

For personal use only

CORAZON

MINING LIMITED

HALF YEAR REPORT

FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2021

CONTENTS

CORPORATE DIRECTORY	1
DIRECTORS' REPORT.....	2
AUDITOR'S INDEPENDENCE DECLARATION	7
INDEPENDENT AUDITOR'S REVIEW REPORT	8
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	10
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	12
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	13
CONDENSED NOTES TO THE FINANCIAL STATEMENTS.....	14
DIRECTOR'S DECLARATION	22

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Corazon Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Terry Streeter

EXECUTIVE MANAGING DIRECTOR

Brett Smith

NON-EXECUTIVE DIRECTORS

Jonathan Downes

Mark Qiu

COMPANY SECRETARY

Robert Orr

PRINCIPAL & REGISTERED OFFICE

Level 3, 33 Ord Street

WEST PERTH WA 6005

Telephone: (08) 6166 6361

AUDITORS

PKF Perth

Level 4, 35 Havelock Street

WEST PERTH WA 6005

Telephone: (08) 9322 2798

Facsimile: (08) 9481 2020

SHARE REGISTER

Advanced Share Registry Services

2/150 Stirling Highway

NEDLANDS WA 6009

Telephone: (08) 9389 8033

Facsimile: (08) 9389 7871

SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: CZN

BANKERS

National Australia Bank Limited

50 St Georges Terrace

PERTH WA 6000

WEBSITE

www.corazon.com.au

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of Corazon Mining Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of the half-year ended 31 December 2021.

1. DIRECTORS

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

Terry Streeter	Non-Executive Chairman
Brett Smith	Executive Managing Director
Jonathan Downes	Non-Executive Director
Mark Qiu	Non-Executive Director

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

2. PRINCIPAL ACTIVITIES

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

3. RESULT OF OPERATIONS

The loss after tax for the half-year ended 31 December 2021 was \$1,026,475 (2020: \$293,900).

4. REVIEW OF OPERATIONS

EXPLORATION ACTIVITIES

Corazon Mining Limited (ASX: CZN) (Corazon or Company) is an Australian resource company with projects in Australia and Canada. Corazon's projects include the Lynn Lake Nickel-Copper-Cobalt Sulphide Project (Canada), Mt Gilmore Copper-Cobalt-Gold Project (N.S.W.), and the Miriam Nickel-Copper Sulphide Project (W.A.). With a focus on nickel sulphide, Corazon is ideally placed to take advantage of future growth in the rechargeable battery and renewable energy industries.

Lynn Lake Nickel-Copper-Cobalt Sulphide Project, Canada

Corazon owns 100% of the Lynn Lake Nickel-Copper-Cobalt Sulphide Project (Lynn Lake) (Figure 1) - a prolific historical nickel-copper-cobalt mining centre that was mined for 24 years before closure in 1976. Corazon is the first company to have control of the entire Lynn Lake nickel camp since mine closure.

Highlights of the Lynn Lake Project include:

- 100% ownership of nickel sulphide district
- Large JORC resources
- Exciting and proven exploration upside
- Beneficial infrastructure that would reduce start-up capital requirements
 - Township originally built for the historical mining operation
 - Hydro-Power – an important component for any future, sustainable, environmentally compliant mining operation

DIRECTOR’S REPORT (cont)

- Nearby to emerging North American and European rechargeable battery industries

Corazon’s two-pronged strategy at Lynn Lake is focused on development and exploration. Mining Centre studies are seeking cost and performance efficiencies in mining and processing practices, progressing the possible development of a significant, low-cost mining operation.

Lynn Lake has been described as one of the best nickel-sulphide “brownfields” exploration plays in North America, and with little modern exploration undertaken to date, the opportunity for discovery at Lynn Lake is substantial. Exploration in the mine area is looking to expand the near-surface JORC resource base in search of start-up feed to complement existing resources at depth. Exploration within the greater project area has focused on the Fraser Lake Complex, where a large magmatic sulphide system, bigger than the Lynn Lake mine area footprint, has been discovered.

Corazon’s work will enable the determination of value for Lynn Lake at a time when there is an expectation of future increased demand for metals.



