(Formerly Condor Blanco Mines Pty Ltd)

ACN: 141 347 640

ANNUAL REPORT

For the period 5 January 2010 to
30 June 2010

CORPORATE DIRECTORY

DIRECTORS

Glen Darby
Jose Bahamondes
Lia Darby
Pierre Richard
Carl Swensson

SECRETARY

Troy Crispin

REGISTERED & PRINCIPAL OFFICE

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AUDITORS

Deloitte Touche Tohmatsu
Woodside Plaza
Level 14, 240 St George's Terrace
PERTH WA 6000

Your Directors present their report on the Company from incorporation to 30 June 2010.

DIRECTORS

The names of the Directors of the Company in office during the financial period and up to the date of this report are:

Glen Darby – Managing Director (Appointed 5 January 2010)

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 Mines, 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.

Jose Bahamondes – Executive Director, Operations (Appointed 5 January 2010)

The founder of Tierra Amarilla, 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 Mines' 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 Mines' exploration and production programmes.

Lia Darby – Non-Executive Director (Appointed 5 January 2010)

Ms. Darby has extensive experience in corporate governance, project acquisitions and capital raisings. She has previously worked in international commercial litigation in shipping and international commodities trading. More recently Ms. Darby has focused 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 Exchanges. Ms. Darby is an executive director of ASX-listed Proto Resources & Investments Ltd and Chairman of Global Nickel Investments Ltd. Ms. Darby holds a BA(Hons) and LLB(Hons) from Sydney University.

Pierre Richard – Non-Executive Director (Appointed 5 January 2010)

With a background in project management and investment economics, Dr. Richard provides support in the assessment of project economics and advice on the management of international investment risk. Dr. Richard has worked in infrastructure finance and corporate law and more recently as Chief Development Officer of Proto Resources & Investments Ltd during the feasibility and approvals process for a Nickel mine in northern Tasmania. He holds a BCom(Fin) and LLB from the University of New South Wales and a PhD in strategic management from the Australian Graduate School of Management.

Carl Swensson –Executive Director, Geology (Appointed 30 June 2010)

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 Limited, Bendigo Gold Associates and Normandy Mining

Limited. At Normandy Mining, as Chief Exploration Geologist, he was responsible for the management of the exploration budget across that company's Australian tenement portfolio. Mr. Swensson has been working in South America for over 10 years and has developed a deep knowledge of Chile and its geological features. 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.

Directors were in office from incorporation until the date of this report unless otherwise stated.

COMPANY SECRETARY

Troy Crispin –Secretary (Appointed 11 June 2010)

Mr Crispin is a Chartered Accountant with over 10 years of experience; specializing in external financial reporting and company secretarial work for both public and private companies. Mr Crispin has over 4 years experience with an Australian ASX listed company where his main responsibilities included the management of its external reporting compliance and assisting in the company secretarial role for the company and its numerous Australian and foreign subsidiaries. Prior to that Mr Crispin had over 6 years experience as an auditor working on a number of ASX listed and private companies.

Gillan Darby – Secretary (Appointed 5 January 2010, resigned 13 October 2010)

Mr Darby works as a company secretary for several small mining companies and is alternate director for Global Nickel Investments NL. He has experience in the Initial Public Offering ("IPO") float process and has over 20 years experience in company structuring, management and administration. Mr Darby's prior experience includes managing a significant cash-flow positive business within the University of New South Wales, where he was responsible for the annual budget.

Principal Activities

The principal continuing activities during the period of the Company were acquisition of exploration assets.

Operating Results

Loss after income tax for the financial period was $224,352.

Financial Position

The net assets of the Company at 30 June 2010 are $3,813,716.

The Company's working capital, being current assets less current liabilities is $340,620 at 30 June 2010.

The directors believe the Company is in a strong and stable financial position to expand and grow its current operations having raised $1,132,068, net of capital raising costs, in seed capital during the period between incorporation and 30 June 2010.

Subsequent to period-end, the company has raised an additional $767,565, net of capital raising costs, in seed capital and the directors believe they have strong support for the proposed IPO.

Dividends Paid or Recommended

No dividends were paid during the period and no recommendation is made as to dividends.

Review of Operations

In September 2010, Condor Blanco Mines Limited ("Condor", "the Company") acquired a portfolio of copper–gold projects located to the east of the major mining city of Copiapo in northern Chile, exploring these areas in the lead up to acquisition. Copiapo is situated in the Chilean Iron Belt, a major copper-gold and iron producing region with smaller producers serviced by the government owned ENAMI copper smelter and leaching plant. Condor has tenements targeting three types of mineralisation (1) epithermal gold and silver, (2) porphyry copper-gold in porphyry copper and iron oxide-copper gold ("IOCG") vein and manto-style disseminated copper mineralisation. Condor also had two uranium projects located in Northern Chile which have potential for sandstone-hosted uranium mineralisation. No work has been conducted on the uranium tenements during the reporting year as it was the intention of Condor to divest these tenements into another company in which Condor would retain an interest in order to prioritise its activities on copper and gold (this subsequently occurred on 22 October 2010). The locations of the Maricunga and Chilean Iron Belt projects are shown in Figure 1.

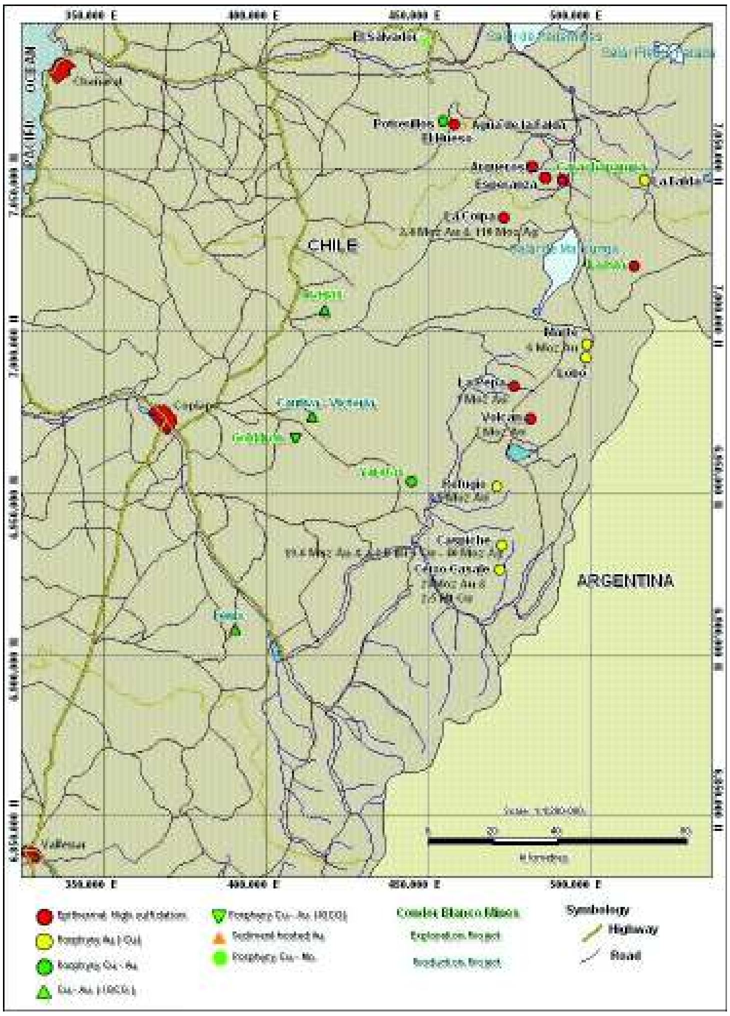

Figure 1: Location of Maricunga Belt and Chilean Iron Belt Projects

The geological architecture of Chile is dominated by north-south trending belts of volcanic rocks which become progressively younger to the east, with the youngest rocks still forming from active volcanism along the highest part of the Andean Cordillera. This geological framework extends into Peru and is 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 in this geology and the formation of porphyry copper deposits at deeper levels. This also has produced related epithermal gold-silver deposits at shallower depths. These geological processes have resulted in the richest copper province in the world with Chile producing approximately 40% of the worlds copper.

Competent Persons Statement

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

Yaretas (Copper, Gold and Molybdenum)

Project Overview

Ownership: 100%

The Yaretas project is located approximately 80km east-southeast of Copiapó at an elevation of approximately 4,000m ASL. The project is located within the Late Eocene-Early Oligocene Chilean porphyry copper-molybdenum belt associated with the Domeyko Cordillera, a mountain belt stretching 1,400km long. This belt represents the largest copper accumulation in the world with 220 million tonnes of copper resources located in 25 major deposits which include the world renowned Chuquicamata and Escondida mines. The tenements cover an area of 28km^2 and include extensive areas of phyllic alteration developed in granodiorite of the Mid-Eocene age El Gato Pluton (Figure 2).

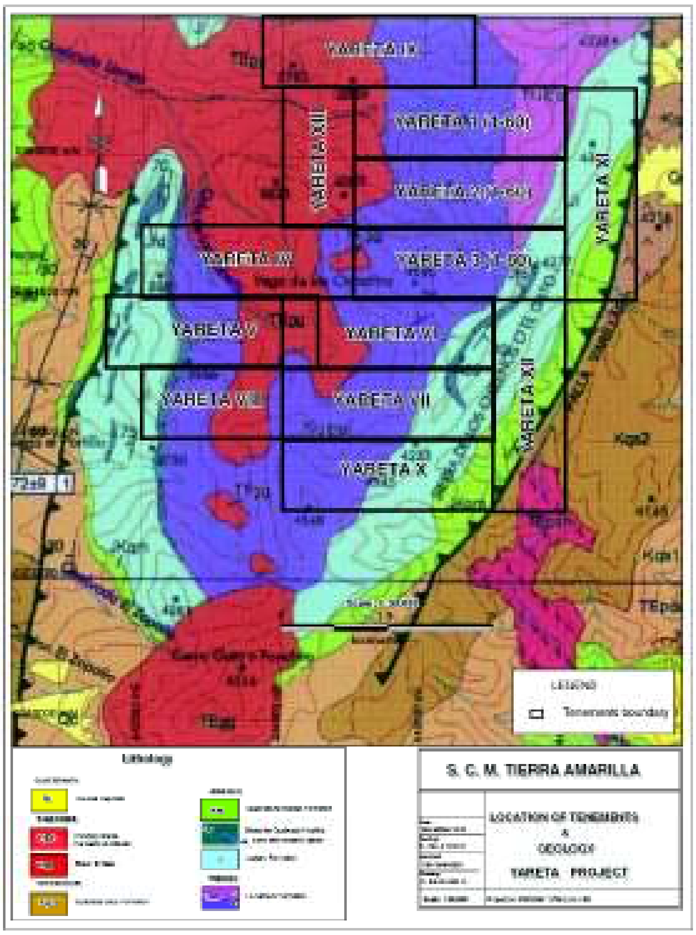

Figure 2: Yaretas Tenement Geology

The presence of matrix-supported, sulphidic breccia pipes intruding the altered granodiorite is a significant indicator of hydrothermal activity typical of a mineralised porphyry environment. (see Figure 3). There is intensive silicification associated with the La Ternera rocks and although this may represent simple thermal metamorphism on the contact with the granodiorite but 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 visibly major colour anomaly due to strong argillic and phyllic alteration: a requirement for a mineralised porphyry system. In FY2010 surveying of Condor Mines' mining leases at Yaretas identified previously unrecorded extensive outcrops of copper carbonate mineralisation (malachite) and phyllic alteration in the centre of the tenements. This location will be a priority for Condor Mines' geologists for assessment in FY2011.

