Nickel Resource 14mt @ 0.70% at Grey Dam Nickel Project

Grey Dam Nickel Resource 14m/t @ 0.70% Ni

In the second quarter of the 2009 financial year, Golder Associates Pty Ltd (Golder) was commissioned by Condor Nickel Ltd (Condor) to provide a Mineral Resource model for the Grey Dam Nickel-Cobalt deposit in Western Australia.

The Grey Dam deposit is located about 8 kilometres northwest of the Kurnalpi townsite in the Eastern Goldfields region of Western Australia (Figure 1). Upon analysis of aircore and RC drilling data, Golder identified nickel sulphide mineralisation at depth. This area was not considered in this study however as there insufficient data to support the analyses and was outside of the proposed scope of work.

Mineralisation Modelling

The following lower cut-offs were used to define mineralisation zones:

- A general mineralised zone of high-Ni material, where Ni exceeds 0.4%
- A central mineralised zone of high-Ni-Co material, contained entirely within the 0.4% Ni envelope, where Co exceeds 500ppm.

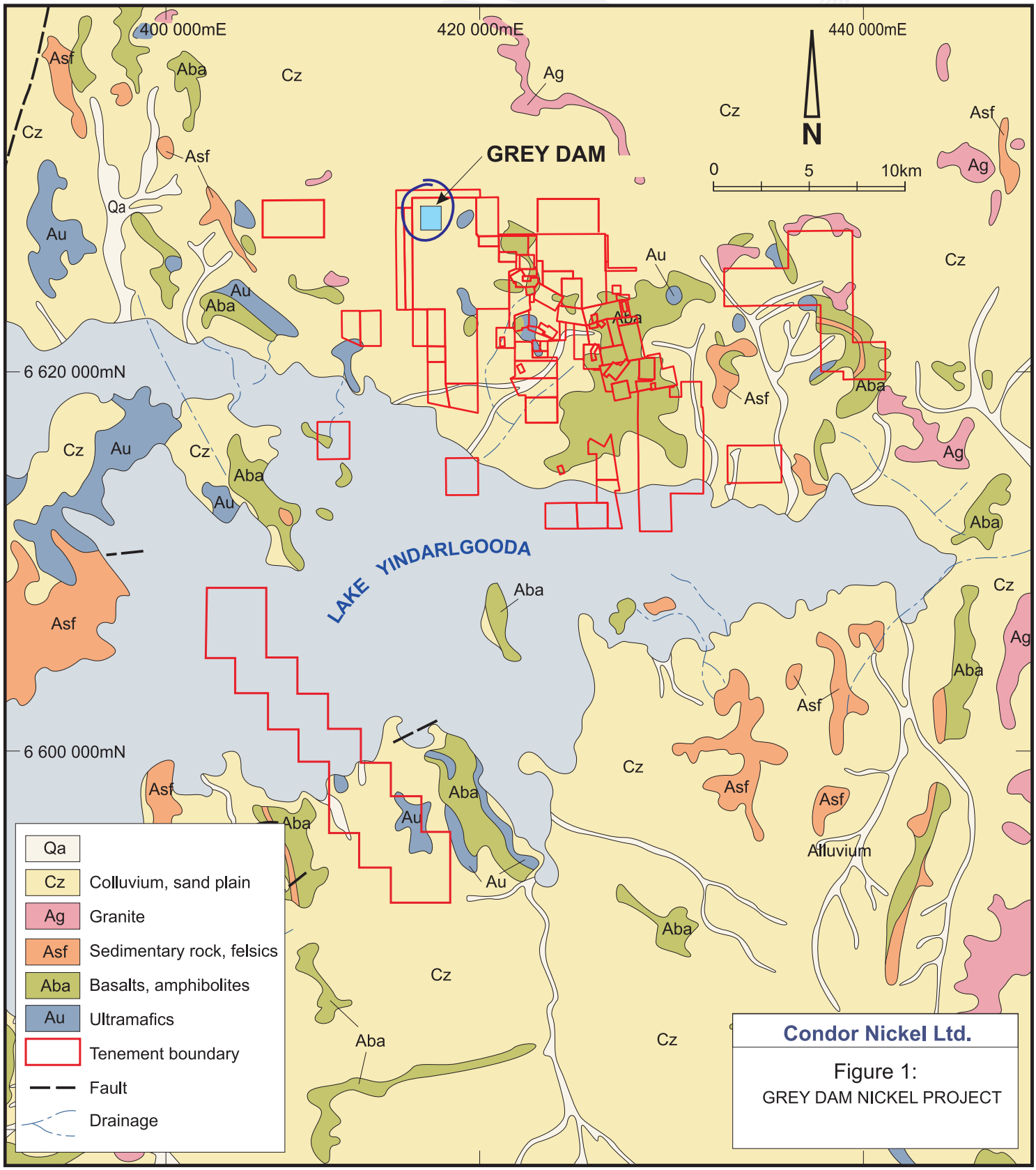
For portions of the deposit where interpreted mineralisation is less continuous, zones of waste internal to these domains were interpreted to represent the material below 0.4% Ni. A Base of Limonite horizon was also modelled at a 4% Al cut-off.

