



HALF YEAR REPORT

**FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2015**

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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 2015 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

Clive Jones

EXECUTIVE MANAGING DIRECTOR

Brett Smith

NON-EXECUTIVE DIRECTORS

Adrian Byass

Jonathan Downes

COMPANY SECRETARY

Robert Orr

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Advanced Share Registry Services

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NEDLANDS WA 6009

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Australian Securities Exchange

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Code: CZN

BANKERS

National Australia Bank Limited

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PERTH WA 6000

WEBSITE

www.corazon.com.au

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 2015.

1. DIRECTORS

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

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

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 for nickel and gold and the development of mining activities.

3. RESULT OF OPERATIONS

The loss after tax for the half-year ended 31 December 2015 was \$440,761 (2014: \$681,459).

4. REVIEW OF OPERATIONS

Corazon's focus during the December 2016 half year was on the consolidated Lynn Lake Nickel-Copper Sulphide Project ("Project") in the Manitoba region of Canada. The Lynn Lake district has an enormous metal endowment localised in a very confined area and Corazon's consolidated project area has excellent prospectivity. The Company's activities at Lynn Lake have been driven by the expectation that modern geophysical techniques will be of great benefit in exploring the Lynn Lake area.

During the half-year, Corazon successfully renegotiated the acquisition terms for the Lynn Lake Nickel-Copper Project ("Dunlop Agreement"), removing a significant payment hurdle and ensuring the Company's development and exploration work on the highly prospective Lynn Lake project area progresses. The new deal along with the combined common goal of all parties of developing Lynn Lake will aid the advancement of the Project.

Under the terms of the original Option Agreement, Corazon was required to make cash payment of C\$1 million by 20 October 2015 to acquire 100% equity in the Project. Given the current market, this payment and other related deferred payments were to be an impediment to the advancement of the Project and as such all parties have agreed to a new structure for the acquisition of the Project. The new terms remove the requirement for the C\$1,000,000 lump sum payment and are replaced by half-yearly payments of C\$100,000 until payments totalling C\$1 million are made (which would be 20 April, 2019).

Following the acquisition of the Victory Nickel Project (now part of the consolidated Lynn Lake Project), the Company inherited a large amount of legacy data. Corazon's dedicated focus on acquiring, collating and digitally capturing all past exploration and mining data for the combined Project area, combined with modern geophysical surveys, has resulted in a new understanding of the structure and makeup of the region.

DIRECTOR'S REPORT (cont)

Corazon has defined several compelling exploration targets and the Company is currently seeking Work Permit approvals for an Induced Polarisation geophysical survey at Lynn Lake. Mining and development studies are continuing for the Lynn Lake Project.

Corazon strongly believes the Lynn Lake Project is a significant nickel-copper asset the Company remains focused on its goal of recommencing mining operations at Lynn Lake. The work being undertaken by the Company is done so with the strong belief that the combined Lynn Lake Project will deliver improved economics for any potential mining operation, with benefits in scale and possible mine life, resulting in an excellent development opportunity leveraged to improvements in the nickel metal price.

