they have been registered and at the "Servicio Nacional de Geología y Minería" or SERNAGEOMIN (National Service of Geology and Mining) we conclude that these titles comply with the law.



4.- The mining concessions remain valid and in effect and according to the law.

5.- a) There are no encumbrances, prohibitions or lawsuits affecting the stability of the titles held by TIERRA AMARILLA SCM. The exploration concessions: YARETAS and FRAGA are 100% owned by TIERRA AMARILLA SCM. In addition, TIERRA AMARILLA SCM has options to acquire 100% of CARACHAPAMPA, ISLA and GOLD IRON tenements n making the following payments:

#### 1) CARACHAPAMPA

To be paid:

US\$ 100,000.....At execution of the option agreement (Paid)  
US\$ 100,000.....30 December 2010  
US\$ 100,000.....30 December 2011

**TIERRA AMARILLA SCM** may exercise the option to acquire a 100% legal and beneficial interest in the **CARACHAPAMPA** project at anytime within 41 months of the date of the option agreement for an exercise price of US\$3 million. An additional payment of US\$7 million is payable to the owners if a proven resource exceeding 10 million ounces of gold is discovered.

#### 2) ISLA

To be paid:

US\$ 50,000.....At execution of the option agreement (Paid)  
US\$ 50,000.....24 August 2011  
US\$ 50,000.....24 August 2012

**TIERRA AMARILLA SCM** may exercise the option to acquire a 100% legal and beneficial interest in the **ISLA** project at anytime within 4 years from the date of the option agreement for an exercise price of US\$2 million. If, during the term of the option, a third party makes a bona fide offer to purchase the ISLA project, **TIERRA AMARILLA SCM** is required to exercise the option within 60 days and if not exercised, the owner may sell the project and remit 10% of the proceeds to **TIERRA AMARILLA SCM**.

#### 3) GOLD IRON

To be paid:

US\$ 25,000.....At execution of the option agreement (Paid)  
US\$ 25,000.....02 September 2011  
US\$ 25,000.....02 September 2012

**TIERRA AMARILLA SCM** may exercise the option to acquire a 100% legal and beneficial interest in the **GOLD IRON** project at anytime within 4 years from the date of the option agreement for an exercise price of US\$2 million.

The terms and conditions of the option agreements are summarised in Section 10.5 of the Prospectus.

5.- b) **COMPAÑIA MINERA CONDOR BLANCO** holds a 100% interest in mining projects designated as **FENIX, CAUTIVA and VETA GRUESA**. **COMPAÑIA MINERA CONDOR BLANCO** also has an option to acquire a 100% interest in **VICTORIA MINE** on the terms and conditions summarised in Section 10.5 of the Prospectus, subject to the payments referred to below. There are no encumbrances, prohibitions or lawsuits affecting the stability of the title held by **COMPAÑIA MINERA CONDOR BLANCO** to said mining concessions.

6.- Option to Acquire 100% of the **VICTORIA MINE**.

a) The total aggregate purchase price is 120 million Chilean pesos (approximately US\$227,000 at 530 pesos/US\$ as at the date of this report).



**b) To be paid:**

20.000.000 pesos	At execution of the option agreement (Paid)
25.000.000 pesos	30 June 2010 (Paid)
25.000.000 pesos	30 December 2010
25.000.000 pesos	30 June 2011
25.000.000 pesos	30 December 2011

There are no lawsuits, encumbrances or prohibitions against **COMPAÑIA MINERA CONDOR BLANCO** or **SOCIEDAD CONTRACTUAL TIERRA AMARILLA**.

**JAIME LEON HERRERA**  
Lawyer  
REG. 5650

Firmó ante mí, don **JAIME CRISTIAN LEÓN HERRERA**, cédula de identidad N° 5.519.465-3.  
Doy fe. Copiapó 27 de Septiembre de 2010. sdc.-





## Schedule of Tenements

### Carachapampa Project

REGISTERED HOLDER	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA
PROJECT NAME	CARACHAPAMPA I	CARACHAPAMPA II	CARACHAPAMPA III	CARACHAPAMPA IV	CARACHAPAMPA V	CARACHAPAMPA VI
TYPE OF CONCESSION	MINING	MINING	MINING	MINING	MINING	MINING
DISTRICT	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO
AREA (HECTARES)	300	300	300	300	200	200
GRANT DATE	11-08-2008	11-08-2008	11-08-2008	11-08-2008	11-08-2008	11-08-2008
END DATE	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

### Carachapampa Project

REGISTERED HOLDER	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA	ALBERTO DEL CARMEN ALBARNEZ ALCAYAGA
PROJECT NAME	CARACHAPAMPA VII	CARACHAPAMPA VIII	CARACHAPAMPA IX	CARACHAPAMPA X	CARACHAPAMPA XI	CARACHAPAMPA XII
TYPE OF CONCESSION	MINING	MINING	MINING	MINING	MINING	MINING
DISTRICT	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO	DIEGO ALMAGRO
AREA (HECTARES)	300	300	200	200	200	300
GRANT DATE	11-08-2008	11-08-2008	11-08-2008	11-08-2008	11-08-2008	11-08-2008
END DATE	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

### La Isla Project

REGISTERED HOLDER	ISLA I UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA II UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA III UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA IV UNA DE CAMPO DE PIEDRA POMEZ SCM
PROJECT NAME	ISLA I	ISLA II	ISLA III	ISLA IV
TYPE OF CONCESSION	MINING	MINING	MINING	MINING
DISTRICT	COPIAPO	COPIAPO	COPIAPO	COPIAPO
AREA (HECTARES)	200	230	260	300
GRANT DATE	01-04-2010	08-08-2008	08-08-2008	01-04-2010
END DATE	Unlimited	Unlimited	Unlimited	Unlimited



### La Isla Project (continued)

REGISTERED HOLDER	ISLA VII UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA VIII UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA X UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA XI UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA XII UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA XIII UNA DE CAMPO DE PIEDRA POMEZ SCM	ISLA XIV UNA DE CAMPO DE PIEDRA POMEZ SCM
PROJECT NAME	ISLA VII	ISLA VIII	ISLA X	ISLA XI	ISLA XII	ISLA XIII	ISLA XIV
TYPE OF CONCESSION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	MINING
DISTRICT	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO
AREA (HECTARES)	200	300	300	300	300	300	300
GRANT DATE	01-04-2010	02-06-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
END DATE	01-04-2012	02-06-2012	01-04-2012	01-04-2012	01-04-2012	01-04-2012	Unlimited

### Gold Iron Project

REGISTERED HOLDER	GOLD IRON I DE LA SIERRA AVILA SCM	GOLD IRON II DE LA SIERRA AVILA SCM	GOLD IRON III DE LA SIERRA AVILA SCM	GOLD IRON IV DE LA SIERRA AVILA SCM	GOLD IRON V DE LA SIERRA AVILA SCM
PROJECT NAME	GOLD IRON I	GOLD IRON II	GOLD IRON III	GOLD IRON IV	GOLD IRON V
TYPE OF CONCESSION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION
DISTRICT	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO
AREA (HECTARES)	300	300	300	300	100
GRANT DATE	01-04-2010	01-04-2010	01-04-2010	01-04-2010	02-06-2010
END DATE	01-04-2012	01-04-2012	01-04-2012	01-04-2012	02-06-2012

### Yaretas Project

REGISTERED HOLDER	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM
NAME CONCESSION	YARETA I	YARETA II	YARETA III
TYPE OF CONCESSION	MINING	MINING	MINING
DISTRICT	COPIAPO	COPIAPO	COPIAPO
AREA (HECTARES)	300	300	300
GRANT DATE	08-03-2008	08-03-2008	08-03-2008
END DATE	Unlimited	Unlimited	Unlimited

### Yaretas Project (continued)

REGISTERED HOLDER	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM
PROJECT NAME	YARETA IV	YARETA V	YARETA VI	YARETA VII	YARETA VIII	YARETA IX	YARETA X
TYPE OF CONCESSION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION
DISTRICT	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO
AREA (HECTARES)	300	300	300	300	200	300	200
GRANT DATE	12-08-2008	12-08-2008	12-08-2008	12-08-2008	12-08-2008	12-08-2008	12-08-2008
END DATE	12-08-2010*	12-08-2010*	12-08-2010*	12-08-2010*	12-08-2010*	12-08-2010*	12-08-2010*

Notes: \* **TIERRA AMARILLA SCM** successfully lodged new applications for these tenements. Repegging avoided a need for the reduction in size. On the processing of these applications, which there is no reason to expect will not be granted in due course, a further period of two years will be available from the date of grant. These new applications are expected to be granted in the first three months of 2011.

