

The Manager - Company's Announcements  
Australian Securities Exchange

## **NICKEL-COPPER PROJECT ACQUISITION**

### **Consolidation of Major Nickel-Copper Field in Canada**

#### **Key points:**

- Transaction completed to acquire the Victory Nickel-Copper Project at Lynn Lake in Canada from Victory Nickel Inc (TSX: NI)
- One of Canada's most prolific nickel producing districts until its closure in 1976, now boasts:
  - A large resource base
  - Excellent infrastructure – beneficial for mine development
  - Huge exploration prospectivity – highlighted by recent discoveries
- Victory Nickel-Copper Project hosts 17Mt\* @ 0.66% nickel and 0.33% copper (112kt nickel and 57kt copper)  
(\*NI 43-101 resource @ plus 0.6% NiEq, a "foreign estimate of mineralisation" not reported in accordance with JORC)
- Combined project creates a significant nickel-copper asset - benefits in scale and mine-life for potential future mining operation
- Current activities aimed at fast-tracking project development:
  - Resource Estimate upgrade to JORC 2012
  - Exploration for additional sulphide bodies using modern techniques
  - Definition of preferred processing route
  - Mining studies directed at low cost and high-grade early production

Corazon Mining Limited (ASX: CZN) ("Corazon" or "the Company") is pleased to announce it has completed the transaction with Victory Nickel Inc ("Victory") to acquire the Victory Nickel-Copper Project ("Victory Project" or "the Project") at the Lynn Lake Nickel-Copper Field, in the central Canadian province of Manitoba.

In accordance with the agreement (ASX announcement dated 5<sup>th</sup> November, 2014), Corazon has issued Victory 40 million Corazon shares to complete the deal. The transfers of mining titles to Corazon have been lodged with the Manitoba Government and are in progress.

#### **CAPITAL STRUCTURE**

Market cap. @ A\$0.005	A\$2.2M
Ordinary shares	441.6M
Options	30M
ASX: CZN	

#### **BOARD OF DIRECTORS**

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

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Corazon has acquired 100% equity in Victory's Lynn Lake Project. Other conditions to the agreement include:

- Victory to retain a 1.5% net smelter royalty on production from the Victory project area. Corazon has the right to purchase 1% of the 1.5% royalty for AUD\$1M.
- Corazon required to spend AUD\$3.5 million on exploration and resource development within five years on execution of agreement. Should Corazon fail to meet this expenditure requirement:
  - The difference between the expenditure requirement and actual expenditure must be paid to Victory in cash or shares; or
  - The project is returned to Victory.
- Within 30 days of the re-commencement of commercial ore processing at Lynn Lake, Corazon required to make a payment of AUD\$1 million (cash and/or shares at Corazon's discretion) to Victory.

### **Current Activities**

Corazon has commenced activities at Lynn Lake to advance the Project on a number of fronts. Technical work is focused on mining and processing studies that will define the economics of the nickel-copper deposits. The Company sees enormous exploration potential within the Lynn Lake mining centre and on surrounding ground held by the Company; as such, exploration target generation is also underway.

**Funding:** The Company is in a solid financial position with approximately \$2.3 million in cash (inclusive of the recently received government-funded research and development rebate). The activities proposed below are predominantly desk-top studies and are relatively low cost.

**New Resource Estimate:** Corazon has engaged Perth-based mining consultants Ravensgate to complete new resource estimation studies on the Company's EL Deposit, with a view to confirming an updated resource estimate. Ravensgate is also undertaking resource assessments of the nearby N, O and G nickel-copper deposits, within the Victory Project acquisition.

Once the resources are brought in-line with Australian reporting standards, it is expected there will be significant opportunities to add more of the historically defined mineralisation to the resource base through technical assessment of historic data, and further drilling into areas of historically defined mineralisation.

A number of more recent discoveries within the Lynn Lake project area have not yet undergone sufficient drilling to qualify as a resource. It is anticipated that additional drilling on these discoveries will further boost the existing nickel-copper resource base.

