

# **CORAZON**

M I N I N G L I M I T E D

## **HALF YEAR REPORT**

FOR THE FINANCIAL PERIOD ENDED  
31 DECEMBER 2019

**CORAZON MINING LIMITED AND ITS CONTROLLED ENTITIES (ABN 87 112 898 825)**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Corazon Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**CORPORATE DIRECTORY**

**NON-EXECUTIVE CHAIRMAN**

Terry Streeter

**EXECUTIVE MANAGING DIRECTOR**

Brett Smith

**NON-EXECUTIVE DIRECTORS**

Jonathan Downes

Mark Qiu

**COMPANY SECRETARY**

Robert Orr

**PRINCIPAL & REGISTERED OFFICE**

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

**BANKERS**

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**WEBSITE**

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## DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of Corazon Mining Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of the half-year ended 31 December 2019.

### 1. DIRECTORS

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

Terry Streeter	Non-Executive Chairman (appointed 18 September 2019)
Brett Smith	Executive Managing Director
Jonathan Downes	Non-Executive Director
Mark Qiu	Non-Executive Director
Clive Jones	Non-Executive Chairman (resigned 29 November 2019)

Directors have held office for the entire period and to the date of this report unless otherwise stated.

### 2. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the half-year has been exploration and evaluation of the Consolidated Entity's ground holdings.

### 3. RESULT OF OPERATIONS

The loss after tax for the half-year ended 31 December 2019 was \$1,311,884 (2018: \$722,371).

### 4. REVIEW OF OPERATIONS

The Consolidated Entity is a base metals explorer advancing the entire Lynn Lake Nickel Copper Cobalt Mining Centre in Canada, and the Mt Gilmore Cobalt Copper Gold Sulphide Project in N.S.W. Both projects are quality assets with the potential to supply strategic metals to what is forecast to be a major growth sector – the rechargeable battery industry. Corazon is an aggressive explorer and has recently discovered new, large sulphide systems at both of its projects.

#### CANADA

##### LYNN LAKE NICKEL-COPPER-COBALT PROJECT

###### Overview

The Lynn Lake Mining Centre (Lynn Lake) has been described as one of the best “brown-fields” exploration plays in North America. New exploration techniques and a modern understanding of these nickel-copper-cobalt sulphide systems have resulted in Corazon's discovery of several new areas of mineralisation at Lynn Lake.

Corazon controls the entire Lynn Lake Mining Centre, located in Manitoba, Canada - a historical mining centre with large JORC compliant resources and infrastructure that, with an improved nickel price, has significant redevelopment potential.

Corazon is the first company to have control of the entire Lynn Lake nickel camp since mine closure in 1976. The Company has consolidated the Lynn Lake nickel camp and its extensive historical datasets, which includes more than 75 years of exploration and 24 years of mining information. This data provides the opportunity to compete detailed interrogation and targeting within the mine area and across the wider project area.

**DIRECTOR'S REPORT (cont)**

**Re-Focus on the Lynn Lake Nickel Precinct**

The recent recovery in the price of nickel led Corazon to undertake a positive strategic review of its Lynn Lake Project, and provided the opportunity to re-focus and accelerate its exploration and development plans to deliver value for shareholders.

The nickel-copper-cobalt sulphide deposits at Lynn Lake were mined continuously between 1954 and 1976; processing more than 20 million tonnes, it was one of Canada's major nickel mining centres of its time. Substantial resources remain and further extensive drill defined mineralisation also exists within the Lynn Lake Mining Centre. These areas outline targets for further exploration.

With little modern exploration being undertaken, the opportunity for discovery at Lynn Lake is substantial. Recent work highlights Lynn Lake's potential, with discoveries made by several companies including Western Areas NL (ASX: WSA), Independent Nickel Inc. (TSX: INI), and Corazon.

Mining studies at Lynn Lake have predominantly centred on nickel deposits at depths of more than 400 metres below surface. Corazon's recent work has highlighted the potential to define additional resources closer to surface, adjacent to historically mined areas.

The priority targets for upcoming work programs are focused on near-surface mineralisation, as well as areas on-trend from the historical workings at Lynn Lake.

**Mineral Resource Estimate Upgrade**

During the September quarter, Corazon announced its upgraded Mineral Resource Estimate (Resource Estimate) for the Lynn Lake Project (ASX announcement 27 November 2019). The newly upgraded Resource Estimate captures the Golf Deposit, a large area of drill-defined mineralisation located immediately below the G Orebody, which was mined in the 1970's.

The current total Resource Estimate includes just six (6) deposits within Lynn Lake; numerous areas of mineralisation are yet to be evaluated as potential additions to the Resource base. The current Resource includes:

- **16.3Mt @ 0.72% Ni, 0.33% Cu, 0.033% Co** (12.9Mt Indicated and 3.4Mt Inferred, at a 0.5%Ni cut-off), for total contained metal of 116,800t Ni, 54,300t Cu, 5,300t Co; with
- **5.4Mt @ 0.99% Ni, 0.41% Cu, 0.043% Co** (4.3Mt Indicated & 1.1Mt Inferred, 0.7%Ni cut-off) of high-grade material.

