CORAZON
MINING LIMITED

ANNUAL REPORT

for the financial year ended 30 June 2014

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Clive Jones

EXECUTIVE MANAGING DIRECTOR
Brett Smith

NON-EXECUTIVE DIRECTORS
Adrian Byass
Jonathan Downes

COMPANY SECRETARY
Robert Orr

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(Home Exchange: Perth, Western Australia)
Code: CZN

BANKERS
National Australia Bank Limited
50 St Georges Terrace
PERTH WA 6000

WEBSITE
www.corazon.com.au

CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to be able to provide Corazon Mining's ("Corazon" or "the Company") shareholders with both an overview of the Company's activities over the past year, and an outline of the current and future focus for Corazon's team. Given the recent appreciation in the price of nickel, a renewed focus has been placed on the Company's flagship asset, the Lynn Lake Nickel-Copper Sulphide Project ("Lynn Lake") in the Manitoba region of Canada, a project which represents a strong development opportunity for the Company. Furthermore, the Company's cash-position provides the Company with the opportunity to assess other new, value-enhancing exploration/mining projects.

Following the Company's withdrawal from the Top Up Rise Project ("TUR") in April this year, Corazon's strategy has been to progress its Canadian projects in a cost effective manner, principally with on-going mining/ development studies for the Lynn Lake project.

Lynn Lake continues to represent an excellent development opportunity for Corazon. The key target within the project area is the EL Deposit, historically the highest grade deposit in the region, producing 1.9Mt at 2.5% nickel and 1.15% copper. The Company's work has returned significant drill defined mineralisation from surface surrounding the historical mine highlighting its potential in the right nickel price environment. The discovery in 2010 by the Company of a high-grade sulphide breccia at depth below the EL Mine confirmed this potential and the Company's activities at Lynn Lake have remained focused on defining the EL Deposit's benefits with the plan of eventually recommencing mining operations at Lynn Lake.

In recognition of the changing focus of the Company, and in light of the current investment climate and nickel market, a corporate review was conducted and all non-essential expenditure was ceased to preserve the Company's capital.

The Company's decision to withdraw from the TUR agreement was made in consideration of the high expenditure requirements and vendor commitments which could not be justified given the high risk nature of continuing with the project.

The current downturn in the exploration/mining industry and international financial markets has provided an environment where projects are becoming more available for acquisition. Corazon is actively reviewing several new opportunities

Any future lift in the nickel price will provide considerable leverage for the Company's advancement of Lynn Lake and we look forward to continuing our development work at Lynn Lake with a view towards recommencing mining activities in the region.

I would like to take this opportunity to thank Corazon's shareholders who have been supportive of the Company's strategy of aggressive exploration whilst maintaining its key assets throughout the industry downturn in the 2013/14 financial year. We all look forward to further progressing the Company's projects and fortunes in the forthcoming year.

Sincerely,

Clive Jones
Chairman

DIRECTORS' REPORT

Your Directors present their report on Corazon Mining Limited (the "Company" or "Corazon") and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2014.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

Clive Jones	Non-Executive Chairman
Brett Smith	Executive Managing Director
Adrian Byass	Non-Executive Director
Jonathan Downes	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Company Secretary

Mr Robert Orr, CA holds the position of Company Secretary. Mr Orr is a Chartered Accountant who has acted as Chief Financial Controller and Company Secretary for a number of ASX listed companies, he has over 20 years experience in public practice and commerce. He has worked extensively in the resource industry with experience in capital markets, project development, contract negotiation and mining operations.

3. Operating Results

The consolidated loss of the Consolidated Entity after providing for income tax and eliminating inter-company interests amounted to $2,300,846 (2013: $3,515,908)

4. Principal Activities and Significant Changes in Nature of Activities

The principal activity of the Consolidated Entity during the financial year has been exploration for nickel, copper and gold and development of mining activities. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

5. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. Likely developments and expected results of operations

The Consolidated Entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

DIRECTOR'S REPORT (cont)

7. Review of Operations

Corazon Mining Limited (ASX: CZN) ("the Company" or "Corazon") is an Australian based company exploring and developing it's Lynn Lake nickel copper sulphide project in Canada.

EXPLORATION ACTIVITIES

Lynn Lake Nickel-Copper Sulphide Project, Canada

The Lynn Lake Nickel-Copper Sulphide Project ("Lynn Lake") continues to represent a significant development opportunity for Corazon. The key target within the project area is the EL Deposit, which was historically the highest grade deposit at Lynn Lake, producing 1.9Mt at 2.5% nickel and 1.15% copper.

In 2010, Corazon discovered a high-grade sulphide breccia at depth below the EL Mine, a discovery that confirmed the prospectivity of the Lynn Lake project area.

Project activities by the Company in 2013/2014 Lynn Lake have focused on furthering the definition of the EL Deposit's benefits, with the view towards recommencing a mining operation in Lynn Lake.
The EL Deposit has significant drill defined mineralisation from surface, surrounding the historical mine. This mineralisation is not included in the current interim Inferred Resource (JORC 2004), but is defined by the "Upper-Zone Exploration Target" and may be exploitable by open-pit mining methods (details of Exploration Target provided in ASX announcement dated 9th December 2011).

Project Acquisitions

The Company's attractive cash position and withdrawal from the TUR Project has provided Corazon with the opportunity to seek new, value-enhancing exploration/mining projects.

The current down-turn in the exploration/mining industry and international financial markets has provided an environment where there are numerous projects available for acquisition. Project opportunities reviewed are being ranked against Corazon's main asset, the Lynn Lake Nickel-Copper Sulphide Project in Canada.

Withdrawal from Top Up Rise Project, Australia

Corazon announced on 20 April 2014 that it would not continue with the option to acquire private company Border Exploration Pty Ltd ("Border") which owns the Top Up Rise Project ("TUR" or "the Project") in Western Australia.

The decision to withdraw from the agreement was made in consideration of:

- Continuing with the option to acquire the Project required a cash payment of $200,000 and future work commitment of $4,000,000 over next 4 years.
- Results to date do not warrant the continuation of expenditure as defined by the agreement and no variation of the agreement was reached which was compatible to both parties' requirements.

The TUR option acquired in October 2012 (ASX announcement 30 October 2012) allowed Corazon to acquire up to 75% of Border. An extension to the TUR Option Agreement date was granted to 30 April, 2014 (ASX announcement 31 March 2014).

DIRECTOR'S REPORT (cont)

Work completed by Corazon at TUR utilised both geophysical methods and direct drilling. Geophysical techniques completed over the project include magnetic, gravity, induced polarisation and versatile time domain electromagnetic (VTEM) surveys. On-ground exploration conducted by Corazon commenced in March 2013 (ASX announcement 21 March 2013) and drilling began in May 2013 (ASX announcement 27 May 2013). Cumulatively, 4,965 metres of drilling was completed (including 14 reverse circulation holes, 5 with core tails) testing priority geophysical targets.

CORPORATE ACTIVITIES

Cash

Corazon's cash position of $2,162,603 at the end of the 2013/2014 financial year was partly due to a government sponsored Research & Development ("R&D") refund of $583,804. The Company expects this will result in a further R&D grant being received in the 2014/2015 year. The refund received was a result of early work completed up to 30 June 2013 at the Top Up Rise Project ("TUR"). The majority of R&D work at TUR was completed in the subsequent period, post 1 July 2013. Relevant expenses for this period are currently being collated for submission and review.

Disposal of Subsidiary

On 14 August 2013, Graynic Metals (Guatemala) Pty Ltd a subsidiary of the Company was deregistered.

Equity-settled compensation payment

On 21 August 2013, the Company announced that it had issued 3,970,233 fully paid shares with a total valuation of $150,869 to Wallis Drilling Pty Ltd in partial payment of drilling expenditure incurred at the Company's Top-Up Rise Project.

Capital Raising

On 10 September 2013, the Company resolved to raise approximately $3 million at 2.8 cents per share pursuant to a placement. The placement was completed in two tranches, with 61,160,555 shares issued on 19 September 2013 in Tranche One and 45,982,302 shares issued on 15 October 2013 in Tranche Two.

The successful capital raising was used to fund the Company's drilling program at its Top-Up Rise Project in Western Australia, and to also fund further exploration at the Company's Canadian gold and nickel projects.

Results of General Meeting

The Company held a General Meeting on 10 October 2013. Five resolutions were put to the meeting regarding the ratification of the prior issue of shares and the approval to issue options. All resolutions put to the meeting were passed unanimously by a show of hands.

Issue of options

On 8 November 2013 the Company issued 7,500,000 share options with an exercise price of $0.10 and an expiry of 10 October 2016 to Hartley's Limited. The share options were issued in consideration of fees for the facilitation of the Company's September/October placement. The allotment had a total valuation of $138,111.

DIRECTOR'S REPORT (cont)

Results of Annual General Meeting

On 28 November 2013 the Company held its Annual General Meeting; three resolutions were put to the meeting regarding the adoption of the remuneration report, approval of the 10% placement capacity and the re-election of the Company's Chairman. All resolutions put to the meeting were passed unanimously by a show of hands.

Option expiries

The Company announced the expiry of the following share option allotments:

(i) 13 July 2013 - 2,970,000 options with an exercise price of $0.07 cents per option
(ii) 2 December 2013 - 2,000,000 options with an exercise price of $0.12 per option
(iii) 25 February 2014 - 8,500,000 options with an exercise price of $0.15 per option

8. Discussion and Analysis of Operations and the Financial Position

The net assets of the Consolidated Entity increased from $1,420,513 at 30 June 2013 to $2,065,993 at 30 June 2014.

As at 30 June 2014 the Consolidated Entity had $2,162,603 (2013: $1,796,422) cash on hand. The Consolidated Entity may require further funding during the 2015 financial year in order to meet day to day obligations as they fall due and progress its exploration projects. The Directors anticipate that future financing for exploration and mining activities will be secured in a reasonable timeframe and accordingly the directors consider it appropriate to prepare the financial statements on a going concern basis.