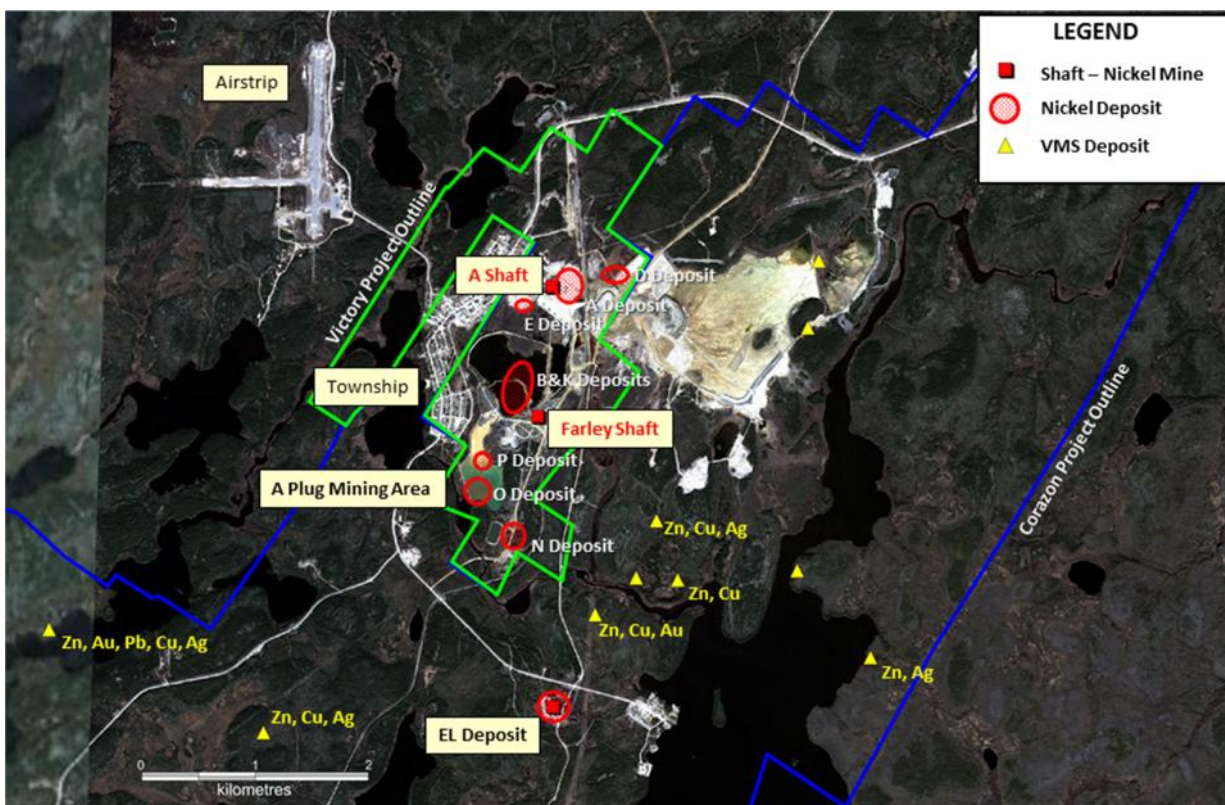
**Exploration:** Canadian geologist Dr Larry Hulbert has been engaged by Corazon to assist in the collation of past exploration information and the definition of new targets at Lynn Lake. Dr Hulbert has extensive knowledge of the Lynn Lake district and over 40 years' experience in Ni-Cu-PGM exploration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

Dr. Hulbert has been actively running exploration programs in Canada for over 20 years and has been working as a Cu-Ni-PGM specialist consulting to companies engaged in exploration in Canada, USA and Mexico.

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.

**Mining Studies:** Canadian based Australian senior mining engineer Mr George Smith has been engaged by the Company as an independent consultant to manage the development of a Scoping Study for the Lynn Lake Nickel-Copper Project. Mr Smith has more than 20 years of underground and open-cut mining experience in Australia and Canada and was most recently the Manager of Evaluations for Barrick Gold Corporation (based in Toronto). His extensive experience in the management and mining of a large variety of mineral deposit types will be of enormous benefit to developing mining strategies at Lynn Lake.

