CORAZON
MINING LIMITED

HALF YEAR REPORT

FOR THE FINANCIAL PERIOD ENDED
31 December 2018

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

CONTENTS

Corporate Directory *1*
Directors' Report *2*
1. Directors 2
2. Principal Activities 2
3. Result Of Operations 2
4. Review Of Operations 2
5. Events Subsequent To Reporting Date 6
6. Significant Changes In The State Of Affairs 6
7. Auditor's Declaration 6

Auditor's Independence Declaration *8*
Independent Auditors' Review Report *9*
Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income *11*
Condensed Consolidated Statement Of Financial Position *12*
Condensed Consolidated Statement Of Cash Flows *13*
Condensed Consolidated Statement Of Changes In Equity *14*
Condensed Notes To The Financial Statements *15*
1. Statement Of Significant Accounting Policies 15
2. Segment Information 17
3. Other Revenue 18
4. Intangible Asset 18
5. Exploration Expenditure 19
6. Issued Capital 20
7. Fair Value Measurement 20
8. Contingent Liabilities 20
9. Events Subsequent To Reporting Date 20
10. Dividends 20
11. Commitments 21
12. Key Management Personnel 22

Director's Declaration *23*

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 2018 and any public announcements made by Corazon Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Clive Jones

EXECUTIVE MANAGING DIRECTOR
Brett Smith

NON-EXECUTIVE DIRECTORS
Jonathan Downes
Mark Qiu

COMPANY SECRETARY
Robert Orr

PRINCIPAL & REGISTERED OFFICE
Level 1, 329 Hay Street
SUBIACO WA 6008
Telephone: (08) 6142 6366

AUDITORS
PKF Perth
Level 5, 35 Havelock Street
WEST PERTH WA 6005
Telephone: (08) 9322 2798
Facsimile: (08) 9481 2019

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 2018.

1. DIRECTORS

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

Clive Jones	Non-Executive Chairman
Brett Smith	Executive Managing Director
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 ground holdings.

3. RESULT OF OPERATIONS

The loss after tax for the half-year ended 31 December 2018 was $722,371 (2017: $797,513).

4. REVIEW OF OPERATIONS

Corazon holds two quality exploration projects - both considered under explored yet highly prospective for some of the key rechargeable battery sector metals, including nickel, cobalt and copper. Development potential exists at both projects, with completed activities over the last few years highlighting large sulphide systems and the potential for discovery.

AUSTRALIA

Mt Gilmore Cobalt-Copper-Gold Project, N.S.W.

Project Overview

The Mt Gilmore Copper-Cobalt-Gold Project (**Mt Gilmore**) is located 35 kilometres from the city of Grafton in north-eastern New South Wales. Corazon owns a 51% interest in, and the exclusive right to earn up to an 80% interest in Mt Gilmore.

The Cobalt Ridge prospect (**Cobalt Ridge**) within Mt Gilmore hosts one of the highest-grade cobalt sulphide deposits in Australia. Corazon's metallurgical testwork on the Cobalt Ridge mineralisation has delivered high-grade metal concentrates and cobalt/copper sulphates, suitable for use in rechargeable (lithium-ion) batteries.

Since acquisition in mid-2016, Corazon's exploration results have underpinned its belief that Mt Gilmore is prospective for hosting multiple rare cobalt-dominant sulphide deposits. Corazon's exploration of the prospective +20 kilometre "Mt Gilmore trend" has recently uncovered a major copper-cobalt-silver-gold geochemical trend, representing a *district-scale exploration play* for large intrusive-related copper-cobalt-gold deposits and provides Corazon with a unique early-stage copper-driven opportunity,

DIRECTOR'S REPORT (cont)

Cobalt Ridge Main Lode Drilling Program

During the December Quarter, Corazon announced additional assay results from its recent 21-hole, 2,967.65 metre drilling program at Mt Gilmore, which was focused on the Main Lode at Cobalt Ridge. Numerous +1% cobalt assays were returned, with the best result being 5 metres @ 2.14% cobalt (ASX announcement 9 November 2018).