*Full details of the new Resource Estimate are available in the ASX announcement dated 27 November 2019 and in Table 1, below:*

Category	Base Cut Ni %	Tonnes	Ni %	Cu %	Co %	Tonnes		
						Ni	Cu	Co
Indicated	0.5	12,899,000	0.70	0.33	0.034	89,800	42,900	4,400
Inferred	0.5	3,422,000	0.79	0.33	0.027	27,000	11,400	900
<b>Total</b>	<b>0.5</b>	<b>16,321,000</b>	<b>0.72</b>	<b>0.33</b>	<b>0.033</b>	<b>116,800</b>	<b>54,300</b>	<b>5,300</b>

Category	Base Cut Ni%	Tonnes	Ni %	Cu %	Co %	Tonnes		
						Ni	Cu	Co
Indicated	0.7	4,279,000	0.93	0.40	0.044	39,700	17,200	1,900
Inferred	0.7	1,110,000	1.25	0.45	0.039	13,900	5,000	400
<b>Total</b>	<b>0.7</b>	<b>5,389,000</b>	<b>0.99</b>	<b>0.41</b>	<b>0.043</b>	<b>53,600</b>	<b>22,200</b>	<b>2,300</b>

**Table 1:** Lynn Lake Indicated and Inferred Mineral Resource Estimate – November 2019

## DIRECTOR'S REPORT (cont)

The Lynn Lake deposits provide the opportunity for mining using large tonnage, low cost methods. The historical mined grades at the A Plug were approximately 0.88% Ni and 0.47% Cu; with the higher-grade EL Plug being mined at 2.40% Ni and 1.15% Cu. The new Resource Estimate grades are consistent with the tenor of mineralisation previously mined at Lynn Lake.

The estimation focused on the EL, N, O, P, Disco and Golf deposits within the Mining Centre. Lynn Lake hosts additional deposits, as well as numerous occurrences of drill-defined mineralisation that are yet to be considered for resource studies. These areas support the potential for further upgrades to Lynn Lake's Mineral Resource.

Corazon engaged independent resource consultants HGMC to provide an updated Resource Estimate incorporating several deposits within the Lynn Lake Mining Centre. This estimation is summarised in Table 1.

The Resource Estimate was completed in accordance with the guidelines of the JORC Code (2012 edition); it is of a very high quality and is well supported by drilling and historical mining data. It is anticipated that very little additional verification drilling and sampling will be required to upgrade the majority of the defined tonnages in the Resource to the higher Measured category.

### Outstanding High Grade Nickel Drilling Results

During the December quarter, Corazon announced the commencement of its new phase of drilling at Lynn Lake (ASX announcement 2 December 2019).

Post Half-Year end, assay results were returned for all priority samples from the drilling program completed in December 2019 (ASX announcement 21 January 2020).

This latest phase of drilling tested near surface expressions of mined areas that operated continuously for 24 years at an average grade of 1.02% nickel and 0.54% copper (A & EL Plugs).

#### Highlight Results

##### "A Orebody"

- **37.8 metres @ 1.68%Ni, 0.67%Cu, 0.050%Co** from 10 metres; including
- **22.6 metres @ 2.30%Ni, 0.82%Cu, 0.068%Co** from 24.4 metres

##### "E Orebody"

- **4.5 metres @ 1.17% Ni, 0.22% Cu, 0.029% Co** from 25 metres
- **4.1 metres @ 2.09% Ni, 0.57% Cu, 0.073% Co** from 26.9 metres

Drilling targeted two historical deposits - the A Orebody and E Orebody, both within the northern area of the Mining Centre – with seven (7) holes for approximately 1,122 metres of diamond core drilling completed. Both the A Orebody and E Orebody areas have potential extensions to known mineralisation that have not been historically tested with drilling.

These areas provide significant resource expansion potential and will be the subject of ongoing, targeted exploration and drilling. Additionally, there are multiple other areas within the Lynn Lake Mining Centre, also yet to be drill tested, that may also have the potential for near surface mineralisation surrounding historical underground mining operations.

### Next Steps for Lynn Lake

#### Mine Exploration - Resource Definition

The recent drilling program established the potential for the areas surrounding previously mined deposits to deliver near-surface tonnages.

Lynn Lake currently hosts a significant resource and the potential for additional "easy start-up" tonnages would be enormously beneficial for any new mining operation at Lynn Lake. Accordingly, defining such tonnages is a key priority for Corazon as it moves towards feasibility work.

## DIRECTOR'S REPORT (cont)

There are also several other areas in the Mining Centre with the potential for near surface mineralisation surrounding historical underground mining operations. Corazon is currently working on new drilling programs to test these areas, in addition to further work at the A Orebody and E Orebody prospects. Considering the amount of historical cultural features in the old mine area, drilling of these targets is best suited to times when there is no snow cover.

### Regional Exploration

The recent exploration work within the Mining Centre has refined targeting methodologies, particularly with respect to the processing and interpretation of geophysical datasets. These new processes can be easily and quickly applied regionally in the exploration for new deposits.

