STOCK EXCHANGE
ANNOUNCEMENT

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Commercial Scale Trial Delivers Higher Head Grade and Recovery

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Highlights

- The commercial scale trial at the Marianas Magnetite Tailings Project has surpassed previous results. Both mined head grade (17.88% Fe) and contained magnetite (11.68% magnetite) were significantly higher than the earlier 40 tonne samples.
- Confirmatory analysis was particularly impressive with Davis Tube Test contained iron in the 21.9 tonnes of concentrate produced substantially increased at 69.63%. The magnetite concentrate represented 12.54% of material collected by weight, a 12.5% increase on the earlier recovery result.
- The trial outperformed results in the earlier recovery study and substantially enhanced the modelled economics of the project.

Marianas Commercial Trial Results

Condor Blanco Mines Limited (ASX: CDB; **Condor**, the **Company**) is pleased to announce the results from its recently completed Commercial Trial of material from the **Marianas Magnetite Tailings Project** (**Marianas**) in Copiapo, situated in the Atacama Region of Chile. Marianas contains the fine portion of final residues from the Hochschild Mining Plc copper processing plant (leaching and froth flotation), which used to operate in Copiapo.

The trial, which involved the commercial scale treatment of 174.4 tonnes of the **Marianas** tailings surpassed previous results. Both mined head grade (17.88% Fe) and contained magnetite (11.68% magnetite) were significantly higher than the earlier 40 tonne bulk samples. Confirmatory analysis was particularly impressive with Davis Tube Test (DTT) contained iron in the 21.9 tonnes of concentrate produced substantially increased at 69.63%. The magnetite concentrate represented 12.54% of material collected by weight, a 12.5% increase on the earlier recovery result.

Condor Managing Director, Mr Glen Darby confirmed the importance of the results: “The commercial trial provides the confidence to proceed with the development of **Marianas**. The results surpassed even our expectations, and are perfectly timed with finance due to be delivered this week.”

The Commercial Scale Trial

The trial was undertaken under the Heads of Agreement signed previously with **Lacerta Finance and Mining SpA** (**Lacerta**). **Lacerta** has demonstrated expertise in recovering a high quality saleable iron concentrate from projects similar to **Marianas**. **Lacerta** operates the Mol magnetic separation plant located 90 kilometres north of La Serena, Chile. 200 tonnes of material was collected from 7 trenches at Marianas and sent to La Serena. 38 scoops of a Caterpillar 938G loader were then feed into the plant for processing, being a total of 174.4 tonnes of magnetite tailings.

The processing passed through to the first rougher stage of magnetic selection which utilised magnetic drums of 1,200 to 1,400 gauss with 13 poles, at an average rotational speed of 25 to 30 revolutions per minute. The

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concentrate obtained in this step, was then passed to the second intermediate stage of magnetic concentration, in which the magnetic drum rotates at a higher speed to achieve better cleaning of the material prior to the final stage. The concentrate obtained in the intermediate stage was then sent to a third and final finishing stage that applied a drum of 50-poles of 800 gauss rotating at 120 revolutions per minute. The reject from this round was recirculated once to give the total final concentrate. The final product coming off the finishing drum was 21.9 tons, which in relation to the total input of raw material, gave us a recovery percentage by weight of 12.54%.

Figure 1: Final Magnetite Concentrate Produced During the Commercial Trial

The chemical testing was performed by **Analisis Mineros Limitada** (**Analmin**) located in Coquimbo, Chile.[1] Testing included determination of total Fe, DTT, magnetic Fe, all potential contaminants as well as metals originally contained in the Hochschild feed: molybdenum, copper and gold.

The concentrate grade of the 21.9 tonnes of output from the un-optimised three drum circuit was 51.48% Fe. Consequently, to shift this grade up towards the DTT level, the implementation design will include an additional circuit to disagglomerate and sieve the feed as well as a linear arrangement of two final drums to deliver a concentrate close to the DTT result of 69.74%. The analytical results of the commercial trial are shown in the table below, which contrasts them from the earlier trial reported on 18 November 2013:

Performance Measure	Scoping Study Result (Announced 18 November 2014)	200t Bulk Trial Result	Improvement Recorded (% increase in commercial trial)
Tailings Fe Grade	12.61% FeTotal	17.88% FeTotal	41.80% increase in Fe grade
DTT concentrate recovery (% of feed recovered as concentrate by weight)	11.14%	12.54%	12.40% increase in Recovered Weight
Magnetic DTT concentrate	65.22 % FeTotal	69.63% FeTotal	6.76% increase in DTT Fe grade
Magnetic iron in the samples	7.29%	11.68%	60.22% increase in contained Magnetic Fe

[1] http://www.analmin.cl/empresa.html

As can be seen in the table, the grade results and processing performance of this commercial scale bulk sampling are substantially higher than earlier testwork. The mined head grade and magnetite content in this 200 tonne sample is particularly pleasing, being strongly representative and showing increases of over 40% from smaller tests.

