



AND CONTROLLED ENTITIES
ABN 15 074 728 019

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

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TABLE OF CONTENTS

CORPORATE DIRECTORY	2
DIRECTORS' REPORT.....	3
AUDITOR'S INDEPENDENCE DECLARATION	6
DIRECTORS' DECLARATION	7
INDEPENDENT AUDITOR'S REPORT	8
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	10
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	13
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS	14

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Josh Puckridge

Mr Darren Patterson

Mrs Loren King

Non-Executive Chairman

Executive Director

Non-Executive Director

COMPANY SECRETARY

Mrs Loren King

REGISTERED OFFICE

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Subiaco WA 6008

AUSTRALIA

PRINCIPAL PLACE OF BUSINESS

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DIRECTORS' REPORT

The directors of Blaze International Limited (**ASX: BLZ**) (**Company** or **Blaze**) submit herewith the financial report of the Company and its controlled entities (**Group**) for the half-year ended 31 December 2016 (**Report**).

DIRECTORS

The names of the Directors in office at any time during, or since the end of the half-year and until the date of this report are:

Mr Josh Puckridge	Non-Executive Chairman
Mr Darren Patterson	Executive Director
Mrs Loren King	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mrs Loren King

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration within Australia.

No significant change in the nature of these activities occurred during the financial year.

OPERATING RESULTS

The loss of the Group for the financial year after income tax amounted to \$771,559 (2015: \$1,047,047).

REVIEW OF OPERATIONS

GREAT SANDY AND THE MARBLE BAR LITHIUM PROJECT

Blaze announced its option over the Marble Bar Lithium Project on 2 August 2016. The Project at the time consisted of four (4) exploration licence applications (ELA 45/4669, 45/4690, 45/4724 and 45/4746) covering 370km² located within 50 kilometres East of Marble Bar in the East Pilbara region of Western Australia (Marble Bar Project). EL45/4699 was granted on 3 October 2016, EL45/4690 was granted on 11 October 2016, EL45/4724 was granted on 23 November 2016 and EL45/4746 was granted on 30 November 2016.

The Company commenced a drilling program of three (3) Lithium-Caesium-Tantalum type spodumene bearing pegmatite dykes on 21 November 2016. The Company completed twelve (12) RC drill holes for 702m in total, seeing approximately 170m of drilling per day. The geological logging data confirmed previous observations of the Company's mapping and sampling programs; however, the widths of the pegmatite intersections did not correlate with the widths of the outcrop. As such, the Company ceased drilling ahead of schedule to assess its modelling.

DIRECTORS' REPORT (CONTINUED)

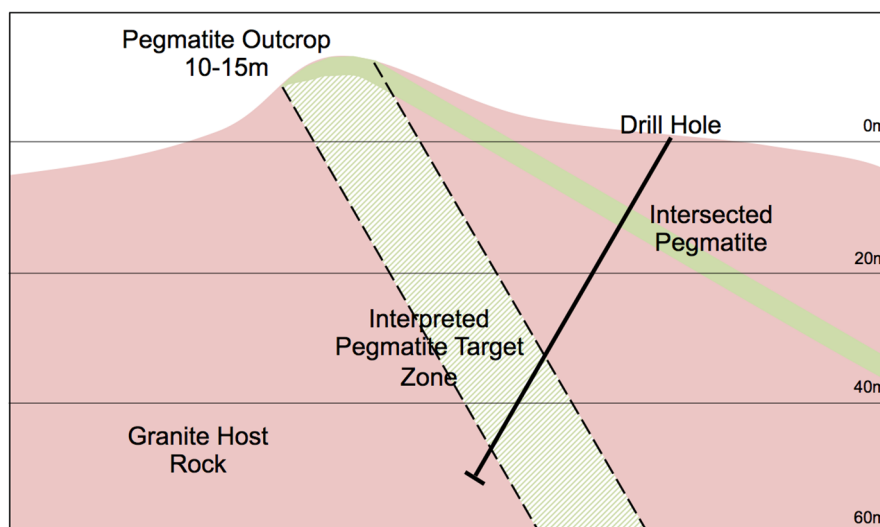


Figure 1: Schematic Cross Section – True Width Comparison

As illustrated in Figure 1 above, the mineralised pegmatites strike in a northerly direction, based on geological logging data range, between 2m and 4m in width. The preliminary geological interpretation of this data indicates the pegmatites have a consistently flatter dip than previously indicated, dipping at 30 to 35 degrees to the east. Geological mapping of outcropping pegmatites indicates dips ranging from 35 to 70 degrees. This consistently flatter dip is thought to, in part, explain the variation between the drill intersected widths versus the widths observed in outcrop.

