

QUARTERLY ACTIVITIES REPORT - PERIOD ENDING 30 JUNE 2016

NEW AUSTRALIAN PROJECT HIGHLIGHTS

- **Corazon acquires new high-grade cobalt-copper-gold project in New South Wales**
 - Agreement signed for exclusive right to earn up to 80% of the Mt Gilmore Cobalt-Copper-Gold Project
 - The Company has exercised the option to acquire and currently retains a 51% equity in the project
- **Exploration commenced in the September quarter**
- **Project includes the Cobalt Ridge Prospect - an advanced high-grade cobalt project in an emerging copper-gold-cobalt district**
 - Multiple drill results of +1% cobalt with copper and gold credits
 - Maximum individual 1m drill results are 3.38% cobalt, 3.18% copper and 4.92 g/t gold
 - Minimal drilling required to define resource
 - Mineralisation open in all directions, with numerous undrilled geochemical anomalies
- **Project package also includes an emerging copper-gold district:**
 - Five existing large scale copper-gold targets (four undrilled)
 - Multiple historic workings
 - Extensive outcropping sulphide mineralisation
- **\$1M placement completed to fund the acquisition and exploration of Mt Gilmore Project**

LYNN LAKE HIGHLIGHTS

- **Induced Polarisation (IP) survey discovers large geophysical anomalies within the Fraser Lake Complex (FLC)**
 - 20 high-priority targets defined with very strong-IP anomalies
 - 12 targets interpreted to come close to surface (under shallow cover)
 - Most display good depth extents (+700m below surface)
 - More than 30 second-order targets with strong-IP anomalies
- **Walk up drill targets identified.** Corazon is fully permitted for drilling at Fraser Lake.
- **Chargeability IP anomalies trend off survey area, towards interpreted feeder zone to the intrusive complex – an untested Voisey's Bay style target**
- Corazon controls entire Lynn Lake nickel district - one of Canada's most historically prolific nickel producing regions, with existing resources and exciting exploration upside.

CAPITAL STRUCTURE

Market cap. @ A\$0.008	A\$4.42M
Ordinary shares	552M
Unlisted Options	7.5M
ASX: CZN	

BOARD OF DIRECTORS

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

CONTACT US

P: +61 (8) 6142 6366
M: PO Box 8187, Subiaco East WA 6008
E: info@corazon.com.au
W: www.corazon.com.au

Corazon Mining Limited (ASX: CZN) ("Corazon" or "the Company") is pleased to present its Quarterly Activities Report for the period ending 30 June 2016. Corazon's focus during this quarter was on target generation at the Fraser Lake Complex within the Company's Lynn Lake Nickel-Copper Sulphide Project (Manitoba, Canada), as well as completing due diligence at the recently acquired, high-grade Mt Gilmore Cobalt-Copper-Gold Project in N.S.W.

MT. GILMORE PROJECT, NSW

During the quarter, Corazon was pleased to announce it secured the right to earn up to 80% of the Mount Gilmore Cobalt-Copper-Gold Project ("Project") from private company Providence Gold and Minerals Pty Ltd ("Providence").

The Project is located 35km from the major centre of Grafton in north-eastern New South Wales (Figure 1). Project tenure includes one granted Exploration Licence (EL8379 – one year old), covering an area of approximately 25km by 15km.



Figure 1. Project Location

Corazon entered into an agreement with Providence Gold and Minerals Pty Ltd ("Providence") for an exclusive right to earn up to an 80% interest in the Project through payment of cash and shares, plus the expenditure of \$2.2 million in-ground (ASX announcement, 16 June 2016).

Post-quarter Corazon advised it had successfully completed due diligence and will proceed with the agreement.

The due diligence process included a reconnaissance site visit of the project area by Corazon. The site visit was extremely encouraging and highlighted that cobalt mineralisation at the key Cobalt Ridge Prospect is open ended, extending under cover to the east and west towards the granite contact – significantly increasing the total defined strike length potential.

