



Corazon Mining Limited (ASX: CZN)

Corazon takes Victory at Lynn Lake

They say the grass is always greener on the other side of the fence so why not remove the fence?

THIS MAY BE A HACKNEYED PHRASE FOR SOME, however the current investor-shy environment the junior sector is weathering means it would be wise for companies to find ways of improving the assets they currently own.

Corazon Mining (ASX: CZN) has recently taken advantage of such an opportunity by finalising terms for the acquisition of the Victory nickel project in the Lynn Lake nickel-copper field, in the province of Manitoba – Canada's third largest nickel producing region, from TSX-listed Victory Nickel.

The Victory project is located immediately adjacent to Corazon's Lynn Lake nickel copper sulphide project, which contains the EL Deposit where Corazon made its 2011 discovery of a high-grade sulphide breccia at depth.

By acquiring the Victory project, Corazon has reunited the Lynn Lake nickel-copper field for the first time since its closure in 1976.

To reprise our metaphor – the company now has a lawn large and green enough to be the envy of its peers in the currently white-hot nickel space.

"We have always had the intention of revamping this project, it has been a long-term goal of the company," Corazon Mining managing director Brett Smith told *The Resources Roadhouse*.

"Joining these two projects together just had to be done – it was just a matter of how it would be structured and how we would go about doing that.

"Victory Nickel was very quick to realise the potential of the entire project area as being one project and

were happy to do the deal and let us lead."

Amalgamating the Lynn Lake and Victory projects provides Corazon with a potentially much longer mine life and logistically a more robust mining operation.

Previous mining studies at Lynn Lake have focussed on the deep mineralisation at the Victory project.

By combining this with mineralisation from surface at the EL Deposit, there is potential to significantly reduce up-front capital costs and provide earlier cash flow, hence improved project benefit.

"This is a low-grade deposit and development is dependent on an improved nickel metal price," Smith explained.

"However, it's a big tonnage low-cost mining proposition and the costs of mining in Canada are significantly cheaper when compared to those in Australia."

The Lynn Lake mining centre operated from 1953 until 1976, producing 22.2 million tonnes at one per cent nickel and half a per cent copper at a rate of approximately one million tons per annum.

Lynn Lake is Canada's third largest nickel mining region and, following completion of the Victory project acquisition, will be controlled entirely by Corazon.

"It's a mature mining area, however as supported by recent exploration results, we are confident we will discover more mineralisation at Lynn Lake," Smith said.

Since moving into the Lynn Lake neighbourhood in 2010, Corazon's key target has been the EL Deposit, which was the highest grade mine at Lynn

Lake, producing 1.9 million tonnes at 2.5 per cent nickel and 1.15 per cent copper.

The company's confidence in Lynn Lake was rewarded in 2011, when it discovered a new high-grade sulphide breccia at depth below the EL Mine, which confirmed prospectivity was still part of the of the Lynn Lake field story, despite the camp's extensive past mine life.

The discovery drill hole (XND001W1) intersected:

23.75 metres at 3.34 per cent nickel, 1.54 per cent copper and 0.079 per cent cobalt from 731.25m.

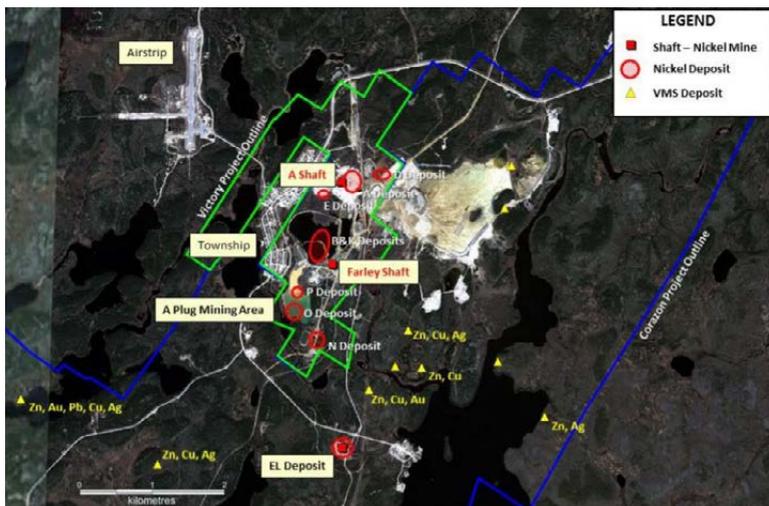
The celebration of the EL Deposit discovery in 2011 was unfortunately short-lived as a global slump in the nickel price dictated a temporary halt to further exploration in 2012.