On 30 April 2014 the Company announced its withdrawal from the Top Up Rise Project and its decision to discontinue the option to acquire Border Exploration Pty Ltd. Subsequent to the end of year It was considered that the continuation of expenditure under the Beaucage Lake Gold option agreement was not warranted and that Corazon would withdraw from the Beaucage Lake Gold Project.

The Consolidated Entity has one main exploration project being the Lynn Lake Project. The project is presently a staged option to acquire the project. Accordingly, in the consolidated financial statements, are accounted for as an *Intangible asset.*

An intangible asset which is not ready for use is required to be tested for impairment annually. The Consolidated Entity has performed the impairment test and considered it is appropriate that the Lynn Lake Project, be impaired as at 30 June 2014. Accordingly the Consolidated Entity has recorded impairment expense of $135,840 (2013: $1,026,210).

Exploration and evaluation expenditure is capitalised as an exploration and evaluation asset on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income. The project is presently a staged option to acquire the project with no current full legal right to the project. Accordingly, the Consolidated Entity recorded exploration expense of $1,953,909 (2013: $1,232,628) in the statement of profit or loss and other comprehensive income.

The Consolidated Entity continues to ensure that administration and overhead costs are kept to a minimum through sharing office, administration and accounting costs. The Consolidated Entity continually reviews the overhead associated with fees, consultants, corporate compliance and maintaining the listed entity and seeks to keep these costs to a minimum without compromising the entities commitment to appropriate corporate governance principles.

DIRECTOR'S REPORT (cont)

The Company holds several available for sale listed shares. It is the Company's intention to realise the assets when liquidity in the shares allows. The impairment expenditure of $12,085 (2013: $382,514) reflects the drop in value of the assets during the year.

9. Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Consolidated Entity other than those disclosed in the Review of Operations.

10. After Reporting Date Events

Subsequent to the end of year it was considered that the continuation of expenditure under the Beaucage Lake Gold option agreement was not warranted and that Corazon would withdraw from the Beaucage Lake Gold Project.

Other than noted above no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

11. Future Developments, Prospects and Business Strategies

The Consolidated Entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

12. Environmental Issues

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

DIRECTOR'S REPORT (cont)

13. Information on Directors

Mr Clive Jones	—	***Non-Executive Chairman***
Qualifications	—	B App Sc (Geol)
Experience	—	Mr Jones has been involved in the minerals industry for over 25 years and has worked on the exploration and development of a range of commodities including gold, base metals, uranium, mineral sands, iron ore and industrial minerals both in Australia and overseas and has a history of corporate and technical successes. Aside from his role as Chairman of Corazon Mr Jones is currently joint managing Director of Cazaly Resources Ltd and a Director of Bannerman Resources Ltd. All of these companies are currently listed on the Australian Securities Exchange whilst Bannerman is also jointly listed on the Toronto and Namibian Stock Exchanges.
Interest in Shares and Options	—	2,453,969 fully paid ordinary shares
Directorships held in other listed entities in the last three years	—	Bannerman Resources Ltd from 12 January 2007 to present Cazaly Resources Ltd from 15 September 2003 to present Unity Mining Ltd from 10 January 2013 to present Cortona Resources Ltd from 17 March 2006 to 9th January 2013

Mr Brett Smith	—	***Executive Managing Director***
Qualifications	—	BSc Hons, MAusIMM, MAIG, MAICD
Experience	—	Mr Smith has been involved in the mining and exploration industry for over 25 years as a geologist, manager and Director of publicly listed companies. Mr Smith is currently a Director of the ASX companies Cauldron Energy Ltd, Metals of Africa Ltd and Iron Mountain Mining Limited and has acquired broad industry experience in exploration and development.
Interest in Shares and Options	—	5,806,818 fully paid ordinary shares 5,000,000 unlisted share options
Directorships held in other listed entities in the last three years	—	Cauldron Energy Ltd from June 2009 to present Metals of Africa Ltd from 1 August 2012 to present Iron Mountain Mining Limited 7 May 2014 to present Jacka Resources Ltd from July 2009 to May 2014 Blackham Resources Ltd from July 2007 to 7 June 2013 Eclipse Uranium Ltd from March 2010 to 11 November 2011

DIRECTOR'S REPORT (cont)

Mr Jonathan Downes	—	***Non-Executive Director***
Qualifications	—	B Sc Geol, MAIG
Experience	—	Mr Downes has over 15 years experience in the minerals industry and has worked in various geological and corporate capacities. Mr Downes has experience in nickel, gold and base metals and has been intimately involved with numerous private and public capital raisings. Mr Downes was a founding director of Hibernia Gold (now Moly Mines Ltd) and Siberia Mining Corporation Ltd. Mr Downes is currently Managing Director of Ironbark Zinc Ltd.
Interest in Shares and Options	—	1,653,202 fully paid ordinary shares
Directorships held in other listed entities in the last three years	—	Ironbark Zinc Ltd from 18 April 2006 to present Sabre Resources Ltd from 14 December 2007 to present Waratah Resources Ltd from 17 July 2008 to present Wolf Minerals Ltd from 20 September 2006 to 11 June 2013

Mr Adrian Byass	—	**Non-Executive Director**
Qualifications	—	B Sc Hon (Geol), B Econ, FSEG, MAIG
Experience	—	Mr Byass has over 15 years experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. Mr Byass was a founder of Siberia Mining Corporation Ltd and Hibernia Gold (now Moly Mines Ltd). Mr Byass is currently Executive Director of Ironbark Zinc Ltd Non Executive Director of Fertoz Limited and Managing Director of Plymouth Minerals Limited.
Interest in Shares and Options	—	4,029,514 fully paid Ordinary Shares
Directorships held in other listed entities in the last three years		Ironbark Zinc Ltd from 18 April 2006 to present Plymouth Minerals Limited from 17 June 2010 to present Fertoz Limited from 4 September 2013 to present Wolf Minerals Ltd from 20 September 2006 to 27 June 2013

DIRECTOR'S REPORT (cont)

14. REMUNERATION REPORT (audited)

This report details the nature and amount of remuneration for each key management person of Corazon Mining Limited.

Names and positions held of Consolidated and Parent Entity key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
Clive Jones	Non-Executive Chairman
Brett Smith	Executive Managing Director
Adrian Byass	Non-Executive Director
Jonathan Downes	Non-Executive Director
Robert Orr	Company Secretary

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Corazon Mining Limited's key management personnel, comprising the directors of the Company, for the financial year ended 30 June 2014. Disclosures required under AASB 124 *Related Party Disclosures* have been transferred from the financial report and have been audited. The additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 have not been audited.

Remuneration policy

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Consolidated Entity is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board.

- All key management personnel receive a base salary (which is based on factors such as length of service and experience) and their package may include superannuation, fringe benefits, options and performance incentives.

- The Board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors.

The Board's remuneration policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also invited to participate in employee option arrangements.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes option pricing model.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external

DIRECTOR'S REPORT (cont)

advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the Employee Incentive Scheme ('EIS').

Performance-based remuneration

The Company is an exploration entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board does not endorse the use of bonus payments for directors and senior executives at this point in time. Performance incentives will be issued in the event that the entity moves from an exploration to a producing entity, and key performance indicators such as growth and profits will be used as measurements for assessing Board performance.

Company performance, shareholder wealth and Director and Executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives by the issue of options to some directors and key executives to encourage the alignment of personal and shareholder interests.

Key terms of employment contracts

- The contracts for service between the Company and its directors are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.
- The employment contract states a three month resignation notice period. The Company may terminate an employment contract without cause by providing three months' written notice or making payment in lieu of notice based on the individual's annual salary component.

DIRECTOR'S REPORT (cont)

Names and positions held of Consolidated and Parent Entity key management personnel in office at any time during the financial year are:

Company Key Management Personnel	Position held as at 30 June 2014 and any change during the year	Contract details	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance	
			Non-Salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed salary/ Fees	Total
			%	%	%	%	%
Clive Jones	Non-Executive Chairman	No fixed term.	-	-	-	100	100
Brett Smith	Executive Managing Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100
Adrian Byass	Non-Executive Director	No fixed term.	-	-	-	100	100
Jonathan Downes	Non-Executive Director	No fixed term.	-	-	-	100	100
Robert Orr	Company Secretary	No Fixed term	-	-	-	100	100

This report details the nature and amount of remuneration for each key management person of Corazon Mining Limited, and for the executives receiving the highest remuneration.

Key Management Personnel Remuneration

Key Management Personnel	**Short Term Employee Benefits Cash and salary $**	**Post Employment Benefits Superannuation $**	**Share Based Payments Options $**	**Total $**
2014				
Clive Jones	45,840	-	-	45,840
Adrian Byass	36,666	-	-	36,666
Brett Smith	189,842	-	-	189,842
Jonathan Downes	36,666	3,392	-	40,058
	309,014	3,392	-	312,406
2013				
Clive Jones	50,007	-	-	50,007
Adrian Byass	40,000	-	-	40,000
Brett Smith	207,100	-	-	207,100
Jonathan Downes	40,000	3,600	-	43,600
	337,107	3,600	-	340,707

<u>Performance income as a proportion of total income</u>
No bonuses were paid to Executive or Non Executive Directors during the period.