### Fraga Project

REGISTERED HOLDER	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM	TIERRA AMARILLA SCM
PROJECT NAME	FRAGA I	FRAGA II	FRAGA III	FRAGA IV	FRAGA V	FRAGA VI
TYPE OF CONCESSION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION	EXPLORATION
DISTRICT	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO	COPIAPO
AREA (HECTARES)	300	300	300	300	300	200
GRANT DATE	21-09-2010	21-09-2010	21-09-2010	21-09-2010	21-09-2010	21-09-2010
END DATE	21-09-2012	21-09-2012	21-09-2012	21-09-2012	21-09-2012	21-09-2012

### Cautiva-Victoria and Fenix Projects

REGISTERED HOLDER	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	CONDOR BLANCO SCM	LA VICTORIA UNA DE LA SIERRA GARIN SCM
PROJECT NAME	VETA GRUESA	CAUTIVA	FENIX II	FENIX III	FENIX V	FENIX IX	FENIX X	FENIX 11	VICTORIA	
TYPE OF	MINING	MINING	MINING	MINING	MINING	MINING	MINING	MINING	MINING	
DISTRICT	COPIAPO	COPIAPO	TIERRA AMARILLA	TIERRA AMARILLA	TIERRA AMARILLA	TIERRA AMARILLA	TIERRA AMARILLA	TIERRA AMARILLA	COPIAPO	
AREA	4	5	300.	300	300	300.	300	300	53	
GRANT DATE	N/A	N/A	08-02-2006	08-02-2006	08-02-2006	03-08-2006	03-08-2006	08-02-2006	N/A	
END DATE	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	



## ANNEXURE A

### FRAMEWORK OF REGULATIONS ON MINING CONCESSIONS IN CHILE

#### I. EXPLORATION AND MINING CONCESSIONS IN CHILE

The mining concession is a right conferred by the State, through ordinary justice courts, for any person, whether natural or corporate, to explore or exploit licensable mineral substances found within the perimeter of the leased land property.

In Chile, there are two kinds of mining concessions: for exploration and exploitation (or “mining”) claims. The concessions have the following areas:

- a) Exploration Concessions: Maximum: 5,000 hectares, Minimum 100 hectares.
- b) Exploitation/Mining Concessions: Maximum: 10 hectares, Minimum 1 hectare.

The exploration concession is a right granted for a limited term (two periods of two years as from the date court decision establishing such concession), which confers upon the regular holder thereof, within the limits of its territorial extension, exclusive and excluding faculties: to investigate the existence of licensable mineral substances, appraisal thereof; and the preferential right to constitute mining claims on the minerals substances found thereby but do not empower the holder thereof to develop any exploitation activities. The constitution of an exploration concession is started by a brief denominated a “pedimento” (petition).

For exploration concessions, the legislation contemplates two periods for the expiration of an exploration concession. The first period is for two years and a second one for an additional two years (which must be solicited). The second period of time is granted when 50 per cent of the initial area is abandoned. To maintain the property rights in good standing “Patentes Anuales” (annual taxes) must also be paid.

For exploitation/mining concessions, once the filing process for this type of concession has been completed, and as long the annual property tax payments have been made, the system provides the legal tools to maintain (and defend if necessary) the concession in perpetuity.

The exploitation or mining concession is a right granted for an unlimited term, conferring upon the regular holder thereof, within the limits of its territorial extension, exclusive and extensive faculties: to survey and appraise the presence of licensable mineral substances, to mine such substances, and become the owner thereof, as such substances as are mined. The constitution of an exploitation concession starts by lodgement of an application known as a “manifestacion” (manifest or exposure). Gaining a mining concession involves meeting additional surveying requirements which are not required for the exploration concession and locating the appropriate “claim” posts on the ground. The process to file for Mining Concession requires an exhaustive and technically demanding survey.

In Chile, minerals, that are part of a deposit containing the same, belong to the State. The owner of a mining exploitation concession becomes the owner thereof as such minerals as are mined. It is the owner of such minerals in its respective mining concession, having title thereto with constitutional guarantee through the ownership right.

The general rule, in Chile, is that any mineral substances may be subject to an exploitation/mining concession, except for those expressly excluded under the law, for example, liquid or gas hydrocarbons, surface clays and sands, rocks, and others that are directly used in construction works. No mining concession may be constituted on these such substances.

Mining concessions are solely granted through a judicial decision issued in a non-contentious proceeding, brought before a competent civil judge. The judicial intervention in the granting of mining concessions is a significant guarantee that the Chilean legal system provides to investors, since judges are compelled to strictly comply with a legal procedure provided in the Mining Code, Articles 34 through 90, being obligated to grant the concession, inasmuch as the applicant meets the legal requirements. Judges are required to follow the legislation and so there is no discretionary uncertainty which can sometimes characterise the administrative system in other countries. The judicial decision establishing a mining lease enjoys the legal effect of *res judicata*.

The judgement that constituted the mining concession must be registered, after its publication in the pertinent Official Mining Bulletin, within the term of 120 days as of the date when it was granted, in the Custodian of mines of the place where the concession is located.

All mining concessions require the payment of annual claim fees, determined according to whether it is an exploration or exploitation concession and number of hectares of surface area. According to article 142 of the Mining Code, maintaining a mining concession requires





the payment of an annual claim fee whose amount will be equivalent to one tenth of a monthly tax unit for each complete hectare if it is an exploitation concession; and to a fiftieth part of such unit for the same extension if it is an exploration concession.

Such payment should be made in March every year. Failure to pay such obligation may cause the loss of the concession, through an auction sale to the highest bidder of the concessions. Upon payment of the first claim fee, the concession is registered on the “Rol Nacional de Concesiones Mineras” (National Registration of Mining Concessions), controlled by a public agency of technical character, called “Servicio Nacional de Geología y Minería” or SERNAGEOMIN (the National Service of Geology and Mining). This payment requirement starts during the constitution process. If the concession is for exploration, it starts upon request of the constitution of the concession. If the concession is for exploitation, it starts upon the request of the survey. As long as the annual claims fees are paid and administrative forms completed, there are no other factors that may cause forfeiture. Transfer of concessions does not require administrative or government approvals but must be registered in the correct form.

The Juridical statute of the mining concession is set forth in the Constitutional Organic Law on Mining Concessions and the Mining Code. The owner of a mining concession may be any natural or corporate person, local or foreign. If the owners of an exploration or exploitation concession are two or more persons, a “Sociedad Legal Minera” (legal mining partnership) is created solely by operation of law. Such partnership is a legal or corporate person acting through one or more managers, and is governed by specific regulations provided in the Mining Code. Articles 173 through 199.

## II. OTHER RIGHTS RELATED TO MINING CONCESSIONS

### 1) Rights of Access to the Surface of Land

In Chile, the granting of a mining concession does not without additional administrative approvals authorize access to the surface land for undertaking either exploration or mining activities, or for erecting buildings whose purpose is auxiliary to such activities.

In order to resolve any possible conflict between two equally legitimate rights: mining rights as well as the ownership of the surface land, the law concerning exploration and exploitation concessions and the Mining Code have established a right in favour of the miner so that he may apply for whatever easements he requires for undertaking mining activities. These easements are legal, so that if they have been duly applied for, they are then unavoidable, the situation depending only on the determination of the necessary lands and the compensation that must be paid to the owner of the land. Those easements are to be granted in favour of an exploration concession, an exploitation concession or a mineral smelting plant. Traditionally, they are established in public deeds or as a result of a court order issued summarily and whereby it is possible to apply for provisional occupation whilst the paperwork is being dealt with.

Mining concessions may also be the active or the passive object of easements in favour of another mining concession belonging to someone else; for example, for the provision lights, ventilation, etc. as required for mining purposes. Finally, in matters regarding mining easements, there is what is called a “concurrence of easements” such that an easement established for a given aim in favour of the owner of an exploration or exploitation concession could also benefit other concession owners so long as their dual use is not incompatible; for example, one or more mining concessions may use a single right of way.