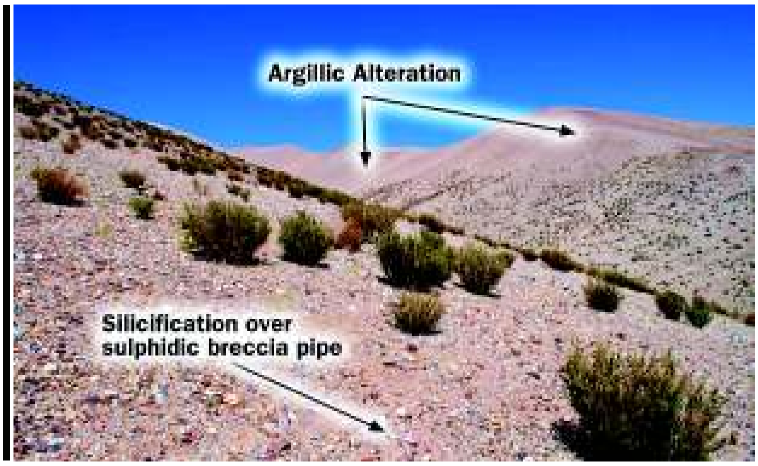

Figure 3: Extensive Argillic Alteration of the Granodiorite with Silica Cap Float over a Breccia Pipe

The tenements surrounding Yaretas are being actively explored by Antafagasta Minerals in a joint venture with the project holder Metallica Resources ("Metallica"), the Chilean subsidiary of New Gold Inc. Metallica is evaluating a number of alteration targets adjacent to the Yaretas tenements that lie in the same rock types as the Yaretas ground (see Figure 4). In their exploration, Metallica have already identified a porphyry copper target at the Cerro Matta prospect with unclosed mineralisation over an area of 400m x 500m to a depth of 400m with drill intercepts including 158m @ 0.36% Cu and 0.37g/t Au from hole MRC-15. Close to Cerro Matta, Metallica are also evaluating epithermal gold mineralisation at the Quebrada prospect. Here a 25 drill hole programme has returned grades of 0.5 to 3.7g/t Au over 1-17m with a best intercept to date of 17m @ 1.98g/t Au.

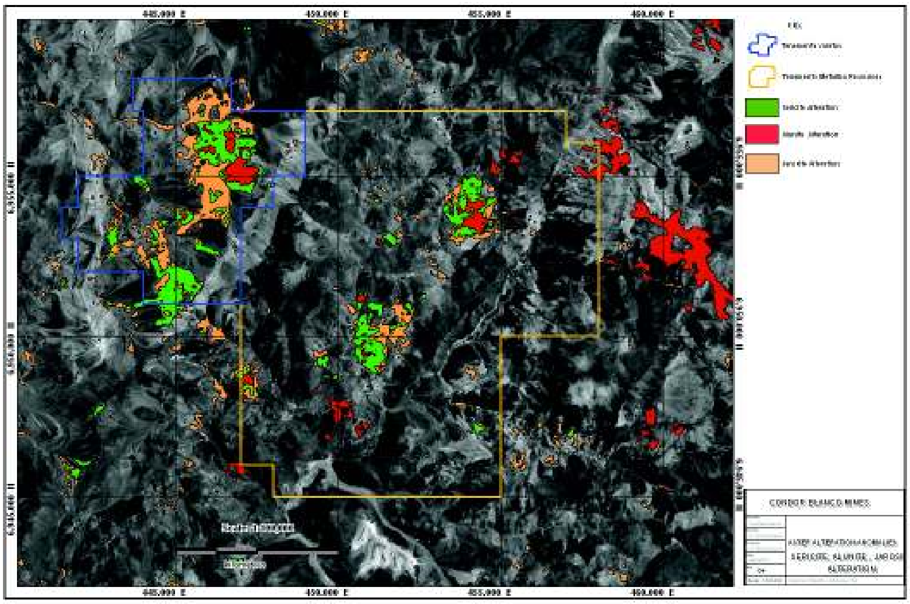

Figure 4: Sericite –Alunite-Jarosite Alteration from Aster Imagery over Yaretas Tenements. Metallica's alteration system at Cerro Matta is shown for comparison

Activity in FY2010

Condor acquired Aster satellite alteration imagery over the project area. This data has been processed and interpreted and confirms the nature of the quartz-sericite (phyllic) alteration as observed on surface. Two large porphyry alteration systems are apparent: a 5 x 2.5km system in the north of the tenements and a 3km x 1km system in the south (Figure 4).The interpretation has also confirmed the similarity in alteration mineral assemblage to that over Metallica's Cerro Matta porphyry project. However as can be seen in Figure 4, the alteration systems on Condor's tenements are far larger.

In September Condor completed the design of access routes into the alteration systems at Yaretas and has undertaken field reconnaissance to confirm the practicality of the routes chosen. The objectives of the initial exploration phase planned for FY2011 are to define areas across the alteration best-suited to focused exploration in sufficient detail to establish initial drill targets across these untested but prospective alteration systems.

Fraga (Copper and Gold)

Ownership: 100%

This project is located approximately 60km NE of Copiapo, about 5km east of the main highway linking Copiapo to Inca de Oro and Diego de Almagro (see Figure 1). The tenements cover an area of 21km^2. 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. The geology is dominated by the upper Jurassic Sierra Fraga Formation, a sequence of andesitic volcanics and marine sediments (Figure 5). Copper mineralisation as small mantos has been mined from a number of small workings in the eastern sector of the tenements.

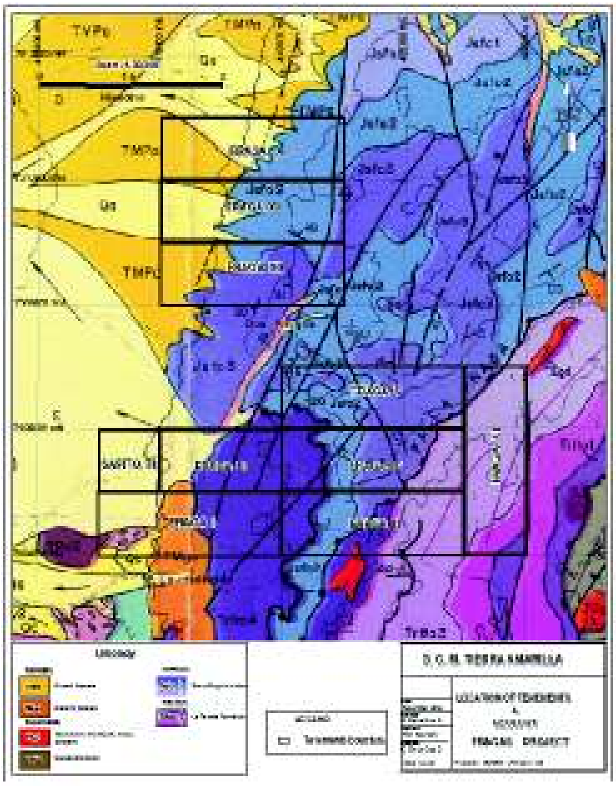

Figure 5: Fraga Project -Tenement Location and Geology

However, in this area these deposits tend to be thin (1-2m) and lack strike length (20-30m) and show no significant alteration. Further work is required to determine the potential of the central and eastern areas of the tenements. However the surrounding area is tightly held by competitors who are actively exploring for copper. It is considered that the Fraga tenements could be easily divested or joint ventured to one of these companies.

Activity in FY2010

The only exploration undertaken has been field reconnaissance near the eastern working, no other exploration has been undertaken by Condor to date. Proposed exploration in FY2011 will involve general reconnaissance of the remaining area of the tenements to establish if there are any areas of significant alteration which may be indicative of mineralisation. If this proves unsuccessful, the project will be divested through sale or JV to one of the major explorers in the area.

Gold Iron (Copper and Gold)

Project Overview

Ownership: Under staged option agreement/payments.

Gold Iron is prospective for porphyry copper-gold mineralisation, the potential for which is demonstrated by the occurrence of a large phyllic alteration system (Figure 6) associated with a quartz feldspar porphyry intrusion and associated sub-intrusions. This alteration is extensive, occupying an area of several square kilometres. A number of small tourmaline breccia pipes, lithic breccia pipes and phreatic breccia pipes intrude the alteration system, indicating very high level and intense hydrothermal activity. The pipes' diameter ranges from 10-50m. Copper mineralisation in the form of malachite associated with late stage laminated quartz veins crop out in the vicinity of some of the breccia pipes near the centre of the system.

Figure 6: Overview of the large argillic alteration zone showing some of the breccia bodies.

A small area of the phyllic alteration was drilled by Anglo American ("Anglo") in 1988 with 5 shallow (<100m) Reverse Circulation ("RC") drill holes. The holes were located on the margins of the system as shown in Figure and did not test the core of the alteration system or test the system at depth. However the holes intersected strong phyllic alteration (sericite-pyrite) and chalcopyrite is observable from cuttings from spoil from one of the holes. Condor does not have the assay data from Anglo's work. However both the depth and location of Anglo's holes are considered inadequate to have tested the potential of the system.

Proximal to the porphyry alteration system, approximately 1km to the NNE, a series of copper mineralised laminated quartz veins up to 5m in thickness are developed, spatially associated with a number of tourmaline breccia pipes and hematite-magnetite bodies. The latter show all the mineralogical associations of IOCG genesis, although the mineralised laminated quartz veins can be clearly traced to the porphyry system.