Other prospects within the project area, initially identified as copper-gold targets, also appear to host strong cobalt mineralisation (ASX announcement, 21 June 2016). In the Company's view, this significantly adds to the project's cobalt potential.

With due diligence successfully completed, the Company will now move forward immediately with its exploration plans at the Project. These include;

- Extending the current soil geochemistry program at Cobalt Ridge;
- Induced polarisation (IP) geophysics to trace mineralisation under cover at Cobalt Ridge;
- Regional geochemistry and geophysics across the wider project area; to be followed by
- Drilling of priority targets identified, proposed to be undertaken in the current quarter, subject to satisfaction of standard regulatory approvals.

The Cobalt Ridge Prospect

The high-grade nature of this cobalt mineralisation is published in historical records from shallow mining (maximum shaft depth 36.5m), reporting a maximum of 14.7% cobalt (Co) and up to 1.7 oz/ ton gold (Au). The richer mineralisation seemingly occurs in small lenses or pods within a broader zone of mineralisation.

Modern exploration within the Project commenced in the 1980's; PanContinental completed ground IP and magnetic geophysical surveys, gridded soil geochemistry for Cu (copper), As (arsenic), Au and Co, 25 trenches (1,518.5m) and 17 RC drill holes (for 1,020.82m). This work has yet to be validated by the Company's due diligence process and as such is not reported within.

Between 2006 and 2008, Central West Gold N.L. drilled 25 holes for 2,880m, including 21 holes for 2,604m at Cobalt Ridge. This work defined multiple parallel sub-vertical Co-Cu-Au sulphide lodes over a strike of 300m and width of between 50m and 120m. Maximum individual 1m drill results include 3.38% Co, 3.18% Co and 4.92 g/t Au (for significant results, refer to announcement dated 16 June 2016)

The Cobalt Ridge Prospect represents an advanced cobalt play with shallowly drilled Co-Cu-Au lodes that remain open along strike and at depth. With a small amount of infill and extensional drilling, the Company believes the potential exists to define a JORC resource in the short term.

Numerous undrilled regional cobalt prospects exist, including several defined by soil geochemistry and geophysics close to Cobalt Ridge (Figure 2). This style of mineralisation (Co-Cu-Au sulphides) is typically responsive to geophysics, with the Cobalt Ridge mineralisation being traced for at least an additional 100m under cover outside of existing drilling.

Mt Gilmore Copper-Gold Potential

The Project is located in the New England Orogen, a significant mineral province in Eastern Australia with a gold endowment of more the 35M ounces and the potential to host large copper-gold systems. This region hosts deposits such as the Mount Morgan Cu-Au Mine (+50Mt @ 5.9 g/t Au and 0.7% Cu) and Mt Rawdon Gold Mine (50Mt @ 0.71 g/t Au).

A prospective 18km trend (the Mt Gilmore Trend – Figure 2) has been identified within the Project. This zone includes:

- +25 historic copper, gold, cobalt and iron workings, including significant shafts, adits and drives with high-grade copper and gold mineralisation (rock chip grades up to 26.8%Cu and 9.2 g/t Au)
- Five large-scale Cu-Au targets have been defined (Figure 2).