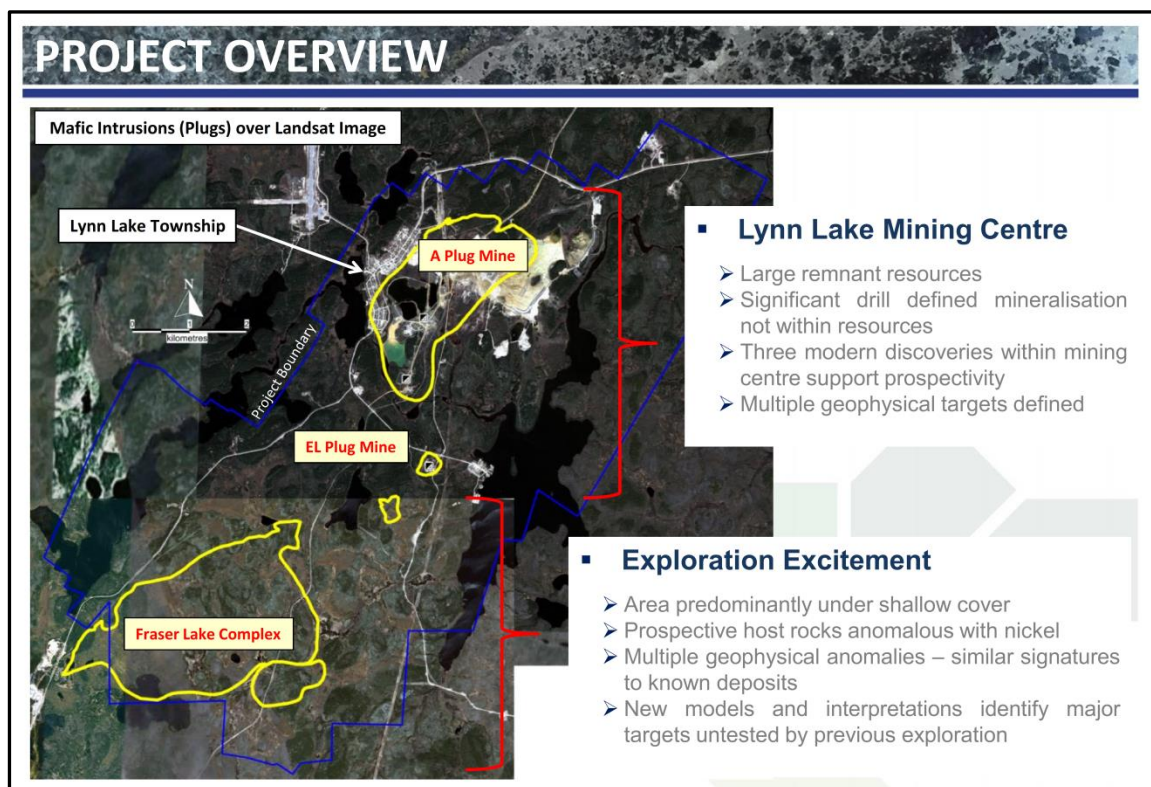


Figure 1 – Corazon's Lynn Lake project area showing mafic plug outlines over satellite image.

Competent Persons Statement

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 is an employee of Corazon Mining Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012).

With regards to the "foreign estimates of mineralisation" defined by the NI 43-101 resource presented for Lynn Lake, Mr Smith concludes that the information provided in this document complies with ASX Listing Rule 5.12 and is an accurate representation of the data and studies available for the resource. Mr Smith consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

Some of the information contained in this announcement is historic data that 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.

DIRECTOR'S REPORT (cont)

CORPORATE ACTIVITIES

On 25 November 2015, Corazon held its Annual General Meeting of Shareholders (AGM). All resolutions put to the meeting were unanimously passed by a show of hands.

5. 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.

6. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2015.

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.

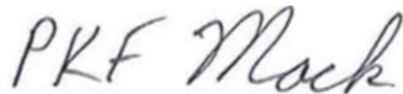
A handwritten signature in black ink, appearing to read "Brett Smith", is written over a light blue horizontal line.

Brett Smith
Managing Director
Dated this day 9 March 2016

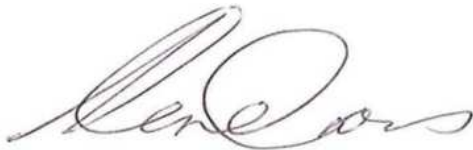
AUDITOR'S INDEPENDENCE DECLARATION

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 2015, 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



SHANE CROSS
PARTNER

9 MARCH 2016
WEST PERTH,
WESTERN AUSTRALIA

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF CORAZON MINING LIMITED

Report on the Half-Year Financial Report

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 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2015, or during the half year.

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 Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation 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.

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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Conclusion

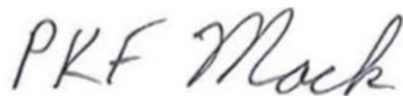
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Corazon Mining Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$440,761 during the half year ended 31 December 2015. These conditions, along with other matters as set out in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the 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.