The results from this program have provided Corazon with a very good understanding of the controls on the mineralisation. This data is being worked back into geological models for the Cobalt Ridge Main Lode and are also being used to identify priority drill target areas within parallel zones of mineralisation to the north and south of Cobalt Ridge.

Cobalt Ridge remains substantially under-drilled and there is demonstrated potential to define additional areas of mineralisation. The Cobalt Ridge Main Lode remains open in all directions and is only one of numerous parallel mineralised trends, defined by historical workings and broad-spaced drilling, that have yet to be targeted with resource definition drilling.

Discovery of Major New Copper-Cobalt-Silver-Gold Trend

Post Half-Year end, Corazon announced the discovery of a major copper-cobalt-silver-gold trend at Mt Gilmore (ASX announcement 5 February 2019). Multiple, large (+1km) priority surface (soil) geochemical anomalies were discovered within the currently defined 22 kilometre-long mineralised Mt Gilmore Trend.

This work is the result of Corazon's 2018 regional geochemical sampling program, which has tested favourable basement lithologies for copper, cobalt, and gold mineralisation along strike from the drill-defined Cobalt Ridge Deposit. This exploration work has proven to be highly effective in mapping alteration and mineralisation at Mt Gilmore and provides compelling evidence of an extensive hydrothermal event with metal associations indicative of large intrusive related copper-gold systems.

Corazon's assessment that the numerous occurrences of copper-cobalt-gold mineralisation identified in late-1800's/early-1900's small scale mining operations may in fact be part of a much larger system, represents a significant advancement for Mt Gilmore, substantially increasing it's potential.

The new, high-tenor cobalt-copper-silver-gold soil sample anomalies are supported by high-grade rock chip samples (ASX announcement 22 November 2018). Best results include up to **21.6% copper, 1,795ppm cobalt, 1.29g/t gold, 361ppm silver and 885ppm molybdenum**. The structures hosting this mineralisation are interpreted to be "leakage-structures" from a concealed copper sulphide system.

This newly identified Mt Gilmore geochemical trend represents a *district-scale exploration play* for large intrusive-related copper-cobalt-gold deposits and provides Corazon with a unique early-stage copper-driven opportunity.

On-going Work

Planning of Mt Gilmore's 2019 exploration program is underway. Exploration work will include a strategy that addresses several objectives, including further testing of new priority geochemical targets and known copper deposits within the Mt Gilmore Trend, and drill testing prospective areas for extensions to mineralisation defined at the Cobalt Ridge prospect.

Work currently underway is expected to propose geophysical programs, including aeromagnetics and ground IP, that will provide an initial test of priority areas within the new geochemical anomalies of the Mt Gilmore Trend. This work, along with detailed mapping and sampling, is expected to identify targets for an initial phase of drilling, testing prospective areas. Further details on proposed exploration at Mt Gilmore will be announced in the near future.

DIRECTOR'S REPORT (cont)

CANADA

Lynn Lake Nickel-Copper-Cobalt Project

Project Overview

Corazon's Lynn Lake Nickel-Copper-Cobalt Sulphide Project (**Lynn Lake**) in Manitoba, Canada, is a historical mining centre with large JORC compliant resources and infrastructure that, with an improved nickel price, will have significant re-development potential.

Lynn Lake was mined continuously for 24 years prior to closure in 1976. In 2015, Corazon consolidated the Lynn Lake Mining Centre under the ownership of one company for the first time since mine closure and in doing so created a significant nickel-copper-cobalt asset.

As part of Corazon's process of defining Lynn Lake's development potential, new quality resource estimations have been completed and modern metallurgy has delivered a major technical breakthrough, producing separate high-value and high-purity nickel and copper concentrates. This work will enable the determination of value for the large historical mining centre, at a time when there is an expectation of future increased demand for metals.

New Mineral Resource Estimation

In the December Quarter, Corazon announced its new, upgraded Mineral Resource Estimate (**Resource Estimate**) for the Lynn Lake (ASX announcement 11 October 2018). The newly upgraded Resource Estimate incorporates the EL, N, O, P and Disco deposits, and includes:

- **15.3Mt @ 0.72% Ni, 0.34% Cu, 0.034% Co** (Indicated 12.9Mt and Inferred 2.4Mt, at a 0.5%Ni cut-off), for total contained metal of 110,400t Ni, 51,400t Cu, 5,200t Co
- The upgraded Resource also includes a high-grade Resource Estimate of **5.2Mt @ 1.00% Ni, 0.41% Cu, 0.044% Co** (Indicated 4.3Mt and Inferred 0.9Mt, 0.7%Ni cut-off).

