



ANNUAL REPORT
for the financial year ended 30 June 2016

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Clive Jones

EXECUTIVE MANAGING DIRECTOR

Brett Smith

NON-EXECUTIVE DIRECTORS

Adrian Byass

Jonathan Downes

COMPANY SECRETARY

Robert Orr

PRINCIPAL & REGISTERED OFFICE

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WEST PERTH WA 6005
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SHARE REGISTER

Advanced Share Registry Services
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NEDLANDS WA 6009
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SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange
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Code: CZN

BANKERS

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WEBSITE

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CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to present you with Corazon Mining Limited's Annual Report for the year ending 30 June 2016. The Company's continued diligent work towards developing its flagship Lynn Lake Nickel-Copper-Cobalt Project in Canada saw the positive renegotiation of the acquisition deal for Lynn Lake, the completion of a Resource Estimate for part of the Lynn Lake Mining Centre, and the recognition of the potential of the Fraser Lake Complex – an intrusion twice the size of Lynn Lake, only 5km away from Lynn Lake. Much closer to home, the Company was pleased to add a new asset to its project portfolio, being the Mt Gilmore Cobalt-Copper Gold Project in New South Wales. An advanced cobalt play, Mt Gilmore provides the Company with an exciting dual focus and opportunity.

Despite current world financial markets, the Lynn Lake Nickel-Copper-Cobalt Project continues to represent a robust development opportunity with exciting exploration potential. The Company remains focused on the goal of recommencing mining operations within the Lynn Lake mining district.

Lynn Lake is a significant historic nickel-copper-cobalt mining area that ceased operation in 1976, after 24 years of continuous production. Corazon has been active in the Lynn Lake area since 2010 and has, following its acquisition of the Victory Nickel Project, consolidated the Lynn Lake Mining Centre under the ownership of one company for the first time since mine closure.

Lynn Lake presents a development opportunity boasting large remnant nickel-copper-cobalt resources within the historical mining centre, as well as significant drill defined resource potential from historical drilling and modern discoveries proximal to the mines. In addition to the near-mine opportunities, the potential upside of this project is enormous.

Recent work by Corazon highlighted a very large and compelling exploration target at the nearby Fraser Lake Complex (FLC). The FLC predominantly lies under cover, is twice as large as Lynn Lake, and has all the geophysical and geochemical characteristics of the Lynn Lake mineralisation.

Corazon strongly believes that bringing the Lynn Lake and Victory nickel projects together has created a significant nickel-copper asset, providing an excellent development opportunity leveraged to improvements in the nickel metal price. The Company's work at Lynn Lake is undertaken with the strong belief that the combined project will deliver improved economics for any potential mining operation, with benefits in scale and possible mine life.

In a move created to complement the Company's activities in Canada, Corazon secured the right to earn up to an 80% interest in the Mt Gilmore Project, located in north-eastern New South Wales, Australia. Mt Gilmore includes the advanced, drill-defined, high-grade Cobalt Ridge prospect, in addition to multiple promising, newly defined cobalt targets over a strike of approximately 11 kilometres.

The Mt Gilmore Project provides the Company with an early-stage exploration play with indicators of large-scale copper-gold systems. The most advanced exploration play within Mt Gilmore is the Cobalt Ridge prospect, a high-grade cobalt deposit with accompanying copper and gold mineralisation. The cobalt mineralisation within the Mt Gilmore Project provides an immediate focus for exploration activities for the Company.

With a small amount of infill and extensional drilling, the Company believes the potential exists to define a resource in the short term. Corazon's maiden Mt Gilmore drill program is on track to commence in October 2016 and will focus predominantly on the Cobalt Ridge Prospect where mineralisation remains open along strike and at depth.

To primarily fund the acquisition and exploration of the Mt Gilmore Project, Corazon successfully raised approximately \$1 million at an issue price of 0.55 cents per share ("Placement"). The Placement

was substantially oversubscribed – an endorsement from the market to cobalt’s anticipated bright future.

With traditional cobalt supply constrained and limited as a by-product of nickel and copper mining, pure cobalt projects such as the Mt Gilmore Project will be seen to have a unique place in the market for end users seeking to secure their supply chain.

On behalf of the Board and Corazon’s team both in Australia and Canada, I thank Corazon’s shareholders for your support of the Company’s strategy of aggressive exploration whilst maintaining key assets. Corazon’s team is looking forward to further progressing the Company’s projects with a view towards recommencing mining activities at Lynn Lake and making prospective cobalt discoveries at Mt Gilmore.

Sincerely



Clive Jones
Chairman

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 financial year ended 30 June 2016.

1. Directors

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

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

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

2. Company Secretary

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

3. Operating Results

The consolidated loss of the Consolidated Entity after providing for income tax and eliminating inter-company interests amounted to \$968,807 (2015: \$87,055 profit)

4. Principal Activities and Significant Changes in Nature of Activities

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

5. Dividends Paid or Recommended

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

6. Likely Developments and Expected Results of Operations

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

DIRECTOR'S REPORT (cont)

7. Review of Operations

Corazon Mining Limited (ASX: CZN) ("the Company" or "Corazon") is an Australian based company exploring and developing the Lynn Lake Nickel-Copper-Sulphide project in Canada and Mt Gilmore Cobalt-Copper-Gold project in Australia.

EXPLORATION ACTIVITIES

Lynn Lake Nickel-Copper-Sulphide Project, Manitoba - Canada

During the financial year, Corazon completed the acquisition of the Victory Nickel Project, consolidating the Lynn Lake Nickel-Copper-Cobalt Field for the first time since the Lynn Lake Mine closed in 1976, subsequent to 24 years of continuous operation as a large tonnage, low cost mine.

The Lynn Lake district has an enormous metal endowment localised in a very confined area and Corazon's consolidated project area has exhibited excellent prospectivity. With the acquisition of the Victory Nickel Project, approximately 70 years of exploration information and 24 years of mining data was inherited and subsequently the digital capture and consolidation of this data has been a major activity for the Company. The use of modern understandings of these style of deposits and computer processing power has identified numerous exploration targets both regionally and within the immediate mining centre.

As a result of the data collation and processing, several compelling exploration targets were defined and led to the Company undertaking an Induced Polarisation (IP) geophysical survey at Lynn Lake which generated numerous IP anomalies with similar characteristics to known mineralisation within the Lynn Lake Mining Centre (further details reported below in *Post year-end activity*).

Also during the financial year, Corazon completed a JORC 2012 compliant Resource Estimate ("Resource") for part of the Lynn Lake Mining Centre, which combined and upgraded resources previously reported in both JORC 2004 and NI43-101 (Canadian) reporting standards, as well as incorporating some new areas of mineralisation defined by the previous mining operation.

Corazon also 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 terms removed 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).

Post-year end activity

On 23 August 2016, the Company was pleased to announce an update on its exploration activities at its Lynn Lake Project area.

Geophysical surveys undertaken by the Company at the Fraser Lake Complex (FLC) identified numerous Induced Polarisation (IP) anomalies with similar characteristics to known mineralisation within the Lynn Lake Mining Centre, situated just 5km to the north (ASX announcement 27th July 2016).

DIRECTOR'S REPORT (cont)

Twenty (20) high priority targets of significant strength and depth-extents to warrant drill testing or further exploration follow-up have been identified in the surveyed area. Corazon believes these anomalies are representative of nickel-copper-cobalt sulphide mineralisation and that the FLC has the potential to host a mineralised system similar to Lynn Lake, historically one of Canada's most prolific nickel producing areas. The FLC intrusion is twice the size of the Lynn Lake host intrusion and the area containing priority IP targets within the FLC is larger than the mine area at Lynn Lake.

As part of the process of ranking potential drill targets, a geochemical sampling program including approximately 500 sample sites has been completed over the priority IP anomalies. This sampling will test for indicators of magmatic sulphide mineralisation within fine soils at the base of vegetation root systems.

Assay results are expected to be available in October 2016.

Corazon currently has all approvals and permits in place for drilling at the FLC.

Mt Gilmore Cobalt-Copper-Gold Project, NSW - Australia

Towards the end of the financial year, the Company announced it had secured the right to earn up to an 80% interest in the advanced, high-grade Mount Gilmore Cobalt-Copper-Gold Project ("Project") from private company Providence Gold and Minerals Pty Ltd ("Providence"), through the payment of cash and shares, plus the expenditure of \$2.2 million in-ground (ASX announcement, 16 June 2016).

The Company has subsequently successfully completed due diligence and is proceeding with the agreement (ASX announcement, 4 July 2016).

The Mt Gilmore Project is located 35km from the major centre of Grafton in north-eastern New South Wales within the New England Orogen, a significant mineral province in Eastern Australia with a gold endowment of more than 35M ounces and the potential to host large copper-gold systems. This orogeny hosts deposits such as the Mount Morgan Cu-Au Mine (+50Mt @ 5.9 g/t Au and 0.7% Cu) and Mt Rawdon Gold Mine (50Mt @ 0.71 g/t Au).

Project tenure includes one granted Exploration Licence (EL8379 – one year old), covering an area of approximately 25km by 15km. A prospective 18km trend (the Mt Gilmore Trend) has been identified, which includes more than 25 historic copper, gold, cobalt and iron workings, including significant shafts, adits and drives with high-grade copper and gold mineralisation (rock chips up to grades of 26.8%Cu and 9.2 g/t Au).