Figure 1: Lynn Lake Project location map

Mt Gilmore Copper-Cobalt-Gold Project

The Mt Gilmore Cobalt-Copper-Gold Project (Mt Gilmore) is located 35 kilometres from the city of Grafton in north-eastern New South Wales (Figure 2). Corazon owns an 80% interest in Mt Gilmore and is managing and sole funding exploration until any future decision to mine is made.

Much of Mt Gilmore’s historical exploration has focused on the Cobalt Ridge prospect (Cobalt Ridge) - a rare high-grade cobalt sulphide deposit.

Work by Corazon since acquisition in mid-2016, underpins the belief that Mt Gilmore is prospective for hosting large intrusive related copper-gold systems, enriched in cobalt.

Corazon’s recent exploration of the prospective “Mt Gilmore trend” uncovered a major copper–cobalt–silver-gold geochemical trend, representing a +20 kilometre-long district-scale exploration play for large intrusive related copper-cobalt-gold deposits.

Miriam Nickel-Copper Sulphide Project

The Miriam Nickel Sulphide Project (Miriam) is located approximately 10 kilometres south-southwest of Coolgardie on a trend of ultramafics best identified by the Miriam and Nepean (Auroch Minerals, ASX: AOU) nickel deposits (Figure 3). Miriam is a highly prospective nickel exploration project, representing a strategic addition to Corazon’s portfolio of nickel sulphide assets.

For personal use only

DIRECTOR'S REPORT (cont)

The Miriam Project covers an area of about six (6) kilometres by 1.5 kilometers and comprises five (5) Prospecting Licence applications (P15/6135 to P15/6139 inclusive). The Miriam Deposit was discovered in 1969, with 'high nickel tenor' massive and disseminated sulphides intersected in drilling. Miriam has extensive untested opportunity for nickel sulphide mineralisation at depth and along strike from previous drilling.

The existence of the defined target corridor will allow Corazon to undertake focused and detailed exploration programs, utilising modern higher-powered electromagnetic (EM) geophysics.



Figure 2: Mt Gilmore Project location map

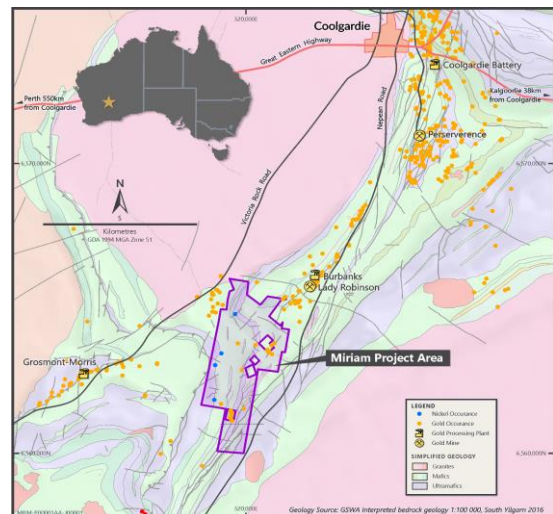


Figure 3: Miriam Project location map

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 mineralisation and type of deposit under consideration and to the activity that 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.

CORPORATE ACTIVITIES

Annual/General Meeting Results

On 8 November 2021, the Company held its Annual General Meeting of Shareholders (AGM).

All resolutions put to shareholders in both meetings were passed by a poll.

Exploration acquisitions

On 26 July 2021 the Company announced that it had entered into an exclusive option agreement to acquire the **Miriam Nickel Project**, located in the Western Australian Goldfields.

The Company was granted a due diligence period of three months in consideration for a \$75,000 option fee.

On 14 October 2021 following due diligence the Company elected to exercise the option and acquire the project. On exercise the Company paid a non-refundable \$125,000 fee to the Vendor.

Post six months following the exercise of the option agreement, or grant of tenure (whichever is earliest)

For personal use only

DIRECTOR'S REPORT (cont)

the Company will pay the Vendor a further \$400,000.

The Company has also granted the Vendor a net smelter return royalty of 2%.

Issues of equity securities

On 15 September 2021 the Company announced that it had received firm commitments from sophisticated, professional and institutional investors for a placement of fully paid shares.

