



COZIRON RESOURCES LIMITED & CONTROLLED ENTITIES
ABN 91 112 866 869

CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

TABLE OF CONTENTS

| | |
|--|----|
| Corporate Directory | 3 |
| Directors' Report | 4 |
| Auditor's Independence Declaration | 17 |
| Consolidated Statement Profit or Loss and Other Comprehensive Income | 18 |
| Consolidated Statement of Financial Position | 19 |
| Consolidated Statement of Changes in Equity | 20 |
| Consolidated Statement of Cash Flow | 21 |
| Notes to the Consolidated Financial Statements | 22 |
| Directors' Declaration | 28 |
| Independent Auditor's Review Report | 29 |

CORPORATE DIRECTORY

DIRECTORS

Adam Sierakowski (Chairman)
Stephen Lowe
Robert Ramsay

COMPANY SECRETARY

Stephen Hewitt-Dutton

PRINCIPAL OFFICE

Level 24
44 St George's Terrace
PERTH WA 6000
Telephone: (08) 6211 5099
Facsimile: (08) 9218 8875

REGISTERED OFFICE

Level 24
44 St George's Terrace
PERTH WA 6000
Telephone: (08) 6211 5099
Facsimile: (08) 9218 8875
Website: www.coziron.com

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: (08) 6382 4600
Facsimile: (08) 6382 4601

SHARE REGISTRAR

Security Transfer Registrars
Alexandria House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: CZR

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2016.

DIRECTORS

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

Adam Sierakowski (Chairman)
Stephen Lowe
Robert Ramsay

REVIEW OF OPERATIONS

Introduction

Coziron Resources Ltd (CZR) has exploration focussed primarily on feed-stock materials for steel-making but also investigates any other opportunities for mineralisation particularly in commodities such as gold, copper and base-metals. CZR holds an 85% interest in the Yarraloola, Shepherds Well and Buddadoo Iron Ore Projects and a 70% interest in the Yarrie Iron Ore Project.

The Yarraloola Iron-ore project in the West Pilbara which is located in the hub of an iron-ore mining and processing region with the potential for shipping options is the main focus of activity.

Details of the projects and an overview of results from the past six months are presented in the following sections.

Yarraloola Iron-ore Project

The Yarraloola Project consists of eight exploration licences and three prospecting licenses that now have a total area of 896 km² (Fig 1).

The Yarraloola Project has a basement of Archean and Proterozoic-aged rocks that are in parts overlain by younger sediments of the Carnarvon Basin. All the sequences are prospective for iron mineralisation. In the east, Archean-age sediments in the Hamersley Basin include iron-rich members of the Marra Mamba, Brockman and Boolgeeda Iron Formations. In the central and western parts, Proterozoic-age metasediments of the Ashburton Basin contain iron formation. In the south, the Coziron tenements are transected by the Robe River pisolitic iron-stone. The pisolitic iron-stones are hosted by feeder channels to the Carnarvon Basin and currently support large-scale mining operations at Warrambo, Mesa A and Mesa J (Fig 1).

Logistically, the Yarraloola tenements are well serviced by established infrastructure that includes bitumen roads and gas-pipelines and these provide opportunities to lower the cost of development for any ore discoveries. There are also proposals for additional facilities to be developed within the region. BC Iron Ltd has approval for a new haul-road and port at Cape Preston East, while the API joint-venture is preparing a feasibility study for a railway through the West Pilbara to a port at Anketell Point. Both of these planned infrastructure projects traverse the Coziron tenements and have the potential to improve the economics of any iron-ore deposits discovered within the project area.

Coziron currently has exploration focussed on two prospects.

1. The Robe Mesa Deposit of pisolitic ironstone that is being evaluated as a development opportunity by the Company on E08/1060 and E08/1686 (Fig 1)
2. Outcrop and subcrop of magnetite-bearing schists in the Proterozoic-aged, Ashburton Basin that are being evaluated for the distribution and grade on tenements E08/1686 and E08/1826 (Fig 1).

DIRECTORS' REPORT (Continued)

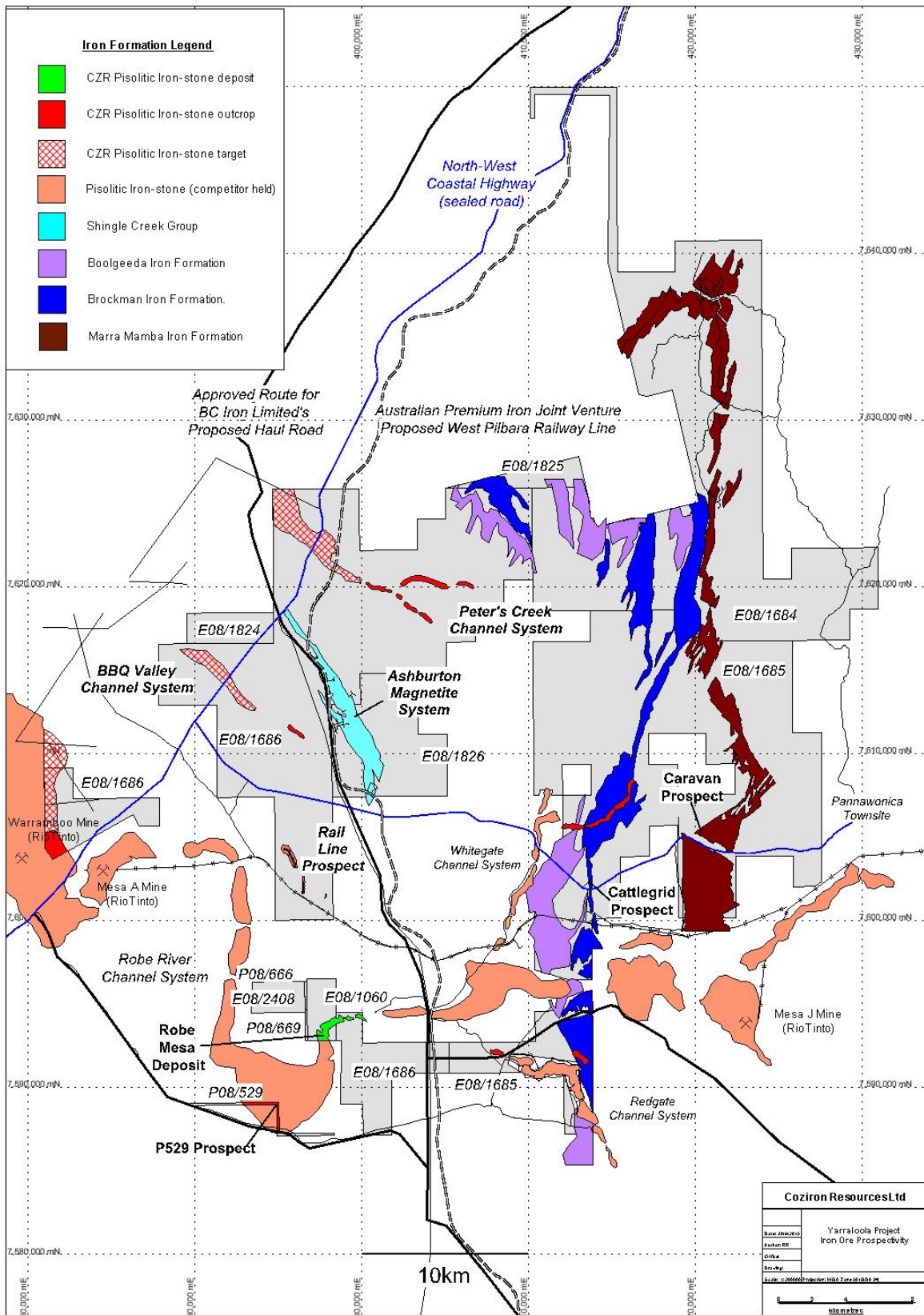


Fig 1 - Yarraloola tenements showing the Robe Mesa Deposit, distribution of the pisolitic iron-stone, the Ashburton magnetite system, the Marra Mamba, Brockman and Boolgeeda Iron Formations.

