

Nevada Iron Ltd

ACN 123 423 987

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2015

CONTENTS	PAGE
CORPORATE DIRECTORY	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT	16

NEVADA IRON LTD

ACN 123 423 987

CORPORATE DIRECTORY

DIRECTORS

Mick McMullen (Executive Chairman)
Taj Singh (Non-Executive Director)
Andrew Brice (Non-Executive Director)
Heath Rushing (Non-Executive Director)
Donald Pattalock (Non-Executive Director)
Arden Morrow (Non-Executive Director)

CHIEF FINANCIAL OFFICER (US Subsidiaries)

Bill Dean (resigned 15 January 2016)

COMPANY SECRETARY

Michael Higginson

**REGISTERED OFFICE & PRINCIPAL
PLACE OF BUSINESS**

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AUDITORS

RSM Australia Partners
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Perth WA 6000

SHARE REGISTRY

Advanced Share Registry Services Ltd
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Nedlands WA 6009

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STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd
ASX Code: NVI

NEVADA IRON LTD

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Nevada Iron Ltd ("Nevada" or the "group") for the half year ended 31 December 2015.

DIRECTORS

The following persons held office as a Director of Nevada at the end of the half year:

- Mick McMullen (Executive Chairman and Managing Director)
- Taj Singh (Non-Executive Director)
- Andrew Brice (Non-Executive Director)
- Heath Rushing (Non-Executive Director)
- Donald Pattalock (Non-Executive Director)
- Arden Morrow (Non-Executive Director)

The following Directors were in office from the beginning of the half-year until the date of this report;

- Mick McMullen
- Taj Singh
- Andrew Brice
- Heath Rushing
- Donald Pattalock
- Arden Morrow

RESULTS

The net loss of the group for the half year ended 31 December 2015 was \$7,879,210 (2014: \$13,250,991).

No dividends were paid or declared by the Company during the half-year.

REVIEW OF OPERATIONS

The following is a summary of the activities of Nevada during the period 1 July 2015 to 31 December 2015. It is recommended that this half yearly report be read in conjunction with the 30 June 2015 Annual Report and any public announcements made by the Company during the half year. In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding the activities of the Company.

Buena Vista Project

The 100% owned Buena Vista Project is located in Nevada in the United States, approximately 40 kilometres from the Union Pacific rail line that connects to port facilities at Sacramento, Stockton, Long Beach and San Francisco.

Buena Vista is a magnetite iron deposit that was discovered in 1898, intermittently mined in the 1950s and 1960s and explored by US Steel in the period 1961-1979 as a potential feed for a US based smelter.

Given the prevailing market conditions, the Company is unable to secure funding for the development of Buena Vista and advises that it has the:

- ability to curtail administration and operations cash out flows as required;
- continued financial support from major shareholders;
- potential to diversify into assets other than Buena Vista; and
- potential to raise the funding associated with such a diversification.

NEVADA IRON LTD

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the group that occurred during the half-year under review not otherwise disclosed in this report.

SUBSEQUENT EVENTS

There has been no matter or circumstance that has arisen since 31 December 2015, which has significantly affected, or may significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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

A handwritten signature in black ink, appearing to read 'M J McMullen'.

Mick McMullen
Chairman
Date: 15 March 2016
Perth, Western Australia

RSM Australia Partners

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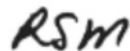
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Nevada Iron Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



DAVID WALL
Partner

Perth, WA
Dated: 15 March 2016

NEVADA IRON LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		72,872	151,867
Trade and other receivables		49,737	42,286
Total current assets		122,609	194,153
Non-current assets			
Property, plant and equipment		1,044,570	1,004,529
Intangible assets		-	722,753
Exploration and evaluation expenditure	3	-	5,783,467
Total non-current assets		1,044,570	7,510,749
Total assets		1,167,179	7,704,902
Current liabilities			
Trade and other payables		954,536	1,753,025
Provisions		4,391	5,112
Total Current Liabilities		958,927	1,758,137
Total liabilities		958,927	1,758,137
Net assets		208,252	5,946,765
Equity			
Contributed equity	5	37,525,429	35,873,757
Share based payments reserve		242,085	1,903,227
Foreign currency translation reserve		6,328,878	5,908,553
Accumulated losses		(43,888,140)	(37,738,772)
Total equity		208,252	5,946,765

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

NEVADA IRON LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 \$	31 December 2014 \$
Revenue from continuing operations			
Other revenue		96	60
Gain on debt to equity issue		293,770	-
Expenses from continuing operations			
Corporate and legal		(78,796)	(100,791)
Occupancy expenses		(59,970)	(26,215)
Employee and consulting costs		(422,177)	(381,557)
Administration costs		(59,311)	(32,525)
Depreciation and Amortisation expense		(26,761)	(5,883)
Impairment expense	4	(6,888,764)	(12,787,863)
Exploration expenditure		(630,053)	-
Foreign exchange gain/(loss)		(7,244)	83,783
Loss before income tax expense		(7,879,210)	(13,250,991)
Income tax expense		-	-
Net loss for the period		(7,879,210)	(13,250,991)
		(7,879,210)	(13,250,991)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
-Foreign currency translation		420,324	3,360,910
Total comprehensive income (loss) for the period		(7,458,886)	(9,890,081)
Basic earnings per share (cents per share)		(18.78)	(39.80)
Diluted earnings per share (cents per share)		(18.78)	(39.80)

Diluted earnings per share are the same as basic earnings per share as none of the options on issue are considered dilutive.

