

21 Aug 2013

**Share Price** \$0.039

## CORAZON MINING LIMITED

### TUR – Growing with Multiple Styles of Mineralisation

Corazon Mining Limited ('Corazon', 'CZN', 'Company') is in the process of completing the first phase of drilling at the Top Up Rise (TUR) Project (earning 75%) in the Gibson Desert, WA.

Corazon completed a total of six holes (1 RC and 5 Diamond) for some 2,476m of drilling. The program was designed to test the large TUR gravity anomaly (10km x 6km), with drilling concentrated within four main areas several kilometres apart. Widespread sulphide mineralisation has been identified, but at this stage the source of the gravity anomaly remains to be explained.

Preliminary investigation of the geochemical results (received to date) and petrology indicates that the project area may contain multiple styles of mineralisation of potential mafic and granitic (porphyry) origins. Base (copper, lead and zinc) and precious (gold and silver anomalism) metal mineralisation has been reported, and nickel sulphide mineralisation has also been confirmed from petrology of rock samples.

The Company is now assaying selected core, undertaking additional petrology and deploying more geophysics to assist with target generation for the next phase of drilling. The drilling contractor has left the drill rig on site in preparation of this work. We would expect that the next phase of work will commence in the coming weeks. In addition to drilling new areas, Hole DD004 may be extended to further test the gravity anomaly; this hole was terminated at a drill depth of ~670m, but has been left open.

### Nickel Sulphides in Intrusive Mafic Rocks Potentially Significant

Corazon has intersected a suite of mafic rocks during the drill program, all of which are variably mineralised and altered. One mafic rock (gabbro) intersected in Diamond Hole DD003 has been identified as Troctolite, which contains nickel (pentlandite) and copper (chalcopyrite) sulphide mineralisation. This is potentially a significant new development as this rare rock is the host for the large Voisey's Bay nickel deposit in Canada and is also found in the Merensky Reef of the Bushveld Complex in South Africa. From an exploration perspective it opens up a whole new target for Corazon with some of the mafic rocks intersected (thus far) up to 70m thick in parts.

The presence of a large IOCG system at TUR cannot be ruled out, but drilling so far has not encountered the characteristic breccia complex (mineralised hematite breccia), though the granitic rocks intersected have been highly deformed. Dense mafic rocks could potentially be the cause of the large gravity anomaly but more detailed drilling will be required to prove this theory.

### Leveraged to Exploration Success

Corazon has reached agreement with Wallis Drilling to issue shares worth ~\$160,000 (~3.97m shares) in lieu of some drilling costs, which conserves some of current cash reserves (we estimate current cash ~\$1.3m). The project area is highly resistive and as such airborne electromagnetics (VTEM) is considered to be a sensible next step for potentially focusing exploration. The cost of such a survey would only be ~\$200,000.

The project area continues to offer significant potential and we recommend Corazon as a Speculative Buy.

#### Brief Business Description:

Junior explorer with brownfields nickel asset in Canada and option on a large greenfield target in WA. Recon drilling at TUR now completed. Precious and base metal mineralisation intersected.

#### Hartleys Brief Investment Conclusion

High risk but significant upside if the exploration target is achieved.

#### Chairman & MD

Clive Jones (Non-Exec Chairman)

Brett Smith (Managing Director)

#### Top Shareholders

Board & Management 7.1%

#### Company Address

Level 1, 350 Hay Street  
 West Perth, WA, 6008

#### Issued Capital

294.5m

- fully diluted (ITM options) 332.5m

#### Market Cap

\$11.5m

- fully diluted \$13.0m

#### Cash est

\$1.3m

#### Debt est

\$0.0m

#### EV

\$10.2m

#### EV/Resource Ni eq t

A\$578/t Ni

#### EV/Reserve Ni eq t

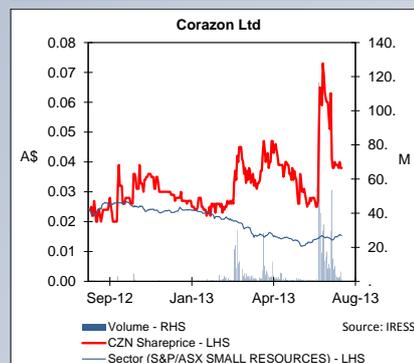
nm

#### Resources (Ni eq kt)

17.6

#### Reserves (Ni eq kt)

0.0



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Hartleys has completed capital raisings in the past 12 months for Corazon Mining Limited ("Corazon") for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice. See back page for full disclosure.