DIRECTORS' REPORT (Continued)

Robe Mesa Deposit

In late 2014 and again in mid-2015, the Company completed programmes of RC drilling that totalled 67 holes into the Robe Mesa (Fig 1). These intersected an upper and lower interval of pisolitic iron-stone with Fe>50% (Fig 3 and 4). The independently calculated mineral resources were revised after the 2015 drilling and reported to the ASX on the 7th of December 2015 using Fe cut-offs of 50% and 55%. The results are summarised in the following tables.

December 2015 Robe Mesa Deposit – Updated Mineral Resource Estimate – above a **Fe cut-off grade of 50%**.

| Category | Mt | Fe% | SiO ₂ % | Al ₂ O ₃ % | TiO ₂ % | LOI% | P% | S% | Fe _{ca} % |
|----------|------|------|--------------------|----------------------------------|--------------------|------|------|------|--------------------|
| Inferred | 84.5 | 53.8 | 8.3 | 3.4 | 0.14 | 10.6 | 0.04 | 0.02 | 60.2 |

December 2015 Robe Mesa Deposit – Updated Mineral Resource Estimate – above a **Fe cut-off grade of 55%**.

| Category | Mt | Fe% | SiO ₂ % | Al ₂ O ₃ % | TiO ₂ % | LOI% | P% | S% | Fe _{ca} % |
|----------|------|------|--------------------|----------------------------------|--------------------|------|------|------|--------------------|
| Inferred | 24.6 | 56.0 | 5.9 | 2.7 | 0.1 | 10.7 | 0.04 | 0.02 | 62.7 |

In the past 6 months, the company has completed a further 42 holes for 1077 metres on pisolitic outcrop and debris that extends to the east and west of the Robe Mesa ore resource (Fig 2). Samples have been submitted to Bureau Veritas laboratories in Perth and results will be integrated into the Robe Mesa deposit database and reported when they are available.

In addition to the RC drilling, three 100mm diameter holes were drilled through the upper and lower intervals of pisolitic iron-stone using a sonic rig to recover cored material for metallurgical test-work.

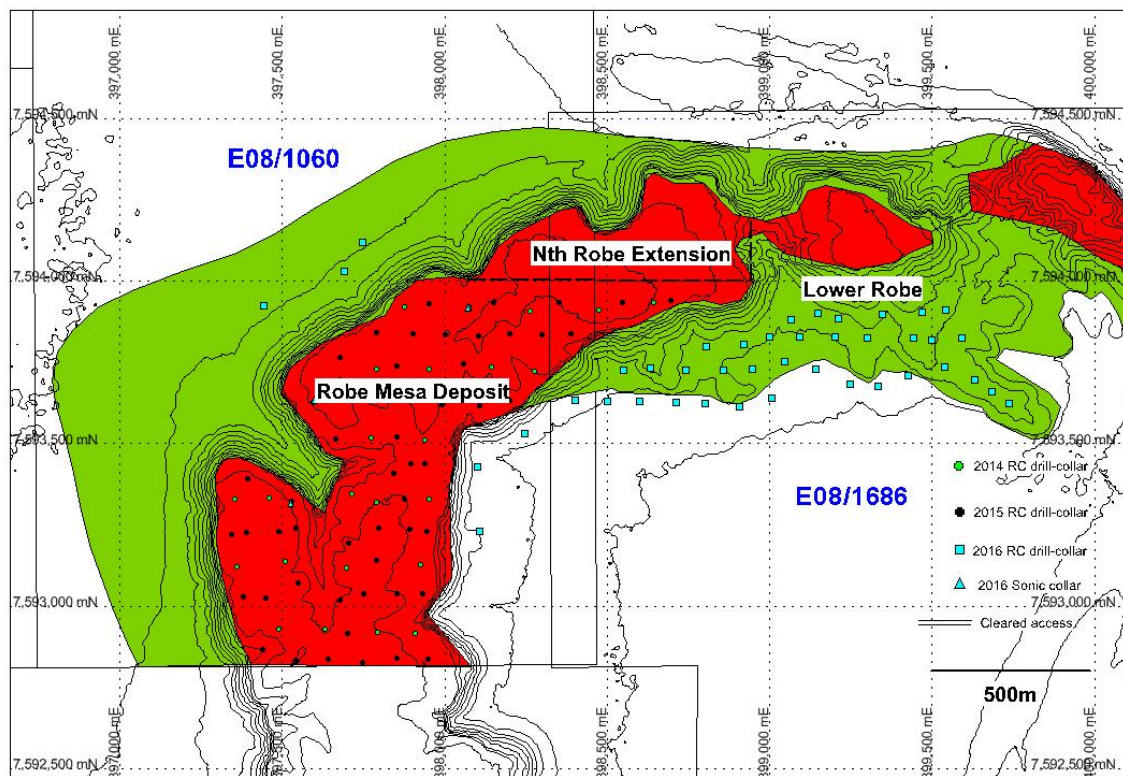


Fig 2. Robe Mesa RC drill-plan showing the 2014 and 2015 holes utilised in the ore-resource review and the RC holes completed in 2016.

DIRECTORS' REPORT (Continued)

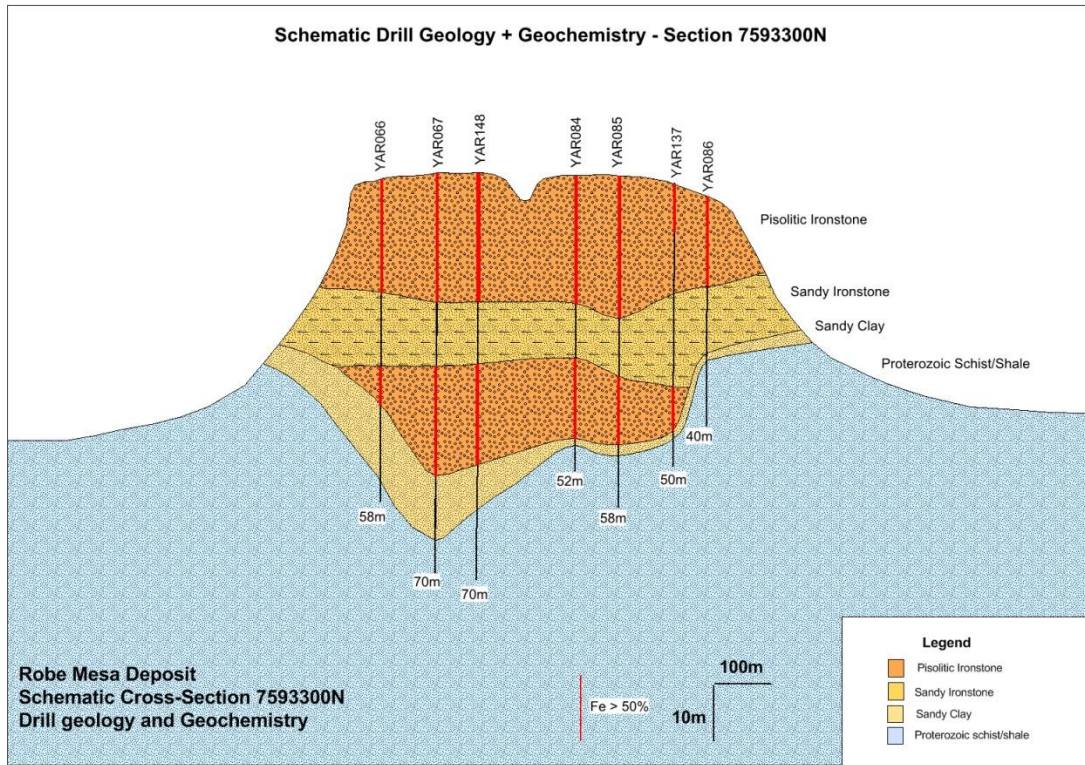


Fig 3. Geological section at 7593300N (from Fig 2) showing red down-hole intervals for drill holes with pisolitic ironstone reporting Fe>50% (ie calcined iron or Fe_{ca}>55%).

