

QUARTERLY ACTIVITIES REPORT

PERIOD ENDING 31 DECEMBER 2017

2018 EXPLORATION PROGRAMS UNDERWAY

- **Fraser Lake Complex, Lynn Lake Project, Canada:** Drill rig is on site at Lynn Lake's Fraser Lake Complex in preparation for the commencement of drilling. Full mobilisation for drilling will be completed shortly, and drilling is expected to commence mid-February.
- **Cobalt Ridge, Mt Gilmore Project, N.S.W.:** Surface soil sampling geochemistry is underway and the Company is preparing to conduct aerial and ground geophysical surveys. The geochemical work and geophysics will both assist in defining new drill targets for the next phase of drilling at Cobalt Ridge, which is planned for the second quarter of this year.
 - Final assay results from latest phase of drilling at Cobalt Ridge deliver highly positive results, confirming a significant Co-Cu-Au sulphide system:
 - Best sulphide intercept of 5m @ 0.53% cobalt, 0.16% copper and 0.08 g/t gold within a broader zone of 42m @ 0.11% cobalt at the Cobalt Ridge Main Lode
 - Significant scope exists to substantially increase the Project's mineralised area
 - Metallurgical testwork continues to deliver exceptional results, highlights the Project's development potential via a simple, low cost process pathway – results due shortly
- **Corazon recently successfully raised \$3.4 million in a heavily oversubscribed Placement**
- **Aggressive ongoing exploration programs at the Company's cobalt and nickel assets are now fully funded**

Corazon Mining Limited (ASX: CZN) (Corazon or the Company) is pleased to present its Quarterly Activities Report for the period ending 31 December 2017, during which Corazon focused its activities on the Cobalt Ridge deposit within Mt Gilmore Cobalt-Copper-Gold Project (**Mt Gilmore**) in New South Wales. The Company's assay results to date have continued to validate the exploration model for Cobalt Ridge and its potential as a high-grade cobalt development opportunity.

Post-quarter, the Company announced it had received commitments from institutional and sophisticated professional investors to raise approximately \$3.4 million (before costs) at the issue price of \$0.015 per share (**Placement**) to advance the Company's cobalt and nickel assets (ASX Announcement 24 January 2018).

The strong demand for the heavily oversubscribed Placement reflects the significant prospectivity of the Company's cobalt and nickel assets. Funds raised pursuant to the Placement will be used to progress both the Mt Gilmore Cobalt-Copper-Gold Project and the Lynn Lake Nickel-Copper-Cobalt Project (**Lynn Lake**) in Canada, including:

- A significant cobalt exploration and project development program at Mt Gilmore, which will be focused on the Cobalt Ridge sulphide mineralisation, including geophysics, geochemistry, drilling and potentially maiden resource estimation.

- Drilling of newly defined priority targets at Lynn Lake's Fraser Lake Complex, confirmed from detailed targeting work conducted in the 2017 field season; and
- A significant upgrade at Lynn Lake, including the expected release of a new JORC 2012 compliant resource estimate, as well as the completion of scoping studies for development.

The continued successful exploration and analysis of results at both the Mt Gilmore and Lynn Lake projects continues to provide the Company with exciting opportunities and the potential to deliver significant value-appreciation for shareholders, and Corazon is looking forward to accelerating the exploration of its cobalt and nickel assets.

MT GILMORE COBALT-COPPER-GOLD – NSW – RAPID DEFINITION CONTINUING

- **Final assay results received from latest phase of drilling at Cobalt Ridge:**
 - Highly positive results confirm a significant Co-Cu-Au sulphide system: Best sulphide intercept of 5m @ 0.53% cobalt, 0.16% copper and 0.08 g/t gold within a broader zone of 42m @ 0.11% cobalt at the Cobalt Ridge Main Lode
- **Significant scope exists to substantially increase the Project's mineralised area**
- **Next phase of field work underway to test for extensions of drill defined mineralisation**
 - Soil sampling targeting areas of outcropping mineralisation to the south
 - Geophysical studies to test for mineralisation under thin cover to the east
- **Metallurgical testwork continues to deliver exceptional results, highlights the Project's development potential via a simple, low cost process pathway**
 - Simple low-cost flotation processing of the sulphide mineralisation delivers excellent recoveries and differentiates Cobalt Ridge from cobalt rich nickel laterite deposits

The Cobalt Ridge prospect within the Mt Gilmore Cobalt-Copper-Gold Project (Figure 1) hosts one of the highest-grade cobalt deposits in Australia. Corazon believes this rare cobalt-dominant sulphide deposit has the potential to supply a quality cobalt product, suitable for use in lithium-ion batteries and the emerging rechargeable battery sector.

