# COZIRON RESOURCES LIMITED
**ABN 92 112 866 869**

Consolidated Half-Year Financial Report
31 December 2006

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

**HALF-YEAR FINANCIAL REPORT**
**For the Half Year Ended 31 December 2006**

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## COMPANY DIRECTORY

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### DIRECTORS

Mr Richard Tan
(Executive Chairman)

Mr Lam Fatt Tan
(Executive Director)

Mr Greg Burns
(Executive Director)

Mr George Lazarou
(Non-Executive Director)

### COMPANY SECRETARY
Mr George Lazarou

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### SHARE REGISTRAR
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APPLECROSS
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### STOCK EXCHANGE LISTING
Australian Stock Exchange
(Home Exchange: Perth, Western Australia)
Code: CZR and CZRO

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

**HALF-YEAR FINANCIAL REPORT**

**DIRECTORS' REPORT**

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Your directors submit the financial report of the Company for the half-year ended 31 December 2006.

## DIRECTORS

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

Mr Richard Tan
Mr Lam Fatt Tan
Mr Greg Burns
Mr George Lazarou

## REVIEW OF OPERATIONS

### *Corporate*

During the September Quarter the Company completed the IPO process and successfully listed on the Australian Stock Exchange ("ASX") on 29th August 2006.

Under the Offer, Coziron was seeking to raise $3,000,000 of new equity capital by the issue of 15,000,000 Shares at $0.20 per Share. The Company also reserved the right to accept subscriptions for a further 2,500,000 Shares to increase the capital raising to $3,500,000, by way of oversubscriptions.

Due to high demand, the Company was able to complete the raising early and fully oversubscribed.

On the 10th of November 2006, the Company lodged a prospectus for a one for two non-renounceable entitlements issue to its share holders to raise approximately A$318,000 through the issue of up to 31,800.001 new options to subscribe for fully paid ordinary shares in Coziron. The New Options are exercisable at 20 cents each on or before 31 July 2008 and were issued at a cost of 1 cent per New Option.

### *Projects*

A successful Diamond Drilling program was completed at the Rawang Iron Ore Project. A total of 20 holes for 1,320 metres have been completed to vertical depths of up to 80 metres. Encouraging elevated levels of Fe support magnetite mineralisation that has previously been reported in historic mapping, sampling and trenching activity.
Mineralisation has been extended along strike and at depth at the Rawang iron ore project while the thickest sequence was intersected in hole RW011 and included 92 metres of layered magnetite mineralisation from 3.90 metres.

Mineralisation remains open along strike (NW-SE) in both directions, and in some holes at depth. Results from the first 13 holes are tabulated below (remaining holes are pending completion of analysis from Intertek Laboratories in Jakarta). Better intercepts returned include:

| Hole_ID | Depth From | Depth To | Width (m) | Fe % |
|---|---|---|---|---|
| **RW001** | 31.60 | 34.25 | 2.65 | **43.96** |
| | 38.90 | 40.10 | 1.20 | **42.10** |
| | 42.50 | 44.00 | 1.50 | **57.25** |
| | 44.50 | 50.00 | 5.50 | **43.05** |
| **RW002** | 2.40 | 6.90 | 4.50 | **50.15** |
| | 8.85 | 9.85 | 1.00 | **54.00** |
| | 10.20 | 17.90 | 7.70 | **54.61** |
| **RW 005** | 6.50 | 12.20 | 5.70 | **57.68** |
| **RW010** | 5.00 | 15.40 | 10.40 | **55.57** |
| | 27.15 | 30.35 | 3.20 | **51.05** |
| | 32.55 | 38.05 | 5.50 | **43.66** |
| | 38.40 | 42.30 | 3.90 | **41.69** |
| | 44.30 | 47.20 | 2.90 | **47.28** |
| | 47.70 | 50.55 | 2.85 | **47.18** |
| **RW011** | 3.90 | 5.80 | 1.90 | **53.00** |
| | 19.15 | 21.95 | 2.80 | **50.56** |
| | 32.90 | 34.55 | 1.65 | **54.50** |
| | 57.90 | 61.90 | 4.00 | **52.47** |
| | 65.90 | 72.20 | 6.30 | **41.90** |
| | 73.95 | 77.75 | 3.80 | **36.55** |
| | 86.90 | 96.00 | 9.10 | **36.60** |
| **RW012** | 42.10 | 55.55 | 13.45 | **36.48** |
| **RW013** | 23.15 | 34.00 | 10.85 | **38.03** |
| | 50.15 | 71.70 | 21.55 | **31.09** |
| | 74.79 | 76.95 | 2.16 | **32.65** |

These results are a significant step in defining a potential small to medium sized high grade magnetite deposit and is in line with the Company's goal to bring the project to production as soon as practical to enable early cash flow and value to shareholders.

Ground magnetic geophysical programs commenced at both Rawang Gadang and Kunyit Iron Ore Projects. A total combined program of one hundred and twenty (120) line kilometres, with four hundred (400) metre spaced grid lines was completed.