DIRECTOR'S REPORT (cont)

Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including the personally related parties, is set out below:

2014	Balance 1.7.2013	Granted as Compensation	Options Exercised	Options Expired	Net Change Other	Balance 30.06.2014	Total Vested and Exercisable
Clive Jones	2,000,000	-	-	(2,000,000)	-	-	-
Brett Smith	7,000,000	-	-	(2,000,000)	-	5,000,000	5,000,000
Adrian Byass	2,000,000	-	-	(2,000,000)	-	-	-
Jonathan Downes	2,000,000	-	-	(2,000,000)	-	-	-
Robert Orr	500,000	-	-	(500,000)	-	-	-
	13,500,000	-	-	(8,500,000)	-	-	-

Share holdings

The number of shares in the company held during the financial year by each director and other member of key management personnel of the Consolidated Entity including their personally related parties, is set out below:

2014	Balance 1.7.2013	Received as Compensation	Options Exercised	Net Change Other*	Balance on Resignation / Appointment	Balance 30.6.2014
Clive Jones	2,453,969	-	-	-	-	2,453,969
Brett Smith	5,806,818	-	-	-	-	5,806,818
Adrian Byass	4,029,514	-	-	-	-	4,029,514
Jonathan Downes	1,653,202	-	-	-	-	1,653,202
	13,943,503	-	-	-	-	13,943,503

* Net Change Other refers to shares purchased or sold during the financial year.

End of Remuneration report

15. Meetings of Directors

During the financial year, 13 meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings

	Number Eligible to Attend	Number attended
Clive Jones	13	13
Brett Smith	13	13
Adrian Byass	13	13
Jonathan Downes	13	13

DIRECTOR'S REPORT (cont)

16. Indemnifying Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $7,000 (2013: $7,000) and extends to cover the following Directors and officers:-

- Clive Jones
- Brett Smith
- Jonathan Downes
- Adrian Byass
- Robert Orr

17. Options

At the date of this report, the unissued ordinary shares of Corazon Mining Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
15/12/2011	01/12/2014	$0.20	5,000,000
26/01/2013	31/01/2016	$0.03	15,000,000
23/04/2013	23/04/2016	$0.06	7,500,000
8/11/2013	10/10/2016	$0.10	7,500,000
			35,000,000

18. 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 year.

19. Non-Audit Services

The Board of Directors, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and the objectivity of the auditor; and
- the nature of the services provided to not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

DIRECTOR'S REPORT (cont)

The following fees were paid out to PKF Mack & Co Chartered Accountants for non-audit services provided during the year ended 30 June 2014:

Taxation compliance service $3,400 (2013: $3,630)

20. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 16 of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

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Brett Smith
Executive Managing Director
Dated this 22nd day of September 2014

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF CORAZON MINING LIMITED

In relation to our audit of the financial report of Corazon Mining Limited for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack and Co.

PKF MACK & CO

SHANE CROSS
PARTNER

22 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Other revenue	2	741,321	104,810
Administrative expense		(57,520)	(80,645)
Compliance and regulatory expense		(144,814)	(140,510)
Consultancy expense		(285,298)	(261,419)
Depreciation and amortisation expense	12	(6,722)	(9,161)
Directors fees		(166,634)	(223,202)
Employee benefits expense		(16,285)	3,920
Equity compensation payments	13,19	(150,869)	-
Exploration expense	13	(1,953,909)	(1,232,628)
Fair value movements on available for sale financial assets	9	82,448	(382,514)
Finance costs		(1,647)	(28,462)
Impairment of intangible asset	11	(135,840)	(1,026,210)
Insurance expense		(38,315)	(25,664)
Occupancy expense		(52,014)	(117,836)
Realised loss on sale of financial asset	9	(97,448)	(36,943)
Travel expenses		(16,592)	(59,444)
Loss for the period from continuing operations	3	(2,300,138)	(3,515,908)
<u>Discontinuing operations</u>			
Loss for the period from discontinuing operations		(708)	-
Loss for the period		(2,300,846)	(3,515,908)
Income tax expenses	4	-	-
Loss for the year		**(2,300,846)**	**(3,515,908)**
Other comprehensive income/(loss),net of income tax			
Items that may be reclassified subsequently to profit and loss			
Net changes in fair value of available for sale financial assets		-	-
Other comprehensive loss (net of tax)		-	-
Total comprehensive loss for the year		**(2,300,846)**	**(3,515,908)**
Basic and diluted loss per share for continuing and discontinuing operations (cents per share)	5	0.62	1.84

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	6	2,162,603	1,796,422
Trade and other receivables	7	29,682	82,528
Other assets	8	11,048	18,852
TOTAL CURRENT ASSETS		2,203,333	1,897,802
NON-CURRENT ASSETS			
Other assets	8	35,000	35,000
Financial assets	9	89,427	105,463
Intangible asset	11	-	-
Plant and equipment	12	27,057	33,779
Exploration and evaluation expenditure	13	-	-
TOTAL NON-CURRENT ASSETS		151,484	174,242
TOTAL ASSETS		2,354,817	2,072,044
CURRENT LIABILITIES			
Trade and other payables	14	288,824	651,531
TOTAL CURRENT LIABILITIES		288,824	651,531
TOTAL LIABILITIES		288,824	651,531
NET ASSETS		2,065,993	1,420,513
EQUITY			
Issued capital	15	26,539,318	23,731,103
Reserves	16	999,696	1,610,975
Accumulated losses		(25,473,021)	(23,921,565)
TOTAL EQUITY		2,065,993	1,420,513

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Issued Capital	Option Reserve	Share Based Payments Reserve	Contingent Reserves	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2012	20,756,081	240,339	999,390	303,750	(20,745,996)	1,553,564
Loss for the year	-	-	-	-	(3,515,908)	(3,515,908)
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	(3,515,908)	(3,515,908)
Transactions with owners, recorded directly in equity						
Issue of share capital	3,386,897	-	-	-	-	3,386,897
Transaction costs on share issue	(411,875)	-	-	-	-	(411,875)
Lapse of options on expiry	-	(240,339)	(100,000)	-	340,339	-
Share based payment	-	-	407,835	-	-	407,835
Total transactions with owners	2,975,022	(240,339)	307,835	-	340,339	3,382,857
Balance at 30 June 2013	**23,731,103**	**-**	**1,307,225**	**303,750**	**(23,921,565)**	**1,420,513**
Loss for the year	-	-	-	-	(2,300,846)	(2,300,846)
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	(2,300,846)	(2,300,846)
Transactions with owners, recorded directly in equity						
Issue of share capital	3,000,000	-	-	-	-	3,000,000
Transaction costs on share issue	(342,654)	-	-	-	-	(342,654)
Lapse of options on expiry	-	-	(749,390)	-	749,390	-
Share based payment	150,869	-	138,111	-	-	288,980
Total transactions with owners	2,808,215	-	(611,279)	-	749,390-	2,946,326
Balance at 30 June 2014	**26,539,318**	**-**	**695,946**	**303,750**	**(25,473,021)**	**2,065,993**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(660,584)	(957,326)
Exploration grants		693,804	72,851
Other income		-	202,953
Interest received		51,292	38,095
Payments for exploration and evaluation		(2,592,575)	(736,709)
Net cash used in operating activities	20	(2,508,063)	(1,380,136)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of shares		948	9,034
Payment for exploration prospects		-	(395,570)
Proceeds of loan from unrelated party		77,839	-
Net cash generated from/(used in) investing activities		78,787	(386,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,000,000	3,000,397
Payments for costs of issue of shares		(204,543)	(248,179)
Net cash generated from financing activities		2,795,457	2,752,218
Net increase in cash and cash equivalents held		366,181	985,546
Cash and cash equivalents at beginning of financial year	6	1,796,422	810,876
Cash and cash equivalents at end of financial year	6	2,162,603	1,796,422

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Corazon Mining Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of Directors on 22 September 2014. The Directors have the power to amend and reissue the financial statements.

This financial report includes the consolidated financial statements and notes of Corazon Mining Limited ('the Company') and controlled entities ('Consolidated Entity' or 'Group').

Corazon Mining Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 10 Consolidated Financial Statements
The Consolidated Entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Consolidated Entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The Consolidated Entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

AASB 12 Disclosure of Interests in Other Entities

The Consolidated Entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Consolidated Entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The Consolidated Entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) issued by the Australian Accounting Standard Board (AASB) and the *Corporations Act 2001* as appropriate for for-profit oriented entities. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations as issued by the International Accounting Standards Board (IASB).

Basis of Measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) *Share based payment transactions*

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model. Refer to note 19 for further details.

(ii) *Impairment of exploration and evaluation assets and investments in and loans to subsidiaries*

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

– Recent exploration and evaluation results and resource estimates;
– Environmental issues that may impact on the underlying tenements;
– Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities. Refer to note 13 for further details.

(iii) *Income tax expenses*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to note 4 for further details.

(iv) *Classification of investments*

The Group has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the revaluation reserves, unless they are impaired, of which any accumulated losses are reclassified to the statement of comprehensive income for the current year. Refer to note 9 for further details.

(v) *Intangible assets*

As the ownership in Lynn Lake, Beaucage Lake Gold and Top Up Rise are options to acquire and considered to be intangible assets, exploration and evaluation expenditure has been expensed in the statement of comprehensive income until such time that the Company converts its option to an ownership interest. Refer to note 11 for further details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Corazon Mining Limited as at 30 June 2014 and the results of all controlled entities for the year then ended. Plymouth and its controlled entities together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year.

A list of controlled entities is contained in Note 10 to the financial statements.

c. Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.
Where the business combination is achieved in stages, the Consolidated Entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

d. Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit and loss and other comprehensive income.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Where applicable, such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

e. Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised either in the statement of profit or loss and other comprehensive income or revaluation reserves in the period in which the impairment arises.

(ii) Exploration and Evaluation Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

(iii) Non-financial Assets other than Exploration and Evaluation Assets

The carrying amounts of the Consolidated Entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

longer exits. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

f. Income Tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 either accounting profit or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

Corazon Mining Limited and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

g. 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.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

h. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	30-40%
Office furniture and equipment	18%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

i. Financial Instruments

The Consolidated Entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

(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. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

Purchases and sales of investments are recognised on trade-date being the date on which the Consolidated Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale investments revaluation reserve are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Consolidated Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The Consolidated Entity assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income.

j. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

k. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

– assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
– income and expenses are translated at average exchange rates for the period; and
– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

l. Employee Benefits

a. *Wages, salaries and annual leave*
Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

b. *Employee benefits payable later than one year*
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.

c. *Superannuation*
Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

d. *Employee benefit on costs*
Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

e. *Equity settled compensation*
The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

m. 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 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

n. Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured.