The Mt Gilmore Project is located 35 kilometres from the major mining centre of Grafton in northeastern New South Wales. Corazon owns a 51% interest in the Project, and the exclusive right to earn up to an 80% interest in the Project.

Corazon has completed two reverse circulation and core drilling programs at Mt Gilmore targeted the high-grade Cobalt Ridge prospect, with assay results further validating Mt Gilmore as a unique, high-grade, cobalt-dominant deposit. Metallurgical testwork completed on Cobalt Ridge mineralisation has delivered excellent results, such that any future processing route is anticipated to be simple and inexpensive, utilising tried and tested methods.



Figure 1: Project location map. Mt Gilmore is located in north-eastern New South Wales, with ease of access and close to beneficial infrastructure such as rail and port.

Cobalt Ridge - Metallurgical Testwork Delivers Outstanding Results

During the quarter, Corazon announced highly positive results from its recently completed Phase 2 metallurgical testwork program at Mount Gilmore. Testwork was conducted on a composited sample of drill core from the Company's drilling program at Cobalt Ridge, and follows the highly successful Phase 1 metallurgical testwork results (ASX announcement 7th March, 2017).

Phase 2 testwork targeted lower grade material than that tested in Phase 1 and has delivered exceptional results. Simple flotation processing yielded recoveries of 93.6% cobalt and 98.4% copper. The concentrate mass represented only 5% of the initial mass feed, with the concentrate grading at 2.02% cobalt and 5.18% copper.

Mineralisation tested included what is considered to be the "background" grade for the main lode within the Cobalt Ridge Deposit. The assayed grade of the sample was 0.14% cobalt, 0.32% copper and 0.09ppm gold, providing a variation to the previously tested high-grade mineralisation in the first phase metallurgical testwork.

Cobalt is present as cobaltite, the copper presents as chalcopyrite and the gold is predominantly associated with the sulphide minerals. The similar nature of the sulphide minerals, together with the gold association, has provided the opportunity for a very simple beneficiation process and production of a bulk concentrate.

Grind liberation testing indicated the mineralisation is not overly sensitive to grind size. As such, the rougher flotation can be conducted at a coarse grind size, with subsequent re-grinding of a lower mass concentrate. This delivers lower power and reagent costs, as well as the option to significantly de-risk and reduce capital costs associated with down-stream processing options.

As evidence of this, a rougher flotation test was completed at a coarse grind size of P_{80} 212 μ m, followed by a regrind of the concentrate and subsequent cleaner flotation. The concentrate produced from the cleaner flotation had grades of 3.27% cobalt and 8.67% copper, with total recoveries of 85.2% for cobalt and 92.7% for copper.

On-going testwork for the Cobalt Ridge Deposit is focused on defining the down-stream concentrate processing options and detailed process engineering studies. Results to date suggest excellent potential for the production of a concentrate for hydrometallurgical processing.

The testwork is managed by internationally recognised metallurgical consultants, METS Engineering (see competent person statement below) and independently carried out at ALS laboratories in Perth, Western Australia.



Figure 2: Photo – Flotation Concentrate Conditioning

Drilling Results

Post-quarter, Corazon announced it had received assay results from the final two holes of its recently completed 18 hole - 3,189m drilling program (2,426m of RC and 763m of core) at Cobalt Ridge. Drill hole MGRCD036, which tested the Main Cobalt Lode, returned significant results of **5m @ 0.53 % Co, 0.16 % Cu, 0.08 g/t Au** from 224 m, within a broader zone of **42m @ 0.11% Co** (Figure 3).

