QUARTERLY ACTIVITIES REPORT

For period ending 31 December 2010

Australian exploration company Corazon Mining Limited (ASX:CZN) ("Corazon" or "the Company") presents activities and exploration results for the quarter ending 31 December, 2010.

Highlights

Corporate

- **Corazon completes a Share Placement to sophisticated investors raising $923,400 and offers shareholders the opportunity to participate in a Share Purchase Plan for an additional $2,300,000**

- **Share Purchase Plan fully underwritten by Barclay Wells Limited. Shareholder approval will be sort for the placement of any shortfall**

Exploration

- **Interim inferred resource of 1.8Mt at 1.0% Ni equivalent[(1)] (0.6% Ni equiv [(1)] cut-off) defined for the EL Mine within the Lynn Lake Nickel Sulphide Project in Canada**

- **Full potential of the EL Mine is defined by an Exploration Target[(2)] of between 3.5Mt and 4.6Mt with target grade ranges of between 0.8% and 1.45% nickel, 0.4 and 0.7% copper, along with 0.01% and 0.03% cobalt**

- **Exploration Target[(2)] equates to contained metal of between 28,100t & 66,000t nickel, 14,000t & 31,400t copper and 770t to 1,730t cobalt**

- **Corazon established as the largest landholder in the metal rich Lynn Lake camp, which includes at least six drill defined zinc-copper VMS deposits in addition to the flagship nickel/copper sulphide assets**

- **Company accelerates exploration at Lynn Lake with proposed work programs to include:-**
  - 5,000 metres of drill core and down-hole EM geophysics
  - 420 line km of aerial VTEM and magnetic geophysics
  - 40 line km of ground IP geophysics
  - Project coverage with detailed ground gravity geophysics
  - Preliminary mining studies on the EL Nickel Sulphide Deposit.

- **This phase of exploration has commenced and is expected to be completed by the end of April 2011. Results will be released to the market as they become available.**

Date:- 31 January, 2010

Corazon Mining Limited
ASX : CZN

"An Australian company ... developing nickel sulphides in Canada."

Capital Structure

78.52 M CZN Shares
48.07 M CZNO Options
10 M Unlisted Options

MCap A$9.42M (@ 0.12 cps)

Board of Directors

Clive Jones
Non-Executive Chairman

Brett Smith
Managing Director

Jonathan Downes
Non-Executive Director

Adrian Byass
Non-Executive Director

Rob Orr
Company Secretary

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This Exploration Target [(2)] is conceptual in nature, there has been insufficient exploration (namely drilling) to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

About Corazon Mining Limited

Corazon is Perth based Australian exploration company that has an option to acquire 100% ownership of the high-grade nickel sulphide “EL Mine” and surrounding exploration ground in the Lynn Lake nickel camp of Canada. The Company is listed on the Australian Securities Exchange under the ASX Code of CZN.

About the Lynn Lake Project

Corazon has an option to acquire 100% equity in the Lynn Lake Nickel Sulphide Project in the central Canadian province of Manitoba, which hosts the historic EL Nickel Mine.

The Lynn Lake nickel camp is Canada’s third largest nickel mining region, which produced 22Mt of nickel/copper/cobalt ore between 1953 and 1976. There has been minimal exploration in the region since this time.

Corazon is the largest land holder in the Lynn Lake Camp, and in addition to the EL Mine, the project area containing several drill defined base metal deposits and numerous un-tested geophysical anomalies.

The area is well serviced with mining infrastructure and support, offering rapid development potential. The Thompson Nickel Refinery is located only 320km from the project and is accessible by all weather road. In addition there is rail access (currently not being used) to the Flin Flon zinc-copper refineries approximately 250km to the south.

The EL Nickel-Copper Sulphide Mine

The EL Mine was the highest grade deposit at Lynn Lake and produced **1.9Mt @ 2.5% nickel and 1.15% copper** (combined metal of approximately 3% nickel equivalent[(1)]). The EL Mine mineralised host rocks are a defined geological unit with good predictability down plunge. Mining was conducted to a depth of 210 metres below surface, with development to 270 metres and drilling defined mineralisation to a depth of at least 600 metres. Mining at adjacent deposits has shown that mineralisation extended to more than 1,100 metres below surface.