A trenching program at the Kunyit project commenced during the period with 6 trenches targeting the Bukit 1 and Bukit 2 anomalous magnetic response, whilst 3 others will target areas between Bukit 2 and Bukit 3. Each trench will extend approximately 150 metres in length and will be excavated with a mechanical excavator; expected depths gained will be approximately 5-7 metres. All associated geological face mapping and sampling will be undertaken concurrently.

An Environmental Impact Report (EIR) for the Rawang Project was completed, and an EIR for Kunyit was initiated over the period. An application for a Mining License for Rawang was lodged in January 2007. If the EIR satisfies all regulatory conditions then a Mining License could be granted in approximately six weeks from submission.

The Company entered into a conditional Heads of Agreement with Grange Resources Ltd, whereby Grange will carry out due diligence and test work on two blocks of the Inderapura coal project area. In the event that this work is satisfactory then Grange has agreed to enter into a formal Joint Venture to spend A$1M on exploring and potentially developing the project.

The Company signed a Memorandum of Understanding (MOU) with two Indonesian Partners on the highly prospective Singkarak copper-gold project in Sumatra, Indonesia. The intent is to form a Joint Venture to explore the project area once due diligence work has been satisfied. Several prospective target areas have been delineated from historic work and grades from rockchip/grab samples have peaked at 22% Cu, and 7.33 g/t Au.

## AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 13 for the half year ended 31 December 2006.

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

Mr Richard Tan
Executive Chairman

Dated this 23rd day of February 2007

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

## CONSOLIDATED INCOME STATEMENT
For the Half-Year Ended 31 December 2006

| | Note | Half Year 31 December 2006 $ | Half Year 31 December 2005 $ |
|---|---|---|---|
| Revenue | | 51,471 | - |
| Employee benefits expense | | (83,203) | - |
| Consultant and professional fees | | (180,068) | - |
| Occupancy costs | | (47,100) | - |
| Other expenses | | (64,797) | (1,542) |
| Loss before income tax | 2 | (323,697) | (1,542) |
| Income tax expense | | - | - |
| Net loss for the period | | (323,697) | (1,542) |
| **Loss attributable to members of Coziron Resources Limited** | | **(323,697)** | **(1,542)** |
| **Overall Operations:** | | | |
| Basic loss per share (cents) | | **(0.56)** | |
| Diluted loss per share | | **(0.50)** | |

The accompanying notes form part of this financial report.

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

# CONSOLIDATED BALANCE SHEET

As at 31 December 2006

| | Note | As at 31 December 2006 $ | As at 30 June 2006 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 2,912,555 | 140,664 |
| Trade and other receivables | | 3,359 | 4,458 |
| **TOTAL CURRENT ASSETS** | | **2,915,914** | **145,122** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | 40,829 | - |
| Exploration assets | | 1,775,397 | 1,410,892 |
| **TOTAL NON-CURRENT ASSETS** | | **1,816,226** | **1,410,892** |
| **TOTAL ASSETS** | | **4,732,140** | **1,556,014** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 17,374 | 25,736 |
| **TOTAL CURRENT LIABILITIES** | | **17,374** | **25,736** |
| **TOTAL LIABILITIES** | | | |
| **NET ASSETS** | | **4,714,766** | **1,530,278** |
| **EQUITY** | | | |
| Issued capital | 3 | 5,156,560 | 1,648,375 |
| Accumulated losses | | (441,794) | (118,097) |
| **TOTAL EQUITY** | | **4,714,766** | **1,530,278** |

The accompanying notes form part of this financial report.

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2006

| | Note | Issued Capital | Accumulated Losses | Total |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Balance at 1 July 2005** | | **3** | **-** | **3** |
| Employee share options | | - | - | - |
| Loss attributable to members | | - | (1,542) | (1,542) |
| Options issued during the period | | - | - | - |
| Transaction costs | | - | - | - |
| **Balance at 31 December 2005** | | **3** | **(1,542)** | **(1,539)** |
| **Balance at 1 July 2006** | | **1,648,375** | **(118,097)** | **1,530,278** |
| Shares issued during the period | | 3,500,000 | - | 3,500,000 |
| Options issued during the period | | 318,000 | - | 318,000 |
| Transaction costs | | (309,815) | - | (309,815) |
| Loss attributable to members | | - | (323,697) | (323,697) |
| **Balance at 31 December 2006** | 3 | **5,156,560** | **(441,794)** | **4,714,766** |

The accompanying notes form part of this financial report.

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

**CONSOLIDATED CASH FLOW STATEMENT**
For the Half-Year Ended 31 December 2006

| | Half Year 31 December 2006 $ | Half Year 31 December 2005 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | - | - |
| Payments to suppliers and employees | (382,431) | - |
| Expenditure on mining interests | (364,505) | - |
| Interest received | 51,471 | - |
| **Net cash flows used in operating activities** | **(695,465)** | - |
| | | |
| **Cash Flows from investing activities** | | |
| Acquisition of plant and equipment | (40,829) | - |
| **Net Cash Flows used in investing activities** | **(40,829)** | - |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issue of ordinary shares | 3,500,000 | - |
| Proceeds from option issue | 318,000 | - |
| Capital raising costs | (309,815) | - |
| **Net cash flows from financing activities** | **3,508,185** | - |
| | | |
| **Net (decrease)/ increase in cash held** | 2,771,891 | - |
| Cash at the beginning of the half year | 140,664 | 3 |
| **Cash at the end of the half year** | **2,912,555** | **3** |

The accompanying notes form part of this financial report.