Drilling has highlighted multiple cobalt, copper and gold mineralised trends in what is interpreted by the Company as a long-lived, multiphase alteration and mineralising event. The Main Cobalt Lode has been the primary target of the Company's current drilling (and much of the historical drilling). This lode is up to 25 metres in true width and contains multiple narrow zones of higher-grade mineralisation.

Drilling has identified the Main Cobalt Lode mineralisation to be open in all directions, and there is considerable scope to define extensions to this feature as well as define additional parallel lodes.

The results of Corazon's drilling programs to date have continued to validate and strengthen the Company's exploration model for the Project as a potentially significant Cobalt-Copper-Gold development asset. Based on the results achieved to date, Corazon will continue to rapidly advance the Project. The next phase of work will include geophysical and geochemical surveys to test for significant potential extensions to the Project area, as well as the continuation of Corazon's highly successful metallurgical testwork programs.

Testing Extensions To Mineralisation

To date, a small area of outcrop that defines Cobalt Ridge has been the focus for drilling (Figure 3). The Company believes there is good potential for the mineralisation to extend under thin cover to the east. In addition, recent prospecting to the south has identified multiple untested lodes very similar in character to the Cobalt Ridge mineralisation.

Geophysics is expected to be useful in tracing the Cobalt Ridge mineralisation under cover to the east. Geophysical consultants have been engaged and the Company is expecting to complete both aerial and ground geophysical surveys in the near term, with the intention of defining drill targets for the second quarter of 2018.

Work is underway to use soil sampling (geochemical survey) to test prospective outcropping areas to the south of Cobalt Ridge. To date, soil sampling has been very effective in identifying mineralised trends at Cobalt Ridge (Figure 4). The results of this work are expected in March 2018.

