



ABN: 16 141 347 640

AND CONTROLLED ENTITIES

Interim Financial Report
For the Half Year Ended 31 December 2010

CONDOR BLANCO MINES LIMITED
ABN 16 141 347 640
AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT
For the Half Year Ended 31 December 2010

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COMPANY DIRECTORY

NON EXECUTIVE CHAIRMAN

Pierre Richard

MANAGING DIRECTOR

Glen Darby

EXECUTIVE DIRECTORS

Carl Swensson (Geology)
Jose Bahamondes (Operations)

NON-EXECUTIVE DIRECTOR

Lia Darby

COMPANY SECRETARY

Elizabeth Hanrahan

REGISTERED OFFICE

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Sydney NSW 2000
Telephone: 02 9225 4070
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AUDITORS

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SHARE REGISTRAR

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NEDLANDS WA 6009
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PROPOSED STOCK EXCHANGE LISTING

Australian Stock Exchange
(Home Exchange: Perth, Western Australia)
Code: CDB

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DIRECTORS' REPORT

Your directors submit the financial report of the Company and the entities it controls for the half-year ended 31 December 2010.

DIRECTORS

The names of Directors who held office during or since the end of the half year are:

Pierre Richard	Non-Executive Chairman
Glen Darby	Managing Director
Carl Swensson	Executive Director, Geology
Jose Bahamondes	Executive Director, Operations
Lia Darby	Non-Executive Director
Elizabeth Hanrahan	Company Secretary (appointed 15 November 2010)

RESULTS

The loss after tax for the half-year ended 31 December 2010 was \$572,765.

REVIEW OF OPERATIONS

1. INTRODUCTION

Condor Blanco Mines (“Condor Mines”, “the Company”, ASX Code: CDB) was incorporated on the 5th of January 2010 for the purposes of acquiring a controlling interest in two Chilean-based mineral resource companies - Condor Blanco SCM and Tierra Amarilla SCM. Having subsequently consummated this agreement Condor Mines now holds a 70% interest in Condor Blanco SCM and a 100% interest in Tierra Amarilla SCM. As Chilean-based subsidiaries to Condor Mines, Condor Blanco SCM and Tierra Amarilla SCM hold binding option agreements and 100% exploration titles over a portfolio of copper–gold projects located to the west of the major mining city of Copiapo in northern Chile. 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 Mines is seeking near-term copper development opportunities at its Cautiva-Victoria and Fenix Projects leveraging from their proximity to ENAMI in order to support exploration efforts across the Company’s broader portfolio. In particular Condor Mines' projects are considered prospective for three types of mineralisation (1) high sulphidation epithermal gold and silver, (2) porphyry copper-gold and (3) iron oxide-copper gold (“IOCG”) vein and manto-style disseminated copper mineralisation.

Over the reporting period Condor Mines commenced preliminary exploration and early-stage developmental work across the Company’s project base in preparation for an initial public offering (IPO) and listing on the Australian Stock Exchange (ASX). The location of Condor Mines’ projects, with respect to major regional deposits is presented below (Figure 1).

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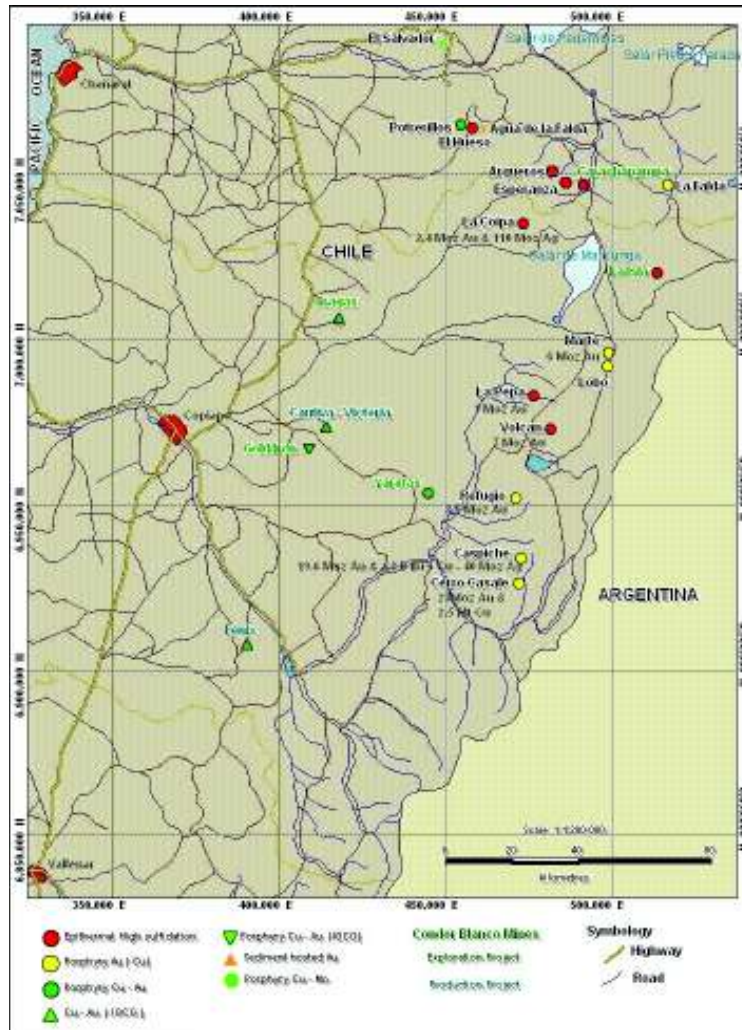


Figure 1: Location of Condor Blanco Mines Projects

Work undertaken in the half-year has included:

- Acquisition and interpretation of Aster satellite imagery resulting in the identification of highly prospective and untested zones of alteration at Yaretas, Gold Iron, La Isla and Carachapampa
- The execution of an option agreement over the La Isla Project;
- The execution of an option agreement over the Gold Iron Project that covers areas of prospective alteration that Anglo Gold considered prospective enough to partially drill-test;
- Site visits, design of optimal access routes and fieldwork including geochemical sampling at Yaretas, Gold Iron, La Isla and Carachapampa; and
- Condor Mines divested two non-core uranium projects located in Northern Chile

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2. YARETAS (COPPER, GOLD AND MOLYBDENUM)
2.1 Project Overview

Condor Mines holds a 100% interest in the Yaretas project which 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 which stretches for 1,400km. This belt represents the largest copper accumulation in the world across 25 major deposits which include the world renowned Chuquicamata and Escondida mines. The Yaretas tenements cover an area of 28km² and include extensive areas of phyllic alteration developed in granodiorite of the Mid-Eocene age El Gato Pluton.

There is intensive silicification associated with the La Ternera rocks and although this may represent simple thermal metamorphism on the contact with the granodiorite the extensive and advanced nature of the silicification is suggestive of a silica cap of a porphyry system. If this is the case, it suggests that the system has been highly preserved. In FY2010 surveying of Condor Mines' mining leases at Yaretas identified previously unrecorded outcrops of copper carbonate mineralisation (malachite) and phyllic alteration within the tenements. This location will be a primary focus at Yaretas in 2011.

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 (see Figure 2).

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. Metallica are also evaluating epithermal gold mineralisation at the Quebrada prospect where drilling returned a best intercept to date of 17m @ 1.98g/t Au.

