

QUARTERLY ACTIVITIES REPORT - PERIOD ENDING 30 SEPTEMBER 2016
MT GILMORE – COBALT RIDGE

- **Corazon has acquired 51% equity in the high-grade Mt Gilmore Cobalt-Copper-Gold Project in New South Wales**
 - Corazon has the right to earn up to 80% equity in the Project
 - Project includes the Cobalt Ridge prospect - an advanced high-grade cobalt deposit in an emerging copper-gold-cobalt district
- **Exploration commenced in the September quarter**
- **Drilling commenced in October (post September quarter)**
 - Drill program targeting Cobalt Ridge prospect – previous drill results up to 3.38% cobalt, 3.18% copper and 4.92 g/t gold
 - 2,000m RC drilling to test continuity and extents of high-grade mineralisation
 - Drilling due for completion in early November, with lab results expected by late November/early December

LYNN LAKE – FRASER LAKE COMPLEX

- **The exciting potential of the Fraser Lake Complex (FLC) to host large nickel-copper-cobalt sulphide deposits has been established**
- **Induced Polarisation (IP) survey discovers large geophysical anomalies within the FLC**
 - 20 high-priority targets defined with very strong-IP anomalies
 - 12 targets interpreted to come close to surface (under shallow cover)
 - Targets predominantly under cover - interpreted from near surface to depths +700m
- **Chargeability IP anomalies trend off survey area towards interpreted feeder zone to the intrusive complex – an untested Voisey's Bay style setting**
- **Soil sampling at FLC identifies nickel-copper anomalism associated with IP geophysical targets**
 - Strong correlation between nickel, copper and cobalt supports magmatic sulphide source
 - Two main target areas defined, including more than eight coincident priority IP and geochemically anomalous targets
- **Corazon fully permitted for drilling – proposed for Q1, 2017**
- **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

- **Recent capital raisings will see Corazon well-funded with approximately \$3M in cash for exploration activities at the Mt Gilmore cobalt-copper-gold and Lynn Lake nickel-copper-cobalt projects**

CAPITAL STRUCTURE

Market cap. @ A\$0.015	A\$12.1M
Ordinary shares	810M
Unlisted Options	20M
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 Mining Limited (ASX: CZN) ("Corazon" or "the Company") is pleased to present its Quarterly Activities Report for the period ending 30 September 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 Company's Lynn Lake Nickel-Copper-Cobalt Sulphide Project in Canada.

MT. GILMORE COBALT-COPPER-GOLD PROJECT

In an agreement with private company Providence Gold and Minerals Pty Ltd, Corazon has the right to earn up to an 80% interest in the Mt Gilmore Project (ASX announcement, 4 July 2016) through payment of cash and shares, plus the expenditure of \$2.2 million in-ground over three years.

The Project is located in north-eastern New South Wales (Figure 1), with ease of access and close to beneficial infrastructure such as rail and port.

During the quarter, the Company announced plans for its maiden drill program at the Mt Gilmore Cobalt-Copper-Gold Project. Drilling commenced post quarter (ASX 18th October 2016) with 2,000m of RC drilling targeting the high-grade Cobalt Ridge prospect.

