

## QUARTERLY ACTIVITIES REPORT - PERIOD ENDING 31 DECEMBER 2016

### MT GILMORE – COBALT RIDGE

- **Drilling commenced in October 2016 at the high-grade Mt Gilmore Cobalt-Copper-Gold Project in New South Wales**
  - The Cobalt Ridge drill program included 18 RC holes, 3 with core tails, for 2,331.1 metres
  - Eight holes intersected the main cobalt lode, better results included –
    - 16m @ 0.65%Co, 0.26%Cu, 0.17 g/tAu
      - Incl 6m @ 1.48%Co, 0.14%Cu, 0.32 g/tAu
    - 17m @ 0.35%Co, 0.09%Cu, 0.07 g/tAu
      - Incl 7m @ 0.72%Co, 0.02%Cu, 0.14 g/tAu
- **Results validate Corazon's assessment of Cobalt Ridge as a unique, high-grade, cobalt-dominant deposit**
  - Results provide indication of a larger cobalt-copper-gold system – geochemistry and geophysics to be undertaken to generate targets for next phase of drilling

### LYNN LAKE – FRASER LAKE COMPLEX

- **The potential of the Fraser Lake Complex (FLC) within the Lynn Lake Project area to host large nickel-copper-cobalt sulphide deposits has been established**
  - Induced Polarisation (IP) surveys discover large geophysical anomalies within the FLC
  - Soil sampling at FLC identifies nickel-copper anomalism associated with IP geophysical targets
- **Corazon has commenced drill testing nickel-copper-cobalt geophysical targets at FLC**
  - The first two drill holes have intersected large zones of disseminated nickel-copper sulphides
- **Drilling is ongoing, with approximately 1500m of core drilling expected to take one month to complete**
- **FLC 5km from Lynn Lake, one of Canada's most prolific nickel producing centres**
- **Corazon controls entire Lynn Lake nickel district - one of Canada's most historically prolific nickel producing regions, with existing resources and exciting exploration upside**

### CORPORATE

- **\$2.1M capital raising to fund the Company's exploration activities**
  - Placement was heavily oversubscribed, reflecting the significant market interest in the Company's Cobalt Ridge prospect and the wider Mt Gilmore Project area in N.S.W.

#### CAPITAL STRUCTURE

Market cap. @ A\$0.019	A\$15.45M
Ordinary shares	813M
Unlisted Options	20M
ASX: CZN	

#### BOARD OF DIRECTORS

Clive Jones	Non-executive Chairman
Brett Smith	Managing Director
Jonathan Downes	Director
Adrian Byass	Director

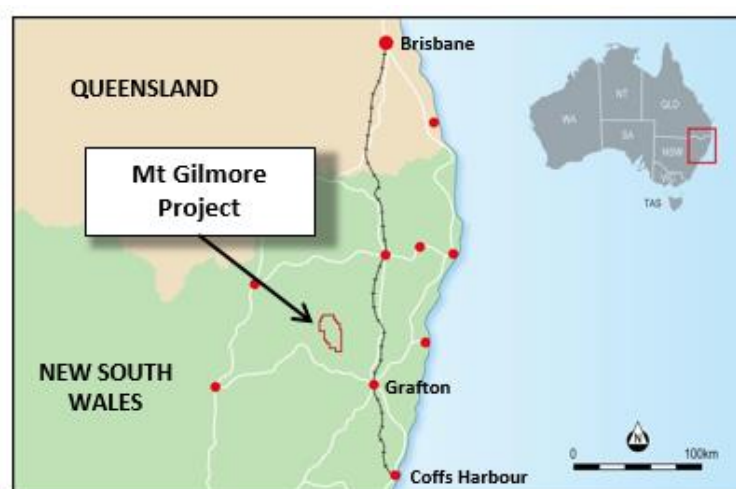
#### CONTACT US

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Corazon Mining Limited (ASX: CZN) ("Corazon" or "the Company") is pleased to present its Quarterly Activities Report for the period ending 31 December 2016. Corazon's focus during this quarter included exploration on the recently acquired Mt Gilmore Cobalt-Copper-Gold Project in N.S.W, as well as the Fraser Lake Complex within the Lynn Lake Nickel-Copper-Cobalt Sulphide Project in Canada.

### **MT. GILMORE COBALT-COPPER-GOLD PROJECT**

Corazon's maiden reverse circulation (RC) and core drill program at Mt Gilmore Cobalt-Copper-Gold Project (Mt Gilmore) commenced during the quarter, targeting the high-grade Cobalt Ridge prospect. Final assay results were announced post quarter (ASX announcement 16<sup>th</sup> January 2017), with results further validating Mt Gilmore as a unique, high-grade, cobalt-dominant deposit.