### 2) Water Rights

Irrespective of whatever water rights the Company may establish in accordance with the general provisions found in the Water Code, it must be taken into consideration that in article 110 of the Mining Code, that the mining concessionaire is granted, by law, the right to use any water found by him whilst undertaking his activities so long as such water is necessary for the exploration, mining and smelting that is to be done, depending on the type of concession being dealt with. This is an exceptional right, in addition to and inseparable from the corresponding mining concession.

### 3) Environmental and Administrative Authorizations

All mining works require the following authorizations to function:

- a. In accordance with the Basic Environmental Law, any mining activity that involves more than 5,000 tonnes per month or which produces significant changes to the area or that compels people living there to be relocated shall be obliged to submit an Environmental Impact Declaration or an Environmental Impact Study, which must be approved by the corresponding Regional Environmental Authorities (COREMA).



b. The National Service of Geology and Mining (SERNAGEOMIN) must be notified at the onset of any mining activities that involve either exploration, mining or smelting minerals. This notification shall contain information regarding the location of the deposits, the owner of the concession, type of work to be performed, the number of workers and supervisors there, the use to be made of machinery and vehicles for transporting material and personnel, the use of electricity and any communications systems, what fuels will be used and how they will be stored and disposed of, the same regarding explosives, where mining waste will be disposed of and the hygienic conditions of the works. The environmental authorization for functioning granted by the COREMA, if necessary, must also be attached as well as a closure of works plan.

c. They must comply with labour regulations regarding employment contracts, occupational health and safety, and hygiene.

d. They must comply with municipal regulations as regards the payment of any general industrial licenses in the event that there are mineral treatment plants and industrial buildings involved.

e. Request an authorization from the General Water Board if tailings tanks with a capacity of over 50,000 cubic metres or whose walls are over 5 metres high are to be used.

### III. FOREIGN INVESTMENT IN CHILE

Foreign Investment, in Chile is characterized by clear, non-discriminatory and non-discretionary rules. The former assures all people and corporate actors, regardless of their nationality are "to be treated by the State and its bodies in economic matters without arbitrary discriminations". Therefore, foreign investors enjoy the same rights and guarantees as local investors. The principle of non-discretionary treatment governs the activities in every economic sector and is based on the existence of clear, well-known and transparent rules, which assure foreign investors that they will be treated fairly and impartially. These principles are embodied in the 1980 Political Constitution and in all laws, including the Foreign Investment Statute Known as Decree Law 600 (D.L. 600). Foreign investors in Chile can own up to 100% of a Chilean-based company, and there is no time limit on property rights. They also have open access to all productive activities and sectors of the economy, except for a few restrictions in areas that include coastal trade and fishing, air transport and the mass media.

**JAIME LEON HERRERA**

**Lawyer**

**Reg. 5650**



## 10. ADDITIONAL INFORMATION

### 10.1 Rights attaching to securities

#### Ordinary Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

##### (a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act 2001 and the Constitution of the Company.

##### (b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

##### (c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act 2001 and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

##### (d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, any shares classified as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.



### **(e) Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act 2001.

### **(f) Variation of Rights**

Pursuant to Section 246B of the Corporations Act 2001, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **10.2 Terms and Conditions of Options**

A summary of the terms and conditions of the Options on issue as at the date of this prospectus is as follows:

1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 5 years from the date of ASX listing. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of twenty cents (20c) per Option exercised. The Options will lapse 5 years from the date of ASX listing.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 5 years from the date of ASX listing. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.





### 10.3 Options to be offered for subscription under proposed non renounceable entitlements issue

As detailed in Section 1.7 of this Prospectus, it is proposed that all Shareholders registered on the share register of Condor within approximately sixteen weeks following the listing of Condor's Shares (record date to be confirmed) will be entitled to participate in a non-renounceable entitlements issue of Options on the basis of one Option for every four Shares then held.

The Company intends to seek quotation of the Options offered under the Proposed Non Renounceable Entitlements Issue.

A summary of the terms and conditions of the Options is as follows:

1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 1 April 2014. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of twenty cents (20c) per Option exercised. The Options will lapse at 5.00pm WST on 1 April 2014.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 1 April 2014. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is Listed on ASX. The Directors propose to seek quotation of the Options on ASX, subject to the necessary requirements for quotation having been met.
4. Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application monies. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

### 10.4 Employee Incentive Scheme

As an incentive to employees of Condor, the Company has adopted a scheme called the Condor Blanco Mines Employee Incentive Scheme (Scheme). At the date of this Prospectus, no options have been granted under this Scheme.

The purpose of the Scheme is to give employees, directors, executive officers and consultants of the Company an opportunity, in the form of options, to subscribe for ordinary shares in the Company. The Directors consider the Scheme will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.



### *Brief Overview of the Scheme*

A summary of the Terms and Conditions of the Scheme is set out below:

### *Participants in the Scheme*

The Board may offer free options to persons ("Eligible Persons") who are:

- Full-time or part-time employees; or
- Directors

Upon receipt of such an Offer, the Eligible Person may nominate an associate acceptable to the Board to be issued with the options.

### *Terms of Options*

There is no issue price for the options. The exercise price for the options will be:

- 125% of the market value (as defined in the attached Terms and Conditions) of the Company's shares on the date on which the options are issued;
- 20 cents; or
- any greater price determined by the Board, whichever is the greatest.

Shares issued on exercise of options will rank equally with other ordinary shares of the Company.

Options may not be transferred without the approval of the Board. Quotation of options on the Australian Securities Exchange ("ASX") will not be sought. However, in the event that the Company is listed on ASX, it will apply to ASX for official quotation of shares issued on the exercise of options.

### *Restrictions on Issues and Exercise of Options*

The Board may not offer options under the Scheme if the total number of shares which would be issued were each option accepted, together with the number of shares in the same class or options to acquire such shares issued pursuant to all employee or executive share schemes during the previous five years, exceeds 5% of the total number of issued shares in that class as at the date of the offer.

Options may only be issued or exercised within the limitations imposed by the Corporations Law and the Australian Securities Listing Rules.

### *Exercise of Options*

Options may be exercised at any time between 2 and 5 years after the date of grant of the options.

If an Eligible Person leaves the employment of the group:

- 2 years or more after options are issued; or
- because of retirement at or after 55 years of age, disablement, retrenchment, death or any other circumstances approved by the Board,

the options may be exercised within 30 days (or 3 months in the case of death), or any longer period permitted by the Board. If not exercised in that time, the options lapse.



If an Eligible Person leaves the employment of the group earlier than 2 years after options are issued and (ii) above does not apply, the options lapse.

If an Eligible Person acts fraudulently, dishonestly or in breach of obligations to the Company or any subsidiary then, at the Board's discretion, options issued for that person will lapse.

Unexercised options will automatically lapse five years after they are issued.

#### *Participation in Future Issues*

The holders of options will only participate in new issues, including bonus issues, if they have exercised the options at that time and provided such exercise is permitted by the terms of the option.

If there is a bonus issue to shareholders, the number of shares over which the option is exercisable may be increased by the number of shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the options may be reduced in accordance with Listing Rule 6.22.

#### *Capital Reconstruction*

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

### **10.5 Summary of Material Contracts**

Set out below is a summary of the contracts to which the Company is a party that may be material to the Offer or otherwise may be relevant to a potential investor in the Company. The whole of the provisions of the agreements are not repeated in this Prospectus.

#### **Condor Blanco SCM and Tierra Amarilla SCM Share Sale Agreement**

The Company entered into an agreement on 1 September 2010 with Jose Agustin Bahamondes Amestica, Carl Swensson and Eduardo Aguirre Fuentes (together the "Vendors") to acquire 10,000 fully paid ordinary shares in Tierra Amarilla SCM (RUT 76 030 198-1) ("Tierra Amarilla") being 100%, and 700 fully paid ordinary shares in Condor Blanco SCM (RUT 76 666 460-1) ("Condor Blanco"), being 70% of the issued shares in the capital of Condor Blanco and all of the issued shares in Tierra Amarilla ("Sale Shares").

Tierra Amarilla is the legal and registered holder of the mining concessions and rights known as the Yaretas and Fraga projects and has an option to acquire the mining concessions and rights known as the Carachapampa, Isla and Gold Iron projects on the terms and conditions detailed below.

Condor Blanco is the legal and registered holder of the mining concessions and rights known as the Fenix, Cautiva and Veta Guesa projects and has an option to acquire the mining concessions and rights known as the Victoria Mine project on the terms and conditions detailed below.