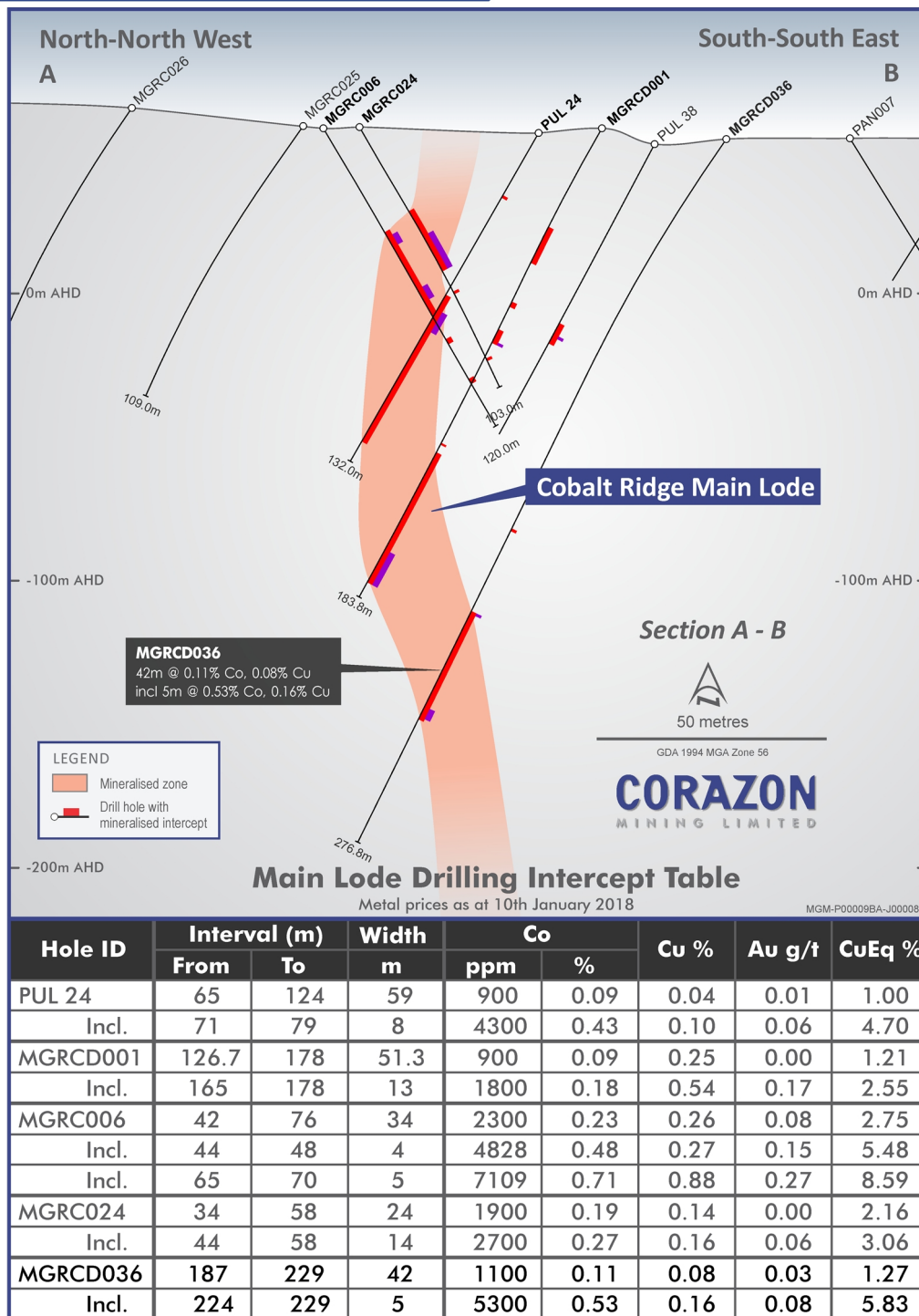


Figure 3: Geological cross-section in line for drill hole MRGC036 (location in Figure 4).

Cobalt intercept calculation parameters: Greater than or equal to 0.3m down hole thickness, greater than or equal to 0.05% Co, greater than or equal to 0.05% Co cut-off and less than or equal to 3m internal dilution. The results for MGRCD027 are an exception to this rule and have been included due to the value of the copper intersection. Assay values at "lower than" detection limits are attributed a value of 50% of that detection limit for interval calculations.

Copper equivalents: The composited value of the cobalt-copper-gold mineralisation is presented as percentage copper equivalents (CuEq%). These metals have been historically extracted from small scale mining at Mt Gilmore and it is the Company's belief that the cobalt, copper and gold is recoverable. Metallurgical test work currently underway is expected to underpin these assumptions. $CuEq\% = Cu\% + (Co\% * 9.19) + (ppm Au * 0.63)$. Metal prices used are Cu US\$7,113/t, Co US\$75,506/t and Au US\$1,318/oz