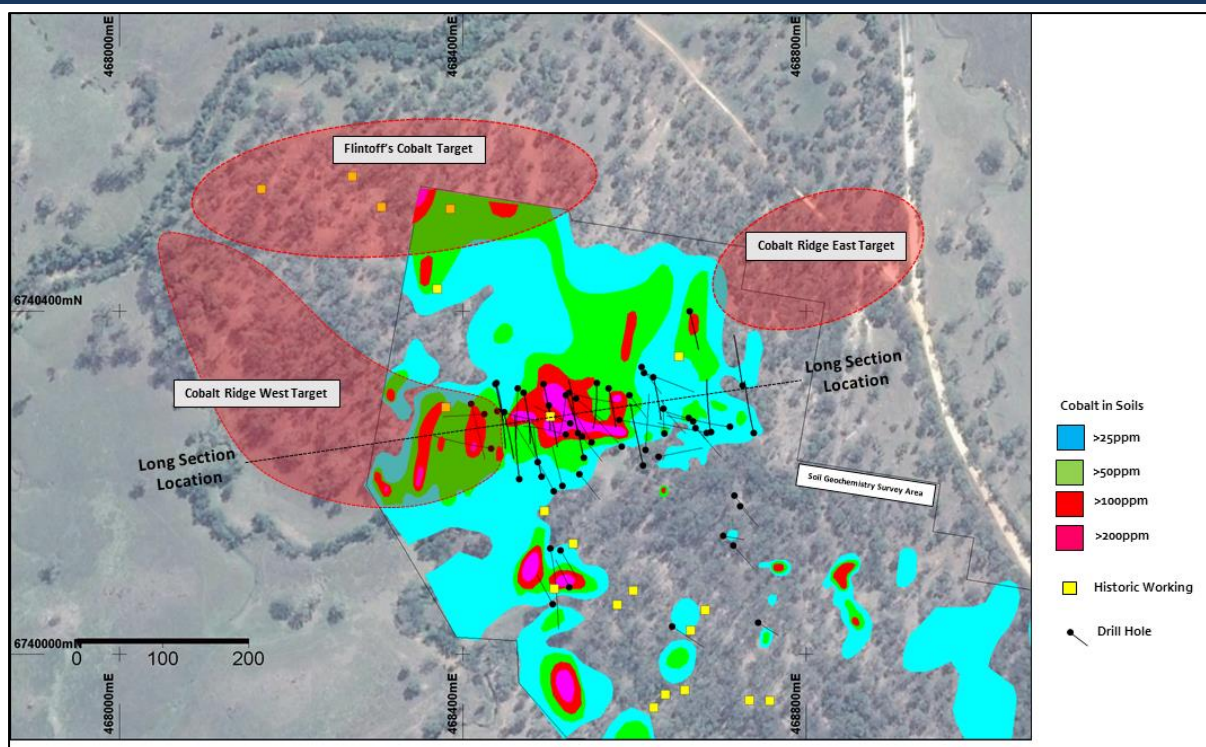
**Figure 1:** Project location map. Mt Gilmore is located in north-eastern New South Wales, with ease of access and close to beneficial infrastructure such as rail and port.

Two of the three core tails completed and six RC holes intersected the Main Cobalt Lode (Table 1), which was drilled over a strike of about 200 metres, to a depth of 140 metres below surface (Figures 2 and 3). The mineralisation is open to the west, where it is coincident with soil geochemical anomalism and small-scale historical workings targeting copper mineralisation.

The main cobalt lode mineralisation is typically about 16 metres in down-hole width (~8 metres true width), with intersections up to 37 metres down-hole. Average cobalt grades for these intervals within the drilling completed by Corazon are between 0.23% and 0.65% cobalt. Multiple higher-grade zones of up to 1.48% cobalt exist, at between one and seven metres down hole widths. Best individual one metre assay from this drilling is 2.79% cobalt.

Previous drilling depths at Cobalt Ridge averaged less than 100 metres and identified multiple parallel sub-vertical Co-Cu-Au sulphide lodes over a strike length of 300 metres, with overall widths of between 50 metres and 120 metres.

Full details pertaining to drilling and assaying are available in the Company ASX Announcements dated 14<sup>th</sup> December, 2016 and 16<sup>th</sup> January, 2017.