The Project includes the Cobalt Ridge Prospect, which boasts:

- Multiple drill results of +1% cobalt with copper and gold credits
- Maximum individual 1m drill results are 3.38% cobalt, 3.18% copper and 4.92 g/t gold
- Mineralisation open in all directions:
 - 300m strike drilled, width 50m to 120m
 - Multiple zones
- Numerous undrilled geochemical anomalies

The Project packaged secured by the Company also includes an emerging copper-gold district with five existing large scale copper-gold targets (four of which remain undrilled), multiple historic workings and extensive outcropping sulphide mineralisation.

DIRECTOR'S REPORT (cont)

The Cobalt Ridge Prospect

The high-grade nature of the cobalt mineralisation at Cobalt Ridge is published in historical records from shallow mining (maximum shaft depth 36.5m), reporting a maximum of 14.7% cobalt (Co) and up to 1.7 oz/ ton gold (Au). The richer mineralisation seemingly occurs in small lenses or pods within a broader zone of mineralisation.

Modern exploration within the Project commenced in the 1980's when PanContinental completed ground IP and magnetic geophysical surveys, gridded soil geochemistry for Cu (copper), As (arsenic), Au and Co, 25 trenches (1,518.5m) and 17 RC drill holes (for 1,020.82m).

Between 2006 and 2008, Central West Gold N.L. drilled 25 holes for 2,880m, including 21 holes for 2,604m at Cobalt Ridge. This work defined multiple parallel sub-vertical Co-Cu-Au sulphide lodes over a strike of 300m and width of between 50m and 120m. Significant results from this work are presented in Table 1.

Maximum individual 1m drill results include 3.38% Co, 3.18% Co and 4.92 g/t Au. These results have been incorporated in the composite assay results reported in Table 1.

The Cobalt Ridge Prospect represents an advanced cobalt play with shallowly drilled Co-Cu-Au lodes open along strike and at depth. With a small amount of infill and extensional drilling, the Company believes the potential exists to define a JORC resource in the short term.

Numerous undrilled regional cobalt prospects exist, including several defined by soil geochemistry and geophysics close to Cobalt Ridge. This style of mineralisation (Co-Cu-Au sulphides) is typically responsive to geophysics, with the Cobalt Ridge mineralisation being traced for at least an additional 100m under cover outside of existing drilling.

Drilling at Cobalt Ridge is proposed for October 2016.

DIRECTOR'S REPORT (cont)

Table 1: Significant drilling intercepts as reported by Central West Gold NL between 2006 and 2008. **Results >0.10% Co, utilizing a >500ppm cut-off and <3m internal dilution.**

Hole ID	Interval (m)		Width (m)	Co %	Cu %	Au g/t
	From	To				
PUL 18	37	53	16	0.30	0.21	0.10
Incl.	39	41	2	0.67	0.42	0.26
Incl.	51	52	1	1.46	1.14	0.57
	58	73	15	0.15	0.10	0.05
	96	107	11	0.32	0.18	0.11
PUL 19	24	30	6	0.37	0.55	0.19
Incl.	25	27	2	0.53	0.75	0.22
Incl.	29	30	1	0.87	1.38	0.59
	35	41	6	0.23	0.31	0.08
	59	76	17	0.37	0.13	0.17
Incl.	67	70	3	1.52	0.24	0.65
PUL 24	71	79	8	0.43	0.10	0.06
Incl.	77	79	2	0.66	0.13	0.07
PUL 27	62	65	3	0.38	1.64	0.63
	70	85	15	0.24	0.90	0.42
Incl.	73	76	3	0.55	2.30	0.90
PUL 29	79	98	19	0.32	0.24	0.12
Incl.	96	98	2	1.91	1.63	0.87
PUL 38	71.13	79.22	8.09	0.27	0.91	0.30
Incl.	75.43	76.5	1.07	1.40	3.18	1.30
	132.8	135.43	2.63	0.51	0.90	0.17
Incl.	133.65	134.64	0.99	1.07	0.80	0.19
	162	167.23	5.23	0.60	0.14	0.09
Incl.	162	163.34	1.34	1.67	0.43	0.30
	172.1	175.02	2.92	0.50	0.32	0.18
Incl.	174.42	175.02	0.6	2.12	1.05	0.86
PUL 40	54	63	9	0.18	0.40	0.13
	73	75	2	0.50	0.41	0.14
PUL 41	25	39	14	0.10	0.13	0.06
Incl.	33	34	1	0.48	0.07	0.12

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 has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration 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.

DIRECTOR'S REPORT (cont)

CORPORATE ACTIVITIES

On 29 July 2015, the Company announced it had negotiated new, more favourable option terms for the acquisition of the Lynn Lake Nickel-Copper Cobalt Project ("Lynn Lake Project"). The new terms removed the requirement to pay a lump sum payment of CAD\$1,000,000 (previously due 20 October 2015) to acquire a 100% equity in the Lynn Lake Project. The lump sum payment was replaced by half-yearly payments of CAD\$100,000, which will continue until the CAD\$1,000,000 consideration required for acquisition is met. The date for the completion of the schedule of half yearly payments is 20 April 2020.

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

On 1 February 2016 the Company announced that 15,000,000 options exercisable at \$0.033 on or before 30 January 2016 had expired.

On 26 April 2016 the Company announced that 7,500,000 options exercisable at \$0.06 on or before 23 April 2016 expired.

On 16 June 2016 the Company announced that it had executed an 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".

Under the terms of the agreement with the Vendor and subsequent to a satisfactory due diligence study by the Company (Company satisfaction of due diligence announced 4 July 2016) the Company can initially earn a 51% interest during the first earn-in period by:

- The issuance of 25 million Company shares to the Vendor (issued 4 July 2016);
- Paying cash reimbursements of costs totaling \$100,000 (paid 11 July 2016); and
- Achieving an exploration spend of \$200,000 on the Project within the first 12 months from the commencement date of the first earn-in period (commencement date 4 July 2016).

Once the Company has achieved the acquisition of 51% of the Project, the Company can earn a further 29% interest (totaling 80%) during the second earn-in period by:

- Completing expenditure of \$2 million on exploration within 3 years of the commencement date of the second earn-in period;
- Paying \$150,000 in cash or shares to the Vendor upon the earlier of the commencement of the third year and the Company spending a minimum of \$500,000 (of the \$2 million commitment) on the Project's exploration expenditure; and
- Paying \$250,000 in cash or shares upon achieving the previous two conditions; also
- The Company has the opportunity to extend this earn-in period by one year by paying \$50,000 in cash or shares.

Upon the Company earning 80% equity in the Project, the Vendor will be free carried until a decision to mine is made. Once a decision to mine is made the Vendor will then have the opportunity to contribute to expenditure requirements according to its working interest, or dilute to a net smelter royalty of 2.0%. The Company has the right to purchase 1% of the royalty for \$3 million at any stage.

On 20 June 2016 the Company announced the Placement of 85,409,040 fully paid ordinary shares with sophisticated investors. The shares were issued at a share price of \$0.0055 raising a total of \$469,750. On 29 July 2016 the Company completed the raising issuing 96,409,140 fully paid ordinary shares at \$0.0055 raising a further \$530,250. These funds were used to predominately fund exploration expenditure on the Mt Gilmore Cobalt-Copper-Gold Project, and the combined Lynn Lake Project with the remainder being used for general working capital purposes.

DIRECTOR'S REPORT (cont)

Cash

The Company's had a cash position of \$951,256 (2015: \$1,816,876) at the end of the financial year.

8. Discussion and Analysis of Operations and the Financial Position

The net assets of the Consolidated Entity decreased from \$2,353,048 at 30 June 2015 to \$1,822,619 at 30 June 2016.

As at 30 June 2016, the Consolidated Entity had \$951,256 (2015: \$1,816,876) cash on hand. The Consolidated Entity may require further funding during the 2016 financial year in order to meet both day-to-day obligations as they fall due and progress its exploration projects. The Directors anticipate that future financing for exploration and mining activities will be secured in a reasonable timeframe and accordingly the directors consider it appropriate to prepare the financial statements on a going concern basis.

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

The Company held several available for sale-listed shares however this financial year the Company sale of the vast majority. The write back of prior financial year impairment losses of \$609,750 (2015: impairment \$44,394) mainly reflects the sale of these investments. The sale resulted in a realised loss of \$569,606 for the Company.

Exploration

The Consolidated Entity has three main exploration projects those being the Lynn Lake Project, the Victory Project both in Manitoba Canada and the Mt Gilmore Project in NSW Australia. In the consolidated financial statements, the Company's Victory Project is accounted for as an *Exploration asset* due to the Company's ownership of it. However the Lynn Lake and the Mt Gilmore Project are accounted for as *Intangible assets and are all impaired*, due to both projects being a staged option to acquire a project.

Exploration and evaluation costs are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if:

- The Company has 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. All exploration projects have been reviewed at 30 June 2016. Accordingly, the Consolidated Entity recorded an aggregate exploration expense of \$343,747 (2015: \$366,788) in the statement of profit or loss and other comprehensive income.

DIRECTOR'S REPORT (cont)

Each project is individually discussed below:

1. Victory Project

During the financial year, the Company assessed the carrying value of its exploration expenditure on the Victory Project and considered it to be a reflection of fair value on the basis of the facts and circumstances notably the exploration activity completed by Corazon in the period. The Company has also completed further work collating historical information to define new targets on the Victory Project.

2. Lynn Lake Project

The Lynn Lake Project is presently a staged option to acquire the project with no current full legal right to the project. Accordingly, the Consolidated Entity recorded an individual exploration expense of \$342,379 (2015 \$286,219) for the Lynn Lake Project in the statement of profit or loss and other comprehensive income.