The Placement consisted of the issue of 82,013,423 ordinary fully paid shares (Shares) at an issue price of \$0.032 per Share, raising \$2.624 million, which was completed in two tranches:

- Tranche 1: 50,763,423 Shares was issued on 22 September 2021 under the Company's Listing Rule 7.1 and 7.1A capacity;
- Tranche 2: 31,250,000 Shares was issued on 15 November 2021 following the Company obtaining shareholder approval at a general meeting of shareholders.

On 15 November 2021, and in addition to the issue of tranche 2, the Company issued 4,000,000 share options with an exercise price of \$0.10 (expiry 20 May 2024) to the placement brokers. The options had a fair value of \$36,087.

On 23 December 2021 the Company placed 20,250,000 fully paid shares with an issue price of \$0.035 per share with a sophisticated investor, raising a further \$708,750.

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.

Corona Virus Impact

The impact of the Corona Virus (COVID-19) pandemic is ongoing and whilst it has had no economic impact or impact on going concern for the Consolidated Entity up to 31 December 2021, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be implemented.

5. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 March 2022 Corazon announced it has received a firm commitment for a placement to raise \$2,040,671, at \$0.04/share, from Blackstone Minerals Limited (ASX:BSX).

On the same date the Company announced an entitlement issue, offering eligible shareholders the opportunity to acquire new shares at \$0.03/share through a one (1) for one (1) non-renounceable pro-rata rights issue to raise approximately \$10.7 million (before costs), if fully subscribed.

Other than noted above no matters or circumstances have arisen subsequent to 31 December 2021 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

DIRECTOR'S REPORT (cont)

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

7. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2021.

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

On behalf of the Directors.



Brett Smith
Managing Director
Dated this day 4 March 2022

For personal use only

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

In relation to our review of the financial report of Corazon Mining Limited for the half year ended 31 December 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

Simon Fermanis

SIMON FERMANIS
PARTNER

4 MARCH 2022,
WEST PERTH,
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Corazon Mining Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2021, or during the half year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report in which indicates that the consolidated entity incurred a net loss of \$1,026,475 during the half year ended 31 December 2021 and had negative operating cash outflow of \$437,230. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

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

PKF PERTH

SIMON FERMANIS
PARTNER

4 MARCH 2022
WEST PERTH,
WESTERN AUSTRALIA

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2021**

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Other revenue	3	9,311	85,476
Administrative expense		(52,630)	(34,934)
Compliance and regulatory expense		(121,179)	(135,465)
Consultancy expense		(75,612)	(67,498)
Directors fees		(11,052)	(107,052)
Employee benefits expense		(104,291)	(6,298)
Exploration expense	5	(627,695)	(983)
Fair value movements on financial assets		1,400	700
Finance costs		(11,135)	(4,696)
Insurance expense		(17,247)	(215)
Occupancy expense		(15,884)	(19,222)
Travel expense		(461)	(3,713)
		<u>(1,026,475)</u>	<u>(293,900)</u>
Loss for the period before income tax expense		(1,026,475)	(293,900)
Income tax benefit/(expense)		-	-
		<u>(1,026,475)</u>	<u>(293,900)</u>
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available for sale financial asset		-	-
		<u>(1,026,475)</u>	<u>(293,900)</u>
Total comprehensive loss for the period		<u>(1,026,475)</u>	<u>(293,900)</u>
Loss per share			
Basic and diluted loss per share (cents)	4	(0.43)	(0.19)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