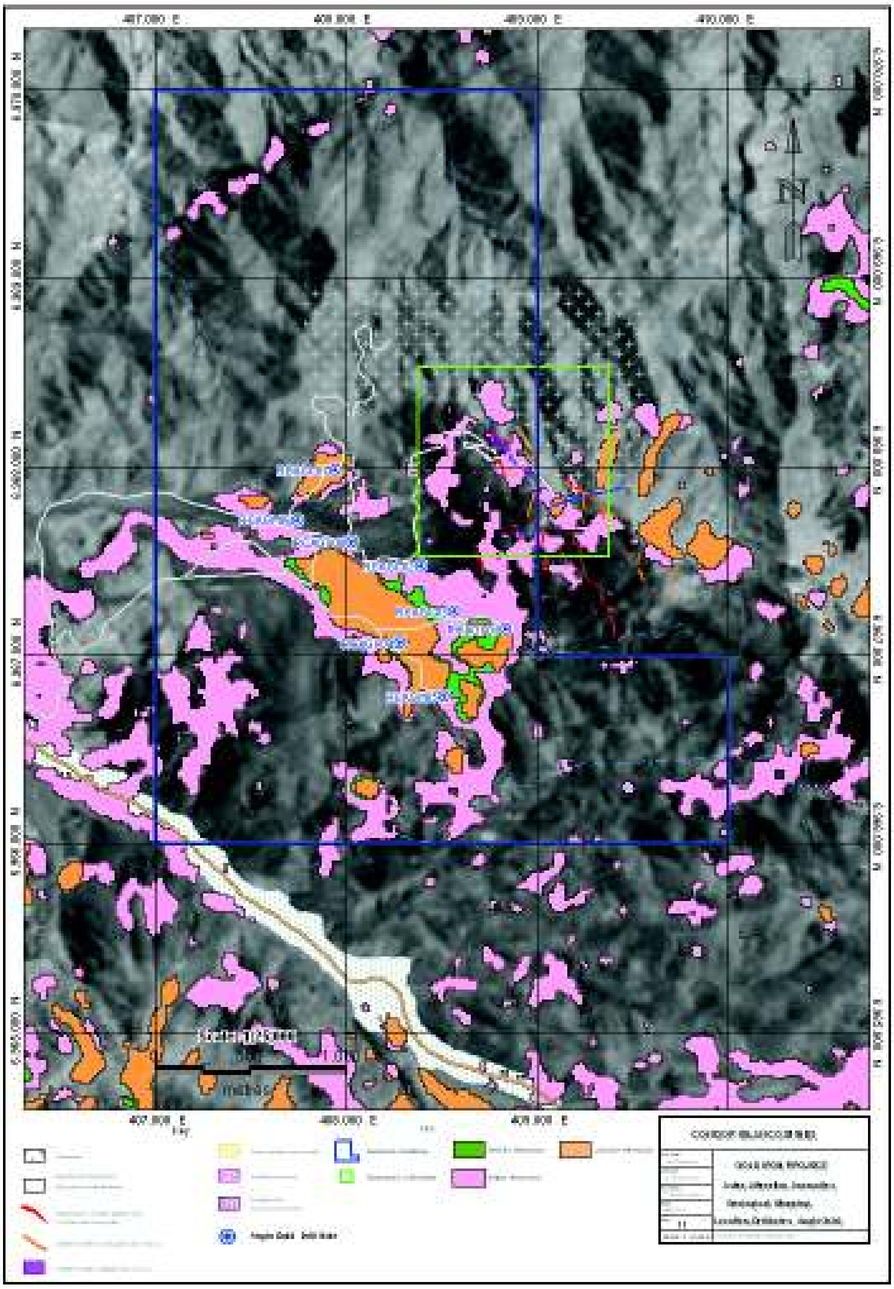

Figure 7: Alunite-Jarosite Alteration from Aster Imagery over Gold Iron with Anglo's drill collars shown

Activity in FY2010

During FY2010, Condor negotiated an option agreement over the entire area of the alteration system and has subsequently extended the area of the tenements. An adjacent mining lease (La Porfriada) was assessed for its potential to host IOGG associated mineralisation. The property was mapped at a scale of 1:1,000 and mineralised structures sampled. Mineralised structures were a combination of the late stage laminated quartz veins observed within the porphyry alteration system and copper-mineralized hematite-magnetite bodies. Grades and widths were incompatible with the large exploration targets sought by Condor and this opportunity was declined.

Aster alteration imagery was acquired over the area of interest, processed and interpreted (Figure 7). The data supports the geological observations that the large and discrete alteration anomaly is a manifestation of a typical porphyry system with the alteration being dominantly quartz-sericite (phyllic) and is very distinctive at a sub-regional scale. Subsequent field reconnaissance substantiated the Aster interpretation. The Anglo American drill hole locations were plotted and chips from the spoil heaps investigated. This work indicated that the Anglo holes failed to test the alteration system and substantiated the quartz-sericite alteration in fresh rock. One hole showed chalcopyrite mineralisation. Proposed work in FY2011 will include drilling to test potential passed over previously.

Carachapampa (Gold and Silver)

Project Overview

Ownership: Under staged option agreements/payments.

The Carachapampa project comprises a total area 31km^2 and is located approximately 10km west of Kinross Gold Corporation's ("Kinross") La Coipa Mine and is very close to that company's Esperanza-Chimberos Mine, which is approximately 1.5km to the northwest, as is the Arqueros deposit currently being defined by Laguna Resources (see Figure 1 above). The geology of the tenement area is dominated by Oligocene-Miocene intrusive centres and associated volcanics (Figure 8). The lithologies comprise porphyritic dacite and rhyolitic domes with associated volcanics dominated by pyroclastic flows, tuffs and lavas (rhyolitic and dacitic).

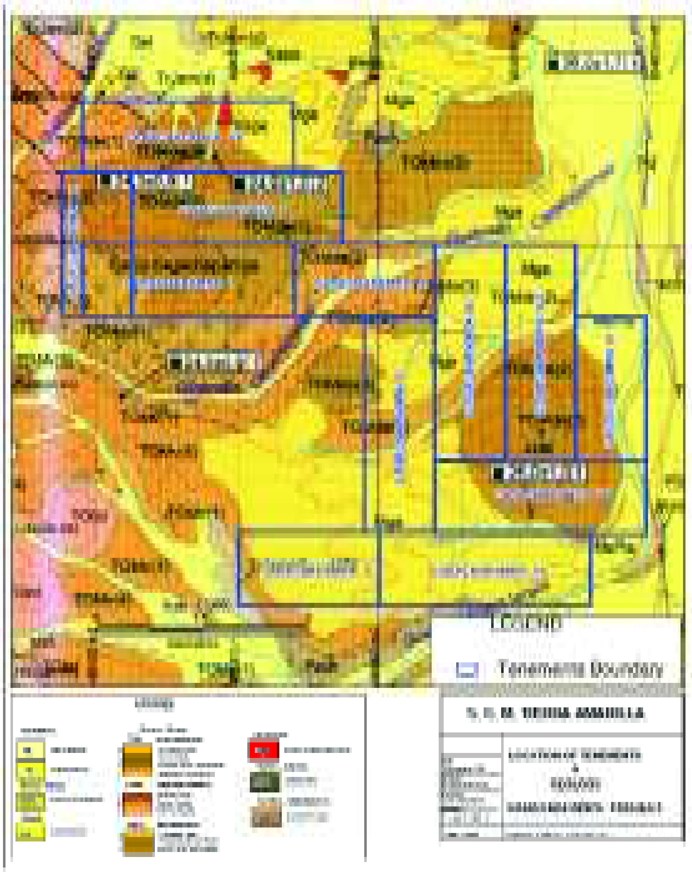

Figure 8: Carachapampa Tenement Geology

A number of major alteration systems are evident within the tenements. These exhibit classic high sulphidation alteration mineralogy and zonation from preserved silica caps through to vuggy silica (see examples in Figure 9). These include advanced argillic alteration to argillically altered outer zones and are similar to the alteration systems at the La Coipa and Esperanza (Chimberos) mines and Arqueros deposit.

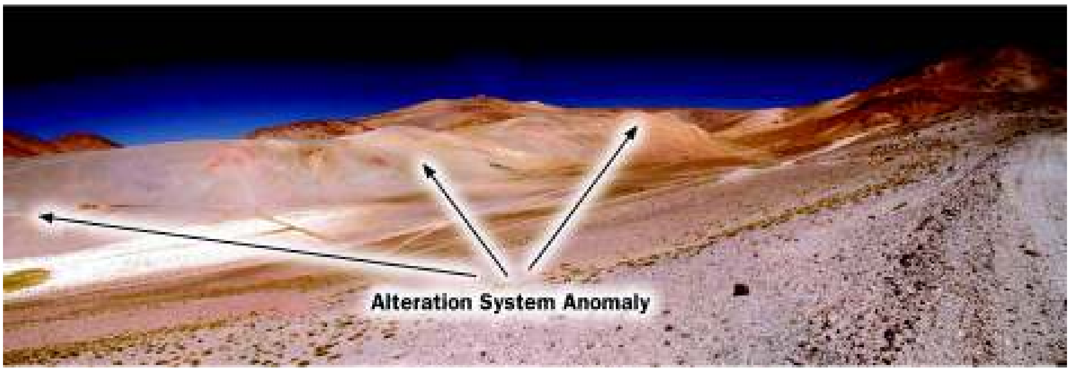

Figure 9: Main Alteration System at Carachapampa

Consistent with this, Aster alteration mineralogical imagery shows a strong typical high sulphidation epithermal association of intensity comparable with the adjacent La Coipa and Esperanza districts (Figure 10). The alteration to the east and south is obscured by thin (0.5m-

1.5m) recent volcanic agglomerates and ignimbrites and there is reason to expect the alteration to extend further to the east.

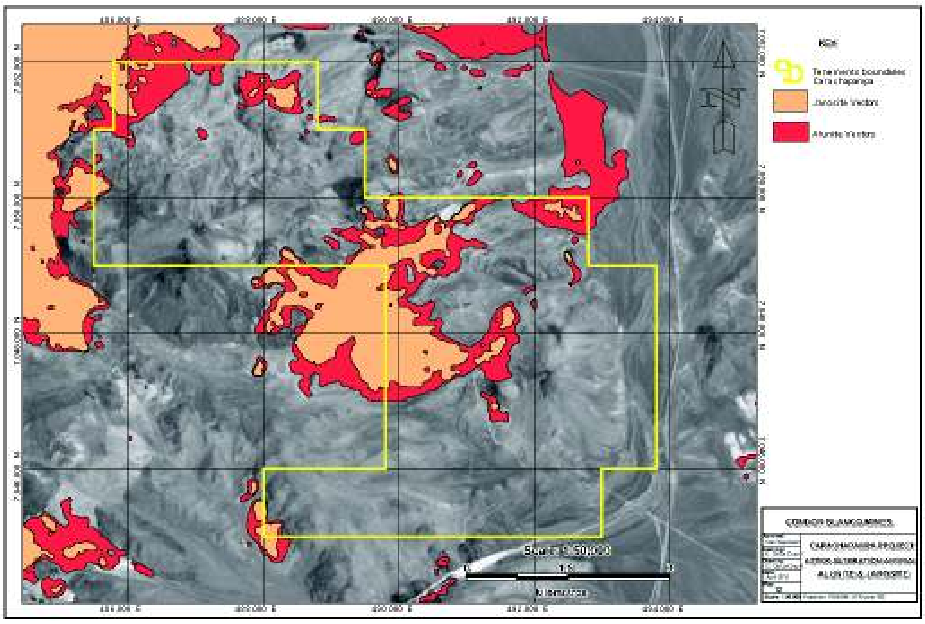

Figure 10: Alunite and Jarosite Aster Alteration Anomalies at Carachapampa

During an earlier joint venture over the area, Kinross conducted limited exploration of some of the alteration zones. Kinross drilled 6 shallow exploratory RC drill holes. Unfortunately, Condor Mines does not have access to Kinross' drill assays, but anecdotal evidence suggests that at least some of the holes returned positive results as local prospectors removed the cuttings to process for gold. The central alteration system (see Figure 10) crosses into Kinross' tenements and was subjected to illegal mining in late 2007. Kinross had the illegal miners removed and currently the owners of Carachapampa are undertaking profitable small scale shallow underground mining on narrow, high grade breccia bodies and vuggy silica within the alteration zone. This activity has been implemented to keep illegal miners away.