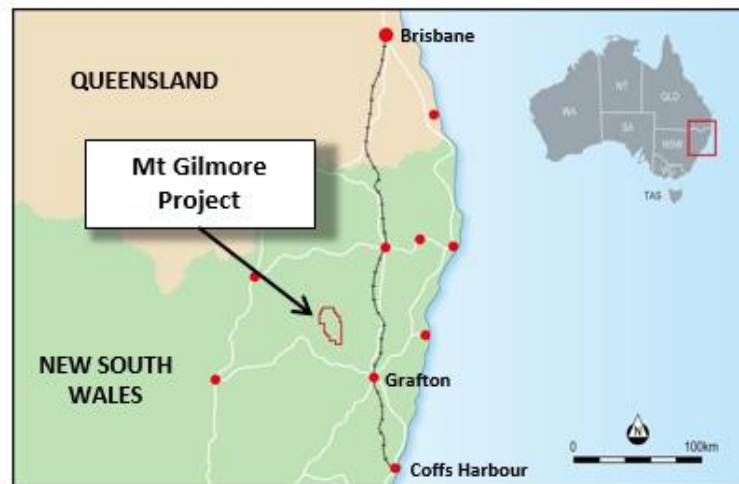


Figure 1: Project location map

The drilling program will test to a depth of about 150 metres and is designed to confirm the continuity and extents of high-grade mineralisation within the prospect area identified from previous drilling.

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.

Mineralisation at Cobalt Ridge remains open along strike and at depth.

The cobalt mineralisation is considered high-grade; with previous individual 1 metre drill results including grades up to **3.38% cobalt, 3.18% copper and 4.92 g/t gold**. The high-grade nature of this cobalt mineralisation is supported by published historical records from shallow mining (maximum shaft depth 36.5m), reporting a maximum of 14.7% cobalt (ASX announcement dated 16 June 2016). The richer mineralisation seemingly occurs in small lenses or pods within a broader zone of mineralisation.