Corazon has defined an Exploration Target[(2)] for the EL Mine of between 3.5Mt and 4.6Mt, which includes the existing Inferred Resource. The target has grade ranges of between 0.8% and 1.45% nickel, 0.4 and 0.7% copper, along with 0.01% and 0.03% cobalt. At these grade ranges, the contained metal for this Exploration Target[(2)] equates to between 28,100t & 66,000t nickel, 14,000t & 31,400t copper and 770t to 1,730t cobalt.

This Exploration Target [(2)] is conceptual in nature, there has been insufficient exploration (namely drilling) to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

The nickel sulphide deposits at Lynn Lake are polymetallic with metals such as copper and cobalt easily recovered and providing extremely valuable production credits. The entire Lynn Lake Nickel Camp operated for 23 years and produced 22.2Mt at 1% Ni and 0.5% Copper. These deposits are large-tonnage/low-grade in nature and at such grades can provide a very robust mining project.

Lynn Lake VMS Deposits

The VMS deposits within Corazon’s project area include Francis Lake, Eldon Lake East, Nicoba, Y Deposit, Z Deposit and Gods Lake (FL) (Figure 1).

These deposits were mostly discovered in the 1940's and since then have only had intermittent exploration in the 1970's and 1990's. They are predominantly zinc/copper mineralisation with variable amounts of lead, silver and gold. Not all metals have been historically reported.

Further details regarding these deposits can be found in the Company announcement made on the 26 November, 2010.

Quarterly Corporate Activities

Annual General Meeting

Corazon's Annual General Meeting of Shareholders was held on 29 November 2010. All resolutions put to the meeting were passed unanimously.

Share Placement

On 15 December 2010 the Company announced that it has successfully completed a $923,400 Share Placement (before costs), via the placement to sophisticated investors of 9,234,000 ordinary shares at an issue price of $0.10 per share.

Share Purchase Plan

As part of the Company's capital raising strategy, eligible shareholders have been provided with the opportunity to participate in a Shareholder Share Purchase Plan (Plan) to acquire additional Shares at the same issue price (10 cents per Share) as that paid by investors under the Placement.

This Plan is fully underwritten by Barclay Wells Limited and will raise $2.3M for the exploration of the Lynn Lake Nickel Sulphide Project in Canada.

The right to participate in the offer under the Plan is optional and is available exclusively to shareholders who are registered as holders of Shares at 5pm (WST) on the Record Date of 24 January 2011 and whose registered address is in Australia or New Zealand (Eligible Shareholders).

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to $15,000 worth (cumulative total) of Shares at a price of 10 cents per Share (Offer).

The issue price of the Offer represents a 10% discount to the volume weighted average trading price of the Company's Shares on the Australian Securities Exchange (ASX) during the 5 trading days immediately prior to the announcement date of the offer (being 25 January 2011); and a 17% discount to the Company's share price at the close of business on 24 January, 2011.

Details of the Offer are set out in the ASX announcement dated 25 January 2011 and in a letter that has been posted to all Eligible Shareholders.

Indicative Timetable for Share Purchase Plan

Activity	*Date*
Record Date (5.00pm WST)	24 January 2011
Announcement Date of Plan	25 January 2011
Opening Date of Offer	25 January 2011
Closing Date of Offer	18 February 2011
Dispatch date for holding statements	22 February 2011
Quotation of Shares on ASX	24 February 2011

Quarterly Exploration Activities

Exploration completed since acquiring the project mid-2010 has resulted in the definition of an interim Inferred Resource and Exploration Target[(2)] for the EL Mine within the Lynn Lake Nickel Sulphide Project.

Both the Resource and Exploration Target[(2)] for the EL Mine underpin the value of the Project and are significant steps towards ascertaining the development potential of the Lynn Lake district.

