



Corazon Mining (ASX: CZN)

Two World Class Arrows in Corazon's Bow

Underpinned by a large-scale nickel sulphide project and one of the best development opportunities in the cobalt space, Corazon Mining may have two company changing projects on its hands.

CORAZON MINING (ASX: CZN) ISN'T adopting a plan A and plan B approach to developing the two projects—it is more akin to having two plan As.

The projects are the Lynn Lake nickel sulphide project in Manitoba Province, Canada, and the Mt Gilmore cobalt project in northern New South Wales.

Lynn Lake has long been a core focus for Corazon, but the Mt Gilmore cobalt opportunity is an immediate priority.

"Mt Gilmore is more a pure play cobalt sulphide asset, while Lynn Lake is potentially a large-scale nickel sulphide dominant project, with copper and cobalt within the system," Corazon Mining managing director Brett Smith told *The Resources Roadhouse*.

"Followers of the company would know, we have invested significant time and resources into Lynn Lake, it's a big project with lots of up-side.

"Both are potentially significant development assets in their own right, but right now Mt Gilmore is the focus."

Corazon is in the enviable position of having a potentially globally significant, high-grade cobalt development asset at a time when once-in-a-lifetime demand forces propel the cobalt market.

Driven by a forecast shift to new battery technologies as a first-choice power source, cobalt—a core component of next generation lithium-ion batteries—has morphed from an unheralded, niche metal to a key, global demand-driven commodity in just 12 months.

The LME price of cobalt increased by more than 100 per cent, from



US\$24,000 per tonne in July 2016 to currently around US\$60,000 per tonne.

Commodity research house CRU forecasts total global annual demand to rise from current levels of around 60,000 tonnes to approximately 130,000 tonnes by 2020.

On the supply side, currently 50 to 60 per cent of global cobalt production comes from the Democratic Republic of Congo (the majority shipped to China), which experiences supply side disruptions and sovereign risk.

Given the new-technology battery industry's want for clean supply chains, end-users are increasingly seeking new and sustainable sources of cobalt supply.

Around 50 per cent of current global cobalt production is by-product of nickel operations, with just six per cent of production derived from primary cobalt projects, such as Mt Gilmore.

Corazon acquired Mt Gilmore, in June 2016 and has rapidly progressed the project.

It owns a 51 per cent interest in the project with an exclusive right to earn

up to 80 per cent.

The priority target is the Cobalt Ridge deposit.

"Cobalt Ridge is one of the highest grade cobalt deposits to be defined in Australia," Smith said.

"As a cobalt dominant sulphide deposit it easily distinguishes itself from other cobalt hopefuls, which are re-badged nickel laterite or copper assets."

A maiden 18 hole drill program targeting Cobalt Ridge, completed in 2016, validated the extent of existing cobalt-copper-gold mineralisation and confirmed multiple zones of cobalt sulphide mineralisation.

Mineralisation remains open along strike to the west and at depth.

Average cobalt grades in this drilling were between 0.23 per cent and 0.65 per cent cobalt, with a best individual one metre assay of 2.79 per cent cobalt and multiple higher grade zones of up to 1.48 per cent cobalt.

First phase metallurgical testwork, completed in the first quarter this year, delivered exceptional results, highlighting the project's commercial development potential.

Initial flotation testing delivered cobalt recoveries of 92.2 per cent (89% copper and 75.5% gold) in a total concentrate with 11.1 per cent mass recovery, and produced a cobalt concentrate of 7.38 per cent cobalt (1.29% copper and 4.1g/t gold).

Optimisation is anticipated to achieve even stronger results, with potential for higher grade cobalt concentrate of 12.2 per cent to be produced from just 1.31 per cent of the initial feed mass—translating to reductions in CAPEX and OPEX for any future mining operation at Mt Gilmore.

Corazon is preparing the next stage of field work at Mt Gilmore to target new zones of cobalt mineralisation discovered at Cobalt Ridge.

The next phase of drilling will have dual priorities of defining a maiden Resource and identifying new zones of cobalt mineralisation—drilling to date has tested only 200m of strike, highlighting the project's discovery potential.

“We are delighted with the rate of progress and results achieved to date at Mt Gilmore,” Smith said.

“Our end goal is to produce a quality cobalt product for use in the rechargeable battery sector, and investigate opportunities to supply other high value cobalt products, and the outcomes of the next phase of work will start to bring this goal into a clearer focus.”

A cursory look at TSX-listed e-Cobalt Solutions (TSX: ECS), whose Idaho project appears similar to Cobalt Ridge, helps provide context as to the potential of Mt Gilmore.

With the benefit of a mineral resource and a Preliminary Economic Assessment study outlining the economic viability of the Idaho Project, e-Cobalt has a market capitalisation of \$158 million—Corazon's is currently less than \$20 million.

While the company's current focus is on its Australian cobalt asset,

the Lynn Lake project remains the elephant in the room for Corazon.

Lynn Lake is one of Canada's largest nickel producing regions, having mined in the order of 22.2 million tons at one per cent nickel and 0.5 per cent copper between 1953 and 1976, when mining ceased due to depressed nickel prices.

Corazon acquired Lynn Lake in 2010, and in 2015 consolidated the entire Lynn Lake nickel field under its ownership—the first time this world scale nickel belt has been controlled by one company.

The company is targeting new, large Lynn Lake-style nickel sulphide discoveries within the project area and its key area of focus is the Fraser Lake Complex, 5kms south of the Lynn Lake mining centre.

Corazon completed extensive geophysical and geochemical targeting work, consisting three phases of drilling at Fraser Lake in 2017, resulting in the discovery of a large magmatic sulphide system with the potential to host nickel-copper sulphide deposits.

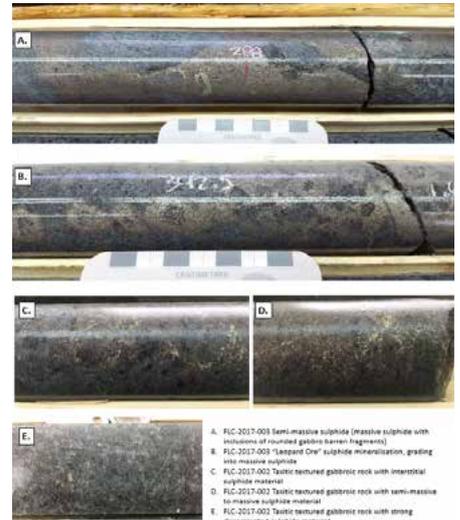
“There is little doubt we are in a large mineralised sulphide system at the Fraser Lake Complex,” Smith said.

“Our priority target is a large Induced Polarization chargeability anomaly of more than 1.7 kilometres in length, called the Matrix Trend.

“All holes in the Phase 3 drilling were extensively mineralised for the entire length-of-hole and nickel and copper-bearing sulphides are observed throughout the drill core, and we continue to intersect Lynn Lake-mine grade mineralisation in drilling, but we are yet to drill that ‘new discovery’ hole—so the work goes on.”

The next step at Lynn Lake is to analyse all exploration results and plan for the next field season.

“A key part of the prioritising between both projects is driven by seasonal considerations which broadly speaking sees us on the ground at



Lynn Lake in the northern winter months when the surface is firmer due to the frozen nature of the landscape, and then move focus back to the cobalt at Mt Gilmore as is currently happening,” Smith explained.

With the quality of assets in the Corazon portfolio, the potential rewards for the company and its shareholders are significant, and continue to make Corazon a stock that is keenly followed. 🏠

The Short Story

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