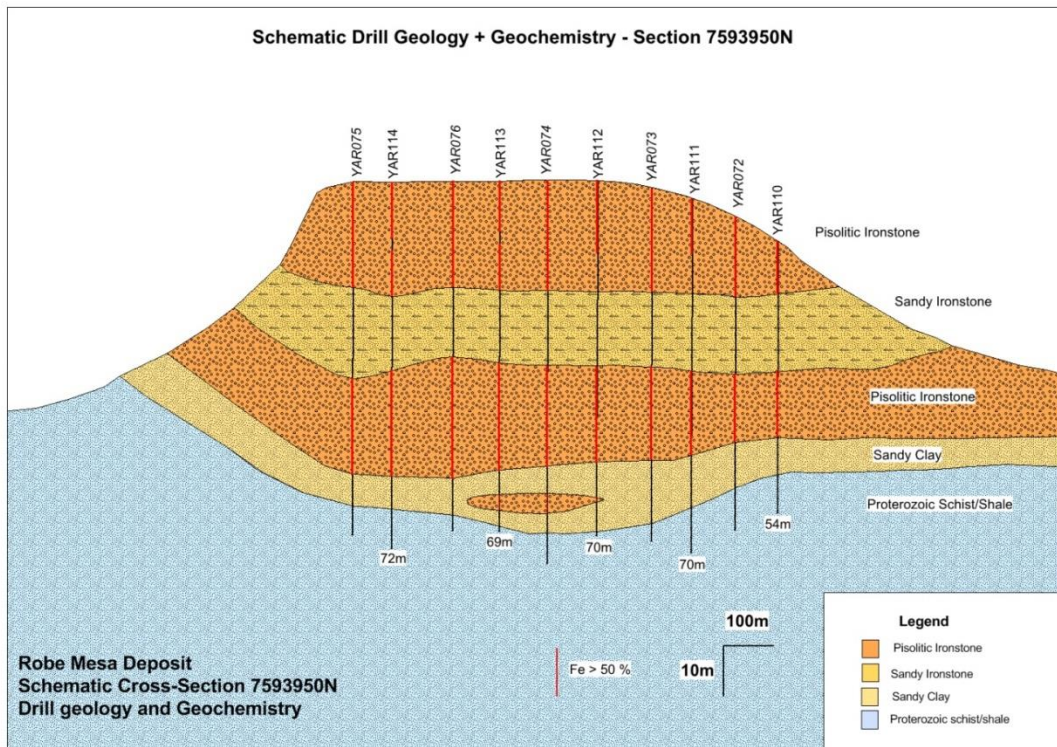


Fig 4. Geological section at 7593950N (from Fig 2) showing red down-hole intervals drill holes with pisolitic ironstone reporting Fe>50% (ie calcined iron or Fe_{ca}>55%).

DIRECTORS' REPORT (Continued)

Prospecting License P08/529.

The P08/529 prospect covers part of the southern margin of the Robe Channel Iron system (Fig 1). Gently elevated parts of the tenement have outcrop of ferruginous conglomerate while lower lying areas are characterised by a sandy surface with a covering of pisolitic iron-stone.

During the past 6 months 17 RC drill-holes for a total of 617m were completed on approximately 200m intervals along the tenement (Fig 5). Samples have been submitted to Bureau Veritas laboratories in Perth and results will be reported when they are available.

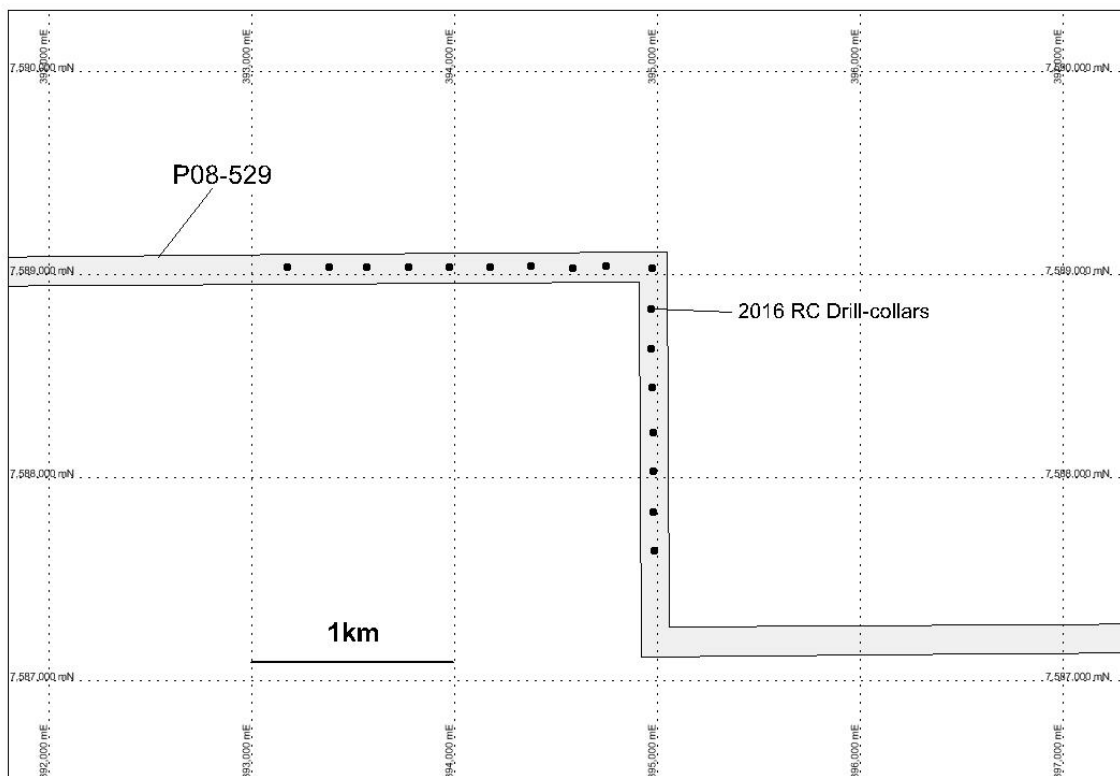


Fig 5. Location of the RC drill collars that were completed in late 2016 on P08/529.

Ashburton Trough Magnetite Schists

The magnetite schists in the Ashburton Trough are represented by a 12 km long by 800 m wide area hosting high-order magnetic anomalies that are only partly exposed beneath a capping of sands and conglomerates from the Carnarvon Basin (Fig 1). The mineralisation in the Ashburton has a suite of characteristics that may be favourable for larger-scale magnetite recovery, including the following.

1. A transition from weathered to fresh rock which is only 20-30m below the surface which would minimise the amount of pre-strip for development.
2. No evidence of blue asbestos (crocidolite) in the system.
3. Coarser grain size than the iron formations in the Hamersley Basin that is potentially an advantage for liberation from the host-rock.
4. Generally low phosphorous and sulphur contents.
5. Mass yields that are in excess of 30%
6. High rates of RC drilling and short mill times for the Davis Tube magnetite recovery that suggest the host-rocks are relatively soft.

DIRECTORS' REPORT (Continued)

During the past 6 month an addition sixteen (10) inclined (-60°) holes, each to about 200 metres depth and oriented at either 050° or 230° for a total of 2000m were completed (Fig 6). All the drill-holes contained intervals of high magnetic susceptibility in the range of 1,000 to 60,000 SI units which reflects the abundance of magnetite. Samples have been submitted to Bureau Veritas laboratories in Perth and results will be reported when they are available.