JORC Category	Base Cut Ni %	Tonnes	Ni %	Cu %	Co %	Tonnes		
						Ni	Cu	Co
Indicated	0.5	12,899,000	0.7	0.33	0.034	89,700	42,900	4,400
Inferred	0.5	2,403,000	0.86	0.35	0.034	20,600	8,500	800
Total	**0.5**	**15,302,000**	**0.72**	**0.34**	**0.034**	**110,300**	**51,400**	**5,200**

JORC Category	Base Cut Ni%	Tonnes	Ni %	Cu %	Co %	Tonnes		
						Ni	Cu	Co
Indicated	0.7	4,280,000	0.93	0.4	0.044	39,800	16,900	1,900
Inferred	0.7	903,000	1.33	0.47	0.043	12,100	4,300	400
Total	**0.7**	**5,183,000**	**1.00**	**0.41**	**0.044**	**51,900**	**21,200**	**2,300**

Table 1: Lynn Lake Indicated and Inferred Mineral Resource Estimate – October 2018

The Resource Estimate represents a **63% increase in total tonnes and a 35% increase in nickel and copper metal** (in comparison to the previous Mineral Resource Estimate of 2015 - ASX announcement, 16 April 2015). The inclusion of cobalt in the new Resource Estimate (historically excluded), has added significant value - at its current metal price, cobalt is a valuable credit not previously assessed in mining studies at Lynn Lake.

Lynn Lake hosts an additional 11 deposits, as well as numerous occurrences of drill-defined mineralisation, that have yet to be considered for resource studies. These areas support the potential for further upgrades to Lynn Lake Mineral Resource.

DIRECTOR'S REPORT (cont)

This Resource Estimate provides an excellent foundation upon which to base mining and development studies. The historical drilling and mining information is of a very high quality and it is anticipated that very little additional work will be required to upgrade the majority of the defined tonnages in the Resource to the higher Measured JORC category.

Metallurgical Testwork

The historical processing technology used at Lynn Lake for the extraction of nickel, copper and cobalt metals was developed in the 1950's and 1960's. Historical nickel concentrate grades for Lynn Lake were reportedly between 8% and 15% nickel, with 22% of the copper also reporting to this concentrate. The low-grade characteristics of this concentrate were viewed as a serious potential impediment to any possible future mining operation.

Corazon believed modern advances in processing technology and effectiveness of modern reagents, could be beneficial for the Lynn Lake material. Detailed metallurgical testwork commenced in the September Quarter (ASX announcement 18 September 2018), marking an important step in its development pathway for Lynn Lake. The testwork focused on ore characterisation, flotation and product definition for down-stream processing, and was designed to provide key data for future mining and development studies for the possible recommencement of mining at Lynn Lake.

Post Half-Year end, Corazon was pleased to announce exceptional results from its testwork, which have, for the first time delivered separate high-value nickel and copper concentrates (ASX announcements 11 and 12 February 2019). The results include:

- New nickel concentrate with a grade of **26% nickel with recoveries of 71%**
- New copper concentrate with a grade of **27% copper with recoveries of 77%**

These results have not been fully optimised and it is expected that on-going work will deliver further improvements on these excellent grades.

This significant technical breakthrough supports the production and dispatch of separate copper and nickel concentrates from site to smelters, and remove the need for potentially costly secondary processing from a bulk (nickel-copper) concentrate onsite (historically the case at Lynn Lake).

Historical operations and metallurgical testwork completed since mine closure, as far as is reported, were neither able to achieve the nickel grades observed in this current testwork, or able to produce separate nickel and copper concentrates with the purity of this testwork.

On-going Work

Current activities at Lynn Lake are focused on improving the quality of resource and metallurgical data, to be utilised in detailed mining studies to better define the value of the asset.