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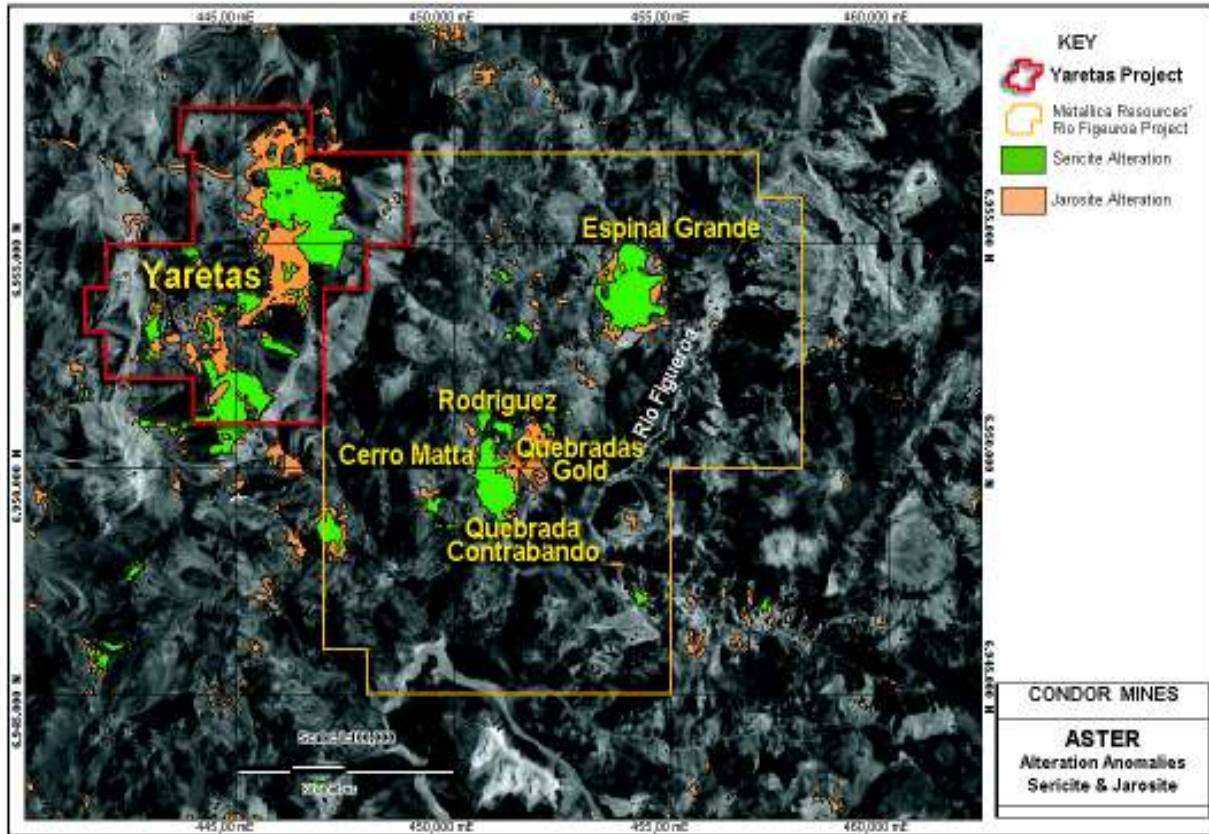


Figure 2: Sericite–Jarosite Alteration from Aster Imagery over Yaretas Tenements. Metallica’s alteration system at Cerro Matta is shown for comparison

2.2 Activity March 2010 to January 2011

Condor Mines acquired Aster satellite alteration imagery over the project area. This data has been processed and interpreted and confirms the nature of the quartz-sericite (phyllitic) 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 2). The interpretation has also confirmed the similarity in alteration mineral assemblage to that over Metallica’s Cerro Matta porphyry project located to the immediate east.

In September Condor Mines 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. Grading of access roads began in Q4 2011, and is expected to be completed in March 2011. This is to be followed by detailed field mapping and geochemical sampling to identify target areas across the alteration for focused exploration drilling across these untested but prospective alteration systems.

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3. GOLD IRON (COPPER AND GOLD)

3.1 Project Overview

The Gold Iron Project is held by Condor Mines under an option agreement where the Company is targeting porphyry copper-gold mineralisation, the potential for which is demonstrated by the occurrence of a large phyllic alteration system on the tenements. This alteration is extensive, occupying an area of several square kilometers. 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. 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.

A small area of the phyllic alteration was drilled by Anglo American ("Anglo") in 1988 with five shallow (<100m) Reverse Circulation ("RC") drill holes. However, the holes were located on the margins of the system as shown in Figure 3 and did not test the core of the alteration system or test the system at depth. Condor Mines does not have the assay data from Anglo's work, though chalcopyrite is observable from cuttings of spoil at one of the holes. However both the depth and location of Anglo's holes are considered inadequate to have tested the potential of the system.

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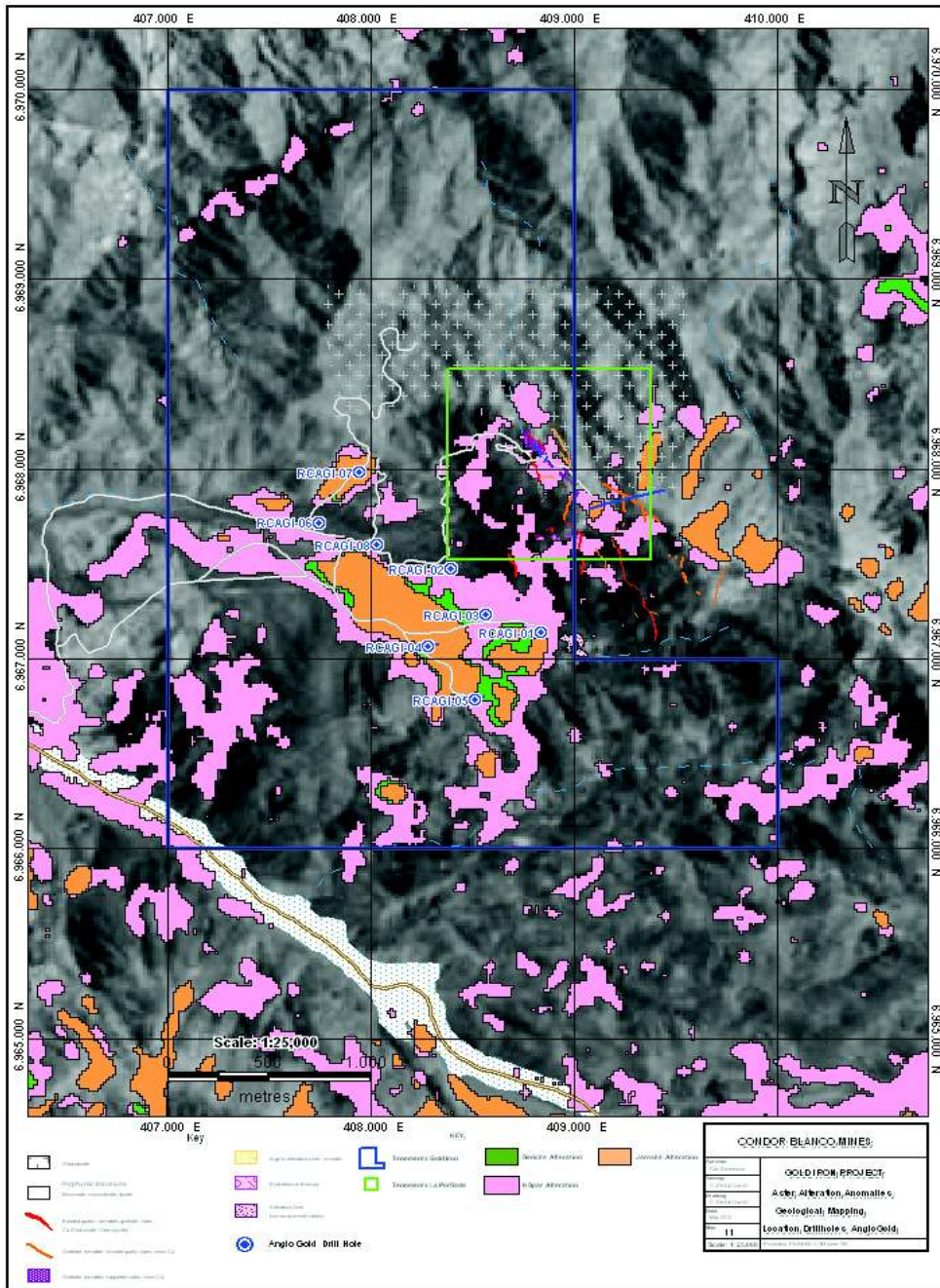


Figure 3: Alunite-Jarosite Alteration from Aster Imagery over Gold Iron with Anglo's drill collars shown

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3.2 Activity March 2010 to January 2011

During the second half of 2010, Condor Mines negotiated an option agreement over the entire area of the alteration system. 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. Assessment suggested that grades and widths were incompatible with the large exploration targets sought by Condor Mines and the La Porfriada opportunity was declined.

Aster alteration imagery was acquired over the area of interest, processed and interpreted (Figure 3). 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 highly distinctive at a sub-regional scale. Subsequent field reconnaissance has substantiated the Aster interpretation. Also during the half-year, the Anglo American drill hole locations were plotted and chips from the spoil heaps investigated. This work substantiated the quartz-sericite alteration in fresh rock. One hole demonstrated chalcopyrite mineralisation. Proposed work in 2011 will include drilling to more comprehensively test the potential of this porphyry alteration system.

4. CARACHAPAMPA (GOLD AND SILVER)

4.1 Project Overview

The Carachapampa project is held by Condor Mines through a staged option agreement. The project comprises a total area 31km² and is located approximately 21km to the northwest of Kinross Gold Corporation's ("Kinross") La Coipa Mine and 2.5 km to the southeast of Kinross' recently closed Esperanza-Chimberos Mine. Further, Laguna Resources NL's Arqueros deposit is situated approximately 3km to the northwest of the Carachapampa project area (see Figure 1 above). The geology of the tenement area is dominated by Oligocene-Miocene intrusive centres and associated volcanics. The lithologies comprise porphyritic dacite and rhyolitic domes with associated volcanics dominated by pyroclastic flows, tuffs and lavas (rhyolitic and dacitic).