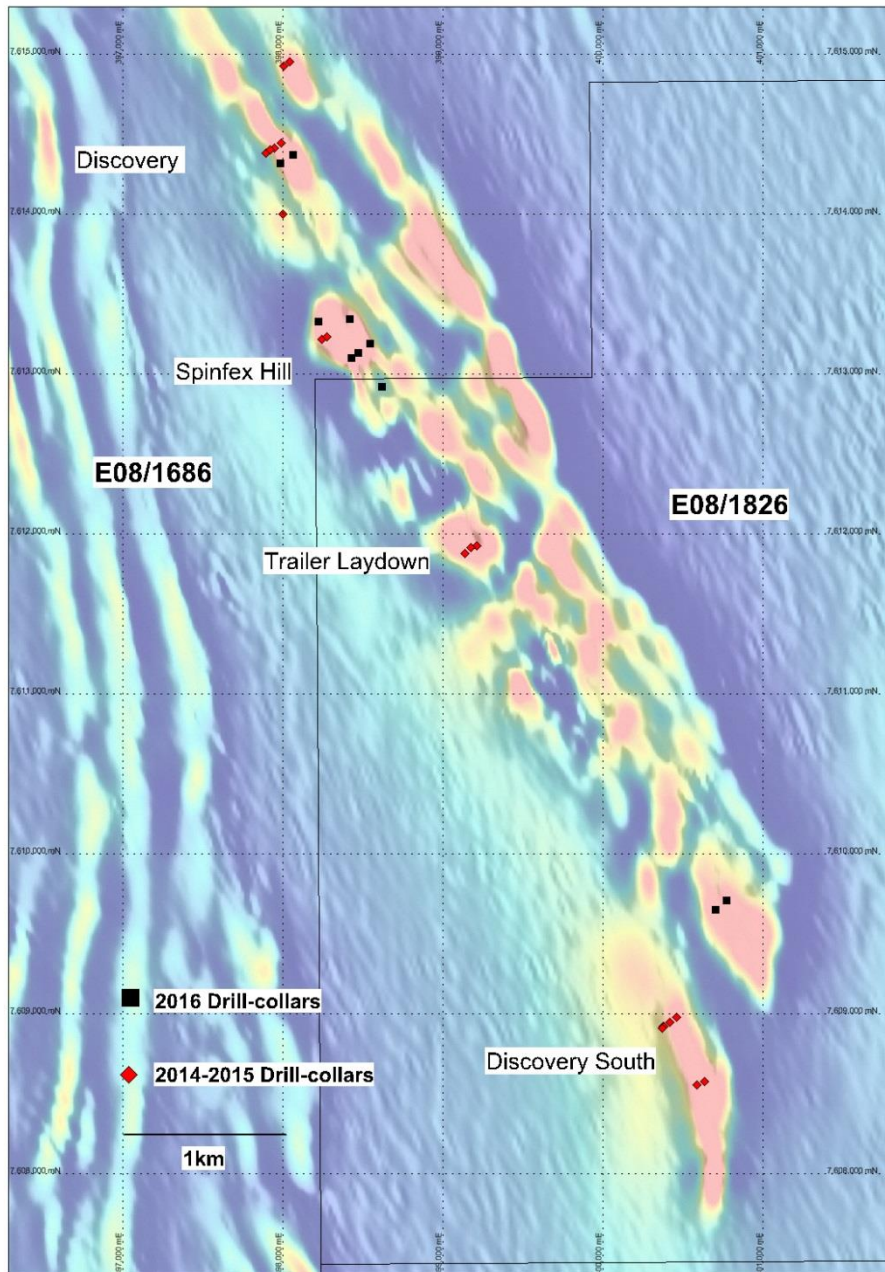


Fig 6. RC and diamond drill-collars for the magnetite-bearing sequence in the Ashburton Trough overlain on the 1VD magnetic imagery. (Red diamonds = 2014-2015 RC collars, Black squares = 2016 collars).

Yarraloola Gold and base-metal prospectivity

As part of the on-going assessment, gold and base-metal targets are continuously reviewed and are progressively soil and rock-chip sampled. Follow-up work is planned with a focus on identifying targets for drilling.

DIRECTORS' REPORT (Continued)

Shepherd's Well – E08/2361

The Shepherds Well Project which covers 192.2km² is located 60-100 km southwest of Karratha. The tenement is serviced by bitumen road access from the Great Northern Highway, is contiguous with the Yarraloola Project and is located only 25-50km from the proposed public access port at Cape Preston. The project has iron-formations within a sequence of felsic volcanics, ocean-floor basalts and associated sediments that are part of an accretionary domain that is older than the Hamersley Basin. In the Pilbara, iron-formations in the Cleaverville terrain are associated with base-metal (Cu-Au-Pb-Zn) occurrences attributed to a sea-floor volcanogenic origin.

In the past 6 months the Company has undertaken a programme of infill mapping and gridded soil sampling in an area where previously announced rock-chip samples were anomalous in silver (Ag), lead (Pb) and Zinc (Zn; Fig 7). Two prospects are developing from the field-work. An eastern zone which is anomalous in zinc (Zn) and lead (Pb) and a western nickel-rich (Ni) anomaly which is associated with chromium (Cr), cobalt (Co), platinum group elements (PGE) and gold (Au; Fig 8 and 9).

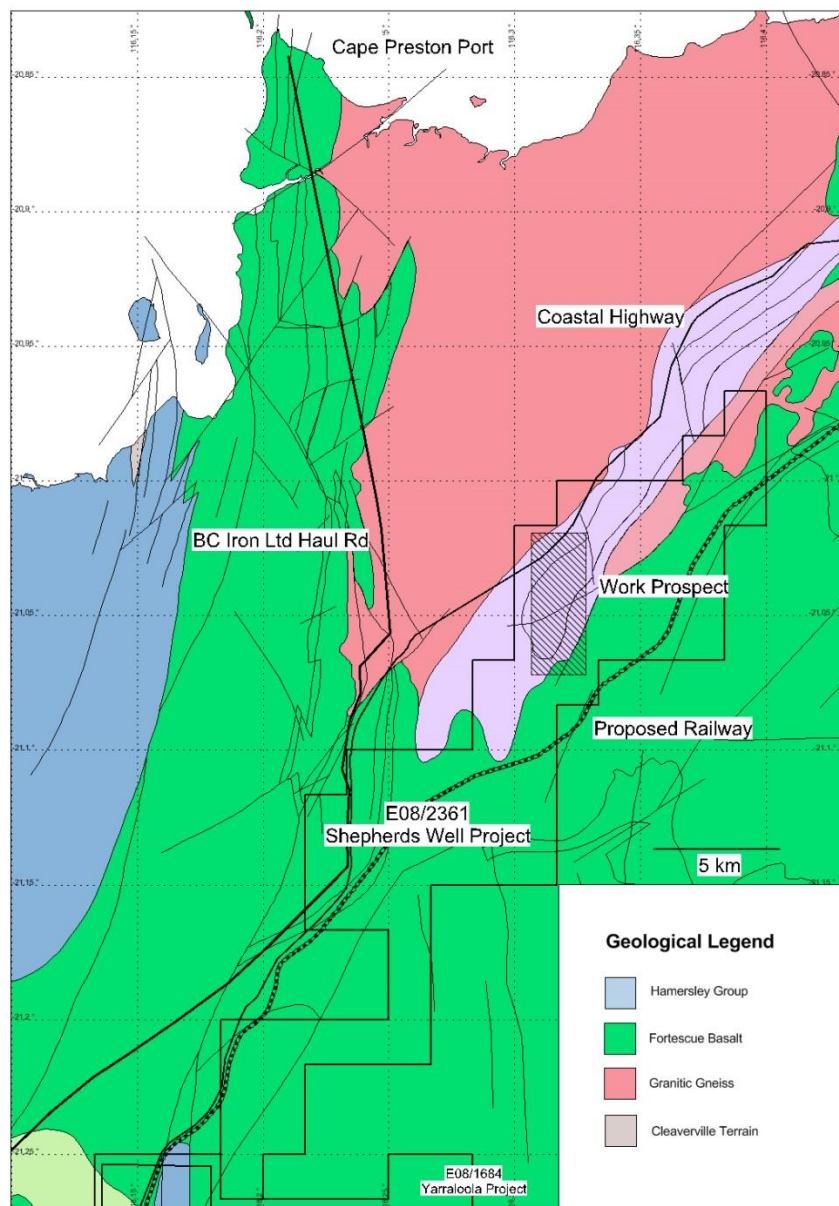


Fig 7 - Regional geological setting of the Shepherds Well Project showing the distribution of the Cleaverville Terrain which are the more prospective rocks for iron-ore and base-metal mineralization and the area that is currently being sampled.