The above consolidated statement of comprehensive income should be read in accordance with the accompanying notes.

NEVADA IRON LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed equity	Accumulated losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
As at 1 July 2014	35,388,873	(10,921,571)	4,754,114	1,680,915	30,902,331
Total comprehensive income	-	(13,250,991)	-	3,360,910	(9,890,081)
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Equity based payments	-	-	-	-	-
Expiry of options	-	92,637	(92,637)	-	-
As at 31 December 2014	35,388,873	(24,079,925)	4,661,477	5,041,825	21,012,520
As at 1 July 2015	35,873,757	(37,738,772)	1,903,227	5,908,553	5,946,765
Total comprehensive income	-	(7,879,210)	-	420,324	(7,458,886)
Issue of shares	1,660,679	-	-	-	1,660,679
Share issue costs	(9,007)	-	-	-	(9,007)
Equity based payments	-	-	68,701	-	68,701
Expiry of options	-	1,729,843	(1,729,843)	-	-
As at 31 December 2015	37,525,429	(43,888,140)	242,085	6,328,878	208,252

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

NEVADA IRON LTD
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows related to operating activities		
Payments to suppliers, contractors and employees	(305,631)	(553,152)
Interest received	96	60
Net cash flows (used in) operating activities	(305,535)	(553,092)
Cash flows related to investing activities		
Payments for exploration and evaluation	(474,690)	(1,851,969)
Payments for property, plant & equipment	-	(74,309)
Payment for intangibles	-	(3,075)
Total cash flows (used in) investing activities	(474,690)	(1,929,353)
Cash flows from financing activities		
Proceeds from issue of shares and share options	716,585	9,174
Share issue costs	(9,007)	-
Net cash flows from financing activities	707,578	9,174
Net increase/(decrease) in cash and cash equivalents	(72,647)	(2,473,271)
Effects of exchange rates changes on cash	(6,348)	(101,118)
Cash and cash equivalents at beginning of the financial period	151,867	2,758,732
Cash and cash equivalents at end of the financial period	72,872	184,343

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

NEVADA IRON LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Nevada Iron Ltd and its controlled entities (consolidated entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2015, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

New and Revised Accounting Standards

In the current half year, Nevada Iron Ltd has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the entity's accounting policies.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$7,879,210 and had net cash outflows from operating activities and investing activities of \$305,535 and \$474,690 respectively during the half year ended 31 December 2015. As at that date the consolidated entity had net current liabilities of \$836,318. These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability to issue additional shares or quasi debt instruments under the Corporations Act 2001, to raise further working capital, as previously conducted with the successful share issues in the financial years ended 30 June 2015 and 2014;
- The potential to diversify into assets other than the Buena Vista Iron project and the potential to raise funding associated with such a diversification; and
- The ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

If the consolidated entity is not successful in raising additional capital, there exists a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

NEVADA IRON LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

2. DIVIDENDS

No dividends were paid or declared by the Company during the half-year.

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 \$	30 June 2015 \$
Opening balance	5,783,467	28,308,035
Exploration expenditure	-	2,340,851
Impairment expense	(6,141,735)	(28,648,843)
Effects of movements in exchange rates	358,268	3,783,424
Closing balance	<u>-</u>	<u>5,783,467</u>

4. IMPAIRMENT CHARGES

	31 December 2015 \$
Exploration and evaluation expenditure impairment	(6,141,735)
Intangible assets impairment	<u>(747,029)</u>
Total	<u>(6,888,764)</u>

**31 December
2015
\$**

5. CONTRIBUTED EQUITY

Issued capital:

Ordinary shares fully paid

69,263,566 (30 June 2015, 35,242,469)

37,525,429

Movement in share capital:	Issue Price \$	Number of Shares	\$
Opening balance 1 July 2015	-	35,242,469	35,873,757
Adjustment to opening balance			12,723
Shares issued 7 August 2015	0.050	2,923,067	146,153
Shares issued 27 October 2015 – Debt to Equity	0.269	1,097,951	295,568
Shares issued 27 October 2015 – Debt to Equity	0.050	14,131,386	706,569
Shares issued 27 October 2015	0.050	15,868,693	793,435
Transaction cost on shares issued		-	(9,007)
Gain on Debt to Equity Swap 27 Oct 2015		-	<u>(293,769)</u>
Balance 31 December 2015		<u>69,263,566</u>	<u>37,525,429</u>

NEVADA IRON LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

6. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The group does not have any contingent liabilities or contingent assets.