**A priority target area is the Fraser Lake Complex (FLC), where drilling by Corazon has discovered a large magmatic sulphide system that is an analogy to the Lynn Lake deposits.**

Corazon's recent drilling within the Lynn Lake Mining Centre, adjacent to mined massive sulphide deposits, reinforces the belief that the style and intensity of mineralisation intersected is no different to what it has drilled at FLC.

The best results returned to date from FLC drilling include:

- **22.6 metres @ 0.70% Ni & 0.35% Cu** from 258m (hole #14)
- **27 metres @ 0.37% Ni & 0.16% Cu** from 30m (hole #16)

Drilling at the FLC is proposed for early 2020.

### Mining and Mineral Processing Studies

Studies currently in progress for Lynn Lake have identified areas where it is believed processes can be improved and costs reduced. Historically, Lynn Lake was a large-tonnage, low-cost mining operation. The current mining studies are looking to reduce mining and capital development costs for a potential underground operation via the implication of modern mining practices and new technology.

**Corazon's recent metallurgical testwork has delivered exceptional results and there is a strong belief that further improvements can be made.**

Priority focuses for this work will include the scoping and testwork for pre-flotation "sorting" of low-grade disseminated mineralisation to feed grade, and onsite downstream processing options.

## AUSTRALIA

### **MT GILMORE COBALT-COPPER-GOLD PROJECT, N.S.W.**

#### **Overview**

The Mt Gilmore Cobalt-Copper-Gold Project (Mt Gilmore) is located 35 kilometres from the city of Grafton in northeastern New South Wales (N.S.W.). Corazon owns an 80% interest in Mt Gilmore and is managing and sole funding exploration until any future decision to mine is made.

Much of Mt Gilmore's historical exploration has focused on the Cobalt Ridge prospect (Cobalt Ridge) - a rare high-grade cobalt sulphide deposit. Corazon's metallurgical testwork on the Cobalt Ridge mineralisation has delivered exceptional, high-grade metal concentrates and cobalt/copper sulphates, suitable for use in rechargeable (lithium-ion) batteries.

Since acquisition in mid-2016, Corazon's exploration results have underpinned its belief that Mt Gilmore is prospective for hosting multiple rare, cobalt-rich sulphide deposits, similar to Cobalt Ridge. Corazon's recent exploration of the prospective 22 kilometre "Mt Gilmore trend" uncovered a major copper-cobalt-silver-gold geochemical trend, potentially representing a district-scale exploration play for large intrusive-related copper-cobalt-gold deposits. These targets have become Corazon's exploration focus at Mt Gilmore.

## DIRECTOR'S REPORT (cont)

### 80% Earn-In Interest Completed

During the September Quarter, Corazon completed its 80% earn-in interest at the Mt Gilmore Copper-Cobalt-Gold Project (ASX announcement 2 July 2019). Corazon entered into an agreement with the project vendors, Providence Gold and Minerals Pty Ltd (Providence), in 2016, giving it the right to earn up to an 80% interest in Mt Gilmore by completing \$2 million in exploration expenditure at the project within three (3) years of commencement of the agreement (ASX announcement 16 June 2016).

Corazon has now completed its earn-in at Mt Gilmore, and has issued 83.33 million shares to Providence, increasing its interest in Mt Gilmore by an additional 29% - taking its total ownership in mineral exploration lease EL8379 to 80% (ASX announcements 3 April and 30 May 2019). Pursuant to the agreement, Corazon remains project manager and continues to sole fund activities at Mt Gilmore until a decision to mine is made.

### Geophysical Targets Identified Below Large Surface Geochemical Anomalies

Initial results from Corazon's IP geophysical survey identified copper-cobalt-silver soil anomalies (ASX announcements 23 July 2019) are believed to support the potential for a large concealed sulphide system (ASX announcement 31<sup>st</sup> May 2019).

**Importantly, these newly identified areas of mineralisation are adjacent to the high-grade copper rich structures previously identified by Corazon (ASX announcement 5 February 2019), and are believed to represent a mineralised alteration halo of what may potentially be a large, concealed sulphide system.**

IP methods have been used with great effect in the successful exploration for sulphide deposits in NSW. Corazon's IP survey at Mt Gilmore was a first-pass, wide-spaced program which provided an initial test of the effectiveness of IP, testing for geophysical characteristics typical of concealed copper-cobalt-gold sulphide bodies.

The IP survey has defined large areas of moderate "IP changeability" anomalism, interpreted to be hydrothermal alteration and sulphide mineralisation in association with high "IP resistivity" areas, interpreted to be intrusive bodies. This relationship is supported by field mapping undertaken by Corazon at Mt Gilmore.

The Gordonbrook Hill (GBH) target is the best IP anomaly identified to date, exhibiting moderate changeability anomalism over an area of approximately one (1) kilometre in diameter.

In addition, mapped "leakage structures", adjacent to and extending from the GBH target have previously returned **rock chip sample results of up to 16.3% copper, 1,250 ppm cobalt and 1.29 g/t gold** (ASX Announcement 5 February 2019), which reinforce this target area's strong prospectivity.