An intangible asset which is not ready for use is required to be tested for impairment annually. The Consolidated Entity has performed the impairment test and considered it is appropriate that the Lynn Lake Project, also be impaired as at 30 June 2016. Accordingly the Consolidated Entity has recorded impairment expense of \$162,437 (2015: \$154,786).

3. Mt Gilmore Project

The Mt Gilmore Project is presently a staged option to acquire the project but at reporting date had not satisfied the preliminary conditions to acquire any equity (agreement became unconditional on 4 July 2016), nor had the Company accrued any exploration expenditure on the project during the financial year. This project is classified as an intangible asset and will be subject to annual impairment testing in future periods

9. Significant Changes in State of Affairs

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

10. After Reporting Date Events

On 4 July 2016, the Company announced the satisfactory results of the due diligence investigation undertaken by the Company into the Mt Gilmore Project. The satisfaction of this acquisition agreement condition rendered the agreement unconditional allowing the Company to proceed with the first earn-in period to acquire 51% of the Project.

On the same date, the Company issued 25,000,000 shares to the Vendors of the Mt Gilmore Cobalt-Copper-Gold Project as consideration for the project as per the acquisition agreement.

On 28 July 2016, the Company held a General Meeting of Shareholders. All resolutions put to the meeting were unanimously passed by a show of hands.

DIRECTOR'S REPORT (cont)

On 29 July 2016, the Company announced that it had placed 96,409,140 of the Company's ordinary shares with a share price of \$0.0055 p/share with sophisticated investors. The placement raised \$530,250, which will be utilised to fund expenditure on the Company's Lynn Lake, Victory and Mt Gilmore projects and also contribute to the Company's working capital.

On the same date, the Company also announced that it had issued 20,000,000 options with an exercise price of \$0.015 and an expiry of 29 July 2019 to the placement broker in consideration for corporate services.

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

11. Future Developments, Prospects and Business Strategies

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

12. Environmental Issues

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

13. Information on Directors

Mr Clive Jones

Qualifications

Experience

— **Non-Executive Chairman**

— B App Sc (Geol)

— Mr Jones has been involved in the minerals industry for over 25 years and has worked on the exploration and development of a range of commodities both in Australia and overseas and has a history of corporate and technical successes. Aside from his role as Chairman of Corazon Mr Jones is currently joint Managing Director of Cazaly Resources Ltd and a Director of Bannerman Resources Ltd. These companies are currently listed on the Australian Securities Exchange.

Interest in Shares and Options

Length of Service

Directorships held in other listed entities in the last three years

— 2,453,969 fully paid ordinary shares

From 10 February 2005 to present

— Bannerman Resources Ltd from 12 January 2007 to present
 Cazaly Resources Ltd from 15 September 2003 to present
 Unity Mining Ltd from 10 January 2013 to 1 June 2016
 Cortona Resources Ltd from 17 March 2006 to 9th January 2013

DIRECTOR'S REPORT (cont)

Mr Brett Smith

Qualifications

Experience

- **Executive Managing Director**
- BSc Hons, MAusIMM, MAIG, MAICD
- Mr Smith has been involved in the mining and exploration industry for over 25 years as a geologist, manager and director of publicly listed companies. Mr Smith is currently a Director of the ASX companies Metals of Africa Ltd and Iron Mountain Mining Limited and has acquired broad industry experience in exploration and development.
- 5,806,818 fully paid ordinary shares
- From 1 July 2010 to present
- Metals of Africa Ltd from 1 August 2012 to present
- Iron Mountain Mining Limited 7 May 2014 to present
- Cauldron Energy Ltd from June 2009 to 23 June 2015
- Jacka Resources Ltd from July 2009 to May 2014

Interest in Shares and Options

Length of Service

Directorships held in other listed entities in the last three years

Mr Jonathan Downes

Qualifications

Experience

- **Non-Executive Director**
- B Sc Geol, MAIG
- Mr Downes has over 15 years' experience in the minerals industry and has worked in various geological and corporate capacities. Mr Downes has experience in nickel, gold and base metals and has been intimately involved with numerous private and public capital raisings. Mr Downes was a founding director of Hibernia Gold (now Moly Mines Ltd) and Siberia Mining Corporation Ltd. Mr Downes is currently Managing Director of Ironbark Zinc Ltd.
- 7,653,202 fully paid ordinary shares
- From 10 April 2006 to present
- Ironbark Zinc Ltd from 18 April 2006 to present
- Sabre Resources Ltd from 14 December 2007 to present
- Waratah Resources Ltd from 17 July 2008 to 28 November 2014

Interest in Shares and Options

Length of Service

Directorships held in other listed entities in the last three years

DIRECTOR'S REPORT (cont)

Mr Adrian Byass	— Non-Executive Director
Qualifications	— B Sc Hon (Geol), B Econ, FSEG, MAIG
Experience	— Mr Byass has over 15 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr. Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. Mr Byass was a founder of Siberia Mining Corporation Ltd and Hibernia Gold (now Moly Mines Ltd). Mr Byass is currently Non-Executive Director of Ferto Limited and Executive Chairman of Plymouth Minerals Limited.
Interest in Shares and Options	— 10,529,514 fully paid Ordinary Shares
Length of Service	From 3 September 2009 to present
Directorships held in other listed entities in the last three years	Plymouth Minerals Limited from 17 June 2010 to present Ferto Limited from 4 September 2013 to present Ironbark Zinc Ltd from 18 April 2006 to 10 November 2015

14. REMUNERATION REPORT (audited)

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

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

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

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Corazon Mining Limited's key management personnel, comprising the directors of the Company, for the financial year ended 30 June 2016. Disclosures required under AASB 124 *Related Party Disclosures* have been transferred from the financial report and have been audited. The additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 have not been audited.

DIRECTOR'S REPORT (cont)

Remuneration policy

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

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience) and their package may include superannuation, fringe benefits, options and performance incentives.
- The Board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors.

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

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

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

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

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the Employee Incentive Scheme ('EIS').

Performance-based remuneration

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

Company performance, shareholder wealth and Director and Executive remuneration

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

DIRECTOR'S REPORT (cont)

Key terms of employment contracts

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

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

2016

Company Key Management Personnel	Position held as at 30 June 2016 and any change during the year	Contract details	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance (Salary/fees/superannuation)		
			Non-Salary cash-based incentives	Shares/Units	Options/Rights	Cash-based	Shares/Units	Total
			%	%	%	%	%	%
Clive Jones	Non-Executive Chairman	No fixed term.	-	-	-	83	17	100
Brett Smith	Executive Managing Director	No fixed term. 3 months notice required to terminate.	-	-	-	95	5	100
Adrian Byass	Non-Executive Director	No fixed term.	-	-	-	88	12	100
Jonathan Downes	Non-Executive Director	No fixed term.	-	-	-	88	12	100
Robert Orr	Company Secretary	No fixed term	-	-	-	100	-	100

DIRECTOR'S REPORT (cont)**2015**

Company Key Management Personnel	Position held as at 30 June 2015 and any change during the year	Contract details	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance (Salary/fees/superannuation)		
			Non-Salary cash-based incentives	Shares/ Units	Options/ Rights	Cash-based	Shares/ Units	Total
			%	%	%	%	%	%
Clive Jones	Non-Executive Chairman	No fixed term.	-	-	-	100	-	100
Brett Smith	Executive Managing Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	-	100
Adrian Byass	Non-Executive Director	No fixed term.	-	-	-	100	-	100
Jonathan Downes	Non-Executive Director	No fixed term.	-	-	-	100	-	100
Robert Orr	Company Secretary	No Fixed term	-	-	-	100	-	100

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

Key Management Personnel Remuneration

Key Management Personnel	Short Term Employee Benefits Cash and salary \$	Post-Employment Benefits Superannuation \$	Share Based Payments (a) \$	Total \$
2016				
Clive Jones	41,672	-	8,335	50,007
Adrian Byass	35,000	-	5,000	40,000
Brett Smith	197,252	-	10,402	207,654
Jonathan Downes	35,000	3,325	5,475	43,800
Robert Orr	51,600	-	-	51,600
	360,524	3,325	29,212	393,061
2015				
Clive Jones	50,007	-	-	50,007
Adrian Byass	40,000	-	-	40,000
Brett Smith	207,100	-	-	207,100
Jonathan Downes	40,000	3,800	-	43,800
Robert Orr	51,600	-	-	51,600
	388,707	3,800	-	392,507

- (a) During the financial year in an effort to reduce Company cash expenditure it was agreed that some key personnel would be paid a portion of their cash-based remuneration in Company shares. The shares will be issued subject to shareholder approval at the Company's Annual

DIRECTOR'S REPORT (cont)

General Meeting, in the event that approval is not obtained the remuneration will be paid in cash.

Performance income as a proportion of total income

No bonuses were paid to Executive or Non-Executive Directors during the year.

Option Holdings

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

2016	Balance 1.7.2015	Granted as Compensation	Options Exercised	Options Expired (a)	Net Change Other	Balance 30.06.2016	Total Vested and Exercisable
Clive Jones	-	-	-	-	-	-	-
Brett Smith	5,000,000	-	-	(5,000,000)	-	-	-
Adrian Byass	-	-	-	-	-	-	-
Jonathan Downes	-	-	-	-	-	-	-
Robert Orr	-	-	-	-	-	-	-
	5,000,000	-	-	(5,000,000)	-	-	-

(a) These options were exercisable at \$0.033 on or before 30 January 2016 and expired prior to being exercised.