**Figure 2 – New Targets Identified at Cobalt Ridge (Datum GDA94 – Zone56)**

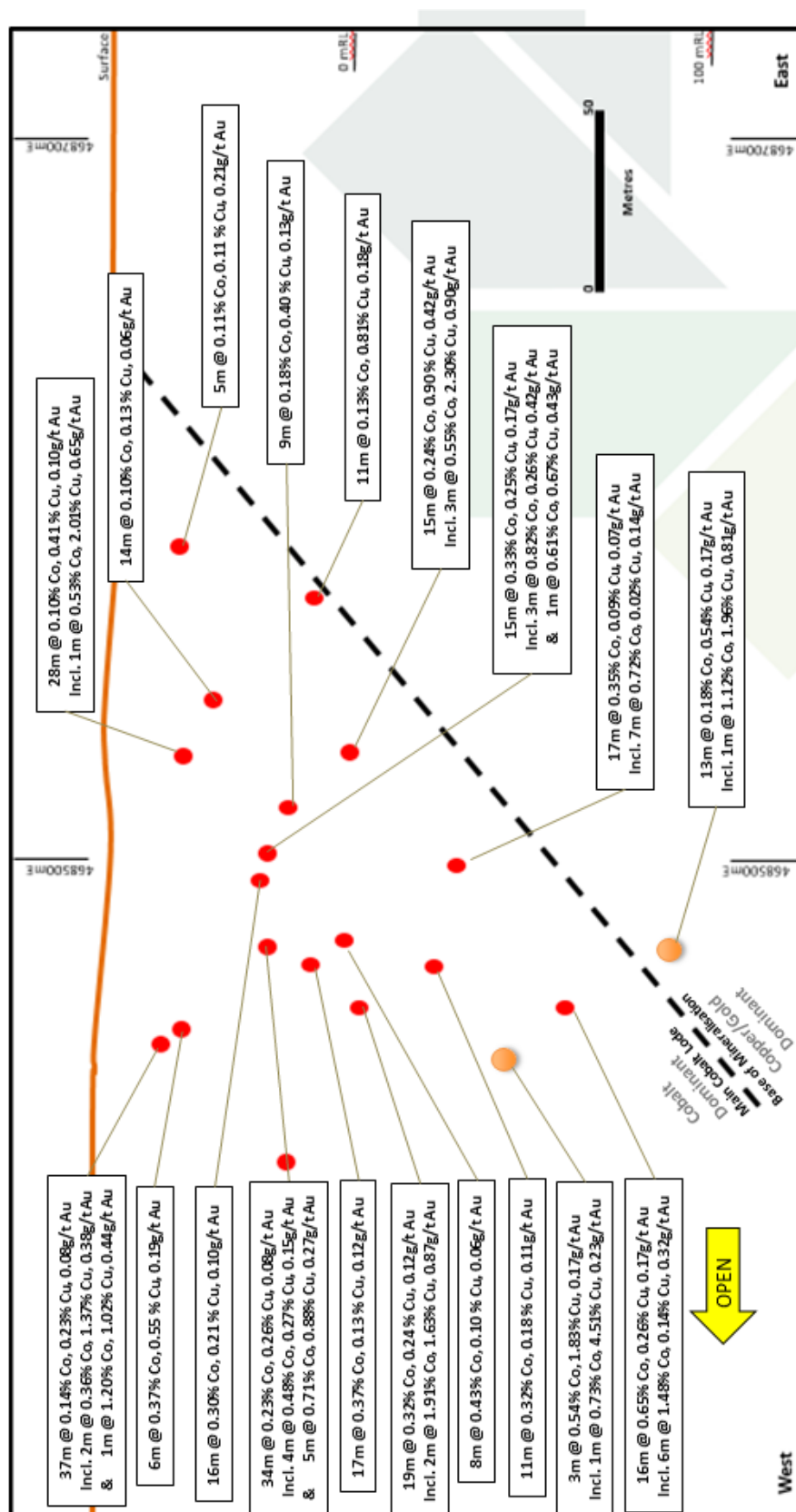
**Table 1 – Main Cobalt Lode Drill Hole Intercepts**