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive a dividend has been established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

o. 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 Australian 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 statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

q. Earnings per share (EPS)

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

r. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

s. Investments

Interests in listed and unlisted securities are initially brought to account at cost.

Controlled entities are accounted for in the consolidated financial statements as set out in note 1(b).

Other securities are included at fair value at reporting date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (i) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (i) (iii) available for sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

t. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

u. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

v. Going Concern basis

These financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As at 30 June 2014 the Group had net assets of $2,065,993 (2013: $1,420,513) and $2,162,603 (2013: $1,796,422) in cash and cash equivalents. The Group recorded a loss of $2,300,846 (2013: $3,515,908) and had a net working capital surplus of $1,914,509 (2013: $1,246,271).

The ability of the Company to continue to pay its debts as and when they fall due is dependent on the Company successfully raising additional share capital and ultimately developing its mineral properties.

The directors believe it is appropriate to prepare these financial statements on a going concern basis because:

- The directors have appropriate plans to raise additional funds as and when required. In light of the Company's current exploration projects, the directors believe that the additional capital can be raised in the market; and
- The directors have an appropriate plan to contain certain operating and exploration expenditure if required funding is not available.

These financial statements have been prepared on the basis that the Company can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

w. Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

x. New standards and interpretations not yet adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Consolidated Entity but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

Reference	Title	Application date of standard	Issue Date
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	June 2012
AASB 2013-3	Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets	1 January 2014	June 2013
AASB 2013-4	Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting	1 January 2014	July 2013
AASB 2013-5	Amendments to Australian Accounting Standards – Investment entities	1 January 2014	August 2013
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Part A - 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part A - 1 July 2014 Part B - 1 July 2014 Part C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	June 2014
AASB 1031	Materiality (Revised)	1 January 2014	December 2013
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
Interpretation 21	Levies	1 January 2014	May 2013
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	May 2014
IFRS 15	Revenues from Contracts with Customers	1 January 2017	May 2014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

	2014 $	2013 $
2. OTHER REVENUE		
Operating activities		
Interest received	47,517	31,959
Exploration and Research and Development grants	693,804	72,851
Total Other Revenue	741,321	104,810

	2014 $	2013 $
3. LOSS FOR THE YEAR		
Losses for the year are arrived at after charging the following:		
Impairment of intangible asset	135,840	1,026,210
Equity-settled compensation payment	150,869	-
Exploration expenses	1,953,909	1,232,628
Fair value movements on available-for-sale financial assets	(82,448)	382,514
Superannuation expenses	3,392	4,032
Employee benefit expense (excluding superannuation)	12,893	(7,952)

	2014 $	2013 $
4. INCOME TAX EXPENSE		
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2013: 30%)	(690,254)	(1,054,772)
Add:		
Tax effect of:		
-Accrued income	1,132	1,841
-Other non-allowable items	2,125	1,345
-Impairment of investments	16,018	422,617
-Exploration and evaluation expenditure	42,309	159,004
-Capital losses realised	29,234	11,083
-Foreign tax losses not recognised	236	73,397
-Property, plant and equipment	1,659	2,174
-Revenue losses not recognised	801,141	402,520
	893,854	1,073,981

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

4. INCOME TAX EXPENSE (Cont)

	2014 $	2013 $
Less:		
Tax effect of:		
Unrealised foreign exchange	33	-
R&D tax incentive	175,141	-
-Capital raising costs	27,675	15,403
-Provisions and accruals	751	3,806
	203,600	19,209
Income tax expense/(benefit)	-	-
The applicable average weighted tax rates are as follows:	0%	0%

c. The following deferred tax balances have not been recognised:
Deferred Tax Assets at 30% :

	2014 $	2013 $
Carry forward revenue losses	3,897,359	3,115,868
Foreign tax losses	1,834,689	1,834,618
Impairment of investments	2,411,369	2,441,957
Capital raising costs	93,763	60,076
Capital losses	40,615	11,381
Provisions and accruals	4,560	5,311
	8,282,355	7,469,211

The tax benefits of the above Deferred Tax Assets will only be obtained if:
The Company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and
The Company continues to comply with the conditions for deductibility conditions imposed by the law; and
No change in income tax legislation adversely affects the Company in utilising the benefits.

Deferred tax liabilities at 30% :	2014 $	2013 $
Exploration and evaluation expenditure	-	-
Property, plant and equipment	7,759	8,652
Accrued income	374	1,506
	8,133	10,158

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Assets have not been recognised.

5. LOSS PER SHARE

		2014 $	2013 $
a.	Loss from continuing operations used in the calculation of basic and diluted EPS	(2,300,138)	(3,515,908)
	Loss from discontinuing operations used in the calculation of basic and diluted EPS	(708)	-
	Total loss from continuing and discontinuing operations used in the calculation of basic and diluted EPS	(2,300,846)	(3,515,908)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating the basic and dilutive EPS	373,953,108	191,139,943

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

There are 35,000,000 share options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the years presented.

6. CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and in hand	662,603	296,422
Short-term bank deposits	1,500,000	1,500,000
	2,162,603	1,796,422

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	2,162,603	1,796,422

The effective interest rate on short-term deposits was 3.46% (2013: 3.15%); these deposits have an average maturity of 30 days.

7. TRADE AND OTHER RECEIVABLES

CURRENT		
GST receivable	28,436	74,781
Interest receivable	1,246	5,021
Other receivables	-	2,726
	29,682	82,528

Refer to note 23 Financial Instruments for further details.

8. OTHER ASSETS

CURRENT		
Prepayments	11,048	18,852
	11,048	18,852
NON-CURRENT		
Term deposit for credit card	35,000	35,000
	35,000	35,000

The effective interest rate on the credit card term deposit was 3.80% (2013:4.65%). This term deposit has a maturity of a year.

Refer to note 23 Financial Instruments for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

9. FINANCIAL ASSETS

	2014 $	2013 $
NON-CURRENT		
Available-for-sale financial assets	89,427	105,463
	89,427	105,463

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2014 $	2013 $
Opening fair value	105,463	534,490
Additions	-	3
Disposals	(3,951)	(46,516)
Revaluation increments/(decrements)	(12,085)	(382,514)
Closing fair value	89,427	105,463

Available-for-sale financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

The Consolidated Entity's exposure to credit, market and liquidity risk related to financial assets is disclosed in Note 23.

10. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)* 2014	2013
Subsidiaries of Corazon Mining Ltd:			
Graynic Metals (Guatemala) Pty Ltd (a)	Australia	-	100
Resource Investment Group Pty Ltd	Australia	100	100
Manitoba Nickel Pty Ltd	Australia	100	100
Manitoba Nickel Inc	Canada	100	100
Top Up Rise Pty Ltd (b)	Australia	-	100

** Percentage of voting power is in proportion to ownership*

a) On 14 August 2013 Graynic Metals (Guatemala) Pty Ltd was de-registered.
b) On 30 April 2014 the Company announced its withdrawal from the Top Up Rise Project.

11. INTANGIBLE ASSET

	2014 $	2013 $
Balance at the beginning of the period	-	-
Option payments	135,840	1,026,210
Impairment of intangible asset	(135,840)	(1,026,210)
Balance at the end of the period	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

LYNN LAKE PROJECT

In July 2010, the Consolidated Entity has entered into an option agreement to acquire a 100% interest in the Lynn Lake nickel copper sulphide project (Project) in Manitoba Canada, held by Manitoba Nickel Pty Ltd (Manitoba).

The only asset of the acquired subsidiary is an option to acquire an exploration tenement. The acquisition is in substance an acquisition of an option to a project. Accordingly, in the consolidated financial statements, such transaction is accounted for in accordance with AASB138, *Intangible assets.*

The Consolidated Entity has spent approximately $6.3 million on exploration and evaluation at the Lynn Lake Project. On 9 August 2012, the Consolidated Entity renegotiated the terms of its option to acquire the project. The renegotiated option agreement extended the option period from 20 October 2012 to 20 October 2015 and acknowledges that the existing earn in obligation has been satisfied, refer note 17 for details.

BEAUCAGE LAKE GOLD PROJECT

In September 2012, the Consolidated Entity entered into an option agreement to acquire a 100% interest in the Beaucage Lake Gold (Project) in Manitoba Canada, which will be held in the Consolidated Entity's subsidiary Manitoba Nickel Pty Ltd (Manitoba) which also holds the Lynn Lake Project.

The acquisition is in substance an acquisition of an option to a project. Accordingly, in the consolidated financial statements, such transaction is accounted for in accordance with AASB138, *Intangible assets.*

Subsequent to the end of year it was considered that the continuation of expenditure under the Beaucage Lake Gold option agreement was not warranted and that Corazon would withdraw from the Beaucage Lake Gold Project.

BORDER EXPLORATION PTY LTD - TOP UP RISE PROJECT

In January 2013, a General Meeting of Shareholders approved a staged acquisition of up to 75% of Border Exploration Pty Ltd, the owners of the Top Up Rise Project. Pursuant to stage one of the acquisition being 10% of Border Exploration Pty Ltd the Consolidated Entity formed a new subsidiary Top Up Rise Pty Ltd to hold this investment and the option to acquire the remaining 65% of Border Exploration Pty Ltd.

