



ABN 62 133 221 084

BrazIron Limited

Unaudited Half Yearly Report

for the period ended 30 June 2016

Corporate Information

ABN 62 133 221 084

Directors

Youzhi Wei (Non-Executive Chairman)
Walter Guidice (Non-Executive Director)
Neil O'Loughlin (Non-Executive Director)

Company Secretary and Chief Executive Officer

Samuel Morton

Principal Place of Business

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Legal Counsel

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 30 June 2016

| | Notes | 30 June 2016 AUD | 30 June 2015 AUD |
|---|-------|------------------------|------------------------|
| CONTINUING OPERATIONS | | | |
| Interest income | | 27,828 | 52,040 |
| EXPENDITURE | | | |
| Depreciation expense | | - | 10,157 |
| Salaries and employee benefits expense | | 322,769 | 352,084 |
| Exploration expenditure | | 64,427 | 64,655 |
| Corporate expenses | | 133,325 | 145,775 |
| Occupancy expenses | | 36,813 | 30,570 |
| Insurance expenses | | - | 9,897 |
| Travel | | - | 55,698 |
| Withholding tax | | - | 6,835 |
| Other expenses | | 89,027 | 60,552 |
| LOSS BEFORE INCOME TAX | | (618,533) | (684,183) |
| INCOME TAX BENEFIT / (EXPENSE) | | - | - |
| LOSS FOR THE PERIOD | | (618,533) | (684,183) |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | | |
| Items that may subsequently be reclassified to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (1,450,210) | (205,794) |
| Other comprehensive (loss)/income for the period, net of tax | | (1,450,210) | (205,794) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO BRAZIRON LIMITED | | (2,068,743) | (889,977) |

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Condensed notes to the Consolidated Financial Statements.

Condensed Consolidated Statement of Financial Position

AS AT 30 June 2015

| | Notes | 30 June 2016 AUD | 31 December 2015 AUD |
|--|-------|------------------------|----------------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 4 | 2,264,429 | 3,050,211 |
| GST Receivable | | 23,032 | 26,032 |
| Accrued Income | | 7,957 | 7,954 |
| Total Current Assets | | 2,298,415 | 3,084,197 |
| Non - Current Assets | | | |
| Capitalised Exploration and Acquisition Cost | 5 | - | - |
| Financial Asset | 6 | 200,000 | - |
| Plant & Equipment | | - | - |
| Total Non-Current Assets | | 200,000 | - |
| Total Assets | | 2,498,415 | 3,084,197 |
| Current Liabilities | | | |
| Trade creditors and other Payables | | 354,503 | 281,758 |
| Provisions | | 18,154 | 18,154 |
| Total Current Liabilities | | 372,657 | 299,912 |
| Non - Current Liabilities | | | |
| | | - | - |
| Total Non-Current Liabilities | | - | - |
| Total Liabilities | | 372,657 | 299,912 |
| Net Assets | | 2,125,758 | 2,784,285 |
| Equity | | | |
| Issued Capital | 7 | 53,107,596 | 53,107,596 |
| Reserves | | 267,773 | (1,200,616) |
| Accumulated losses | | (51,249,611) | (49,122,695) |
| Parent Company's Interest in Equity | | 2,125,758 | 2,784,285 |
| Non Controlling Interest | | - | - |
| Net Equity | | 2,125,758 | 2,784,285 |

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Condensed notes to the Consolidated Financial Statements.

Condensed Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 30 JUNE 2016

| Consolidated | Notes Issued Capital | Options Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Non-Controlling Interest | Total |
|---|-----------------------------|------------------------|---|---------------------------|---------------------------------|-------------------|
| | AUD | AUD | AUD | AUD | AUD | AUD |
| BALANCE AT 01 January 2015 | 53,107,596 | 542,683 | (1,189,196) | (36,791,453) | - | 15,669,630 |
| Loss for the period | | | | (684,183) | - | (684,183) |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| Exchange differences on translation of foreign operations | - | - | (205,794) | - | - | (205,794) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | - | - | (205,794) | (684,183) | - | (889,977) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | | | |
| Shares issued | - | - | - | - | - | - |
| Employees and consultants share options | - | - | - | - | - | - |
| BALANCE AT 30 June 2015 | 53,107,596 | 542,683 | (1,394,990) | (37,475,636) | - | 14,779,653 |
| BALANCE AT 01 January 2016 | 53,107,596 | 542,683 | (1,743,299) | (49,122,695) | | 2,784,285 |
| Loss for the period | | | | (2,075,540) | | (2,075,540) |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| Exchange differences on translation of foreign operations | - | | 1,475,186 | (58,173) | | 1,417,013 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | | 1,475,186 | (2,126,916) | | (658,527) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | | | |
| Shares issued | - | - | - | - | - | - |
| Employees and consultants share options | | | | | | |
| BALANCE AT 30 June 2016 | 53,107,596 | 542,683 | (268,113) | (51,256,408) | - | 2,125,759 |