**Mineral Processing Analysis:** Australian project services company Midas Mets Engineering has been contracted to provide mineral processing technical due diligence and concentrate treatment options. Processing methods have changed considerably since previous mining was undertaken at Lynn Lake in the 1970's, with modern options providing a much broader range of choices regarding the extraction and treatment of nickel and copper concentrate.



**Figure 1 – Lynn Lake Claim Outline and Prospect Location**

### **Lynn Lake Project Summary**

With completion of the acquisition of the Victory Project, Corazon has secured rights to the entire Lynn Lake Nickel-Copper-Cobalt mining district under two separate agreements; the “Dunlop Agreement” (ASX announcement 9<sup>th</sup> August, 2012) and the “Victory Agreement” (this ASX announcement). These agreements consolidate the Lynn Lake Nickel-Copper Field for the first time since its closure in 1976 and create a significant nickel-copper asset.

*Bringing the two nickel projects together will improve the economics of any potential mining operation and provide benefits in scale and possible mine life, enhancing the opportunity to take advantage of an appreciating nickel metal price.*

The Lynn Lake project area is well serviced with infrastructure and support, and is situated immediately adjacent to the Lynn Lake township. The major Thompson Nickel Refinery is located only 320km from the Lynn Lake Project and is accessible by sealed road, which may assist in the potential development of the project. A rail line links Lynn Lake with the mining town of Flin Flon, approximately 270km to the south (northern 100km of railway line not currently in use).

The Manitoba Provincial Government is supportive and is actively encouraging mineral exploration and mining. The wider Lynn Lake project area carries no historical environmental liability from previous mining activities.

### **Existing Resources**

The Lynn Lake mining centre operated from 1953 until 1976, producing 22.2Mt @ 1% nickel and 0.5% copper at a rate of approximately one million tons per annum. Lynn Lake is Canada's fourth largest nickel mining region, only recently surpassed by the Voisey's Bay Project.

The historical nickel-copper-cobalt sulphide mining at Lynn Lake occurred in two areas. The “A Plug” and the “EL Plug”. These plugs are differentiated mafic intrusive bodies which host the mineralisation.

- The A Plug is larger and hosts the majority of the mined deposits and past production.
- The EL Plug is a small satellite intrusion that supported the highest grade mine in the field.

The Victory Project has a Canadian (NI 43-101) Measured, Indicated and Inferred Resource of **17Mt at 0.66% nickel and 0.33% copper** for the deposits closest to Corazon's EL Deposit (Figure 1, Table 1). Work has commenced on converting the NI 43-101 resource to JORC compliance.

Since 2010, Corazon has been predominantly exploring the EL Plug which was the highest grade mine at Lynn Lake, historically producing 1.9Mt at 2.5% nickel and 1.15% copper.

In 2010 an interim resource estimate for the EL Plug was completed on drilling conducted or validated by the Company (JORC 2004 Resource – ASX announcement 13<sup>th</sup> October 2010) totaling **1.8Mt at 0.8% nickel and 0.4% copper**. The 2010 Resource has not been updated and as such no new information regarding the resource is being reported. Work on defining a new resource estimate including the most recent drilling has commenced.