The Company continues to collate and analysis exploration data from more than sixty years of exploration in the Lynn Lake district. Corazon is the largest landholder at Lynn Lake and its project contains numerous anomalies yet to be followed up. In addition to the nickel-copper sulphide mineralisation, Corazon's ground covers more than six drill defined zinc-copper-silver-lead-gold volcanogenic massive sulphide (VMS) deposits. During the December Quarter the tenor of mineralisation within some of these VMS deposits were announced to the market.

Acquisition of Additional Mineral Claims at Lynn Lake

During the quarter, Corazon acquired additional exploration projects contiguous with its Lynn Lake Nickel Sulphide Project in Canada. The Company paid CAD$100,000 along with 1 million CZN ordinary shares to have three mineral claims included in the current agreement whereby the Corazon Canadian subsidiary, Manitoba Nickel Inc, can earn 100% equity in the project.

The new ground includes three mineral claims (Figure 1) that will be explored in forthcoming winter exploration activities. Of significance within the package are several geophysical anomalies immediately to the west of the EL Mine that may be prospective for nickel-copper sulphide mineralisation, as well as the Eldon East zinc- copper deposit on the eastern margin of the project.

Resource Statement

During the September Quarter 2010, the Company completed resource definition drilling on nickel-copper-cobalt mineralisation below and adjacent to the historical EL Mine. This drilling culminated in the estimation of the maiden resource for the EL Deposit. This resource was announced in the December Quarter but was summarized in the September Quarterly Report. The resource is an initial estimate for the EL Deposit and as such it is expected to improve with further definition drilling.

At a cut-off grade of 0.6% Ni equivalent[(1)], the resource defines 1.8 Mt at 1% Ni equivalent[(1)], including contained metal of 14,000t nickel, 9,000t copper and 400t cobalt, Corazon have yet to complete mining studies or metallurgical/processing analysis on the EL Mine mineralisation. However, Lynn Lake is an historical nickel, copper and cobalt mining camp which operated for more than 20 years. Reported historical mine base cut-off grades were between 0.5% and 0.7% nickel. Metal recoveries reported were approximately 85% for nickel, 93% for copper and 80% for cobalt.