Hole ID	Hole Type	From Depth (m)	Interval (m)	Co %	Cu %	Au g/t	CuEq %
MGRCD001	Core	165	13	0.18	0.54	0.17	1.72
		incl	1	1.12	1.96	0.81	9.11
MGRCD004	Core	128.3	3	0.54	1.83	0.17	5.13
		incl	1	0.73	4.51	0.23	8.97
MGRC002	RC	135	16	0.65	0.26	0.17	4.20
		incl	6	1.48	0.14	0.32	9.07
MGRC003	RC	0	37	0.14	0.23	0.08	1.08
		incl	2	0.36	1.37	0.38	3.74
		&	1	1.20	1.02	0.44	8.36
MGRC006	RC	42	34	0.23	0.26	0.08	1.67
		incl	4	0.48	0.27	0.15	3.21
		&	5	0.71	0.88	0.27	5.25
MGRC007	RC	41	15	0.33	0.25	0.17	2.31
		incl	3	0.82	0.26	0.42	5.37
		&	1	0.61	0.67	0.43	4.54
MGRC008	RC	97	17	0.35	0.09	0.07	2.18
		incl	7	0.72	0.02	0.14	4.37
MGRC009	RC	12	28	0.10	0.41	0.10	1.06
		incl	1	0.53	2.01	0.65	5.54

**Cobalt Intercept calculation parameters:** Greater than or equal to 0.3m down hole thickness, greater than or equal to 0.05% Co, greater than or equal to 0.05% Co cut-off and less than or equal to 3m internal dilution. Gold values at lower detection limit <0.01ppm are attributed a value of 0.005ppm for interval calculations.

**Copper equivalents:** The composited value of the cobalt-copper-gold mineralisation is presented as percentage copper equivalents (CuEq%). These metals have been historically extracted from small scale mining at Mt Gilmore and it is the Company's belief that the cobalt, copper and gold is recoverable. Metallurgical test work currently underway is expected to underpin these assumptions.  $CuEq\% = Cu\% + (Co\% \times 5.89) + (Au\_ppm \times 0.679)$ . Metal prices used are Cu US\$5,642/t, Co US\$33,249/t and Au US\$1,191.86/oz (reference [infomine.com](http://infomine.com) spot prices quoted on 12-01-2017).

**Figure 3 - Cobalt Ridge Prospect Long Section**  
**Interpreted drill hole intersection centre-point of the Main Cobalt Lode with intervals**  
(greater or equal to 1m downhole thickness and greater or equal to 0.05% Co cut-off, with less-than 3m internal dilution)





### ***Background to Mr Gilmore drill program***

Corazon's maiden drill program at Mt Gilmore was designed to confirm the continuity, position and extent of the cobalt-copper-gold mineralisation within the Cobalt Ridge prospect area, identified by historical drilling. Corazon's drilling has validated historical mining and exploration results and has confirmed the presence of multiple zones of sulphide mineralisation over a strike length of at least 300 metres. The mineralisation remains open along strike and at depth.

During the December quarter, Corazon completed 18 RC holes at Cobalt Ridge, three of these holes were extended with core tails. In total 2,070 metres of RC and 261.10 metres of core was completed. Full details of this program are presented in ASX Announcement 16<sup>th</sup> January, 2017.

### ***Cobalt Ridge – Potential Upside***

Geological interpretation of the drill core and RC assay results has resulted in a better understanding of the mineralisation at Cobalt Ridge. As evidenced in the diamond core, the mineralised system displays intense pervasive alteration and sulphide filled tourmaline brecciation indicative of a larger cobalt-copper-gold system. This alteration is observed on surface at Cobalt Ridge and other prospects within the greater Mt Gilmore region.

Three priority target areas for follow-up work have been defined at Cobalt Ridge (Figure 2). None of these targets have been tested with modern exploration and it is proposed that surface geochemistry and geophysics will provide a good first-pass test.

**Cobalt Ridge West** – The best result from drilling by Corazon at Cobalt Ridge is the western-most hole, MGRC002. This mineralisation plunges to the west-northwest, coincident with the intersection of structures and lithologies. Additional (undrilled) structures have been identified at surface, which have the potential to generate high-grade mineralisation. The target is supported by anomalous soil geochemistry and abundant sub-cropping quartz-tourmaline-limonite breccia (Cobalt Ridge host rock).

**Flintoff's** – This target sits immediately to the north of Cobalt Ridge and is centred on late 1800's copper workings. These workings exhibit the same trend and host material as at Cobalt Ridge, but are substantially larger. The edge of the Cobalt Ridge soil sampling survey just touches on this trend, returning strong anomalism.