The initial acquisition which took place in January 2013 acquiring 10% of Border Exploration (with an option to acquire a further 65%) was in substance an acquisition of an option to a project. Accordingly, in the consolidated financial statements, the transaction was accounted for in accordance with AASB138, *Intangible assets.*

On 30 April 2014 the Company announced its decision to discontinue with the option to purchase the remaining 65% interest in Border Exploration Pty Ltd and withdraw from the Top Up Rise Project.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

12. PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment:		
At cost	127,405	127,405
Accumulated depreciation	(100,938)	(94,345)
	26,467	33,060
Office furniture and equipment		
At cost	2,713	2,713
Accumulated depreciation	(2,123)	(1,994)
	590	719
Total Plant and Equipment	27,057	33,779

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Reconciliation	Plant and Equipment $	Office Furniture and Equipment $	Total $
Balance at 1 July 2012	42,064	876	42,940
Additions	-	-	-
Depreciation expense	(9,004)	(157)	(9,161)
Balance at 30 June 2013	33,060	719	33,779
Additions	-	-	-
Depreciation expense	(6,593)	(129)	(6,722)
Balance at 30 June 2014	26,467	590	27,057

13. EXPLORATION AND EVALUATION EXPENDITURE

	2014 $	2013 $
NON-CURRENT		
Exploration expenditure capitalised		
— exploration and evaluation phases	-	-
Accumulated impairment losses	-	-
Total exploration expenditure	-	-
Movement in carrying value:		
Brought forward	-	-
Exploration expenditure capitalised during the year	2,104,778	1,232,628
Impairment of exploration expenditure	(2,104,778)	(1,232,628)
At reporting date	-	-

The value of the exploration expenditure is dependent upon:

– The continuance of the rights to tenure of the areas of interest;
– The results of future exploration; and
– The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

14. TRADE AND OTHER PAYABLES

	2014 $	2013 $
CURRENT		
Trade payables	176,996	133,331
Sundry payables and accrued expenses	111,828	518,200
	288,824	651,531

Refer to note 23 Financial Instruments for further details.

15. ISSUED CAPITAL

	2014 $	2013 $
401,636,203 (2013: 290,523,113) fully paid ordinary shares	28,343,928	25,193,059
Less: Capital raising costs	(1,804,610)	(1,461,956)
	26,539,318	23,731,103

a. Ordinary shares

	2014 No.	2013 No.
At the beginning of reporting period	290,523,113	137,891,415
Shares issued during the year		
— Placements (i)	107,142,857	136,381,698
— Share based payment for drilling services (ii)	3,970,233	-
— Consideration for acquisition	-	16,250,000
At reporting date	401,636,203	290,523,113

	2014 $	2013 $
At the beginning of reporting period	23,731,103	20,756,081
Shares issued during the year		
- Placements (i)	3,000,000	3,000,397
- Share based payment for drilling services (ii)	150,869	-
- Consideration for acquisition	-	386,500
Less: capital raising costs	(342,654)	(411,875)
At reporting date	26,539,318	23,731,103

(i) On 10 September 2013, the Company resolved to raise approximately $3 million at 2.8 cents per share pursuant to a placement. The placement was completed in two tranches, with 61,160,555 shares issued on 19 September 2013 in Tranche One and 45,982,302 shares issued on 15 October 2013 in Tranche Two.

(ii) On 21 September 2013, the Company issued 3,970,233 fully paid shares with a total valuation of $150,869 to Wallis Drilling Pty Ltd in partial payment of drilling expenditure incurred at the Company's Top-Up Rise Project.

a. Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. These fully paid ordinary where have no par value. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

For information relating to the Corazon Mining Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 19 Share-based Payments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

c. **Capital Management**

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital to the Group. At reporting date the Group has no external borrowings. The Directors are confident that the Company will raise capital through the issue of additional shares when and as required. The Group is not subject to any externally imposed capital requirements.

16. RESERVES

2014	**Option reserve $**	**Share based payment reserve $**	**Contingent reserve $**	**Total**
Reserves at beginning of financial period	-	1,307,225	303,750	1,610,975
Options issued to consultants	-	138,111	-	138,111
Lapse of options on expiry		(749,390)	-	(749,390)
Reserves at end of financial period	-	695,946	303,750	999,696

2013	**Option reserve $**	**Share based payment reserve $**	**Contingent reserve $**	**Total**
Reserves at beginning of financial period	240,339	999,390	303,750	1,543,479
Options issued to consultants	-	163,695	-	163,695
Options issued to vendor		244,140		244,140
Lapse of options on expiry	(240,339)	(100,000)	-	(340,339)
Reserves at end of financial period	-	1,307,225	303,750	1,610,975

a) The option reserve records the grant of share options issued under an entitlement issue prospectus.
b) The share based payment reserve records items recognised as expenses on valuation of employee share and consultants' options.
c) The contingent reserve is used to record the contingent consideration that relates to the issue of a further 4,500,000 shares in Corazon on the completion of acquisition of the title to the Lynn Lake Project in accordance with the terms of the Lynn Lake option agreement

17. CAPITAL COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various Governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation.

<u>LYNN LAKE</u>
On 13 July 2010, the Company acquired a subsidiary entity Manitoba Nickel Pty Ltd which holds an option to acquire a 100% interest in the Lynn Lake project for approximately CAD$3 million in expenditure over 3 years, followed by a CAD$2 million vendor payment.

On 9 August 2012, the Company renegotiated the terms of its option to acquire 100% equity in project. The option to acquire the project has been extended from 20 October 2012 to 20 October

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

2015. The Company has to make a payment of CAD$100,000 per annum for each annual extension. The cash consideration has been reduced from CAD$2 million to CAD$1 million, plus CAD$750,000 deferred consideration to be paid on the earliest of either:

- Defining a JORC compliant resource greater than 30,000 tonnes of nickel metal;
- Completion of a positive feasibility study; or
- The commencement of commercial mining.

Payments to the owner for the extension of the option was CAD$3,000 in cash and one million Corazon shares. The owner of the Lynn Lake Project has also provided additional mineral claims to the project area to be acquired by Corazon

As at 30 June 2014, the Company has spent approximately $6.3 million on exploration and evaluation at the Lynn Lake Project. The renegotiated option agreement acknowledges that the existing earn in obligation has been satisfied. The Company has the discretion to exercise the option to acquire Lynn Lake project on or before 21 October 2015.

	2014 $	2013 $
Payable:		
— Not longer than one year	99,280	103,870
— Longer than one year and not longer than 5 year	1,737,400	1,921,595
Total	1,836,680	2,035,965

Subject to Manitoba Co. subsequently completing the acquisition of title to the Lynn Lake Project in accordance with the terms of the Lynn Lake Project Option Agreement, the Company will allot and issue to the original shareholders of Manitoba Nickel a further 4,500,000 Shares.

18. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Canada. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Consolidated Entity has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and Canada. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

	Canada $	Australia $	Unallocated $	Total $
30 June 2014				
Revenue	-	693,804	47,517	741,321
Total segment revenue	-	693,804	47,517	741,321

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

	Canada $	Australia $	Unallocated $	Total $
Segment net operating loss after tax	(276,869)	(1,264,995)	(758,982)	(2,300,846)
Interest revenue	-	-	47,517	47,517
Depreciation	(3,325)	-	(3,397)	(6,722)
Segment assets	7,561	-	2,347,256	2,354,817
Segment liabilities	(6,346)		(282,478)	(288,824)

	Canada $	Australia $	Unallocated $	Total $
30 June 2013				
Revenue	72,851	-	31,959	104,810
Total segment revenue	72,851	-	31,959	104,810
Segment net operating loss after tax	(386,530)	(1,803,368)	(1,326,010)	(3,515,908)
Interest revenue	-	-	31,959	31,959
Depreciation	(3,911)	-	(5,250)	(9,161)
Segment assets	10,829	-	2,061,215	2,072,044
Segment liabilities	(2,228)	(569,727)	(79,576)	(651,531)

Segment analysis by geographical region

	Non-current assets	
	2014	2013
Canada	-	-
Australia	151,484	174,242
	151,484	174,242

19. SHARE BASED PAYMENTS

SHARE OPTIONS ISSUED

Options are issued to key management personnel as part of their compensation under the Company's Employee Share Option Plan. The options issued may be subject to performance criteria and are issued to key management personnel of Corazon Mining Limited to increase goal congruence between key management personnel and shareholders.

Number and weighted average exercise prices of share options

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued under Share Based Payment Scheme during the year:

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

	2014 Number of Options	2014 Weighted Average Exercise Price $	2013 Number of Options	2013 Weighted Average Exercise Price $
Issue to Key Management Personnel				
Outstanding at the beginning of the year	10,500,000	0.14	10,500,000	0.14
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	(10,500,000)	0.14	-	-
Outstanding at year-end	-	-	10,500,000	0.14
Exercisable at year-end	-	-	10,500,000	0.14
Issue to vendors				
Outstanding at the beginning of the year	17,970,000	0.04	7,970,000	0.15
Granted	-	-	15,000,000	0.03
Exercised	-	-	-	-
Expired	(2,970,000)	0.07	(5,000,000)	0.02
Outstanding at year-end	15,000,000	0.03	17,970,000	0.04
Exercisable at year-end	15,000,000	0.03	17,970,000	0.04
Issue to consultant				
Outstanding at the beginning of the year	12,500,000	0.12	5,000,000	0.20
Granted	7,500,000	0.10	7,500,000	0.06
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	20,000,000	0.11	12,500,000	0.12
Exercisable at year-end	20,000,000	0.11	12,500,000	0.12

No compensation options were exercised or forfeited during the year ended 30 June 2014.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Options series		Number	Grant date	Expiry date	Exercise Price $	Fair value at grant date $
i)	Acquisition of Manitoba	2,970,000	07/07/2010	13/07/2013	0.07	0.042
ii)	Key management personnel	2,000,000	16/12/2010	30/11/2013	0.12	0.079
iii)	Key management personnel	8,500,000	04/03/2011	25/02/2014	0.15	0.055
iv)	Consultant	5,000,000	15/12/2011	01/12/2014	0.20	0.030
v)	Acquisition of Border Exp	15,000,000	26/1/2013	31/1/2016	0.033	0.016
vi)	Consultants	7,500,000	23/4/2013	23/4/2016	0.06	0.022
vii)	Consultants	7,500,000	8/11/2013	10/10/016	0.10	0.018

Inputs into the model	Series (i)	Series (ii)	Series (iii)	Series (iv)
Grant date share price	$0.065	$ 0.12	$ 0.115	$ 0.10
Exercise price	$0.07	$ 0.12	$ 0.145	$ 0.20
Expected volatility	105%	105%	100%	100%
Option life	3 years	3 years	3 years	3 years
Risk-free interest rate	4.45%	5.27%	5.16%	3.13%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

Inputs into the model	Series (v)	Series (vi)	Series (vii)
Grant date share price	$0.024	$0.031	$0.02
Exercise price	0.033	$0.06	$0.10
Expected volatility	123%	140%	242%
Option life	3 years	3 years	3 years
Risk-free interest rate	2.7%	2.66%	2.905%

The options outstanding at 30 June 2014 had a weighted average exercise price of $0.08 (2013: $0.09) and a weighted average remaining contractual life of 1.62 years (2013: 1.88 years). The options were valued using a Black and Scholes option pricing model.