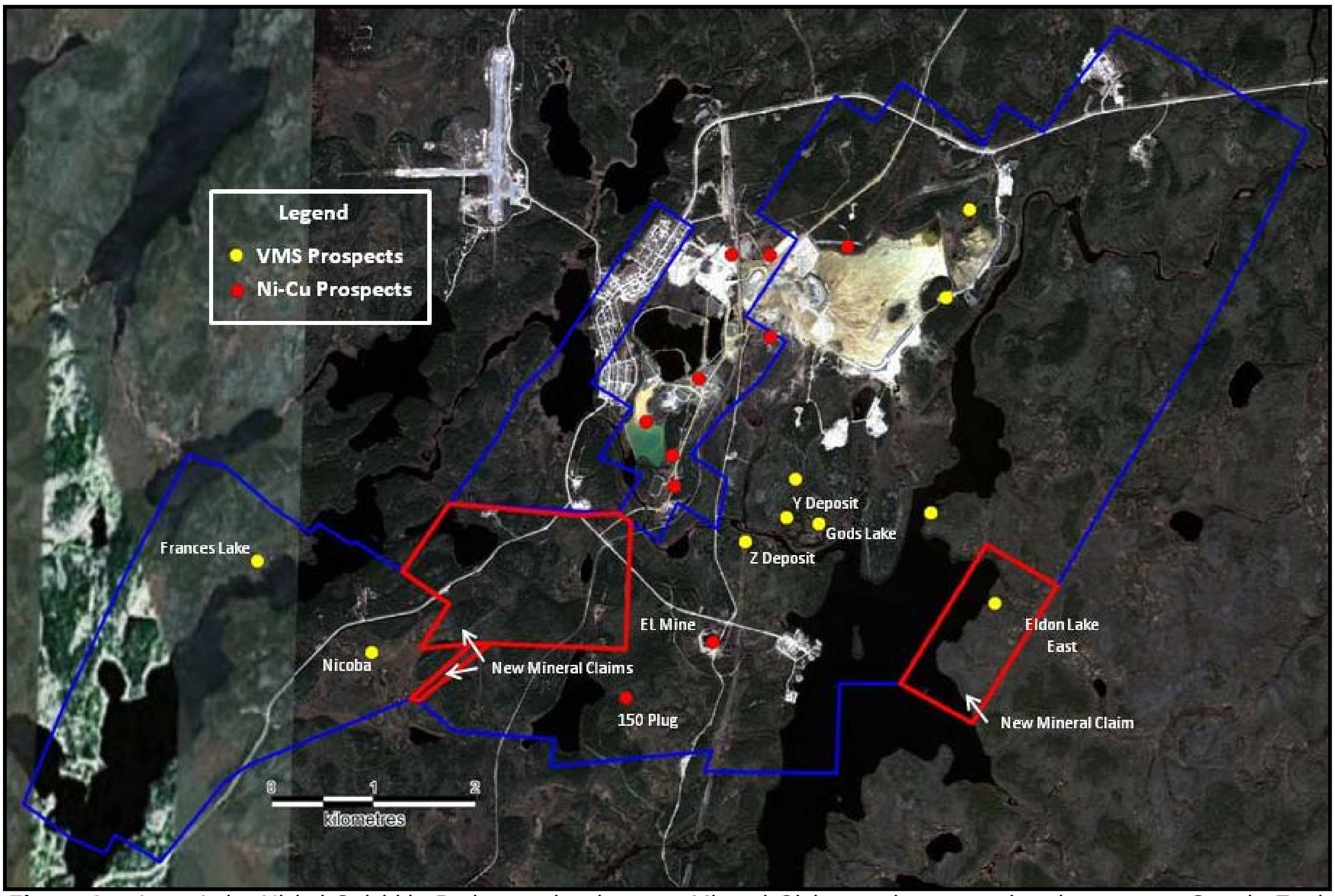

Figure 1:- *Lynn Lake Nickel Sulphide Project – showing new Mineral Claims and prospect locations over a Google Earth Image.*

Past mining utilized very simple open stope with sublevel mining methods. The historical EL Mine main stope is up to 100 metres in diameter, plus 200 metres in depth, and provides a large tonnage - low cost mining opportunity.

The EL Mine was one of the highest grade nickel mines in the district, having operated between 1954 and 1962 and produced **1.9Mt @ 2.5% nickel and 1.15% copper** to a mined depth of only 210 metres. Whilst the defined boundary of the mineralised host unit is well established, drilling in areas of the resource has not been of sufficient density to accurately define the distribution of high-grade sulphide mineralisation. For this reason, the influence of the high grade material within the resource has been restricted and consequently the resource is categorised as inferred. This resource provides a very good base from which to focus on-going exploration, and it is the Company's opinion that it is conservative in terms of the full potential of the deposit and that additional drilling will provide a more accurate model particularly for the distribution of high-grade mineralisation.

Exploration Target[(2)]

The EL Mine mineralised host rocks are a defined geological unit with good predictability down plunge. The deposit has been mined to 210 metres below surface and drill tested to at least 600 metres below surface. Adjacent historical underground mines have been tested via mining and development to at least 1,100 metres below surface.

Corazon has defined an Exploration Target[(2)] for the EL Mine of between 3.5Mt and 4.6Mt, which includes the existing Inferred Resource. The target has grade ranges of between 0.8% and 1.45% nickel, 0.4 and 0.7% copper, along with 0.01% and 0.03% cobalt. At these grade ranges, the contained metal for this Exploration Target[(1)] equates to between 28,100t & 66,000t nickel, 14,000t & 31,400t copper and 770t to 1,730t cobalt.

This Exploration Target[(2)] is conceptual in nature, there has been insufficient exploration (namely drilling) to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

The EL Mine is one of the highest grade deposits in the Lynn Lake camp, having produced **1.9Mt at 2.5% Ni and 1.15% Cu** (cobalt not recorded) from massive sulphide mineralisation. The upper range target reflects the possibility of another high-grade massive sulphide zone existing within the EL Plug at depth.