Completion of the share sale agreement occurred on or about 15 September 2010.

The material terms of the share sale agreement are summarised below:

- the Company has paid to the Vendors \$25,000 upon execution of the agreement;
- the Company has issued to the Vendors 10,000,000 fully paid ordinary shares in the Company upon execution of the agreement;
- the Company will pay to the Vendors \$125,000 upon admission of the Company to the ASX;



- the Company has granted to the Vendors 10,000,000 options to acquire ordinary fully paid shares in the Company exercisable within 5 years of the listing of the Company on the ASX exercisable at \$0.20 per Share; and
- the Company will pay to the Vendors \$150,000 within 12 months of the Company's admission to the ASX.

The share sale agreement contains additional provisions considered standard in an agreement of this type, including warranties and indemnities in favour of the Company in respect of Condor Blanco, Tierra Amarilla, the mining concessions and mining rights held by those entities and the mining concessions and mining rights the subject of the option agreements referred to above.

Tierra Amarilla previously had an interest in uranium projects located in Chile held by Tierra Amarilla known as Rio Lluta and Loas. The Company and Tierra Amarilla disposed of the projects to Metal Rocks Pty Ltd on or about 31 October 2010, pursuant to an agreement dated on or about 22 October 2010, in consideration for the issue of 1,000,000 ordinary fully paid shares in Metal Rocks Pty Ltd to the Company. The agreement between the Company, Tierra Amarilla and Metal Rocks Pty Ltd contains additional provisions considered standard in an agreement of this type, including warranties and indemnities in favour of Metal Rocks Pty Ltd in respect of the Rio Lluta and Loas projects.

#### **Condor Blanco SCM and La Victoria Call Option Contract (Victoria)**

Condor Blanco SCM (RUT 76 666 460-1) ("Condor Blanco") entered into an agreement with Mining Company La Victoria Una De La Sierra Garin ("La Victoria") on 30 November 2009 to acquire 100% of La Victoria's interest in La Victoria 1 AL 15, also known as the Victoria Mine project ("Victoria project").

Pursuant to the agreement, Condor Blanco was granted a first ranking mortgage in respect of the Victoria project, to protect its rights and interests under the option agreement, and La Victoria may not deal with the Victoria project other than in accordance with the option agreement.

Condor Blanco has exercised its option to acquire a 100% legal and beneficial interest in the Victoria project which will be completed by the making of the following payments to La Victoria, equal to, in aggregate, 120 million pesos (as at the date of this Prospectus US\$1 is equal to 500 Chilean pesos):

- 20,000,000 Chilean pesos at execution of the option agreement (paid);
- 25,000,000 on or before 30 June 2010 (paid);
- 25,000,000 Chilean pesos on or before 30 December 2010;
- 25,000,000 Chilean pesos on or before 30 June 2011; and
- 25,000,000 Chilean pesos on or before 30 December 2011.

During the term of the option, Condor Blanco will be responsible for maintaining the Victoria project and associated rights in good standing and will be entitled to enter onto the Victoria project and carry out all activities which the registered holder would be entitled to.

If Condor Blanco fails to make any of the payments referred to above, Condor Blanco will be deemed to have elected not to exercise the option and the agreement will be at an end. In these circumstances, Condor Blanco will not be entitled to a refund of any amounts previously paid to La Victoria.

The agreement contains additional provisions including warranties and indemnities in favour of Condor Blanco in respect of the Victoria project considered standard in an agreement of this type.

#### **Tierra Amarilla SCM and Del Carmen Call Option Contract (Carachapampa)**

Tierra Amarilla SCM (RUT 76 030 198-1) ("Tierra Amarilla") entered into an agreement with Alberto Del Carmen Albarnez Alcayaga ("Del Carmen") on 2 January 2010 to acquire 100% of Del Carmen's interest in the mining concessions known as the Carachapampa project.



Pursuant to the agreement, Tierra Amarilla was granted a first ranking mortgage in respect of the Carachapampa project, to protect its rights and interests under the option agreement, and Del Carmen may not deal with the Carachapampa project other than in accordance with the option agreement.

Condor Blanco may exercise the option to acquire a 100% legal and beneficial interest in the Carachapampa project within 41 months of the date of the option agreement by the making of the following payments to Del Carmen in Chilean pesos, equal to, in aggregate, US\$3,300,000:

- US\$100,000 at execution of the option agreement (paid);
- US\$100,000 on or before 30 December 2010;
- US\$100,000 on or before 30 December 2011; and
- US\$3,000,000 on the exercise of the option.

If the results of the exploration provide for reserves greater than 10,000,000 gold ounces or the equivalent in other metals in respect of the Carachapampa project, based on a feasibility study, Tierra Amarilla to pay to Del Carmen an additional US\$7,000,000. If the results of the exploration in respect of the Carachapampa project provide for reserves less than or equal to 10,000,000 gold ounces and Tierra Amarilla decides not to exploit and sell the Carachapampa project, Del Carmen will have right to receive one eighth percentage of the total sale price.

During the term of the option, Tierra Amarilla will be responsible for maintaining the Carachapampa project and associated rights in good standing and will be entitled to enter onto the Carachapampa project and carry out all activities which the registered holder would be entitled to.

If Tierra Amarilla fails to make any of the payments referred to above, Tierra Amarilla will be deemed to have elected not to exercise the option and the agreement will be at an end. In these circumstances, Tierra Amarilla will not be entitled to a refund of any amounts previously paid to Del Carmen.

The agreement contains additional provisions including warranties and indemnities in favour of Tierra Amarilla in respect of the Carachapampa project considered standard in an agreement of this type.

#### **Tierra Amarilla SCM and Piedra Pomez Call Option Contract (Isla)**

Tierra Amarilla SCM (RUT 76 030 198-1) ("Tierra Amarilla") entered into an agreement with Mining Company Isla I Una De La Campo De Piedra Pomez and others ("Piedra Pomez") on 24 August 2010 to acquire 100% of Piedra Pomez's interest in the mining concessions known as the Isla project.

Pursuant to the agreement, Tierra Amarilla was granted a first ranking mortgage in respect of the Isla project, to protect its rights and interests under the option agreement, and Piedra Pomez may not deal with the Isla project other than in accordance with the option agreement.

Tierra Amarilla may exercise the option to acquire a 100% legal and beneficial interest in the Isla project at anytime within 4 years from the date of the option agreement by the making of a payment of US\$2,000,000 to Piedra Pomez. Tierra Amarilla must also make the following payments comprising the option fee to Piedra Pomez, equal to, in aggregate, US\$150,000, payable in the equivalent in Chilean pesos:

- US\$50,000 at execution of the option agreement (paid);
- US\$50,000 within 12 months of execution of the option agreement; and
- US\$50,000 within 24 months of execution of the option agreement.





During the term of the option, Tierra Amarilla will be responsible for maintaining the Isla project and associated rights in good standing and will be entitled to enter onto the Isla project and carry out all activities which the registered holder would be entitled to.

If Tierra Amarilla fails to make any of the payments referred to above, Tierra Amarilla will be deemed to have elected not to exercise the option and the agreement will be at an end. In these circumstances, Tierra Amarilla will not be entitled to a refund of any amounts previously paid to Piedra Pomez.

During the term of the option in respect of Isla, Piedra Pomez may give notice to Tierra Amarilla that it has received a bona fide offer from a third party to acquire Isla, in which case Tierra Amarilla must elect to either exercise or forfeit the option within 60 days. If the option is forfeited, Piedra Pomez must remit 10% of the sale proceeds received from the third party purchaser to Tierra Amarilla.

The agreement contains additional provisions including warranties and indemnities in favour of Tierra Amarilla in respect of the Isla project considered standard in an agreement of this type.

#### **Tierra Amarilla SCM and Sierra Avila Call Option Contract (Gold Iron)**

Tierra Amarilla SCM (RUT 76 030 198-1) ("Tierra Amarilla") entered into an agreement with Mining Company Gold Iron I Una De La Sierra Avila and other ("Sierra Avila") on 2 September 2010 to acquire 100% of Sierra Avila's interest in the mining concessions known as the Gold Iron project.

Pursuant to the agreement, Tierra Amarilla was granted a first ranking mortgage in respect of the Gold Iron project, to protect its rights and interests under the option agreement, and Sierra Avila may not deal with the Gold Iron project other than in accordance with the option agreement.

