STOCK EXCHANGE
ANNOUNCEMENT

CONDOR BLANCO MINES

February 3, 2014

Condor Funds Marianas and Coal Acquisition

ASX Release Stock Code: CDB

Highlights

- **Condor has today made a share placement at $0.008 to a fund managed by Beaufort Securities Limited, a leading UK corporate broker. The fund is backed by a boutique UK mining investment consultancy.**

- **Heads of Agreement have been completed for integrated debt funding and development project acquisition. Condor has completed Heads of Agreement for €10 million in debt finance. The finance is to be committed to fund two projects to development: The "Marianas" Iron Ore Project and the newly right to acquire "The Duel" Hard Coking Coal Project.**

- **The Duel Hard Coking Coal Project in South Africa covers part of an already drilled seam of coal. The license sits between two already drilled licenses adjacent to it on the east and west. Under the agreement, Condor can acquire a majority stake of up to 50.3% of The Duel and a set of nearby projects. The position of The Duel project makes it a clear take-over target for adjacent mines, which are already under development.**

- **A more detailed technical summary of The Duel is being prepared and will be distributed as an appendix with Condor's upcoming annual newsletter.**

Share Placement to Mining Investment Fund

Condor has made a share placement at $0.008 to a fund backed by a boutique UK mining investment consultancy. The fund is to be managed by **Beaufort Securities Limited** (**Beaufort**), a leading UK corporate broker. **Beaufort** will promote and distribute stock to the global investment market, particularly in the UK, Hong Kong and Singapore. With over 83 million shares issued today, the placement resolves **Condor's** immediate cash requirements.

Under the agreement **Condor** has the right to place stock of up to $2,000,000 in total into the fund that is to be managed and operated by **Beaufort**. Such stock is to be placed at a 5-day Volume Weighted Average Price, allowing no discount to market. Further placement is subject to a floor restriction and usual shareholder approvals. The first tranche has been placed under the approval received in advance at the last General Meeting of Shareholders on 29 November 2013. The decision not to discount issues under the facility reflects Condor's unwillingness to enter into dilutive issues that might undermine market perceptions.

Beaufort Securities Limited[1] was formed in 1992 and over the last two decades has established itself as one of the UK's leading independent private client stockbrokers. **Beaufort** is notable for its positions in corporate and private client broking, wealth management and capital markets. **Beaufort's** Capital Markets division supports corporate clients through Corporate Broking, Corporate Finance and Dealing desks who deal with a global network of investors. This enables it to provide the broadest range of corporate services, from fund raising, to promotion and acquisition finance.

[1] http://www.beaufortsecurities.com/

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Heads of Agreement for Debt Financing

Condor has also applied for debt financing of up to €10 million. This is to be borrowed from a European financial institution, with bank bonds of the same face value being provided as security to the financial lender. These bonds have in turn been securitised against the upcoming cash flows of the **Marianas Iron Ore Project** (**Marianas**). The funds are to be committed to two projects: bringing **Marianas** to operations, either solely or as a joint venture under the Heads of Agreement already signed with Lacerta Finance and Mining Spa, and potentially Condor's commitment to the drilling program for **The Duel** Joint Venture.

Condor Chairman, Dr Paul Crosio, commented on the combined debt and project acquisition heads of agreements: "As Condor moves focus to highly prospective and near term assets we have had to leverage our near production asset **Marianas** and access the debt market. This means we can concentrate on high quality tenements where there is a clear sight to production or sale to a major in the next two years."

Dr Crosio continued: "**Marianas** has allowed us to use the prospective cash flows from this project to access European debt markets and not return to the equity markets".

Coking Coal Acquisition in South Africa

Condor has entered into a Heads of Agreement with Hong Kong company **Signet Coking Coal Limited** (**Signet**) that will see it have the right to acquire a majority stake of up to 50.3% in **The Duel** and **Tshipise 2** projects held by Signet's South African subsidiaries **Subiflex Proprietary Limited** and the **Universal Annex Project** held by **Exotic Coal Exploration Proprietary Limited**. The acquisition is subject to several conditions precedent including 60 days technical due diligence and upcoming shareholder approval.

Signet has large, well-documented and highly prospective coking coal assets which are close to infrastructure and allows **Condor** to have a significant presence in the energy market in South Africa to complement our position in South America. By participating in two well established mining continents we can diversify our position and reduce risk. **Signet**, and in particular **The Duel** tenement, is planned to complete a full Bankable Feasibility Study in the coming year. We see tremendous upside in participating in this project and further potential in the other tenements that are included in the joint venture. The tenements covered by the agreement are shown in Figure 1.