3D wireframe solids and surfaces were produced from the mineralisation interpretations, and used to build a geological block model (Figure 7). The drill hole database was used to produce 1m composites flagged by the geological codes applied to the block model.

Exploratory Data Analysis

Exploratory data analysis (EDA) was completed using the 1m composite dataset. All analytes were length weighted. Scatter plots showed a strong relationship between Ni and Co mineralisation, however above 500ppm Co the relationship was less pronounced.

Statistical outliers were identified in the Co population, and the decision was taken to restrain the influence of samples greater than 5000ppm Co in the High-Ni-Co zone, and samples greater than 2000ppm Co in the High-Ni zone.


400 000mE
420 000mE
440 000mE
N
0
5
10km
GREY DAM
6 620 000mN
6 600 000mN
LAKE YINDARLGOODA
Asf
Aba
Cz
Ag
Au
Qa
Alluvium
Qa
Cz Colluvium, sand plain
Ag Granite
Asf Sedimentary rock, felsics
Aba Basalts, amphibolites
Au Ultramafics
Tenement boundary
Fault
Drainage
Condor Nickel Ltd.
Figure 1:
GREY DAM NICKEL PROJECT

Variography
Variograms were used to describe the spatial variability of Ni, Co, Al and Mg. Experimental correlograms were calculated and modelled in Golder in-house software for the High-Ni zone and the High-Ni-Co zone (regarding Ni and Co) (Figures 2 to 5). Al and Mg correlograms were calculated using all samples inside the High-Ni zone due to under-sampling.

All variogram models were modelled to an orientation of 0/000 (plunge/plunge direction) for the Major Axis, 0/090 (dip/dip direction) for the Semi-Major Axis and vertical for the Minor Axis.

Grade Interpolation
Grade estimation for the Grey Dam mineralisation was completed using Ordinary Kriging (OK) with three separate estimation runs for the two mineralisation domains (MIN zones 1 and 2) and the internal waste domain.

The Ni and Co estimation was also broken by OXIDE zones 1 and 0, as statistical differences were evident between the zones. The Al and Mg estimation was only broken by the OXIDE zones, and was run for MIN zones 1 and 2 combined. Grade estimates were made to the parent block volume of 50m x 25m x 3m and sub-cells within the model received the parent cell estimate.

A restricted volume of influence (50m x 25m x 3m) was used for outlier Co values identified in the 1m composite dataset for MIN zones 1 and 2.

Unestimated blocks around the periphery of the deposit were assigned average grades calculated from the block model.