The current phase of metallurgical testwork remains in progress, with **optimisation of the test work expected to deliver further improvements on these recently produced, excellent concentrate grades.**

Competent Persons Statement

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

DIRECTOR'S REPORT (cont)

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

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

The Company is not aware of any new information or data that materially affects the information included in this report, and the Company confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the exploration results in this release continue to apply and have not materially changed.

CORPORATE ACTIVITIES

On 27 November 2018, the Company held its Annual General Meeting of Shareholders (AGM). All resolutions put to the meeting were unanimously passed by a show of hands.

5. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen subsequent to 31 December 2018 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

7. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2018.

DIRECTOR'S REPORT (cont)

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

On behalf of the Directors.



Brett Smith
Managing Director
Dated this day 7 March 2019

Advisory • Audit
Business Solutions

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 2018, 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



SHANE CROSS
PARTNER

7 MARCH 2019
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.

Advisory • Audit
Business Solutions

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF CORAZON MINING LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Corazon Mining Limited (the company) and controlled entities (consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2018, or during the half year.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss after tax of $722,371 and net operating cash outflows of $1,680,607 during the half-year ended 31 December 2018. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Independence

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

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.

Advisory • Audit
Business Solutions

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Corazon Mining Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PKF PERTH

SHANE CROSS
PARTNER

7 MARCH 2019
WEST PERTH,
WESTERN AUSTRALIA

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half year ended 31 December 2018

	Note	31-Dec-18 $	31-Dec-17 $
Revenue			
Other revenue	3	960	914
Expenses			
Administrative expense		(45,007)	(39,964)
Compliance and regulatory expense		(92,749)	(109,216)
Consultancy expense		(68,032)	(59,619)
Depreciation and amortisation expense		(5,053)	(1,928)
Directors fees		(94,548)	(99,609)
Employee benefits expense		(1,952)	(4,590)
Exploration expense		(256,706)	(341,728)
Fair value movements on financial assets		(1,050)	-
Finance costs		(252)	(1,000)
Impairment of intangible asset		(109,601)	(100,755)
Insurance expense		(16,280)	(14,000)
Occupancy expense		(28,194)	(15,727)
Travel expense		(3,907)	(10,291)
Loss for the period before income tax expense		(722,371)	(797,513)
Income tax benefit/(expense)		-	-
Loss for the period		**(722,371)**	**(797,513)**
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available for sale financial asset		-	-
Total comprehensive loss for the period		**(722,371)**	**(797,513)**
Loss per share			
Basic and diluted loss per share (cents) calculated on loss for continuing and discontinuing operations for the period		(0.06)	(0.08)

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 2018

	Note	31-Dec-18	30-Jun-18
		$	$
CURRENT ASSETS			
Cash and cash equivalents		586,106	2,377,040
Trade and other receivables		61,925	79,706
Other assets		28,654	25,718
TOTAL CURRENT ASSETS		676,685	2,482,464
NON-CURRENT ASSETS			
Other assets		59,000	59,000
Financial assets		1,453	2,503
Intangible Assets	4	-	-
Plant and equipment		28,034	33,086
Exploration and evaluation expenditure	5	4,184,062	3,149,997
TOTAL NON-CURRENT ASSETS		4,272,549	3,244,586
TOTAL ASSETS		4,949,234	5,727,050
CURRENT LIABILITIES			
Trade and other payables		485,401	540,846
TOTAL CURRENT LIABILITIES		485,401	540,846
TOTAL LIABILITIES		485,401	540,846
NET ASSETS		4,463,833	5,186,204
EQUITY			
Issued capital	6	37,890,941	37,890,941
Reserves		1,298,150	1,298,150
Accumulated losses		(34,725,258)	(34,002,887)
TOTAL EQUITY		4,463,833	5,186,204