		31 Dec 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		1,320,296	638,109
Trade and other receivables		97,700	25,132
Other assets		37,839	15,369
		<u>1,455,835</u>	<u>678,610</u>
TOTAL CURRENT ASSETS			
NON-CURRENT ASSETS			
Other assets		59,000	59,000
Financial assets	9	2,453	1,053
Exploration and evaluation expenditure	5	8,234,779	6,268,918
		<u>8,296,232</u>	<u>6,328,971</u>
TOTAL NON-CURRENT ASSETS			
TOTAL ASSETS			
		<u>9,752,067</u>	<u>7,007,581</u>
CURRENT LIABILITIES			
Trade and other payables		676,586	107,150
Provisions		32,219	25,983
		<u>708,805</u>	<u>133,133</u>
TOTAL CURRENT LIABILITIES			
TOTAL LIABILITIES			
		<u>708,805</u>	<u>133,133</u>
NET ASSETS			
		<u>9,043,262</u>	<u>6,874,448</u>
EQUITY			
Issued capital	6	47,713,198	44,553,996
Reserves	7	326,104	290,017
Accumulated losses		(38,996,040)	(37,969,565)
		<u>9,043,262</u>	<u>6,874,448</u>
TOTAL EQUITY			

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2021

	31-Dec-2021	31-Dec-2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	357	762
Proceeds from government grants and tax incentives	-	85,289
Payments for administration and corporate expenses	(319,422)	(258,543)
Payments for exploration and evaluation expenses	-	(982)
Payments for finance cost	(10,161)	(6,972)
Payments for staff expenses	(108,004)	(128,636)
Proceeds from sundry creditors	-	13,831
	<u>(437,230)</u>	<u>(295,251)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation expenses	(1,854,050)	(827,434)
Payments to acquire tenements	(226,200)	-
	<u>(2,080,250)</u>	<u>(827,434)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,333,180	1,452,153
Payment for costs of share issue	(133,715)	(161,893)
	<u>3,199,465</u>	<u>1,290,260</u>
NET CASH FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	681,985	167,575
Effect of movement in foreign exchange rates on cash held	202	-
Cash and cash equivalents at the beginning of the reporting period	<u>638,109</u>	<u>539,678</u>
Cash and cash equivalents at the end of the reporting period	<u><u>1,320,296</u></u>	<u><u>707,253</u></u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2021

	Issued Capital	Share Based Payment Reserves	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	44,553,996	290,017	-	(37,969,565)	6,874,448
Loss for the period	-	-	-	(1,026,475)	(1,026,475)
Total comprehensive income for the period	-	-	-	(1,026,475)	(1,026,475)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	3,333,180	-	-	-	3,333,180
Costs of issuing capital	(173,978)	-	-	-	(173,978)
Share based payments	-	36,087	-	-	36,087
Total transactions with owners	3,159,202	36,087	-	-	3,195,289
Balance at 31 December 2021	47,713,198	326,104	-	(38,996,040)	9,043,262
Balance at 1 July 2020	40,904,138	23,383	303,750	(37,139,493)	4,091,778
Loss for the period	-	-	-	(293,900)	(293,900)
Total comprehensive income for the period	-	-	-	(293,900)	(293,900)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	1,677,928	-	-	-	1,677,928
Deferred consideration acquisition Lynn Lake Project	303,750	-	(303,750)	-	-
Costs of issuing capital	(143,969)	-	-	-	(143,969)
Total transactions with owners	1,837,709	-	(303,750)	-	1,533,959
Balance at 31 December 2020	42,741,847	23,383	-	(37,433,393)	5,331,837

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

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2021****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of Compliance**

Corazon Mining Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The consolidated half-year financial report of the Company for the six months ended 31 December 2021, comprise the Company and its subsidiaries (the "Consolidated Entity" or "Group").

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

The half-year consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this half-year financial report be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Corazon Mining Limited and its controlled entities during the half-year reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated half year financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 4 March 2022.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2021. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)***Impact of new standards and interpretations issued but not yet adopted*

There are no new standards that have been issued since 30 June 2021 that have been applied by the Consolidated Entity. The 30 June 2021 annual report disclosed that the Consolidated Entity anticipated no new material impacts arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2021.