DIRECTORS' REPORT (Continued)

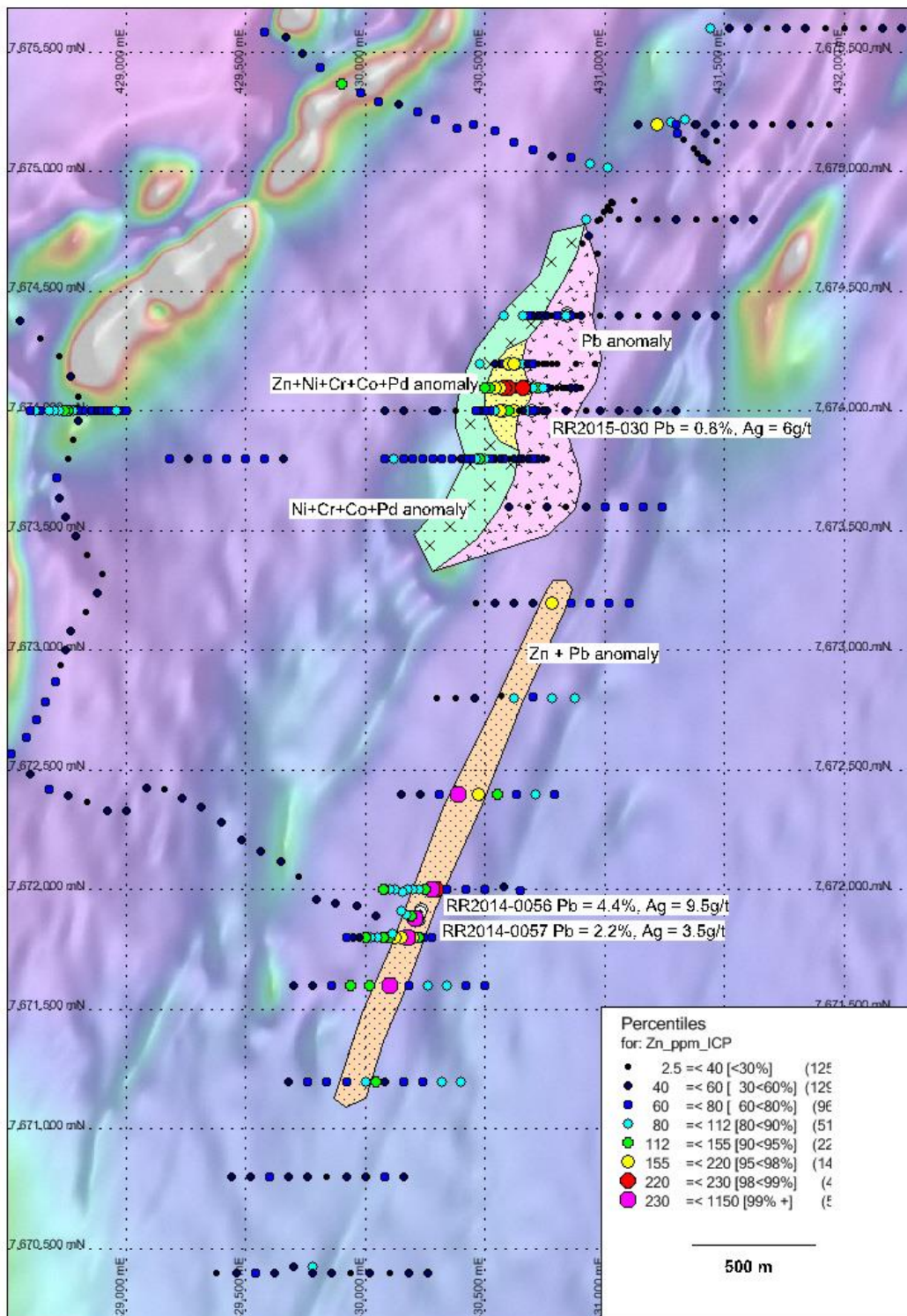


Fig 8. Location of the 2015-2016 soil samples with the percentile zinc (Zn) distribution, mineralised rock-chip samples (RR and PK-series) and anomalous prospects overlain on the total magnetic intensity.

DIRECTORS' REPORT (Continued)

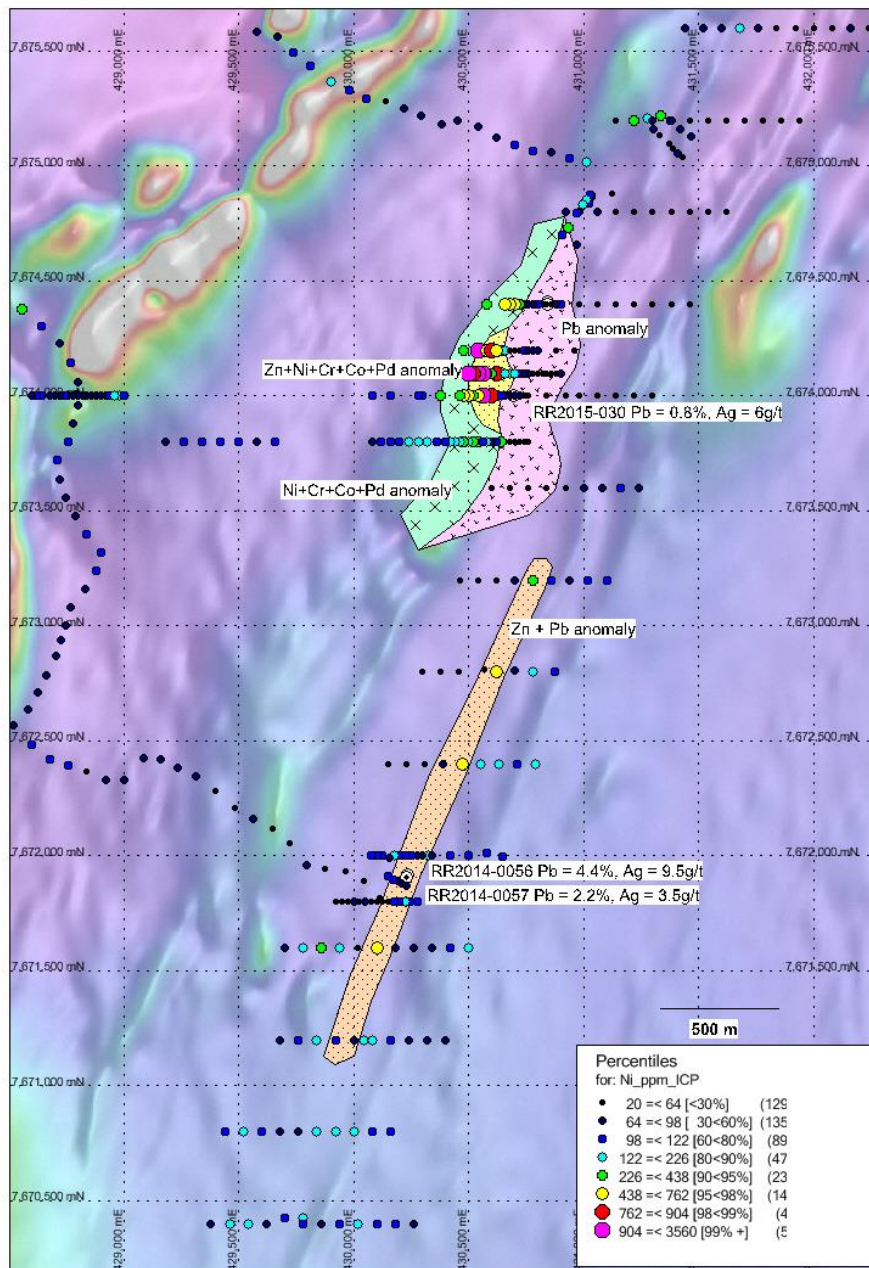


Fig 9. Location of the 2015-2016 soil samples with the percentile nickel (Ni) distribution, mineralised rock-chip samples (RR and PK-series) and anomalous prospects overlain on the total magnetic intensity.