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. 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 the Arqueros deposit. 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 4). 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 that the alteration extends further east.

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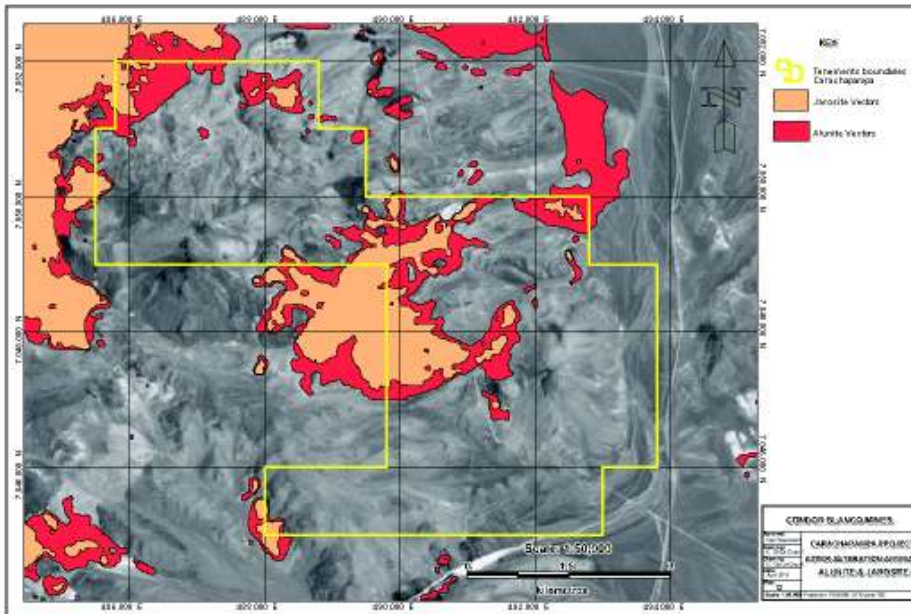


Figure 4: Alunite and Jarosite Aster Alteration Anomalies at Carachapampa

During an earlier joint venture over the area, Kinross conducted limited exploration of some of the alteration zones including six shallow 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 4) crosses into Kinross' tenements and was subjected to illegal mining in late 2007. Kinross had the illegal miners removed and artisanal contract miners subsequently undertook profitable small scale mining on narrow, high grade breccia bodies and vuggy silica within the alteration zone. This activity was 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 providing an immediate focus for exploration and drilling. 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.

4.3 Activity March 2010 to January 2011

Activities during the half year included the processing and interpretation of the Aster alteration imagery. This work demonstrated that the alteration assemblage was consistent with a typical high sulphidation system and supported 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 and dialogue with the miners has confirmed that the vuggy silica and breccia

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zones are mineralised to grades of 8-25g/t Au. Planned work in 2011 will involve geochemical and geophysical work in order to demarcate targets prior to drill testing.

5. LA ISLA (GOLD AND SILVER)

5.1 Project Overview;

During the half year, Condor Mines also entered into a binding option agreement to explore the La Isla licenses over the next four years. The La Isla project is located approximately 160km due east of Copiapó and about 10km east of the Carachapampa project (see Figure 1). The tenements cover an area of 29.9 km² 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 2.5km x 1.0km is located in the centre of the tenements. This alteration system exhibits a typical high sulphidation epithermal alteration assemblage (Figure 5).



Figure 5: Southwestern End of the Main Alteration System at La Isla

The alteration system was previously explored with trenching by Anglo in 1982. Subsequently, Kinross undertook a programme of soil and rock geochemistry over the main alteration system in 2006-2007 and then drilled a total of 13 RC holes for 1,564m. Kinross also collected 309 soil samples on a course grid of 200m x 100m with infill samples taken at 100m x 100m. In addition, 171 Rock samples were collected from the surface and historical trenches. The soil geochemistry revealed an extensive and cohesive gold and silver anomalism over the alteration zone with higher gold values in the southern third of the system (Figure 6). Rock samples returned assays to a maximum of 14g/t Au and 400g/t Ag.

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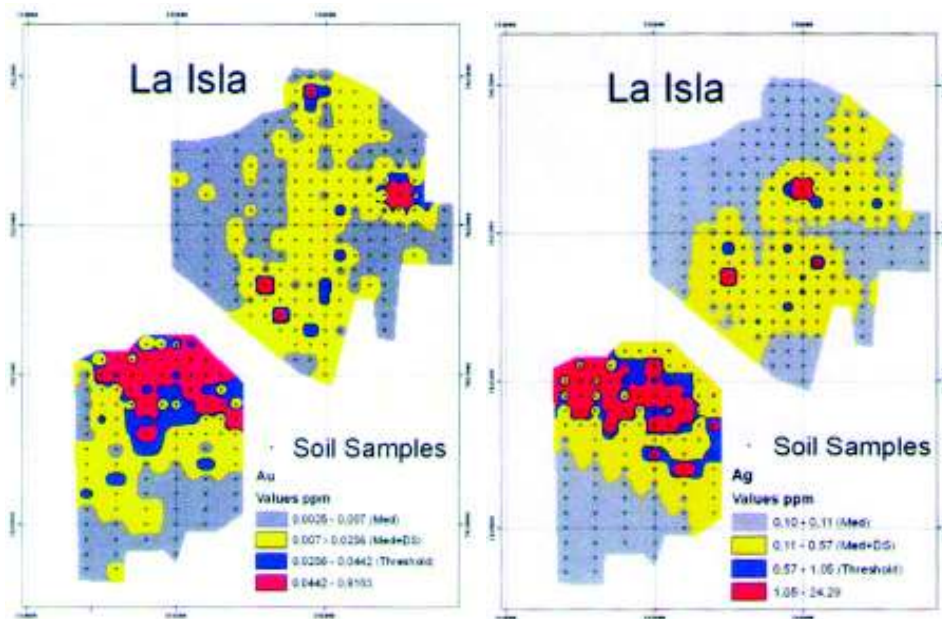


Figure 6: Soil Geochemical Results from Kinross' Exploration Programme

Aster alteration imagery acquired by Condor Mines during 2010 confirms the scale of the alteration anomaly with extensive alunite and jarosite vectors identified (Figure 7). This demonstrates that the greater area of the alteration remains untested by Kinross' drilling. Indeed, Figure 7 illustrates that only the southern 10% of the alteration zone have been drill tested. Of the 13 holes drilled by Kinross, six 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.

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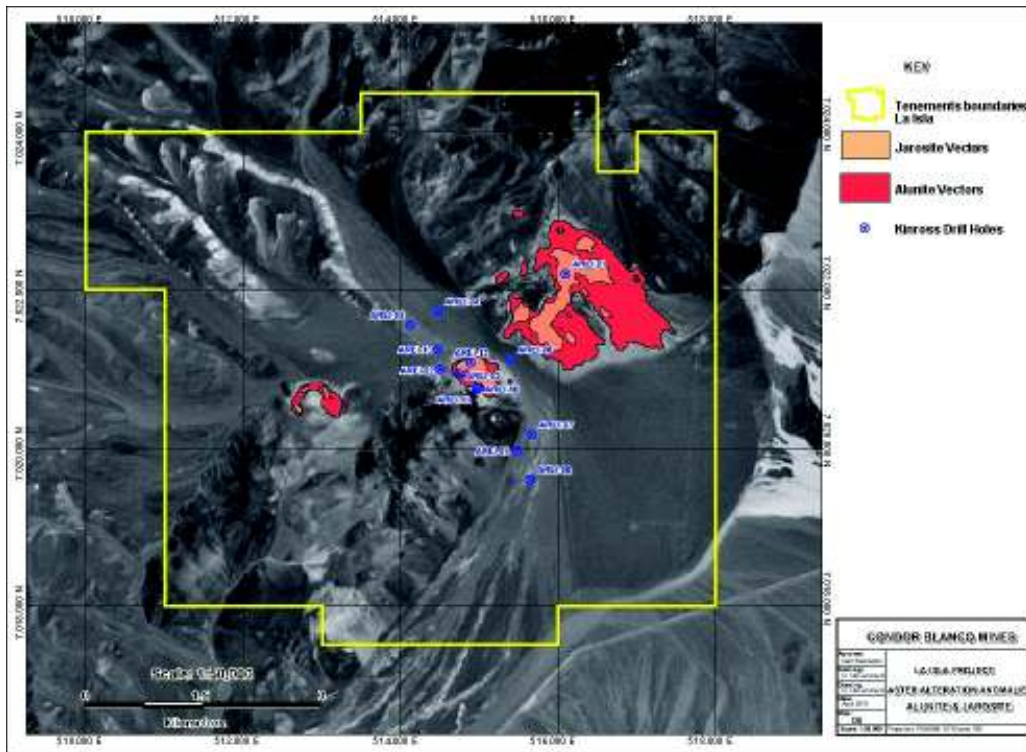


Figure 7: Alunite and Jarosite Aster Alteration Anomalies at La Isla

5.2 Activity March 2010 to January 2011

A four year option agreement was signed in September 2010 over the La Isla tenements. This option agreement involves a staggered payment of US\$150,000 in three US\$50,000 instalments over two years for Condor Mines to commence exploration, with the option exercisable at anytime to acquire 100% of the titles for an exercise price of US\$2 million.