Overall, the alteration systems within the tenement present a powerful exploration case: having demonstrable gold potential, remaining effectively untested and by providing an immediate focus for exploration and drilling (Figure 9). The option agreement for the property involves a staggered payment of US$300,000 for Condor Mines to explore for up to 41 months with the option to full acquire tenement rights being exercisable at anytime for an exercise price of US$3 million to acquire 100% of the titles. An additional payment of US$7 million is payable to the owners if a proven reserve exceeding 10 million ounces of gold is discovered.

Activity FY2010

During the year, Aster alteration imagery was commissioned, processed and interpreted. This work demonstrated that the alteration assemblage was consistent with a typical high sulphidation system and was consistent with the original geological observations. The interpretation provides focus for a subsequent detailed mapping and sampling programme. Monitoring of small scale mining activities on the tenement has confirmed that the vuggy silica and breccia zones are mineralised to grades of 8-25g/t Au according to the miners. Planned work in FY2011 will seek to test these systems through drilling in addition to geochemical and geophysical work needed to tighten drill hole targeting.

La Isla (Gold and Silver)

Project Overview;

Ownership: Under staged option agreements/payments.

The La Isla licenses are located approximately 160km due east of Copiapó and about 10km east of the Carachapampa project (see Figure 1). The tenements cover an area of 20km^2 at an altitude of around 4,500m ASL. The geology of the project area is similar to that of Carachapampa with the main rock types being andesitic welded tuffs and dacitic lithic tuffs of the same Oligocene-Miocene age. A major alteration system of approximately 3.5km x 1.5km is located in the centre of the tenements (Figure 11) which exhibits a typical high sulphidation epithermal alteration assemblage.

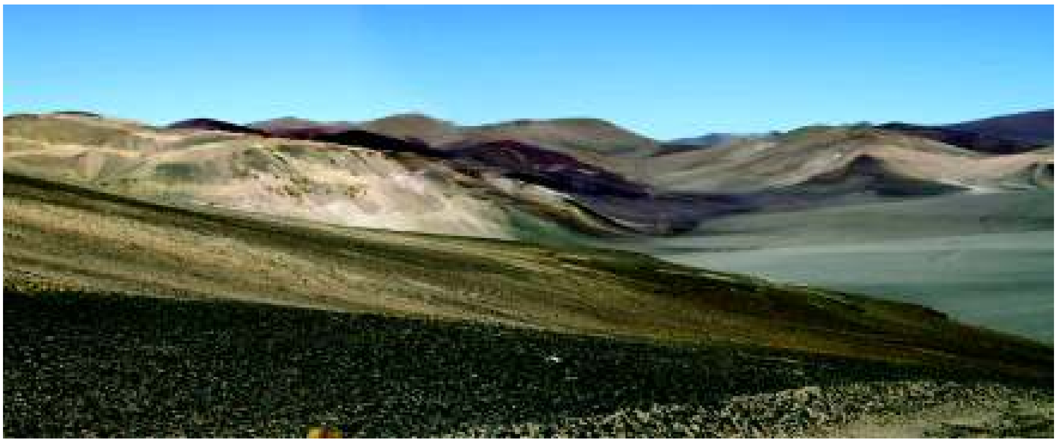

Figure 11: View of the South-western End of the Main Alteration System at La Isla

The alteration system has been explored by trenching by Anglo in 1982. Kinross undertook a programme of soil and rock geochemistry over the main alteration system in 2006-2007 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 previous trenching. The soil geochemistry showed an extensive and cohesive gold and silver anomalism over the alteration zone with higher gold values in the southern third of the system (Figure 12). Rock samples returned assays to a maximum of 14g/t Au and 400g/t Ag.

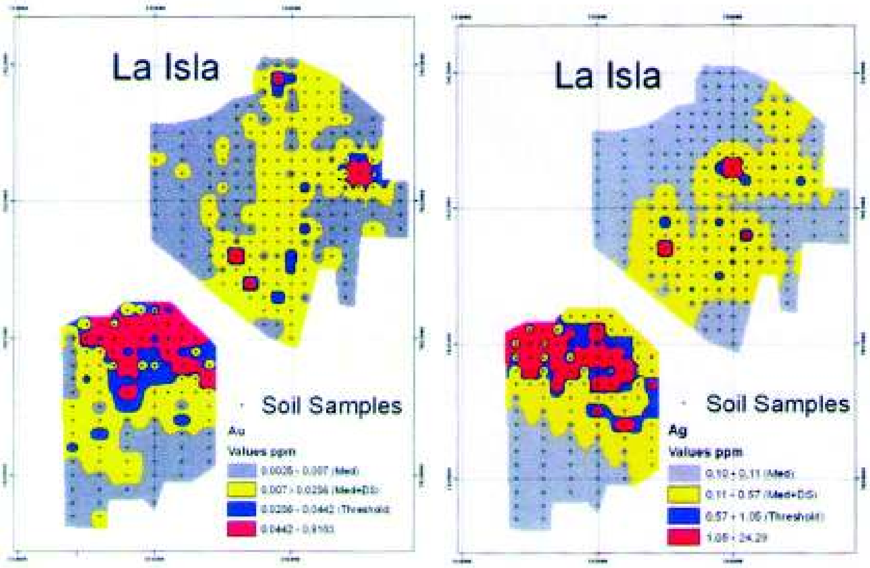

Figure 12: Gold and Silver Soil Geochemical Results from Kinross' Exploration Programme

Recently acquired Aster alteration imagery confirms the scale of the alteration anomaly with extensive alunite and jarosite vectors identified (Figure 13). This demonstrates that the greater area of the alteration remains untested by drilling. Indeed, Figure 13 illustrates that only the southern 10% of the alteration zone has been drilled by Kinross with six shallow holes which returned significant intersections including best results of 12m @ 0.37g/t Au and 35.78g/t Ag from hole ARLI 11 and 42m @ 0.38g/t Au and 4.2g/t Ag from hole ARLI 12.

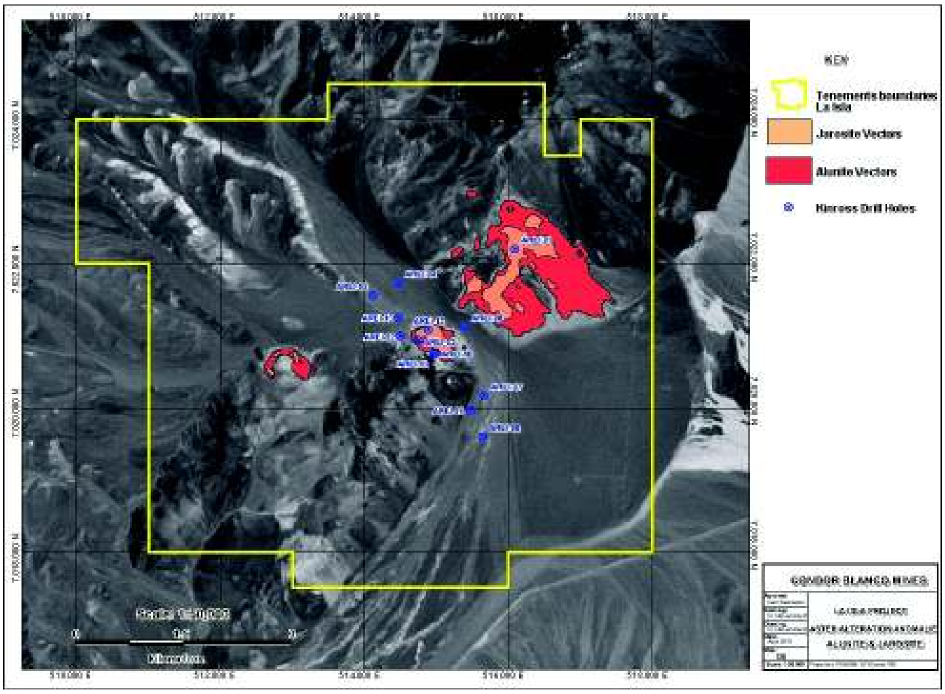

Figure 13: Alunite and Jarosite Aster Alteration Anomalies at La Isla

The La Isla alteration zone represents a significant target, comparable in alteration intensity to other mineralisations in the Maricunga Belt which has been inadequately tested. Further exploration is needed to test this potential. Comparison of the Kinross holes against the intensity of the alunite in Figure 13 suggests that even the hole that did intersect the alteration missed the most intense anomalies identified in the Aster data.

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.

Activity FY2010;

During FY2010 an option agreement was negotiated over the La Isla tenements, that was subsequently executed on 24 August 2010. This recently executed option agreement involves a staggered payment of US$150,000 in three US$50,000 instalments over two years for Condor to commence exploration, 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. If, during the term of the option, a third party makes a bona fide offer to purchase the La Isla project, Condor's subsidiary 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.

Work during the year included the commissioning, processing and interpretation of Aster Alteration Imagery. This work demonstrated that the alteration assemblage was consistent with a typical high sulphidation system and was consistent with geological field observations. The interpretation provides focus for a subsequent detailed mapping and sampling programme. Consequently, the exploration strategy in the first phase of exploration would be as outlined for the Carachapampa project.

Cautiva-Victoria (Copper Sulphide and Copper Oxide)

Project Overview

Ownership: Cautiva 70% Condor, Victoria under option

This project is located approximately 55km by road to the west of Copiapó (Figure 1). Mineralisation is hosted in a major vein structure known as Veta Gruesa. Within the tenements, the vein is traceable for approximately 1.5km. The Cautiva-Victoria tenements include the Cautiva tenements comprising an area of 9 hectares which cover approximately 400m of the Veta Gruesa structure and associated vein splays and the Victoria tenements to the immediate north that cover an additional area of 53 hectares including a further 700m of the Veta Gruesa mineralisation and associated splays. Cautiva is 100% owned by Condor Blanco SCM which has also executed an option to purchase Victoria for 120,000,000 pesos. Consequently, 70% ownership of the projects will vest in Condor through its 70% ownership of Condor Blanco SCM.

Historically, mining has occurred sporadically along the entire length of the Veta Gruesa structure. This has been mainly near the surface from small open pits and shafts that mine for oxidized copper (Figure 14). Small tonnages have been intermittently mined on both the Cautiva and Victoria leases by manual mining techniques. In comparison, the lease (known locally as the Blanco lease) immediately north of the Victoria lease is owned by a local mining firm (see Figure 15) and is currently producing 200 tonnes per day for sale to ENAMI. Condor's purchase of the Victoria tenements will consolidate the ground holdings to provide access to over 1,100m of strike of the Veta Gruesa structure and provide sufficient land area to automate operations, optimise underground access and to develop basic operational infrastructure that has been out of reach for artisanal miners.

Figure 14: Recent Workings on the Cautiva Lease for Copper Oxide

The Veta Gruesa structure has a general strike of 330° with local variations in strike direction from 295° – 320°. 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 and fine stock work veining is occasionally observed on the northeast side of the main structure as are occasional parallel veins. All of these subsidiary mineralised geometries provide for local thickening of the mineralisation.