Tierra Amarilla may exercise the option to acquire a 100% legal and beneficial interest in the Gold Iron project at anytime within 4 years from the date of the option agreement by the making of a payment of US\$2,000,000 to Sierra Avila. Tierra Amarilla must also make the following payments comprising the option fee to Sierra Avila, equal to, in aggregate, US\$75,000, payable in the equivalent in Chilean pesos:

- US\$25,000 at execution of the option agreement (paid);
- US\$25,000 within 12 months of execution of the option agreement; and
- US\$25,000 within 24 months of execution of the option agreement.

During the term of the option, Tierra Amarilla will be responsible for maintaining the Gold Iron project and associated rights in good standing and will be entitled to enter onto the Gold Iron project and carry out all activities which the registered holder would be entitled to.

If Tierra Amarilla fails to make any of the payments referred to above, Tierra Amarilla will be deemed to have elected not to exercise the option and the agreement will be at an end. In these circumstances, Tierra Amarilla will not be entitled to a refund of any amounts previously paid to Sierra Avila.

The agreement contains additional provisions including warranties and indemnities in favour of Tierra Amarilla in respect of the Gold Iron project considered standard in an agreement of this type.

#### **Mandate with KS Capital**

On or about 15 September 2010, the Company entered into a mandate with KS Capital Pty Limited ("KS Capital"), pursuant to which the Company appointed KS Capital as its exclusive financial adviser and lead manager to the Offer.

A financial advisory fee of a minimum \$65,000 and a maximum \$70,000 will be paid to K S Capital as well as a Lead Management fee of a minimum \$35,000 and a maximum \$50,000 and a brokerage fee of 6.5% of the total subscription amount. In addition, the Company will issue to K S Capital (and/or its nominees) a minimum of 875,000 Shares and 875,000 options (if Minimum Subscription is achieved), up to a maximum of 1,125,000 Shares and 1,125,000 options (if Maximum Subscription achieved).



K S Capital has also been retained by the Company as exclusive Investor Relations Advisers to the Company for a period of 12 months from listing for a monthly fee of \$5,000 with K S Capital having first right of refusal to underwrite the future options entitlement issue and being retained exclusively to act for the Company in respect of any capital raising and/or merger and acquisition activity for a period of 12 months after listing.

Fees in this Section do not include GST.

KS Capital also received \$15,000 upon execution of the mandate and \$15,000 upon completion of the second round of the Company's seed capital raising, such amount to be set off against the financial advisory fee payable by the Company referred to above. KS Capital is also entitled to be reimbursed for any out of pockets expenses incurred in connection with the provision of services under the mandate.

Pursuant to the mandate, the Company agreed to indemnify KS Capital against any losses or claims which KS Capital may suffer or incur in connection with the mandate, other than matters arising as a result of any negligence, bad faith or unlawful misconduct of KS Capital. The Company also releases KS Capital from any claim it may otherwise have in respect of the services provided by KS Capital to the Company under the mandate.

#### **José Bahamondes Employment Contract**

The Company entered into an employment agreement with José Bahamondes on or about 26 October 2010, pursuant to which Mr Bahamondes was appointed as operations director and Chilean country manager for 3 years from the Company's admission to ASX and thereafter on a month by month basis. Mr Bahamondes will receive an annual salary of \$96,000 for approximately 20 days service per month. Mr Bahamondes' remuneration will be reviewed annually. Mr Bahamondes will be paid a cash bonus of \$30,000 on the Company being admitted to ASX and additional annual bonuses in the Board's discretion based on performance benchmarks.

Mr Bahamondes is responsible for generally managing the Company's operations in Chile and indentifying new opportunities in Chile.

Pursuant to the agreement, the Company agreed to issue to Mr Bahamondes 250,000 Shares and 250,000 Options with an exercise price of \$0.20 and an expiry date of 1 April 2014 on the Company obtaining conditional approval to be admitted to ASX. The Company also agreed that in each calendar year following Company's ASX listing, subject to all necessary Shareholder approvals being obtained, the Company would an additional issue 250,000 Shares and 250,000 Options on terms to be agreed.

In the event that Mr Bahamondes' employment is terminated due to a reconstruction, winding up, amalgamation or a change of 50% or more in the voting power of the Company, Mr Bahamondes will, subject to all restrictions under the Listing Rules and the Corporations Act and all necessary Shareholder approvals being obtained, be paid the lesser the amount permitted under the Listing Rules and the Corporations Act and the balance of the remuneration that would have been payable during the remainder of the term.

In the event that the agreement terminates as a result of a breach of the agreement by the Company, Mr Bahamondes will be entitled to receive an amount equal to the lesser of half of his annual salary and the amount permitted under the Listing Rules and the Corporations Act (including Listing Rule 10.19 which prohibits termination benefits exceeding 5% of an entity's equity interests without Shareholder approval).

Subject to all necessary Shareholder approvals being obtained, Mr Bahamondes will also be issued with 250,000 Shares upon the commencement of mining development at the Victoria Mine and Cautiva projects, 250,000 Shares upon shipping of first ore from the Victoria Mine and Cautiva projects and 250,000 Shares upon the Company receiving its first cheque from Enami (an unlisted Chilean state minerals company), in respect of ore produced from the Victoria Mine and Cautiva Projects.

Either party may terminate the agreement without notice in certain specified circumstances, such as a material breach of the agreement by the other party.

#### **Carl Swensson Employment Contract**

The Company entered into an employment agreement with Carl Swensson on or about 27 October 2010, pursuant to which Mr Swensson was appointed as technical director and head of exploration for 3 years from the Company's admission to ASX and thereafter on a month by month basis. Mr Swensson will receive an annual salary of \$180,000 and will devote a minimum of 12.5 days per month in Australia, or 9.5 days per month overseas, to the Company. Mr Swensson's remuneration will be reviewed annually. Mr Swensson will be paid a cash bonus of \$30,000 on the Company being admitted to ASX and additional annual bonuses in the Board's discretion based on performance benchmarks



Mr Swensson has responsibility for the technical operations of the Company.

Pursuant to the agreement, the Company agreed to issue to Mr Swensson 250,000 Shares and 250,000 Options with an exercise price of \$0.20 and an expiry date of 1 April 2014 on the Company obtaining conditional approval to be admitted to ASX. The Company also agreed that in each calendar year following Company's ASX listing, subject to all necessary Shareholder approvals being obtained, the Company would issue an additional 250,000 Shares and 250,000 Options on terms to be agreed.

In the event that Mr Swensson's employment is terminated due to a reconstruction, winding up, amalgamation or a change of 50% or more in the voting power of the Company, Mr Swensson will, subject to all restrictions under the Listing Rules and the Corporations Act and all necessary Shareholder approvals being obtained, be paid the lesser the amount permitted under the Listing Rules and the Corporations Act and the balance of the remuneration that would have been payable during the remainder of the term.

In the event that the agreement terminates as a result of a breach of the agreement by the Company, Mr Swensson will be entitled to receive an amount equal to the lesser of half of his annual salary and the amount permitted under the Listing Rules and the Corporations Act (including Listing Rule 10.19 which prohibits termination benefits exceeding 5% of an entity's equity interests without Shareholder approval).

Subject to all necessary Shareholder approvals being obtained, Mr Swensson will also be issued with 250,000 Shares upon the commencement of mining development at the Victoria Mine and Cautiva projects, 250,000 Shares upon shipping of first ore from the Victoria Mine and Cautiva projects and 250,000 Shares upon the Company receiving its first cheque from Enami (an unlisted Chilean state minerals company), in respect of ore produced from the Victoria Mine and Cautiva projects.

Either party may terminate the agreement without notice in certain specified circumstances, such as a material breach of the agreement by the other party.

#### **Glen Darby Employment Contract**

The Company entered into an employment agreement with Glen Darby on or about 26 October 2010, pursuant to which Mr Darby was appointed as managing director for 3 years from the Company's admission to ASX and thereafter on a month by month basis. Mr Darby will receive an annual salary of \$150,000 per annum plus superannuation. Mr Darby's remuneration will be reviewed annually. Mr Darby will be paid a cash bonus of \$30,000 on the Company being admitted to ASX and additional annual bonuses in the Board's discretion based on performance benchmarks.

Mr Darby is responsible for overall management of the Company's corporate and technical operations.