**Cobalt Ridge East** – The target is situated at the intersection of the Cobalt Ridge and Flintoff's trends, under the cover of thin sediments



**Figure 4** – Cobalt Ridge Core, 2016 Drilling Program

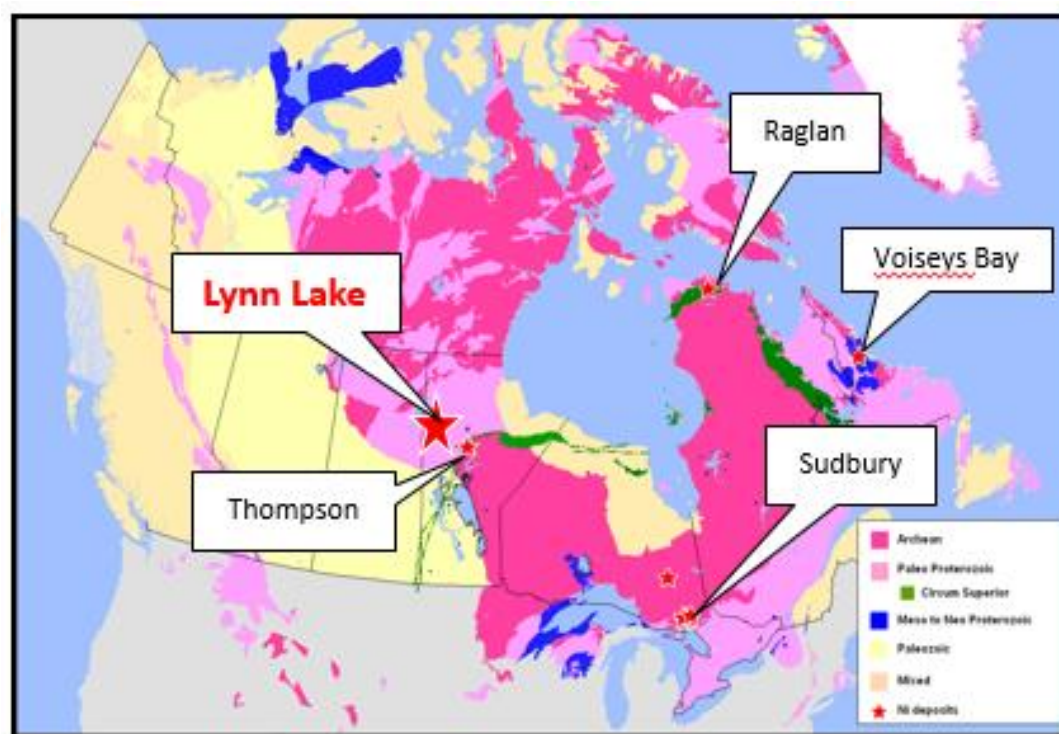
## LYNN LAKE NICKEL-COPPER-COBALT PROJECT

During the quarter, the Company announced its soil sampling results from Fraser Lake Complex (FLC), located 5km south of the historic Lynn Lake mining centre (Figure 6). These results followed the earlier receipt of highly encouraging results from the Company's IP and Resistivity ground geophysical surveys (ASX Announcement 26<sup>th</sup> October, 2016).

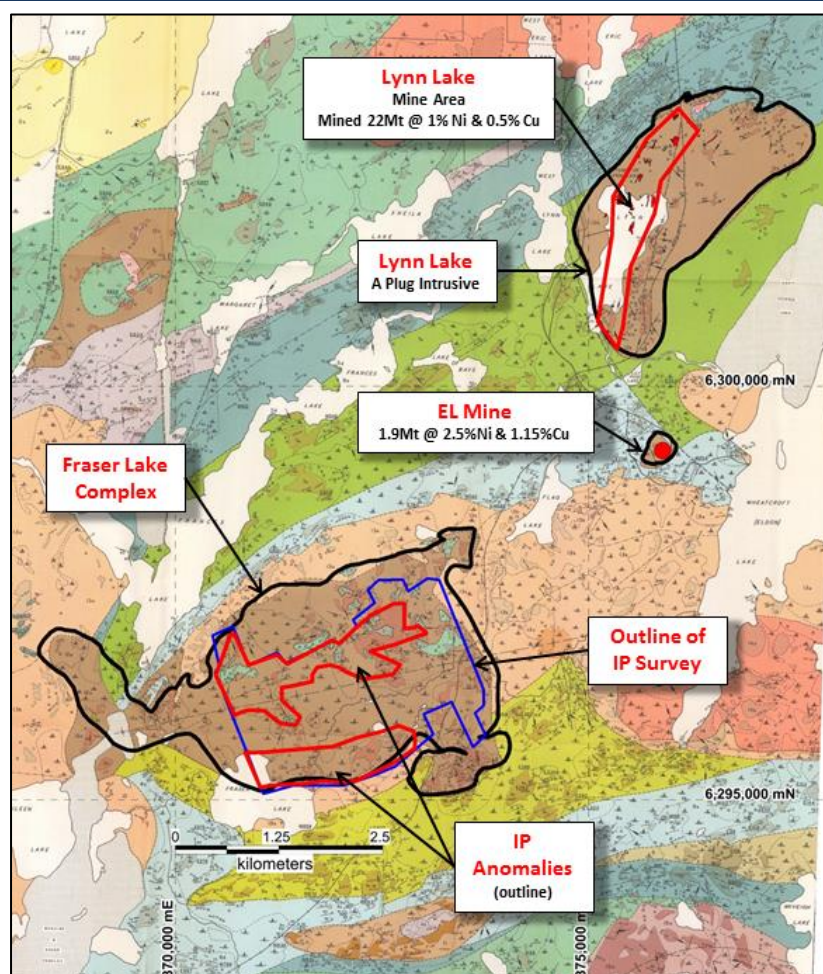
The Lynn Lake Mine closed in 1976, following 24 years of operation as a large tonnage-low cost mine. Early in 2015, Corazon consolidated the nickel mining area for the first time since mine closure. This consolidation created a significant nickel-copper asset, with large remnant resources, extensive drill defined mineralisation and exciting exploration potential.

