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ABN 15 074 728 019

AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

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CORPORATE DIRECTORY

Directors

Josh Puckridge (Non-Executive Chairman)
Robert John Collins (Non-Executive Director)
Loren Jones (Non-Executive Director)

Company Secretary

Loren Jones

Registered Office

Suite 9
330 Churchill Avenue
Subiaco WA 6008

Auditors

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

Home Securities Exchange

Australian Securities Exchange Limited
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ASX Code: BLZ

DIRECTORS REPORT (Continued)

Your Directors submit the financial report of Blaze International Limited ("Blaze" or "the Company") which includes the consolidated financial statements of the Company and its controlled entities (or "the Group") for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. Directors

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

| | |
|------------------------|--|
| Josh Puckridge | Non-Executive Chairman (appointed 4 December 2015) |
| Loren Jones | Non-Executive Director (appointed 9 September 2015) |
| Robert John Collins | Non-Executive Director |
| Michael Scivolo | Former Non-Executive Chairman (resigned 4 December 2015) |
| Hersh Solomon Majteles | Former Non-Executive Director (resigned 4 December 2015) |

2. Results

The Group incurred a net loss for the period of \$1,047,047 (31 December 2014: loss of \$347,140).

3. Review of Operations

The majority of the Company's operations for the half-year ending 31 December 2015 were in relation to the Company's capital raising and corporate re-structuring.

On 4 December 2015 the Company announced a change of Board and Management.

The Company issued a Notice of Meeting to its shareholders dated 4 March 2016 (**NoM**) which has asked shareholders to consider the disposal of its main undertaking by transferring Colour Minerals Pty Limited to a related party of the Company (**Disposal**). A requirement of the NoM included the production, and provision, of an independent expert's report to Shareholders regarding the Disposal and its effects on the Company's shareholders. The independent expert opined that the Disposal is both fair and reasonable to shareholders. The NoM is available online via the ASX platform and all shareholders and readers of this report should read the NoM in full.

The Company will assess new acquisitions regardless of the Disposal completing, or not.

4. Changes in State of Affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the half-year under review not otherwise disclosed in this report or in the financial statements.

5. Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this Directors' Report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.



Josh Russell Puckridge
Non-Executive Chairman

Dated this 15th day of March 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Blaze International Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
15 March 2016**

**D I Buckley
Partner**

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

| | Consolidated 31 December 2015 \$ | Consolidated 31 December 2014 \$ |
|--|---|---|
| Revenue | 1,823 | 1,274 |
| Gain on settlement of liabilities | 48,829 | - |
| Accounting and audit fees | (49,312) | (12,271) |
| Administration expenses | (574,476) | (88,051) |
| ASX and ASIC fees | (31,875) | (22,932) |
| Employee benefits expense | (51,449) | (42,494) |
| Exploration expenditure written off | (250,333) | (470) |
| Legal fees | (11,149) | (6,400) |
| Management fees | (84,376) | (125,440) |
| Other expenses | (44,729) | (50,356) |
| Loss before income tax benefit | (1,047,047) | (347,140) |
| Income tax benefit | - | - |
| Net loss for the period | (1,047,047) | (347,140) |
| Other comprehensive income for the period: | | |
| <i>Items that may be reclassified to profit and loss</i> | | |
| Net change in available-for-sale financial assets | - | 4,950 |
| <i>Items that will not be reclassified subsequently to profit and loss</i> | | |
| Transfer from revaluation reserve | (900) | - |
| Total comprehensive result for the period | (1,047,947) | (342,190) |
| Basic loss per share (cents) | (3.34) | (1.98) |

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

| | Notes | Consolidated 31 December 2015 \$ | Consolidated 30 June 2015 \$ |
|-------------------------------------|-------|---|---------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 226,572 | 31,116 |
| Trade and other receivables | | 77,597 | 46,614 |
| Total Current Assets | | 304,169 | 77,730 |
| Non-Current Assets | | | |
| Available-for-sale financial assets | | 4,050 | 4,050 |
| Deferred exploration expenditure | 2 | 442,874 | 602,013 |
| Total Non-Current Assets | | 446,924 | 606,063 |
| Total Assets | | 751,093 | 683,793 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 3 | 560,850 | 487,654 |
| Borrowings | 4 | - | 492,649 |
| Total Current Liabilities | | 560,850 | 980,303 |
| Total Liabilities | | 560,850 | 980,303 |
| Net Assets | | 190,243 | (296,510) |
| EQUITY | | | |
| Issued capital | 5 | 34,311,706 | 32,777,006 |
| Reserves | | - | 900 |
| Accumulated losses | | (34,121,463) | (33,074,416) |
| Total Equity | | 190,243 | (296,510) |