Share holdings

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

2016	Balance 1.7.2015	Received as Compensation	Options Exercised	Net Change Other*	Balance on Resignation / Appointment	Balance 30.6.2016
Clive Jones	2,453,969	-	-	-	-	2,453,969
Brett Smith	5,806,818	-	-	-	-	5,806,818
Adrian Byass	8,029,514	-	-	2,500,000	-	10,529,514
Jonathan Downes	1,653,202	-	-	6,000,000	-	7,653,202
Robert Orr	1,843,940	-	-	-	-	1,843,940
	19,787,443	-	-	8,500,000	-	30,287,443

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

End of Remuneration report

DIRECTOR'S REPORT (cont)

15. Meetings of Directors

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

Directors' Meetings

	Number Eligible to Attend	Number attended
Clive Jones	8	8
Brett Smith	8	8
Adrian Byass	8	8
Jonathan Downes	8	8

16. Indemnifying Officers

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

The Company has paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$7,000 (2015: \$7,000) and extends to cover the following Directors and officers:-

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

17. Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

18. Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
8/11/2013	10/10/2016	\$0.10	7,500,000
28/07/2016	29/07/2019	\$0.015	20,000,000
			27,500,000

19. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DIRECTOR'S REPORT (cont)

20. Non-Audit Services

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

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

The following fees were paid out to PKF Mack Chartered Accountants for non-audit services provided during the year ended 30 June 2016:

Taxation compliance service	\$4,000 (2015: \$3,950)
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21. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 21 of the Directors' Report.

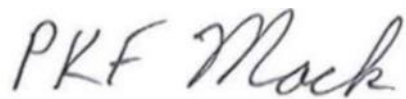
Signed in accordance with a resolution of the Board of Directors.



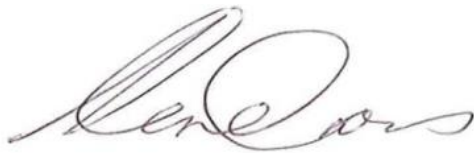
Brett Smith
Executive Managing Director
Dated this 20 day of September 2016

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

In relation to our audit of the financial report of Corazon Mining Limited for the year ended 30 June 2016, 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

20 SEPTEMBER 2016
WEST PERTH,
WESTERN AUSTRALIA

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 June 2016**

	Note	2016 \$	2015 \$
Other revenue	2	20,275	1,411,585
Administrative expense		(38,233)	(47,547)
Compliance and regulatory expense		(126,179)	(350,295)
Consultancy expense		(75,014)	(69,972)
Depreciation and amortisation expense	12	(4,543)	(5,556)
Directors fees		(153,184)	(181,782)
Employee benefits expense		(14,732)	(15,031)
Equity compensation payments	19	(29,212)	-
Exploration expense	13	(343,747)	(366,788)
Fair value movements on available for sale financial assets	9	609,750	(45,994)
Finance costs		(3,253)	(4,169)
Impairment of intangible asset	11	(162,437)	(154,786)
Insurance expense		(22,462)	(11,891)
Occupancy expense		(36,026)	(49,374)
Realised loss on sale of financial asset	9	(569,606)	-
Travel expenses		(20,204)	(21,345)
Profit/(loss) for the year from continuing operations	3	(968,807)	87,055
<u>Discontinuing operations</u>			
Loss for the year from discontinuing operations		-	-
Profit/(loss) for the year		(968,807)	87,055
Income tax expenses	4	-	-
Profit/(loss) for the year		(968,807)	87,055
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Net changes in fair value of available for sale financial assets		-	-
Other comprehensive profit/(loss) (net of tax)		-	-
Total comprehensive profit/(loss) for the year		(968,807)	87,055
Basic and diluted profit/(loss) per share for continuing and discontinuing operations (cents per share)	5	(0.22)	0.02

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	6	951,256	1,816,876
Trade and other receivables	7	21,509	19,991
Other assets	8	9,529	10,301
TOTAL CURRENT ASSETS		<u>982,294</u>	<u>1,847,168</u>
NON-CURRENT ASSETS			
Other assets	0	35,000	35,000
Financial assets	9	2,503	43,433
Intangible asset	11	-	-
Plant and equipment	12	19,134	23,677
Exploration and evaluation expenditure	13	971,828	511,394
TOTAL NON-CURRENT ASSETS		<u>1,028,465</u>	<u>613,504</u>
TOTAL ASSETS		<u><u>2,010,759</u></u>	<u><u>2,460,672</u></u>
CURRENT LIABILITIES			
Trade and other payables	14	188,140	107,624
TOTAL CURRENT LIABILITIES		<u>188,140</u>	<u>107,624</u>
TOTAL LIABILITIES		<u>188,140</u>	<u>107,624</u>
NET ASSETS		<u>1,822,619</u>	<u>2,353,048</u>
EQUITY			
Issued capital	15	27,177,696	26,739,318
Reserves	16	441,861	849,696
Accumulated losses		(25,796,938)	(25,235,966)
TOTAL EQUITY		<u><u>1,822,619</u></u>	<u><u>2,353,048</u></u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Issued Capital	Share Based Payments Reserve	Contingent Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	26,539,318	695,946	303,750	(25,473,021)	2,065,993
Profit/(loss) for the year	-	-	-	87,055	87,055
<i>Other comprehensive income</i>	-	-	-	-	-
Total other comprehensive income	-	-	-	87,055	87,055
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	200,000	-	-	-	200,000
Lapse of options on expiry	-	(150,000)	-	150,000	-
Total transactions with owners	200,000	(150,000)	-	150,000	200,000
Balance at 30 June 2015	26,739,318	545,946	303,750	(25,235,966)	2,353,048
Profit/(loss) for the year	-	-	-	(968,807)	(968,807)
<i>Other comprehensive income</i>	-	-	-	-	-
Total other comprehensive loss	-	-	-	(968,807)	(968,807)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	469,750	-	-	-	469,750
Transaction costs on share issue	(31,372)	-	-	-	(31,372)
Lapse of options on expiry	-	(407,835)	-	407,835	-
Total transactions with owners	438,378	(407,835)	-	407,835	438,378
Balance at 30 June 2016	27,177,696	138,111	303,750	(25,796,938)	1,822,619

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(495,675)	(968,104)
Exploration grants		-	1,369,278
Interest received		20,584	42,454
Payments for exploration and evaluation		(304,937)	(367,759)
Net cash generated from/(used in) operating activities	20	<u>(780,028)</u>	<u>75,869</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of shares		80,182	-
Payments for capitalised exploration		(478,458)	(264,634)
Payments for intangible assets		(162,437)	(154,786)
Payments for plant and equipment		-	(2,176)
Proceeds of loan from unrelated party		9,532	-
Net cash generated from/(used in) investing activities		<u>(551,181)</u>	<u>(421,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		465,589	-
Net cash generated from financing activities		<u>465,589</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		(865,620)	(345,727)
Cash and cash equivalents at beginning of financial year	6	<u>1,816,876</u>	<u>2,162,603</u>
Cash and cash equivalents at end of financial year	6	<u><u>951,256</u></u>	<u><u>1,816,876</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Corazon Mining Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of Directors on 20 September 2016. The Directors have the power to amend and reissue the financial statements.

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

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

New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised or amended 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.

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

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

Basis of Preparation

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

Statement of Compliance

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

Basis of Measurement

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

a. Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an on-going 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 using an appropriate valuation model. Refer to note 19 for further details.

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

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

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

The key areas of judgement and estimation include:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

(iii) *Income tax expenses*

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

(iv) *Classification of investments*

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

(v) *Intangible assets*

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

(vi) *Fair value measurement hierarchy*

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Corazon Mining Limited as at 30 June 2016 and the results of all controlled entities for the year then ended. Corazon and its controlled entities together are referred to in this financial report as the "Consolidated Entity" or "Group".

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the Parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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

c. Business Combinations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

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

d. Exploration and Evaluation Assets

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

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

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

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

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

e. Impairment

(i) Financial Assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

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

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

(ii) *Exploration and Evaluation Assets*

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

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

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

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

f. Income Tax

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

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

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

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

Tax Consolidation

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

g. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

h. Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

i. Financial Instruments

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

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

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

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) *Available-for-sale financial assets*

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

rewards of ownership.

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

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

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

j. Fair value measurement

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair-value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

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

k. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

l. Employee Benefits

a. Wages, salaries and annual leave

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

- b. *Employee benefits payable later than one year*
Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.
- c. *Superannuation*
Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.
- d. *Employee benefit on costs*
Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.
- e. *Equity settled compensation*
The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

n. Revenue and Other Income

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

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

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

p. Trade and Other Receivables

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

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

q. Earnings per share (EPS)

Basic earnings per share

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

Diluted earnings per share

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

r. Contributed Equity

Ordinary shares are classified as equity.

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

s. Investments

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

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

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

t. Current and non-current classification

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

twelve months after the reporting period. All other assets are classified as non-current.

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

u. Acquisition of Assets

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

v. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent entity is disclosed in Note 28.

w. Going Concern basis

These financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As at 30 June 2016 the Group had net assets of \$1,822,619 (2015: \$2,353,048) and \$951,256 (2015: \$1,816,876) in cash and cash equivalents. The Group recorded a loss of \$968,807 (2015: profit \$87,055) and had a net working capital surplus of \$794,154 (2014: \$1,739,544).