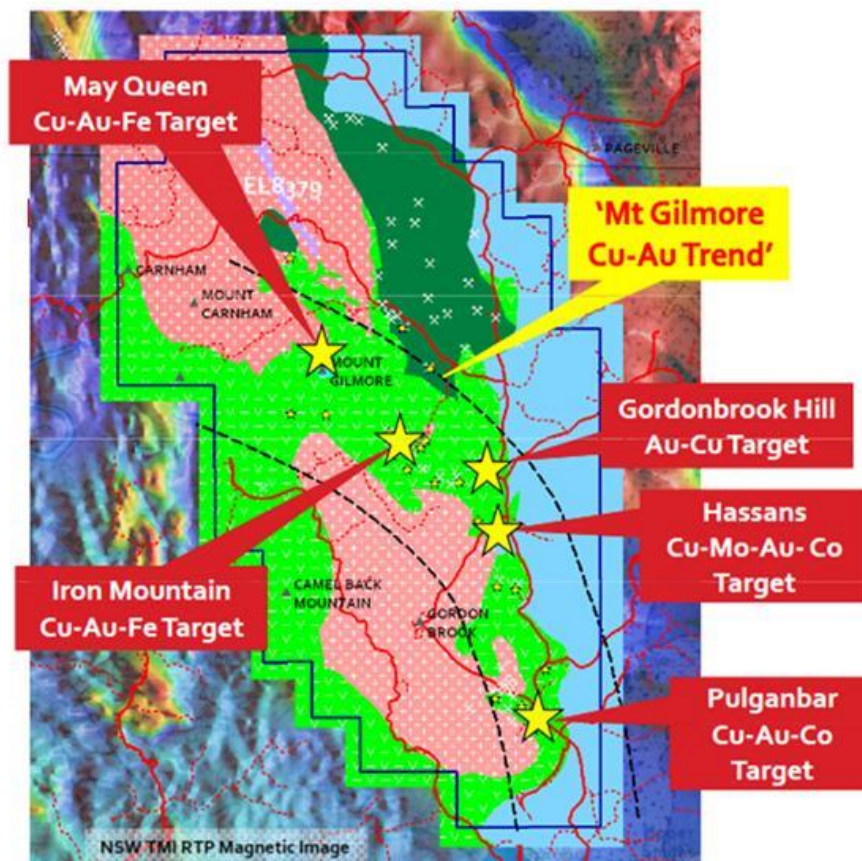


Figure 2 – The Mt Gilmore Trend and Prospect Location over Regional Geological Interpretation

Although mapping has identified extensive hydrothermal alteration and copper-gold mineralisation at surface, very little modern exploration has been undertaken. Aside from small-scale historic copper- gold and iron mines, previous exploration has largely been restricted to general prospecting/ mapping, rock-chip/ grab sampling, with drilling completed at only one of the targets (Pulganbar – Cobalt Ridge area).

Mt Gilmore Purchase Agreement

Under the terms of the agreement with Providence and subject to Corazon completing due diligence to its sole satisfaction on or before 30 June 2016, 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 PROJECT, CANADA

Post quarter, the Company was pleased to announce the results of an Induced Polarisation (IP) geophysical survey completed at the Project. Corazon completed 49km of gradient array IP in a first pass reconnaissance survey over the Fraser Lake Complex (FLC), 5km south of the historic Lynn Lake mining centre (Corazon 100%) (Figure 3) (ASX Announcement dated 12th May, 2016).

Most recently, the Company announced highly encouraging results from follow-up IP and Resistivity ground geophysical surveys at the FLC (ASX announcement dated 27th July 2016).

The Company's most recent work identified numerous anomalies with similar IP characteristics to known mineralisation within the Lynn Lake Mining Centre, situated just 5km to the north (Figure 3). 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.