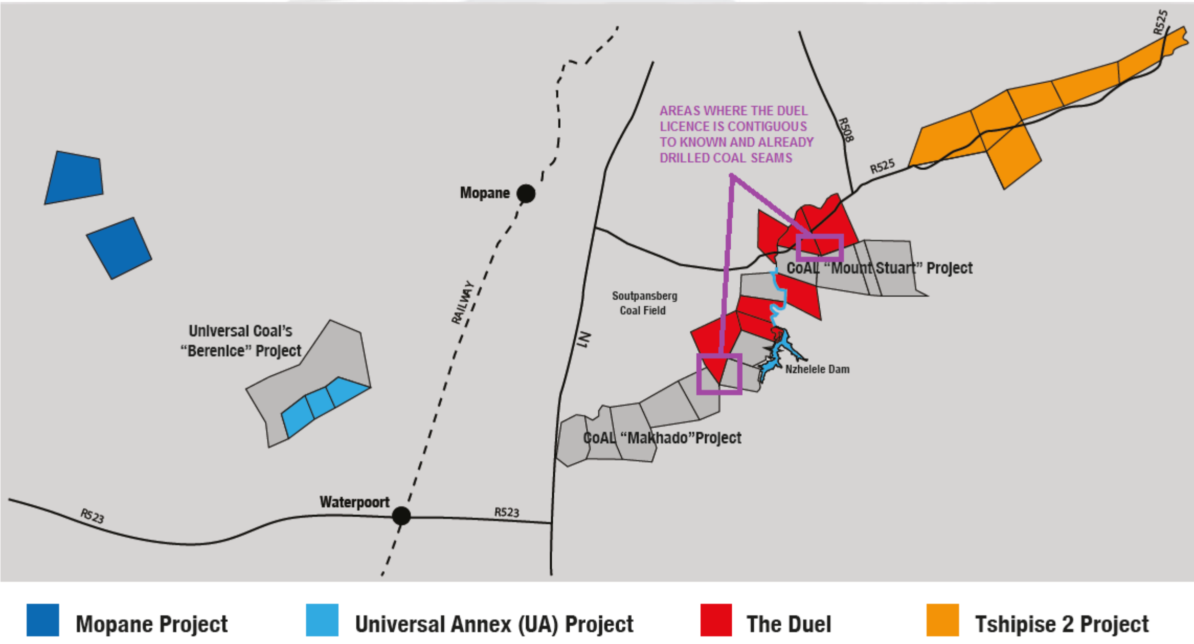

Figure 1: Signet Licenses Covered by the Heads of Agreement (colour) and adjacent properties (grey)

Under the Heads of Agreement, Condor will invest $5m of the debt funding it is to receive in **Signet** within 90 days to gain an initial 24.4% interest in **Signet**. These funds are to be used to undertake a drill-out of **The Duel Project**. **Condor** will put the entry into the joint venture to shareholders at an upcoming General Meeting. There is no penalty for **Condor** electing not to undertake the project. Condor also retains the right to not expand its stake beyond the initial 24.4% or to indeed sell it back to the initial shareholders after the first drilling. The Heads of Agreement also allows for Condor to retain an interest in the **Tshipise 2 Project**, which has even more potential. That option is triggered by **The Duel** drill-out, and in particular whether it delivers a JORC resource (**Minimum Resource**) of at least 30 million tonnes of Hard Coking Coal with maximum ash, after beneficiation, of 12%.

Condor Chairman, Dr Paul Crosio commented: "**Condor** is in the process of securing debt funding by providing our **Marianas** project and the resultant cash flow as security for this debt. **Marianas** has been proven as economically attractive through both pilot plant stage and the current bulk sample. With the ability to produce Magnetite concentrate at very low cost, **Signet** will leverage this competitive advantage to improve our portfolio and follow our "near term, diversified risk" strategy.

He continued: "**Condor** continues to focus on high quality assets but the Board felt that restricting our geographic coverage to Chile has left **Condor** exposed to unacceptable sovereign risk. We have actively sought to diversify this risk and have identified a suitable project in South Africa which is on track to prove a significant hard coking coal resource in 2014. As we move from Heads of Agreement we will continue extensive due diligence on the asset but, at this stage, independent review has encouraged us to move forward on this joint venture."

It is notable that the tenements surround existing projects, and particularly the Makhado (including Telema & Gray) and Mount Stuart Projects owned by Coal of Africa Limited (CoAL). These projects have JORC compliant Gross Tonnes In-Situ (GTIS) of 879.74 million tonnes and 407.16 million tonnes respectively, for a total of over 1 billion tonnes of which 466.62 million tonnes is at the highest (measured) level of confidence.[2]