"We stopped exploring and reviewed what forecasters were saying at the time about the nickel price, which was that by the end of 2015 the nickel price would be improving and the market would be much more positive," Smith said.

It would seem the company's crystal ball was well-tuned with nickel enjoying a strong run last year on the back of the decision taken by the Indonesian Government to ban the export of unprocessed ores.

Although the initial excitement behind the gains weakened somewhat, the recent revival has analysts predicting happy days ahead for the metal.

Corazon has always considered there to be a great deal of potential at the EL Deposit, where the company has identified encouraging mineralisation from surface surrounding the historical mine.



This mineralisation is not included in the current interim Inferred Resource, but is defined by the 'Upper-Zone Exploration Target', which Corazon feels may be exploitable by open-pit mining methods.

The company is convinced this mineralisation is critical to the recommencement of mining at Lynn Lake and has highlighted it as a priority resource definition target.

Defining a new resource, including the most recent drilling, is high on the company's current agenda, which it expects to commence as soon as it can.

The Victory project brings with it a Canadian (NI 43-101) Measured, Indicated and Inferred Resource totalling 17 million tonnes at 0.66 per cent nickel and 0.33 per cent copper, and an alphabet of deposits situated in close proximity to Corazon's EL Deposit.

Exploration and mining/processing studies have been carried out on the Victory project by previous operators, with the N and O deposits situated within the A Plug are considered to host the largest resource potential.

"We hope to generate 10 to 15 years of mine life on the know areas of mineralisation," Smith said.

"We think an active exploration program will extend the mine life estimate a lot further than that."

The Victory project has been the subject of a continuous stream of work by previous owners, including resource and reserve models completed in 2005 and 2007 with the most recent carried out 2009-2010 by Prophecy Resources Corp.

This work was incorporated in a pre-feasibility study during 2007, which predominantly focused on the N and O deposits within the A Plug.

What Corazon now has is a brown-fields project with a Canadian NI-104 Resource it can readily merge with its own Resource and drill-defined mineralisation to achieve JORC-2012 compliance.

With all that work already under its belt the company is poised to commence the necessary Scoping Study work.

"Our aim is to have the Resource work completed by early 2015, and have a good understanding of past mining and processing studies," Smith continued.

"Modern development work has been carried out – a pre-feasibility study completed in 2007- 2008 - which means it should be a matter of picking that up, dusting it off and bringing it up to the required level."

The combined project stands up as a significant asset.

Corazon is targeting plus 150,000 tonnes of nickel metal, plus copper and cobalt credits, so in terms of size, it is quite substantial.

"The time line for bringing this into production is a lot shorter than if we had to develop a greenfield discovery," Smith said.

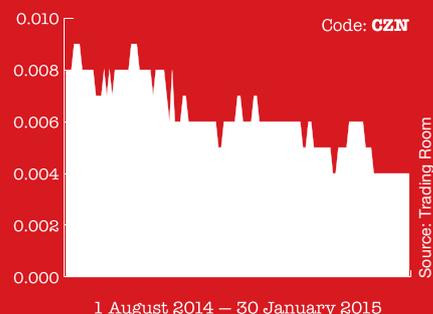
"We have created a company with a significant resource with potential for a long-life mining operation in an environment where the experts are forecasting very positive things for the nickel metal price.

"Our timing is right as the economic conditions throughout the world, particularly in Canada, means we can stretch our dollar a lot further.

"Basically we think we have got a significant resource in a very good mining environment in a premier Canadian mining province." 

The Short Story

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DIRECTORS and MANAGEMENT

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MAJOR SHAREHOLDERS

Top 20	23.8%
Board	3.5%
Graeme Wallis	3.2%

SHARES ON ISSUE

401.6 million

MARKET CAPITALISATION

\$1.6 million (at 2/2/2015)