The FLC is one of the most dominant mafic/ultramafic intrusions in the Lynn Lake area and has all the right chemical and physical characteristics to host magmatic sulphides. The results of Corazon's recent work support the belief that the FLC has strong potential to host significant new nickel-copper sulphide deposits similar to those previously mined within the Company's Lynn Lake Mining Centre.

Corazon believes the anomalies defined are representative of nickel-copper-cobalt sulphide mineralisation and that the FLC has the potential to host a mineralised system similar to Lynn Lake, historically one of Canada's most prolific nickel producing areas.



**Figure 5 – Lynn Lake Project Location and Major Canadian Nickel Deposits**



**Figure 6 – Interpreted Geology** – Emslie, R.R. and Moore, J.M. 1961.  
Manitoba Mines Branch, Publication 57-4. Datum UTM Zone 14

### **FLC Soil Sampling Results**

During the quarter, the Company announced results from a Soil Sampling Program within the FLC over Induced Polarisation (IP) anomalies defined by the Company (ASX announcement 26<sup>th</sup> October, 2016).

Results from soil sampling indicate anomalous values of nickel and copper correlating to defined geophysical trends and targets. There is a strong correlation between nickel and copper, supporting evidence for a magmatic sulphide source for these metals.

### **Current Activities – Fraser Lake Complex, Lynn Lake Mining Centre**

The Company recently announced the commencement of its maiden drill program at the Fraser Lake intrusive complex (FLC) within the Lynn Lake Nickel-Copper-Cobalt Project (ASX Announcement 9<sup>th</sup> January, 2017) and the intersection of magmatic nickel-copper sulphides (ASX Announcement 23<sup>rd</sup> January, 2017).

These initial results are positive and encouraging, with the intersection of sulphides in the first two holes of the program validating Corazon's exploration and targeting model, and further confirming the FLC's potential to host significant nickel-copper sulphide deposits.



Drilling is underway and the program is expected to take one month to complete.

Corazon's program of approximately 1,500 metres of core drilling is targeting the four (4) highest priority targets within the FLC, generated from Corazon's IP geophysics and surface geochemistry programs conducted in 2016, in conjunction with the collation of historical exploration data stretching back to the 1940's. This body of work has identified multiple compelling drill targets within the FLC, indicative of the style of mineralisation previously mined at Lynn Lake.

All work at the Project is being undertaken with the strong belief that the combined Lynn Lake Project will deliver improved economics for any future mining operation, with benefits in scale and possible mine life, resulting in an excellent development opportunity leveraged to improvements in the nickel metal price.

## **CORPORATE**

### ***Placement to Fund Exploration at Mt Gilmore Project***

On 21<sup>st</sup> October 2016, the Company announced it had received commitments from institutional and sophisticated professional investors to raise approximately \$2.1 million at an issue price of \$0.013 per share ("Placement").

The Placement includes the issue of up to approximately 161.54 million new shares, pursuant to the Company's capacity under ASX Listing Rules 7.1 and 7.1A.

The strong demand for the Placement, which was heavily oversubscribed, reflects the significant market interest in the Company's Cobalt Ridge prospect and the wider Mt Gilmore Project area in N.S.W.

The funds raised pursuant to the Placement will be used primarily to fund the exploration at the Mt Gilmore Project and in particular the Cobalt Ridge prospect. This work includes drilling and processing test-work with a focus on producing cobalt suitable for use in rechargeable batteries.

The Placement also provides the Company with the capacity to drill large geophysical targets at the Fraser Lake Complex, within the Lynn Lake Nickel-Copper-Cobalt Project in Canada. The Company's maiden drill program at the Fraser Lake Complex, within Lynn Lake, is currently underway.