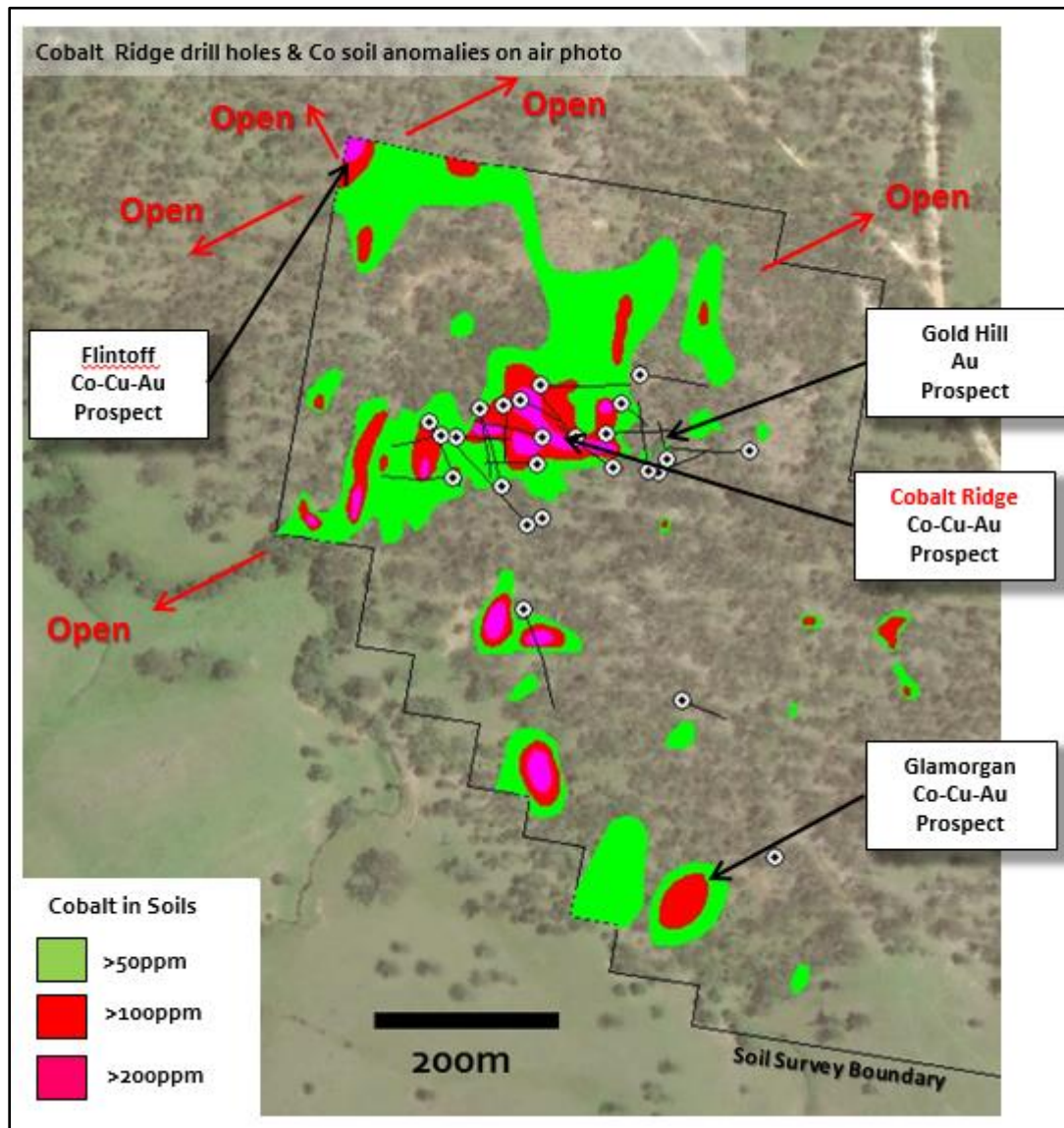


Figure 2: Cobalt Ridge – Cobalt soil anomalies and historical drill hole location plan

In addition to the Cobalt Ridge prospect, the Project includes multiple promising, newly defined cobalt targets over a strike of approximately 11 kilometres. Fieldwork to test new areas for cobalt-copper-gold mineralisation within the wider Mt Gilmore project area is ongoing.

The Iron Mountain and Hassan's Creek prospects have both returned positive cobalt results from recent rock-chip and soil sampling programs. These are priority targets for follow-up work and as such three drill holes are proposed for the Iron Mountain prospect, following the completion of drilling at Cobalt Ridge.

Drilling at Cobalt Ridge is expected to be completed in early November. As with previous work, this drilling will undoubtedly intersect visible signs of mineralisation. The tenor of the cobalt mineralisation cannot be determined without laboratory testing, which typically takes three to four weeks.

Mt Gilmore Purchase Agreement

Under the terms of the agreement with Providence Gold and Minerals Pty Ltd (Providence), Corazon has

the exclusive right to earn up to an 80% interest in the Project as follows:

- Corazon has acquired an initial 51% interest by:
 - Issuing Providence 25 million Corazon Mining Limited shares, and
 - Paying cash reimbursements of costs totaling \$100,000.

The Company has additionally committed to spending \$200,000 on exploration at the Project within the first year.

- Corazon can earn a further 29% interest (totaling 80%) by:
 - Completing \$2M in exploration within 3 years
 - Paying \$150,000 in cash or shares upon the earlier of the commencement of the third year and Corazon spending a minimum of \$500,000 on exploration,
 - Paying \$250,000 in cash or shares upon earning 80% equity in the Project.
- Corazon has the opportunity to extend this earn-in period by one year by paying \$50,000 in cash or shares.
- Upon the Company earning 80% equity in the Project, Providence will be free carried until a decision to mine is made.
- Once a decision to mine is made Providence will then have the opportunity to contribute to expenditure requirements according to its working interest, or dilute to a net smelter royalty of 2.0%. Corazon has the right to purchase 1% of the royalty for \$3M at any stage.

LYNN LAKE NICKEL-COPPER-COBALT PROJECT

During the quarter, the Company was pleased to announce highly encouraging results from follow-up IP and Resistivity ground geophysical surveys at the Fraser Lake Complex (FLC), 5km south of the historic Lynn Lake mining centre (Figure 3) (ASX announcement dated 27th July 2016).

Corazon believes these anomalies 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.