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

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

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

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

x. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

y. Comparative Figures

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

z. New standards and interpretations not yet adopted

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

Reference	Title	Application date of standard	Issue Date
AASB 9	Financial Instruments	1 January 2018	December 2014
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	September 2012
AASB 2014-1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part D - 1 January 2016 Part E - 1 January 2018	June 2014
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations [AASB 1 & AASB 11]	1 January 2016	August 2014
AASB 2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	August 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2018	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	1 January 2018	December 2014
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	1 January 2016	January 2015
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	January 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	January 2015
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs	1 January 2016	November 2015
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.	1 January 2018	December 2015
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017	February 2016
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	March 2016
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	May 2016
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January	February

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

Reference	Title	Application date of standard	Issue Date
		2019	2016
AASB 1057	Application of Australian Accounting Standards	1 January 2016	November 2015

	2016	2015
	\$	\$
2. OTHER REVENUE		
<u>Operating activities</u>		
Interest received	20,275	42,307
Exploration and Research and Development grants	-	1,369,278
Total Other Revenue	<u>20,275</u>	<u>1,411,585</u>
3. EXPENSES		
<i>Profit / (losses) for the year are arrived at after charging the following expenses:</i>		
Impairment of intangible asset	162,437	154,786
Equity-settled compensation payment	29,212	-
Exploration expenses	343,747	366,788
Fair value movements on available-for-sale financial assets	(609,750)	45,994
Superannuation expenses	3,325	3,800
Employee benefit expense (excluding superannuation)	11,407	11,231
4. INCOME TAX EXPENSE		
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 28.5% (2015: 30%)	(276,110)	26,116
Add:		
Tax effect of:		
—Accrued income	373	44
—Other non-allowable items	8,441	674
—Impairment expense	46,295	59,754
—Capital losses realised	162,338	480
—Foreign tax losses not recognised	102,307	88,304
—Property, plant and equipment	868	1,117
—Revenue losses not recognised	<u>157,067</u>	<u>262,449</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

2016	2015
\$	\$
<u>477,689</u>	<u>412,822</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

4. INCOME TAX EXPENSE (Cont)

	2016 \$	2015 \$
Less:		
Tax effect of:		
Unrealised foreign exchange	-	32
R&D tax incentive	-	410,784
-Capital raising costs	27,800	27,163
-Unrealised gain on investment	173,779	-
-Provisions and accruals	-	960
	<u>201,579</u>	<u>438,939</u>
Income tax expense/(benefit)	-	-
The applicable average weighted tax rates are as follows:	0%	0%

- c. The corporate tax rate in Australia was changed from 30% to 28.5% with effect from 1 July 2015. This revised rate has not impacted the current tax asset for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes below.

The following deferred tax balances have not been recognised:

Deferred Tax Assets at 28.5% (2015:30%):

Carry forward revenue losses	3,683,913	3,699,290
Foreign tax losses	1,969,343	1,965,302
Impairment of investments	2,086,481	2,426,646
Capital raising costs	45,445	66,600
Capital losses	173,605	41,095
Provisions and accruals	3,705	3,600
	<u>7,962,493</u>	<u>8,202,533</u>

The tax benefits of the above Deferred Tax Assets will only be obtained if:

The Company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and

The Company continues to comply with the conditions for deductibility conditions imposed by the law; and

No change in income tax legislation adversely affects the Company in utilising the benefits.

Deferred tax liabilities at 28.5% (2015: 30%) :

Unrealised foreign exchange gains	-	65
Property, plant and equipment	5,026	6,553
Accrued income	225	330
	<u>5,251</u>	<u>6,948</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

5. PROFIT/(LOSS) PER SHARE	2016 \$	2015 \$
a. Profit/(loss) from continuing operations used in the calculation of basic and diluted EPS	<u>(968,807)</u>	<u>87,055</u>
b. Weighted average number of ordinary shares outstanding during the year used in calculating the basic and dilutive EPS	444,678,159	411,416,423

There are 7,500,000 share options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the years presented.

6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	951,256	316,876
Short-term bank deposits	<u>-</u>	<u>1,500,000</u>
	<u>951,256</u>	<u>1,816,876</u>

Reconciliation of cash

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

Cash and cash equivalents	<u>951,256</u>	<u>1,816,876</u>
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Whilst at reporting date the Company had no short-term bank deposits, the effective interest rate on short-term deposits was 2.24% in 2015; these deposits have an average maturity of 30 days.

7. TRADE AND OTHER RECEIVABLES

CURRENT

GST receivable	16,559	18,892
Interest receivable	789	1,099
Other receivables	<u>4,161</u>	<u>-</u>
	<u>21,509</u>	<u>19,991</u>

Refer to note 23 Financial Risk Management for further details.

8. OTHER ASSETS

CURRENT

Prepayments	<u>9,529</u>	<u>10,301</u>
	<u>9,529</u>	<u>10,301</u>

NON-CURRENT

Term deposit for credit card	<u>35,000</u>	<u>35,000</u>
	<u>35,000</u>	<u>35,000</u>

The effective interest rate on the credit card term deposit was 2.40% (2015: 3.35%). This term deposit has a maturity of a year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

Refer to note 23 Financial Risk Management for further details.

9. FINANCIAL ASSETS

	2016	2015
	\$	\$
NON-CURRENT		
Available-for-sale financial assets	2,503	43,433
	<u>2,503</u>	<u>43,433</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	43,433	89,427
Additions	-	-
Disposals	(39,280)	-
Revaluation increments/(decrements)	<u>(1,650)</u>	<u>(45,994)</u>
Closing fair value	<u>2,503</u>	<u>43,433</u>

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

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

10. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2016	2015
Subsidiaries of Corazon Mining Ltd:			
Resource Investment Group Pty Ltd	Australia	100	100
Manitoba Nickel Pty Ltd	Australia	100	100
Manitoba Nickel Inc	Canada	100	100

* Percentage of voting power is in proportion to ownership

11. INTANGIBLE ASSET

	2016	2015
	\$	\$
Balance at the beginning of the year	-	-
Option payments	162,437	154,786
Impairment of intangible asset	<u>(162,437)</u>	<u>(154,786)</u>
Balance at the end of the year	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (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 Consolidated Entity has spent approximately \$7.35 million on exploration and evaluation at the Lynn Lake Project. On 9 August 2012, the Consolidated Entity renegotiated the terms of its option to acquire the 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 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 17 for details.

MT GILMORE PROJECT

The Mt Gilmore Project is presently a staged option to acquire the project but at reporting date had not satisfied the preliminary conditions to acquire any equity. Accordingly, in the consolidated financial statements this project is accounted for in accordance with AASB138, *Intangible asset* and is subject to annual impairment testing. However, given that the Company had not accrued any exploration expenditure on this project during the period from acquisition to reporting date, no impairment testing was required.

	2016	2015
	\$	\$
12. PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	129,581	129,581
Accumulated depreciation	(110,844)	(106,388)
	<u>18,737</u>	<u>23,193</u>
Office furniture and equipment		
At cost	2,713	2,713
Accumulated depreciation	(2,316)	(2,229)
	<u>397</u>	<u>484</u>
Total Plant and Equipment	<u><u>19,134</u></u>	<u><u>23,677</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

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

Reconciliation	Plant and Equipment \$	Office Furniture and Equipment \$	Total \$
Balance at 1 July 2014	26,467	590	27,057
Additions	2,176	-	2,176
Depreciation expense	(5,450)	(106)	(5,556)
Balance at 30 June 2015	23,193	484	23,677
Additions	-	-	-
Depreciation expense	(4,456)	(87)	(4,543)
Balance at 30 June 2016	18,737	397	19,134

13. EXPLORATION AND EVALUATION EXPENDITURE

NON-CURRENT

Exploration expenditure capitalised		
— exploration and evaluation phases	971,828	511,394
Accumulated impairment losses	-	-
Total exploration expenditure	971,828	511,394
Movement in carrying value:		
Brought forward	511,394	-
Exploration expenditure capitalised during the year	804,181	878,182
Impairment of exploration expenditure	(343,747)	(366,788)
At reporting date	971,828	511,394

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 acquisition consolidates the Company's interest in the Lynn Lake region.

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.

14. TRADE AND OTHER PAYABLES

CURRENT

Trade payables	9,821	25,659
Sundry payables and accrued expenses	178,319	81,965
	188,140	107,624

Refer to note 23 Financial Risk Management for further details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

15. ISSUED CAPITAL	2016 \$	2015 \$
527,045,233 (2015: 441,636,193) fully paid ordinary shares	29,013,678	28,543,928
Less: Capital raising costs	<u>(1,835,982)</u>	<u>(1,804,610)</u>
	<u>27,177,696</u>	<u>26,739,318</u>
	2016 No.	2015 No.
a. Ordinary shares		
At the beginning of reporting year	441,636,193	401,636,193
Shares issued during the year		
— Placements	85,409,040	-
— Consideration for acquisition (i)	<u>-</u>	<u>40,000,000</u>
At reporting date	<u>527,045,233</u>	<u>441,636,193</u>
	2016 \$	2015 \$
At the beginning of reporting year	26,739,318	26,539,318
Shares issued during the year		
- Placements	469,750	-
- Consideration for acquisition of Victory Nickel Project	<u>-</u>	<u>200,000</u>
Less: capital raising costs	<u>(31,372)</u>	<u>-</u>
At reporting date	<u>27,177,696</u>	<u>26,739,318</u>

a. Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. These fully paid ordinary have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

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

c. Capital Management

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

16. RESERVES

<u>2016</u>	Share based payment reserve \$	Contingent reserve \$	Total
<i>Reserves at beginning of financial year</i>	545,946	303,750	849,696
<i>Lapse of options on expiry</i>	(407,835)	-	(407,835)
<i>Reserves at end of financial year</i>	<u>138,111</u>	<u>303,750</u>	<u>441,861</u>

<u>2015</u>	Share based payment reserve \$	Contingent reserve \$	Total
<i>Reserves at beginning of financial year</i>	695,946	303,750	999,696
<i>Lapse of options on expiry</i>	(150,000)	-	(150,000)
<i>Reserves at end of financial year</i>	<u>545,946</u>	<u>303,750</u>	<u>849,696</u>

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

17. CAPITAL COMMITMENTS

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

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). 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

As at 30 June 2016, the Company has spent \$971,828 on exploration and evaluation at the Victory Project with a balance due of \$2,528,172 on the committed spend (total \$3,500,000).