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 2018

	31-Dec-18 $	31-Dec-17 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	1,376	1,333
Payments for administration and corporate expenses	(259,434)	(336,670)
Payments for exploration and evaluation expenses	(1,287,118)	(1,495,344)
Payments for environmental bonds	-	(4,000)
Payments for staff expenses	(135,431)	(95,067)
NET CASH USED IN OPERATING ACTIVITIES	(1,680,607)	(1,929,748)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed assets	(726)	-
Payments for intangible assets	(109,601)	(100,755)
NET CASH USED IN INVESTING ACTIVITIES	(110,327)	(100,755)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,782,993
Payment for costs of share issue	-	(6,179)
NET CASH FROM FINANCING ACTIVITIES	-	1,776,814
Net increase/(decrease) in cash and cash equivalents	(1,790,934)	(253,689)
Cash and cash equivalents at the beginning of the reporting period	2,377,040	1,354,430
Cash and cash equivalents at the end of the reporting period	586,106	1,100,741

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 2018

	Issued Capital	Share Based Payment Reserves	Other Reserves	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2018	**37,890,941**	**994,400**	**303,750**	**(34,002,887)**	**5,186,204**
Loss for the period	-	-	-	(722,371)	(722,371)
Total comprehensive income for the period	-	-	-	(722,371)	(722,371)
Transactions with owners, recorded directly in equity					
Issue of share capital	-	-	-	-	-
Costs of issuing capital	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31 December 2018	**37,890,941**	**994,400**	**303,750**	**(34,725,258)**	**4,463,833**
Balance at 1 July 2017	**32,772,510**	**994,400**	**303,750**	**(31,936,900)**	**2,133,760**
Loss for the period	-	-	-	(797,513)	(797,513)
Total comprehensive income for the period	-	-	-	(797,513)	(797,513)
Transactions with owners, recorded directly in equity					
Issue of share capital	1,932,993	-	-	-	1,932,993
Costs of issuing capital	(6,179)	-	-	-	(6,179)
Total transactions with owners	1,926,814	-	-	-	1,926,814
Balance at 31 December 2017	**34,699,324**	**994,400**	**303,750**	**(32,734,413)**	**3,263,061**

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 2018

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 2018, 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 2018 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 7 March 2019.

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 2018. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2018 (cont)

Impact of new standards and interpretations issued but not yet adopted

There are no new standards that have been issued since 30 June 2018 that have been applied by the Consolidated Entity. The 30 June 2018 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 2018.

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 $722,371 for the period ended 31 December 2018 (31 December 2017: $797,513). As at 31 December 2018 the Consolidated Entity had net assets of $4,463,833 (30 June 2018: $5,186,204) 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 2018 the Consolidated Entity had $586,106 (30 June 2018: $2,377,040) 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 2018 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 2018 (cont)

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

The key areas of judgement and estimation include:

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

(iv) Intangible assets

Intangible assets represent the cost of acquisition of an option to acquire the Lynn Lake Nickel Project. In accordance with AASB136 *Impairment of assets*, an intangible asset which is not ready for use shall be tested for impairment annually. The Company has performed the impairment tests and considered it appropriate that the Lynn Lake intangible assets should be impaired as at 31 December 2018.

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 2018				
Revenue	-	-	960	960
Total segment revenue	-	-	960	960
Segment net operating loss after tax	-	(367,050)	(355,321)	(722,371)
Interest revenue	-	-	960	960
Exploration expenditure	-	(256,706)	-	(256,706)
Depreciation	-	(743)	(4,310)	(5,053)
Intangible asset impairment	-	(109,601)	-	(109,601)

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2018 (cont)

	Australia $	Canada $	Unallocated $	Total $
As at 31 December 2018				
Segment assets	3,004,824	1,212,379	732,031	4,949,234
Segment Liabilities	(104,455)	(43,972)	(336,974)	(485,401)
For the period ended 31 December 2017				
Revenue	-	-	914	914
Total segment revenue	-	-	914	914
Segment net operating loss after tax	-	(443,357)	(354,156)	(797,513)
Interest revenue	-	-	914	914
Exploration expenditure	-	(341,728)	-	(341,728)
Depreciation	-	(874)	(1,054)	(1,928)
Intangible asset impairment	-	(100,755)	-	(100,755)
As at 30 June 2018				
Segment assets	1,157,435	2,026,445	2,543,170	5,727,050
Segment liabilities	(20,593)	(107,302)	(412,951)	(540,846)

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

	31 December 2018 $	31 December 2017 $
3. OTHER REVENUE		
Operating activities		
Interest received	960	914
Total Other Revenue	960	914

4. INTANGIBLE ASSET

	31 December 2018 $	30 June 2018 $
Balance at the beginning of the period	-	-
Option payments on Lynn Lake Project	109,601	205,952
Impairment of intangible asset	(109,601)	(205,952)
Balance at the end of the period	-	-

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2018 (cont)

LYNN LAKE PROJECT

In July 2010, the Consolidated Entity entered into an option agreement to acquire a 100% interest in the Lynn Lake nickel copper sulphide project (Project) in Manitoba Canada, held by Manitoba Nickel Pty Ltd.