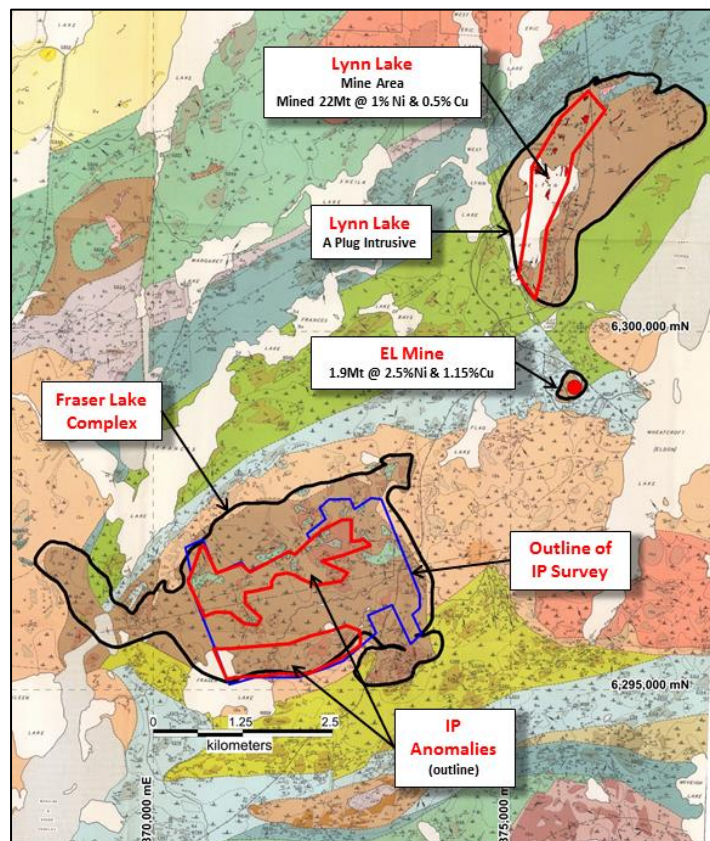


Figure 3 - Interpreted Geology – Emslie, R.R. and Moore, J.M. 1961. Manitoba Mines Branch, Publication 57-4. Datum UTM Zone 14 (NAD83).

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 (Figures 4 and 5) towards what is interpreted to be the “feeder zone” to the intrusive complex. 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).

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.

Anomalous nickel and base metal mineralisation within the FLC was discovered by mining company Sherritt-Gordon in the late 1940s to early 1950s, around the same time as their massive sulphide discovery at Lynn Lake. Lynn Lake went on to be mined for 24 years before closure in 1976 and remains the 4th largest nickel producing area in Canada (behind Sudbury, Voisey’s Bay and Raglan).

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.