	2016 \$	2015 \$
Payable:		
— Not longer than one year	700,000	700,000
— Longer than one year and not longer than 5 year	1,828,172	2,288,606
Total	<u>2,528,172</u>	<u>2,988,606</u>

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 2019). 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.

As at 30 June 2016, the Company has spent approximately \$7.35 million on exploration and evaluation at the Lynn Lake Project. The renegotiated option agreement acknowledges that the existing earn in obligation has been satisfied. The Company has the discretion to exercise the option to acquire Lynn Lake project on or before 20 April 2020 by paying the balance of the half yearly payments.

	2016 \$	2015 \$
Payable:		
— Not longer than one year	259,215	211,461
— Longer than one year and not longer than 5 year	1,399,761	1,638,824
Total	<u>1,658,976</u>	<u>1,850,285</u>

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.

MT GILMORE PROJECT

On 16 June 2016 the Company announced that it had executed an 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", this agreement became unconditional on the 4 July 2016, following the satisfactory due diligence investigation carried out by the Company and the issue of 25 million Company shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

The Company can earn an initial interest of 51% of the project within the first earn-in period commencing 4 July 2016 by:

- Paying cash reimbursements of costs totalling \$100,000 (paid July 2016)
- Achieving an exploration spend of \$200,000 on the Project within the first 12 months from the date of commencement of earn-in period.

Once the Company has achieved the acquisition of 51% of the Project, the Company can earn a further 29% interest (totaling 80%) by:

- Completing \$2 million in exploration within three years of the commencement date of the second earn-in period.
- Paying \$150,000 in cash or shares to the Vendor upon the earlier of the commencement of the third year and the Company spending a minimum of \$500,000 on the Project's exploration expenditure.
- Paying \$250,000 in cash or shares upon achieving the previous two conditions.

	2016 \$
Payable:	
— Not longer than one year (a)	297,808
— Longer than one year and not longer than 5 year	2,402,192
Total	<u>2,700,000</u>

18. OPERATING SEGMENTS

Identification of reportable segments

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

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

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

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

	Canada \$	Australia \$	Unallocated \$	Total \$
30 June 2016				
Revenue	-	-	20,275	20,275
Total segment revenue	-	-	20,275	20,275
Segment net operating profit/(loss) after tax	(528,596)	20,000	(460,211)	(968,807)
Interest revenue	-	-	20,275	20,275
Exploration expense	(363,747)	20,000	-	(343,747)
Depreciation	(2,411)	-	(2,132)	(4,543)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

	Canada \$	Australia \$	Unallocated \$	Total \$
Intangible asset impairment	(162,437)	-	-	(162,437)
Segment assets	976,899	-	1,033,860	2,010,759
Segment liabilities	(38,852)	-	(149,288)	(188,140)

	Canada \$	Australia \$	Unallocated \$	Total \$
30 June 2015				
Revenue	-	1,369,278	42,307	1,411,585
Total segment revenue		1,369,278	42,307	1,411,585
Segment net operating profit/(loss) after tax	(443,833)	1,073,211	(542,323)	87,055
Interest revenue	-	-	42,307	42,307
Exploration expense	(286,219)	(80,569)	-	(366,788)
Depreciation	(2,828)	-	(2,728)	(5,556)
Intangible asset impairment	(154,786)	-	-	(154,786)
Segment assets	518,510	-	1,942,162	2,460,672
Segment liabilities	(54,456)	-	(53,168)	(107,624)

Segment analysis by geographical region

	Non-current assets	
	2016	2015
Canada	985,494	527,471
Australia	42,971	86,033
	<u>1,028,465</u>	<u>613,504</u>

19. SHARE BASED PAYMENTS

SHARE OPTIONS ISSUED

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

Number and weighted average exercise prices of share options

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

	2016		2015	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Issue to vendors				
Outstanding at the beginning of the year	15,000,000	0.03	15,000,000	0.03
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	(15,000,000)	0.03	-	-
Outstanding at year-end	-	-	15,000,000	0.03
Exercisable at year-end	-	-	15,000,000	0.03
Issue to consultant				
Outstanding at the beginning of the year	15,000,000	0.08	20,000,000	0.11
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	(7,500,000)	0.06	(5,000,000)	0.20
Outstanding at year-end	7,500,000	0.10	15,000,000	0.08
Exercisable at year-end	7,500,000	0.10	15,000,000	0.08

No compensation options were exercised or forfeited during the year ended 30 June 2016.

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

Options series	Number	Grant date	Expiry date	Exercise Price \$	Fair value at grant date \$
i) Acquisition of Border Exp	15,000,000	26/1/2013	31/01/2016	0.033	0.016
ii) Consultants	7,500,000	23/4/2013	23/04/2016	0.06	0.022
iii) Consultants	7,500,000	8/11/2013	10/10/2016	0.10	0.018
Inputs into the model		Series (i)	Series (ii)		Series (iii)
Grant date share price		\$0.024	\$0.031		\$0.02
Exercise price		0.033	\$0.06		\$0.10
Expected volatility		123%	140%		242%
Option life		3 years	3 years		3 years
Risk-free interest rate		2.7%	2.66%		2.905%

The options outstanding at 30 June 2016 had a weighted average exercise price of \$0.10 (2015: \$0.08) and a weighted average remaining contractual life of 0.28 years (2015: 0.82 years). The options were valued using a Black and Scholes option pricing model.

ORDINARY SHARES ISSUED

During the financial year in an effort to reduce Company cash expenditure it was agreed that key personnel would be paid a portion of their cash-based remuneration in Company shares. The shares will be issued subject to shareholder approval at the Company's Annual General Meeting, in the event that approval is not obtained the remuneration will be paid in cash. The number of shares allotted to

each personnel will be calculated based on the value of the share based entitlement divided by the deemed market issue price of the Company shares on issue date (based on a 5 day ASX volume weighted average price (VWAP)).

The value of each share based payment to be issued to key personnel (subject to shareholder approval at the Annual General Meeting) is as follows:

Key Management Personnel	Share Based Payments
	\$
2016	
Clive Jones	8,335
Adrian Byass	5,000
Brett Smith	10,402
Jonathan Downes	5,475
	<hr/>
	29,212
	<hr/>
	2016
	\$
	2015
	\$

Reconciliation of Cash Flow from Operations with Net Profit/(Loss)

Profit/(Loss) after income tax	(968,807)	87,055
Non-cash flows in profit		
Depreciation	4,543	5,556
Impairment of available-for-sale financial assets	(609,750)	45,994
Realised loss on disposal of financial asset	570,498	-
Impairment of intangible asset	162,437	154,786

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries

(Increase)/decrease in receivables and prepayments	3,414	(67,437)
Increase/(decrease) in trade and other payables	57,637	(150,085)
Cashflow from operations	780,028	75,869

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

Key management personnel compensation

	2016	2015
	\$	\$
The key management personnel compensation comprised:		
Short term employment benefits	360,524	388,707
Post-employment benefits	3,325	3,800
Share based payments	29,212	-
	<u>393,061</u>	<u>392,507</u>

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

22. AUDITORS' REMUNERATION

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

Audit or review of financial statements	31,826	27,564
Preparation of tax return	<u>4,000</u>	<u>3,950</u>
Total remuneration	<u>35,826</u>	<u>31,514</u>

23. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

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

i. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity.

ii. Treasury Risk Management

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

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

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

iii. Financial Risk Exposures and Management

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

(a) Liquidity risk

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

23. FINANCIAL RISK MANAGEMENT

ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

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

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

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

(b) Market Risk

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

(c) Credit risk

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

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

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

(d) Equity Price risk

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)

The Consolidated Entity holds the following financial instruments:

	2016 \$	2015 \$
Financial Assets:		
Cash and cash equivalents	951,256	1,816,876
Receivables	21,509	19,991
Other assets	35,000	35,000
Investments	2,503	43,433
Total Financial Assets	<u>1,010,268</u>	<u>1,915,300</u>
Financial Liabilities:		
Trade and sundry payables	188,140	107,624
Total Financial Liabilities	<u>188,140</u>	<u>107,624</u>

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

Less than 1 month	188,140	107,624
Greater than 1 year	-	-
	<u>188,140</u>	<u>107,624</u>

iv. Fair value of financial instruments

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

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

2016	Level 1	Level 2	Level 3	Total
Assets	\$	\$	\$	\$
Ordinary shares	2,503	-	-	2,503
Total assets	<u>2,503</u>	<u>-</u>	<u>-</u>	<u>2,503</u>

2015	Level 1	Level 2	Level 3	Total
Assets	\$	\$	\$	\$
Ordinary shares	43,433	-	-	43,433
Total assets	<u>43,433</u>	<u>-</u>	<u>-</u>	<u>43,433</u>

There were no transfers between levels during the financial year.

