

STOCK EXCHANGE ANNOUNCEMENT



16 April, 2014

Hard Coking Coal Agreements and Debt Documents Signed

ASX Release Stock Code: CDB

Highlights

- Condor has signed the definitive agreement for the acquisition of the South African Hard Coking Coal Projects: The Duel, Mopane and Universal Annex. The terms will now be put forward for shareholder approval.
- Progress in obtaining €10 million in debt funding is now in its final stage. The agreements have been signed and the loan funds will be available in April, Condor will apply the funds to develop its Marianas Magnetite Tailings Project in Chile through to production and to begin the drill-out and feasibility work at The Duel.

Condor Signs Definitive Agreement

Condor Blanco Mines Limited (ASX: CDB; **Condor**, the **Company**) is pleased to announce that the definitive agreements for the Signet Hard Coking Coal acquisition have been signed today.

The agreement gives Condor the right to earn an initial stake in **The Duel**, **Universal Annex** and **Mopane** projects, all located in the Soutpansberg Coalfield of northern South Africa from Hong Kong company **Signet Coking Coal Limited** (**Signet**). Signet holds 74% of the projects, with the remainder held by a Black Economic Empowerment partner as required under South African law.

Condor will gain an initial 33% interest in **Signet** by providing US\$5m to be spent on the drilling and feasibility work at **The Duel**. Condor has an additional option over the land holding that forms the **Tshipise 2** project that sits east along the same seam as the flagship **The Duel** project. This option is exercisable at no cost should the **The Duel** drilling not deliver a minimum inferred resource of at least 30 million tonnes of Hard Coking Coal with an overall maximum ash content of 12% (**Minimum Resource**), but otherwise will cost US\$2.5m in cash and \$2.5m of additional earn-in spending.

Should the Minimum Resource be delivered, **Condor** would pay a further US\$5m to increase its stake to 49.75% and also has a final option to increase its ownership of **Signet** to 68% (being a controlling project stake of 50.3% including the BEE partner). This option is retained until 60 days after the completion of a definitive feasibility study and would cost US\$15m. **Condor** considers the pricing of these stakes to be fair given recent valuations on comparable projects at such advanced stages. For instance, Venmyn Deloitte provided valuations for several adjacent reports to neighbouring company Coal of Africa Limited.¹

¹ See Page v. of "Independent Geologist Specialist Report: On the Principal South African Operating and Non-Operating Mineral Assets of Coal of Africa Limited", available at: http://www.coalofafrica.com/assets/technical-reports/venmyn-deloitte-independent-specialist-report_10dec12.pdf

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The terms of the acquisition will be put to a shareholder vote at an upcoming General Meeting. This Notice of General Meeting is to be sent out to shareholders in the next few days. The Board of Director's strongly urges shareholders to support the acquisition, which the Board unanimously considers to be a means to a serious re-rating of the market value of shareholders' equity.

The central aim of the new joint venture will be for Condor to finance the drill-out of **The Duel** project. This set of six tenements sits directly adjacent to the already drilled Makhado (including Telema and Gray) and Mt Stuart projects held by Coal of Africa Limited, which is reported to contain a total of 879,734,822 Gross Tonnes in Situ (GTIS) for Makhado (including Telema and Gray) and an inferred resource of 407,162,828 GTIS for Mt Stuart.² The Duel drilling program is prepared and Signet's operational management team is ready to implement it. A preferred drilling company with extensive coal experience has rigs available to mobilise.

Debt Funding Progressing to Plan

The receipt of the funding for **The Duel** drilling and to implement full production at the **Marianas Magnetite Tailings Project (Marianas)** in Copiapo, Chile, is progressing to schedule. This non-dilutive debt funding is now due imminently from a Swiss based bank, with the loan documents having been presented to Condor for final review. The loan funds are now due to be provided to Condor in April.

Condor Managing Director, Mr Glen Darby, commented on his recent return from South Africa: "We are pleased to have reached this stage. I'd personally like to thank our team at Condor, including my fellow directors and geological staff. Without their unwavering support, we could never have achieved these outcomes. For a young Company like Condor to be fully funded in the pursuit of high quality development projects such as Marianas and The Duel, and in addition to hold the demonstrated potential of its Chilean exploration projects is exceptional and distinguishes the Company from its peers".

For more information, visit www.condormines.com or contact:

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Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Carl Swensson, who is a Member of the Australasian Institute of Mining & Metallurgy. Carl Swensson is a director of Condor Blanco Mines Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Carl Swensson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2. See: http://www.coalofafrica.com/assets/technical-reports/venmyn-deloitte-independent-specialist-report_10dec12.pdf. Makhado (including Telema and Gray) has GTIS resources of resources of 445,025,424 tonnes measured, 328,176,038 indicated and 106,533,360 inferred for a total of 879,734,822 GTIS.

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