Going Concern Basis

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss after tax of \$1,026,475 for the period ended 31 December 2021 (31 December 2020: \$293,900). As at 31 December 2021 the Consolidated Entity had net assets of \$9,043,262 (30 June 2021: \$6,874,448) and continues to incur expenditure on its exploration tenements drawing on its cash balances. The Company is able to reduce its discretionary exploration expenditure depending on its cash position and its access to funding. As at 31 December 2021 the Consolidated Entity had \$1,320,296 (30 June 2021: \$638,109) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Consolidated Entity be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Consolidated Entity ability to continue as a going concern. As at 31 December 2021 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

Significant accounting estimates, judgments and assumptions

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

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

(i) Share based payment transactions

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

(ii) Income tax expenses

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

(iii) Impairment of exploration and evaluation assets

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

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)**

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

The key areas of judgement and estimation include:

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

2. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) to make decisions about resources to be allocated to the segments and assess their performance. Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Canada. Discrete financial information about each project is reported to the CODM on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate. The Consolidated Entity has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and Canada. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

	Australia \$	Canada \$	Unallocated \$	Total \$
For the period ended 31 December 2021				
Revenue	-	-	9,311	9,311
Segment net operating loss after tax	(627,695)	-	(398,780)	(\$1,026,475)
Exploration expense	(627,695)	-	-	(627,695)
As at 31 December 2021				
Segment assets	4,059,446	4,266,033	1,426,588	9,752,067
Segment Liabilities	(415,219)	(208,506)	(85,081)	(708,806)

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

	Australia \$	Canada \$	Unallocated \$	Total \$
For the period ended 31 December 2020				
Revenue	58,990	-	26,486	85,476
Segment net operating loss after tax	58,007	-	(351,907)	(293,900)
Government Grants	58,990	-	26,299	85,289
Depreciation	(983)	-	-	(983)
As at 30 June 2021				
Segment assets	2,617,765	3,675,153	714,663	7,007,582
Segment Liabilities	(13,825)	(11,333)	(107,975)	(133,133)

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

	31 December 2021 \$	31 December 2020 \$
3. OTHER REVENUE		
<u>Operating activities</u>		
Interest received	24	187
Other revenue	9,287	85,289
Total Other Revenue	9,311	85,476

4. EARNINGS/(LOSS) PER SHARE

Profit/(loss) from continuing operations used in the calculation of basic and diluted EPS	(\$1,026,475)	(293,900)
Weighted average number of ordinary shares outstanding during the year used in calculating the basic and dilutive EPS	240,217,217	156,380,290

There are 46,271,560 share options and 500,000 performance rights 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.

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)**

	31 December 2021 \$	31 December 2020 \$
5. EXPLORATION EXPENDITURE (CAPITALISED)		
Exploration project expenditure	<u>8,234,779</u>	<u>6,268,918</u>
Movement in carrying value:		
Brought forward	6,268,918	3,979,707
Exploration project expenditure	1,967,355	2,289,211
Acquisition of Miriam Nickel Project	626,201	-
Impairment of Miriam Nickel Project	<u>(627,695)</u>	<u>-</u>
At reporting date	<u>8,234,779</u>	<u>6,268,918</u>

Lynn Lake Project

On 17 June 2020 acquired the Lynn Lake Project located in the province of Manitoba, Canada. Prior to this acquisition the Company held an exploration interest known as Victory Project which is located immediately adjacent to the Lynn Lake Project, and contained the main nickel resources in that area. With the acquisition of the Lynn Lake Project the Company consolidated the entire historical Lynn Lake Nickel Copper Cobalt Mining Centre (collectively known as Lynn Lake).

Mt Gilmore Project

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

Miriam Nickel Project

On 14 October 2021 the Company acquired the Miriam Nickel Project, via an option agreement. The Miriam Nickel Project is located in the Western Australian Goldfields. The terms of the agreement have been disclosed in the Directors Report under Corporate Activities.

The project was impairment tested at report date and an individual impairment expense of \$627,695 was recorded against the project due to the lack of current tenure (the exploration licenses are due to be transferred following payment of the deferred consideration).

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.

6. ISSUED CAPITAL	31 December 2021 \$	30 June 2021 \$
Fully paid ordinary shares	50,979,309	47,646,129
Less: capital issue costs net of tax	<u>(3,266,111)</u>	<u>(3,092,133)</u>
	<u>47,713,198</u>	<u>44,553,996</u>

On 15 September 2021 the Company announced a placement of 82,013,423 ordinary fully paid shares (Shares) at an issue price of \$0.032 per Share (raising \$2.624 million) which was completed in two tranches:

- Tranche 1: 50,763,423 Shares was issued on 22 September 2021 under the Company's Listing Rule 7.1 and 7.1A capacity;

For personal use only

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)**

- Tranche 2: 31,250,000 Shares was issued on 15 November 2021 following the Company obtaining shareholder approval at a general meeting of shareholders.