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

v. Fair value of receivables

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

vi. Sensitivity Analysis

Interest Rate Risk and Price Risk

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

Interest Rate Sensitivity Analysis

	2016	2015
	\$	\$
Monetary items exposed to interest rate fluctuations at reporting date		
Cash and cash equivalents	951,256	1,816,876
Other assets	35,000	35,000
	<u>986,256</u>	<u>1,851,876</u>

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

Change in loss		
Increase in interest rate by 1% (100 basis points)	6,904	12,963
Decrease in interest rate by 1% (100 basis points)	(6,904)	(12,963)
Change in equity		
Increase in interest rate by 1% (100 basis points)	6,904	12,963
Decrease in interest rate by 1% (100 basis points)	(6,904)	(12,963)

Price Risk Sensitivity Analysis

The majority of the Group's investments are publicly traded and are included in the ASX. The table below summarises the impact of increases/decreases of this index on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that equity indexes had increased/decreased by 10% (2015: 10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2016	2015
	\$000	\$000
Change in profit		
Increase in All Ordinaries Index by 10%	175	3,040
Decrease in All Ordinaries Index by 10%	(175)	(3,040)
Change in equity		
Increase in All Ordinaries Index 10%	175	3,040
Decrease in All Ordinaries Index by 10%	(175)	(3,040)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

24. RELATED PARTY DISCLOSURES

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

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

25. CONTINGENT ASSETS AND LIABILITIES

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

26. EVENTS AFTER THE REPORTING DATE

On 4 July 2016 the Company announced the satisfactory results of the due diligence investigation undertaken by the Company into the Mt Gilmore Project. The satisfaction of this acquisition agreement condition rendered the agreement unconditional allowing the Company to proceed with the first earn-in period to acquire 51% of the Project.

On the same date the Company issued 25,000,000 shares to the Vendors of the Mt Gilmore Cobalt-Copper-Gold Project as consideration for the project as per the acquisition agreement.

On 28 July 2016, the Company held a General Meeting of Shareholders. All resolutions put to the meeting were unanimously passed by a show of hands.

On 29 July 2016, the Company announced that it had placed 96,409,140 of the Company's ordinary shares with a share price of \$0.0055 p/share with sophisticated investors. The placement raised \$530,250 which will be utilised to fund expenditure on the Company's Lynn Lake, Victory and Mt Gilmore projects and also contribute to the Company's working capital.

On the same date, the Company also announced that it had issued 20,000,000 options with an exercise price of \$0.015 and an expiry of 29 July 2019 to the placement broker in consideration for corporate services.

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

27. DIVIDENDS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont)**

	2016 \$	2015 \$
28. PARENT ENTITY DISCLOSURES		
Financial position		
Assets		
Current assets	974,425	1,839,298
Non-current assets	1,030,818	615,026
Total assets	<u>2,005,243</u>	<u>2,454,324</u>
Liabilities		
Current liabilities	182,626	101,278
Non-current liabilities	-	-
Total liabilities	<u>182,626</u>	<u>101,278</u>
Net assets	<u>1,822,617</u>	<u>2,353,046</u>
Equity		
Issued capital	27,177,696	26,739,318
Option reserves	138,111	545,946
Contingent reserves	303,750	303,750
Accumulated losses	<u>(25,796,940)</u>	<u>(25,235,968)</u>
Total equity	<u>1,822,617</u>	<u>2,353,046</u>
Financial performance		
Profit/(loss) for the year	(968,807)	80,709
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	<u>(968,807)</u>	<u>80,709</u>

29. COMPANY DETAILS

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

Level 1
329 Hay Street
SUBIACO WA 6008

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company and Consolidated Group; and
 - c. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards;
 - c. the financial statements and notes for the financial year give a true and fair view; and
 - d. any other matters that are prescribed by regulations for the purposes of Section 295A(2) in relation to the financial statements and notes for the financial year are satisfied.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Brett Smith
Executive Managing Director

Dated this 20 day of September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Corazon Mining Limited (the company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial report of Corazon Mining Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicated that the consolidated entity incurred a net loss after tax of \$968,807 during the year ended 30 June 2016 (2015: profit of \$87,055). These conditions, along with other matters as set for in Note 1, indicate 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 maybe 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 going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Corazon Mining Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



PKF MACK



SHANE CROSS
PARTNER

20 SEPTEMBER 2016
WEST PERTH,
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED COMPANIES

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

Ordinary share capital

648,454,373 fully paid shares are held by 1,657 individual shareholders.

There were no shareholdings held in less than marketable parcels.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

27,500,000 unquoted options are held by 2 individual option holders.

Options do not carrying a right to vote.

Distribution of holders of equity securities

Category (size of holding)

	Number	
	Fully paid ordinary shares	Options
1 – 1,000	94	
1,001 – 5,000	116	
5,001 – 10,000	103	
10,001 – 100,000	672	
100,001 – and over	672	2
	1,657	2

20 Largest Shareholders — Ordinary Shares

A record of the 20 largest shareholders as at 8 September 2016 is as follows:-

Ordinary shareholders

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	VICTORY NICKEL INC	40,000,000	6.17
2	CRESCENT NOMINEES LIMITED	25,909,090	4
3	VERSOWORKS PTY LTD	14,000,000	2.16
4	SI NO 2 PTY LIMITED <SAYERS INVESTMENT NO 2 A/C>	11,000,000	1.7
5	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	10,364,333	1.6
6	STARLET COURT PTY LTD <MUSGRAVE SUPER FUND A/C>	10,000,000	1.54
7	LITWICK ENTERPRISES PTY LTD	10,000,000	1.54
8	DARREN CRAIG GLOVER	8,333,334	1.29
9	PROVIDENCE GOLD & MINERALS PTY LTD	8,333,333	1.29
10	MR BENJAMIN LEIGH HARPER	8,333,333	1.29
11	MR ADRIAN BYASS + MRS MEGAN RUTH BYASS <OAKWOOD SUPER FUND A/C>	8,029,514	1.24
12	KEVIN BORG HOLDINGS PTY LTD <KEVIN BORG SUPER FUND A/C>	7,904,768	1.22
13	MR MALCOLM CLARK ANDERSON	7,394,997	1.14
14	MR MICHAEL CHARLES MANN + MRS NADA MANN <MCM SUPER FUND A/C>	7,000,000	1.08
15	MR JONATHAN CHARLES DOWNES	6,298,250	0.97
16	BEAMOND HOLDINGS PTY LTD <BB FAMILY SUPER FUND A/C>	5,838,461	0.9
17	NEW GENERATION EXPLORATION PTY LTD <SMITH SUPER FUND A/C>	5,681,818	0.88
18	KIJENIA PTY LTD <KIJENIA SUPER FUND A/C>	5,435,909	0.84
19	MR SAMUEL PIETER VISSER	5,300,000	0.82
20	MR NICHOLAS MCMAHON <MCMAHON FAMILY A/C>	5,060,480	0.78

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

20 Largest Options holders —

Unquoted equity security holdings greater than 20% as at 8 September 2016 is as follows:-

	Number of Options Held	% Held of Options in an unquoted class
Option exercisable at \$0.10, expiring at 10/10/2016		
1. Zenix Nominees Pty Ltd	7,500,000	100%
Option exercisable at \$0.015, expiring at 29/07/2019		
1. Zenix Nominees Pty Ltd	20,000,000	100%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Schedule of Interests in Mining Tenements

Project	Mining tenements held	Location of tenements	Beneficial % interest at the end of the year	Change in the year
LYNN LAKE PROJECT				
LYNN LAKE	P7700E	Canada	100% ¹	
LYNN LAKE	P7698E	Canada	100% ¹	
LYNN LAKE	P8370E	Canada	100% ¹	
LYNN LAKE	P7699E	Canada	100% ¹	
LYNN LAKE	P7702E	Canada	100% ¹	
LYNN LAKE	P3163F	Canada	100% ¹	
LYNN LAKE	P3164F	Canada	100% ¹	
LYNN LAKE	P3165F	Canada	100% ¹	
LYNN LAKE	P2291F	Canada	100% ¹	
LYNN LAKE	P3534F	Canada	100% ¹	
LYNN LAKE	MB2482	Canada	100% ¹	
LYNN LAKE	MB3566	Canada	100% ¹	
LYNN LAKE	MB3567	Canada	100% ¹	
LYNN LAKE	P1045F	Canada	100% ¹	
LYNN LAKE	MB3580	Canada	100% ¹	
LYNN LAKE	MB3581	Canada	100% ¹	
LYNN LAKE	MB7346	Canada	100% ¹	
LYNN LAKE	MB7349	Canada	100% ¹	
LYNN LAKE	MB7350	Canada	100% ¹	
LYNN LAKE	MB7025	Canada	100% ¹	
LYNN LAKE	MB7361	Canada	100% ¹	
LYNN LAKE	MB7362	Canada	100% ¹	
LYNN LAKE	MB6364	Canada	100% ¹	
LYNN LAKE	MB5175	Canada	100% ¹	
LYNN LAKE	MB5701	Canada	100% ¹	
LYNN LAKE	MB8734	Canada	100% ¹	
LYNN LAKE	MB8735	Canada	100% ¹	
LYNN LAKE	MB9218	Canada	100% ¹	
LYNN LAKE	MB5399	Canada	100% ¹	
LYNN LAKE	MB6360	Canada	100% ¹	
LYNN LAKE	MB6361	Canada	100% ¹	
LYNN LAKE	MB6362	Canada	100% ¹	
LYNN LAKE	MB6363	Canada	100% ¹	
LYNN LAKE	MB9453	Canada	100% ¹	
LYNN LAKE	MB5672	Canada	100% ¹	
LYNN LAKE	MB5669	Canada	100% ¹	
LYNN LAKE	MB10070	Canada	100% ¹	
LYNN LAKE	MB10071	Canada	100% ¹	
LYNN LAKE	MB10085	Canada	100% ¹	
LYNN LAKE	MB10086	Canada	100% ¹	
LYNN LAKE	MB10382	Canada	100% ¹	