The lower range tonnage target reflects the possibility that the existing resource continues at depth with no change in tenor of mineralisation or tonnage.

The nickel sulphide deposits at Lynn Lake are polymetallic with metals such as copper and cobalt easily recovered and providing extremely valuable production credits. The entire Lynn Lake Nickel Camp operated for 23 years and produced 22.2Mt at 1% Ni and 0.5% Copper. These deposits are large-tonnage/low-grade in nature and at such grades can provide a very robust mining project.

Lynn Lake VMS Deposits

The VMS deposits within Corazon's project area include Francis Lake, Eldon Lake East, Nicoba, Y Deposit, Z Deposit and Gods Lake (FL) (Figure 1).

The deposits were mostly discovered in the 1940's and since then have only had intermittent exploration in the 1970's and 1990's. These deposits are predominantly zinc/copper mineralisation with variable amounts of lead, silver and gold. Not all metals have been historically reported.

Data regarding these deposits is incomplete and has been gathered from reports dating back to the 1940's. Highlights from past drilling within the main zones of the three better defined VMS deposits include:-

Francis Lake

- **6.5m** @ **13.8%** Zn, **0.7%** Cu, **0.9%** Pb, **22.2g/t** Ag & **3.7g/t** Au
- **1.2m** @ **10.6%** Zn, **0.2%** Cu, **6.1%** Pb, **135.1g/t** Ag & **8.7g/t** Au
- **1.3m** @ **9.6%** Zn, **0.7%** Cu, **1.4%** Pb, **59.5g/t** Ag & **0.9g/t** Au
- **13.7m** @ **4.0%** Zn, **0.2%** Cu, **0.6%** Pb, **23.7g/t** Ag & **0.4g/t** Au
- **5.8m** @ **5.5%** Zn, **0.6%** Cu, **3.3g/t** Ag & **0.9g/t** Au

Eldon Lake East

- **26.1m** @ **4.2%** Zn, **0.8%** Cu & **6.2g/t** Ag
- **16.9m** @ **3.9%** Zn, **1.0%** Cu & **9.3g/t** Ag

Nicoba

- **0.3m** @ **12.3%** Zn, **2.3%** Cu, **44.6g/t** Ag & **16.3g/t** Au
- **0.5m** @ **22.5%** Zn, **0.7%** Cu, **17.1g/t** Ag & **0.3g/t** Au
- **0.9m** @ **21.8%** Zn, **1.1%** Cu, **6.9g/t** Ag & **0.6g/t** Au.

Frances Lake Deposit:- Frances Lake is possibly the most explored of the VMS deposits at Lynn Lake. This deposit outcrops, with drilling defining good mineralisation over a strike of 400 metres, to depths of approximately 300 metres, and widths of between 1.2 and 13.7 metres down hole. Drill intersections that represent the core of this deposit have been reported in the table attached. At Frances Lake zinc appears the most valuable metal, however gold, silver, copper and lead all provide considerable value as credit metals.

This deposit has not been extensively tested down plunge or along strike.

Eldon Lake East Deposit:- The recently acquired Eldon Lake East VMS deposit has not been very well defined by past drilling, although the five best drill hole results (table attached) do define the core of the mineralisation over good widths. The deposit is open at depth, coincident with geophysical (EM) anomalism that identifies it's plunge for more than 250 metres, on an horizon between 50 and 100 metres thick.

The deposit is zinc rich, with credits of silver. Gold is minimal and lead has not been tested for.

Nicoba Deposit:- The Nicoba zinc-copper horizon corresponds to a 600 metre EM conductor which has been sporadically tested to approximately 150 metres below surface. Although the mineralised zone at Nicoba is narrow, it is the highest grade VMS deposit in the region, with up to 22.5% zinc, 3.75% copper, 44.57 g/t silver and 16.29 g/t gold.

This deposit is proximal to the Frances Lake Deposit, together indicating there is at least two prospective stratigraphic horizons for VMS deposit to occur.