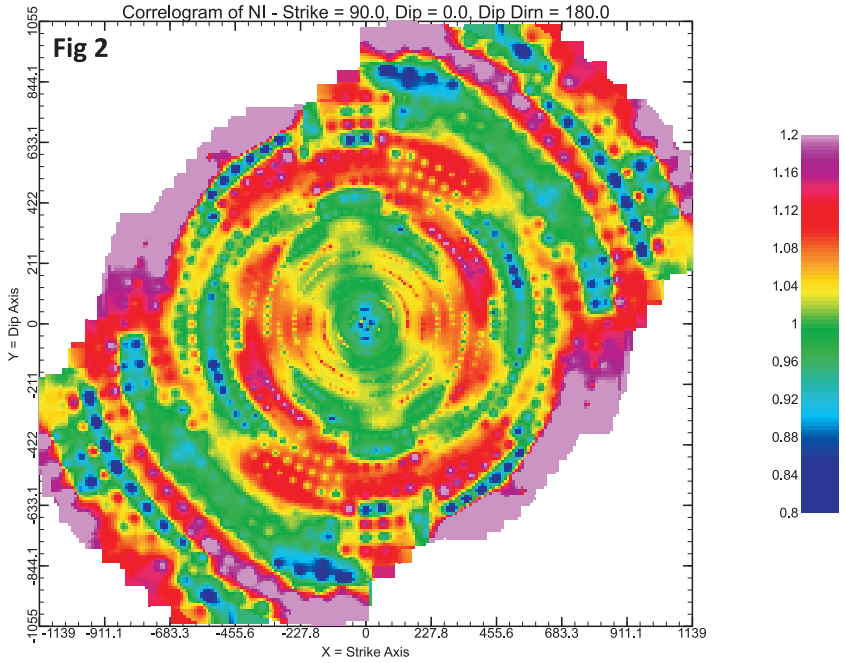
Block Model Validation
Numerical and visual assessment of the block model was undertaken to assess successful application of the various estimation passes and to ensure that as far as the data allowed, all locks within mineralisation domains were estimated.

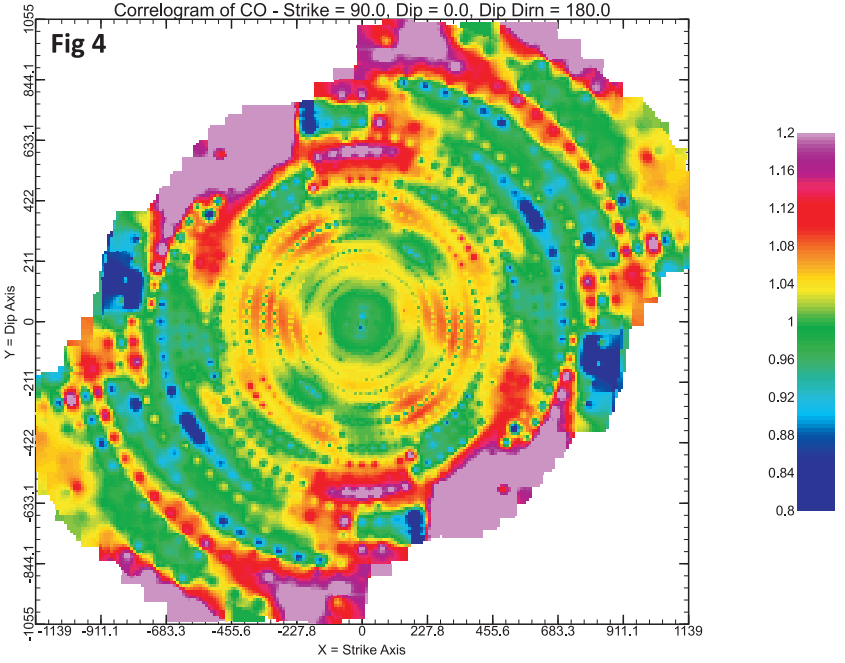
Global statistical comparisons were made between the 1m composite file and the block model to check for reproduction of the sample mean. A localised validation was also conducted by using a moving window to compare sample and block grade averages (swath plots). A check of the global smoothing effect on the kriged estimated base on the Discrete Gaussian (DG) model was also carried out.