Australian financial services firm and Corazon's corporate advisor, Hartleys Limited, acted as Lead Broker to the offer.

### ***Issue of Shares***

On 28<sup>th</sup> October 2016, the Company announced the issue of 161,538,462 million fully paid ordinary shares at an issue price of \$0.013 as a placement to fund exploration expenditure and working capital.

On 25<sup>th</sup> November 2016, following the Company's Annual General Meeting of Shareholders, the below shares were issued to the Company's board members in lieu of wage entitlements.

<b>Issued to</b>	<b>Position at Corazon</b>	<b>Share quantity issued</b>	<b>Date issued</b>
Mr Clive Jones	Chairman	781,361	25/11/16
Mr Brett Smith	Managing Director	1,300,313	25/11/16
Mr Jonathan Downes	Non-Exec. Director	704,168	25/11/16
Mr Adrian Byass	Non-Exec. Director	624,998	25/11/16



25 JANUARY 2017

***Cash***

Corazon closed the December 2016 quarter with \$1.989 million in cash.

***Option Expiry***

On 10<sup>th</sup> October, the Company announced the expiry of 7.5 million options exercisable at \$0.10.

***Annual General Meeting of Shareholders***

The Company's Annual General Meeting of Shareholders was held on 25<sup>th</sup> November 2016 and all resolutions were passed unanimously.

**Ends**

**For further information visit [www.corazon.com.au](http://www.corazon.com.au) or contact:**

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## **Important Information**

### ***Competent Persons Statement:***

The information in this report that relates to Exploration Results and Targets is based on information compiled by Mr Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG and an employee of Corazon Mining Limited. Mr Smith has sufficient experience that is relevant to the style of mineralization 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". Mr Smith consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Canadian geologist Dr Larry Hulbert has been engaged by Corazon to manage the collation of past exploration information and the definition of new targets at Lynn Lake. Dr Hulbert has extensive knowledge of the Lynn Lake district and over 40 years' experience in Ni-Cu-PGM exploration and research. Dr Hulbert is one of North America's foremost experts on magmatic sulphide deposits and would 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".

Dr. Hulbert has authored numerous professional papers, was the recipient of the Barlow Medal from CIM in 1993, a Robinson Distinguished Lecturer for the Geological and Mineralogical Association of Canada for 2001-2002, and in 2003 received the Earth Sciences Sector Merit Award from Natural Resources Canada.

Matrix GeoTechnologies Ltd (Matrix) has been engaged by Corazon to design, complete and analyse an Induced Polarization (IP) ground geophysical survey within the Fraser Lake Complex at Lynn Lake. Matrix is a Canadian based geophysical consultancy, leading the field in multi-disciplinary geoscientific surveying, interpretation and presentation. Matrix is active worldwide and has considerable experience in the Lynn Lake region and in particular within the mining centre.

Matrix senior geophysicists engaged by Corazon for the current IP survey include Dr Kapllani and Mr Genc Kallfa. Dr. Kapllani (PhD AIPG) is the co-founder and President of Matrix with over 35 years' experience in geophysical methodology and research gained over countless assignments spreading across North America, Europe, Africa, Asia, and South America. Mr. Kallfa (BSc PGeo) has more than 29 years' experience and is co-founder and CEO of Matrix as well as a member of Association of Professional Geoscientists of Ontario. Both Dr Kapllani and Mr Kallfa would qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

### ***Forward Looking Statements:***

This announcement contains certain statements that may constitute "forward looking statement". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

