# ASX ANNOUNCEMENT

29th July 2015

The Manager - Company's Announcements
Australian Securities Exchange

# CORAZON SECURES FAVOURABLE ACQUISITION TERMS FOR LYNN LAKE PROJECT

## Major financial advantage for Project's exploration and development

**Key points:**

- **Lynn Lake is one of Canada's most prolific historical nickel producing districts, with existing resources and exciting exploration upside.**
- **Corazon has secured new, more favourable terms for its acquisition of the Lynn Lake Nickel Copper Project in Canada.**
- **The new terms remove the requirement for a C$1M lump sum payment and pave the way for the continued advancement of the Project.**
- **Corazon controls the entire Lynn Lake nickel district including ground owned 100% by Corazon and ground on which Corazon has an option to acquire 100%.**
- **The new terms relate specifically to Corazon's option to acquire the Lynn Lake Project.**

Corazon Mining Limited (ASX: CZN) ("Corazon" or "the Company") is pleased to announce it has negotiated new, significantly more favourable terms for the acquisition of the Lynn Lake Nickel-Copper Project ("Project"), in the central Canadian province of Manitoba.

Corazon controls the entire historical Lynn Lake nickel sulphide mining area (Figure 1). This includes ground 100% owned by the Company following its acquisition of the Victory Nickel-Copper Project (ASX announcement 1 April 2015) and ground on which Corazon has the rights to acquire 100% (ASX announcement 9 August 2012).

Under the terms of the original Option Agreement, Corazon was required to make a cash payment of C$1 million by 20 October this year to acquire 100% equity in the Project. The Company is now pleased to advise it has secured new and substantially more favourable terms for this acquisition.

The new terms remove the requirement for the C$1,000,000 lump sum payment and are replaced by half-yearly payments of C$100,000 until payments totalling C$1 million are made (which would be 20 April, 2019). **Full details on the Agreement Variation are included in this announcement.**

Importantly, the successful re-negotiation of terms has removed a significant payment hurdle and ensures that development work on the highly prospective Lynn Lake project area progresses.

Managing Director Mr Brett Smith stated:

"*This new deal helps with advancement of the Project and we're fortunate that all parties have the common goal of developing Lynn Lake. We've recently consolidated the land package and having all the prospective nickel ground under the control of one company provides an enormous benefit to focus investment and optimise our resources.*"

"*The work Corazon is currently undertaking at Lynn Lake is extremely exciting. We have access to an enormous amount of mining and exploration data across the entire project area which is yet to be consolidated and analysed using modern exploration understanding and techniques.*"