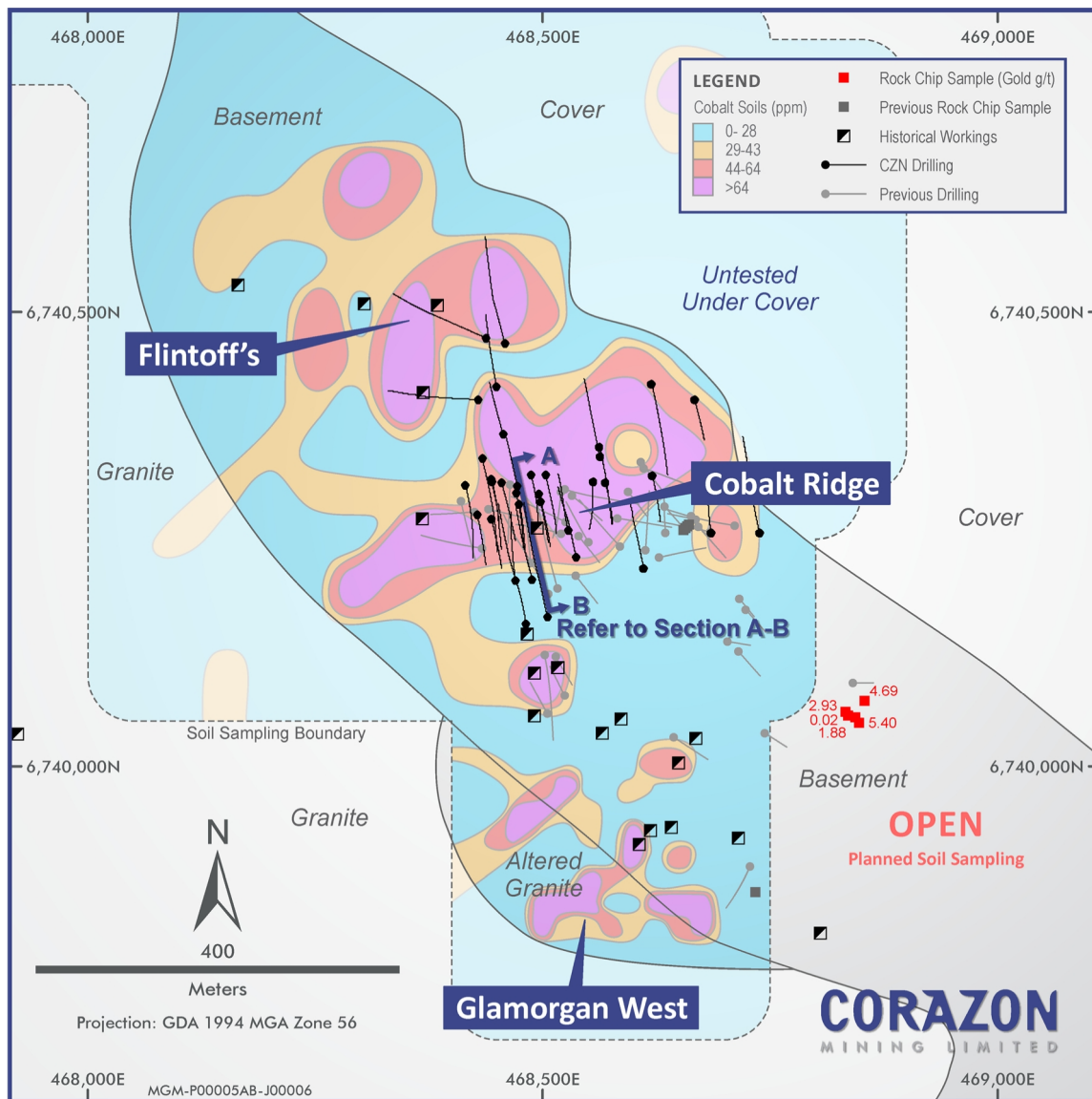


Figure 4: Cobalt Ridge Prospect – Interpreted geology and cobalt soil geochemical results, with drill hole collars/traces and historical workings.

LYNN LAKE – CANADA – FRASER LAKE COMPLEX (FLC), DRILLING HIGHLIGHTS

- **Drill rig onsite at FLC in preparation for the commencement of drilling which is expected to commence mid-February**
- **Planned conversion of the Lynn Lake Project's 2004 JORC resource to JORC 2012 compliance, as well as the completion of a Scoping Study**
- **Previous drilling at the FLC was successful in intersecting extensive magmatic (Fe-Ni-Cu-Co) sulphide mineralisation - all holes drilled were mineralised over their entire lengths.**
- **The targeted Feeder Zone of the FLC is interpreted as a major channel for multiple phases of sulphide rich melt.**

Exploration activities at the Fraser Lake Complex (**FLC**) have been ongoing since December 2016. This work has included drilling, ground geophysics, downhole geophysics and geochemistry. A large amount of data has been generated for the Matrix Trend. This data has been used to generate geophysical and geochemical models for the Matrix Trend that will determine the focus for the next phase of drilling.

The Company has a drill rig on site at the FLC in preparation for the commencement of drilling; full mobilisation for drilling will be completed shortly, and drilling is expected to commence in the first two weeks of February.

Exploration at Lynn Lake has recently been focused on the detailed analysis and interpretation of geochemical and geophysical results for the on-going exploration targeting within the FLC. Work to date has included only 10 holes within an anomaly over 1.7km in strike. The exploration completed to date has enabled an understanding of the magmatic history of the intrusion, which is being used to vector towards higher-grade, more massive accumulations of sulphide mineralisation.