Work during the year included the commissioning, processing and interpretation of the Aster alteration imagery discussed above. This work demonstrated that the alteration assemblage was consistent with a typical high sulphidation system and was supported by geological field observations. The interpretation provides focus for a subsequent detailed mapping and sampling programme.

The La Isla alteration zone represents a significant target, comparable in alteration intensity to other ore bodies in the Maricunga Belt. Comparison of the Kinross holes against the intensity of the alunite present suggests that even the hole that did intersect the alteration missed the most intense anomalies identified in the Aster data. The data also identified several other alteration zones, in addition to the alteration system partially explored by Kinross. Field assessment of these is being undertaken during February 2011.

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6. CAUTIVA-VICTORIA (COPPER SULPHIDE AND COPPER OXIDE)

6.1 Project Overview

This project is located approximately 55km by road to the west of Copiapó (Figure 1) with Condor Mines holding a 70% interest in Cautiva while the adjacent Victoria tenement is held under a staged purchase agreement. This involves staggered payments, with Condor Mines receiving full title on the last payment being made. 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 tenements cover an area of 9 hectares capturing approximately 400m of the Veta Gruesa structure and associated vein splays while the Victoria tenements to the immediate north cover an additional area of 53 hectares including a further 700m of the Veta Gruesa mineralisation and associated splays.

Historically, mining has occurred sporadically along the entire length of the Veta Gruesa structure (see Figure 8). This has been mainly near the surface from small open pits and shafts that mine for oxidized copper. The lease (known locally as the Blanco lease) immediately north of the Victoria lease is owned by a local mining firm and is currently producing 200 tonnes per day for sale to ENAMI. Condor Mines' 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 strike to automate operations, optimise underground access and to develop operational infrastructure that has been beyond the capacity of artisanal miners. 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 ore body.

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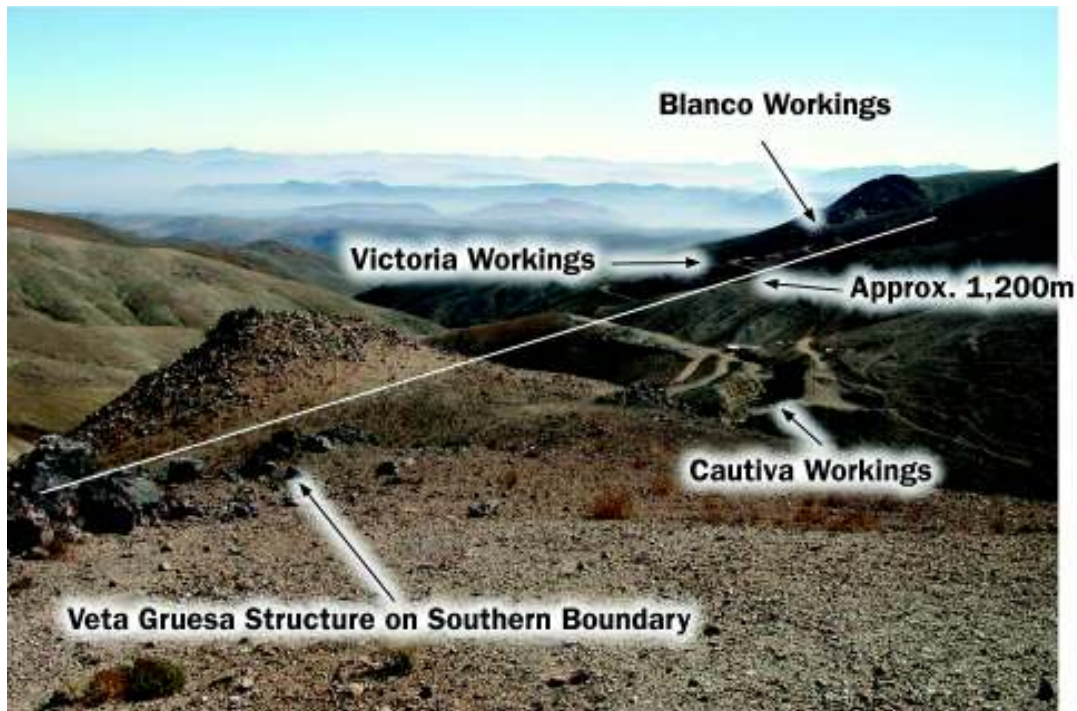


Figure 8: Overview of the Cautiva-Victoria Leases Looking North

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 Guesa Vein for a total of 1,146m. The locations of these are shown in Figure 9. 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 ore 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 Guesa mineralisation.

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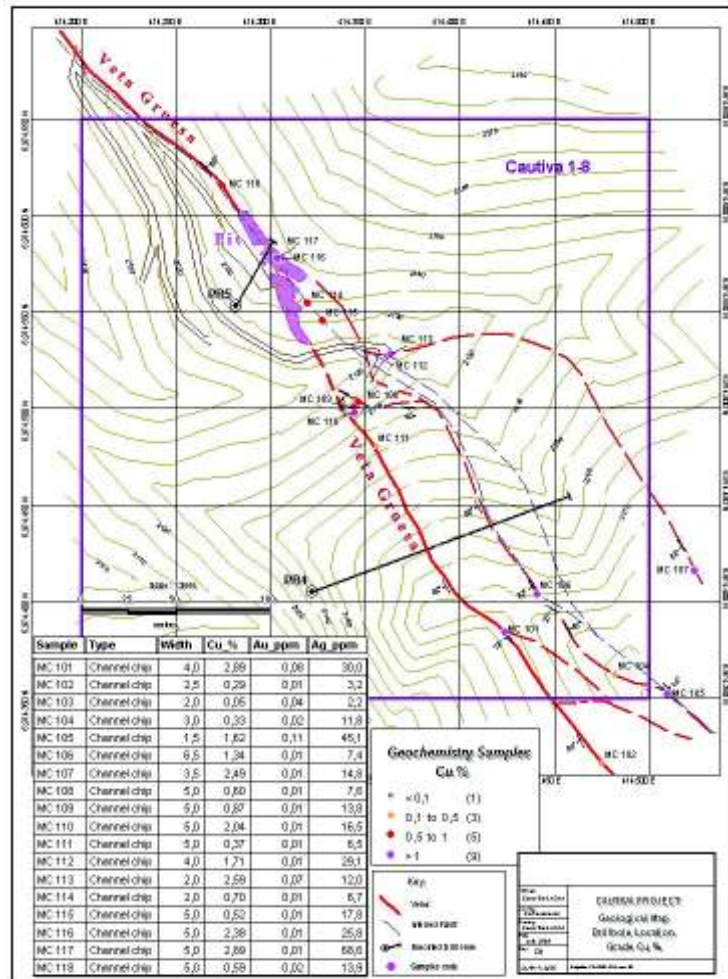


Figure 9: The Veta Gruesa Structure showing Catalina's Drill Holes

6.2 Activity March 2010 to January 2011

During the year the entire area of the Victoria and Cautiva tenements was mapped at 1:1,000 scale to accurately determine the position and attitude of the mineralised structures (see Figure 10). Detailed topographic surveying using differential GPS instrumentation was completed to provide an accurate base for the geological mapping and to plan for mine infrastructure.