DIRECTORS' REPORT (Continued)

Yarrie

The Yarrie Iron-Ore Project consists of three granted, E45/3725, E45/3728, E45/4065 and three tenement applications E45/4433, E45/4604 and E45/4605) covering a total of 419 km² that are located 160km east of Port Hedland (Fig 10). The Yarrie tenements are largely underexplored. They share boundaries in part with the Yarrie-Goldsworthy mining district which was until recently, operated by BHP Billiton PLC (BHP). The tenements are serviced by a bitumen road and natural gas pipeline between Pt Hedland and the Telfer copper-gold mine and major regional roads which service the cattle industry and other mining towns in the region.

In the North Pilbara, high-grade iron-ore (Fe>62%) is hosted by Archaean-age sequences of volcanics and sediments termed the Cleaverville Terrain. These rocks unconformably overlie a granite basement and underlie units of the Hamersley Basin. The Yarrie project covers outcrop extensions of the Cleaverville in the central and southern areas. In addition, there is significant tenement coverage to the east and north where interpretations of magnetic surveys indicate the presence of highly magnetic iron-formation subcrop beneath shallow cover. Within the sequence, the priority exploration targets are the parts of the Nimingarra Iron Formation which may be altered to high-grade haematite. Previously, the Company acquired detailed gravity surveys coverage over areas of sub-cropping iron-formation and has generated targets for future drilling.

During the past 6 months, eight drill-pads have been prepared over four priority co-incident gravity and magnetic targets for RC drilling on the Egg Creek prospect. The anomalies are analogous to the geological setting of the 65Mt, high-grade (Fe @ 68%) Yarrie Y2/3 deposit located further to the east that was mined by BHP-Billiton Pty Ltd.

In addition, some broadly space soil and rock-chip sampling was undertaken over the metavolcanic and metasedimentary sequence that outcrops down the western part of E45/3728. The first programme collected 82 gridded soil and 20 rock-chip samples. The soil sampling identified some lithologies with anomalous geochemical responses that will require further assessment. The rock-chip samples were also used to characterise some lithologies but four samples detected outcropping evidence for mineralisation. The most significant rock-chips results are presented in the following table.

Selected results from the mineralised rock-chip samples in E45/3728 on the Yarrie Project.

| Sample No* | Easting GDA Z51 | Northing GDA Z51 | Au ppb | Cu ppm | Cr ppm | Co ppm | Ba ppm | Mn % |
|-------------------|----------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| AE2016-006 | 207,690 | 7,704,963 | 274 | 6,670 | 656 | 25.1 | 24 | 0.06 |
| AE2016-007 | 207,690 | 7,704,963 | 12 | 1,140 | 203 | 1,340 | 28,900 | 44.9 |
| PK2016-003 | 207,689 | 7,704,965 | 242 | 7,330 | 733 | 27.4 | 40.5 | 0.06 |
| PK2016-004 | 207,557 | 7,704,450 | 579 | 210 | 1,440 | 89.9 | 38 | 0.34 |

*- rock-chips reported in the above represent only those samples with precious and base-metals significantly above background and are used to identify structural and lithological features that require follow-up work.

The gold and base-metal bearing samples are associated with zones of carbonate, sulphide and silica alteration within a suite of mafic to ultramafic rocks that are associated with a major NNE-trending structure. The setting is consistent with the model for Archean load-style gold mineralisation. In contrast, the manganese is reported from brecciated veins associated with the margins of the Nimingarra Iron Formation. The association with barium and manganese associated with the younger Nimingarra sequence perhaps indicates a lower temperature epithermal affiliation for the system.

Follow-up sampling of the localities showing evidence of mineralisation is planned.

DIRECTORS' REPORT (Continued)

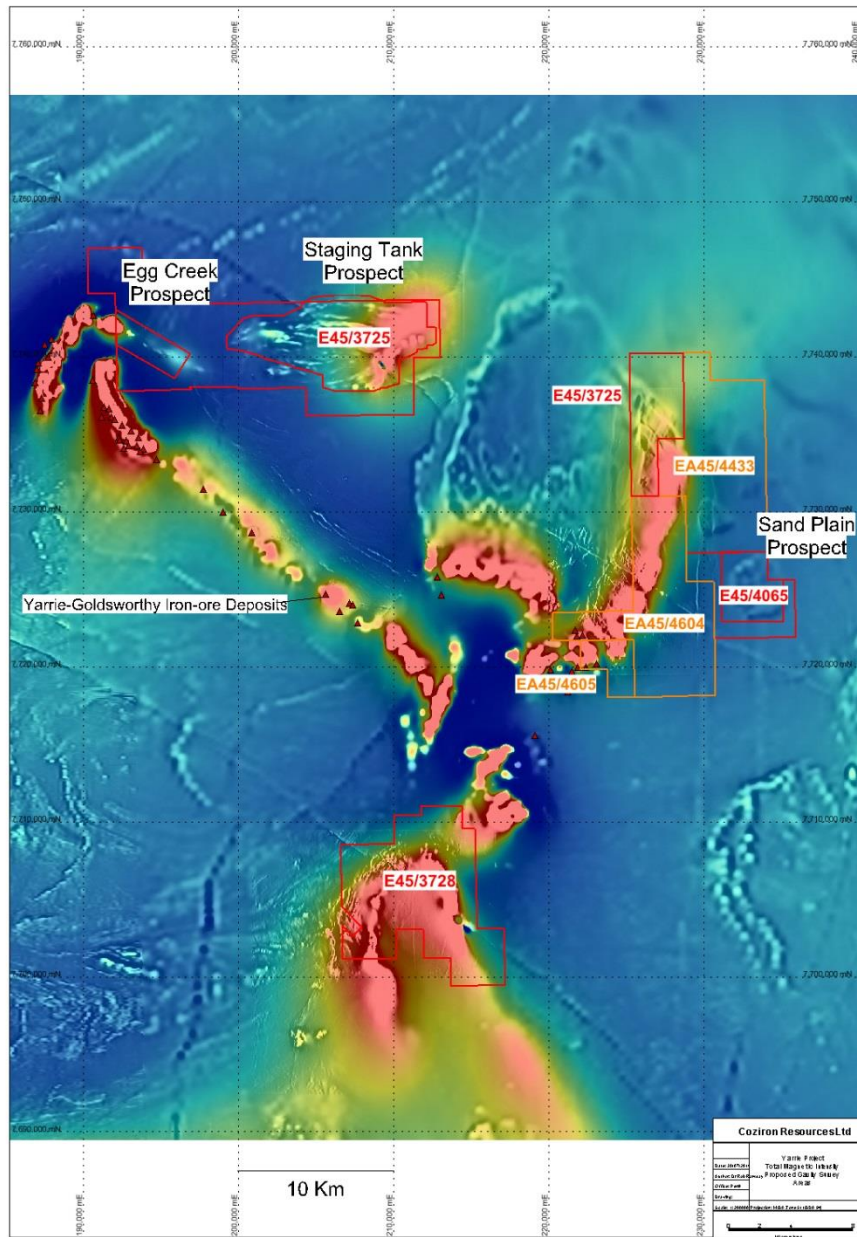


Fig 10 - Regional setting of the Yarrarie Project and the Yarrarie-Goldsworthy iron-ore deposits overlain onto the magnetic intensity with the most intense responses attributed to the Nimingarra Iron Formation.

DIRECTORS' REPORT (Continued)

BUDDADOO

The Buddadoo Project in the mid-west of Western Australia is located about 200km east of Geraldton and covers an area of 210km² on part of the Gullewa Greenstone Belt. The project hosts vanadiferous titanomagnetite, copper and gold mineralisation in different geological settings. The coarse-grained, vanadiferous titanomagnetite outcrops as bands up to 10m thick in a 250m wide zone within a 7km by 1.5km gabbro in the Buddadoo Range (Fig 11). Previously the Company has undertaken programmes of mapping, soil sampling and soil geochemistry.

During the past 6 months, no significant work has been undertaken.