7. SEGMENT REPORTING

For management purposes the group is organised into two strategic units:

- Mineral exploration and corporate head office in Australia
- Mineral exploration in the United States of America

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the group reports its primary segment information to the Board

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the group is managed and provides a meaningful insight into the business activities of the group.

The following table presents details of revenue and operating profit by business segment as well as reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the table below is derived directly from the internal financial reporting system used by the Board of Directors to monitor and evaluate the performance of our operating segments separately.

	Australia	United States	Total
Half-year ended 31 December 2015			
Revenue from external customers	97	-	97
Inter-segment revenue	-	-	-
Reportable segment (loss) after expenses before tax	(260,326)	(7,618,884)	(7,879,210)
Half-year ended 31 December 2014			
Revenue from external customers	20	40	60
Inter-segment revenue	-	-	-
Reportable segment (loss) after expenses before tax	(420,391)	(12,830,600)	(13,250,991)
Reportable segments assets at 31 December 2015	91,119	1,076,060	1,167,179
Reportable segments assets at 30 June 2015	141,254	7,563,648	7,704,902
Reconciliation of reportable segment profit or loss		2015	2014
Total profit or (loss) for reportable segments		(7,879,210)	(13,250,991)
Elimination of inter-segment profits		-	-
Profit before tax from continuing operations		<u>(7,879,210)</u>	<u>(13,250,991)</u>
Reconciliation of reportable segment assets			
Reportable segment assets		<u>1,167,179</u>	<u>22,121,396</u>
Total assets		<u>1,167,179</u>	<u>22,121,396</u>

NEVADA IRON LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

8. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the reporting date.

9. EQUITY-BASED PAYMENTS

During the half year the following share options were granted to subscribe for fully paid ordinary shares:

- On the 27th October 2015, the Company granted 9,395,880 options vesting immediately, each exercisable at \$0.10 and expiring 30 September 2017.

The following tables set out the assumptions made in determining the fair value of the options granted:

Grant date	27 Oct 2015
Type	Employee and Consultant
Dividend yield (%)	-
Expected price volatility	1.0000
Risk-free interest rate (%)	2.50%
Expected life of options (years)	1.93
Option exercise price	\$0.10
Share price at grant date	\$0.03
Number of options issued	9,395,880
Fair value (\$)	68,701

All options granted are for ordinary shares in Nevada Iron Ltd, which confer a right to acquire one ordinary share for every option held.

Movement in number of options:	Number of Options
Opening balance 1 July 2015	10,345,535
Options issued 27 October 2015	9,395,880
Expiry of options on 31 December 2015	(9,925,526)
Closing balance 31 December 2015	<u>9,815,889</u>

NEVADA IRON LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

10. RELATED PARTY TRANSACTIONS

New Nevada Resources LLC and New Nevada Land LLC

In November 2013 the Group participated in a property acquisition with New Nevada Resources LLC (NNR) and New Nevada Land LLC (NNL). As part of this acquisition Messrs H Rushing and D Pattalock were allocated positions on the Board of Nevada Iron Limited as Non-Executive Directors. Mr H Rushing is director of both NNR and NNL, Mr D Pattalock was the President of NNL. During the 6 month ended, 31 December 2015, the Group paid NNR US \$100,000 in the form of shares issued (2014: Nil) consisting of annual easement commitments and mining claims related expenses. During the period ended 31 December 2015 the Company had commitments of US\$45,000, (2014: US\$40,000) being for payment of mineral rights to NNL.

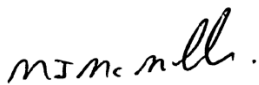
**NEVADA IRON LTD
DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Nevada Iron Ltd, I state that:

In the opinion of the Directors:

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2015 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mick McMullen
Chairman

DATED: 15 March 2016
Perth, Western Australia



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

NEVADA IRON LIMITED

We have reviewed the accompanying half-year financial report of Nevada Iron Limited which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 the half-year end or from time to time 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 Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nevada Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

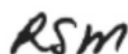
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nevada Iron 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*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial statements, which indicates the consolidated entity incurred a net loss of \$7,879,210 and had cash outflows from operating activities and investing activities of \$305,535 and \$474,690 respectively during the half-year ended 31 December 2015. As at that date, the consolidated entity had net current liabilities of \$836,318. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which 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.



RSM AUSTRALIA PARTNERS



DAVID WALL
Partner

Perth, WA
Dated: 15 March 2016