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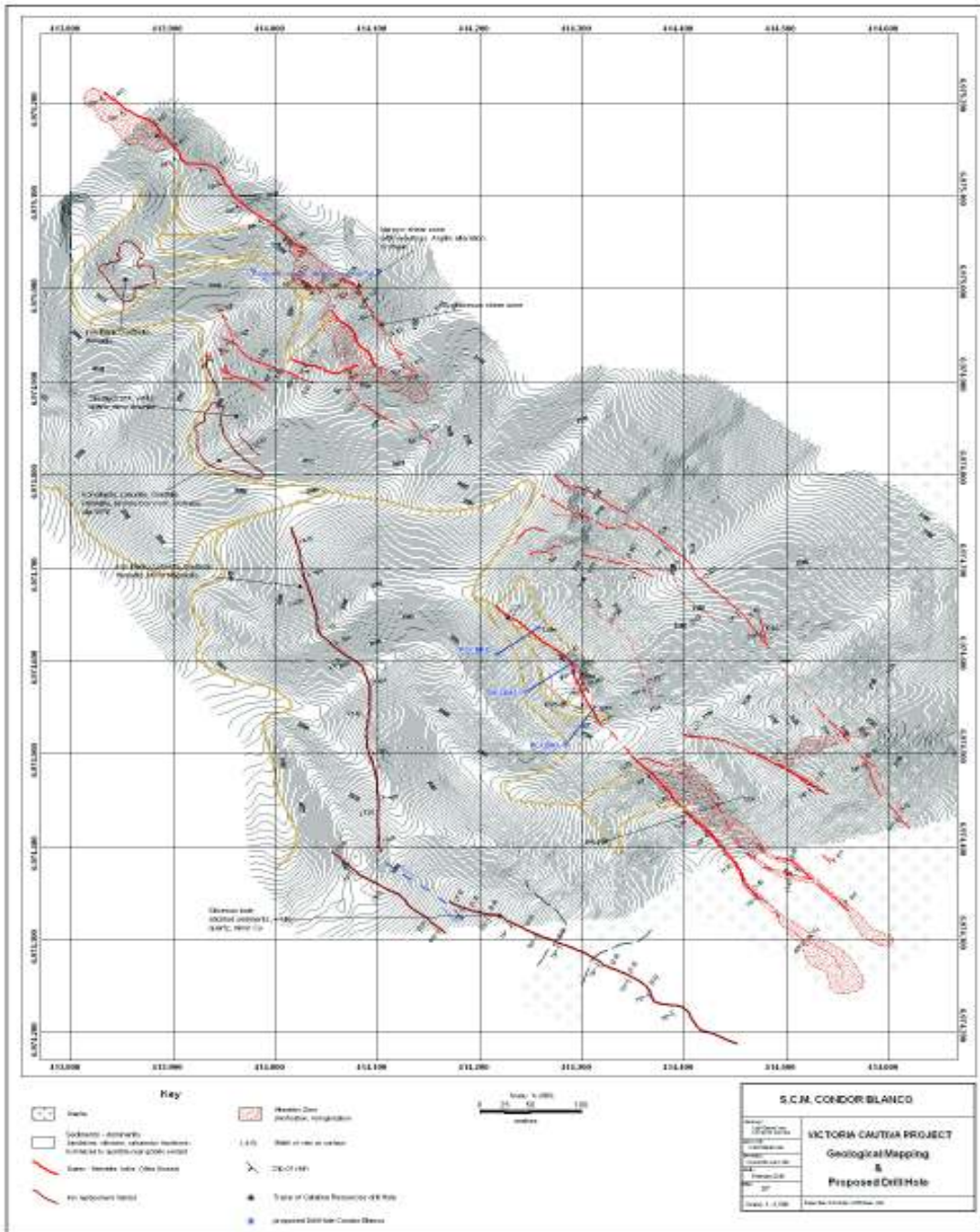


Figure 10: Geology and Drill Hole Locations Cautiva-Victoria

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Subsequently during the second half of 2010, 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 data on the sulphide grade and geometry of the Veta Gruesa Lode. The assumptions used for the design of the holes were:

- The attitude of the vein was maintained at 85° west as inferred from surface measurements and Catalina Resources holes, PR4 (100m to the south) and PR5.
- The oxidation level was inferred to be approximately 40-60m below current surface based on anecdotal evidence from reports of sulphides mined from a historical shaft on the Cautiva open pit and a similar shaft 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 centered on the Cautiva open pit. The results were disappointing in that none of the holes intersected sulphides, 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° from the surface dip of 85°, 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 estimated. 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 an ASL of 1,990m.

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. This suggests the need to execute a deeper set of drill holes. 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 the Company is confident that the oxidation level at the Cautiva end of the lode system will be similar. In summary, drilling depths for future holes following the first exploratory holes at Cautiva will need to be around 50m deeper to target the sulphide zone. 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 is consistent with the weak grades intersected in the first holes. 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 Mines believes that the Cautiva area remains one of good potential.

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7. FENIX (COPPER SULPHIDE AND COPPER OXIDE)
71 Project Overview

Condor Mines holds a 70% interest in the Fenix project which is located approximately 70km by sealed and gravel road south of Copiapó (see Figure 1). The tenement area covers 1,800 hectares (18km²) and is 70% owned by Condor Mines through its ownership of Condor Blanco SCM. The area is at an altitude of 1,800-2,300m ASL.

The project is located within an extensive region of numerous copper occurrences which manifest as veins and mantos of transitional epithermal – mesothermal mineralisation. Higher level epithermal silver-gold-mercury also occurs in the general area within 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 Fenix area is located between two calderas; the Lomas Bayas Caldera in the north and the Cerro Blanco Caldera in the south and the geology is dominated by the Hornitos Formation basalts.

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. The area exhibits approximately 24 km cumulative of mineralised structures in a number of en-echelon vein arrays with over 40 small workings (Figure 11).

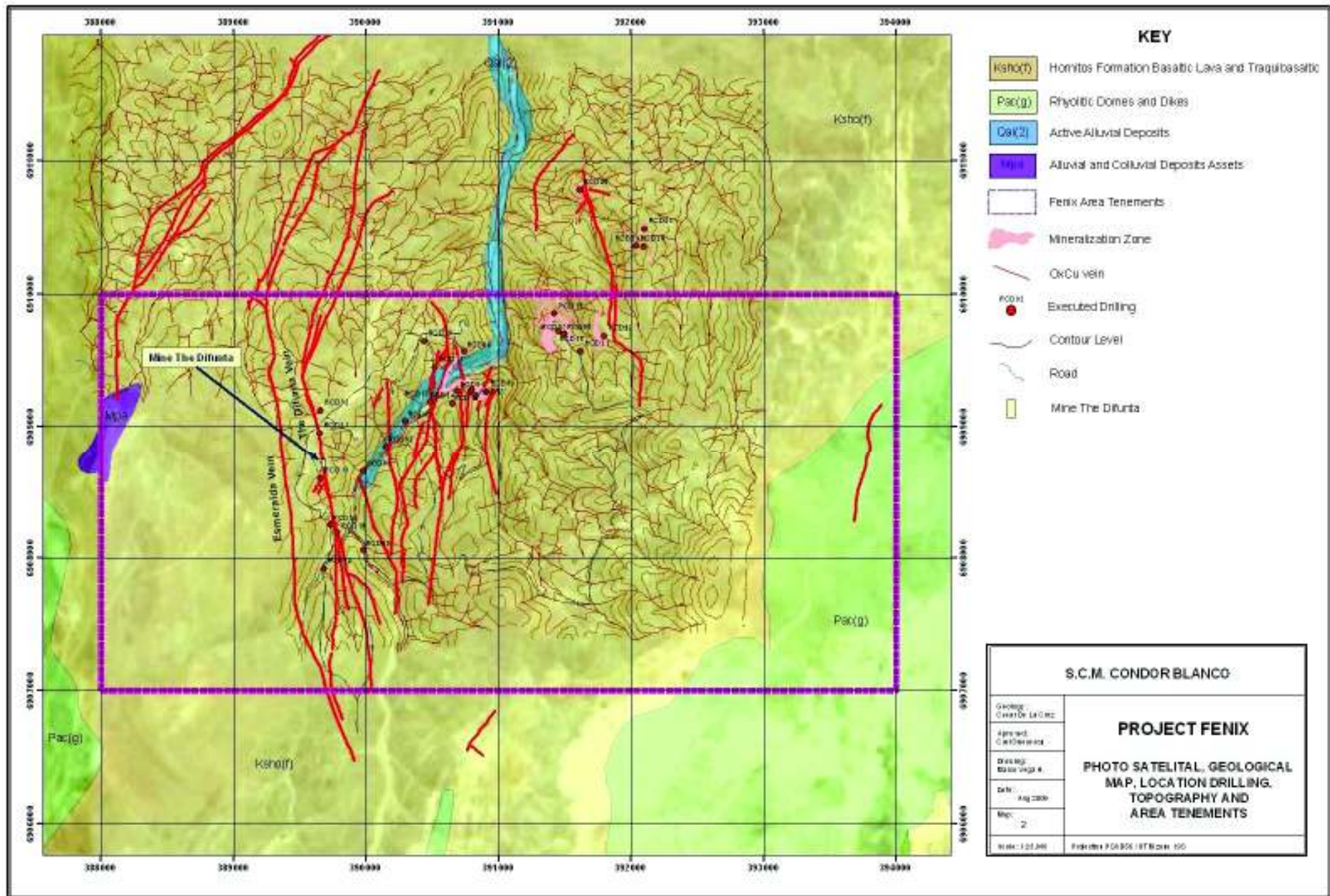


Figure 11: Fenix Showing the Mineralised Veins (red) and Manto-type Mineralisation (pink).