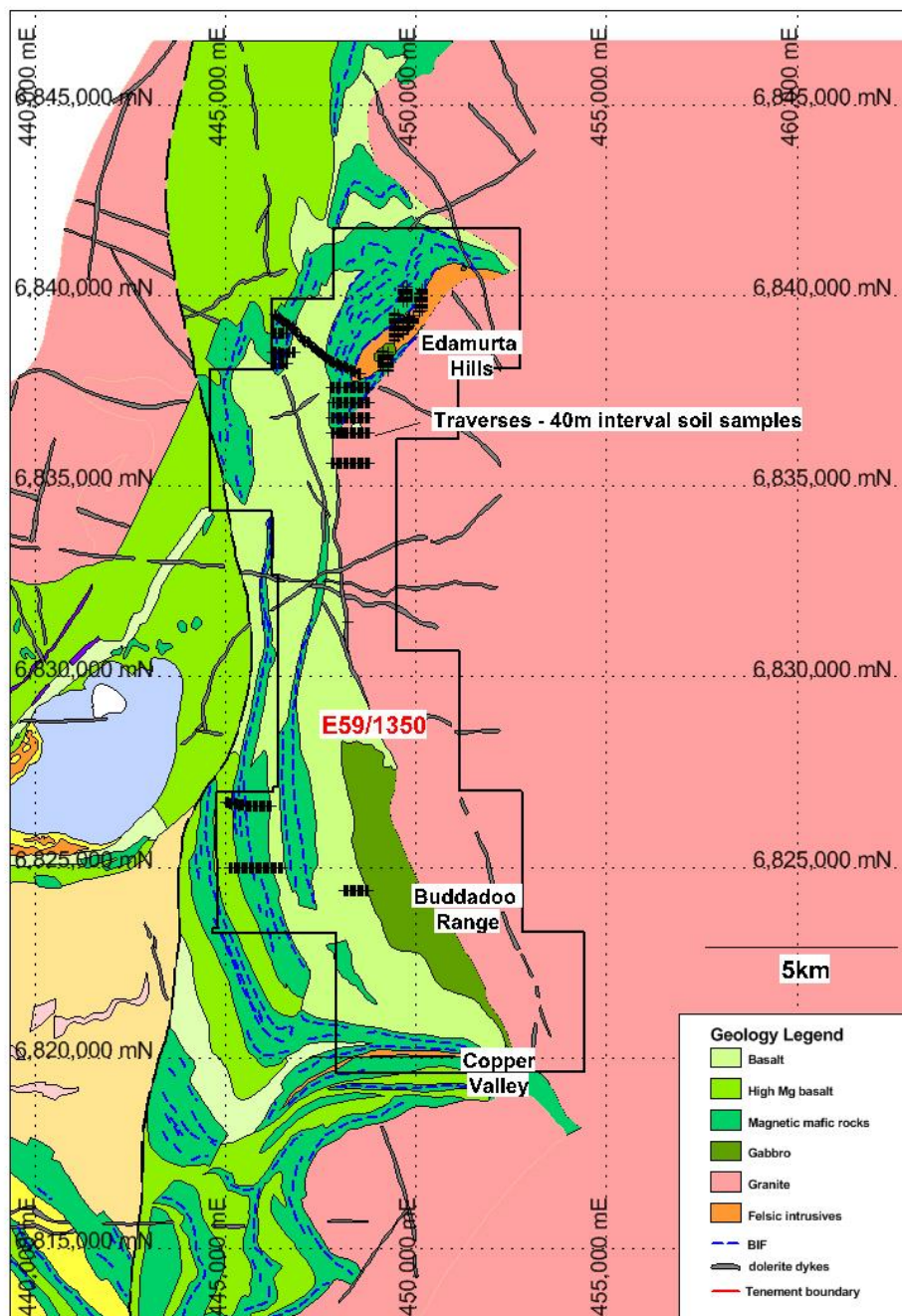


Fig 11 - Location of the Buddadoo project showing proximity to local infrastructure.

DIRECTORS' REPORT (Continued)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as outlined in the review of operations, there were no significant changes in the state of affairs of the Group during the half year.

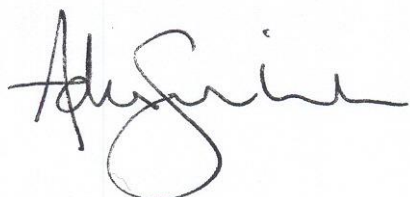
SUBSEQUENT EVENTS

Other than as disclosed elsewhere in this financial report, there has been no significant events subsequent to the end of the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2016 is set out on page 17.

This report is signed in accordance with a resolution of the Board of Directors.



Adam Sierakowski
Chairman

Dated this 10th day of March 2017

Competent Persons Statement

The information in this report that relates to mineral resources and exploration results is based on information compiled by Rob Ramsay BScHons, MSc PhD, Member of the Australian Institute of Geoscientists. Rob Ramsay is a full-time Consultant Geologist for Coziron and has sufficient experience which 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". Rob Ramsay has given his consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF COZIRON RESOURCES LIMITED

As lead auditor for the review of Coziron Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Coziron Resources Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 10 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | Note | Half-Year 31 December 2016 \$ | Half-Year 31 December 2015 \$ |
|--|------|-------------------------------------|-------------------------------------|
| Revenue | | 13,000 | 3,350 |
| Exploration costs | | (954,298) | (1,409,954) |
| Employee benefits expense | | (60,624) | (65,022) |
| Compliance and professional fees | | (116,159) | (185,639) |
| Depreciation | | (3,078) | (3,715) |
| Occupancy costs | | (12,000) | (12,000) |
| Administration expenses | | (21,310) | (25,530) |
| (Loss) before income tax | 2 | (1,154,469) | (1,698,510) |
| Income tax expense | | - | - |
| (Loss) from continuing operations after related income tax expense for the half year attributable to members of Coziron Resources Limited | | (1,154,469) | (1,698,510) |
| Other comprehensive income | | - | - |
| Total comprehensive loss attributable to the members of Coziron Resources Limited | | (1,154,469) | (1,698,510) |
| (Loss) per share for the half year attributable to members of Coziron Resources Limited | | | |
| Basic loss per share (cents) | | (0.07) | (0.13) |
| Diluted loss per share (cents) | | (0.07) | (0.13) |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | Note | As At 31 December 2016 \$ | As At 30 June 2016 \$ |
|----------------------------------|------|---------------------------------|-----------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 1,023,230 | 2,308,836 |
| Trade and other receivables | | 238,262 | 252,812 |
| Total Current Assets | | 1,261,492 | 2,561,648 |
| Non-Current Assets | | | |
| Property, plant and equipment | | 28,354 | 31,432 |
| Exploration assets | 3 | 11,481,916 | 11,481,916 |
| Total Non-Current Assets | | 11,510,270 | 11,513,348 |
| TOTAL ASSETS | | 12,771,762 | 14,076,996 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 4 | 137,678 | 286,443 |
| Total Current Liabilities | | 137,678 | 286,443 |
| TOTAL LIABILITIES | | 137,678 | 286,443 |
| NET ASSETS | | 12,634,084 | 13,788,553 |
| EQUITY | | | |
| Contributed equity | 5 | 28,333,286 | 28,333,286 |
| Reserves | | 159,158 | 159,158 |
| Accumulated losses | | (15,858,360) | (14,703,891) |
| TOTAL EQUITY | | 12,634,084 | 13,788,553 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | Ordinary Shares \$ | Reserves | Accumulated Losses \$ | Total Equity \$ |
|--|--------------------------|----------------|-----------------------------|--------------------|
| Balance at 1 July 2016 | 28,333,286 | 159,158 | (14,703,891) | 13,788,553 |
| Total comprehensive loss for the half-year | - | - | (1,154,469) | (1,154,169) |
| Balance at 31 December 2016 | 28,333,286 | 159,158 | (15,858,360) | 12,634,084 |
| Balance at 1 July 2015 | 24,268,792 | 159,158 | (12,345,489) | 12,082,461 |
| Total comprehensive loss for the half-year | - | - | (1,698,510) | (1,698,510) |
| Shares issued – Placement | 2,980,000 | - | - | 2,980,000 |
| Shares issued – Acquisition | 1,084,494 | - | - | 1,084,494 |
| Share issue costs | - | - | - | - |
| Balance at 31 December 2015 | 28,333,286 | 159,158 | (14,043,999) | 14,448,445 |