The analysis of contaminants showed only low levels of all deleterious minerals, and no additional processing will be needed to remove minor elements contained in the tailings. A simple magnetite operation is sufficient to produce a clean saleable product. The level of sulphur in the product was 1.17% (down from 3.07% in the feed). Neither **Condor** nor its off-taker the Hong Kong-based investment and trading group **Jiangxi Resources Limited**[2], consider this level to be problematic in placing material in Asian markets. Appropriate matching to buyers is already being considered.

Overall, the grade of the concentrate or final product was 51.48% total Fe. An additional round of processing over a magnetic drum will increase the grade towards the DTT level and enable a product of over 60% Fe to be obtained. Consequently a linear process including two finishing drums will be specified in the final plant design arrangement.

Next Steps

Condor is now continuing discussions to finalise arrangements to progress **Marianas** to full production. In addition to the imminent closing of financing and operating agreement, permitting is also underway and **Condor** expects to update the market on it in due course.

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] As previously announced on 9 July 2013 in an announcement entitled: "Condor Blanco Mines Signs Binding Marianas Iron Ore Offtake Agreement".

Appendix 1: JORC Code Table 1 Details

Section 1: Sampling Techniques and Data

Criteria	Explanation
Sampling techniques	• Nature and quality: The sample was collected from 7 trenches of the 15 dug in July 2013. Each pit was dug by an excavator to an average depth of 3.32m and sampled using an excavator from surface to the base of the pit. • Measures taken to ensure sample representivity: The 7 selected trenches were selected to optimise representation of the tailings empoundment area and volume. The original channel samples provided control data. Over 5 excavator scoops were taken from each pit and mixed to support representativeness.
Drilling techniques	Not applicable.
Drill sample recovery	Not applicable.
Logging	Written logs were taken during the collection of each scoop.
Sub-sampling techniques and sample preparation	No sub-sampling techniques were used. The entire pile sitting above the level of possible ground contact contamination was processed and a representative sample selected from the homogenised output of that process.
Quality of assay data and laboratory tests	The chemical testing was performed by Analisis Mineros Limitada (Analmin) located in Coquimbo, Chile. This laboratory is accredited by Bureau Veritas.
Verification of sampling and assaying	Limited verification was utilized given the scale of the sample (200 tonnes collected and 174.4 tonnes processed). Reserve samples have been stored to allow future verification. No field duplicates were submitted.
Location of data points	A handheld GPS was used to identify the position of the trenches. This was verified with aerial imagery of the plotted data points.
Data spacing and distribution	The selected trenches were spaced to provide strong representativeness. The selected trenches were compared to those not selected (which were all sampled in July 2013) to ensure the selected trenches did not bias the data. Given the very nature of the bulk sampling, it is not sufficient to establish the degree of geological and grade continuity appropriate for estimation of a Mineral Resource or Ore Reserve.
Orientation of data in relation to geological structure	The tailings are horizontally stratified. The excavated samples were taken from vertical pits normal to stratification to ensure representation of the material down to the excavated depth of 3.32m.
Sample security	Standard safety procedures were undertaken to maintain sample security. This included a careful labelling system. We should ask Lacerta fore this information as we were not responsible for this.
Audits or reviews	No audits or reviews were considered necessary. The sampling and processing techniques were confirmed by a local expert, who did not consider any additional steps necessary.

Section 2: Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	50% is now owned outright, with the other 50% under option. Land tenure is secure under the mining titles system of Chile. No impediment to renewal of licenses is expected, subject to usual compliance with rents due and expenditure expected.
Exploration done by other parties	No previous exploration is known on the tenement.
Geology	The material represents tailings from historical copper mining operations. The material is horizontally stratified in a series of dams.
Drill hole Information	Not applicable.
Data aggregation methods	Not applicable.
Relationship between mineralisation widths and intercept lengths	Not applicable.
Diagrams	Locations have been published previously.
Balanced reporting	All data has been reported.
Other substantive exploration data	No applicable.
Further work	Statutory permitting to conduct mining and processing. Additional sampling through drilling. Plant and process design.