The accompanying notes form part of this financial report.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

| | Issued Capital \$ | Accumulated Losses \$ | Revaluation Reserve \$ | Total Equity \$ |
|--|-------------------------|-----------------------------|------------------------------|-----------------------|
| Balance 1 July 2014 | 32,505,142 | (32,336,139) | - | 169,003 |
| Loss for the period | - | (347,140) | - | (347,140) |
| Change in fair value of available for sale financial assets | - | - | 4,950 | 4,950 |
| Total comprehensive result for the period | - | (347,140) | 4,950 | (342,190) |
| Shares issued during the half-year | 279,200 | - | - | 279,200 |
| Share issue costs | (22,336) | - | - | (22,336) |
| Balance at 31 December 2014 | 32,762,006 | (32,683,279) | 4,950 | 83,677 |
| Balance 1 July 2015 | 32,777,006 | (33,074,416) | 900 | (296,510) |
| Transfer of reserve | - | - | (900) | (900) |
| Loss for the period | - | (1,047,047) | - | (1,047,047) |
| Total comprehensive result for the period | - | (1,047,047) | (900) | (1,047,947) |
| Shares issued during the half-year | 1,643,121 | - | - | 1,643,121 |
| Share issue costs | (108,421) | - | - | (108,421) |
| Balance at 31 December 2015 | 34,311,706 | (34,121,463) | - | 190,243 |

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

| | Notes | Consolidated 31 December 2015 \$ | Consolidated 31 December 2014 \$ |
|---|-----------|---|---|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (799,813) | (297,358) |
| Interest received | | 1,451 | 1,006 |
| Interest paid | | (27,038) | - |
| | | <u>(825,400)</u> | <u>(296,352)</u> |
| Net cashflows used in operating activities | | | |
| Cashflows from investing activities | | | |
| Payment for exploration and evaluation | | (73,844) | (392,713) |
| | | <u>(73,844)</u> | <u>(392,713)</u> |
| Net cashflows used in investing activities | | | |
| Cashflows from financing activities | | | |
| Proceeds from borrowings | | - | 350,000 |
| Repayment of borrowings | | (440,000) | - |
| Proceeds from issues of shares and options | | 1,643,121 | 279,200 |
| Payment of share issue costs | | (108,421) | (22,336) |
| | | <u>1,094,700</u> | <u>606,864</u> |
| Net cashflows from financing activities | | | |
| Net increase / (decrease) in cash held | | 195,456 | (82,201) |
| Cash at beginning of period | | <u>31,116</u> | <u>114,486</u> |
| Cash at end of period | 10 | <u>226,572</u> | <u>32,285</u> |

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

1. Basis of preparation

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', 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'.

This condensed half-year financial 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.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Blaze International Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of its liabilities in the normal course of business.

The Group made a loss of \$1,047,047 and had a net outflow from operating and investing activities of \$899,244 for the half-year ended 31 December 2015. The Group had available cash and cash equivalents of \$226,572 as at 31 December 2015.

Notwithstanding the working capital deficit of \$256,681 at balance date, the Directors are of the opinion that the Group is a going concern for the following reason:

Subsequent to balance date the Company raised \$2,120,000 before costs. The funds raised will be used to meet ongoing working capital of the Group.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

New and Revised Accounting Standards

In the half-year ended 31 December 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2015.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group's accounting policies.

2. Deferred Exploration Expenditure

| | Consolidated | |
|---|-----------------------------|---------------------|
| | 31 December 2015 | 30 June 2015 |
| | \$ | \$ |
| Deferred exploration expenditure: | | |
| Exploration and evaluation phase | | |
| Expenditure brought forward | 602,013 | 159,789 |
| Expenditure incurred during the period | 91,194 | 442,701 |
| Expenditure written off during the period (i) | (250,333) | (477) |
| | <hr/> | <hr/> |
| Total deferred exploration expenditure | 442,874 | 602,013 |
| | <hr/> <hr/> | <hr/> <hr/> |

- (i) As disclosed in trade and other payables (note 3) and subsequent events (note 5), the Company has agreed to terminate the Kalgoorlie Mine Management Agreement for a settlement sum of \$466,379. The Company has written off \$250,333 in deferred exploration expenditure during the half year ended 31 December 2015 to reflect the carrying value of assets potentially to be transferred to settle the debt.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

3. Trade and other payables

| | Consolidated | |
|---|-----------------------------|---------------------|
| | 31 December 2015 | 30 June 2015 |
| | \$ | \$ |
| CURRENT | | |
| Trade and sundry payables | 94,471 | 487,654 |
| Deed of settlement – Kalgoorlie Mine Management Pty Ltd (i) | 466,379 | - |
| | <hr/> | <hr/> |
| | 560,850 | 487,654 |
| | <hr/> <hr/> | <hr/> <hr/> |