Pursuant to the agreement, the Company agreed to issue Mr Darby with 500,000 Shares and 500,000 Options with an exercise price of \$0.20 and an expiry date of 1 April 2014 on the Company obtaining conditional approval to be admitted to ASX. The Company also agreed that in each calendar year following Company's ASX listing, subject to all necessary Shareholder approvals being obtained, the Company would issue an additional 500,000 Shares and 500,000 Options on terms to be agreed.

In the event that Mr Darby's employment is terminated due to a reconstruction, winding up, amalgamation or a change of 50% or more in the voting power of the Company, Mr Darby will, subject to all restrictions under the Listing Rules and the Corporations Act and all necessary Shareholder approvals being obtained, be paid the lesser of the amount permitted under the Listing Rules and the Corporations Act and the balance of the remuneration that would have been payable during the remainder of the term.

In the event that the agreement terminates as a result of a breach of the agreement by the Company, Mr Darby will be entitled to receive an amount equal to the lesser of half of his annual salary and the amount permitted under the Listing Rules and the Corporations Act (including Listing Rule 10.19 which prohibits termination benefits exceeding 5% of an entity's equity interests without Shareholder approval).

Subject to all necessary Shareholder approvals being obtained, Mr Darby will also be issued with 500,000 Shares upon the commencement of mining development at the Victoria Mine and Cautiva projects, 500,000 Shares upon shipping of first ore from the Victoria Mine and Cautiva projects and 500,000 Shares upon the Company receiving its first cheque from Enami (an unlisted Chilean state minerals company), in respect of ore produced from the Victoria Mine and Cautiva projects.

Either party may terminate the agreement without notice in certain specified circumstances, such as a material breach of the agreement by the other party.



### **Lia Darby Services Contract**

The Company entered into a services agreement with Lia Darby on or about 27 October 2010, pursuant to which Ms Darby was appointed as a non-executive director for 3 years from the Company's admission to ASX and thereafter on a month by month basis. Ms Darby will receive an annual director's fee of \$30,000 per annum and an additional \$30,000 per annum for consulting services including general administration and assistance with compliance and reporting requirements plus superannuation. The consultancy services are anticipated to require a commitment of approximately one day per week.

The Board may pay Ms Darby an annual bonus of up to \$30,000 based on performance benchmarks. The Company will also pay Ms Darby a once off bonus of \$15,000 on the Company successfully being admitted to ASX.

Pursuant to the agreement, the Company agreed to issue Ms Darby with 250,000 Shares and 250,000 Options with an exercise price of \$0.20 and an expiry date of 1 April 2014 on the Company obtaining conditional approval to be admitted to ASX. The Company also agreed that in each calendar year following Company's ASX listing, subject to all necessary Shareholder approvals being obtained, the Company would issue an additional 250,000 Shares and 250,000 Options on terms to be agreed.

Subject to all necessary Shareholder approvals being obtained, Ms Darby will also be issued with 250,000 Shares upon the commencement of mining development at the Victoria Mine and Cautiva projects, 250,000 Shares upon shipping of first ore from the Victoria Mine and Cautiva projects and 250,000 Shares upon the Company receiving its first cheque from Enami (an unlisted Chilean state minerals company), in respect of ore produced from the Victoria Mine and Cautiva projects.

The services contract includes additional provisions considered standard in an agreement of this type.

### **Pierre Richard Services Contract**

The Company entered into a services agreement with Pierre Richard on or about 27 October 2010, pursuant to which Mr Richard was appointed as a non-executive director for 3 years from the Company's admission to ASX and thereafter on a month by month basis. Mr Richard will receive an annual director's fee of \$30,000 per annum and an additional \$30,000 per annum for consulting services including general administration and assistance with compliance and reporting requirements plus superannuation. The consultancy services are anticipated to require a commitment of approximately one day per week.

The Board may pay Mr Richard an annual bonus of up to \$30,000 based on performance benchmarks. The Company will also pay Mr Richard a once off bonus of \$15,000 on the Company successfully being admitted to ASX.

Pursuant to the agreement, the Company agreed to issue Mr Richard with 250,000 Shares and 250,000 Options with an exercise price of \$0.20 and an expiry date of 1 April 2014 on the Company obtaining conditional approval to be admitted to ASX. The Company also agreed that in each calendar year the following Company's ASX listing, subject to all necessary Shareholder approvals being obtained, the Company would issue an additional 250,000 Shares and 250,000 Options on terms to be agreed.

Subject to all necessary Shareholder approvals being obtained, Mr Richard will also be issued with 250,000 Shares upon the commencement of mining development at the Victoria Mine and Cautiva projects, 250,000 Shares upon shipping of first ore from the Victoria Mine and Cautiva projects and 250,000 Shares upon the Company receiving its first cheque from Enami (an unlisted Chilean state minerals company), in respect of ore produced from the Victoria Mine and Cautiva projects.

The services contract includes additional provisions considered standard in an agreement of this type.



### **Superstructure Consultancy Contract**

On or about 27 October 2010, the Company appointed Superstructure International Pty Ltd (“Superstructure”) as consultant and corporate advisor to the Company. Superstructure is a related party of Director Lia Darby. Pursuant to the appointment, the Company agreed to pay to Superstructure a retainer of \$7,500 per month for 3 years following the Company’s successful admission to ASX and thereafter on a month by month basis, in consideration for the provision of corporate advisory services and assistance with subsequent capital raisings and mergers and acquisition activities.

Superstructure will be paid a one off bonus of \$15,000 on the successful ASX Listing of the Company. Superstructure may also be paid additional bonuses in the Board’s discretion based on performance benchmarks during the term of the agreement. The Company also agreed that in each calendar year the following Company’s ASX listing, subject to all necessary Shareholder approvals being obtained, the Company would issue an additional 250,000 Shares and 250,000 Options on terms to be agreed.

Prior to the date of this Prospectus, Superstructure was paid fees of \$75,000 (half of which were paid in Shares at a deemed issue price of \$0.10 each) and issued 10,000,000 Shares and 10,000,000 Options in consideration for the services rendered in connection with the promotion of the Company and the offer.

Superstructure will be issued with 250,000 Shares and 250,000 Options with an exercise price of \$0.20 and an expiry date of 1 April 2014 upon the Company successfully obtaining conditional approval to be admitted to ASX. Subject to all necessary Shareholder approvals being obtained, Superstructure will also be issued with 250,000 Shares upon the commencement of mining development at the Victoria Mine and Cautiva projects, 250,000 Shares upon shipping of first ore from the Victoria Mine and Cautiva projects and 250,000 Shares upon the Company receiving its first cheque from ENAMI (an unlisted Chilean state minerals company), in respect of ore produced from the Victoria Mine and Cautiva projects.

Under the agreement, the Company agrees to indemnify Superstructure for any loss arising as a result of the performance of Superstructure’s obligations under the agreement, other than as a result of a breach of the agreement by Superstructure.

Either party may terminate the agreement by one month’s notice in the event of a breach of the agreement by the other party.

The agreement contains additional provisions considered standard in an agreement of this type.

### **Deeds of Indemnity and Access**

The Company intends to enter into a deed of indemnity, insurance and access with each of its appointed officeholders. Under those deeds, the Company will agree to indemnify the officer to the extent permissible by the Corporations Act 2001 against any liability arising as a result of that officer acting in the capacity as an officer of the Company.

### **10.6 Interests of Directors of the Company**

Except as disclosed in this Prospectus, no director holds, or during the last two years has held any interest in:

- (a) the formation or promotion of Condor;
- (b) property acquired or proposed to be acquired by Condor in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Directors Carl Swensson and Jose Bahamondes, among others, were the previous owners of the Company’s two Chilean subsidiaries, Condor Blanco SCM and Tierra Amarilla SCM. Please see Section 10.5 for the terms and conditions of the acquisition agreement between the Company, Mr Bahamondes and Mr Swensson, including the consideration payable to Mr Bahamondes and Mr Swensson for the shares in the subsidiaries.

Related parties have also been party to transactions detailed in Section 8.4.13.





## Directors' Shareholdings

The Directors are not required under the Constitution to hold any shares.

At the date of this Prospectus the relevant interests of each of the Directors in the Shares of the Company is as follows. These securities include the securities issued to Messrs Bahamondes and Swensson under the Condor Blanco SCM and Tierra Amarilla SCM Share Sale Agreement referred to in Section 10.5.