ORDINARY SHARES ISSUED

On 21 August 2013, the Company announced that it had issued an equity-settled compensation payment of 3,970,233 fully paid shares to Wallis Drilling Pty Ltd in partial payment of drilling expenditure incurred at the Company's Top-Up Rise Project. The payment had a total value of $150,869, equivalent to 3.8 cents per share issued.

20. CASH FLOW INFORMATION

	2014 $	2013 $
Reconciliation of Cash Flow from Operations with Net Loss		
Loss after income tax	(2,300,846)	(3,515,908)
Non-cash flows in profit		
Depreciation	6,722	9,161
Impairment of available-for-sale financial assets	(82,448)	382,514
Loss on disposal of subsidiary	708	-
Realised loss on disposal of financial asset	97,536	37,480
Equity-settled compensation payment	150,869	-
Impairment of intangible asset	135,840	1,026,210
Write down of receivables	-	2,486
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease in receivables and prepayments	59,977	176,853
Increase/(decrease) in trade and other payables	(576,421)	516,457
Decrease in provisions	-	(15,389)
Cashflow from operations	(2,508,063)	(1,380,136)

Please refer to Note 19 Share based payments for information relating to non-cash investing and finance activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

21. KEY MANAGEMENT PERSONNEL COMPENSATION

The names of Directors and officers in office at any time during or since the end of the year are:

Clive Jones	Non-Executive Chairman
Brett Smith	Executive Managing Director
Adrian Byass	Non-Executive Director
Jonathan Downes	Non-Executive Director
Robert Orr	Company Secretary

Key management personnel compensation

	2014 $	2013 $
The key management personnel compensation comprised:		
Short term employment benefits	309,014	337,107
Post-employment benefits	3,392	3,600
Share based payments	-	-
	312,406	340,707

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

22. AUDITORS' REMUNERATION

During the financial year the following fees were paid or payable for services provided by PKF Mack & Co, the auditor of the Group:

Audit or review of financial statements	31,015	54,300
Preparation of tax return	3,400	3,630
Total remuneration	34,415	57,930

23. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks, local money market instruments, equity investments, accounts receivable and payable.

i. 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 Consolidated Entity defines as net operating income divided by total shareholders' equity.

ii. Treasury Risk Management

The Board of Directors meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Consolidated Entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

23. FINANCIAL RISK MANAGEMENT

iii. Financial Risk Exposures and Management

The main risks the Consolidated Entity is exposed to through its financial instruments are liquidity risk, market risk, credit risk and price risk.

(a) *Liquidity risk*

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity'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 Consolidated Entity's reputation.

The Consolidated Entity currently does not have major funding in place. However, the Consolidated Entity continuously monitors forecasts and actual cash flows and the maturity profiles of financial assets and liabilities to manage its liquidity risk. Surplus funds are generally only invested in short term bank deposits.

Typically the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Directors are confident that the Company will raise capital through the issue of additional shares when and as required.

The decision on how the Consolidated Entity will raise future capital will depend on market conditions existing at that time.

(b) *Market Risk*

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(c) *Credit risk*

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents, other receivables and available-for-sale financial assets. Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. The Consolidated Entity has adopted the policy of only dealing with credit worthy counterparties.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Consolidated Entity.

(d) *Equity Price risk*

The Group is exposed to equity securities price risk from investments held that are classified on the statement of financial position as available for sale. Material investments are managed on an individual basis and all buy and sell decisions are approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

The Consolidated Entity holds the following financial instruments:

	2014 $	2013 $
Financial Assets:		
Cash and cash equivalents	2,162,603	1,796,422
Receivables	29,682	82,528
Other assets	35,000	35,000
Investments	89,427	105,463
Total Financial Assets	2,316,712	2,019,413
Financial Liabilities:		
Trade and sundry payables	288,824	651,531
Total Financial Liabilities	288,824	651,531

Trade and sundry payables are expected to be paid as followed:

	2014 $	2013 $
Less than 1 month	288,824	651,531
Greater than 1 year	-	-
	288,824	651,531

iv. Fair value of financial instruments

The following tables details the Group's fair values of financial instruments categorized by the following level:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for asset or liability that are not based on observable market data (Unobservable inputs)

2014	Level 1	Level 2	Level 3	Total
Assets	$	$	$	$
Ordinary shares	89,427	-	-	89,427
Total assets	89,427	-	-	89,427

2013	Level 1	Level 2	Level 3	Total
Assets	$	$	$	$
Ordinary shares	105,463	-	-	105,463
Total assets	105,463	-	-	105,463

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

v. Fair value of receivables

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

vi. Sensitivity Analysis

Interest Rate Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

Monetary items exposed to interest rate fluctuations at reporting date	2014 $	2013 $
Cash and cash equivalents	2,162,603	1,796,422
Other assets	35,000	35,000
	2,197,603	1,831,422

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014	2013
Change in loss		
Increase in interest rate by 1% (100 basis points)	15,383	12,820
Decrease in interest rate by 1% (100 basis points)	(15,383)	(12,820)
Change in equity		
Increase in interest rate by 1% (100 basis points)	15,383	12,820
Decrease in interest rate by 1% (100 basis points)	(15,383)	(12,820)

Price Risk Sensitivity Analysis

The majority of the Group's investments are publicly traded and are included in the ASX. The table below summarises the impact of increases/decreases of this index on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that equity indexes had increased/decreased by 10% (2013: 10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2014 $000	2013 $000
Change in profit		
Increase in All Ordinaries Index by 10%	6,260	7,382
Decrease in All Ordinaries Index by 10%	(6,260)	(7,382)
Change in equity		
Increase in All Ordinaries Index 10%	6,260	7,382
Decrease in All Ordinaries Index by 10%	(6,260)	(7,382)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

24. RELATED PARTY DISCLOSURES

i. The ultimate parent entity in the Group is Corazon Mining Limited.
ii. No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year.
iii. There were no loans to key management personnel at the end of the year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Wholly owned group transactions/balances

The following intercompany loans were in existence at reporting date:

Loans provided from Parent entity	
Manitoba Nickel Inc	$6,572,326
Top Up Rise Pty Ltd	$855,160
Resource Investment Group Pty Ltd	$994

All intercompany loans have been fully impaired at reporting date, with the exception being Manitoba Nickel Inc which has a $6,564,460 impairment recorded against its loan.

25. CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity is unaware of any contingent assets or liabilities that that may have a material impact on the Company's financial position.

26. EVENTS AFTER THE REPORTING DATE

Subsequent to the end of year it was considered that the continuation of expenditure under the Beaucage Lake Gold option agreement was not warranted and that Corazon would withdraw from the Beaucage Lake Gold Project.

Other than noted above no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

27. DIVIDENDS

There were no dividends paid or declared during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (cont)

28. PARENT ENTITY DISCLOSURES

	2014 $	2013 $
Financial position		
Assets		
Current assets	2,195,463	1,889,334
Non-current assets	159,351	174,243
Total assets	2,354,814	2,063,577
Liabilities		
Current liabilities	282,478	651,531
Non-current liabilities	-	-
Total liabilities	282,478	651,531
Net assets	2,072,336	1,412,046
Equity		
Issued capital	26,539,318	23,731,103
Option reserves	695,946	1,307,225
Contingent reserves	303,750	303,750
Accumulated losses	(25,466,678)	(23,930,032)
Total equity	2,072,336	1,412,046
Financial performance		
Profit/(loss) for the year	(2,286,036)	(3,297,390)
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	(2,286,036)	(3,297,390)

29. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 1
350 Hay Street
SUBIACO WA 6008

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company and Consolidated Group; and
    c. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:
    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with the Accounting Standards;
    c. the financial statements and notes for the financial year give a true and fair view; and
    d. any other matters that are prescribed by regulations for the purposes of Section 295A(2) in relation to the financial statements and notes for the financial year are satisfied.

3. 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.

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

____

Brett Smith
Executive Managing Director

Dated this 22nd day of September 2014

PKF Mack & Co

Chartered Accountants & Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CORAZON MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Corazon Mining Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Corazon Mining Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

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PO Box 609 | West Perth | Western Australia 6872 | Australia

PKF MACK & CO

Chartered Accountants & Business Advisers

Independence

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

Opinion

In our opinion:

(a) the financial report of Corazon Mining Limited is in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Corazon Mining Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

PKF Mack and Co.

PKF MACK & CO

SHANE CROSS
PARTNER

22 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Ordinary share capital
401,636,203 fully paid shares are held by 1,725 individual shareholders.
There were no shareholdings held in less than marketable parcels.
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options
35,000,000 unquoted options are held by 4 individual option holders.
Options do not carrying a right to vote.