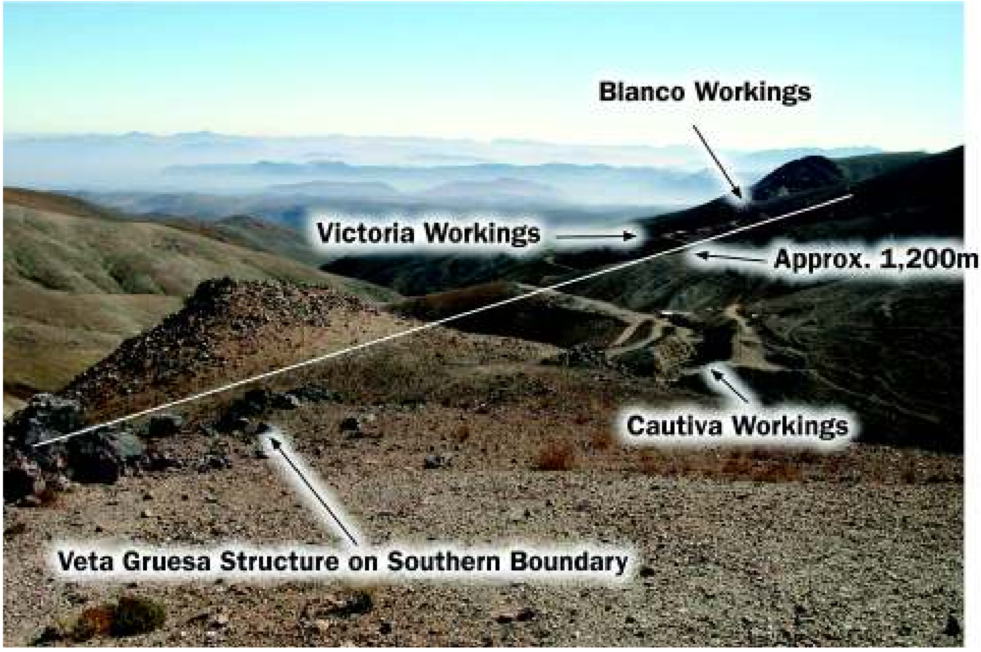

Figure 15: Overview of the Cautiva-Victoria Leases Looking North from the Cautiva Lease

The vein consists of quartz-calcite-hematite-magnetite hosting chalcopyrite and pyrite in the primary (sulphide) zone. In the oxidised and transition zones a complex secondary copper mineralogy includes malachite, atacamite, chrysocolla, cuprite, covellite and bornite. The only known previous exploration conducted on the tenements was that undertaken by Catalina Resources PLC ("Catalina") in 2007. Catalina undertook surface rock chip sampling and drilled a total of six RC drill holes targeting the Veta Gruesa Vein for a total of 1,146m. 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, holes PR4 and PR5, successfully intersecting the main vein. The position of the two drill holes are shown in Figure 16. Hole PR4 returned an intersection of 1m @ 1.2% Cu from 106m within a 15m wide zone of mineralisation. Drill hole PR5 intersected a 30m wide zone of mineralisation with two higher grade intercepts of 2m @ 2.4% Cu and 0.6g/t Au from 32m and 1m @ 2.2% Cu from 64m. The significant gold assay provides some indication that gold may reach significant credit levels in parts of the Veta Gruesa mineralisation.

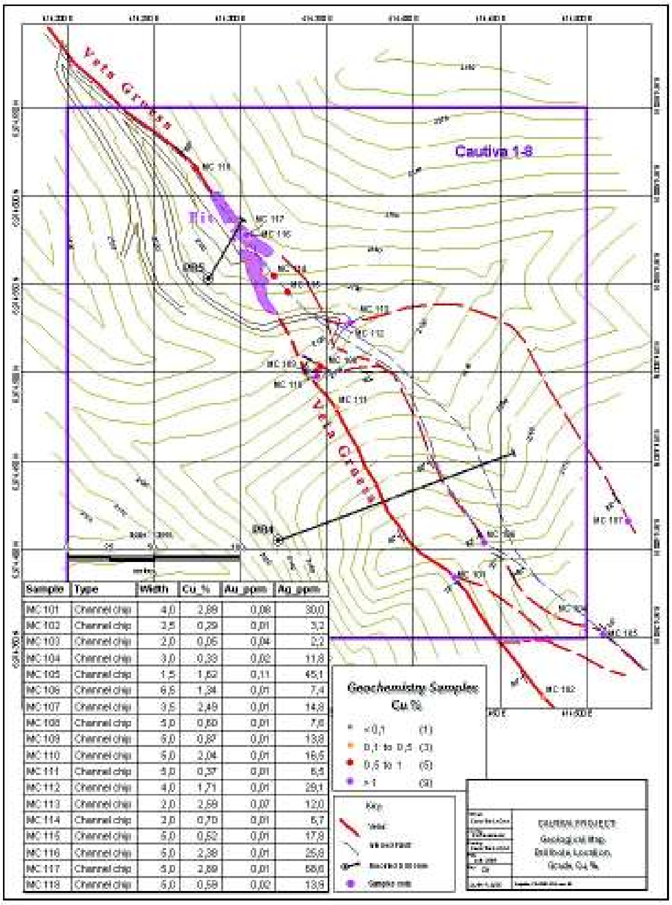

Figure 16: The Veta Gruesa Structure on the Cautiva Tenements showing Catalina's Drill Holes

In addition to the drilling, Catalina also undertook sampling of the main and parallel subsidiary mineralisation. Condor only has the geochemistry results for the Cautiva lease. These results show that the grade for the main vein averaged 1.9% Cu over an average width of 4.8m (results ranged from 0.6%-2.89% Cu with a consistent width of between 4-5m). Of the six samples taken from the main vein in the Cautiva tenement, four reported copper grades in excess of 2% Cu.

Activity FY2010

During the year the entire area of the Victoria and Cautiva tenements was mapped at 1:1,000 scale (see Figure 17) to accurately determine the position and attitude of the mineralised structures. Detailed topographic surveying using differential GPS instrumentation was completed to provide an accurate base for the geological mapping and to plan for the decline and mine infrastructure.

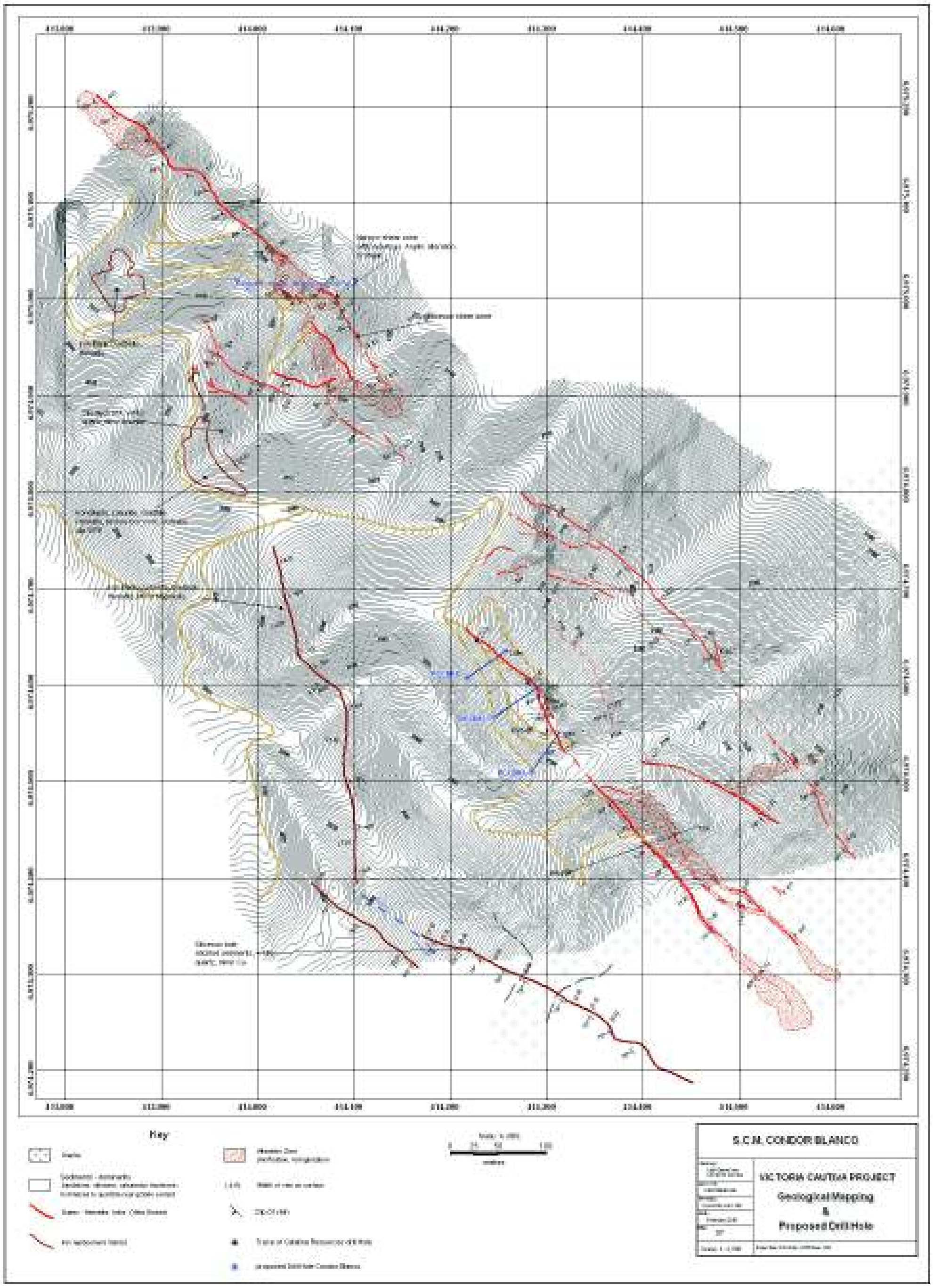

Figure 17 Geology and Drill Hole Locations Cautiva-Victoria

Subsequently during FY2010, three RC holes were drilled at Cautiva, the purpose of which was to intersect sulphide mineralisation at about 90m below surface at an ASL of 2,020m.The drilling was to obtain some confidence in sulphide grade and geometry of the Veta Gruesa Lode to control the design of a decline designed to intersect the lode at approximately -100m RL. The assumptions used for the design of the holes were:

- The attitude of the vein was maintained at 85^0 west as inferred from surface measurements and a Catalina Resources holes, PR4 (100m to the south) and PR5 approximately in the middle of the three holes but shallower than our drilling.

- The oxidation level was inferred to be approximately 40-60m below current surface based on anecdotal evidence from reports of sulphides mined from a shaft (now collapsed) on the Cautiva open pit and a similar shaft (also collapsed) at the northern end of the Victoria ML.

The three drill holes, RCCB01-03, were spaced approximately 50m apart, covering about 100m of strike and centred on the Cautiva open pit. The results were disappointing in that none of the holes intersected sulphides and grades of the oxide were poor, although mineralisation was developed over 12m true width in holes 1 and 2. The drilling has shown that:

- The lode has shallowed considerably in holes RCCB01 and 02 to about 60^0 from the surface dip of 85^0, resulting in a much shallower intersection. The lode appears to steepen again in RCCB03 which accords with the attitude in Catalina's hole PR4, about 100m south of this hole.