As announced 30 December 2016, the Company did not exercise its option over the Marble Bar Lithium Project; while the project maintains merit, market conditions did not support the exercise of the option.

CORPORATE ACTIVITIES

RIGHTS ISSUE

The Company announced its rights issue on 19 October 2016 on a 1 for 3 basis to issue up to 42 million new shares in the Company at \$0.05 per new share issued where subscribers would also receive 1 option, exercisable at \$0.08 each and expiring 1 March 2019 (Option) for every 2 shares received under the rights issue. The Company lodged a prospectus for the issue on 4 November 2016 and on 19 January 2017 issued 1,012,597 new shares and 506,313 Options to subscribers of the rights issue.

DISPOSAL OF ASSETS

As announced 8 April 2016, shareholders approved the disposal of the Company's interests in Power Resources Limited and Colour Minerals Pty Limited to Kalgoorlie Mine Management Pty Limited (KMM) (Disposal) in settlement of Company obligations under a KMM management agreement. As announced 8 April 2016, the Disposal has not yet occurred and the Company remains in ongoing discussions with KMM. The Company remains confident that it will reach a suitable outcome and will inform the market when this outcome is reached. The Company has continued to maintain this project, including a review of further technical work to be completed by the Company.

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DIRECTORS' REPORT (CONTINUED)

BUSINESS DEVELOPMENT

The Company is assessing project(s) for acquisition in the interests of creating shareholder value. All discussions remain incomplete, non-binding and confidential. The Company will update the market accordingly to any progress.

SIGNIFICANT 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 financial year under review not otherwise disclosed in this report or in the financial statements.

AUDITOR'S DECLARATION OF INDEPENDENCE

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 audit 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 2016.

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 Puckridge

Non-Executive Chairman

Dated this 10th day of March 2017

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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 2016, 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
10 March 2017


D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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DIRECTORS' DECLARATION

The Directors of Blaze International Limited declare that:

1. the financial statements and accompanying notes, as set out on pages 10 to 17 are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Group'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 Group 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 and is signed for on behalf of the Directors by:



Josh Puckridge

Chairman

Perth, Western Australia this 10th day of March 2017

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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 consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for 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 gives a true and fair view and 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 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 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*.

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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 2016 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
10 March 2017

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2016

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Continuing operations	6,777	1,823
Revenue	22,481	48,829
Gain on settlement of liabilities		
Accounting and audit fees	(17,230)	(49,312)
Administration expenses	(60,437)	(574,476)
Corporate compliance costs	(44,290)	(31,875)
Consultants fees	(26,495)	-
Director fees, salaries and superannuation	(70,000)	(51,449)
Exploration expenditure written off	(503,298)	(250,333)
Legal fees	(22,664)	(11,149)
Management Fees	-	(84,376)
Other expenses from ordinary activities	(56,402)	(44,729)
Loss before income tax expense	(771,559)	(1,047,047)
Income tax (benefit)/expense	-	-
Loss for the period from continuing operations	(771,559)	(1,047,047)
Other comprehensive income	-	(900)
Total comprehensive loss for the period	(771,559)	(1,047,947)
Earnings/(loss) per share		
Basic loss per share (cents per share)	(0.63)	(3.34)
Diluted loss per share (cents per share)	(0.63)	(3.34)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the half-year financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 Dec 2016 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents	8	1,528,209	1,923,998
Trade and other receivables		118,997	103,044
Total current assets		1,647,206	2,027,042
Non-current assets			
Property, plant and equipment		96,224	-
Available for sale financial assets		4,050	4,050
Deferred exploration expenditure	2	442,874	442,874
Total non-current assets		543,148	446,924
Total assets		2,190,354	2,473,966
Liabilities			
Current liabilities			
Trade and other payables	3	559,940	571,209
Total current liabilities		559,940	571,209
Total liabilities		559,940	571,209
Net assets		1,630,414	1,902,757
Equity			
Issued capital		36,790,289	36,291,073
Reserves		686,585	686,585
Accumulated losses		(35,846,460)	(35,074,901)
Total equity		1,630,414	1,902,757

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the half-year financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2016