### Competent Persons Statement

The information in this report that relates to Mineral Resources for the EL, Disco, 'N', 'O' and 'P' deposits contained within the Lynn Lake Nickel Project is based on information compiled by Mr Stephen Hyland who is a Fellow of the Australasian Institute of Mining and Metallurgy and who has provided expert guidance on resource modelling and resource estimation. Mr Hyland is a Principal Consultant Geologist at HGMC consultants and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hyland consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Targets is based on information compiled by Mr. Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG and an employee of Corazon Mining Limited. Mr. Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration



## DIRECTOR'S REPORT (cont)

Results, Mineral Resources and Ore Reserves". Mr. Smith consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Processing and Metallurgy for the Lynn Lake Project is based on and fairly represents information and supporting documentation compiled by Damian Connelly who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of METS Engineering (METS). Damian Connelly has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Damian Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### **CORPORATE ACTIVITIES**

#### **Address changes**

On 7 January 2020 the Company announced the change of address of its registered office and principal place of business to Level 3, 33 Ord Street, West Perth WA 6005.

#### **Annual General Meeting Results**

On 29 November 2019, the Company held its Annual General Meeting of Shareholders (AGM). All resolutions put to the meeting were unanimously passed by a show of hands.

#### **Board Changes**

On 18 September 2019, the Company announced that Mr Terry Streeter has joined the board as non-executive Chairman, to help drive and an accelerated exploration and development program at the Lynn Lake Project.

Mr Clive Jones stepped down as non-executive Chairman and retained the role as non-executive Director until his resignation on 29 November 2019.

#### **Exploration acquisitions**

On 2nd July 2019, the Company increased its interest in the Mt Gilmore Project from 51% to 80% by issuing \$250,000 worth of Shares to the Mt Gilmore vendors (details of the Mt Gilmore Project purchase agreement are set out in the ASX announcement released on 16th June 2016).

#### **Issues of equity securities**

On 2nd July 2019, the Company issued Providence Gold Ltd (the Vendor) 83,333,334 fully paid ordinary shares as consideration to acquire the further 29% interest in the Mt Gilmore Project.

On 10 July 2019 pursuant to a Share Purchase Plan ("SPP") the Company issued the following allotments of securities:

- 166,666,622 fully paid ordinary shares with an issue price of \$0.003, raising \$500,000 for Company exploration programs and working capital purposes;
- 188,047,956 listed options exercisable at \$0.007 each on or before 10 July 2022, these options were free attaching to fully paid ordinary shares issued as per this SPP (76,936,895 listed options attributable), and also the April 2019 capital raising (111,111,061 listed options).

On 24 September 2019, the Company placed 407,672,000 ordinary fully paid shares with an issue price of \$0.0025 per share with sophisticated investors raising \$1,019,180. An additional 10,000,000 Shares raising a further \$25,000 was issued to Mr Terry Streeter on 20 December 2019 following the required

**DIRECTOR'S REPORT (cont)**

shareholder approval at the annual general meeting. The funds raised pursuant to this Placement were used to accelerate exploration activities at the Lynn Lake Project, including studies to identify priority drill targets within the mine area and to commence a Scoping Study on the current resource areas.

On 20 December 2019 the Company issued the following securities to key personnel:

- 39,953,193 fully paid ordinary shares at an issue price \$0.0026 to directors in consideration of their director's fees. This is consistent with the Company's policy to reduce administrative cash flows.
- 10,000,000 performance rights was issued to Mr Terry Streeter. The performance rights will be considered vested and convertible if during the period of issue, the Company's share price on the ASX trades with a share price of \$0.01 or greater for a period of 20 consecutive trading days or more. The performance rights were issued for nil consideration, with nil consideration required on conversion. The rights expire on 20 December 2023.
- 5,000,000 unquoted options with an exercise price of \$0.007 and expiry of 10 July 2022 was also issued to Mr Terry Streeter.

**Lapse or forfeited equity securities**

On 30 July 2019 the Company announced a lapse of 20,000,000 unlisted options exercisable at \$0.015.

On 23 August 2019 the Company announced a lapse of 85,000,000 unlisted options exercisable at \$0.03.

**5. EVENTS SUBSEQUENT TO REPORTING DATE**

On 7 January 2020 the Company announced the change of address of its registered office and principal place of business to Level 3, 33 Ord Street, West Perth WA 6005.

On 13 February 2020 the Company announced that it has received firm commitments from sophisticated and professional investors totalling up to approximately \$1.1 million through a placement of up to 315,867,854 fully paid ordinary shares at an issue price of \$0.0035 per Share.

No other matters or circumstances have arisen subsequent to 31 December 2019 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

**6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

**7. AUDITOR'S DECLARATION**

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 10 for the half-year ended 31 December 2019.

**DIRECTOR'S REPORT (cont)**

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors.

A handwritten signature in black ink, appearing to read 'Brett Smith', written in a cursive style.