Director	No. of Shares	No. of Options
Glen Darby	3,880,001	3,880,000
Jose Bahamondes Amestica	6,000,000	10,000,000
Lia Darby	1,840,000	1,840,000
Pierre Richard	1,125,000	1,062,500
Carl Swensson	1,500,000	-

As set out in Section 10.5, Summary of Material Contracts, the directors are also due to receive the following shares and options prior to the commencement of ASX quotation, subject to Shareholder approval at the Company's annual general meeting to be held 30 November 2010:

Director	No. of Shares	No. of Options
Glen Darby	500,000	500,000
Jose Bahamondes Amestica	250,000	250,000
Lia Darby	250,000	250,000
Pierre Richard	250,000	250,000
Carl Swensson	250,000	250,000

Notes:

Nothing in this Prospectus should be taken to preclude Directors, officers or employees of Condor from applying for Shares under this Prospectus.

## Directors' Remuneration

The Directors have arranged for Mr Glen Darby to provide his services as Managing Director of Condor. Condor will pay Mr Darby, at a rate calculated on the basis of \$96,000 per annum exclusive of superannuation. Upon IPO Mr Darby will be paid \$120,000 per annum exclusive of superannuation plus \$30,000 per annum for director's fees and will receive 500,000 fully paid shares as well as 500,000 options exercisable at \$0.20 up until 1 April 2014 from the Company listing on ASX. Mr Darby will also receive 500,000 fully paid shares as well as 500,000 options for each calendar year of employment following IPO.

Mr Bahamondes will receive director's fees of \$96,000 per annum, exclusive of superannuation. Upon IPO Mr Bahamondes will receive 250,000 fully paid shares as well as 250,000 options exercisable at \$0.20 up until 1 April 2014 from the Company listing on ASX. Mr Bahamondes will also receive 250,000 fully paid shares as well as 250,000 options for each calendar year of employment following IPO.

Mr Swensson will receive director's fees of \$96,000 per annum, exclusive of superannuation. Upon IPO Mr Swensson's fees will increase to a retainer of \$150,000 per annum with an additional \$30,000 per annum to be drawn in director's fees, and will receive 250,000 fully paid shares as well as 250,000 options exercisable at \$0.20 up until 1 April 2014 from the Company listing on ASX. Mr Swensson will also receive 250,000 fully paid shares as well as 250,000 options for each calendar year of employment following IPO.

Ms Darby will receive director's fees of \$30,000 per annum from date of ASX listing, exclusive of superannuation, plus an additional \$30,000 per annum for consulting work, and will also receive 250,000 fully paid shares as well as 250,000 options exercisable at \$0.20 up until 1 April 2014 from the Company listing on ASX. Ms Darby will also receive 250,000 fully paid shares as well as 250,000 options for each calendar year of employment following IPO. Superstructure International Pty Ltd ("Superstructure") has been appointed as consultant and corporate advisor to the Company. Superstructure is a related party of Director Lia Darby. Pursuant to the appointment, the Company agreed to pay to Superstructure a retainer of \$7,000 per month for 3 years following the Company's successful admission to ASX and thereafter on a month by month basis, in consideration for the provision of corporate advisory services and assistance



with subsequent capital raisings and mergers and acquisition activities. Please refer to Section 10.5 above for further details of the agreement between the Company and Superstructure. The company has entered into an office services agreement with Proto Resources & Investments Ltd, an entity of which Ms Darby is a director. A pre-listing fee in consideration for office services (\$10,000 of equity of Condor Mines at an issue price of \$0.05 per share) has been paid. Upon ASX listing the sum of \$5,000 per month thereafter will be paid for office services.

Dr Richard will receive director's fees of \$30,000 per annum from date of ASX listing, exclusive of superannuation plus an additional \$30,000 per annum for consulting work, and will also receive 250,000 fully paid shares as well as 250,000 options exercisable at \$0.20 up until 1 April 2014 from the Company listing on ASX. Mr Richard will also receive 250,000 fully paid shares as well as 250,000 options for each calendar year of employment following IPO.

The maximum aggregate remuneration which may be paid to non-executive directors for their services to Condor each financial year is set at \$300,000.

### **10.7 Interests of Persons Named**

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has had within the two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of Condor;
- (b) property acquired or proposed to be acquired by Condor in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Boonjarding Resources Ltd has acted as the Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 6 of this Prospectus. The Company estimates that it will pay Boonjarding Resources Ltd approximately \$35,250 for the provision of these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Boonjarding Resources Ltd has not received any other fees from the Company.

Deloitte Touche Tohmatsu has acted as auditor and Investigating Accountant and has prepared an Investigating Accountant's Report which has been included in Section 7 of this Prospectus. The Company estimates that it will pay Deloitte Touche Tohmatsu approximately \$28,000 for the provision of these services. Subsequent fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Deloitte Touche Tohmatsu has received approximately \$7,920 in fees from the Company.

Price Sierakowski has acted as solicitors to the Company in relation to the Offer. The Company estimates that it will pay Price Sierakowski approximately \$15,000 plus GST for the provision of these services. Subsequent fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Price Sierakowski has received approximately \$14,741 in fees from the Company.

Jaime Leon Herrera has prepared a Solicitor's Report on Tenements which has been included in Section 9 of this Prospectus. The Company estimates that it will pay Mr Herrera approximately \$10,000 for the provision of these services. Subsequent fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mr Herrera has not received any other fees from the Company.

KS Capital Pty Limited has acted as financial adviser and lead manager to the Offer. Total fees payable to K S Capital are detailed in section 10.5.

Advanced Share Registry Services have been appointed as Condor's share registry and will be paid for these services on normal commercial terms.

Mining Corporate Pty Ltd has acted as IPO Compliance Manager in relation to the Offer and this Prospectus. The Company estimates that it will pay Mining Corporate Pty Ltd approximately \$50,000 for the provision of these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mining Corporate Pty Ltd has received approximately \$34,327 in fees from the Company.

## 10.8 Top 20 Shareholders

The Top 20 Shareholders as at the date of this Prospectus are as follows:

	Shareholder	Number
1	Koala S.A.	6,000,000
2	Glen Paul Darby	3,880,001
3	S A Capital Funds Management Limited <SACFM No 1 Fund A/C>	3,500,000
4	Andrew Kenneth Bruce Mortimer	3,290,000
5	Proto Resources & Investments Ltd	2,700,000
6	Kinetic Securities Pty Ltd	1,873,331
7	Lia Melissa Darby	1,840,000
8	Stockli Investments Pty Ltd	1,840,000
9	Carl Swensson	1,500,000
10	Pierre Jules Richard	1,125,000
11	Eduardo Aguirre Fuentes	1,000,000
12	Julian K Ludowici	1,000,000
13	SA Capital Pty Ltd	1,000,000
14	Gryphon Partners Pty Ltd	700,000
15	Petard Pty Ltd	500,000
16	George Phillip Kay	500,000
17	Lighthouse Company Services Pty Ltd	360,000
18	Trenchstones Pty Ltd	300,000
19	Peter & Carlene Gebhardt <Petard Super Fund No. 1 A/C>	250,000
20	B2B Holdings Pty Limited	250,000

The above table includes the shares to be issued to directors, consultants and brokers subject to conditional ASX admission as set out in section 1.5.

## 10.9 Consents

The following persons have each consented to being named in the Prospectus and to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC:

- Boonjarding Resources Limited – Independent Geologist’s Report;
- Deloitte Touche Tohmatsu – Investigating Accountant’s Report; and
- Jaime Leon Herrera – Solicitors Report on Tenements.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified in this Prospectus as being based on statements made by those persons.

The following persons have consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those persons, and have not withdrawn their consent before lodgement of this Prospectus with ASIC:

- Price Sierakowski as legal advisors to Condor;
- Deloitte Touche Tohmatsu as auditors of Condor;
- K S Capital Pty Limited as financial adviser and lead manager to the Offer;
- Kinetic Securities Pty Limited as Offer Sponsor;
- Advanced Share Registry Services as Share Registrar; and
- Mining Corporate Pty Ltd as IPO Compliance Managers to Condor.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the references to their name.