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

LYNN LAKE	MB10383	Canada	100% ¹	
LYNN LAKE	MB10384	Canada	100% ¹	
LYNN LAKE	MB10387	Canada	100% ¹	
LYNN LAKE	MB10388	Canada	100% ¹	
BARRINGTON LAKE PROJECT				
BARRINGTON LAKE	MB9634	Canada	100% ¹	
VICTORY PROJECT				
VICTORY PROJECT	MB11328	Canada	100% ²	100% ²
VICTORY PROJECT	MB11388	Canada	100% ²	100% ²
VICTORY PROJECT	MB11389	Canada	100% ²	100% ²
VICTORY PROJECT	MB11390	Canada	100% ²	100% ²
VICTORY PROJECT	M2228	Canada	100% ²	100% ²
VICTORY PROJECT	M2229	Canada	100% ²	100% ²
VICTORY PROJECT	M2230	Canada	100% ²	100% ²
VICTORY PROJECT	M2232	Canada	100% ²	100% ²
VICTORY PROJECT	M2233	Canada	100% ²	100% ²
VICTORY PROJECT	M2234	Canada	100% ²	100% ²
VICTORY PROJECT	M2248	Canada	100% ²	100% ²
VICTORY PROJECT	M2249	Canada	100% ²	100% ²
VICTORY PROJECT	M2251	Canada	100% ²	100% ²
VICTORY PROJECT	M2252	Canada	100% ²	100% ²
VICTORY PROJECT	M2253	Canada	100% ²	100% ²
VICTORY PROJECT	M2254	Canada	100% ²	100% ²
VICTORY PROJECT	M2255	Canada	100% ²	100% ²
VICTORY PROJECT	M2256	Canada	100% ²	100% ²
VICTORY PROJECT	ML77	Canada	100% ²	100% ²
VICTORY PROJECT	ML90	Canada	100% ²	100% ²

NOTES:

1. Option to acquire up to 100% of Lynn Lake and Barrington Lake Projects; for terms of the agreement, refer to ASX announcement dated 09/08/12.
2. Acquired up to 100% of the Victory Project; for terms of the agreement, refer to ASX announcement dated 01/04/15.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Resource Statement

Corazon released a JORC 2012 compliant Resource Estimate ("Resource") for the Lynn Lake Nickel-Copper Project ("Project") on 16 April 2015. This estimation combines and upgrades resources previously reported in both JORC 2004 and NI43-101 (Canadian) reporting standards, as well as incorporating some new areas of mineralisation defined by the previous mining operation.

Perth based independent mining consultants Ravensgate have defined an Indicated and Inferred Resource of **9.4Mt @ 0.88% nickel and 0.40% copper, for 83,000 tonnes of contained nickel and 37,800 tonnes of contained copper** (refer below for a break-down of the Resource).

The Resource incorporates the EL, N, O and G nickel-copper sulphide deposits and is the first time a combined resource for the Lynn Lake project area has been defined in-line with Australian reporting standards.

The Resource grade is consistent with the historical grades from the Lynn Lake Mine, which operated for 24 years as a large tonnage-low cost mine, before its closure in 1976.

In defining this Resource, Corazon has utilised higher cut-off nickel grades for reporting the Project's Resource than those previously published by past Canadian operators. This is in-line with the Company's focus on determining exploitable resources rather than seeking to identify the total metal content within the project area.

Mineral Resource for the EL, N, O and G deposits at Lynn Lake

Deposit	Lower Cut-off Grade		Tonnes	Grade		Contained Metal	
	NIEQ %	Ni %		Ni %	Cu %	Ni Tonnes	Cu Tonnes
Indicated Resource Category							
EL Upper		0.4	1,120,000	0.77	0.34	8,600	3,800
EL Lower		0.6	676,000	0.83	0.40	5,600	2,700
N	0.8		2,990,000	0.86	0.41	25,700	12,300
O	0.8		2,630,000	0.82	0.37	21,600	9,700
Indicated Sub-Total			7,420,000	0.83	0.38	61,500	28,500
Inferred Resource Category							
EL Upper		0.4	645,000	1.55	0.61	10,000	3,900
EL Lower		0.6	292,000	1.01	0.44	3,000	1,300
N	0.8		710,000	0.79	0.39	5,600	2,800
O	0.8		100,000	0.75	0.36	750	360
G	0.8		240,000	0.94	0.39	2,300	940
Inferred Sub-Total			1,990,000	1.09	0.47	21,600	9,300
Total			9,400,000	0.88	0.40	83,000	37,800

Notes:

Nickel equivalent grades (NIEQ%) are provided as an indicator of value in a multi-metallic deposit. Lynn Lake has a long history as a nickel, copper and cobalt mining camp. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered. Past mining of these deposits on average produced a nickel concentrate, consisting of 14% nickel, 1.5% copper and 0.35% cobalt and a copper concentrate having 30% copper and 0.60% nickel. In this circuit, 85% of the nickel, 93% of the copper and 80% of the cobalt were recovered on average.

NIEQ% = $\frac{((Cu\% \times 2 \times 22.04622) + (Ni\% \times 7.22 \times 22.04622))}{7.22} / 22.04622$ based on metal prices of Ni = US\$7.22 /lb Cu = US\$2.00 /lb.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Comparison with Previous Resource Models

The most recent historical resources for the EL Plug and A Plug (includes the N, O and G deposits) areas have been reported by different companies. Corazon's recent consolidation of the entire Lynn Lake nickel-copper field, via its acquisition of the Victory Project from Victory Nickel Inc. (TSX: NI) (ASX announcement 1 April 2015), has allowed these resources to be reported as one resource estimate for the first time since mine closure.

The current Resource migrates previously reported resources to Australian standards and the JORC 2012 requirements. A comparison of the current Resource with the most recent past resources is presented in below.

Comparison of past and current mineral resources for the EL, N, O and G deposits at Lynn Lake

Zone	Lower Cut-Off Grade		Tonnes	Grade		Contained Metal	
	NIEQ % ⁵	Ni %		Ni %	Cu %	Ni Tonnes	Cu Tonnes
EL Plug							
EL CZN_2010 ¹		0.6	1,800,000	0.80	0.40	14,400	7,200
EL CZN_2015 ²		0.4 & 0.6	2,730,000	0.99	0.43	27,100	11,700
A Plug							
N, O, G NI43-101 ³	0.4		16,980,000	0.66	0.33	112,000	56,000
N, O, G CZN_2015 ⁴	0.8		6,670,000	0.84	0.39	55,900	26,000

Notes:

1. Corazon's Inferred Resource reported in ASX Announcement 13 October, 2010. This resource is a JORC 2004 compliant resource that has been updated by this current ASX announcement.
2. Corazon's Indicated and Inferred JORC 2012 compliant Resource reported within this ASX announcement.
3. A Measured, Indicated and Inferred "Foreign Estimate of Mineralisation" not reported in accordance with JORC (ASX announcement 5 November 2014). This current announcement and the "CZN_2015" resource reports these deposits in-line with JORC reporting standards.
4. Corazon's Indicated and Inferred JORC 2012 compliant Resource reported within this ASX announcement.
5. Nickel equivalent grades (NIEQ%) are provided as an indicator of value in a multi-metallic deposit. Lynn Lake has a long history as a nickel, copper and cobalt mining camp. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered. Past mining of these deposits on average produced a nickel concentrate, consisting of 14% nickel, 1.5% copper and 0.35% cobalt and a copper concentrate having 30% copper and 0.60% nickel. In this circuit, 85% of the nickel, 93% of the copper and 80% of the cobalt were recovered on average. .

$$\text{NIEQ\%} = (((\text{Cu\%} \times 2 \times 22.04622) + (\text{Ni\%} \times 7.22 \times 22.04622)) / 7.22) / 22.04622$$
 based on metal prices of Ni = US\$7.22 /lb Cu = US\$2.00 /lb.

The differences in metal content reported by the current resource compared with the NI43-101 foreign estimate of mineralisation are substantial. The resource block model developed by Ravensgate has identified significant tonnages of mineralisation between 0.3% nickel and 0.6% nickel. However, doubling the lower cut-off grade from 0.4% NIEQ to 0.8% NIEQ accounts for the exclusion of much of this material from the Resource.

Summary of governance and controls: The mineral resource for the Lynn Lake Project is reported in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". This resource was published by Corazon Mining Limited in an announcement to the Australian Securities Exchange dated 16th April, 2015. In accordance with requirements determined by the Australian Securities Exchange and the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", a checklist for Assessment and Reporting Criteria is presented in that announcement.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT.)

Disclosure Statements

Competent Persons Statement: The information in this report that relates to Exploration Results and Mineral Resources for the A Plug deposits at the Lynn Lake project is based on information compiled by Mr. Neal Leggo who is a Member of the Australian Institute of Geoscientists. Mr. Leggo is a full time employee of Ravensgate and 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 Results, Mineral Resources and Ore Reserves”. Mr. Leggo 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 Mineral Resources for the EL Plug deposits at the Lynn Lake project is based on information compiled by Mr. Stephen Hyland who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Hyland is a full time employee of Ravensgate and 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 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.

Company secretary

Mr. Robert Orr

Principal registered office

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CORPORATE GOVERNANCE

Corazon Mining Limited and its controlled entities (“the Consolidated Entity”) are committed to high standards of corporate governance. Policies and procedures which follow the “Principles of Good Corporate Governance and Best Practice Recommendations” 3rd Edition issued by the Australian Securities Exchange (“ASX”) Corporate Governance Council, to the extent they are applicable to the Consolidated Entity, have been adopted. The Companies corporate governance policies and procedures are disclosed on the Company web site at: <http://corazon.com.au/corporate-governance/>