- Oxidation is deeper than inferred. Intersection depth in holes RCCB01-02 was approximately at an ASL of 2,045m and at 2,025m in RCCB03. The deepest of Catalina's holes, PR4, intersected the lode at about 2,040m. Some water was intersected in RCCB03 at about an ASL of 1,990.

Subsequent to completion of these holes access to the mine on the Blanco lease was obtained and the oxidation front here was determined to be about a level of ASL 1,980. If Condor had this information prior to drilling the three RC holes, Condor would have designed the Cautiva holes much deeper. The Blanco Mine is currently mining a broad hanging wall alteration zone over a width of 25-30m with chalcopyrite and pyrite mineralisation hosted in massive magnetite. As water was intersected in RCCB03 at ASL 1,990, Condor is reasonably confident that the oxidation level at the Cautiva end of the lode system will be similar. In summary, drilling depths at Cautiva were about 50m above the sulphide zone. This is consistent with the assay results where no assays of >1% Cu were returned. There is also evidence that the structure occupied by the Veta Gruesa Lode is sinistral which explains the "dead zones" at two points along the strike which co-inside with bends to the west (i.e. in compression). Similarly there is evidence that any shallowing of the structure to the west would be compressional which may explain the poor grades at such points. There is a notable roll (in plan) in the lode to the west at RCCB02 that appears to coincide with this shallowing. It is suspected that these "rolls" are local in scale and Condor believes that the Cautiva area remains one of good potential.

Fenix (Copper Sulphide and Copper Oxide)

Ownership: 70% by Condor

The Fenix project is located approximately 70km by sealed and gravel road south of Copiapó (see Figure 1). The tenement area covers 1,800 hectares ($18km^2$) and is 70% owned by Condor Mines through its 70% ownership of Condor Blanco SCM. The area is at an altitude of 1,800-2,300m ASL.

The project locates within an extensive region of numerous copper occurrences as veins and mantos of transitional epithermal – mesothermal mineralisation. Higher level epithermal silver-gold-mercury also occurs in the general area in quartz-barite-calcite veins. The project area is dominated by volcanics of the Upper Cretaceous-Lower Paleocene age porphyritic lavas, volcanic agglomerates, dykes and domes of dominantly andesitic composition with intercalated conglomerates, sandstones and shale. The central Fenix area locates on a north trending anticline which is developed within a broad regional synclinorium. The Fenix area is located between two calderas; the Lomas Bayas Caldera in the north and the Cerro Blanco Caldera in the south. The geology of the Fenix tenements is dominated by the Hornitos Formation basalts (Figure 18).

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. This area exhibits approximately 24 cumulative kilometres of mineralised structures in a number of en-echelon vein arrays with over 40 small workings for oxide copper (Figure 18). The structures host copper and silver mineralisation in quartz-calcite-barite veins ranging from 0.2m–5.0m in width. The number of veins and thickness tends to increase in the vicinity dilation zones when the veins jog to the east. In addition to the vein mineralisation, mineralisation is developed within the vesicular flow tops of the basalts as disseminated mineralisation, forming manto deposits of 0.5–5m thickness, dipping parallel to the dips of the strata which in the Majaditas area is about 20°. The spatial association of the manto mineralisation with the vein mineralisation indicates that the vertical structures hosting the vein mineralisation are the feeders for the manto mineralisation. Hence at the intersection of the veins with the manto mineralisation, locally wide zones of mineralisation are anticipated.

The only known exploration within the tenements is that undertaken by Rey Resources Limited ("Rey") which conducted a drilling and geophysical programme over the Majaditas area of the tenements during 2006–2007. Rey's exploration programme consisted of:

- Mapping of the main vein systems and manto occurrences at 1:10,000 scale over an area of 2,500ha;
- Extensive rock geochemistry including the excavation and sampling of 40 trenches for an aggregate length of 3,200m;
- Implementation of 30 line kms of Induced Polarisation surveys which identified numerous conductors for drill testing; and,
- Drilling of 33 reverse circulation drill holes for 4,194m targeting vein, manto and IP targets.

Despite the intensive nature of Rey's exploration, 20 of the 33 drill holes targeted thin manto style mineralisation in the oxide zone, six holes targeted spurious IP anomalies and only 5 holes targeted the vein style mineralisation. These latter holes concentrated on 1km of the 3.6km long Difunta Vein system only, with the other six vein systems in the Majaditas area untested by drilling. Of the five drill holes that tested the Difunta Vein, only three actually intersected the Difunta structure.

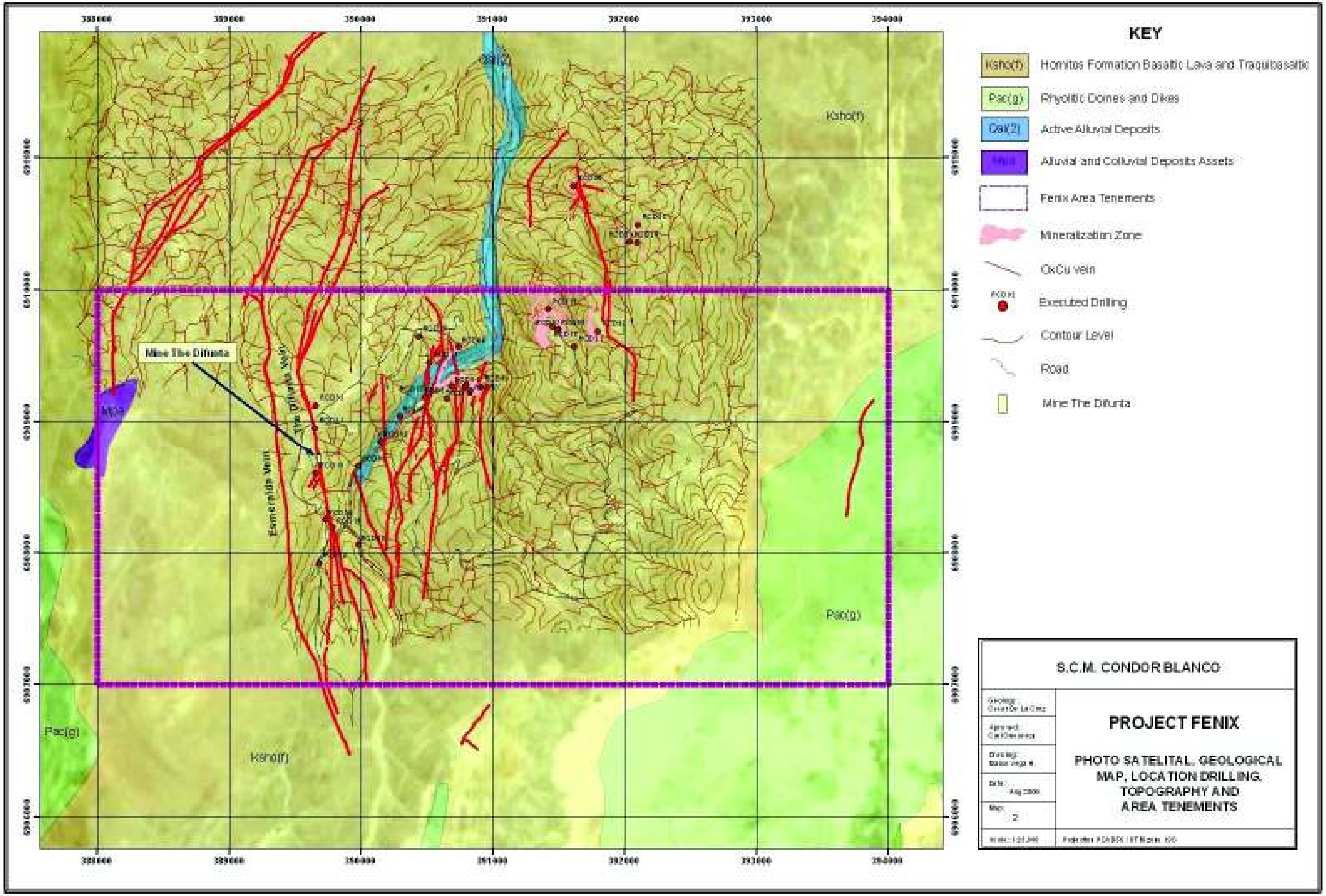

Figure 18: Fenix Showing the Mineralised Veins (red) and Manto-type Mineralisation (pink).

There is an extensive history of small scale copper and silver mining in the Majaditas area at Fenix. As shown in Figure 19, the 3.6km long Difunta Vein system has been a target of recent mining at Fenix.

Figure 19: Small Scale Workings on the Difunta Vein

In summary, only 3 of 33 drill holes tested the vein style mineralisation at Fenix. These holes demonstrated sub-economic to economic grades of 0.3–1.3% copper over widths of 2-4m over a small portion of the Difunta Vein with the other nine veins untested.

Activity FY2010

No exploration has taken place to date by Condor. Given minimal holding costs, Condor intends that exploration and development at Fenix would occur after Cautiva-Victoria is put into production.

Significant Changes in State of Affairs

On 2 January 2010, Condor Blanco entered into a Term Sheet to acquire 100% of the issued capital of Tierra Amarilla SCM, and 70% of the issued capital of Condor Blanco SCM (the "Chile Projects"), companies both domiciled in Chile. As at the date of this report the vendors and promoters of the Chilean companies had both each received 10,000,000 shares and 10,000,000 options exercisable at 20 cents on or before 5 years from date of ASX listing in Condor Blanco Mines Limited, in advance of the completion of a formal Share Sale Agreement subsequent to year end on 1 September 2010.

On 22 February, 19 March, 25 March and 10 May 2010 the Company issued 5,400,000, 1,700,000, 2,300,000 and 1,150,000 seed shares respectively, at an issue price of 5 cents per share, each with attaching option exercisable on or before 5 years from date of ASX listing.

On 21 May, 24 May, 11 June 2010, the Company issued 1,540,000, 4,700,000 and 525,000 seed shares respectively, at an issue price of 10 cents per shares, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 30 June 2010, the Company appointed Mr Carl Swensson as a director.

No other significant change in the nature of these activities occurred during the period.

After Balance Date Events

On 29 July 2010 the Company issued 2,630,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 6 August 2010 the company type was changed from proprietary limited to a public company limited by shares.

On 1 September 2010 the Company entered into a share sale agreement to acquire 100% of the issued capital of Tierra Amarilla SCM, and 70% of the issued capital of Condor Blanco SCM (the "Chile Projects"), companies both domiciled in Chile. In return the vendors and promoters of the Chilean companies have both each received (granted on 5 January 2010), 10,000,000 shares and 10,000,000 options exercisable at 20 cents on or before 5 years from date of ASX listing in Condor Blanco Limited. A total cash consideration of $300,000 is to be paid to Jose Bahamondes as vendor of both Chilean companies, with $25,000 being advanced to date. Subsequent to the purchase the Company will now prepare consolidated accounts to reflect the purchase of the Chilean companies.

On 5 October the Company issued 400,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 22 October the Company entered into an agreement with Metal Rocks Pty Ltd ("Metal Rocks") whereby Metal Rocks will purchase 100% of the uranium assets held in Tierra Amarilla SCM at consideration of 1,000,000 shares in Metal Rocks.