PKF MACK



SHANE CROSS
PARTNER

9 MARCH 2016
WEST PERTH,
WESTERN AUSTRALIA

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2015**

	Note	31-Dec-15 \$	31-Dec-14 \$
Revenue			
Other revenue	3	14,815	24,491
Expenses			
Administrative expense		(31,425)	(29,139)
Compliance and regulatory expense		(64,920)	(83,063)
Consultancy expense		(44,535)	(33,369)
Depreciation and amortisation expense		(2,278)	(2,615)
Directors fees		(90,911)	(90,891)
Employee benefits expense		(7,721)	(9,151)
Exploration expense		(74,748)	(217,734)
Fair value movements on available for sale financial assets		-	(43,531)
Finance costs		(1,697)	(2,737)
Impairment of intangible asset		(111,396)	(154,785)
Insurance expense		(11,766)	(6,152)
Occupancy expense		(22,809)	(24,012)
Realised loss on sale of financial asset		-	(1,600)
Realised gain on sale of financial asset		36,494	-
Travel expense		(27,864)	(7,171)
		<u>(440,761)</u>	<u>(681,459)</u>
Loss for the period before income tax expense		(440,761)	(681,459)
Income tax benefit/(expense)		-	-
		<u>(440,761)</u>	<u>(681,459)</u>
Loss for the period from continuing operations		(440,761)	(681,459)
Discontinuing operations			
Loss for the period from discontinuing operations		-	-
		<u>(440,761)</u>	<u>(681,459)</u>
Loss for the period		(440,761)	(681,459)
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available for sale financial asset		-	-
		<u>(440,761)</u>	<u>(681,459)</u>
Total comprehensive loss for the period		(440,761)	(681,459)
Loss per share			
Basic and diluted loss per share (cents) calculated on loss for continuing and discontinuing operations for the period		(0.10)	(0.17)

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 2015

	Note	31-Dec-15 \$	30-Jun-15 \$
CURRENT ASSETS			
Cash and cash equivalents		1,058,773	1,816,876
Trade and other receivables		42,286	19,991
Other assets		7,926	10,301
		<u>1,108,985</u>	<u>1,847,168</u>
TOTAL CURRENT ASSETS		<u>1,108,985</u>	<u>1,847,168</u>
NON-CURRENT ASSETS			
Other assets		35,000	35,000
Financial assets		23,353	43,433
Plant and equipment		21,399	23,677
Intangible assets	4	-	-
Exploration and evaluation expenditure	5	790,682	511,394
		<u>870,434</u>	<u>613,504</u>
TOTAL NON-CURRENT ASSETS		<u>870,434</u>	<u>613,504</u>
TOTAL ASSETS		<u><u>1,979,419</u></u>	<u><u>2,460,672</u></u>
CURRENT LIABILITIES			
Trade and other payables		67,132	107,624
		<u>67,132</u>	<u>107,624</u>
TOTAL CURRENT LIABILITIES		<u>67,132</u>	<u>107,624</u>
TOTAL LIABILITIES		<u>67,132</u>	<u>107,624</u>
NET ASSETS		<u><u>1,912,287</u></u>	<u><u>2,353,048</u></u>
EQUITY			
Issued capital	6	26,739,318	26,739,318
Reserves		849,696	849,696
Accumulated losses		(25,676,727)	(25,235,966)
		<u>1,912,287</u>	<u>2,353,048</u>
TOTAL EQUITY		<u><u>1,912,287</u></u>	<u><u>2,353,048</u></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 2015

	31-Dec-15 \$	31-Dec-14 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	15,543	25,220
Payments to suppliers and employees	(344,705)	(484,826)
Payments for exploration and evaluation	(74,346)	(214,848)
NET CASH USED IN OPERATING ACTIVITIES	<u>(403,508)</u>	<u>(674,454)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of financial assets	55,952	-
Payments for fixed assets	-	(2,176)
Payments for exploration prospects	(410,547)	(154,785)
NET CASH FROM INVESTING ACTIVITIES	<u>(354,595)</u>	<u>(156,961)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
NET CASH FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(758,103)	(831,415)
Cash and cash equivalents at the beginning of the reporting period	1,816,876	2,162,603
Cash and cash equivalents at the end of the reporting period	<u><u>1,058,773</u></u>	<u><u>1,331,188</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 2015