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The structures host copper and silver mineralisation in quartz-calcite-barite veins ranging from 0.2m–5.0m in width. 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. 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 geochemical, geophysical and drilling programmes over the Majaditas area of the tenements during 2006–2007. Following sampling across 40 trenches across an aggregate length of 3,200m, Rey implemented 30 line kms of Induced Polarisation surveys which identified numerous conductors for drill testing. 33 RC drill holes for 4,194m were then completed. 20 of the 33 drill holes targeted thin manto style mineralisation in the oxide zone, six holes targeted IP anomalies and only 5 holes targeted the vein style mineralisation. These holes demonstrated grades of 0.3–1.3% copper over widths of 2-4m across a small portion of the Difunta Vein with the other nine veins untested. 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 still untested by drilling.

7.2 Activity March 2010 to January 2011

No exploration has taken place on Fenix during the half year to December 2010. Given minimal holding costs, Condor Mines intends that exploration and potential development at Fenix would occur after Cautiva-Victoria is put in to production.

8. FRAGA (COPPER AND GOLD)

8.1 Project Overview

Condor Mines holds a 100% interest over the Fraga project which 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 21km². The project is located in an area populated by 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 12). Copper mineralisation as small mantos has been mined from a number of small workings in the eastern sector of the tenements. However, mineralisation in this area appears to be thin (1-2m) and lack strike length (20-30m) sufficient to warrant further work.

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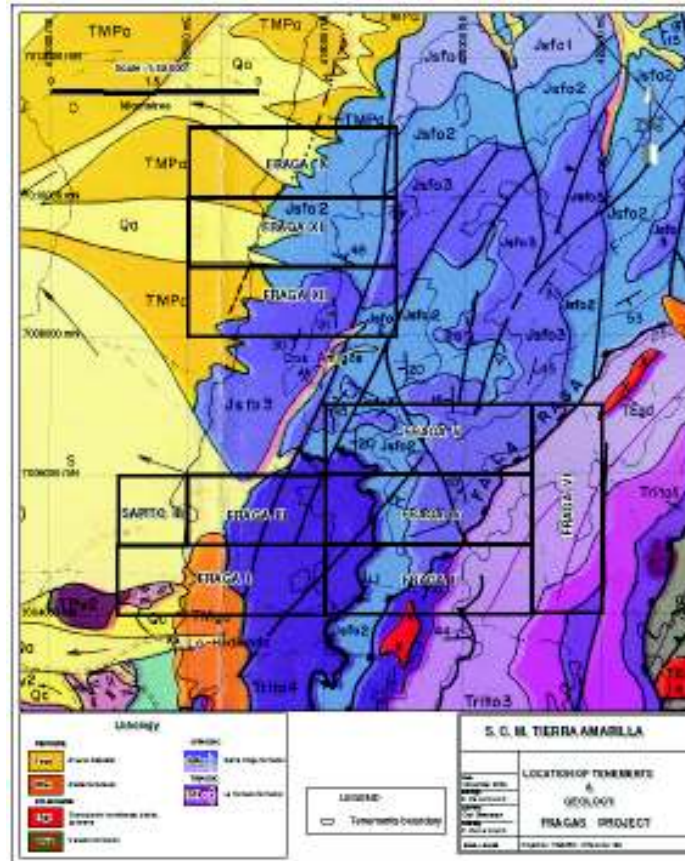


Figure 12: Fraga Project -Tenement Location and Geology

In contrast, further work is required to determine the potential of the central and eastern areas of the tenements. Very little geological information is available on these areas. However the surrounding area is tightly held by competitors who are actively exploring for copper, suggesting the need for first-pass assessment.

8.2 Activity March 2010 to January 2011

The only exploration undertaken has been field reconnaissance near the eastern workings; no other exploration has been undertaken by Condor Mines to date. Proposed exploration in 2011 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 potential for mineralisation.

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.

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CORPORATE

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 25 February 2016 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 US\$300,000 is to be paid to Jose Amestica as vendor of both Chilean companies, with US\$25,000 being paid to date. Subsequent to the purchase the Company will now prepare consolidated accounts to reflect the purchase of the Chilean companies.

On 5 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 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for.

On 22 October 2010 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 27 October 2010, Condor Blanco Mines Limited lost control of this subsidiary as a result of Metal Rocks Pty Limited issuing 10,000,000 shares to promoters, decreasing Condor Blanco Mines Limited's shareholding to 9%.

On 25 October 2010 the Company issued 4,458,331 seed shares at an issue price of 10 cents per share, with attaching option exercisable on or before 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for.

On 27 October 2010 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 commencing November 2010.

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 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for.

On 15 September 2010 and 30 November 2010, pursuant to the employment agreements with directors and consultancy contracts with consultants, the Company agreed to issue the directors 1,500,000 shares and 1,500,000 attaching options exercisable at 20 cents on or before 1 April 2014 and consultants 250,000 shares and 250,000 attaching options exercisable at 20 cents on or before 1 April 2014 on the company obtaining conditional approval to be admitted to the ASX.

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On 30 November 2010, pursuant to the employment agreements with directors and consultancy contracts with consultants, and subject to all necessary shareholder approvals being obtained, it was agreed that the Company will issue the directors with 1,500,000 shares upon the commencement of mining development at the Victoria Mine and Cautiva Projects, 1,500,000 shares upon shipping of first iron ore from the Victoria Mine and Cautiva Projects and 1,500,000 shares upon the Company receiving its first cheque from Enami, in respect of ore produced from the Victoria Mine and Cautiva Projects. Consultants will be issued with 250,000 shares upon the commencement of mining development at the Victoria Mine and Cautiva Projects, 250,000 shares upon shipping of first iron ore from the Victoria Mine and Cautiva Projects and 250,000 shares upon the Company receiving its first cheque from Enami, in respect of ore produced from the Victoria Mine and Cautiva Projects.

SUBSEQUENT EVENTS

On 15 February 2011, the terms of the Share Sale agreement between the Company and Jose Bahamondes were varied. Jose Bahamondes who was due to receive a cash payment of \$300,000 will instead receive 1,500,000 shares at an issue price of 20 cents per share, escrowed for a period of two years. Mr Bahamondes will also repay the US\$25,000 cash already paid.

On 25 February 2011, the Company listed on the ASX via Initial Public Offering after receiving the maximum subscription offered under the Prospectus dated 9 December 2010 of \$5,000,000. As a result of the Company's admission to the ASX, the directors were awarded a bonus of \$120,000 and consultants were awarded a bonus of \$15,000.

No other matters or circumstances have arisen since the end of the 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.

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditors Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration for the half year ended 31 December 2010 is set out on page 24.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Glen Darby
Managing Director

Perth
Dated: 16 March 2011

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

16 March 2011

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 review of the half-year financial statements of Condor Blanco Mines Limited for the period ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants

CONDOR BLANCO MINES LIMITED
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CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2010

	31 December 2010 \$
Revenue from continuing activities	2,406
Administration expenses	(72,446)
Compliance and regulatory expenses	(29,314)
Consultancy costs	(41,655)
Directors fees	(40,720)
Share based payments	(290,484)
Travel expenses	(100,552)
	(572,765)
Loss before income tax expense	(572,765)
Income tax expense	-
	(572,765)
Loss from continuing operations	(572,765)
Other comprehensive income	
Currency translation differences	(70,878)
Income tax relating to components of other comprehensive income	-
	(70,878)
Other comprehensive income for the period	(70,878)
Total comprehensive loss for the period	(643,643)
Total loss from continuing operations attributable to:	
Members of the parent entity	(569,264)
Non – controlling interest	(3,501)
	(572,765)
	(572,765)
Total comprehensive income attributable to:	
Members of the parent entity	(631,044)
Non – controlling interest	(12,599)
	(643,643)
	(643,643)
Basic loss per share (cents per share)	(1.38)
Diluted loss per share (cents per share)	(1.38)

The accompanying notes form part of this financial report.

CONDOR BLANCO MINES LIMITED
ABN 16 141 347 640
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CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		173,195	553,684
Trade and other receivables		49,625	14,146
Other assets	2	<u>683,936</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>906,756</u>	<u>567,830</u>
NON-CURRENT ASSETS			
Trade and other receivables		8,411	-
Exploration and evaluation expenditure	3	4,433,539	-
Loans to associated entities		-	411,950
Other assets	2	<u>-</u>	<u>3,061,146</u>
TOTAL NON-CURRENT ASSETS		<u>4,441,950</u>	<u>3,473,096</u>
TOTAL ASSETS		<u>5,348,706</u>	<u>4,040,926</u>
CURRENT LIABILITIES			
Trade and other payables	4	<u>636,114</u>	<u>227,210</u>
TOTAL CURRENT LIABILITIES		<u>636,114</u>	<u>227,210</u>
TOTAL LIABILITIES		<u>636,114</u>	<u>227,210</u>
NET ASSETS		<u>4,712,592</u>	<u>3,813,716</u>
EQUITY			
Issued Capital	5	3,720,962	3,132,068
Reserves	6	1,424,149	906,000
Accumulated losses		<u>(793,616)</u>	<u>(224,352)</u>
Parent entity interest		4,351,495	3,813,716
Non-controlling interest	7	<u>361,097</u>	<u>-</u>
TOTAL EQUITY		<u>4,712,592</u>	<u>3,813,716</u>

The accompanying notes form part of this financial report.