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 intrusion is twice the size of the Lynn Lake host intrusion, and the area containing priority IP targets within the FLC is larger than the mine area at Lynn Lake. IP anomalism within the FLC is open to the west towards what is interpreted to be the "feeder zone" to the intrusive complex (Figure 4). The existence of a feeder zone may present the possibility for a "Voisey's Bay" style setting for mineralisation (in addition to the Lynn Lake style).

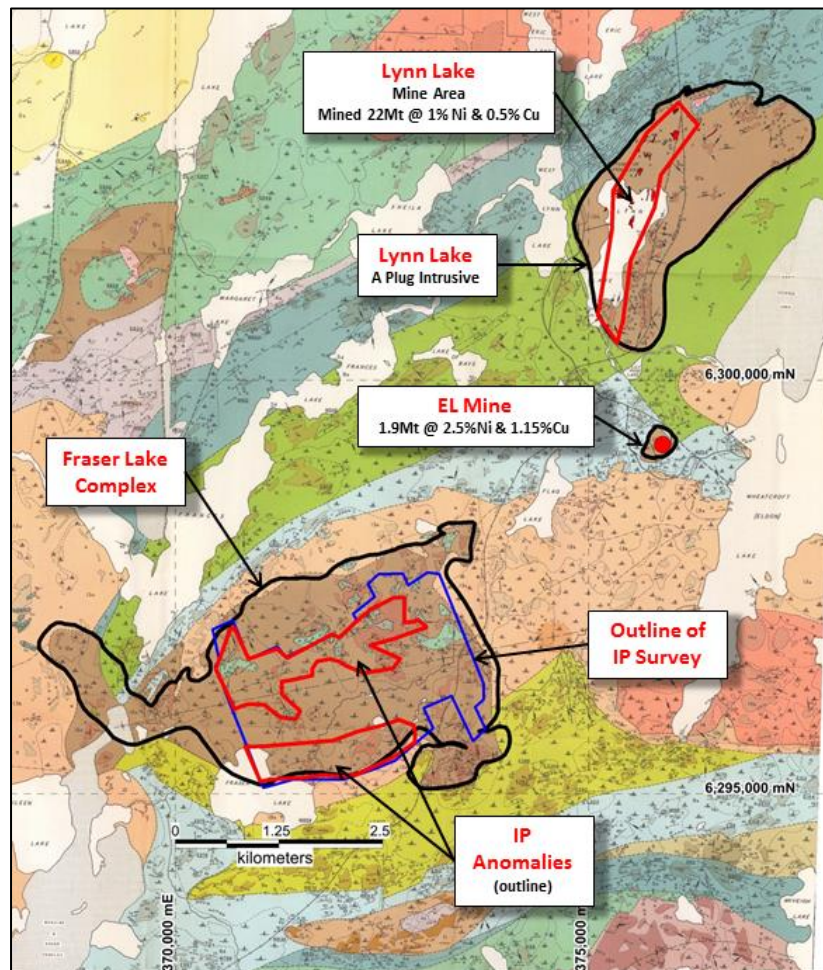


Figure 3 – Interpreted Geology – Emslie, R.R. and Moore, J.M. 1961.
Manitoba Mines Branch, Publication 57-4. Datum UTM Zone 14

The use of IP in tandem with other geophysical methods including magnetics, gravity and electro-magnetics provides a powerful predictive tool for prospecting under cover in the Lynn Lake area.

The main targets identified at the FLC by the IP survey have not been tested by surface geochemistry or drilling. However, past exploration has shown the FLC is fertile with nickel mineralisation and the recent IP results indicate support for a 70-year-held belief that mineralisation must exist at the FLC.

IP Survey Results

The priority geophysical targets have been selected on the basis of their chargeability strength, resistivity association and their characteristics, in terms of geometry, source depth and vertical/horizontal extent.

Twenty (20) high priority targets have been identified in the surveyed area, which are of significant strength and depth extents to warrant drill testing or further exploration follow-up.