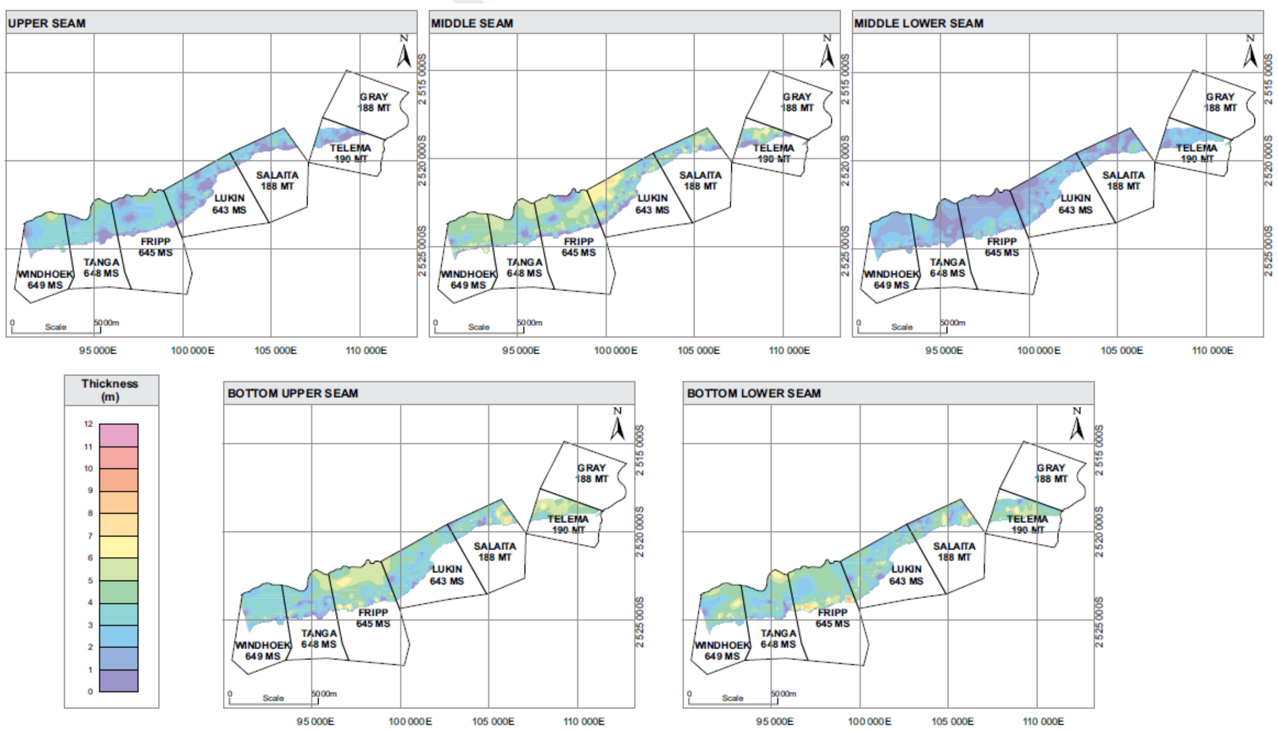

Figure 2: Position of Resources Adjacent to The Duel on CoAL's Neighbouring Tenements[3]

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2 CoAL Reserves Statement, released 13 June 2012: http://www.coalofafrica.com/investors-and-media/corporate-publications/2012/cza-reserves-resources-statement-13-june-12.pdf

3 Source: Coal of Africa Limited, available at: http://www.coalofafrica.com/index.php

Importantly, the position of the coal seams on the CoAL tenements suggests direct continuity through the south-western license of **The Duel** (see Figure 2). This has been confirmed by drilling on **The Duel** in May 2012. The program consisted of two Reverse Circulation drill holes (500m apart) and one Diamond Core drill hole to a depth of almost 300 metres. Core from the diamond hole completed on **The Duel** is shown in Figure 3 below.

Figure 3: Drill Core from the May 2012 Drilling at The Duel

The position of **The Duel** Hard Coking Coal Project as a block of coal sitting between two already drilled licenses, makes the project strongly desirable. It is a clear take-over target for the adjacent mines, which are currently under development. All the projects are located in the Soutpansberg Coalfield of South Africa. Soutpansberg (home to four prominent projects and two operating mines) is known for high quality Hard and Semi-soft coking coal. In addition, coal quality increases from west to east along the coalfield.

The first round funding on The Duel is the start of the mineability proving phase. **Condor** and the management of Signet firmly believe that there are multiple paths to realising value at **The Duel**. **The Duel** can act as a standalone production asset, but also carried the potential of being a takeover target. Independent mines have the benefit of being able to draw on lower overhead medium sized production operators, and this is the path **Condor** will be pursuing from the outset.

The projects covered by the Heads of Agreement cover four independent areas that could become independent mines. Exploration targets are based on conservative estimate of combined opencast extractable coal materials of +14m in thickness from area above Karoo sediments. Coking coal analysis from **The Duel** project would rank the coal quality as “Hard Coking Coal”, comfortably comparing with rivalling coal from Queensland. Similar to mines in Queensland, extraction would produce two saleable products: a high grade Thermal and Coking coal, heavily increasing total yields. Importantly, the Soutpansberg Coalfield already contains operating mines and have direct access to developed infrastructure, water and 110kVa power utilities. All of the projects under the Heads of Agreement with **Signet** are within close proximity (or indeed directly on) main arterial roads and linking rail sidings.

Condor Managing Director, Mr Glen Darby summarised the outcomes: “This is an incredible leap for **Condor**. To gain the finance needed to bring **Marianas** into production at enhanced scale, but as well to bring a second even larger production project into **Condor** is exceptional. **The Duel** investment also comes with an accomplished South African management team, including decades of mining and project development experience.

Condor is preparing a more detailed technical summary of **Signet's** projects for distribution to shareholders and market participants. This will be included as a detailed technical appendix to **Condor's** annual newsletter, which is due to be released again this month. This will also provide an opportunity for a more extensive update on **Condor's** activities more generally.

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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.