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

- (i) As announced on 4 December 2015, the Company and Kalgoorlie Mine Management Pty Ltd (ACN 009 235 625) (KMM) entered into a deed of termination and release (Deed) relating to the management agreement dated 17 November 2009 and its subsequent variation dated 10 October 2012 (Management Agreement), pursuant to which the Company may elect to dispose of all of its shares in Power Resources Ltd and Colour Minerals. The material terms of the Deed are as follows:
- (a) (Termination): the Company and KMM agreed that the Management Agreement is terminated from 4 December 2015 in consideration for the payment of a settlement sum of \$466,379 by the Company to KMM by 4 April 2016 (Settlement Sum).
- (b) (Settlement Sum): the Company may elect to satisfy the Settlement Sum: (i) by payment in cash of the Settlement Sum; or (ii) by: (A) the transfer to KMM of 100% of the shares held by the Company in Power Resources and Colour Minerals; and (B) the assignment to KMM of an intercompany loan owed by Colour Minerals to the Company which, as at 4 December 2015, totalled \$755,737; and (C) the transfer to KMM of two term deposits (\$5,968 and \$13,487) with Westpac Banking Corporation which are in the name of the Company and held as security for the performance bond in favour of the Minister for Mines and Energy in respect of the JV Tenement.
- (c) (Conduct prior to satisfaction of Settlement Sum): Prior to satisfaction of the Settlement Sum, the Company has agreed that: (i) it will not dispose of all or part of its shareholding in Colour Minerals or its interest in the JV Tenement; (ii) it will cause Colour Minerals to retain its interest in the JV Tenement and maintain the JV Tenement in good standing; and (iii) it will ensure that Colour Minerals has sufficient funds to pay all of its debts and expenses.
- (d) (Indemnity): the Company has agreed to release and discharge KMM from and indemnify KMM against all actions, claims and liability which the Company might have had against KMM under the Management Agreement.
- (e) (Subscription for Shares): KMM has the right to subscribe for up to 5,000,000 Shares at an issue price of \$0.04 each at any time from 4 December 2015 to 4 April 2016.

4. Borrowings

| | Consolidated | |
|--|-----------------------------|---------------------|
| | 31 December 2015 | 30 June 2015 |
| | \$ | \$ |
| CURRENT | | |
| Unsecured | | |
| Convertible loans notes and accrued interest | - | 492,649 |

On 5 September 2014, the Company entered into a Convertible Note Trust Deed ("Deed") to raise up to \$1.25 million from clients of CPS Capital Group Pty Ltd. As at 30 June 2015, \$440,000 has been drawn down and \$52,649 had been accrued in interest. All convertible loans were repaid during the period ended 31 December 2015.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

| | Consolidated 31 December 2015 Number | Consolidated 31 December 2015 \$ | Consolidated 30 June 2015 Number | Consolidated 30 June 2015 \$ |
|--|---|---|---|---------------------------------------|
| 5. Issued Capital | | | | |
| <i>Ordinary shares</i> | | | | |
| Issued and fully paid | 62,000,000 | 34,311,706 | 17,551,889 | 32,777,006 |
| Movements in ordinary fully paid shares | | | | |
| Balance at 1 July 2015 | 17,551,889 | 32,777,006 | | |
| Shares issued during the period | 44,448,111 | 1,643,121 | | |
| Share issue costs | - | (108,421) | | |
| Balance at 31 December 2015 | 62,000,000 | 34,311,706 | | |

6. Subsequent Events

On 27 January 2016, the Company announced completion of a placement, issuing 53,000,000 shares in consideration for \$0.04 cents per share to raise \$2,120,000 before costs of the placement.

On 4 March 2016, the Company lodged a notice of meeting seeking approval for the disposal of its 70% interest in the Barkley Copper-Gold Project by disposing of its wholly owned subsidiary Colour Minerals Pty Ltd. Refer to the notice of meeting for full details.

There are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

7. Contingent Liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2015.

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

8. Segment Reporting

AASB 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one segment being the mineral exploration sector in Western Australia. Accordingly, under the "management approach" outlines only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

9. Fair Value Measurement

The available-for-sale financial assets are recognised at fair value and have been classified as level 1 financial assets being based on quoted prices in active markets. There were no transfers between levels during the half year.

The Directors consider that the carrying amount of other financial assets and liabilities recognised in the consolidated financial statements approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

10. Cash and Cash Equivalents

| Consolidated | |
|---------------------|--------------|
| 31 December 2015 | 30 June 2015 |
| \$ | \$ |

Reconciliation to the Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and term deposits. Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the statement of Financial Position as follows:

CURRENT

| | | |
|-------------------|---------|--------|
| Cash at bank | 207,117 | 11,661 |
| Term deposits (i) | 19,455 | 19,455 |
| | <hr/> | <hr/> |
| | 226,572 | 31,116 |

(i) Refer to note 3(i)(b).

DIRECTORS DECLARATION

In the opinion of the Directors of Blaze International Limited (“the Company”):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Group’s financial position as at 31 December 2015 and of its performance for the half-year then ended.
2. 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 s305(5) of the Corporations Act 2001.



Josh Russell Puckridge
Non-Executive Chairman

Perth, 15 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Blaze International Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blaze International Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the group comprising the company and the entities it controlled at the half-year 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 group's financial position as at 31 December 2015 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 the company, 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*.

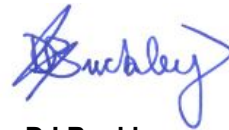
Conclusion

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 Blaze International Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
15 March 2016

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