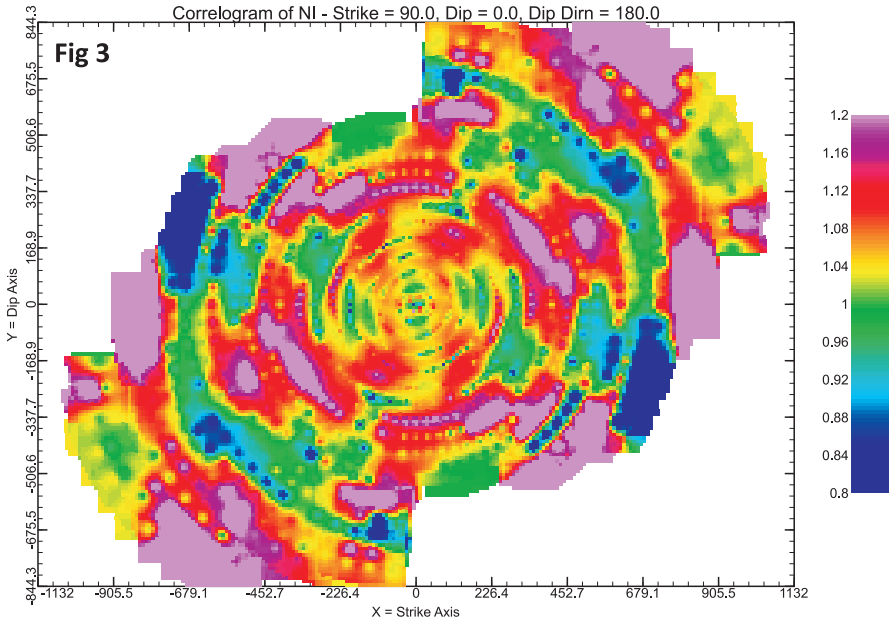
Overall, Golder considers the estimated block model to be a good representation of the drill hole data, and the kriging method of interpolation has performed as desired.

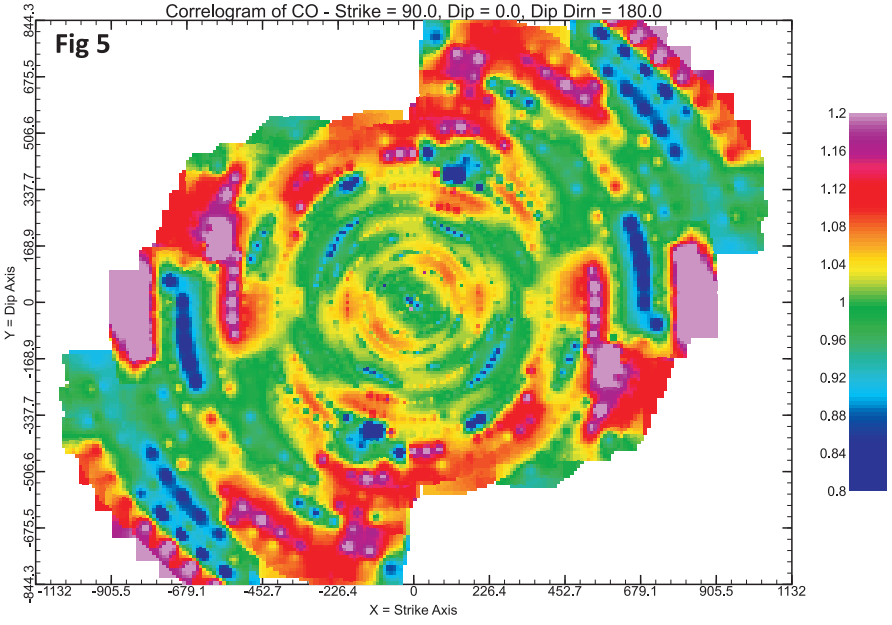
Density
No density data was available for assessment. Golder applied a global density of 2.0t/m^3 based on experience with similar deposits.