The only asset of the acquired subsidiary is an option to acquire exploration tenements. Therefore, the acquisition is in substance an acquisition of an option to a project. Accordingly, in the consolidated financial statements, such transaction is accounted for in accordance with AASB138, *Intangible assets.*

Under the terms of the contract the Company are required to make half-yearly consideration payments of $100,000 until the full amount of the CAD1,000,000 has been paid (final payment due on or before 20 April 2020) to acquire the project.

In accordance with AASB136 *Impairment of assets*, an intangible asset which is not ready for use shall be tested for impairment annually. The Company has performed the impairment test and considered it is appropriate that the Lynn Lake Project be impaired as at 31 December 2018.

5. EXPLORATION EXPENDITURE

	31 December 2018 $	30 June 2018 $
Exploration project expenditure	1,203,238	1,147,552
Exploration earn-in expenditure	2,980,824	2,002,445
Total exploration expenditure	4,184,062	3,149,997
Movement in carrying value:		
Brought forward	3,149,997	1,299,566
Exploration project expenditure	312,393	1,243,800
Exploration earn-in expenditure	978,378	1,517,583
Exploration tenement acquisition costs (a)	-	250,000
Impairment of exploration expenditure	(256,706)	(1,160,952)
At reporting date	4,184,062	3,149,997

Victory Project

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

Mt Gilmore Project

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

The Company has been working towards fulfilling the conditional terms of its second earn-in agreement with the Vendors, in order to secure a further 29% interest (total interest 80%) in the Project.

As the Company has now satisfied the exploration spend requirement of the second earn-in at the Companies discretion it can pay the Vendors a final consideration of $250,000 (a) in cash or shares, at which time the transfer of the additional 29% interest in the project is enacted.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2018 (cont)

The value of the exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

	31 December 2018 $	30 June 2018 $
6. ISSUED CAPITAL		
(a) Issued and fully paid shares		
Fully paid ordinary shares	40,299,354	40,299,354
Less: capital issue costs net of tax	(2,408,413)	(2,408,413)
	37,890,941	37,890,941

7. FAIR VALUE MEASUREMENT

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

	31 December 2018 $	30 June 2018 $
Assets		
Ordinary shares available-for-sale	1,453	2,503

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

8. CONTINGENT LIABILITIES

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen subsequent to 31 December 2018 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

10. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2018.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2018 (cont)

11. COMMITMENTS

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

VICTORY PROJECT

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

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

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

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 (three half year payments remain outstanding). 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 31 December 2018, the Company has spent approximately $11.4 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.

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".

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS for the half year ended 31 December 2018 (cont)

On 23 June 2017 the Company formalised the transfer of 51% interest in the project by satisfying the terms and conditions of the first farm-in-agreement.

The Company is currently working towards fulfilling the conditional terms of the second farm-in agreement in order to acquire a further 29% interest (total interest 80%) in the Project. The Company have satisfied the first two conditions being:

- Paying $150,000 in cash or shares to the Vendor upon completing a minimum spend of $500,000 on the Project; and
- Completing an exploration spend of $2 million on the Project.

The Company at its discretion is now able to perform the final condition of the contract, that being the payment of $250,000 in cash or shares to the Vendors.

Apart from the final acquisition consideration referred to above, the Company has no further contractual financial commitment to the Project other than to maintain the project in good standing. The Company continues to sole fund the project and the Vendor has a free carry period on the project through to the decision to mine.

12. KEY MANAGEMENT PERSONNEL

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

DIRECTOR'S DECLARATION

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 11 to 22 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 2018 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 7 March 2019