	Share Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	32,777,006	900	(33,074,416)	(296,510)
Consolidated loss for the period	-	-	(1,047,047)	(1,047,047)
Revaluation of financial assets	-	(900)	-	(900)
Total comprehensive loss for the period	-	(900)	(1,047,047)	(1,047,947)
Shares issued during the period	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
Balance at 1 July 2016	36,291,073	686,585	(35,074,901)	1,902,757
Consolidated loss for the period	-	-	(771,559)	(771,559)
Total comprehensive loss for the period	-	-	(771,559)	(771,559)
Shares issued during the period	550,000	-	-	550,000
Share issue costs	(50,784)	-	-	(50,784)
Balance at 31 December 2016	36,790,289	686,585	(35,846,460)	1,630,414

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the half-year financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2016

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(302,259)	(799,813)
Interest received	6,777	1,451
Interest paid	-	(27,038)
Net cash used in operating activities	<u>(295,483)</u>	<u>(825,400)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(96,224)	-
Payments for exploration and evaluation	(503,298)	(73,844)
Net cash used in investing activities	<u>(599,522)</u>	<u>(73,844)</u>
Cash flows from financing activities		
Repayment of borrowings	-	(440,000)
Proceeds from issue of shares	550,000	1,643,121
Payment for shares issue costs	(50,784)	(108,421)
Net cash generated by financing activities	<u>499,216</u>	<u>1,094,700</u>
Net (decrease)/increase in cash and cash equivalents	(395,789)	195,456
Cash and cash equivalents at the beginning of the year	1,923,998	31,116
Cash and cash equivalents at the end of the half-year	<u>1,528,209</u>	<u>226,572</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the half-year financial report.

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2016

1. BASIS OF PREPARATION

1.1. 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 2016 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.

1.2. 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.

1.3. 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.

1.4. 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.

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half-year ended 31 December 2016

1.5. NEW AND REVISED ACCOUNTING STANDARDS

In the half-year ended 31 December 2016, 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 2016.

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 2016. 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 Dec 2016 \$	30 June 2016 \$
Expenditure brought forward	442,874	602,013
Expenditure incurred during the period	503,298	100,408
Expenditure written off during the period ⁽ⁱ⁾	(503,298)	(259,547)
Expenditure carried forward	442,874	442,874

(i) The Company did not exercise its option over the Marble Bar Lithium Project.

The ultimate recoupment of the mining tenements, exploration and evaluation expenditure carried forward is dependent upon the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

3. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 Dec 2016 \$	30 June 2016 \$
Current		
Trade and sundry payables ⁽ⁱ⁾	559,940	571,209

(ii) Trade payables are non-interest bearing and are normally settled on 30 day terms.

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half-year ended 31 December 2016

4. ISSUED CAPITAL

126,000,000 fully paid ordinary shares
(30 June 2016: 115,000,000)

CONSOLIDATED	
31 Dec 2016	30 June 2016
\$	\$
36,790,289	36,291,073

4.1. FULLY PAID ORDINARY SHARES

	CONSOLIDATED			
	31 Dec 2016		30 June 2016	
	No.	\$	No.	\$
Balance at beginning of period	115,000,000	36,291,073	17,551,899	32,777,006
Shares issued during the period	11,000,000	550,000	97,448,101	3,763,121
Share issue costs	-	(50,784)	-	(249,054)
Balance at end of the period	126,000,000	36,790,289	115,000,000	36,291,073

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

5. EVENTS AFTER BALANCE DATE

COMPLETION OF RIGHTS ISSUE

The Company announced its rights issue on 19 October 2016 on a 1 for 3 basis to issue up to 42 million new shares in the Company at \$0.05 per new share issued where subscribers would also receive 1 option, exercisable at \$0.08 each and expiring 1 March 2019 (Option) for every 2 shares received under the rights issue. The Company lodged a prospectus for the issue on 4 November 2016 and on 19 January 2017 issued 1,012,597 new shares and 506,313 Options to subscribers of the rights issue raising \$50,630.

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half-year ended 31 December 2016

6. SEGMENT REPORTING

The Group has adopted AASB 8 "Operating Segments" which 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" outlined above only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

7. 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.

8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 Dec 2016 \$	30 June 2016 \$
Cash at bank and in hand	1,508,754	1,904,543
Short-term bank deposits	19,455	19,455
	<u>1,528,209</u>	<u>1,923,998</u>

Cash at bank earns interest at floating rates based on daily bank deposits.

8.1. RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>1,528,209</u>	<u>1,923,998</u>
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