Z Deposit:- The Z Deposit contains zinc, copper and gold. Lead has not been recorded and it is uncertain if it was assayed for. There are two mineralised zones, separated by approximately 20 metres of barren material.

The main zone is approximately 200 metres in strike in the north-northeast direction and dips 60-75 degrees to the east. Mineralisation is open along strike and at depth, possibly with a southern plunge. The average width of this zone is 3 to 4 metres.

The second zone is sub-parallel to the main zone, but with a westerly dip, and a higher gold content.

The Z Deposit has been interpreted as a fracture fill style of mineralisation. Drill holes that define this deposit are presented in the table attached.

Y Deposit:- The Y Deposit is a zinc rich VMS lense approximately 150 metres in strike with a maximum thickness of 10 metres, averaging 7 metres. Zinc values range between 5 and 10%, lead, although not reported in the original sampling, has re-assayed at between 2 and 6%. Copper is generally less than 0.5%, silver is variable and there is negligible gold.

Gods Lake (FL) Deposit:- Gods Lake is a zinc, copper rich VMS deposit, with minor gold and silver credits. It has a strike length of approximately 150 metres and average width of 5.5 metres. The deposit strikes north-northwest and dips moderately to the southwest.

Gods Lake Deposit appears to be closed off along strike, with the best un-explored potential being down-dip. Drill holes that define this deposit are presented in the table attached.

Proposed Exploration Activities

Corazon is accelerating exploration at Lynn Lake. Work has commenced and will include:-

- 5,000 metres of drill core and down-hole EM geophysics
- 420 line km of aerial VTEM and magnetic geophysics
- 40 line km of ground IP geophysics
- Project coverage with detailed ground gravity geophysics
- Preliminary mining studies on the EL Nickel Sulphide Deposit.

IP geophysics has commenced, with the VTEM and gravity surveys expected to start early February. Drilling will commence in the first week of February and continue though until the end of April.

The EL nickel sulphide deposit will be a major focus for this exploration, with the Company employing a three pronged strategy to progress the development of the resource. In summary:-

1. The initial inferred resource is constrained by drill density. As such, targeted drilling into areas of little information is expected to add value.

2. High-level/early-stage mining studies will be completed on the EL Mine resource. This work will influence the focus of future drilling at this deposit.

3. Drilling of extensions to the mineralisation is expected to add to the EL Mine resource. The EL Deposit has been mined to 210 metres below surface and has a resource defined to 600 metres below surface. Past mining in the Lynn Lake region has been conducted to depth of more than 1,100 metres. The target below 600 metres is another high-grade massive sulphide breccia zone, similar to that mined from surface at the EL Mine.

Exploration will also test other nickel sulphide and zinc-copper-sliver volcanogenic massive sulphide (VMS) targets within the project. Geophysics to be completed over the next two months will better define these drill targets.

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

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Disclosure Statements and Important Information

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew John Thompson, B.Sc Hons(Geol), Member AusIMM an employee of Corazon Mining Limited. Mr Thompson 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Thompson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Disclosure Statements and Important Information

Competent Person

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Nickel Equivalent [(1)]

Ni% Equiv (1) = Nickel equivalent has been estimated within the Resource Block Model and in other instances using the formula:-

Ni% Equiv = Ni%+(Cu% x (3/8.75))+(Co% x (18/8.75)) where Ni = 8.75$ US/lb Cu = 3.00 $US/lb Co = 18.00 $US/lb

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.

Exploration Target [(2)]

This exploration target is conceptual in nature, there has been insufficient exploration (namely drilling) to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. The basis for this target includes:-

- Historical mining at the deposit to a depth of 210 metres below surface
- Historical mine development to at least 270 metres below surface
- Exploration drilling to a depth of approximately 600 metres below surface
- An inferred resource has been calculated to approximately 600 metres below surface
- Good continuity and predictability of geology down-plunge
- Geological evidence for a deep-seated, explosive mineralising event.

Past exploration and mining records for the EL Mine are extensive and reflects high standards of work.