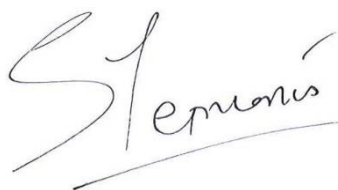
Brett Smith  
Managing Director  
Dated this day 12 March 2020

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF CORAZON MINING LIMITED

In relation to our review of the financial report of Corazon Mining Limited for the half year ended 31 December 2019, 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 PERTH



SIMON FERMANIS  
PARTNER

12 MARCH 2020  
WEST PERTH,  
WESTERN AUSTRALIA

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CORAZON MINING LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Corazon Mining Limited (the company) and controlled entities (consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2019, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2019, or during the half year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss after tax of \$1,311,884 and net operating cash outflows of \$953,333 during the half-year ended 31 December 2019. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

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## Directors' Responsibility for the Half-Year Financial Report

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

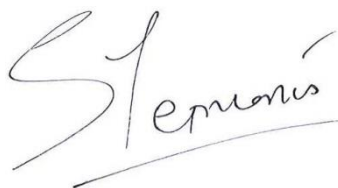
## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Corazon Mining Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF PERTH

SIMON FERMANIS  
PARTNER12 MARCH 2020  
WEST PERTH,  
WESTERN AUSTRALIA

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
for the half year ended 31 December 2019**

	Note	31-Dec-19 \$	31-Dec-18 \$
<b>Revenue</b>			
Other revenue	3	23,314	960
<b>Expenses</b>			
Administrative expense		(36,696)	(45,007)
Compliance and regulatory expense		(102,417)	(92,749)
Consultancy expense		(42,188)	(68,032)
Depreciation and amortisation expense		-	(5,053)
Directors fees		(111,100)	(94,548)
Employee benefits expense		(15,528)	(1,952)
Equity compensation payment		(15,714)	-
Exploration expense		(850,309)	(256,706)
Fair value movements on financial assets		(300)	(1,050)
Finance costs		(8,670)	(252)
Impairment of intangible asset		(111,420)	(109,601)
Insurance expense		(17,252)	(16,280)
Occupancy expense		(19,203)	(28,194)
Travel expense		(4,401)	(3,907)
		<hr/>	<hr/>
Loss for the period before income tax expense		(1,311,884)	(722,371)
Income tax benefit/(expense)		-	-
		<hr/>	<hr/>
<b>Loss for the period</b>		(1,311,884)	(722,371)
<b>Other comprehensive income/(loss), net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available for sale financial asset		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>		<u>(1,311,884)</u>	<u>(722,371)</u>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)		(0.07)	(0.06)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2019

	31 December 2019 \$	30 June 2019 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	692,243	414,675
Trade and other receivables	60,937	27,860
Other assets	16,704	47,978
<b>TOTAL CURRENT ASSETS</b>	<u>769,884</u>	<u>490,513</u>
<b>NON-CURRENT ASSETS</b>		
Other assets	59,000	59,000
Financial assets	7 653	953
Intangible asset	4 -	-
Exploration and evaluation expenditure	5 3,427,789	3,203,784
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,487,442</u>	<u>3,263,737</u>
<b>TOTAL ASSETS</b>	<u>4,257,326</u>	<u>3,754,250</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	681,223	645,869
Provisions	15,833	10,833
<b>TOTAL CURRENT LIABILITIES</b>	<u>697,056</u>	<u>656,702</u>
<b>TOTAL LIABILITIES</b>	<u>697,056</u>	<u>656,702</u>
<b>NET ASSETS</b>	<u>3,560,270</u>	<u>3,097,548</u>
<b>EQUITY</b>		
Issued capital	6 39,913,799	38,154,907
Reserves	1,156,264	1,298,150
Accumulated losses	(37,509,793)	(36,355,509)
<b>TOTAL EQUITY</b>	<u>3,560,270</u>	<u>3,097,548</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the half year ended 31 December 2019**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	1,090	1,376
Payments for administration and corporate expenses	(278,468)	(259,434)
Payments for exploration and evaluation expenses	(618,395)	(1,287,118)
Payments for staff expenses	(57,560)	(135,431)
	<u>(953,333)</u>	<u>(720,915)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for fixed assets	-	(726)
Payments for intangible assets	(110,982)	(109,601)
	<u>(110,982)</u>	<u>(1,070,019)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	1,519,149	-
Payment for costs of share issue	(177,266)	-
	<u>1,341,883</u>	<u>-</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		
Net increase/(decrease) in cash and cash equivalents	277,568	(1,790,934)
Cash and cash equivalents at the beginning of the reporting period	414,675	2,377,040
	<u>414,675</u>	<u>2,377,040</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><u>692,243</u></u>	<u><u>586,106</u></u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the half year ended 31 December 2019**