### 10.10 Expenses of the Offer

It is estimated that Condor will pay the following costs in connection with the preparation and issue of this Prospectus:

	Minimum Subscription (\$3.5M)	Oversubscriptions (\$5.0M)
Financial Adviser/Lead Manager	\$327,500	\$445,000
Corporate Compliance	\$50,000	\$50,000
Legal	\$25,000	\$25,000
Accounting	\$28,000	\$28,000
Geological Expert	\$35,250	\$35,250
Printing	\$18,000	\$18,000
ASIC and ASX Fees	\$33,727	\$37,735
Other costs	\$27,773	\$31,265
Total	\$545,250	\$670,250

### 10.11 Taxation

The acquisition and disposal of Shares in Condor will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Condor are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, Condor, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

### 10.12 Exposure Period

In accordance with Chapter 6D of the Corporations Act, the 24 November 2010 prospectus was subject to an Exposure Period of 7 days from the date of lodgement of that prospectus with the ASIC. This period was extended by ASIC for a further period of 7 days.

The purpose of the Exposure Period was to enable the prospectus to be examined by market participants prior to the raising of funds.

### 10.13 Litigation

Other than as disclosed elsewhere in this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

### 10.14 Electronic Prospectus

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at [info@condormines.com](mailto:info@condormines.com) and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at: [www.condormines.com](http://www.condormines.com).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.



## 11 GLOSSARY

**Applicant** means a person who submits an Application.

**Application** means a valid application to subscribe for Shares.

**Application Form** means the application form attached to and forming part of this Prospectus.

**Application Monies** means monies received by Condor from Applicants.

**ASIC** means the Australian Securities and Investments Commission.

**ASL** means Above Sea Level

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**Auditors** means Deloitte Touche Tohmatsu.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date on which the Offer closes, being 24 January 2011.

**Company or Condor** means Condor Blanco Mines Limited (ACN 141 347 640).

**Condor or Company** means Condor Blanco Mines Limited (ACN 141 347 640).

**Corporations Act 2001** means the Corporations Act 2001 of Australia.

**Directors** means the directors of the Company from time to time.

**Dollars or \$** means Australian dollars unless otherwise stated.

**Exposure Period** means the period of seven (7) days after the date of lodgement of the 24 November 2010 prospectus, which was extended by the ASIC by seven (7) days pursuant to Section 727(3) of the Corporations Act 2001.

**Glossary** means this glossary.

**Investigating Accountant** means Deloitte Touche Tohmatsu.

**Investigating Accountant's Report** means the report contained in Section 7 of this Prospectus.

**Independent Geologist** means Boonjarding Resources Limited.

**Independent Geologist's Report** means the report contained in Section 6 of this Prospectus.

**Listing Rules** means the official Listing Rules of the ASX.

**Offer** means the offer of a minimum of 17,500,000 Shares and a maximum of 25,000,000 Shares pursuant to this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official List** means the Official List of the ASX.

**Opening Date** means the date on which the Offer opens.

**Option** means an option to acquire one Share.

**Projects** means the Company's tenement portfolio in Chile as of the date of this Prospectus, being the Carachapampa, Fraga, Gold Iron, La Isla, Yaretas, Cautiva, Fenix and Victoria projects.

**Proposed Option** means an option to acquire one Share exercisable at 20 cents on or before 1 April 2014.

**Prospectus** means this replacement prospectus dated 9 December 2010 for the issue of up to 25,000,000 Shares including any electronic or online version which replaces the prospectus dated 24 November 2010.

**Quotation** means quotation of the Shares on ASX.

**Share** means a fully paid ordinary share in the capital of Condor.

**Shareholder** means a holder of Shares.

**Share Registrar** means Advanced Share Registry Services Pty Ltd

**Solicitor's Report on Tenements** means the report contained in Section 9 of this Prospectus.

**WST** means Western Standard Time, Perth, Western Australia.





## 12 CONSENT BY THE DIRECTORS

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of Condor Blanco Mines Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Dated the 9th of December, 2010

Signed for and on behalf of

**CONDOR BLANCO MINES LIMITED**

By

Pierre Richard

Director

Broker/Dealer Stamp

Share Registrar Use Only

# APPLICATION FORM

Before completing this Application Form, you should read the replacement Prospectus dated 9 December 2010 that replaces the Prospectus dated 24 November 2010 and the instructions overleaf. No Shares will be issued pursuant to the prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.**

I/We apply for

Shares in **CONDOR BLANCO MINES LIMITED** at 20 cents per Share

or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of

\$

First Name (PLEASE PRINT)

Surname (PLEASE PRINT)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number

Street

Suburb/Town

State

Post code

Contact Name

Telephone number - Business hours

(  )

Telephone number - After hours

(  )

CHESS HIN (where applicable)

E-mail address

Tax File Number or Exemption

Applicant #2

Applicant #3

## CHEQUE DETAILS

Drawer

Bank

BSB

Amount of cheque

Cheques should be marked **'Not Negotiable'** and make payable **"Condor Blanco Mines Limited - Share Application"**.



**Declaration and Statements:**

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Condor Resources and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE REPLACEMENT PROSPECTUS DATED 9 DECEMBER 2010 THAT REPLACES THE PROSPECTUS DATED 24 NOVEMBER 2010.

For personal use only

Broker/Dealer Stamp

Share Registrar Use Only

### APPLICATION FORM

Before completing this Application Form, you should read the replacement Prospectus dated 9 December 2010 that replaces the Prospectus dated 24 November 2010 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.**

I/We apply for

Shares in **CONDOR BLANCO MINES LIMITED** at 20 cents per Share

or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of

\$

First Name (PLEASE PRINT)

Surname (PLEASE PRINT)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number

Street

Suburb/Town

State

Post code

Contact Name

Telephone number - Business hours

(  )

Telephone number - After hours

(  )

CHESS HIN (where applicable)

E-mail address

Tax File Number or Exemption

Applicant #2

Applicant #3

#### CHEQUE DETAILS

Drawer

Bank

BSB

Amount of cheque

Cheques should be marked **'Not Negotiable'** and make payable **"Condor Blanco Mines Limited - Share Application"**.



**Declaration and Statements:**

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Condor Resources and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE REPLACEMENT PROSPECTUS DATED 9 DECEMBER 2010 THAT REPLACES THE PROSPECTUS DATED 24 NOVEMBER 2010.

For personal use only





## HOW TO COMPLETE THE APPLICATION FORM

Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

- A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by \$0.20.
- C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the share registry can speak to regarding any queries they may have on the Application.
- F) The Company will become an Issuer Sponsored participant in the Australian Stock Exchange CHESSE System. This enables a holder to receive a statement of their shareholdings from the Company's Share Registrar. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issued sponsored on allotment.
- G) Enter the TAX FILE NUMBER(S) of the Applicant(s). Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number(s) is not compulsory and will not affect the Application.
- H) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

## DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 24 November 2010. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

## PAYMENT

Applications for Shares must be accompanied by the application money of \$0.20 per Share (in Australian currency). Cheques should be made payable to "Condor Blanco Mines Limited - Application Funds" and crossed 'Not Negotiable'.

## LODGING OF APPLICATIONS

Completed Application Forms and accompanying application monies must be:

### Posted to:

Condor Blanco Mines Limited  
C/- Advanced Share Registry Services  
PO Box 1156  
NEDLANDS WA 6909

OR

### Delivered to:

Condor Blanco Mines Limited  
C/- Advanced Share Registry Services  
150 Stirling Highway  
NEDLANDS WA 6909

OR

K S Capital Pty Limited  
GPO Box 5485  
SYDNEY NSW 2001

OR

K S Capital Pty Limited  
Level 9, 23-25 O'Connell Street  
SYDNEY NSW 2000

Applications must be received by no later than **5.00pm WST on the Closing Date, currently 24 January 2011** unless varied by the Company).



## CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Condor. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual Use given names, not initials	Peter David Jones	PD Jones
Company Use Company title, not abbreviations	AAA Pty Ltd	AAA P/L AAA Co
Trusts Use trustee(s) personal name(s), Do not use the name of the trust	Michelle Jones <Michelle Jones Family A/C>	Michelle Jones Family Trust
Deceased Estates Use executor(s) personal name(s)	James Jones <Est James Jones A/C>	Estate of late James Jones
Partnerships Use partners' personal names, do not use the name of the partnership	James Jones and Peter Jones <James Jones and Son A/C>	James Jones and Son
Clubs/Incorporated Bodies/Business Names Use office bearer(s) personal name(s), Do not use the names of the clubs etc.	Michael Jones <BBB Cricket Association A/C>	BBB Cricket Association
Superannuation Funds Use of name of trustee of fund, do not use the name of the fund.	Lisa Jones Pty Ltd <Super Fund A/C>	Lisa Jones Pty Ltd Superannuation Fund



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