The Fraser Lake Complex

The FLC is an intrusive mafic body situated approximately five kilometres south of the Lynn Lake Mining Centre in Manitoba, Canada (Figure 5). Exploration by Corazon at the FLC has resulted in the discovery of a large magmatic sulphide system that has the potential to host significant nickel-copper sulphide deposits.

The FLC has physical and chemical characteristics that suggest it is prospective for hosting Lynn Lake style magmatic nickel-copper-cobalt deposits. Corazon's drilling has confirmed this potential, consistently intersecting Lynn Lake mine-grade nickel-copper-cobalt mineralisation.

Three phases of drilling were completed within the FLC during 2017, including ten holes into the Matrix Trend, a 1.7 kilometres long Induced Polarisation chargeability anomaly, interpreted as the feeder zone for the intrusive complex.

Drilling within the Matrix Trend indicated multiple pulses of sulphide-rich magma have been injected into the FLC. The Ni-Cu-Co mineralisation within the Matrix Trend is significant in that it identifies the feeder zone of the FLC as a long-lived, multi-phase, well mineralised magmatic system with the potential to develop high-grade sulphide deposits.

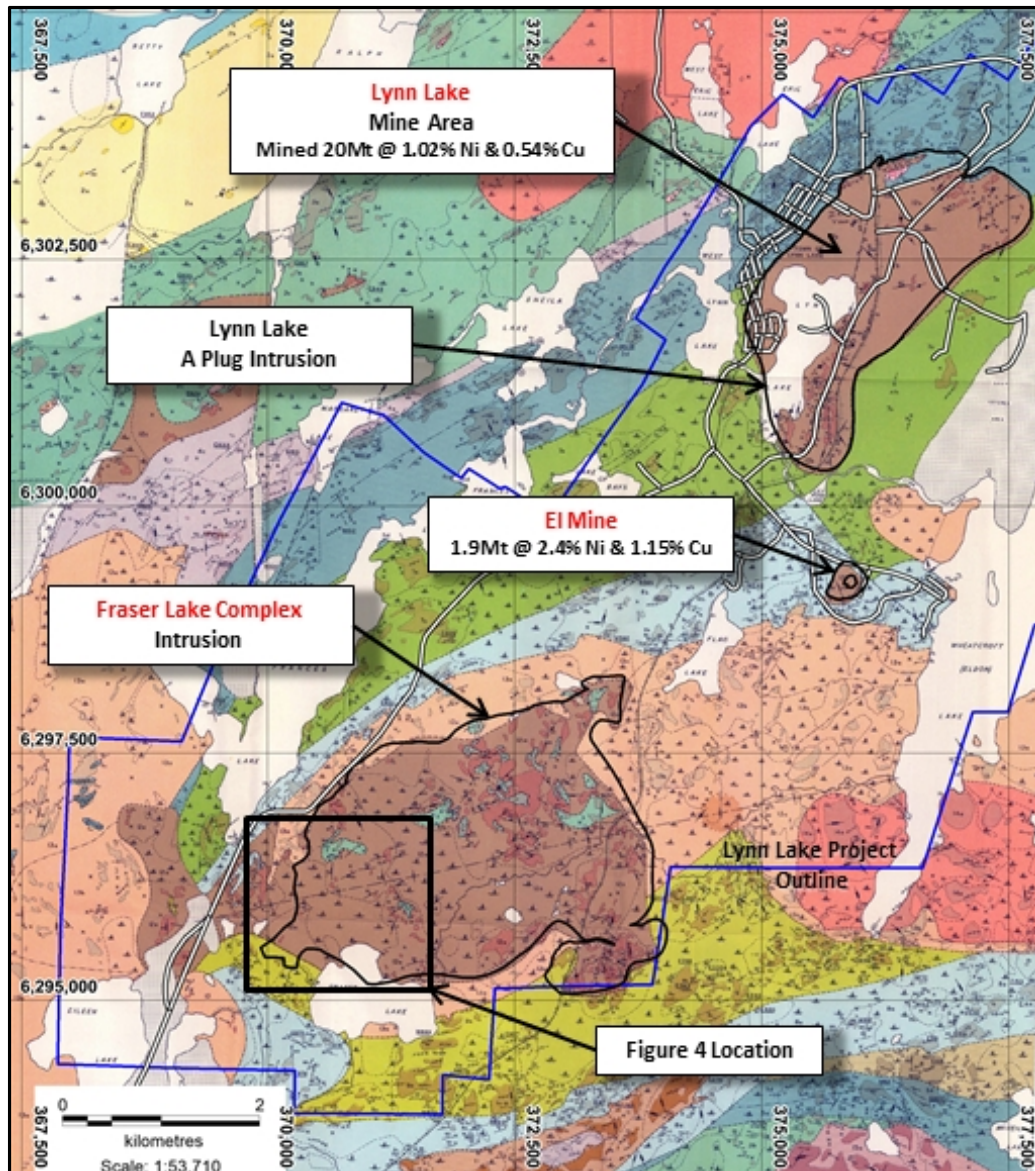


Figure 5: Lynn Lake Project Location and Interpreted Geology.
Emslie, R.R. and Moore, J.M. 1961. Datum UTM Zone 14 (NAD83).

CORPORATE

Cash

Corazon closed the December 2017 quarter with \$1.1 million in cash; the Company's quarterly summary of financials are presented in the Appendix 5B as a separate ASX release.

Successful \$3.4M Placement

Post quarter, the Company announced it had received commitments from institutional and sophisticated professional investors to raise approximately \$3.4 million (before costs) at the issue price of \$0.015 per share (**Placement**) to advance the Company's cobalt and nickel assets.

The Placement will include the issue of up to approximately 226 million new shares, pursuant to the Company's current capacity with 122,071,667 under ASX Listing Rules 7.1 and 103,928,333 under 7.1A.

Corazon's major shareholder, Hanking Australia Investments Pty Ltd (**Hanking**), supported the Placement and maintained its 11.54% equity position in Corazon. The Company welcomes Hanking's ongoing support and involvement in the Company.

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

Results of Annual General Meeting