	Issued Capital	Share Based Payment Reserves	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>38,154,907</b>	<b>994,400</b>	<b>303,750</b>	<b>(36,355,509)</b>	<b>3,097,548</b>
Loss for the period	-	-	-	(1,311,884)	(1,311,884)
Total comprehensive income for the period	-	-	-	(1,311,884)	(1,311,884)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	1,544,149	-	-	-	1,544,149
Acquisition of interest in Mt Gilmore Project	250,000	-	-	-	250,000
Share based payment	79,907	15,714	-	-	95,620
Lapse of share options on expiry	-	(157,600)	-	157,600	-
Costs of issuing capital	(115,164)	-	-	-	(115,164)
Total transactions with owners	1,758,892	(141,886)	-	157,600	1,762,275
<b>Balance at 31 December 2019</b>	<b>39,913,799</b>	<b>852,514</b>	<b>303,750</b>	<b>(37,509,793)</b>	<b>3,560,270</b>
<b>Balance at 1 July 2018</b>	<b>37,890,941</b>	<b>994,400</b>	<b>303,750</b>	<b>(34,002,887)</b>	<b>5,186,204</b>
Loss for the period	-	-	-	(722,371)	(722,371)
Total comprehensive income for the period	-	-	-	(722,371)	(722,371)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	-	-	-	-	-
Costs of issuing capital	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>37,890,941</b>	<b>994,400</b>	<b>303,750</b>	<b>(34,725,258)</b>	<b>4,463,833</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
for the half year ended 31 December 2019****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of Compliance**

Corazon Mining Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The consolidated half-year financial report of the Company for the six months ended 31 December 2019, comprise the Company and its subsidiaries (the "Consolidated Entity" or "Group").

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this half-year financial report be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Corazon Mining Limited and its controlled entities during the half-year reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated half year financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 12 March 2020.

**Basis of preparation**

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2019. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**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 relevant to their operations and 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity and are consistent with those of the previous financial years and corresponding interim reporting period.

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (cont)**

*Impact of new standards and interpretations issued but not yet adopted*

There are no new standards that have been issued since 30 June 2019 that have been applied by the Consolidated Entity. The 30 June 2019 annual report disclosed that the Consolidated Entity anticipated no new material impacts arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2019.

**Going Concern Basis**

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss after tax of \$1,311,884 for the period ended 31 December 2019 (31 December 2018: \$722,371). As at 31 December 2019 the Consolidated Entity had net assets of \$3,560,270 (30 June 2019: \$3,097,548) and continues to incur expenditure on its exploration tenements drawing on its cash balances. The Company is able to reduce its discretionary exploration expenditure depending on its cash position and its access to funding. As at 31 December 2019 the Consolidated Entity had \$692,243 (30 June 2019: \$414,675) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Consolidated Entity be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Consolidated Entity ability to continue as a going concern. As at 31 December 2019 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

**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.

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.

(ii) *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.

(iii) *Impairment of exploration and evaluation assets*

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (cont)**

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.

(iv) *Intangible assets*

Intangible assets represent the cost of acquisition of an option to acquire the Lynn Lake Nickel Project. In accordance with AASB136 *Impairment of assets*, an intangible asset which is not ready for use shall be tested for impairment annually. The Company has performed the impairment tests and considered it appropriate that the Lynn Lake intangible assets should be impaired as at 31 December 2019.

**2. SEGMENT INFORMATION**

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) 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 CODM 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.

	Australia \$	Canada \$	Unallocated \$	Total \$
<b>For the period ended 31 December 2019</b>				
Revenue	-	-	23,314	23,314
<b>Total segment revenue</b>	-	-	23,314	23,314
<b>Segment net operating loss after tax</b>	-	(961,729)	(350,155)	(1,311,884)
Interest revenue	-	-	303	303
Exploration expenditure	-	(850,309)	-	(850,309)
Depreciation	-	-	-	-
Intangible asset impairment	-	(111,420)	-	(111,420)
<b>As at 31 December 2019</b>				
<b>Segment assets</b>	3,451,789	-	805,537	4,257,326
<b>Segment Liabilities</b>	(220)	(574,750)	(122,086)	(697,056)

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS**  
**for the half year ended 31 December 2019 (cont)**

	Australia \$	Canada \$	Unallocated \$	Total \$
<b>For the period ended 31 December 2018</b>				
Revenue	-	-	960	960
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>960</b>	<b>960</b>
<b>Segment net operating loss after tax</b>	<b>-</b>	<b>(367,050)</b>	<b>(355,321)</b>	<b>(722,371)</b>
Interest revenue	-	-	960	960
Exploration expenditure	-	(256,706)	-	(256,706)
Depreciation	-	(743)	(4,310)	(5,053)
Intangible asset impairment	-	(109,601)	-	(109,601)
<b>As at 30 June 2019</b>				
<b>Segment assets</b>	<b>3,227,784</b>	<b>-</b>	<b>526,466</b>	<b>3,754,250</b>
<b>Segment liabilities</b>	<b>(286,117)</b>	<b>(65,252)</b>	<b>(305,333)</b>	<b>(656,702)</b>

The accounting policies of the reportable segment are the same as the Group accounting policies.