As many as thirty-one (31) lower priority targets have also been selected for showing similar geophysical characteristics to the high priority targets. These targets are ranked lower because they generally lack detailed Pole-Dipole IP coverage or display poor or inconsistent line-to-line correlation.

The anomalies identified at the FLC are generally sub-vertical and extend from near surface (potentially outcropping) to significant depths (+700m). Strong to very strong IP anomalies appear to be enveloped by moderate values, likely representing strongly sulphide zones within a halo of weaker mineralisation. This signature is typical of the Lynn Lake style of mineralisation.

The location of the majority of the anomalies the margin of the intrusive complex is typical of the targeted deposit models, where the interaction of the intrusive rocks with the surrounding (sulphur rich) country rocks is critical for the formation of sulphide deposits.

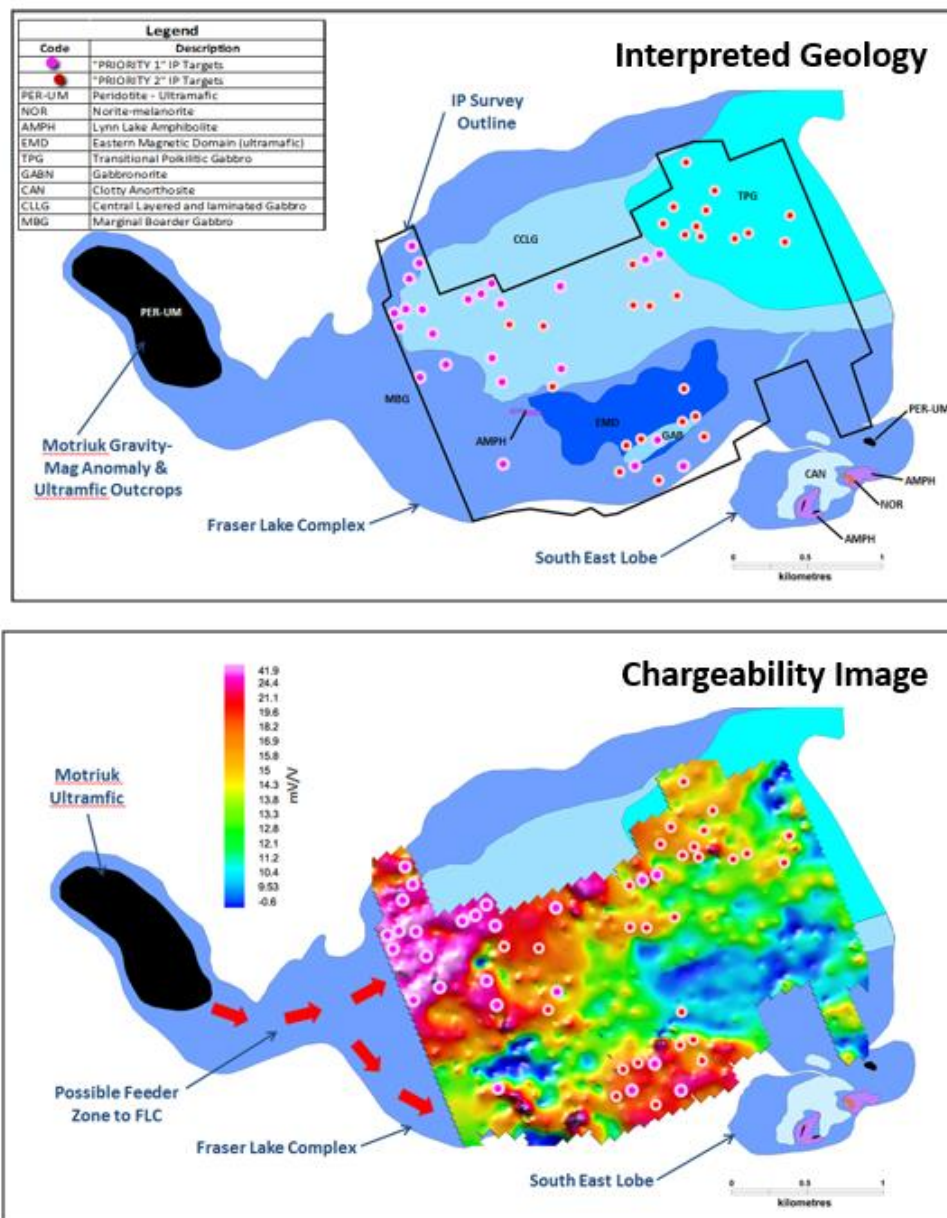


Figure 4: The Fraser Lake Complex – Interpreted Geology, IP Anomalies and IP Chargeability Image. Refer to Figure 3 for location of map area.

Soil Sampling

Post Quarter the Company announced preliminary results from a Soil Sampling Program within the FLC over Induced Polarisation (IP) anomalies defined by the Company (ASX announcement 26th October, 2016) (Figure 5).

Preliminary 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.

The Company believes this provides additional evidence that the IP anomalies generated are related to magmatic sulphide deposits, similar to those within the Lynn Lake Mining Centre.