On 23 December 2021 the Company placed 20,250,000 fully paid shares with an issue price of \$0.035 per share with a sophisticated investor, raising a further \$708,750.

	31 December 2021 \$	31 December 2020 \$
7. RESERVES		
Share based payment reserve	<u>326,104</u>	<u>290,017</u>

8. SHARE BASED PAYMENTS

Share Options on Issue

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:

	Number of Options	Weighted Average Exercise Price \$
Issue to employees and key personnel		
Outstanding at 1 July 2021	11,790,000	\$0.10
Granted	-	-
Outstanding at year-end	<u>11,790,000</u>	<u>\$0.10</u>
Exercisable at year-end	<u>11,790,000</u>	<u>\$0.10</u>
Issue to consultants		
Outstanding at the beginning of the year	5,000,000	\$0.11
Issues during period (* see below)	4,000,000	\$0.10
Expired	-	-
Outstanding at year-end	<u>9,000,000</u>	<u>\$0.11</u>
Exercisable at year-end	<u>9,000,000</u>	<u>\$0.11</u>

The options outstanding at 31 December 2021 had a weighted average exercise price of \$0.10 and a weighted average remaining contractual life of 2.27 years.

* On 15 November 2021 4,000,000 the Company issued 4,000,000 options with an exercise price of \$0.10 and expiry of 20 May 2024. The shares options had a fair value of \$0.01 per share (aggregate fair value of \$36,087). The options were valued using a Black and Scholes option pricing model. Inputs used in valuations are listed below:

For personal use only

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)**

Grant date share price	\$0.038
Exercise price	\$0.010
Expected volatility	80%
Option life	2.53 years
Risk-free interest rate	0.95%

Performance Rights on Issue

Issue to employees and key personnel	Nos of rights
Outstanding at the beginning of the year	500,000
Granted	-
Converted	-
Forfeited/cancelled	-
Outstanding at year-end	<u>500,000</u>
Exercisable at year-end	<u>500,000</u>

On 20 December 2019 500,000 performance rights were issued to Mr Terry Streeter.

9. FAIR VALUE MEASUREMENT

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

	31 December 2021 \$	30 June 2021 \$
<u>Assets</u>		
Ordinary shares	<u>2,453</u>	<u>1,053</u>

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

10. CONTINGENT LIABILITIES

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

11. EVENTS SUBSEQUENT TO REPORTING DATE

Corona Virus Impact

The impact of the Corona Virus (COVID-19) pandemic is ongoing and whilst it had no economic impact on the Consolidated Entity up to 31 December 2021, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be implemented.

Placement and Entitlement issue

On 3 March 2022 Corazon announced it has received a firm commitment for a placement to raise \$2,040,671, at \$0.04/share, from Blackstone Minerals Limited (ASX:BSX).

For personal use only

**CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)**

On the same date the Company announced an entitlement issue, offering eligible shareholders the opportunity to acquire new shares at \$0.03/share through a one (1) for one (1) non-renounceable pro-rata rights issue to raise approximately \$10.7 million (before costs), if fully subscribed.

Other than noted above no other matters or circumstances have arisen subsequent to 31 December 2021 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

12. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2021.

13. COMMITMENTS

Often 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. Currently however, the Company has no financial tenure commitments on any of its projects.

Miriam Nickel Project

On 14 October 2022 the Company exercised its option to acquire the Miriam Nickel project. As per the option agreement the Company must pay a deferred consideration of \$400,000. The deferred consideration is payable six months post exercise (so prior to 14 April 2022), or on grant of tenure, whichever is earliest.

14. KEY MANAGEMENT PERSONNEL

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

DIRECTOR'S DECLARATION

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 10 to 21 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporation Regulations 2001; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to s.303 (5) of the *Corporations Act 2001*.



Brett Smith
Managing Director

Dated this day 4 March 2022

For personal use only