	31 December 2019 \$	31 December 2018 \$
<b>3. OTHER REVENUE</b>		
<u>Operating activities</u>		
Interest received	303	960
Other revenue	23,011	-
Total Other Revenue	<u>23,314</u>	<u>960</u>

	31 December 2019 \$	30 June 2019 \$
<b>4. INTANGIBLE ASSET</b>		
Balance at the beginning of the period	-	-
Option payments on Lynn Lake Project	111,420	216,414
Impairment of intangible asset	(111,420)	(216,414)
Balance at the end of the period	<u>-</u>	<u>-</u>

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (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 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 project was impairment tested at report date and an individual impairment expense of \$111,420 was recorded against the project.

On 9 August 2012, the Consolidated Entity renegotiated the terms of its option to acquire the Lynn Lake 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. On 29 July 2015, the Company further renegotiated the terms of its option to acquire 100% equity in project, securing significantly more favourable terms with regards to the future acquisition of the Lynn Lake Project. Under the terms of the original contract the Company was required to make a cash payment of CAD1,000,000 by 20 October 2015 to acquire the project, this has now been revised to half-yearly payments of \$100,000 until the full amount of the CAD1,000,000 has been paid (final payment due on or before 20 April 2020). The other change of significance is that the deferred consideration of CAD750,000 is now payable on the 'commencement of commercial mining' refer to note 12 for details.

	31 December 2019	30 June 2019
	\$	\$

**5. EXPLORATION EXPENDITURE (CAPITALISED)**

Exploration project expenditure	3,427,789	-
Exploration earn-in expenditure	-	3,203,784
Total exploration expenditure	<u>3,427,789</u>	<u>3,203,784</u>
Movement in carrying value:		
Brought forward	3,203,784	3,149,997
Exploration project expenditure	224,005	412,789
Exploration earn-in expenditure	-	1,201,339
Impairment of exploration expenditure	-	<u>(1,560,341)</u>
At reporting date	<u>3,427,789</u>	<u>3,203,784</u>

**Victory Project**

The Victory Project is located immediately adjacent to the Company's Lynn Lake Project, and contains the main nickel resources in that area.

**Mt Gilmore Project**

The Mt Gilmore Project is an advanced, high-grade cobalt-copper-gold sulphide deposit, located 35km from the major centre of Grafton in north-eastern New South Wales.

On 2 July 2019 the Company issued 83,333,334 fully paid ordinary shares to Providence Gold and Minerals Pty Ltd with an aggregate valuation of \$250,000 to acquire a further 29% in the Mt Gilmore Project. This recent acquisition increases the Company's interest in the project from 51% to 80%.

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (cont)**

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.

31 December 2019	30 June 2019
\$	\$

**6. ISSUED CAPITAL**

Issued and fully paid shares

Fully paid ordinary shares

Less: capital issue costs net of tax

42,519,625	40,645,569
<u>(2,605,826)</u>	<u>(2,490,662)</u>
<u>39,913,799</u>	<u>38,154,907</u>

On 2nd July 2019, the Company issued Providence Gold Ltd (the Vendor) 83,333,334 fully paid ordinary shares as consideration to acquire the further 29% interest in the Mt Gilmore Project. The shares had a value of \$250,000.

On 10 July 2019 pursuant to a Share Purchase Plan ("SPP") the Company issued 166,666,622 fully paid ordinary shares with an issue price of \$0.003, raising \$500,000 for Company exploration programs and working capital purposes;

On 24 September 2019, the Company placed 407,672,000 ordinary fully paid shares with an issue price of \$0.0025 per share with sophisticated investors raising \$1,019,180. An additional 10,000,000 Shares raising a further \$25,000 was issued to key personnel on 20 December 2019 following the required shareholder approval at the annual general meeting.

On 20 December 2019 the Company issued 39,953,193 fully paid ordinary shares at an issue price \$0.0026 to directors in consideration of their director's fees. The shares had a value of \$79,876.

**7. 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.



**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (cont)**

*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:

	Number of Options	Weighted Average Exercise Price \$
<b>Issue to employees and key personnel</b>		
Outstanding at 1 July 2019	40,000,000	\$0.035
Granted (a)	5,000,000	\$0.007
Outstanding at year-end	45,000,000	\$0.031
Exercisable at year-end	45,000,000	\$0.031
<b>Issue to consultants</b>		
Outstanding at the beginning of the year	20,000,000	0.015
Expired (b)	(20,000,000)	0.15
Outstanding at year-end	-	-
Exercisable at year-end	-	-

The options outstanding at 31 December 2019 had a weighted average exercise price of \$0.031 and a weighted average remaining contractual life of 0.5 years.

- (a) On 20 December 2019 the Company issued 5,000,000 unquoted options with an exercise price of \$0.007 and expiry of 10 July 2022 to Mr Terry Streeter. The options were valued using a Black and Scholes option pricing model realising a fair value of \$0.0006 per share option. Inputs into the model are stated below:

*Inputs into the model*

Grant date share price	\$0.002
Exercise price	\$0.007
Expected volatility	100%
Option life	3 years
Risk-free interest rate	0.65%

- (b) On 30 July 2019 the Company announced a lapse of 20,000,000 unlisted options exercisable at \$0.015. No compensation options were exercised or forfeited during the financial period.