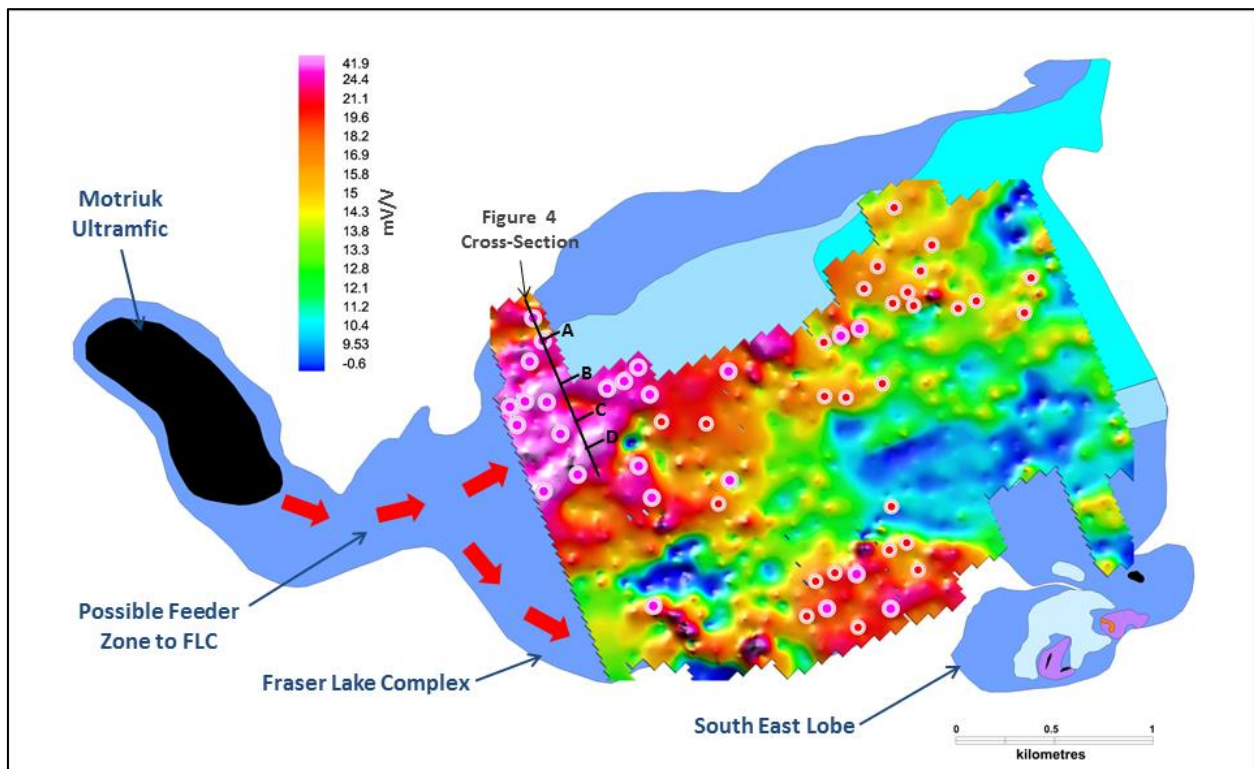


Figure 4 - Chargeability Image (regional Gradient IP survey) over interpreted geology of the FLC

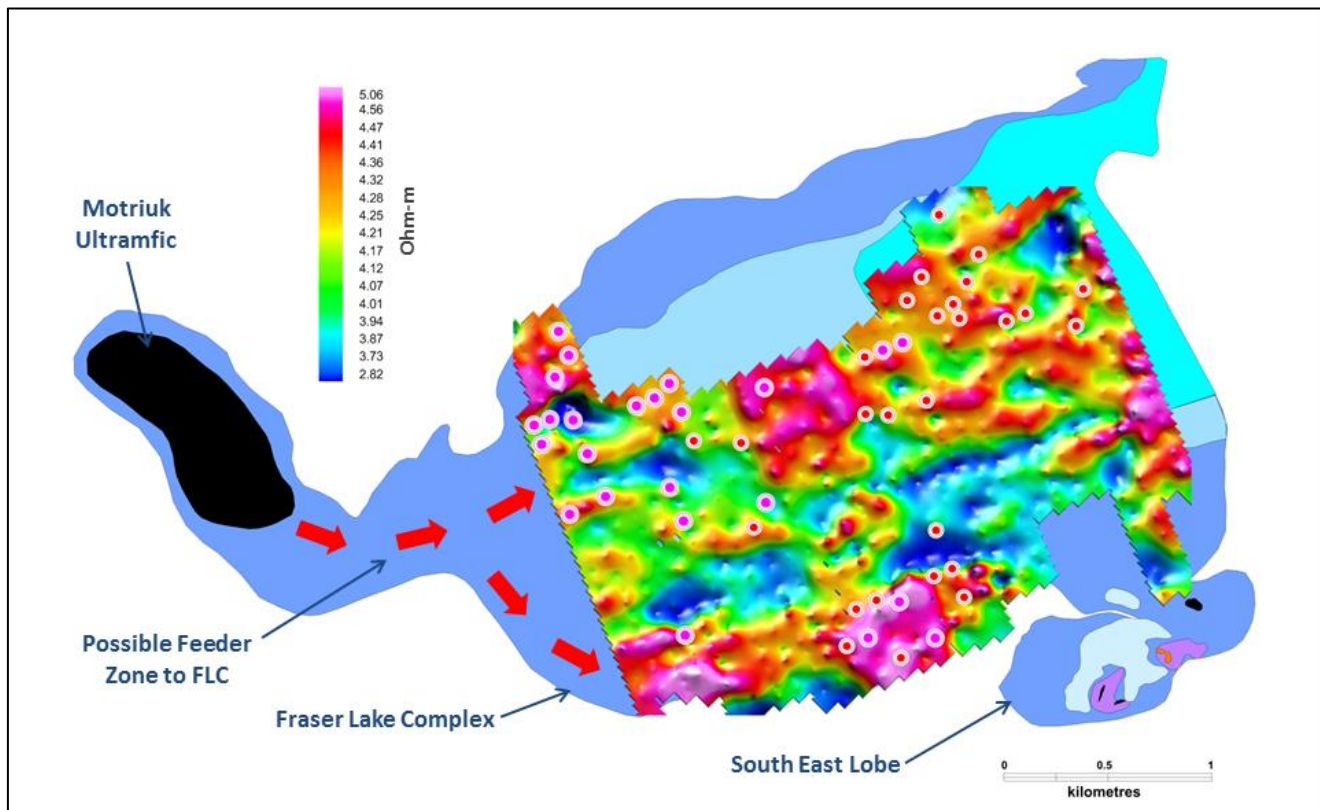


Figure 5 - Resistivity Image (regional Gradient IP survey) over interpreted geology of the FLC.