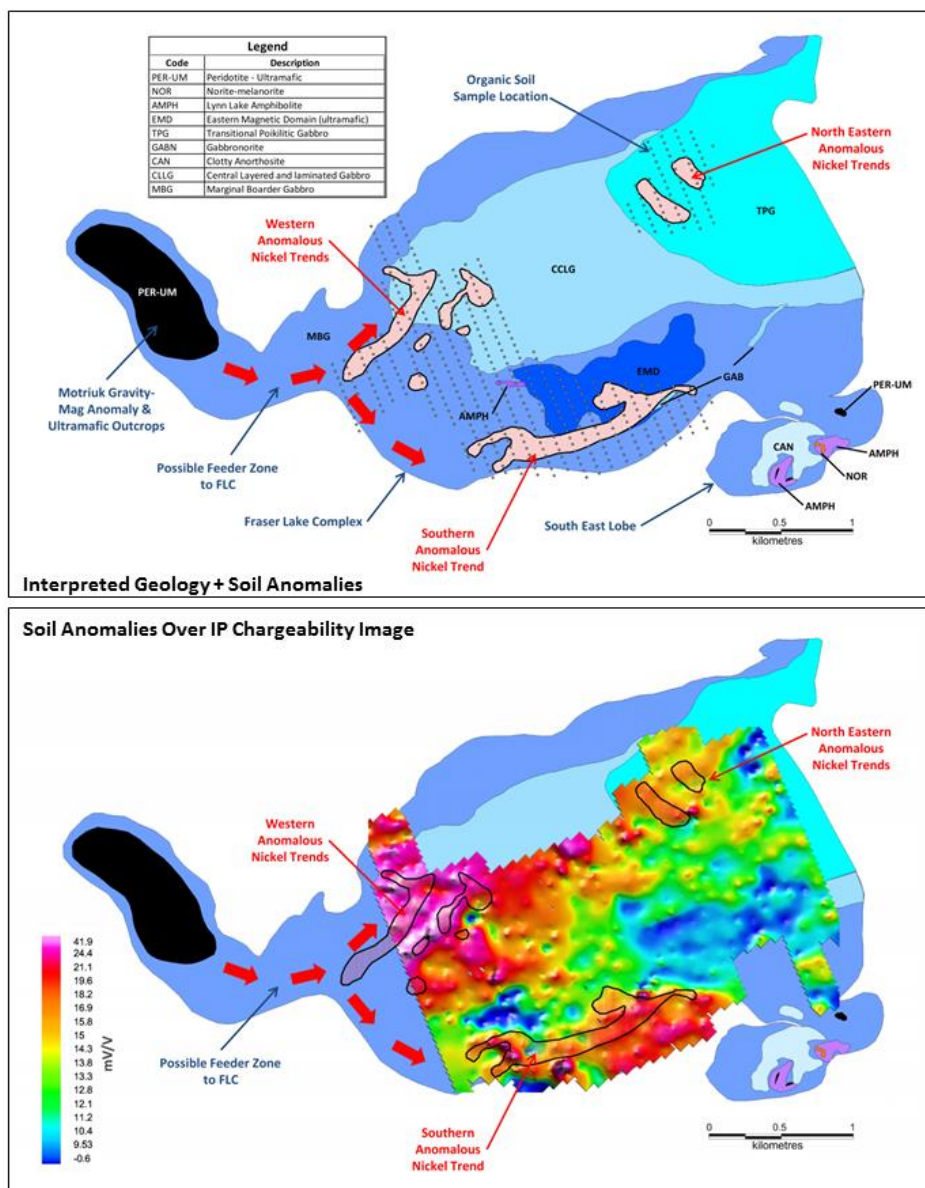


Figure 5: The Fraser Lake Complex – Interpreted Geology, Soil Sampling Locations, Soil Anomalies and IP Chargeability Image. Refer to Figure 3 for location of map area.

28 October 2016

As with the IP survey, three (3) main areas of anomalism have been identified and include the Western, Southern and North Eastern regions. Detailed IP has only been completed in the Western and Southern areas; as such the North Eastern region is a lower exploration priority.

Both the Western and Southern target areas are located in “text book” settings for this style of mineralisation. The margins of such intrusions provide the best contact between the gabbroic rocks and the sulphur rich country rocks, a prerequisite for the development of magmatic sulphide deposits.

The soil sampling programme extended west from the IP survey into what is believed to be the intrusive neck (channel) for the main body of the FLC (Figure 5). Muskeg cover becomes deeper to the west and as such the tenor of the anomalies also diminishes. However, preliminary analysis of the soils suggests that the anomalies for both the Western and Southern areas remain open to the west and east.

Proposed Activities – Lynn Lake

Analysis of the soil sampling results is continuing and will assist in the identification of priority drill targets. At this stage, at least eight (8) of the priority IP targets fall within geochemical trends identified within Figure 5.

Due to the nature of the terrain at FLC, access is difficult between seasons (partially frozen/thawed). The next period considered optimal for drilling will be in the northern winter, possibly January 2017.

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.

Corazon currently has all approvals and permits in place for drilling at the FLC.

CORPORATE

Placements to Fund Exploration at Mt Gilmore Project

\$1 Million Placement