**PERFORMANCE RIGHTS ISSUED**

On 20 December 2019 10,000,000 performance rights was issued to Mr Terry Streeter. The performance rights will be considered vested and convertible if during the period of issue, the Company's share price on the ASX trades with a share price of \$0.01 or greater for a period of 20 consecutive trading days or more. The performance rights were issued for nil consideration, with nil consideration required on conversion. The rights expire on 20 December 2023. The performance rights were valued using a Monte Carlo simulation in order to account for the market based vesting condition. The valuation simulation realised a fair value of \$0.00125 per performance right, and an aggregate value of \$12,531. Inputs into the model are stated below:

*Inputs into the model*

Model iterations	50,000
Grant date	29/11/2019

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (cont)**

<u>Expiry date</u>	20/12/2023
Vesting date	29/11/2022
VWAP hurdle (20-day)	\$0.01
Grant date share price	\$0.002
Exercise price	nil
Expected volatility	100%
Performance Right life	3 years
Risk-free interest rate	0.66%

ORDINARY SHARES ISSUED

On 20 December 2019 39,953,193 fully paid ordinary shares were issued at \$0.0025759 each to directors in lieu of salaries. A gain of \$23,011 was incurred on the issue of these shares.

**8. FAIR VALUE MEASUREMENT**

The following table details the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date (level 1).

	31 December 2019 \$	30 June 2019 \$
<u>Assets</u>		
Ordinary shares	653	953

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.

**9. CONTINGENT LIABILITIES**

There has been no change to contingent liabilities since the last annual reporting date.

**10. EVENTS SUBSEQUENT TO REPORTING DATE**

On 7 January 2020 the Company announced the change of address of its registered office and principal place of business to Level 3, 33 Ord Street, West Perth WA 6005.

On 13 February 2020 the Company announced that it has received firm commitments from sophisticated and professional investors totalling up to approximately \$1.1 million through a placement of up to 315,867,854 fully paid ordinary shares at an issue price of \$0.0035 per Share.

No other matters or circumstances have arisen subsequent to 31 December 2019 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

**11. DIVIDENDS**

No dividends have been declared or paid during the half-year ended 31 December 2019.

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS  
for the half year ended 31 December 2019 (cont)****12. 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.

**VICTORY PROJECT**

On 1 April 2015, the acquisition of the Victory Project from Victory Nickel Inc. ("the Vendor") was finalised. The Victory Project is located immediately adjacent to the Company's Lynn Lake Project, and contains the main nickel resources in that area.

The terms of the acquisition include a requirement to spend an aggregate amount of AUD\$3.5 million on exploration and resource development in a five year period (concluding on the 19 December 2019). The group continues to progress towards meeting the expenditure requirement. In the event that the Company fails to meet this expenditure requirement:

- The difference between AUD\$3.5 million expenditure requirement and what is actually spent, must be paid to the Vendor in cash or shares; or
- The project is returned to Vendor.

On 19 December 2019 Corazon notified Victory Nickel that we intend to retain the Project having met the expenditure requirement.

**LYNN LAKE PROJECT**

On 13 July 2010, the Company acquired a subsidiary entity Manitoba Nickel Pty Ltd holder of an option to acquire a 100% interest in the Lynn Lake Project for approximately CAD\$1.75 million in expenditure over four years.

On 29 July 2015, the Company renegotiated the terms of its option to acquire 100% equity in project, securing more favourable terms with regards to the future acquisition of the Lynn Lake Project. Under the terms of the original contract the Company was required to make a cash payment of CAD1,000,000 by 20 October 2015 to acquire the project, this has now been revised to half-yearly payments of CAD100,000 until the full amount of the CAD1,000,000 has been paid (final payment due on or before 20 April 2020). The other change of significance is that the deferred consideration of CAD750,000 is now payable on the 'commencement of commercial mining' as opposed to the original agreement of being payable *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.

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 20 April 2020 by paying the balance of the half yearly payments.

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.

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS**  
**for the half year ended 31 December 2019 (cont)****MT GILMORE PROJECT**

On 16 June 2016 the Company announced that it had executed an earn-in agreement for exclusive rights to acquire up to 80% of the Mt Gilmore Cobalt-Copper-Gold Project in New South Wales, Australia from private company Providence Gold and Minerals Pty Ltd “the Vendor”.

On 2 July 2019 the Company concluded this agreement with the Company fulfilling its final contractual commitment being the issuance of 83,333,334 fully paid ordinary shares to *Providence Gold and Minerals Pty Ltd (the “vendor”)*, to finalise the acquisition of the remaining 29% interest. This increases the Company overall interest in the project to 80%. The earn-in component of this agreement was fulfilled during the 2017 financial year.

*The* Company has no further contractual financial commitment to the Project other than to maintain the project in good standing. The Company continues to sole fund the project and the Vendor has a free carry period on the project through to the decision to mine.

**13. KEY MANAGEMENT PERSONNEL**

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

## DIRECTOR'S DECLARATION

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 13 to 26 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporation Regulations 2001; and
  - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. 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 directors made pursuant to s.303 (5) of the *Corporations Act 2001*.



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Brett Smith  
Managing Director

Dated this day 12 March 2020