On 25 October the Company issued 4,458,331 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 27 October the Company entered into an agreement with Superstructure International Pty Ltd ("Superstructure") for Superstructure to provide investor services to the Company and will be paid a retainer of $7,500 over 36 months following the Company's successful admission to the ASX in consideration for the provision of services.

On 29 October 2010 the Company issued 400,000 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

The Company is currently seeking to list on the ASX via an IPO with the target date set to be mid December 2010. The Company is seeking to raise up to $5,000,000 by offering up to 25,000,000 fully paid ordinary shares at an issue price of 20 cents.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

At the date of this report there was a total of 33,932,500 unissued ordinary shares for which options were outstanding, expiring 5 years from date of ASX listing and exercisable at 20 cents each.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Company.

Auditor's Declaration of Independence

The auditor's independence declaration for the period ended 30 June 2010 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.

Glen Darby
Managing Director
4 November 2010

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Condor Blanco Mines Limited
Unit 35, Level 3
22 Railway Road
Subiaco WA 6008

4 November 2010

Dear Board Members

Condor Blanco Mines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Condor Blanco Mines Limited.

As lead audit partner for the audit of the financial statements of Condor Blanco Mines Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 5 JANUARY 2010 TO 30 JUNE 2010

	Note	5 January to 30 June 2010 $
Revenue		-
Directors fees		(72,898)
Travel expenses		(72,706)
Other expenses		(78,748)
Loss before income tax benefit		**(224,352)**
Income tax benefit	2	-
Loss for the period		**(224,352)**
Other comprehensive income		
Other comprehensive income (net of income tax)		-
Total comprehensive income for the period		**(224,352)**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 $
ASSETS		
Current Assets		
Cash and cash equivalents	3	553,684
Trade and other receivables	4	14,146
Total Current Assets		**567,830**
Non-Current Assets		
Loans to associated entities	5	411,950
Other assets	6	3,061,146
Total Non-Current Assets		**3,473,096**
Total Assets		**4,040,926**
LIABILITIES		
Current Liabilities		
Trade and other payables	7	227,210
Total Current Liabilities		227,210
Total Liabilities		**227,210**
Net Assets		**3,813,716**
EQUITY		
Issued capital	8	3,132,068
Reserves	9	906,000
Accumulated losses		(224,352)
Total Equity		**3,813,716**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 5 JANUARY 2010 TO 30 JUNE 2010

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at beginning of period	-	-	-	-
Loss for the period	-	-	(224,352)	(224,352)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	(224,352)	(224,352)
Shares issued during the period	3,204,000	-	-	3,204,000
Share issue expenses	(71,932)	-	-	(71,932)
Options issued during the period	-	906,000	-	906,000
Balance at 30 June 2010	3,132,068	906,000	(224,352)	3,813,716

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 5 JANUARY 2010 TO 30 JUNE 2010

	Note	2010 $ Inflows/ (Outflows)
Cash flows from operating activities		
Payments to suppliers and employees		(93,798)
Net cash (used in) operating activities	3(i)	(93,798)
Cash flows from investing activities		
Due diligence on project acquisition		(108,873)
Loans to associated entities		(411,950)
Net cash (used in) investing activities		(520,823)
Cash flows from financing activities		
Proceeds from issue of shares		1,200,000
Proceeds for future issue of shares		40,000
Payment of share issue costs		(71,695)
Net cash provided by financing activities		1,168,305
Net increase (decrease) in cash held		553,684
Cash at beginning of the financial period		-
Cash and cash equivalents at period end	3	553,684

The accompanying notes form part of these financial statements.

1. *Statement of Significant Accounting Policies*

Condor Blanco Mines Limited is a company limited by shares, incorporated and domiciled in Australia.

These financial statements have been prepared for the period from the date of incorporation, 5 January 2010, to 30 June 2010.

Accounting Policies

a. Reporting Basis and Conventions

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

b. Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2010, the company had net assets of $3,813,716 and had incurred losses of $224,352 for the period then ended.

Events since the end of the period affecting the Group's ability to continue as a going concern:

- On 29 July 2010 the Company issued 2,630,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

- On 6 August 2010 the company type was changed from proprietary limited to a public company limited by shares.

- On 1 September 2010 the Company entered into a share sale agreement to acquire 100% of the issued capital of Tierra Amarilla SCM, and 70% of the issued capital of Condor Blanco SCM (the "Chile Projects"), companies both domiciled in Chile. In return the vendors and promoters of the Chilean companies have both each received 10,000,000 shares and 10,000,000 options exercisable at 20 cents on or before 5 years from date of ASX listing in Condor Blanco Limited. A total cash consideration of $300,000 was agreed to be paid to Jose Bahamondes as vendor of both Chilean companies, with $25,000 being advanced to date.

- On 5 October the Company issued 400,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

- On 25 October the Company issued 4,458,331 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

- On 29 October 2010 the Company issued 400,000 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

- The Company is currently seeking to list on the ASX via Initial Public Offering with the target date set to be mid December 2010. The Company is seeking to raise up to $5,000,000 by offering up to 25,000,000 fully paid ordinary shares at an issue price of 20 cents.

As at the date of this report the Company has approximately $1.25 million in cash and cash equivalents.

The directors have prepared a cash flow forecast that indicates the consolidated and parent entity will have sufficient cash flows for a period of at least twelve months from the date of this report to meet all contracted and committed expenditures. Based on the cash flow forecast and the funds received from pre-IPO capital raising activities, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of the assets and the settlement of liabilities in the ordinary course of business.

c. 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 statements. 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.

d. 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:

Class of Fixed Asset	Depreciation Rate
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.

e. 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.

i. *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.

ii. *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.

iii. *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.

iv. *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.

v. *Financial liabilities*

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

vi. *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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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).

m. 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.

n. 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 14.

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.

o. 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.

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 statements. 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.

p. Comparative Figures
There are no comparative figures as this is the first set of accounts.

q. New Accounting Standards for Application in Future Periods
The AASB has issued new, revised and amended Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  - the objective of the entity's business model for managing the financial assets; and
  - the characteristics of the contractual cash flows.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Annual Report was authorised for issue on 4 November 2010 by the Board of Directors.

	2010 $
2. *Income tax expense*	
(a) Recognised in the statement of comprehensive income	
Net loss before tax	(224,352)
Income tax benefit on above at 30%	(67,306)
Current income tax	
Non-deductible expenses	95
Deferred income tax	
Relating to origination and reversal of temporary differences	125
Deferred tax assets not brought to account	67,086
Income tax reported in the statement of comprehensive income	-
(b) Deferred tax recognised directly in equity	
Relating to origination and reversal of temporary differences	-
Deferred tax assets not brought to account	-
Income tax reported in equity	-
(c) Unrecognised deferred tax assets	
Deferred tax assets have not been recognised in respect of the following:	
Tax revenue losses	67,086

	2010 $
3. *Cash and cash equivalents*	
Cash at bank	553,684

(i) Reconciliation of loss for the period to net cash flows used in operating activities:

Loss for the period	(224,352)
Changes in assets and liabilities	
(Increase)/Decrease in Receivables	(14,146)
Increase/(Decrease) in Payables	144,700
Net cash flows (used in) operating activities	(93,798)

Non-cash Items

During the period the company issued 20,000,000 shares and 20,000,000 options exercisable at 20 cents on or before 5 years from date of ASX listing in Condor Blanco Mines Limited to the vendors and promoters of the Chile Projects, in advance of the completion of a share sale agreement subsequent to year end (Refer to Note 18).

4. *Trade and other receivables*

Current

GST receivable	14,146

	Gross amount	Past due and impaired	Past due but not impaired				Within initial trade terms
			< 30 days	31-60 days	61-90 days	> 90 days	
	$	$	$	$	$	$	$
GST receivable	14,146	-	-	-	-	-	14,146
	14,146	**-**	**-**	**-**	**-**	**-**	**14,146**

	2010 $
5. *Loans to associated entities*	
Non-Current	
Loaned funds to Condor Blanco SCM	208,108
Loaned funds to Tierra Amarilla SCM	203,842
	411,950

These loans are to be used by the borrowers above to assist in the fulfilment of their commitments in undertaking exploration and entering into option agreements over tenements in Chile.

The loans were repayable by 31 December 2010 subject to the completion of the share sale of the issued capital of the borrowers to the Condor Blanco Mines Limited.

Subsequent to reporting date, the share sale had been completed.

6. *Other assets*

Non-Current	
Prepayments	3,061,146

These prepayments relate to prepaid share based payments to the vendors and promoters of the Chile Projects (as described in note 14), as well as, prepaid due diligence costs in relation to the acquisition of shares in Condor Blanco SCM and Tierra Amarilla SCM which hold interests in areas for mineral exploration, as described in note 18.

Subsequent to reporting date, the share sale had been completed.

7. *Trade and other payables*

Current	
Trade payables and accruals	187,210
Application money for future issue of shares	40,000
	227,210

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

8. *Issued capital*

(a) Issued and paid up capital

Ordinary shares fully paid of no par value

(b) Movement in ordinary shares on issue

	2010 $
Balance at beginning of period	-
1 Ordinary Fully paid share Issued for cash on 5 January 2010	-
20,000,000 Ordinary Fully Paid Shares Issued on 21 February 2010	2,000,000
5,400,000 Ordinary Fully Paid Shares Issued on 22 February 2010	270,000
1,700,000 Ordinary Fully Paid Shares Issued on 19 March 2010	85,000
2,300,000 Ordinary Fully Paid Shares Issued on 25 March 2010	115,000
1,150,000 Ordinary Fully Paid Shares Issued on 10 May 2010	57,500
1,540,000 Ordinary Fully Paid Shares Issued on 21 May 2010	154,000
4,700,000 Ordinary Fully Paid Shares Issued on 24 May 2010	470,000
525,000 Ordinary Fully Paid Shares Issued on 11 June 2010	52,500
Transaction costs relating to share issues	(71,932)
Balance at end of period	3,132,068

(c) Share options

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 33,932,500 options expiring 5 years from the date of ASX listing and exercisable at 20 cents.

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

8. *Issued capital (continued)*

(e) Capital management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since incorporation. This strategy is to ensure that the Company's gearing ratio remains between 50% and 60%.

9. *Reserves*	**2010** **$**
Share-based Payments Reserve	906,000
Reserve at the beginning of the period	-
Options issued during the period	906,000
Reserve at 30 June	906,000

10. *Commitments*

(a) Expenditure commitments

As at 30 June 2010 there are rental contracts in place for the Company's offices in Australia and Chile.

The committed expenditure for these rental contracts are:

Within one year	72,000
After one year but not more than five years	-
More than five years	-
	72,000

10. *Commitments (continued)*

(b) Exploration commitments

Subsequent to period-end as a result of the finalisation of the share sale agreement (see note 18) the following exploration commitments have arisen:

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 36.862 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$41,000 per annum.

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.

Carachapampa Project
Condor Mines has executed an option agreement for the Carachapampa Project, which involves a staggered payment schedule totalling US$300,000 (Approximately AU$350,196), enabling the Company to explore for up to 41 months 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 (Approximately AU$8.2 million), is payable to the owners if a proven reserve exceeding 10 million ounces of gold is discovered. The option agreement can be exercised or withdrawn from at any time.