### Top Up Rise Project

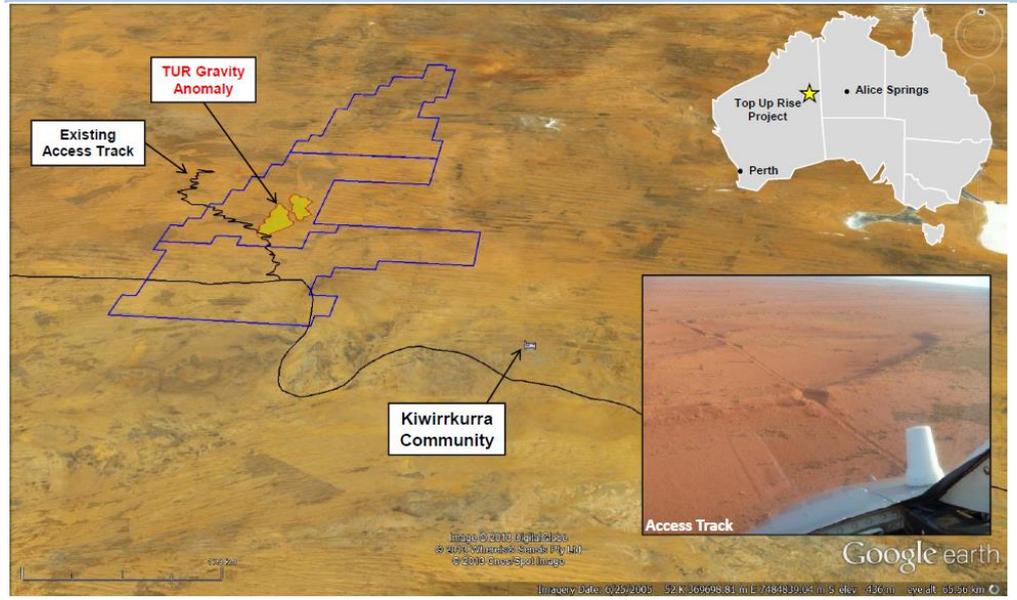
The Top-Up Rise (TUR) Project is located on the eastern edge of the Gibson Desert in Western Australia. Corazon has an option to earn a 75% interest in the project. The project covers a large complex gravity anomaly ~10km x 6km in size. The ground has received little or no previous exploration.

*Located on the eastern edge of the Gibson Desert in Western Australia*

*TUR anomaly 10 x 6km residual gravity high of >7mGals above background*

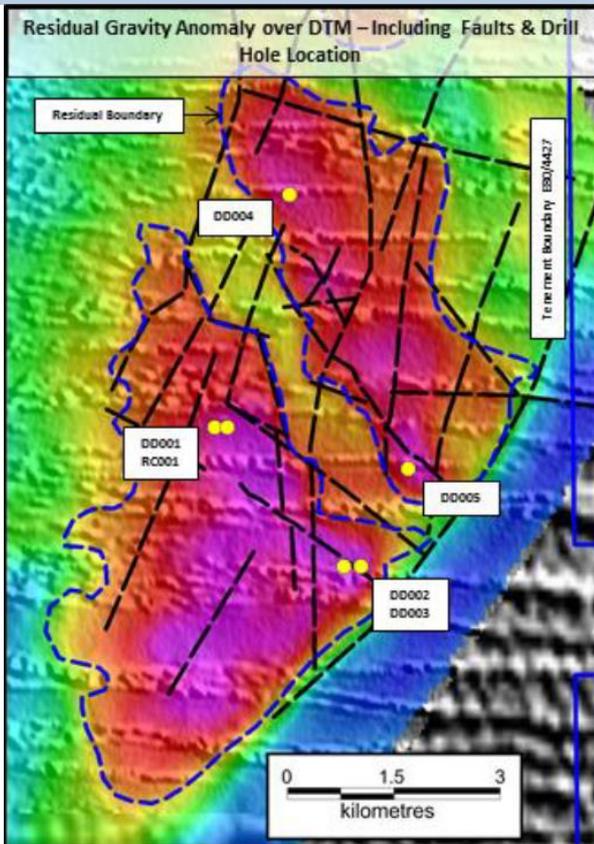
*The gravity anomaly is still yet to be explained*