	Issued Capital	Share Based Payment Reserves	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	26,739,318	545,946	303,750	(25,235,966)	2,353,048
Loss for the period	-	-	-	(440,761)	(440,761)
Total comprehensive income for the period	-	-	-	(440,761)	(440,761)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31 December 2015	26,739,318	545,946	303,750	(25,676,727)	1,912,287
Balance at 1 July 2014	26,539,318	695,946	303,750	(25,473,021)	2,065,993
Loss for the period	-	-	-	(681,459)	(681,459)
Total comprehensive income for the period	-	-	-	(681,459)	(681,459)
<i>Transactions with owners, recorded directly in equity</i>					
Lapse of option on expiry	-	(150,000)	-	150,000	-
Total transactions with owners	-	(150,000)	-	150,000	-
Balance at 31 December 2014	26,539,318	545,946	303,750	(26,004,480)	1,384,534

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 2015

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 2015, 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 2015 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 9 March 2016.

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 2015. 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 mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

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

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2015 (cont)

New standards and interpretations not yet adopted

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

<u>AASB No.</u>	<u>Title</u>	<u>Application date of standard</u>	<u>Issue date</u>
AASB 9	Financial Instruments	1/01/2018	1/12/2010
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1/01/2016	1/08/2014
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1/01/2016	1/08/2014
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1/01/2016	1/12/2014
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1/01/2016	1/12/2014
AASB 1057	Application of Australian Accounting Standards	1/01/2016	1/07/2015
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1/01/2016	1/01/2015
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1/01/2016	1/01/2015
IFRS 16	Leases	1/01/2019	1/01/2015

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 \$440,761 for the period ended 31 December 2015 (31 December 2014: \$681,459). As at 31 December 2015 the Consolidated Entity had net assets of \$1,912,287 (30 June 2015: \$2,353,048) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2015 the Consolidated Entity had \$1,058,773 (30 June 2015: \$1,816,876) 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 2015 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.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2015 (cont)

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.

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) *Classification of investments*
The Consolidated Entity 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.
- (v) *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 test and considered it is appropriate that the option should be impaired as at 31 December 2015.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2015 (cont)

2. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by 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 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.

	Australia	Canada	Unallocated	Total
	\$	\$	\$	\$
For the period ended 31 December 2015				
Revenue	-	-	14,815	14,815
Total segment revenue	-	-	14,815	14,815
Segment net operating loss after tax	-	(187,353)	(253,408)	(440,761)
Interest revenue	-	-	14,815	14,815
Depreciation	-	(1,209)	(1,069)	(2,278)
As at 31 December 2015				
Segment assets	-	796,772	1,182,647	1,979,419
Segment Liabilities	-	(28,601)	(38,531)	(67,132)

	Australia	Canada	Unallocated	Total
	\$	\$	\$	\$
For the period ended 31 December 2014				
Revenue	-	-	24,491	24,491
Total segment revenue	-	-	24,491	24,491
Segment net operating profit after tax	(80,569)	(293,372)	(307,518)	(681,459)
Interest revenue	-	-	24,491	24,491
Depreciation	-	(1,422)	(1,193)	(2,615)
As at 30 June 2015				
Segment assets	-	518,510	1,942,162	2,460,672
Segment Liabilities	-	(54,456)	(53,168)	(107,624)

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

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2015 (cont)

	31 December 2015 \$	31 December 2014 \$
3. OTHER REVENUE		
<u>Operating activities</u>		
Interest received	14,815	24,491
Total Other Revenue	<u>14,815</u>	<u>24,491</u>

4. INTANGIBLE ASSET

	31 December 2015 \$	30 June 2015 \$
Balance at the beginning of the period	-	-
Option payments	111,396	154,786
Impairment of intangible asset	<u>(111,396)</u>	<u>(154,786)</u>
Balance at the end of the period	<u>-</u>	<u>-</u>

LYNN LAKE PROJECT

In July 2010, the Consolidated Entity 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.