Distribution of holders of equity securities	**Number**	
Category (size of holding)	**Fully paid ordinary shares**	**Options**
1 – 1,000	93	
1,001 – 5,000	122	
5,001 – 10,000	105	
10,001 – 100,000	762	
100,001 – and over	643	4
	1,725	4

20 Largest Shareholders — Ordinary Shares
A record of the 20 largest shareholders as at 4 September 2014 is as follows:-

	Ordinary shareholders	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1	CRESCENT NOMINEES LIMITED	8,700,000	2.17
2	MR XINHUI GONG	6,530,499	1.63
3	SI NO 2 PTY LIMITED <SAYERS INVESTMENT NO 2 A/C>	6,000,000	1.49
4	KIJENIA PTY LTD <KIJENIA SUPER FUND A/C>	5,435,909	1.35
5	BLACK PRINCE PTY LTD <BLACK PRINCE SUPER FUND A/C>	5,000,000	1.24
6	SPANGLED INVESTMENTS PTY LTD <WALLIS EXPLORATION A/C>	5,000,000	1.24
7	SPANGLED INVESTMENTS PTY LTD <MCMILLEN'S EXPLORATION A/C>	5,000,000	1.24
8	SPANGLED INVESTMENTS PTY LTD <SMITH EXPLORATION A/C>	5,000,000	1.24
9	VERSOWORKS PTY LTD	4,675,944	1.16
10	MR ADRIAN BYASS + MRS MEGAN RUTH BYASS <OAKWOOD SUPER FUND A/C>	4,029,514	1
11	DAEM NOMINEES PTY LTD <DAEM SUPER FUND A/C>	4,000,000	1
12	BT PORTFOLIO SERVICES LIMITED <MARKEY FAMILY A/C>	4,000,000	1
13	DAEM NOMINEES PTY LTD <THE GD WALLIS FAMILY A/C>	3,970,223	0.99
14	MR ALAN GOUGH + MRS KERRY GOUGH <GOUGH FAMILY SUPER A/C>	3,890,000	0.97
15	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,525,922	0.88
16	MR DUNG PHAM	3,200,000	0.8
17	MS CONCETTINA SCHIAVELLO	3,010,000	0.75
18	ZORIC & CO PTY LTD	3,000,000	0.75
19	MR MICHAEL CHARLES MANN + MRS NADA MANN <MCM SUPER FUND A/C>	2,999,000	0.75
20	CHAHEN PTY LTD <THE BCS SUPER FUND A/C>	2,890,000	0.72

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

20 Largest Options holders —

Unquoted equity security holdings greater than 20% as at 4 September 2014 is as follows:-

	Number of Options Held	% Held of Options in an unquoted class
Option exercised at $0.20, expiring at 01/12/2014		
1. Zenix Nominees Pty Ltd	5,000,000	100%
Option exercised at $0.033, expiring at 30/01/2016		
1. SPANGLED INVESTMENTS PTY LTD <WALLIS EXPLORATION A/C>	5,000,000	33.33%
2. SPANGLED INVESTMENTS PTY LTD <MCMILLEN'S EXPLORATION A/C>	5,000,000	33.33%
3. SPANGLED INVESTMENTS PTY LTD <SMITH EXPLORATION A/C>	5,000,000	33.33%
Option exercised at $0.06, expiring at 23/04/2016		
1. Zenix Nominees Pty Ltd	7,500,000	100%
Option exercised at $0.10, expiring at 10/10/2016		
1. Zenix Nominees Pty Ltd	7,500,000	100%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Schedule of Interests in Mining Tenements

Project	Mining tenements held	Location of tenements	Beneficial % interest at the end of the year	Change in the year
TOP UP RISE PROJECT				
TOP UP RISE	E80/4427	Australia	0%[1]	-75%
TOP UP RISE	E80/4583	Australia	0%[1]	-75%
TOP UP RISE	E80/4584	Australia	0%[1]	-75%
LYNN LAKE PROJECT				
LYNN LAKE	P7700E	Canada	100%[2]	
LYNN LAKE	P7698E	Canada	100%[2]	
LYNN LAKE	P8370E	Canada	100%[2]	
LYNN LAKE	P7699E	Canada	100%[2]	
LYNN LAKE	P7702E	Canada	100%[2]	
LYNN LAKE	P3163F	Canada	100%[2]	
LYNN LAKE	P3164F	Canada	100%[2]	
LYNN LAKE	P3165F	Canada	100%[2]	
LYNN LAKE	P2291F	Canada	100%[2]	
LYNN LAKE	P3534F	Canada	100%[2]	
LYNN LAKE	MB2482	Canada	100%[2]	
LYNN LAKE	MB3566	Canada	100%[2]	
LYNN LAKE	MB3567	Canada	100%[2]	
LYNN LAKE	P1045F	Canada	100%[2]	
LYNN LAKE	MB3580	Canada	100%[2]	
LYNN LAKE	MB3581	Canada	100%[2]	
LYNN LAKE	MB7346	Canada	100%[2]	
LYNN LAKE	MB7349	Canada	100%[2]	
LYNN LAKE	MB7350	Canada	100%[2]	
LYNN LAKE	MB7025	Canada	100%[2]	
LYNN LAKE	MB7361	Canada	100%[2]	
LYNN LAKE	MB7362	Canada	100%[2]	
LYNN LAKE	MB6364	Canada	100%[2]	
LYNN LAKE	MB5175	Canada	100%[2]	
LYNN LAKE	MB5701	Canada	100%[2]	
LYNN LAKE	MB8734	Canada	100%[2]	
LYNN LAKE	MB8735	Canada	100%[2]	
LYNN LAKE	MB9218	Canada	100%[2]	
LYNN LAKE	MB5399	Canada	100%[2]	
LYNN LAKE	MB6360	Canada	100%[2]	
LYNN LAKE	MB6361	Canada	100%[2]	
LYNN LAKE	MB6362	Canada	100%[2]	
LYNN LAKE	MB6363	Canada	100%[2]	
LYNN LAKE	MB9453	Canada	100%[2]	
LYNN LAKE	MB5672	Canada	100%[2]	
LYNN LAKE	MB5669	Canada	100%[2]	
LYNN LAKE	MB10070	Canada	100%[2]	

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

LYNN LAKE	MB10071	Canada	100%[2]	
LYNN LAKE	MB10085	Canada	100%[2]	
LYNN LAKE	MB10086	Canada	100%[2]	
LYNN LAKE	MB10382	Canada	100%[2]	
LYNN LAKE	MB10383	Canada	100%[2]	
LYNN LAKE	MB10384	Canada	100%[2]	
LYNN LAKE	MB10387	Canada	100%[2]	
LYNN LAKE	MB10388	Canada	100%[2]	
BEAUCAGE LAKE PROJECT				
BEAUCAGE LAKE	MB9646	Canada	100%[2]	
BEAUCAGE LAKE	MB9647	Canada	100%[2]	
BEAUCAGE LAKE	MB9648	Canada	100%[2]	
BEAUCAGE LAKE	NV9649	Canada	100%[2]	
BEAUCAGE LAKE	MB9650	Canada	100%[2]	
BEAUCAGE LAKE	MB9651	Canada	100%[2]	
BEAUCAGE LAKE	MB9652	Canada	100%[2]	
BEAUCAGE LAKE	MB9653	Canada	100%[2]	
BEAUCAGE LAKE	MB9655	Canada	100%[2]	
BEAUCAGE LAKE	MB9640	Canada	100%[2]	
BEAUCAGE LAKE	MB9642	Canada	100%[2]	
BEAUCAGE LAKE	MB9643	Canada	100%[2]	
BEAUCAGE LAKE	MB9644	Canada	100%[2]	
BEAUCAGE LAKE	MB9645	Canada	100%[2]	
BEAUCAGE LAKE	MB5785	Canada	100%[2]	
BARRINGTON LAKE PROJECT				
BARRINGTON LAKE	MB9634	Canada	100%[2]	

[1] Option to acquire up to 75% of the Top Up Rise Projects refer to prior announcement for terms of the agreement. On 30 April 2014 the Company announced its withdrawal from the Top Up Rise Project and its decision to discontinue the option to acquire Border Exploration Pty Ltd.

[2] Option to acquire up to 100% of Lynn Lake, Beaucage Lake, Barrington Lake refer to prior announcement for terms of the agreement. Subsequent to the end of year Corazon withdrew from the Beaucage Lake Gold Project

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Resource Statement

CORAZON MINING LTD EL Plug, Lynn Lake , Manitoba CA Inferred Mineral Resource (JORC 2004), October 2010											
COG	**Tonnes**		**Grade**					**Contained Metal**			
Ni% Equiv*	k tonnes		Ni%	Cu%	Co%	Ni% equiv*		Tonnes Ni	Tonnes Cu	Tonnes Co
0.5	2,300		0.7	0.4	0.02	0.9		16000	9000	500
0.6	1,800		0.8	0.4	0.02	1.0		14000	7000	400
0.7	1,300		0.9	0.4	0.03	1.1		12000	6000	340
0.8	900		1.0	0.5	0.03	1.3		9000	4000	260
0.9	700		1.1	0.5	0.03	1.3		8000	4000	230
1.0	600		1.2	0.5	0.03	1.4		7000	3000	200

***Ni Equiv** = Nickel equivalent which has been estimated within the Block Model using the formula:-*

***Ni Equiv = Ni%+(Cu%*(3/8.75))+(Co%*(18/8.75))** where Ni = 8.75$ US/lb Cu = 3.00 $US/lb Co = 18.00 $US/lb*

Nickel equivalent grades are provided as an indicator of value in a multi-metallic deposit. Lynn Lake has a long history as a nickel, copper and cobalt mining camp. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered.

Resource methodology information is provided in the Disclosure Statement below.