**Table 1: A Plug NI 43-101 Resource<sup>1</sup> (0.6 Ni% Eq<sup>2</sup> cut-off grade)**

Lynn Lake, February 2010

Deposit	Category	Tonnes <sup>3</sup>	Tons	Grade			Contained Metal	
				Ni%	Cu%	Ni% Eq <sup>2</sup>	Tonnes Ni	Tonnes Cu
Measured & Indicated Resource								
N	MEAS	380,014	418,894	0.89	0.41	1.11	3,382	1,558
O	MEAS	433,745	478,122	0.75	0.34	0.93	3,253	1,475
<b>Total</b>	<b>MEAS</b>	813,759	897,016	0.82	0.37	1.01	6,635	3,033
N	IND	7,261,880	8,004,853	0.65	0.35	0.82	47,202	25,417
O	IND	5,237,963	5,773,866	0.67	0.31	0.83	35,094	16,238
<b>Total</b>	<b>IND</b>	12,499,844	13,778,719	0.66	0.33	0.83	82,297	41,654
<b>Total MEAS &amp; IND</b>		<b>13,313,603</b>	<b>14,675,735</b>	<b>0.67</b>	<b>0.34</b>	<b>0.84</b>	<b>88,932</b>	<b>44,687</b>
Inferred Resource								
N	INF	3,026,316	3,335,942	0.59	0.33	0.75	17,855	9,987
O	INF	321,923	354,859	0.61	0.31	0.77	1,964	998
G	INF	322,447	355,437	0.83	0.38	1.03	2,676	1,225
<b>Total INF</b>		<b>3,670,685</b>	<b>4,046,238</b>	<b>0.61</b>	<b>0.33</b>	<b>0.78</b>	<b>22,495</b>	<b>12,210</b>

**Table 1 Notes:** The bottom cut-off grade (COG) used in this table is 0.6% NiEq<sup>2</sup>. While this foreign resource is not reported in compliance with the JORC Code, it is the Company's opinion (and the opinion of the Competent Person for this document), that the data quality and validation criteria, as well as the resource methodology and check procedures, are reliable and consistent with criteria as defined by JORC 2012.

**1. This resource estimate is a foreign resource estimate and is not reported in accordance with the JORC Code. Insufficient work by the competent person has been undertaken on the foreign resource estimate to classify in accordance with the JORC Code and it is uncertain that, following evaluation and/or further exploration work, the foreign resource estimate will be able to be reported as a mineral resource in accordance with the JORC Code.**

**2.** Nickel equivalent grades are provided as an indicator of value in a multi-metallic deposit. Lynn Lake has a long history as a nickel, copper and cobalt mining camp. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered. Past mining of these deposits has reported minimum recoveries above 85% for all metals, typically greater than 90% for Ni, Cu, Co.

Ni Eq = (((Cu%\*2\*22.04622)+(Ni%\*7.22\*22.04622))/(7.22)/20 where Ni = 7.22\$ US/lb Cu = 2.00 \$US/lb.

**3.** The original NI 43-101 resource used Canadian imperial measurements. For the purposes of this announcement, 1 Ton (US Short) = 0.90718474 Tonnes (metric).

In 2011, Corazon discovered a **new high-grade sulphide breccia** at depth below the EL Mine (refer to Company's ASX announcements from 2011), a discovery that confirmed the continued prospectivity of the Lynn Lake field, despite the extensive past mine life.

The discovery drill hole (XND001W1 – ASX announcement 28<sup>th</sup> June 2011) intersected:

- **23.75m @ 3.34% Ni, 1.54% Cu & 0.079% Co from 731.25 m**

With the deepest drill hole to date (CRZ012, ASX announcement 2<sup>nd</sup> December 2011) intersecting:

- **44.75m @ 1.55% Ni, 0.65% Cu & 0.044% Co from 773.93m**

*Including:-*

- **3.85m @ 2.83% Ni, 0.24% Cu & 0.073% Co from 773.93m**
- **11.03m @ 2.31% Ni, 1.01% Cu & 0.062% Co from 784.90m**
- **11.51m @ 2.37% Ni, 0.78% Cu & 0.062% Co from 807.17m**

The mineralisation defined by this drilling is not included in the interim resource estimate for the EL Plug (JORC 2004 Resource – ASX announcement 13<sup>th</sup> October 2010).

### ***Exploration Upside***

Within the Lynn Lake Project area there are numerous exploration targets that remain un-tested or not fully tested by previous operators. The discovery of a high-grade sulphide breccia at depth below the EL Mine is one example.