Figures 2 - 5: Variograms generated by Golder Associates for Nickel (Figures 2 & 3) and Cobalt (Figures 4 & 5)









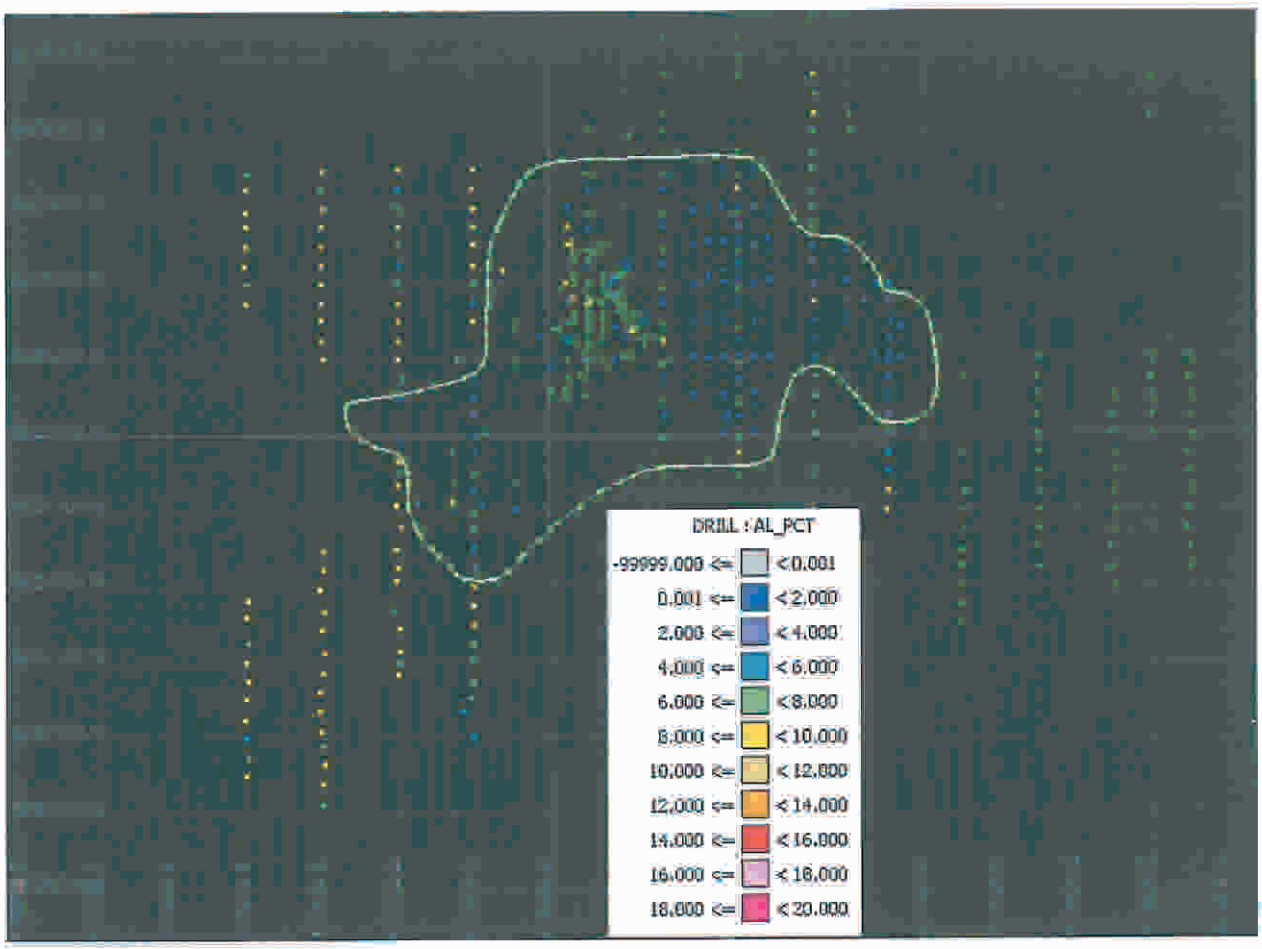


Figure 6: Grey Dam Nickel Project with drill collars shown:
Colours represent Al% and the boundary inferred as a lithological change.

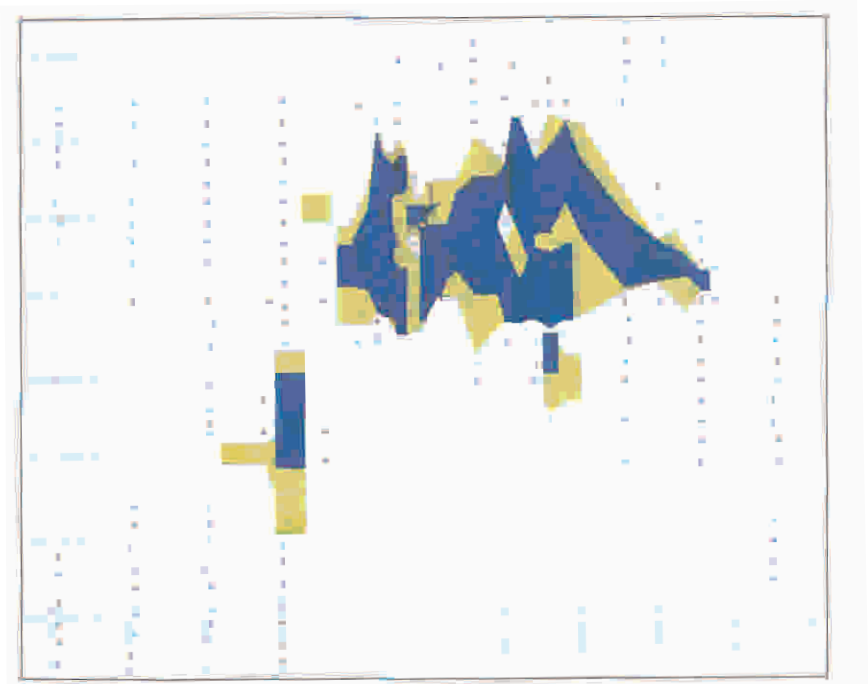


Figure 7: Grey Dam Nickel Project with drill collar locations and mineralisation wireframes:
Colours represent: YELLOW = high-Ni zone; BLUE = high-Ni-Co zone.

Mineral Resource Classification
The Mineral Resource Classification of the Grey Dam Nickel Project was based on the current drill spacing confidence in the geological interpretation/delineation of mineralisation, and the confidence in the data accuracy and precision.

Golder classifies the Grey Dam Nickel Project as an Inferred Mineral Resource.

Mineral Resource Statement
Golder reported Mineral Resources inside the High-Ni mineralisation zone, using 0.4%, 0.7% and 1.0% Ni cut-off grades.

TABLE A: Summary of Inferred Mineral Resources by Golder Associates, December 2009

Ni cut-off %	Class	Ktonnes	Ni %	Co ppm	Mg %	Al %
0.4	Inferred	14,501	0.7	456	8.75	2.15
0.7	Inferred	5,216	0.94	802	7.67	2.31
1	Inferred	1,749	1.16	1062	7.19	2.36

For further information, please contact
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The Mineral Resource Statement was prepared under the supervision of Mr Stephen Godfrey of Golder Associates Pty Ltd (Golder). Mr Godfrey is a fulltime employee of Golder and a member of the Australasian Institute of Mining and Metallurgy. Mr Godfrey has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2004.