La Isla Project
La Isla is the subject of a four year option agreement for the property involving three option payments of US$50,000 (Approximately AU$58,366) payable on signing and thereafter at 12 and 24 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 (Approximately AU$2.3 million).

If, during the term of the option, a third party makes a bona fide offer to purchase the La Isla project, Condor's subsidiary 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. The option agreement can be exercised or withdrawn from at any time.

10. *Commitments (continued)*

Cautiva-Victoria Project
The purchase agreement for the Victoria concession entails that a purchase price of 120 million pesos (approximately AU$264,982) is to be paid by an initial payment of 20,000,000 pesos and then four equal six monthly instalments of 25,000,000 pesos. No additional payout is required and full ownership of the Victoria tenement is gained on the final payment being made.

Two of the instalments have already been paid, and the remaining instalments can be paid out at any time or the agreement terminated at any time.

Gold-Iron Project
Condor Mines has negotiated an option agreement to purchase the tenements. This negotiated option provides a 4-year option term for Condor Mines to explore the tenements for a consideration of 3 annual cash payments of US$25,000 (Approximately AU$29,183), 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$2 million (Approximately AU$2.3 million).

The option agreement can be exercised or withdrawn from at any time.

11. *Contingent liabilities*

There are no other contingent liabilities as at 30 June 2010.

However, contingent upon the Company's admission to the ASX, subsequent to period-end, the following commitments will arise:

In addition to the $25,000 advance already paid to Mr Bahamondes, a further cash payment of $125,000 will be paid on listing, as well as a further $150,000 would become payable within one year of admission to the ASX, for the vending of Condor Blanco SCM and Tierra Amarilla SCM into Condor Blanco Mines Limited.

Under the terms of the directors' employment contracts, on the Company obtaining conditional approval to be admitted to ASX the directors will be awarded a total of 1,500,000 of shares and 1,500,000 of free attaching options of the type offered to shareholders under a loyalty option scheme, exercisable at 20 cents within five years of admission to the ASX, as well as, a total of 4,500,000 shares which will vest at various performance milestones of the entity. Additionally, under the terms of the directors' employment contracts, between them the directors will be awarded 1,500,000 of shares and 1,500,000 of free attaching options of the type offered to shareholders under a loyalty option scheme, exercisable at 20 cents within five years of admission to the ASX, for each calendar year of their employment.

Under the terms of consultant agreements, on the Company obtaining conditional approval to be admitted to ASX the consultants will be awarded 1,250,000 of shares and 250,000 of free attaching options of the type offered to shareholders under a loyalty option scheme, exercisable at 20 cents within five years of admission to the ASX, as well as, 750,000 shares which will vest at various performance milestones of the entity. Additionally, under the terms of consultant agreements, the consultants will be awarded 250,000 of shares and 250,000 of free attaching options of the type offered to shareholders under a loyalty option scheme, exercisable at 20 cents within five years of admission to the ASX, for each calendar year of their appointment.

	2010
	$
12. *Auditors' remuneration*	
Amounts, received or due and receivable by auditors for:	
- an audit or review services	18,000
- other services	10,000
	28,000

13. *Director and executive disclosures*

(a) Details of key management personnel

Directors in office during the financial period were:

Executive director
Glen Darby – Managing Director (Appointed 5 January 2010)

Non-Executive directors
Jose Bahamondes (Appointed 5 January 2010)
Lia Darby (Appointed 5 January 2010
Pierre Richard (Appointed 5 January 2010)
Carl Swensson (Appointed 30 June 2010)

(b) Compensation of key management personnel

Short term	72,898
Post-employment	-
Share-based payments	-
Other	65,780
	138,678

(i) Compensation policy
The remuneration policy of the Company has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between directors and shareholders.

Shareholders approve the maximum aggregate remuneration for non-executive directors. The board determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

13. *Director and executive disclosures (continued)*

(ii) Compensation of key management personnel

Directors	Period	Short-term		Post Employ-ment	Share-based	Other *	Total
		Salary and fees $	Cash Bonus $	Super-annuation $	Options $	$	$
G Darby	2010	48,000	-	-	-	-	48,000
P Richard	2010	-	-	-	-	-	-
L Darby	2010	-	-	-	-	-	-
J Bahamondes	2010	24,898	-	-	-	-	24,898
C Swensson	2010	-	-	-	-	65,780	65,780
Total	2010	72,898	-	-	-	65,780	138,678

* These payments relate payments made to Swensson Resource Management for Geological Consulting Services provided by Mr Swensson during the financial period.

(c) Option holdings of key management personnel

Directors	Granted as promoter options	Options exercised	Net change other *	Balance 30/06/10
Glen Darby	3,680,000	-	200,000	3,880,000
Jose Bahamondes	10,000,000	-	-	10,000,000
Lia Darby	1,840,000	-	-	1,840,000
Pierre Richard	800,000	-	200,000	1,000,000
Carl Swensson	-	-	-	-

All the above options are unvested and are not exercisable as at reporting date.

* Net change other relates to options that were issued or expired during the period.

Directors	Number of Options	Date of Issue	Exercise Price $
Glen Darby	3,680,000	21 February 2010	$0.20
	200,000	19 March 2010	$0.20
Jose Bahamondes	10,000,000	21 February 2010	$0.20
Lia Darby	1,840,000	21 February 2010	$0.20
Pierre Richard	800,000	21 February 2010	$0.20
	200,000	22 February 2010	$0.20

13. *Director and executive disclosures (continued)*

(d) Shareholdings of key management personnel

	Incorporation & promoter capital	Options exercised	Net change other *	Balance 30/06/10
Directors				
Glen Darby	3,680,001	-	200,000	3,880,001
Jose Bahamondes	6,000,000	-	-	6,000,000
Lia Darby	1,840,000	-	-	1,840,000
Pierre Richard	800,000	-	200,000	1,000,000
Carl Swensson	1,500,000	-	-	1,500,000

* Net change other relates to shares that were issued or sold during the period.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(e) Loans with key management personnel

There were no loans to key management personnel or their related entities during the period ended 30 June 2010.

14. *Share based payments*

A summary of the movements of all company options issued is as follows:

	Number	Weighted average exercise price
Opening Options outstanding	-	-
Granted	33,932,500	$0.20
Expired	-	-
Exercised	-	-
Options outstanding as at 30 June 2010	33,932,500	$0.20

Options exercisable as at 30 June 2010	-	

The weighted average remaining contractual life of options outstanding at period-end was 5 years from date of ASX listing. The exercise price of outstanding shares at the end of the reporting period was $0.20.

14. *Share based payments (continued)*

b) The following share-based payments arrangements were in existence during the period:

Options series	Number	Grant Date	Exercise Price $	Fair value grant date $
(1) Issued 21 Feb 10	20,000,000	05/01/10	0.20	0.0453
(2) Issued 22 Feb 10	5,400,000	22/02/10	0.20	-
(2) Issued 19 March 10	1,700,000	19/03/10	0.20	-
(2) Issued 25 March 10	2,300,000	25/03/10	0.20	-
(2) Issued 10 May 10	1,150,000	10/05/10	0.20	-
(2) Issued 21 May 10	770,000	21/05/10	0.20	-
(2) Issued 24 May 10	2,350,000	24/05/10	0.20	-
(2) Issued 11 June 10	262,500	11/06/10	0.20	-

All options have an expiry date of 5 years from date of ASX listing.

c) 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.

Inputs into the model	**Series 1**
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

Series 2 options were issued as free attaching options on seed capital raisings during the period.

14. ***Share based payments (continued)***

d) The following share based payments were made during the period;

Fully paid ordinary shares	$
- 20,000,000 vendor and promoter shares issued on 21 February 2010	2,000,000
- 20,000,000 vendor and promoter options issued on 21 February 2010	906,000

The aggregate value of share based payments for the financial period was $2,906,000.

15. *Related Party Transactions*

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 13.

(b) Other transactions

During the period the Company incurred the following transactions with related parties:

(i) Payment of $44,000 to Superstructure International Pty Ltd, a company of which Lia Darby is a director, for capital raising fees;
(ii) Payment of $11,000 to Proto Resources & Investments Ltd, a company of which Lia Darby is a director, for rent and office services; and
(iii) 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 key management personnel during the period.

16. *Financial reporting by segments*

During the financial period, operating segments to were identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Company.

17. *Financial risk management*

Overview
The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables
As the Company has just started operations, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk
The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Company
	2010 **$**
Financial assets at fair value	
Cash	553,684
Receivables – other	14,146
	567,830

17. *Financial risk management (continued)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The Company's exposure to market risk is minimal, and therefore the company does not have a formal policy to manage market risk.

Interest rate risk

Interest rate risk sensitivity analysis

At reporting date, there were no assets or liabilities with an exposure to interest rate risk.

The Company's exposure to interest rate risk as at the reporting date is minimal as all of its cash and cash equivalents, trade payables and trade and other receivables do not attract or receive any form of interest.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity.

18. *Events Subsequent to Period End*

On 29 July 2010 the Company issued 2,630,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 6 August 2010 the company type was changed from proprietary limited to a public company limited by shares.

On 1 September 2010 the Company entered into a Share Sale Agreement to acquire 100% of the issued capital of Tierra Amarilla SCM, and 70% of the issued capital of Condor Blanco SCM (the "Chile Projects"), companies both domiciled in Chile. In return the vendors and promoters of the Chilean companies have both each received (granted on 5 January 2010), 10,000,000 shares and 10,000,000 options exercisable at 20 cents on or before 5 years from date of ASX listing in Condor Blanco Limited. A total cash consideration of $300,000 was agreed to be paid to Jose Bahamondes as vendor of both Chilean companies, with $25,000 having been advanced at this date. Subsequent to the purchase the Company will now prepare consolidated accounts to reflect the purchase of the Chilean companies.

On 5 October the Company issued 400,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 22 October the Company entered into an agreement with Metal Rocks Pty Ltd ("Metal Rocks") whereby Metal Rocks will purchase 100% of the uranium assets held in Tierra Amarilla SCM at consideration of 1,000,000 shares in Metal Rocks.

On 25 October the Company issued 4,458,331 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

On 27 October the Company entered into an agreement with Superstructure International Pty Ltd for Superstructure to provide investor services to the Company and will be paid a retainer of $7,500 per month over 36 months following the Company's successful admission to the ASX in consideration for the provision of services.

On 29 October 2010 the Company issued 400,000 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 5 years from date of ASX listing on the basis of one option for every two 10 cent seed shares subscribed for.

The Company is currently seeking to list on the ASX via IPO with the target date set to be mid December 2010. The Company is seeking to raise up to $5,000,000 by offering up to 25,000,000 fully paid ordinary shares at an issue price of 20 cents.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

1. In the opinion of the directors:

    a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

        i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the period then ended;

        ii) complying with Accounting Standards and the Corporations Regulations 2001; and

    b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

    c) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

This declaration is signed in accordance with a resolution of the Board of Directors.

Glen Darby
Managing Director
4 November 2010

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Independent Auditor's Report to the Members of Condor Blanco Mines Limited

Report on the Financial Report

We have audited the accompanying financial report of Condor Blanco Mines Limited, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 29 to 59.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Deloitte.

Auditor's Opinion

In our opinion:

(a) the financial report of Condor Blanco Mines Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the period ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth 4 November 2010