The only asset of the acquired subsidiary is an option to acquire an exploration tenement. Therefore, 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 \$7.03 million on exploration and evaluation at Lynn Lake Project. On 29 July 2015, the Company 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 2019). 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 11 for details.

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 test and considered it is appropriate that the Lynn Lake Project be impaired as at 31 December 2015.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2015 (cont)

	31 December 2015 \$	30 June 2015 \$
5. EXPLORATION EXPENDITURE		
Balance at the beginning of the period	511,394	-
Exploration expenditure capitalised during the period	354,036	878,182
Impairment of exploration expenditure	(74,748)	(366,788)
Balance at the end of the period	<u>790,682</u>	<u>511,394</u>

Exploration expenditure includes expenditure on the Victory Nickel Project.

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 2015 \$	30 June 2015 \$
6. ISSUED CAPITAL		
(a) Issued and fully paid shares		
Fully paid ordinary shares	28,543,928	28,543,928
Less: capital issue costs net of tax	<u>(1,804,610)</u>	<u>(1,804,610)</u>
	<u>26,739,318</u>	<u>26,739,318</u>

7. 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 2015 \$	30 June 2015 \$
<u>Assets</u>		
Ordinary shares available-for-sale	<u>23,353</u>	<u>43,433</u>

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.

8. CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual reporting date, refer to Note 11.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2015 (cont)

9. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances has arisen subsequent to 31 December 2015 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

10. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2015.

11. COMMITMENTS

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

LYNN LAKE NICKEL PROJECT

On 13 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).

On 29 July 2015, the Company 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 new terms to acquire the project, a CAD\$2 million vendor consideration payment has been reduced to CAD\$1 million. The Company will make half-yearly payments to the Vendor of \$100,000 until the full amount of the CAD\$1,000,000 has been paid (final payment due on or before 20 April 2019). The other change of significance is that the deferred consideration component of CAD\$750,000 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 position feasibility study: or
- The commencement of commercial mining.

Should Corazon proceed to earn a 100% interest in the project, a residual royalty of 2.5% NSR will remain with the owner. Corazon will have the ability to purchase half of this royalty, reducing it to 1.25% for CAD\$1.25 million.

As at 31 December 2015, the Consolidated Entity has spent approximately \$7.03 million on exploration and evaluation at Lynn Lake Project.

Exploration and evaluation expenditure payable in the event the option to acquire Lynn Lake is exercised.

- | | |
|---|---------|
| - Not longer than 12 months | 197,500 |
| - Longer than one year but not longer than five | 691,250 |

Subject to Manitoba 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 a further 4,500,000 Shares.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2015 (cont)

VICTORY NICKEL PROJECT

On 1 April 2015, the acquisition of the Victory Nickel Project from Victory Nickel Inc. ("the Vendor") was finalised. The Victory Project is located immediately adjacent to the Company's Lynn Lake Nickel 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\$3.5M on exploration and resource development in a five year period (concluding on the 19 December 2019). In the event that the Company fails to meet this expenditure requirement:

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

As at 31 December 2015, the Company has spent \$790,682 on exploration and evaluation at the Victory Project with a balance due of \$2,709,318 on the committed spend (total \$3,500,000).

Within 30 days of the re-commencement of commercial ore processing at Lynn Lake, Corazon required to make a payment of AUD\$1 million (cash and/or shares at Corazon's discretion) to Vendor.

Vendor retains a 1.5% net smelter royalty on production from the Victory project area. Corazon has the right to purchase 1% of the 1.5% royalty for AUD\$1M.

Exploration and evaluation expenditure payable:

- | | |
|---|-------------|
| - Not longer than 12 months | \$700,000 |
| - Longer than one year but not longer than five | \$2,009,318 |

12. 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 8 to 19 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 2015 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*.



Brett Smith
Managing Director

Dated this day 9 March 2016