However, at the EL Deposit there is also significant drill defined mineralisation from surface surrounding the historical mine that has not been included in the resources. The mineralisation has previously been identified by Corazon as the “*Upper-Zone Exploration Target*” and may be exploitable by open-pit mining methods (details provided in ASX announcement dated 9<sup>th</sup> December 2011). Corazon believes the Upper-Zone mineralisation at the EL Deposit is critical to the recommencement of mining at Lynn Lake and is a priority resource definition target.

Recent discoveries have also been made within the main mining area at Lynn Lake. In 2008, Western Areas NL (ASX: WSA) discovered the Disco (Maxwell) Deposit with drilling returning 18m @ 1.5% Ni, 0.70% Cu & 0.040% Co from 96m (ASX announcement 23 April 2008); and, in 2010, Prophecy Resources Corp (TSXV: PCY) identified the Tango Deposit with a result of 17m @ 0.6% Ni & 0.30% Cu (ASX announcement 6<sup>th</sup> December 2010). These discoveries have not been mined or included in any resources studies.

Additionally, there are numerous mafic/ultramafic intrusives within Corazon's tenure that have been identified by mapping or geophysics and have yet to be fully tested by modern exploration techniques.

**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 is an employee of Corazon Mining Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012).

With regards to the “foreign estimates of mineralisation” defined by the NI 43-101 resource presented for Lynn Lake, Mr Smith concludes that the information provided in this document complies with ASX Listing Rule 5.12 and is an accurate representation of the data and studies available for the resource. Mr Smith consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

Some of the information contained in this announcement is historic data that was prepared and first disclosed under the JORC 2004 edition. It has not been updated since to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported.

**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.

**Additional Information – A Plug Foreign Resource Estimation:** Exploration and mining/processing studies on the A Plug have been carried out by a number of previous operators. The most recent and significant work includes resource and reserve models completed in 2005 by Lynn Lake Nickel Mining Company Ltd, in 2007 by Independent Nickel Corp, and in 2009 - 2010 by Prophecy Resources Corp. These resource and reserves modelled were completed by the same major international mining consultancy group. This work has been included in a pre-feasibility study (2007) predominantly focused on the N and O deposits within the A Plug. The reports covering this work are considered to be of a very good standard and are publically available and obtained from the Canadian SEDAR filing system ([www.sedar.com](http://www.sedar.com)).

The N and O deposits within the A Plug host the largest resource potential and are the deposits closest to the EL Deposit (Figure 1). There are reports that define further remnant tonnages for most of the deposits within the A Plug, however the quality of this work cannot be determined and as such have been excluded from the current resource.

The results of the most recent resource studies (2009 - 2010) have been summarised in Table 1. The stated NI 43-101 resource is a “foreign estimate of mineralisation” as defined by JORC 2012. While this foreign resource is not reported in compliance with the JORC Code, it is the Company’s opinion (and the opinion of the Competent Person for this document), that the data quality and validation criteria, as well as the resource methodology and check procedures, are consistent with best practice standards as required by JORC 2012.

A good level of confidence is attributed to the Lynn Lake resource and mining studies. The consultancy group that completed the work utilised more than 20 years of mining and resource data at Lynn Lake to validate and critique their models.

Methodologies for the reported 2009/2010 NI 43-101 resource modelling include:

- Software – Datamine Studio 3® version 3.18.2715.0.
- 3D wireframe modelling based on a nickel equivalent cut-off of greater than 0.3% and validation against the 2007 resource model for the N, O and G deposits.
- Calculation of tonnage factors based on past mining, as well as metallurgical and geochemical composition.
- Creation of a regularised block model for the N, O and G deposits.
- Resource classification based on CIM requirements and guidelines, experience with similar deposits and spatial continuity.
- Validation of models included visual comparison, comparison of various modelling techniques (including ordinary kriging, ID<sup>2</sup>, nearest neighbour and composites) and comparison of historic production reported for modelled areas already mined.
- The zones of mineralisation interpreted for each area are generally contiguous. Some non-assayed or non-mineralised intervals were incorporated into the interpreted models. No minimum thickness criteria for sulphide mineralisation were used in the development of the wireframes.

**END.**