The Company held its Annual General Meeting of Shareholders on 23rd November 2017 and all resolutions put forward in the meeting were passed unanimously by a show of hands.

Director Resignation

Following the Company's Annual General Meeting, Non Executive Director Mr. Adrian Byass resigned from his position effective from that date (23rd November 2017). Mr. Byass has made a significant contribution to Corazon at Board level, and his technical expertise and relevant resource sector experience was invaluable to the Company throughout his tenure.

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

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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.

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.

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

The Company believes that it has a reasonable basis for making the forward looking Statements in the announcement based on the information contained in this and previous ASX announcements.

The Company is not aware of any new information or data that materially affects the information included in this ASX release, and the Company confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the exploration results in this release continue to apply and have not materially changed.

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%	
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	
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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	
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LYNN LAKE	MB10384	Canada	100% ¹	
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LYNN LAKE	MB10388	Canada	100% ¹	
LYNN LAKE	MB11838	Canada	100% ¹	
LYNN LAKE	MB11839	Canada	100% ¹	
LYNN LAKE	MB11840	Canada	100% ¹	

LYNN LAKE	MB11841	Canada	100% ¹	
LYNN LAKE	MB11842	Canada	100% ¹	
LYNN LAKE	MB11843	Canada	100% ¹	
LYNN LAKE	MB11844	Canada	100% ¹	
VICTORY PROJECT	MB11328	Canada	100%	
VICTORY PROJECT	MB11388	Canada	100%	
VICTORY PROJECT	MB11389	Canada	100%	
VICTORY PROJECT	MB11390	Canada	100%	
VICTORY PROJECT	M2228	Canada	100%	
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VICTORY PROJECT	M2251	Canada	100%	
VICTORY PROJECT	M2252	Canada	100%	
VICTORY PROJECT	M2253	Canada	100%	
VICTORY PROJECT	M2254	Canada	100%	
VICTORY PROJECT	M2255	Canada	100%	
VICTORY PROJECT	M2256	Canada	100%	
VICTORY PROJECT	ML77	Canada	100%	
VICTORY PROJECT	ML90	Canada	100%	
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.