CONDOR BLANCO MINES LIMITED
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CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2010

	Issued Capital	Share Based Payments Reserve	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	3,132,068	906,000	-	-	(224,352)	-	3,813,716
Loss for the period	-	-	-	-	(569,264)	(3,501)	(572,765)
Foreign currency translation differences	-	-	-	(61,780)	-	(9,098)	(70,878)
Total comprehensive income for the period	-	-	-	(61,780)	(569,264)	(12,599)	(643,643)
Shares issued during the period	610,162	-	-	-	-	-	610,162
Options granted as part of capital raising	-	-	178,671	-	-	-	178,671
Options granted during the period	-	84,465	-	-	-	-	84,465
Shares granted during the period but unissued	-	316,793	-	-	-	-	316,793
Issue costs	(21,268)	-	-	-	-	-	(21,268)
Non-controlling interests arising on the acquisition of Condor Blanco SCM	-	-	-	-	-	373,696	373,696
Balance at 31 December 2010	3,720,962	1,307,258	178,671	(61,780)	(793,616)	361,097	4,712,592

The accompanying notes form part of these financial statements.

CONDOR BLANCO MINES LIMITED
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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW
For the Half Year Ended 31 December 2010

	31 December 2010
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers and employees	(388,885)
Payments for exploration and evaluation	(310,166)
Interest received	2,406
	<hr/>
Net cash used in operating activities	(696,645)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for the acquisition of areas of interest for exploration and evaluation	(25,000)
Loans to other entities	(28,065)
	<hr/>
Net cash used in investing activities	(53,065)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	625,333
Payments for costs of issue of shares	(256,112)
	<hr/>
Net cash provided by financing activities	369,221
Net increase/(decrease) in cash held	(380,489)
Cash at beginning of period	553,684
	<hr/>
Cash at end of reporting period	<u>173,195</u>

The accompanying notes form part of this financial report.

CONDOR BLANCO MINES LIMITED
ABN 16 141 347 640
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report of Condor Blanco Mines Limited and its controlled entities (the Group) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 16 March 2011. Condor Blanco Mines Limited is a company incorporated in Australia and limited by shares.

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2010, as noted below.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss from ordinary activities of \$572,765 for the half year ended 31 December 2010. The net working capital position of the Group at 31 December 2010 is \$270,642, (without prepaid capital raising costs the net working capital position of the Group at 31 December 2010 is a deficit of \$320,123). The net decrease in cash held during the half year was \$380,489.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because subsequent to reporting date, the Company listed on the ASX via Initial Public Offering after receiving the maximum subscription offered under the Prospectus dated 9 December 2010 of \$5,000,000. The funds received which will provide the Group with sufficient working capital to meet its planned objectives.

CONDOR BLANCO MINES LIMITED
ABN 16 141 347 640
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Figures

Condor Blanco Mines Limited was incorporated on 5 January 2010. This is the first half year report for the company, and therefore no comparative results are available for the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Changes in Accounting Policies and Disclosures

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Group's accounting policies.

CONDOR BLANCO MINES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

2. OTHER ASSETS

	31 December 2010	30 June 2010
	\$	\$
CURRENT		
Deferred capital raising costs	590,765	-
Prepayments	93,171	-
	683,936	-
NON CURRENT		
Prepayments	-	3,061,146

Prepayments at 30 June 2010 related to prepaid share based payments to the vendors and promoters of the Chile Projects, 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 - Refer to Note 9: Chile Projects Acquisition.

3. EXPLORATION AND EVALUATION EXPENDITURE

Exploration expenditure capitalised	4,433,539	-
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As disclosed in Note 9: Chile Projects Acquisition, deferred exploration of \$4,151,548 was assumed at the date of acquisition. The movement of \$281,991 since acquisition relates to costs of acquiring rights of tenure and direct costs associated with the exploration for and evaluation of mineral resources, which specifically relate to the area of interests acquired.

4. TRADE AND OTHER PAYABLES

CURRENT

Trade payables and accruals	636,114	187,210
Application money for future issue of shares	-	40,000
	636,114	227,210

**ABN 16 141 347 640
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

5. ISSUED CAPITAL

	31 December 2010	30 June 2010
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid of no par value	3,720,962	3,132,068
	Number	\$
(b) Movement in ordinary shares on issue		
Balance at 1 July 2010	37,315,001	3,132,068
Issued on 29 July 2010 (i)	2,630,000	263,000
Issued on 5 October 2010 (ii)	400,000	40,000
Issued on 25 October 2010 (iii)	4,458,331	445,833
Issued on 29 October 2010 (iv)	400,000	40,000
Options granted as part of capital raising	-	(178,671)
Transaction costs	-	(21,268)
	45,203,332	3,720,962
Balance at 31 December 2010	45,203,332	3,720,962

(i) 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 at 20 cents on or before 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for. Each attaching option was valued using a binomial option pricing model at \$0.0453 – Refer to note 8: Share based payments.

(ii) On 5 October 2010 the Company issued 400,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable at 20 cents on or before 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for. Each attaching option was valued using a binomial option pricing model at \$0.0453 – Refer to note 8: Share based payments.

(iii) On 25 October 2010 the Company issued 4,458,331 seed shares, at an issue price of 10 cents per share, with attaching option exercisable at 20 cents on or before 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for. Each attaching option was valued using a binomial option pricing model at \$0.0453 – Refer to note 8: Share based payments.

(iv) On 29 October 2010 the Company issued 400,000 seed shares, at an issue price of 10 cents per share, with attaching option exercisable at 20 cents on or before 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for. Each attaching option was valued using a binomial option pricing model at \$0.0453 – Refer to note 8: Share based payments.

CONDOR BLANCO MINES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

5. ISSUED CAPITAL (Continued)

(c) Share options

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

- 37,876,666 unlisted options expiring 25 February 2016 and exercisable at \$0.20 each.
- 8,125,000 unlisted options expiring 1 April 2014 and exercisable at \$0.20 each.

6. RESERVES

	31 December 2010	30 June 2010
	\$	\$
Share based payments reserve	1,307,258	906,000
Option reserve	178,671	-
Foreign currency translation reserve	(61,780)	-
	1,424,149	906,000

7. NON CONTROLLING INTEREST

Non controlling interests arising on the acquisition of Condor Blanco SCM	373,696	-
Total comprehensive loss attributable to the non controlling interest	(12,599)	-
	361,097	-

8. SHARE BASED PAYMENTS

(a) The following share-based payments arrangements were granted during the period:

Share series	Number	Grant Date	Vesting Date	Fair value at grant date \$
Issued 25 October 2010	1,235,000	25/10/10	25/10/10	0.10
(2) Proposed issue - 25 February 2011	1,125,000	15/09/10	25/02/11	0.10
(3) Proposed issue - 25 February 2011	1,750,000	30/11/10	25/02/11	0.10
(4) Proposed issue - 25 February 2012*	1,750,000	25/02/12	25/02/12	0.20
(4) Proposed issue - 25 February 2013*	1,750,000	25/02/13	25/02/13	0.20
(4) Proposed issue - 25 February 2014*	1,750,000	25/02/14	25/02/14	0.20
(5) Proposed issue - 30 April 2011	1,750,000	30/11/10	30/04/11	0.20
(5) Proposed issue - 30 June 2011	1,750,000	30/11/10	30/06/11	0.20
(5) Proposed issue - 31 July 2011	1,750,000	30/11/10	31/07/11	0.20

CONDOR BLANCO MINES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

8. SHARE BASED PAYMENTS (Continued)

Option series	Number	Grant Date	Exercise Price \$	Vesting Date	Expiry date	Fair value at grant date \$
(1) Issued 29 July 2010	1,315,000	29/07/10	0.20	29/07/10	25/02/16	0.0453
(1) Issued 5 October 2010	200,000	05/10/10	0.20	05/10/10	25/02/16	0.0453
(1) Issued 25 October 2010	2,229,166	25/10/10	0.20	25/10/10	25/02/16	0.0453
(1) Issued 29 October 2010	200,000	29/10/10	0.20	29/10/10	25/02/16	0.0453
(2) Proposed issue - 25 February 2011	1,125,000	15/09/10	0.20	25/02/11	01/04/14	0.05
(3) Proposed issue - 25 February 2011	1,750,000	30/11/10	0.20	25/02/11	01/04/14	0.05
(4) Proposed issue - 25 February 2012*	1,750,000	25/02/12	0.20	25/02/12	01/04/14	0.09
(4) Proposed issue - 25 February 2013*	1,750,000	25/02/13	0.20	25/02/13	01/04/14	0.07
(4) Proposed issue - 25 February 2014*	1,750,000	25/02/14	0.20	25/02/14	01/04/14	0.02

* The issue of these share and option series are subject to shareholder approval.