During the September quarter, Corazon completed Tranche Two of the two part capital raising in total approximately \$1 million was raised at an issue price of \$0.0055 per share.

The funds raised are being used to fund the acquisition and exploration at the Mt Gilmore Project, as well as exploration at the Company's Canadian nickel projects and for general working capital purposes.

The placement, was completed in two tranches, issued 85.4 million shares in Tranche One (ASX announcement 21st June 2016, with the shares issued in the June quarter), pursuant to the Company's capacity under ASX Listing Rules 7.1 and 7.1A. The balance of 96.409 million shares was issued in Tranche Two; the issue of these shares received shareholder approval at the Company's General Meeting on 28th July 2016.

Australian financial services firm and Corazon's corporate advisor, Hartleys Limited, were the Lead Broker to the offer. The Company's General Meeting included a resolution to approve the issue of 20 million options to Hartleys Limited in lieu of advisory fees (ex 1.5 cents, 3 year term).

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Post-Quarter Placement

On 21 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 will include 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 New South Wales.

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. A drill program is underway at Cobalt Ridge which will test the extents and continuity of high-grade mineralisation defined by past exploration and small-scale mining.

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. Detailed target definition and planning for this work is currently underway.

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

Cash

Corazon closed the September 2016 quarter with \$0.951 million in cash. The placement currently underway will see the Company well-funded with approximately \$3M in cash.