**Schedule of Tenements**

<b>CORAZON MINING LIMITED CONSOLIDATED BASIS SCHEDULE OF INTERESTS IN MINING TENEMENTS</b> (as required by ASX Listing Rule 5.3.3)				
<b>Project</b>	<b>Mining tenements held</b>	<b>Location of tenements</b>	<b>Beneficial % interest at the end of the quarter</b>	<b>Change in the quarter</b>
MT GILMORE	EL 8379	New South Wales	51%	51%
LYNN LAKE	P7700E	Canada	100% <sup>1</sup>	
LYNN LAKE	P7698E	Canada	100% <sup>1</sup>	
LYNN LAKE	P8370E	Canada	100% <sup>1</sup>	
LYNN LAKE	P7699E	Canada	100% <sup>1</sup>	
LYNN LAKE	P7702E	Canada	100% <sup>1</sup>	
LYNN LAKE	P3163F	Canada	100% <sup>1</sup>	
LYNN LAKE	P3164F	Canada	100% <sup>1</sup>	
LYNN LAKE	P3165F	Canada	100% <sup>1</sup>	
LYNN LAKE	P2291F	Canada	100% <sup>1</sup>	
LYNN LAKE	P3534F	Canada	100% <sup>1</sup>	
LYNN LAKE	MB2482	Canada	100% <sup>1</sup>	
LYNN LAKE	MB3566	Canada	100% <sup>1</sup>	
LYNN LAKE	MB3567	Canada	100% <sup>1</sup>	
LYNN LAKE	P1045F	Canada	100% <sup>1</sup>	
LYNN LAKE	MB3580	Canada	100% <sup>1</sup>	
LYNN LAKE	MB3581	Canada	100% <sup>1</sup>	
LYNN LAKE	MB7346	Canada	100% <sup>1</sup>	
LYNN LAKE	MB7349	Canada	100% <sup>1</sup>	
LYNN LAKE	MB7350	Canada	100% <sup>1</sup>	
LYNN LAKE	MB7025	Canada	100% <sup>1</sup>	
LYNN LAKE	MB7361	Canada	100% <sup>1</sup>	

LYNN LAKE	MB7362	Canada	100% <sup>1</sup>	
LYNN LAKE	MB6364	Canada	100% <sup>1</sup>	
LYNN LAKE	MB5175	Canada	100% <sup>1</sup>	
LYNN LAKE	MB5701	Canada	100% <sup>1</sup>	
LYNN LAKE	MB8734	Canada	100% <sup>1</sup>	
LYNN LAKE	MB8735	Canada	100% <sup>1</sup>	
LYNN LAKE	MB9218	Canada	100% <sup>1</sup>	
LYNN LAKE	MB5399	Canada	100% <sup>1</sup>	
LYNN LAKE	MB6360	Canada	100% <sup>1</sup>	
LYNN LAKE	MB6361	Canada	100% <sup>1</sup>	
LYNN LAKE	MB6362	Canada	100% <sup>1</sup>	
LYNN LAKE	MB6363	Canada	100% <sup>1</sup>	
LYNN LAKE	MB9453	Canada	100% <sup>1</sup>	
LYNN LAKE	MB5672	Canada	100% <sup>1</sup>	
LYNN LAKE	MB5669	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10070	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10071	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10085	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10086	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10382	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10383	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10384	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10387	Canada	100% <sup>1</sup>	
LYNN LAKE	MB10388	Canada	100% <sup>1</sup>	
LYNN LAKE	MB11838	Canada	100% <sup>1</sup>	100% <sup>1</sup>
LYNN LAKE	MB11839	Canada	100% <sup>1</sup>	100% <sup>1</sup>
LYNN LAKE	MB11840	Canada	100% <sup>1</sup>	100% <sup>1</sup>



LYNN LAKE	MB11841	Canada	100% <sup>1</sup>	100% <sup>1</sup>
LYNN LAKE	MB11842	Canada	100% <sup>1</sup>	100% <sup>1</sup>
LYNN LAKE	MB11843	Canada	100% <sup>1</sup>	100% <sup>1</sup>
LYNN LAKE	MB11844	Canada	100% <sup>1</sup>	100% <sup>1</sup>
VICTORY PROJECT	MB11328	Canada	100%	
VICTORY PROJECT	MB11388	Canada	100%	
VICTORY PROJECT	MB11389	Canada	100%	
VICTORY PROJECT	MB11390	Canada	100%	
VICTORY PROJECT	M2228	Canada	100%	
VICTORY PROJECT	M2229	Canada	100%	
VICTORY PROJECT	M2230	Canada	100%	
VICTORY PROJECT	M2232	Canada	100%	
VICTORY PROJECT	M2233	Canada	100%	
VICTORY PROJECT	M2234	Canada	100%	
VICTORY PROJECT	M2248	Canada	100%	
VICTORY PROJECT	M2249	Canada	100%	
VICTORY PROJECT	M2251	Canada	100%	
VICTORY PROJECT	M2252	Canada	100%	
VICTORY PROJECT	M2253	Canada	100%	
VICTORY PROJECT	M2254	Canada	100%	
VICTORY PROJECT	M2255	Canada	100%	
VICTORY PROJECT	M2256	Canada	100%	
VICTORY PROJECT	ML77	Canada	100%	
VICTORY PROJECT	ML90	Canada	100%	
BARRINGTON LAKE	MB9634	Canada	100%	

**NOTES:**

1. Option to acquire up to 100% of Lynn Lake and Barrington Lake Projects; for terms of the agreement, refer to prior announcement dated 09/08/12.