(1) The Company issued attaching options exercisable at 20 cents on or before 25 February 2016 on the basis of one option for every two 10 cent seed shares subscribed for.

(2) Pursuant to the mandate entered into with KS Capital Pty Ltd, the Company agreed to issue 1,125,000 shares and 1,125,000 attaching Options exercisable at 20 cents on or before 1 April 2014 to the brokers of the Offer, if maximum subscription was achieved.

(3) Pursuant to the employment agreements with directors and consultancy contracts with consultants, the Company agreed to issue the directors 1,500,000 shares and 1,500,000 attaching options exercisable at 20 cents on or before 1 April 2014 and consultants 250,000 shares and 250,000 attaching options exercisable at 20 cents on or before 1 April 2014 on the company obtaining conditional approval to be admitted to the ASX.

(4) Pursuant to the employment agreements with directors and consultancy contracts with consultants, the Company agreed that in each calendar year following its ASX listing, subject to all necessary shareholder approvals being obtained, it will issue the directors 1,500,000 shares and 1,500,000 attaching options and consultants 250,000 shares and 250,000 attaching options. The terms of the options are to be agreed.

(5) Pursuant to the employment agreements with directors and consultancy contracts with consultants, and subject to all necessary shareholder approvals being obtained, the Company will issue the directors with 1,500,000 shares upon the commencement of mining development at the Victoria Mine and Cautiva Projects, 1,500,000 shares upon shipping of first iron ore from the Victoria Mine and Cautiva Projects and 1,500,000 shares upon the Company receiving its first cheque from Enami, in respect of ore produced from the Victoria Mine and Cautiva Projects. Consultants will be issued with 250,000 shares upon the commencement of mining development at the Victoria Mine and Cautiva Projects, 250,000 shares upon shipping of first iron ore from the Victoria Mine and Cautiva Projects and 250,000 shares upon the Company receiving its first cheque from Enami, in respect of ore produced from the Victoria Mine and Cautiva Projects.

CONDOR BLANCO MINES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

8. SHARE BASED PAYMENTS (Continued)

The aggregate value of share based payments for the financial period was \$703,429, of which:

- i) \$290,484 has been recognised as a share based payment expenses in the statement of comprehensive income;
- ii) \$123,500 as shares issued as part of seed capital raisings in lieu of cash payment for services provided by consultants;
- iii) \$110,774 has been recognised as deferred capital raising costs; and
- iv) \$178,671 as options granted as part of seed capital raisings.

(b) 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.

<u>Inputs into the model</u>	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

<u>Inputs into the model</u>	Series 2
Grant date share price	\$0.10
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	4.74%
Annualised time to expiry (midpoint)	2

<u>Inputs into the model</u>	Series 3
Grant date share price	\$0.10
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	5.00%
Annualised time to expiry (midpoint)	1.79

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For the Half Year Ended 31 December 2010

8. SHARE BASED PAYMENTS (Continued)

<u>Inputs into the model</u>	Series 4 – Tranche 1
Balance sheet date share price	\$0.20
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	4.96%
Annualised time to expiry (midpoint)	1.05

<u>Inputs into the model</u>	Series 4 – Tranche 2
Balance sheet date share price	\$0.20
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	4.96%
Annualised time to expiry (midpoint)	0.55

<u>Inputs into the model</u>	Series 4 – Tranche 3
Balance sheet date share price	\$0.20
Exercise price	\$0.20
Expected volatility	120%
Dividend yield	0%
Risk-free interest rate	4.96%
Annualised time to expiry (midpoint)	0.05

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9. CHILE PROJECTS ACQUISITION

Projects acquired

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

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

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

*Loss of Control of Metal Rocks

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

Details of the consideration transferred

	Condor Blanco SCM \$	Tierra Amarilla SCM \$	Metal Rocks Pty Ltd \$	Total Value \$
Amounts recognised to 30 June 2010:				
Loans to associated entities	208,108	203,842	-	411,950
Share Based Payments, including transaction costs	644,451	2,416,695	-	3,061,146
	852,559	2,620,537		3,473,096
Amounts recognised to 31 December 2010:				
Cash paid	5,263	19,737	-	25,000
Deferred consideration	57,895	217,105	-	275,000
	63,158	236,842	-	300,000
Total consideration transferred	915,717	2,857,379	-	3,773,096

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9. CHILE PROJECTS ACQUISITION (Continued)

Assets acquired and liabilities assumed at the date of acquisition

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

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For the Half Year Ended 31 December 2010

10. OPERATING SEGMENTS

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

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

	Australia		Chile		Consolidated	
	31 Dec 2010 \$	31 Dec 2009 \$	31 Dec 2010 \$	31 Dec 2009 \$	31 Dec 2010 \$	31 Dec 2009 \$
Total Revenue	2,406	-	-	-	2,406	-
Segment Result	(561,239)	-	(11,526)	-	(572,765)	-
Major Customers	-	-	-	-	-	-
	31 Dec 2010 \$	30 June 2010 \$	31 Dec 2010 \$	30 June 2010 \$	31 Dec 2010 \$	30 June 2010 \$
Assets	4,770,057	4,040,926	578,649	-	5,348,706	4,040,926

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 February 2011, the terms of the Share Sale agreement between the Company and Jose Bahamondes were varied. Jose Bahamondes who was due to receive a cash payment of \$300,000 will instead receive 1,500,000 shares at an issue price of 20 cents per share, escrowed for a period of two years. Mr Bahamondes will also repay the \$25,000 cash already paid.

On 25 February 2011, the Company listed on the ASX via Initial Public Offering after receiving the maximum subscription offered under the Prospectus dated 9 December 2010 of \$5,000,000. As a result of the Company's admission to the ASX, the directors were awarded a bonus of \$120,000 and consultants were awarded a bonus of \$15,000.

No other matters or circumstances have arisen since the end of the 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.

CONDOR BLANCO MINES LIMITED
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For the Half Year Ended 31 December 2010

12. COMMITMENTS

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

The Group will be able to withdraw from these agreements at any time without penalty, thus terminating these obligations. The commitments as at 31 December 2010, for the projects within Chile are as follows:

	Caracha- pampa US\$'000	La Isla US\$'000	Cautiva- Victoria US\$'000	Gold Iron US\$'000	Total US\$'000
Mining Rights					
1 January 2010 to 30 June 2011	-	-	52	-	52
1 July 2011 to 30 June 2012	100	50	52	25	227
1 July 2012 to 30 June 2013	-	50	-	25	75
Option payments					
Option to purchase 100%	3,000	2,000	-	2,000	7,000
If reserve exceeds 10 million ounces of gold	7,000	-	-	-	7,000
	10,100	2,100	104	2,050	14,354

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

The Chile Projects' mining concessions are subject to a fiscal tax, stated as a factor of the value of the published Monthly Tax Unit (Unidad Tributaria Mensual – "UTM"). The latest published rate (April, 2010) for one Monthly Tax Unit is 38.862 Chilean Pesos, which at the published exchange rates of 31 December 2010, equates to approximately AU\$0.0816, or US\$0.0816.

Across all areas within the Chile Projects, these payments would approximately be a total AU\$56,293 per annum.

As at 31 December 2010, there are non-cancellable operating lease contracts in place for the Group's offices in Australia and Chile.

The committed expenditure for rental contracts are:

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

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

12. COMMITMENTS (Continued)

Exploration expenditure

As at 31 December 2010, the directors have proposed the following exploration budgets:

	\$
Within one year	1,985,500
After one year but not more than five years	1,862,600
More than five years	-
	<hr/> 3,848,100 <hr/>

In addition to the above, the following service contracts have begun subsequent to reporting date due to the Group's admission to the ASX:

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

13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company has no contingent assets or contingent liabilities as at 31 December 2010.

CONDOR BLANCO MINES LIMITED
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DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2010

The Directors declare that:

1. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
2. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Glen Darby
Managing Director

PERTH
Dated this 16th day of March 2011

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

We have reviewed the accompanying half-year financial report of Condor Blanco Mines Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 25 to 42.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Condor Blanco Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Condor Blanco Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Condor Blanco Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants
Perth, 16 March 2011