Issue of Shares

On 4th July 2016, the Company issued 25 million fully paid ordinary shares as consideration in accordance with the agreement with Providence Gold and Minerals Pty Ltd.

On 29th July 2016, the Company announced the issue of 96.409 million fully paid ordinary shares as a placement to fund exploration expenditure and working capital.

Option Expiry

Post quarter, the Company announced the expiry of 7.5 million options exercisable at \$0.10.

General Meeting of Shareholders

The Company's General Meeting of Shareholders was held on 28th July 2016 and all resolutions were passed unanimously.

Annual Report for the Year Ended 30 June 2016 and Annual General Meeting

The Company announced its Annual Report for the year ended 30 June 2016 on 20th September 2016. A copy of the Annual Report is available for download on the company's website (<http://corazon.com.au/investor-centre/asx-announcements/2016-2/>). The Company Annual General Meeting is scheduled for 9 am on 25 November 2016.

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Ends

For further information visit 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

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

LYNN LAKE	MB7362	Canada	100% ¹	
LYNN LAKE	MB6364	Canada	100% ¹	
LYNN LAKE	MB5175	Canada	100% ¹	
LYNN LAKE	MB5701	Canada	100% ¹	
LYNN LAKE	MB8734	Canada	100% ¹	
LYNN LAKE	MB8735	Canada	100% ¹	
LYNN LAKE	MB9218	Canada	100% ¹	
LYNN LAKE	MB5399	Canada	100% ¹	
LYNN LAKE	MB6360	Canada	100% ¹	
LYNN LAKE	MB6361	Canada	100% ¹	
LYNN LAKE	MB6362	Canada	100% ¹	
LYNN LAKE	MB6363	Canada	100% ¹	
LYNN LAKE	MB9453	Canada	100% ¹	
LYNN LAKE	MB5672	Canada	100% ¹	
LYNN LAKE	MB5669	Canada	100% ¹	
LYNN LAKE	MB10070	Canada	100% ¹	
LYNN LAKE	MB10071	Canada	100% ¹	
LYNN LAKE	MB10085	Canada	100% ¹	
LYNN LAKE	MB10086	Canada	100% ¹	
LYNN LAKE	MB10382	Canada	100% ¹	
LYNN LAKE	MB10383	Canada	100% ¹	
LYNN LAKE	MB10384	Canada	100% ¹	
LYNN LAKE	MB10387	Canada	100% ¹	
LYNN LAKE	MB10388	Canada	100% ¹	
VICTORY PROJECT	MB11328	Canada	100% ²	
VICTORY PROJECT	MB11388	Canada	100% ²	
VICTORY PROJECT	MB11389	Canada	100% ²	
VICTORY PROJECT	MB11390	Canada	100% ²	

VICTORY PROJECT	M2228	Canada	100% ²	
VICTORY PROJECT	M2229	Canada	100% ²	
VICTORY PROJECT	M2230	Canada	100% ²	
VICTORY PROJECT	M2232	Canada	100% ²	
VICTORY PROJECT	M2233	Canada	100% ²	
VICTORY PROJECT	M2234	Canada	100% ²	
VICTORY PROJECT	M2248	Canada	100% ²	
VICTORY PROJECT	M2249	Canada	100% ²	
VICTORY PROJECT	M2251	Canada	100% ²	
VICTORY PROJECT	M2252	Canada	100% ²	
VICTORY PROJECT	M2253	Canada	100% ²	
VICTORY PROJECT	M2254	Canada	100% ²	
VICTORY PROJECT	M2255	Canada	100% ²	
VICTORY PROJECT	M2256	Canada	100% ²	
VICTORY PROJECT	ML77	Canada	100% ²	
VICTORY PROJECT	ML90	Canada	100% ²	
BARRINGTON LAKE	MB9634	Canada	100% ¹	

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.
2. Acquired up to 100% of the Victory Project; for terms of the agreement, refer to prior announcement dated 01/04/15.