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

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | Half-Year 31 December 2016 \$ | Half-Year 31 December 2015 \$ |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Receipts from customers | - | - |
| Payments to suppliers and employees | (254,234) | (174,107) |
| Payment for exploration expenditure | (1,044,372) | (1,431,698) |
| Interest received | 13,000 | 3,350 |
| Net cash flows used in operating activities | (1,285,606) | (1,602,455) |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment | - | - |
| Net cash flows used in investing activities | - | - |
| Cash flows from financing activities | | |
| Proceeds from issue of ordinary shares | - | 2,980,000 |
| Payment of share issue costs | - | - |
| Net cash flows used in financing activities | - | 2,980,000 |
| Net increase/(decrease) in cash held | (1,285,606) | 1,377,545 |
| Cash and cash equivalents at the beginning of the half-year | 2,308,836 | 1,632,883 |
| Cash and cash equivalents at the end of the half-year | 1,023,230 | 3,010,428 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Coziron Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2016.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Accounting Standards Issued

In the half-year ended 31 December 2016, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2016. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

New Accounting Standards not yet mandatory or early adopted

| Reference | Title | Summary | Application date | Expected Impact |
|-------------|---|---|--|--------------------|
| AASB 15 | <i>Revenue from Contracts with Customers</i> | This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. | Financial years beginning on or after 1 January 2018 | No expected impact |
| AASB 2016-1 | <i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Tax Losses</i> | Clarifies four issues with respect to recognising deferred tax assets (DTAs) for unrealised tax losses: <ul style="list-style-type: none"> If all other recognition criteria are met, DTAs must be recognised for the deductible temporary difference between the fair value and tax base on fixed | Financial years beginning on or after 1 January 2017 | No expected impact |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| Reference | Title | Summary | Application date | Expected Impact |
|-------------|--|--|--|--------------------|
| | | <p>rate debt instruments that are not deemed to be impaired.</p> <ul style="list-style-type: none"> • Deductible temporary differences must be compared to taxable profits of the same type (e.g. capital or revenue profits) to determine whether there are sufficient taxable profits against which the deductible temporary differences can be utilised. • When comparing deductible temporary differences against the amount of future taxable profits, the calculation of future taxable profits must exclude tax deductions resulting from the reversal of those deductible temporary differences. • The estimate of future taxable profits can include recovery of certain assets at amounts more than their carrying amount if there is enough evidence that it is probable that the entity will recover the asset for more than its carrying amount. Examples would include: <ul style="list-style-type: none"> ○ Property measured using cost model for which an external valuation has been conducted ○ Fixed rate debt instruments held to maturity. | | |
| AASB 2016-3 | <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> | <p>Clarifies AASB 15 application issues relating to:</p> <ul style="list-style-type: none"> • Identifying performance obligations • Principal vs. agent considerations • Licensing • Practical expedients | Financial years beginning on or after 1 January 2018 | No expected impact |
| AASB 9 | <i>Financial Instruments</i> | <p>AASB 9 (December 2014) is a new standard which Replaces AASB 139. This new version supersedes AASB issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.</p> | Financial years beginning on or after 1 January 2018 | No expected impact |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| Reference | Title | Summary | Application date | Expected Impact |
|---------------------|---|---|--|--------------------|
| | | AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. | | |
| AASB 16 | <i>Leases</i> | AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. | Financial years beginning on or after 1 January 2019 | No expected impact |
| IFRS 2 (Amendments) | Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2] | This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: <ul style="list-style-type: none"> • The effects of vesting and non-vesting conditions on the measurement of cash settled share-based payments • Share-based payment transactions with a net settlement feature for withholding tax obligations <p>A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</p> | 1 January 2018 | No expected impact |

Reporting basis and conventions

The half-year statements have 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

Going Concern

The Group has incurred a net loss after tax for the half year ended 31 December 2016 of \$1,154,469 (2015: \$1,698,510) and experienced net cash outflows from operating activities of \$1,285,606 (2015: \$1,602,455). At 31 December 2016, the Group had current assets of \$1,261,492 (30 June 2016: \$2,561,648).

The ability of the Group to continue as a going concern is dependent on securing additional funding through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises, to continue to fund its operational activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report. Subsequent to period end the Group expects to receive additional funds through debt or equity issues.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has a proven history of successfully raising capital.
- The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.
- The fact that future exploration and evaluation expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Group's working capital and other forecast commitments.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

2. LOSS BEFORE INCOME TAX

| | Half-Year 31 December 2016 \$ | Half-Year 31 December 2015 \$ |
|---|--|--|
| The following revenue and expense items are relevant in explaining the financial performance for the half-year: | | |
| Interest revenue | 13,000 | 3,350 |
| Expenses | | |
| Exploration costs | (954,298) | (1,409,954) |
| Compliance and professional fees | (116,159) | (185,639) |
| Share based payments | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

3. EXPLORATION ASSETS

A reconciliation of the movements in the capitalised exploration assets is detailed below:

| | 31 December 2016 | 30 June 2016 |
|---|---------------------|-------------------|
| | \$ | \$ |
| Opening balance at the beginning of the half-year | 11,481,916 | 10,397,422 |
| Add: Acquisition of Yarrie Project | - | 1,084,494 |
| Less: Exploration expenditure impaired | - | - |
| Closing Balance | <u>11,481,916</u> | <u>11,481,916</u> |

Exploration costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

4. TRADE AND OTHER PAYABLES

| | 31 December 2016 | 30 June 2016 |
|-----------------------|---------------------|-----------------|
| | \$ | \$ |
| Trade payables | 122,882 | 273,272 |
| Accruals | 12,000 | 12,000 |
| Employee entitlements | 2,796 | 1,171 |
| | <u>137,678</u> | <u>286,443</u> |

5. ISSUED CAPITAL

| | As At 31 December 2016 | As At 30 June 2016 |
|-----------------|------------------------------|--------------------------|
| | \$ | \$ |
| Ordinary shares | <u>28,333,286</u> | <u>28,333,286</u> |

| | 2016 No. | 2016 \$ | 2015 No. | 2015 \$ |
|--|----------------------|-------------------|----------------------|-------------------|
| <i>Movements in ordinary shares on issue</i> | | | | |
| Shares on issue at 1 July | 1,752,217,935 | 28,333,286 | 1,318,656,235 | 24,268,792 |
| - Shares issued – Placement | - | - | 298,000,000 | 2,980,000 |
| - Shares issued – Acquisition | - | - | 135,561,700 | 1,084,494 |
| - Issue costs | - | - | - | - |
| At 31 December | <u>1,752,217,935</u> | <u>28,333,286</u> | <u>1,752,217,935</u> | <u>28,333,286</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

6. SEGMENT INFORMATION

The Group operates predominantly in one geographical segment, being Western Australia, and in one industry, being mineral exploration. The reporting segment is represented by the primary statements forming this financial report.

7. CONTINGENT LIABILITIES

As at the date of the report, the Directors are not aware of any material contingent liabilities that would require disclosure.

8. COMMITMENTS

| Exploration commitments | 31 December 2016 \$ | 30 June 2016 \$ |
|--|---------------------------|-----------------------|
| <i>Payable:</i> | | |
| Within one year | 1,433,935 | 1,261,021 |
| Later than one year but not later than 5 years | 1,925,778 | 2,176,706 |
| Later than 5 years | - | - |
| | 3,359,714 | 3,437,727 |

9. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions with related parties during the half-year were on the same basis as stated in the 30 June 2016 Annual Report.

10. SUBSEQUENT EVENTS

There has been no significant events subsequent to the end of the reporting period.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Due to their short term nature, the carrying amounts of the current receivables and current payables are assumed to approximate their fair value.

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 27:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2016 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 Board of Directors.

A handwritten signature in black ink, appearing to read 'Adam Sierakowski', written in a cursive style.

Adam Sierakowski
Chairman

Dated this 10th day of March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Coziron Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Coziron Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Coziron Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint blue BDO logo.

Dean Just

Director

Perth, 10 March 2017