## 1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES

### BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group 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 2006 and any public announcements made by Coziron Resources Limited and its controlled entities during the half-year in accordance with the 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 report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006.

In the half-year ended 31 December 2006, 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 annual reporting periods beginning on or after 1 July 2006.

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.

### Reporting Basis and Conventions

The half-year 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.

## 2. LOSS BEFORE INCOME TAX EXPENSE

| | Consolidated | |
|---|---|---|
| | Half Year 31 December 2006 | Half Year 31 December 2005 |
| | $ | $ |
| The following revenue and expense items are relevant in explaining the financial performance for the half-year: | | |
| Interest revenue | 51,471 | |

## 3. ISSUED CAPITAL

| | Consolidated As at 31 December 2006 $ | Consolidated As at 30 June 2006 $ |
|---|---|---|
| Ordinary shares | 4,838,560 | 1,648,375 |
| Options | 318,000 | - |
| | 5,156,560 | 1,648,375 |

| | No. | $ |
|---|---|---|
| **(a) Movements in ordinary shares on issue** | | |
| At 1 July 2006 | 46,100,003 | 1,648,375 |
| 17,500,000 shares at $0.20 each at IPO | 17,500,000 | 3,500,000 |
| Capital raising costs | - | (309,815) |
| At 31 December 2006 | 63,600,003 | 4,838,560 |

| | No. | $ |
|---|---|---|
| **(b) Movements in options on issue** | | |
| At 1 July 2006 | 4,500,000 | - |
| 31,800,001 at $0.01 each on 15 December 2006 | 31,800,001 | 318,000 |
| At 31 December 2006 | 36,300,001 | 318,000 |

## 4. SEGMENTAL REPORTING

**Geographical Segments**

The following table presents the revenue and profit information regarding geographical segments for the half-year periods ended 31 December 2006 and 31 December 2005.

| | Continuing Operations Australia $ | Indonesia $ | Eliminations $ | Total $ |
|---|---|---|---|---|
| **31 December 2006** | | | | |
| Segment revenue | 51,471 | - | - | 51,471 |
| Segment results | (150,153) | (173,544) | - | (323,697) |
| **31 December 2005** | | | | |
| Segment revenue | - | - | - | - |
| Segment results | (1,542) | - | - | (1,542) |

## 5. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 January 2007 Coziron Resources Limited entered into a Heads of Agreement with Grange Resources Limited in relation to its Indrapura Coal Prospect as announced to the ASX.

On 18 January 2007 Coziron Resources Limited entered inot a Memorandum of Understanding with Pt. Intan Borneo International and Punakawan Sumatera Internasional in relation their copper/gold tenements in Indonesia as announced to the ASX.

## 6. CONTINGENT LIABILITIES

There are no material contingent liabilities that exist as at reporting date.

**COZIRON RESOURCES LIMITED**
**ABN 91 112 866 869**

**DIRECTORS' DECLARATION**
For the Half Year Ended 31 December 2006

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The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 11:

   (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Company's financial position as at 31 December 2006 and 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.

Mr Richard Tan
Executive Chairman

Dated this 23rd day of February 2007

RIX LEVY FOWLER
CHARTERED BUSINESS ADVISORS

Partners
Phillip Rix FCA
Jon Carcich CA
Ranko Matic CA
Chris Watts CA

BUSINESS ADDRESS
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To The Board of Directors

**Auditor's Independence Declaration**
**under Section 307C of the Corporations Act 2001**

This declaration is made in connection with our review of the financial report of Coziron Resources Limited and controlled entities for the half-year ended 31 December 2006 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully

RIX LEVY FOWLER

**RIX LEVY FOWLER**
**Chartered Business Advisors**

**CHRIS WATTS**
**Partner**

DATED at PERTH this 23rd day of February 2007

RIX LEVY FOWLER
CHARTERED BUSINESS ADVISORS

Partners
Phillip Rix FCA
Jon Carcich CA
Ranko Matic CA
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# Independent Review Report

## To The Members of Coziron Resources Limited

### Scope

*The financial report and directors' responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration of the consolidated entity comprising Coziron Resources Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half year ended 31 December 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit approach*

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out in 13 of the financial report has not changed as at the date of providing our review opinion.

**Statement**

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 drawn up in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and

(b) other mandatory professional reporting requirements in Australia.

RIX LEVY FOWLER

**RIX LEVY FOWLER**
**Chartered Business Advisors**

**CHRIS WATTS**
**Partner**

DATED at PERTH this 23rd day of February 2007