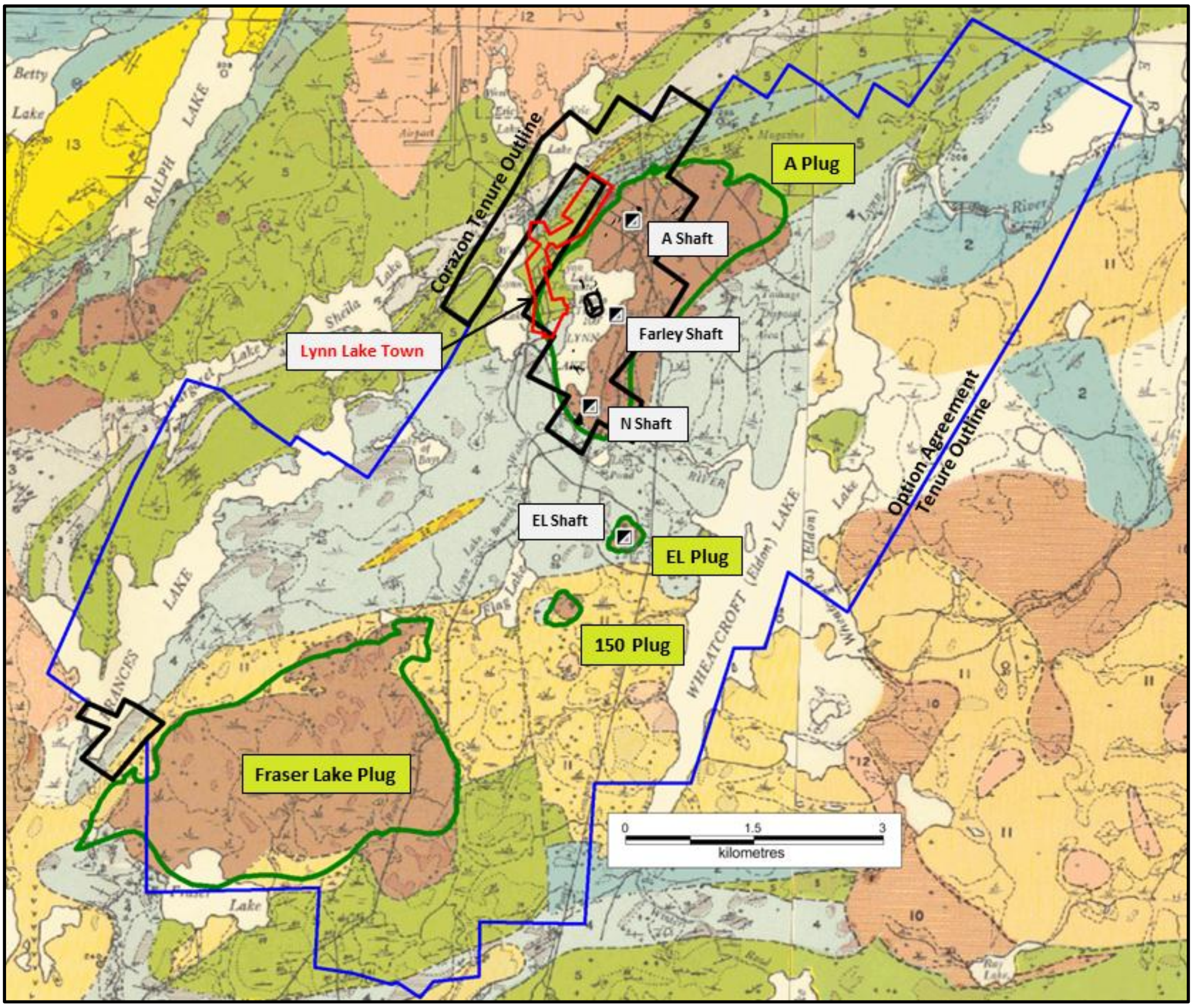


**Figure 1 – Corazon's wider Lynn Lake project area showing mafic plug outlines and infrastructure over (Milligan 1957) interpreted geology**

## Recent Project Activity

On 16th April 2015, Corazon announced an initial JORC Indicated and Inferred Mineral Resource Estimate for the Lynn Lake Project of 9.4Mt @ 0.88% nickel and 0.40% copper, for 83,000 tonnes of contained nickel and 37,800 tonnes of contained copper. The Company is currently completing mining studies and compiling datasets for modern exploration targeting ahead of proposed drilling, which would be the next stage of exploration at the Project.

The Resource grade is consistent with historical grades from the Lynn Lake Mine which operated for 24 years (until 1976) as a large tonnage-low cost mine. Corazon is of the view that there are obvious areas where the existing Resource may be increased, not including any of the modern discoveries at Lynn Lake, which have the potential to add to the existing Resource inventory.

## Agreement Variation

In accordance with the Lynn Lake Option Agreement (ASX announcement 9th August, 2012) Corazon was to make cash payment of C$1M to the current owner for the ground on which the Company has an option to acquire 100%. This payment and other related deferred payments were considered in the current market to be an impediment to the advancement of the Project and as such all parties have agreed to a new structure for the acquisition of the Project.

**Previous terms** for the acquisition of 100% of the project included:

- Option period ends 20 October 2015.
- Payment of C$100,000 per annum for each annual extension period.
- Payment of C$1M to acquire 100% equity in the project at any time during the option period; plus
- A deferred consideration of C$750,000 on the earliest of either:
  - Defining a JORC compliant resource greater than 30,000 tonnes of nickel metal;
  - Completion of a positive feasibility study; or
  - The commencement of commercial mining.
- Should Corazon proceed to earn a 100% interest in the project, a residual royalty of 2.5% NSR will remain with the owner. Corazon will have the ability to purchase half of this royalty, reducing it to 1.25% for C$1.25 million.

**New terms** for the acquisition of 100% of the project include:

- Option Payments of C$100,000 half-yearly until Project is acquired or payments total C$1M (cumulative – 20th April, 2019).
- Project Acquisition for CAD$1M at any time, less completed Option Payments; plus
- A deferred consideration of CAD$750,000 on the commencement of commercial mining.
- Should Corazon proceed to earn a 100% interest in the project, a residual royalty of 2.5% NSR will remain with the owner. Corazon will have the ability to purchase half of this royalty, reducing it to 1.25% for C$1.25 million.

## Lynn Lake Project Summary

Corazon has consolidated the Lynn Lake Nickel-Copper Field under the ownership of one company for the first time since mine closure in 1976 and in doing so has created a significant nickel-copper asset.

Consolidating the nickel field improves 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. Lynn Lake was established in the 1950s to support the Lynn Lake mining operation and boasts excellent infrastructure and the capacity to support the recommencement of mining.

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 Lynn Lake project area carries no historical environmental liability from previous mining activities.

**END**.

**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 Mineral Resources for the A Plug deposits at the Lynn Lake project is based on information compiled by Mr Neal Leggo who is a Member of the Australian Institute of Geoscientists. Mr Leggo is a full time employee of Ravensgate and has sufficient experience that is relevant to the style of mineralisation 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 Leggo consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources for the EL Plug deposits at the Lynn Lake project is based on information compiled by Mr Stephen Hyland who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland is a full time employee of Ravensgate and has sufficient experience that is relevant to the style of mineralisation 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 Hyland consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

***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.