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 IP responses at FLC have been differentiated based on their strength and associated resistivity. Expected response for **disseminated style mineralisation** is characterised by increased chargeability and associated high/contact resistivity. **Massive sulphide style mineralisation** is typically characterised by increased chargeability and low resistivity.

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 IP targets identified have been subset into three regions; Northwest, Southern and Northeast. The Northwest area displays geophysical characteristics and strike orientation similar to the 'N Deposit' and 'Disco Deposit' within the main Lynn Lake Mining Centre. The main anomalous IP trend within this area of the FLC is approximately 500m and open to the west. This feature is significant by Lynn Lake standards where orebodies have an average strike of between 80m and 120m.

The Southern area has not been as well tested as the Northwest area, with detailed pole-dipole lines widely spaced and focussed on some key targets which were identified in the initial gradient array survey. No detailed IP surveys were completed in the Northeast area of the FLC due to the initial gradient array survey results for this area indicating different geophysical characteristics than the other two areas,

The location of the majority of the anomalies within both the Northwest and Southern areas, on the margin of the intrusive complex, is typical of the targeted deposit models. The interaction of the intrusive rocks with the surrounding (sulphur rich) country rocks is critical for the formation of sulphide deposits.

On-going Work

The 20 priority targets identified to date will be further ranked using existing magnetic and gravity geophysical surveys over the FLC. The orebodies at Lynn Lake are strongly magnetic due to the high concentration of magnetic mono-clinic pyrrhotite. From this work a shortlist of targets will be selected for ground truthing and possibly soil sampling.

Soil sampling of fine material at the base of organic/root systems in muskeg (swamp) environments can be useful in identifying nickel and indicator minerals for magmatic sulphide deposits.

The proposed work provides a quick and effective way of testing the quality of the near surface targets. 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

\$1 Million Placement to Fund Exploration at Mt Gilmore Project

During the quarter, Corazon received commitments from sophisticated, professional and institutional investors to raise approximately \$1 million at an issue price of \$0.0055 per share ("Placement").

The funds raised pursuant to the Placement are being used primarily to fund the acquisition and exploration at the Mt Gilmore Project and also to fund exploration at its Canadian nickel projects and for general working capital purposes.

The Placement will be completed in two tranches, with up to approximately 85.4 million shares issued in Tranche One, pursuant to the Company's capacity under ASX Listing Rules 7.1 and 7.1A. The balance of up to approximately 96.4 million shares will be issued in Tranche Two, which received shareholder approval at the Company's recently held General Meeting.

Leading Australian financial services firm and Corazon's corporate advisor, Hartleys Limited, are 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).

Cash

Corazon closed the June 2016 quarter with approximately \$0.951 million in cash with further funds of \$0.53 million to be received following the issue of Tranche Two. The Company conducted a review of corporate costs and has reduced all non-essential expenditure and determined to reduce the directors' fees by between 20% and 50% with payment of the reduced amount payable by way of shares subject to shareholder approval.

28 July 2016

Option Expiry

During the quarter, the Company announced the expiry of 7,500,000 Options.

Change of Registered Office

During the quarter, the Company announced it changed its registered office address to Level 1, 329 Hay St. Subiaco WA 6008. The Company's phone and facsimile details remained the same.

General Meeting of Shareholders

Post quarter the Company announced its General Meeting of Shareholders was held on 28th July 2016 with all resolutions were passed unanimously.

Ends

For further information visit www.corazon.com.au or contact:

Brett Smith
Managing Director
Corazon Mining Limited
P: +61 (8) 6142 6366
E: info@corazon.com.au

James Moses
Media and Investor Relations
Mandate Corporate
M: +61 (0) 420 991 574
E: james@mandatecorporate.com.au

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
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.