At a cut-off grade of 0.6% Ni equivalent*, the resource defines 1.8 Mt at 1% Ni equivalent*, including contained metal of 14,000t nickel, 9,000t copper and 400t cobalt,

Corazon have yet to complete mining studies or metallurgical/processing analysis on the EL Mine mineralisation. However, Lynn Lake is an historical nickel, copper and cobalt mining camp which operated for more than 20 years. Reported historical mine base cut-off grades were between 0.5% and 0.7% nickel. Metal recoveries reported were approximately 85% for nickel, 93% for copper and 80% for cobalt.

Past mining utilized very simple open stope with sublevel mining methods. The historical EL Mine main stope is up to 100 metres in diameter, plus 200 metres in depth, and provides a large tonnage - low cost mining opportunity. The EL Mine was one of the highest grade nickel mines in the district, having operated between 1954 and 1962 and produced 1.9Mt @ 2.5% nickel and 1.15% copper to a mined depth of only 210 metres. Whilst the defined boundary of the mineralised host unit is well established, drilling in areas of the resource has not been of sufficient density to accurately define the distribution of high-grade sulphide mineralisation. For this reason, the influence of the high grade material within the resource has been restricted and consequently the resource is categorised as inferred.

There was no material change to the Resource Statement to the year ended 30 June 2014 and therefore no requirement to comment on the nature and cause of any change.

Disclosure Statements

JORC Code Compliance Statement

Some of the information contained in this statement is historic data that have not been updated to comply with the 2012 JORC Code. The information referred to in the statement was prepared and first disclosed under the JORC 2004 edition. It has not been updated since to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew John Thompson, B.Sc Hons(Geol), Member AusIMM a consultant to Corazon Mining Limited. Mr Thompson has sufficient experience that is relevant to the style of mineralization 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. Mr Thompson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Summary of governance and controls

Assay results are obtained from ALS Mineral Services in Thunder Bay, Ontario, Canada. Samples are prepared using single stage pulverization of the entire sample. Base metal assays are obtained by 4 Acid digestion using ICP with either Atomic emission spectrometry (AES) or atomic absorption spectrometry (AAS) analysis techniques.

Full analytical quality assurance - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, laboratory duplicates, blanks and grind size analysis. Assays quoted in announcements may be of a preliminary nature.

*Ni Equiv = Nickel equivalent which has been estimated within the Block Model using the formula:-

Ni Equiv = Ni%+(Cu%*(3/8.75))+(Co%*(18/8.75)) where Ni = 8.75$ US/lb Cu = 3.00 $US/lb Co = 18.00 $US/lb

Nickel equivalent grades are provided as an indicator of value in a multi-metallic deposit. Lynn Lake has a long history as a nickel, copper and cobalt mining camp. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered.

Assays from Corazon drilling and re-assayed historic drill-holes used in the Mineral Resource have undergone full QA/QC whereas assays from the 2007-2008 drilling by Western Areas did not have field standards used. The spatial location of samples from surface holes is derived from a combination of 3D differential GPS collar survey pickups and Reflex Maxibore® II downhole surveys. Historic underground hole included in the resource have not been surveyed by modern methods collars were digitized and converted from historic level plans.

Mineral Resources have been estimated using standard accepted industry practices. All Resources have been estimated via Block Ordinary Kriging using 2m composite samples. No top cuts have been applied which was considered appropriate for the nature and style of the mineralization. Directional Variography was modeled for all zones based on 2m composites. Geological and mineralization modeling has been achieved by 3D modeling of the inner and outer core of the intrusive mafic/ultramafic plug and the mined voids. A Block model was developed for the deposit incorporating a suitable parent and sub block dimension to allow adequate volume resolution of modeled geology and mineralization. Grade interpolation (via Block Ordinary Kriging) was then undertaken using a multiple estimation pass strategy.

Mineral Resources are classified on a basis of drill-hole spacing, geological continuity and predictability, sampling, analytical, spatial and density QAQC criteria.

Where quoted, Mineral Resource and Ore Reserve tonnes, pounds or ounces are rounded to appropriate levels of precision.

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CORPORATE GOVERNANCE

Corazon Mining Limited and its controlled entities ("the Consolidated Entity") are committed to high standards of corporate governance. Policies and procedures which follow the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange ("ASX") Corporate Governance Council, to the extent they are applicable to the Consolidated Entity, have been adopted.

Principle 1 : Lay solid foundations for management and oversight		**Comply**

1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.
	The role of the Board is formally set out in the Board Charter. This charter summarizes the role and responsibility of the Board of the Consolidated Entity. The disclosure of the role and responsibility of the Board is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and management of the Consolidated Entity.
	
	The roles and responsibilities of the Board will evolve as the Consolidated Entity moves forward. As such, a regular review of the balance of responsibilities will ensure that the division of the functions remains appropriate to the needs of the Consolidated Entity.
	
	The key responsibilities of the Board include:
	• *Appointing, evaluating, rewarding and if necessary, the removal of the Managing Director and senior management;*
	• *Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;*
	• *Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Consolidated Entity;*
	• *Overseeing the management of business risks, safety and occupational health, environmental issues and community development;*
	• *Satisfying itself that the financial statements fairly and accurately set out the financial position and financial performance of the Consolidated Entity for the period under review;*
	• *Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;*
	• *Assuring itself that appropriate audit arrangements are in place, when considered appropriate by the Board;*
	• *Ensuring that the Consolidated Entity acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that it's practice is consistent with, a number of guidelines, being:*
	  o *Directors and Executive Officers Code of Conduct;*
	  o *Dealings in Company Securities; and*
	  o *Reporting and Dealing with Unethical Practices*
	• *Reporting to and advising shareholders.*
		Yes

1.2	Companies should disclose the process for evaluating the performance of senior executives. *The process and outcomes of the evaluation is disclosed in the Remuneration Report contained in the Directors' Report.*	Yes

CORPORATE GOVERNANCE (CONT.)

Principle 2 : Structure the Board to add value		**Comply**
2.1	A majority of the Board should be independent directors. *The Consolidated Entity has not complied with this recommendation. The following Directors are not considered to be independent:* • *Brett Smith – Executive Managing Director* *The independent directors are:* • *Clive Jones* • *Jonathan Downes* • *Adrian Byass* *The Board considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Board believes each director bring an independent, objective judgment to the deliberations of the Board.*	Yes
2.2	The Chair should be an independent director. *The Consolidated Entity complies with this recommendation. Mr. Clive Jones, an independent director, is the Chair.*	Yes
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual. *The Consolidated Entity complies with this recommendation. Mr. Brett Smith is the Chief Executive Officer.*	Yes
2.4	The Board should establish a nomination committee. *The Consolidated Entity does not have a nomination committee. The Board believes that due to the Group's relatively small size, a nomination committee is not necessary as the Board can undertaken all functions normally delegated to a nomination committee. The Corporate Governance Board Charter contains procedures for the appointment and resignation of Directors.*	No
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. *The Corporate Governance Board Charter contains the details of the procedures for the performance reviews and evaluation.*	Yes
Principle 3 : Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code. *A formal Directors and Executive Officers' code of conduct forms part of the Corporate Governance Charter.*	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. *The Company does not have a formal policy concerning diversity. Given the small size of the Company workforce, the Board has determined that it is not currently practicable to implement a policy concerning diversity. The Board will further consider the establishment of a diversity policy as the Company grows.*	No
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	N/A
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. *The Company has two employees. The Company currently has no female employees or females on the Board.*	Yes
3.5	Companies should provide an explanation of any departures from Recommendations 3.1 to 3.5 in the corporate governance statement in the annual report. *Refer comments on 3.2.*	Yes

CORPORATE GOVERNANCE (CONT.)

Principle 4 : Safeguard integrity in financial reporting		Comply
4.1	The Board should establish an audit committee. *The Consolidated Entity does not have an audit committee. The Board believe that due to the modest size of the Group, an audit committee is not necessary as the Board can undertaken all functions normally delegated to an audit committee.* *The full Board is responsible to review the financial report of the Group. The financial report is prepared on a sound system of risk management and internal compliance which implements the policies and procedures approved by the Board and that these systems work effectively and efficiently.* *The external auditor is also invited to attend Board of meeting when the financial report are submitted for review and approval.*	No
4.2	The audit committee should be structured so that it: • Consists only of Non-Executive Directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the Board • Has at least three members	N/A
4.3	The audit committee should have a formal charter.	N/A
Principal 5 : Make timely and balanced disclosure		
5.1	Companies should promote timely and balanced disclosure of all material matters concerning the Company. *The Board has adopted a Disclosure Policy, which sets out the key obligation of the Managing Director and Company Secretary to ensure that the Consolidated Entity complies with its disclosure obligations under the ASX Listing Rules and The Corporations Act 2001 (Cth).*	Yes
Principal 6 : Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. *The Board has adopted a Communication Strategy. The Directors of the Company recognise the importance of forthright communication. The Consolidated Entity posts all the report, ASX announcements, media release, business presentation and Group information on the Group's website.*	Yes

Principal 7 : Recognise and manage risk		Comply
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. *The Board has adopted a Risk Management and internal Control Policy. Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of the Consolidated Entity, and to ensure the integrity of reporting.*	Yes
7.2	The Board should require management to assess the risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. *The Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level. Management is required to report on material business risks at each Board of Director's meeting.*	Yes
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. *The Chief Executive Officer and Chief Financial Officer have provided the written*	Yes

CORPORATE GOVERNANCE (CONT.)

statements required by 7.3.

Principal 8 : Remunerate fairly and responsibly

8.1	The Board should establish a remuneration committee. *The Consolidated Entity does not have a remuneration committee. The Board believe that due to the modest size of the Group, a remuneration committee is not necessary as the Board can undertaken all functions normally delegated to a remuneration committee. The full Board of the Group is responsible for determining and reviewing compensation arrangement for Managing Director, Executive Director and Non-executive Director.*	No
8.2	The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members	N/A
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	N/A