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Condensed notes to the Consolidated Financial Statements.

Condensed Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 30 JUNE 2016

| | Notes | 30 June 2016 AUD | 30 June 2015 AUD |
|---|-------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | - | - |
| Payments to suppliers and employees | | (613,610) | (798,699) |
| Interest received | | 27,828 | 74,732 |
| NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES | | (585,782) | (723,967) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for investments | | (200,000) | - |
| Payments for plant and equipment | | - | - |
| NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES | | (200,000) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issues of ordinary shares | | - | - |
| Payment of share issue costs | | - | - |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | - | - |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | (785,782) | (723,967) |
| Cash and cash equivalents at the beginning of the financial period | | 3,050,211 | 4,300,631 |
| Effects of exchange rate changes on cash and cash equivalents | | - | 2,972 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | | 2,264,429 | 3,579,636 |

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Condensed notes to the Consolidated Financial Statements.

Condensed Notes to the Consolidated Financial Statements

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year consolidated financial report is a general purpose financial statement 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 ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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 Consolidated Entity as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by BrazIron Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

New Accounting Requirements

In the half-year ended 30 June 2015, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 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.

Basis of Preparation

The half-year report has been prepared on an accruals basis and in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting".

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

2. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Entity as one segment. The financial results from this segment are equivalent to the financial results of the Consolidated Entity as a whole.

AASB8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. The Group operates only in the exploration and mining industry, both in Australia and overseas.

3. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 31 December 2015.

4. CASH AND CASH EQUIVALENTS

For the purposes of the half-year report, cash and cash equivalents are comprised of the following:

| | 30 June 2016 AUD | 31 December 2015 AUD |
|--|---------------------|-------------------------|
| Cash and Cash Equivalents | | |
| Cash at bank and on hand | 2,224,429 | 114,100 |
| Short term deposits | 40,000 | 2,936,111 |
| Total Cash and Cash Equivalents | 2,264,429 | 3,050,211 |

5. CAPITALISED EXPLORATION AND ACQUISITION COSTS

| | | |
|-----------------|---|---|
| Bahia Tenements | - | - |
| | - | - |

Bahia Tenements were previously impaired to zero due to the Iron Ore Market

6. FINANCIAL ASSETS

| | | |
|---|----------------|------------------|
| Investment in Safety Barriers WA Pty Ltd | 200,000 | - |
| Investment in Global Dynamic Group Limited – Available for Sale | - | 9,185,892 |
| | 200,000 | 9,185,892 |

The investment in Global Dynamic Group Limited (“Global”) was recorded on the transaction approval date of 29 December 2014 with the deemed valuation based on the number of shares issued of 459,294,611 multiplied by the spot trading price of 2 cents. The shares were issued 2 January 2015. This was subsequently impaired to zero. During the period BrazIron paid a deposit of \$200,000 in anticipation of purchasing SBWA Pty Ltd.

7. ISSUED CAPITAL

| | |
|--|-------------------|
| Opening Issued Capital 1 January 2016 | 53,107,596 |
| Capital Issued During the Period | - |
| Closing Issued Capital 30 June 2016 | 53,107,596 |

8. CONTINGENT LIABILITIES

There are no contingent liabilities as at the reporting date.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the reporting period BrazIron Limited purchased 64% shareholding in SBWA Pty Ltd.

EXECUTIVES DECLARATION

The executive of the Company declare that:

1. The financial statements and notes thereto, as set out on 4 to 9:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the half-year then ended.
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 signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001.

Jamie Morton

CEO