**Fig. 1: TUR Project Location**

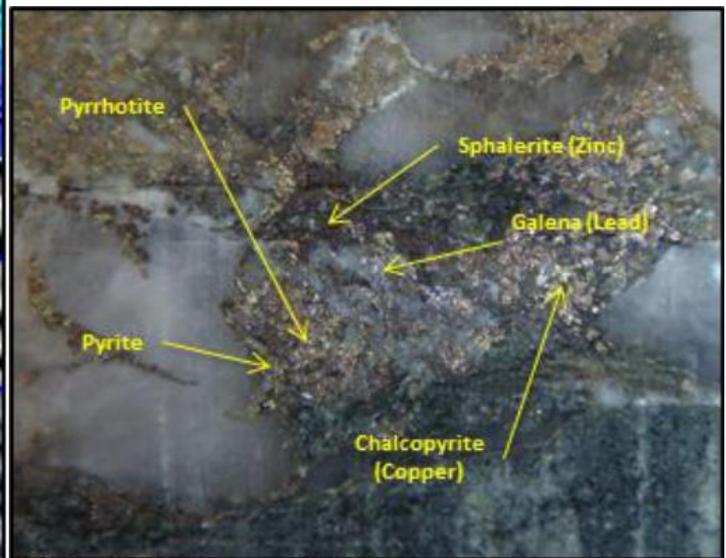


Source: Corazon Mining Limited

**Fig. 2: TUR Drill Hole Location Plan (LHS): Drill Core (DD004) with Mineralisation (RHS)**



*Hole DD004 was drilled to a total depth of ~670m and intersected and ended in visible copper, zinc and lead mineralisation; samples have been sent for petrology; with the drill hole left open for later re-entry (following assays/petrology)*



Source: Corazon Mining Limited

## Project Earn-in Details

Details of the project earn-in agreement include:

*Staged earn-in for up to 75% interest*

- **Stage 1** – Corazon has earned a 10% interest in Border (project vendor) through the issue of 15 million Corazon shares and 15 million Corazon options (3 year expiry date, at a price 134% of the 5 day VWAP at issue) and cash consideration to Border for costs (of up to \$250,000);
- **Stage 2** – At its election, Corazon to earn a further 41% (total of 51%) in Border by paying the vendors \$200,000 in cash, and either defining a JORC compliant Mineral Resource and completing a Scoping Study on the TUR Project or spending a minimum of \$4 million on exploration; and then subsequently issuing Border with 33 million CZN shares;
- **Stage 3** – At its election, Corazon to earn a further 24% (total of 75%) in Border by completing a definitive feasibility study on the TUR Project (if the vendors decide not to contribute towards development at this stage). Consideration for the Stage 3 interest will be calculated with reference to a sliding scale, based on Corazon’s market capitalisation at the time. The maximum consideration payable will be \$6 million (payable in either cash or shares or combination of both, at the election of Corazon) should Corazon’s market capitalisation be greater than \$500 million;
- The vendors of Border will be free carried until a decision to mine is made; and,
- Upon Corazon making a decision to mine the TUR Project, the vendors and Corazon will form a formal production joint venture. A pre-emptive right will exist between the parties to the joint venture.

*Key risks include economic discovery and funding ongoing exploration*

## Risks

Key risks include making an economic discovery and funding ongoing exploration.

**Fig. 3: Key assumptions and Risks**

Assumption	Risk of not realising assumption	Downside risk to valuation if assumption is incorrect	Comment
Exploration targets can be achieved	High	Extreme	The TUR Project is highly speculative with many unknowns including but not limited to size and nature of the geophysical target, depth to target and the potential for mineralisation. There is a high risk that no economic mineralisation will be intersected.
Funding for further exploration	Moderate	Extreme	Typically, large targets such as TUR require significant exploration budgets to achieve discovery. There is a risk that CZN will not have sufficient funds to adequately test the TUR target.

*Conclusion*

*Exploration of this nature is high risk and there is a significant chance that CZN will not intersect economic mineralisation at TUR.*

Source: Hartleys

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*Note: personal email addresses of company employees are structured in the following*

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## Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a “Buy”. Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a “Buy”.
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.
Buy	

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Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Corazon for which it has earned fees and continues to earn fees. Hartleys has a beneficial interest in 20 million Corazon options.

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