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CORONA COMPLETES POSITIVE SCOPING STUDY AT THE SPARGOS REWARD GOLD PROJECT

Highlights:

- Corona completes a Scoping Study at Spargos Reward, showing positive results.
- Study focused on resources adjacent to and beneath historical Spargos Reward underground mine and existing open cut down to a depth of 110m below surface.

Corona Minerals Pty Ltd, a subsidiary of Corona Resources Ltd (Corona), manager of the Spargos Reward Gold joint venture with partner Mithril Resources Ltd, (Mithril) have completed a Scoping Study for mining the near surface part of the resources previously reported at Spargos Reward ("Spargos", "the Project") where the mineral resource is estimated to contain 1,010,000 tonnes @ 3.9 g/t Au for 126,000 ounces of gold (Mithril ASX release dated 23/05/2017), located entirely within M15/1828.

SCOPING STUDY - CAUTIONARY STATEMENTS

The Scoping Study referred to in this announcement has been undertaken to investigate the order of magnitude of the potential viability of mining the Mineral Resources. It is a preliminary technical and economic study of the potential viability of the Spargos Project and is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Corona will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The Scoping Study was based on material assumptions including assumptions about the availability of funding. While Corona considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, funding in the order of up to \$3.2 million will likely be required. Investors should note that there is no certainty that these funds will be able to be raised when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Corona's existing shares.

It is also possible that other 'value realisation' strategies such as a sale, partial sale or joint venture of the project could be pursued. If that occurs, this could materially reduce Corona's proportionate ownership of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Key components of the Study and the Material Assumptions used in the Study are contained within this announcement. Information includes preliminary pit optimisations, estimated mine production, metallurgical recoveries from historical mining results and costs based on comparison with similar operations and estimates provided by mining and engineering contractors. The basis of all Material Assumptions is presented in the following section.

STUDY SUMMARY

The Spargos Scoping Study assumes a conventional truck and excavator operation mining an open cut pit to a depth of 110m, a gold price of \$AUD 1,700, with trucking to and processing by traditional CIP circuit at one of the nearby treatment facilities.

Geotechnical parameters used for the conceptual pit design are based in part on observations made on the existing small open cut combined with initial parameters used elsewhere in the Goldfields.

The major cost estimates used are based on current industry costs where applicable, indicative quotes from trucking contractors, mining contractors, processing facilities, accommodation and hire companies.

The mill recovery estimate used is the mid-range of results reported historically.

Table 1 - Scoping Study Outcomes Summary

Proportion of Indicated Resource within conceptual	%	73
Proportion of Inferred Resource within conceptual	%	27
Study accuracy	%	+/-30
Pre-production period	months	24
Operations period	months	15
Depth mined	m	110
Total tonnes	tonnes	4,065,020
Waste tonnes	tonnes	3,728,083
Mined mineralisation tonnes (after dilution and loss)	tonnes	336,937
Mined mineralisation grade (after dilution and loss)	g/t	3.34
Strip ratio		12.9:1
Estimated mined ounces (after dilution and loss)	oz	36,127
Mill Recovery	%	88%
Estimated recovered ounces	oz	31,792

The Directors of Corona are experienced mining operators as all were previous directors of Herald Resources Ltd. which discovered, mined and processed gold in the Coolgardie region.

Based on the summary shown in Table 1, the Scoping Study has shown a positive result, which Corona believes justifies advancing the project to a Pre-feasibility Study.

MATERIAL ASUMPTIONS

Resources

This study is based on the resources summarised in Table 2 (see Mithril Resources Limited ASX release dated 23/05/2017) which were generated from a Lerch-Grossmann shell using a gold price of \$1550/oz Au and realistic processing and mining costs. Subsequent remodelling of the mineralisation above 300RL at \$1,700/oz Au captured an additional 75,000 tonnes @ 3.2g/t Au for 7,800 oz. This additional material is classified as Inferred (Table 3).

Table 2: Spargos Reward May 2017 Resource Estimate(JORC Code 2012) ⁽¹⁾

	Classification	Ktonnes	Au (g/t)	Contained Ounces Gold
Resource above 300RL (1 g/t Au cut off)	Indicated	219	4.1	29,000
	Inferred	24	4	3,000
Resource below 300m RL (2 g/t Au cut off)	Indicated	406	4.2	55,000
	Inferred	361	3	39,000
Total Resource	Indicated	625	4.2	84,000
	Inferred	385	3	42,000
	Total	1,010	3.9	126,000

(1) Refer to Mithril Resources Limited ASX release dated 23/05/2017 for further information.

Table 3: Spargos Reward Resource Estimate - \$1,700 Pit Shell above 300RL

	Classification	Ktonnes	Au (g/t)	Contained Ounces Gold
Resource above 300RL (1 g/t Au cut off)	Indicated	219	4.1	29,000
	Inferred	99	3.4	10,800
	Total	318	3.9	39,800

The Resources captured by the \$1,700 pit shell are classified as 73% Indicated and 27% Inferred.

Production

Production from the conceptual pit is estimated to total 336,937 tonnes at 3.34 g/t Au after allowing for dilution and loss during the mining process.

No additional Exploration Targets were considered in the Study.

The conceptual mining and processing timeline covers a 15 month period which includes pre-mining mobilisation and closure and is estimated to produce 31,792 oz Au assuming a recovery of 88%.

The overall strip ratio is estimated to be 12.9:1 (waste: ore).

CAUTIONARY STATEMENT

Investors are cautioned that there is a low level of geological confidence in Inferred Resources and there is no certainty that further drilling will result in the determination of Measured or Indicated Resources or that the Production Target will be realised.

Study Review

- The study including capital estimates, mining, haulage and processing costs has been completed to an accuracy of +/-30% and has been undertaken solely on open pit mining based on the existing Indicated and Inferred resources defined at Spargos Reward.
- Mr Phil Jones (“Jones”) an associate of Al Maynard & Associates provided preliminary open pit mine designs. The work was undertaken on data collated by Corona and generated an open pit optimisation study based on the Spargos Reward Indicated and Inferred Resources (Table 2, Mithril ASX release dated 23/05/2017).
A subsequent conceptual design based on a \$1,700oz gold price was adopted for the study. This resulted in an increase in the Inferred Resource existing above 300RL compared to the initial \$1,550 resource statement (Table 2).
- Processing costs were provided by a nearby toll treatment mill and high level mining costs were provided by MACA based on their recent experience in the district.
- Haulage and rehabilitation costs were provided by local contractors.
- Staffing levels and costs were generated based on previous experience, similar operations and public salary and contractor costs and salary information.
- The financial model has been completed as a nominal model by Corona. The financial analysis was used to determine the potential economic return of the project over the Life-Of-Mine and has not been reported due to the level of accuracy of this study.
- Sensitivity analysis of key inputs shows that the project is most sensitive to changes in the price of gold. Corona believes this risk can be managed through forward selling a portion of production at the time a decision to mine is made.

Gold Price

- The Study has used a base-case gold price of AUS\$1,700.
- The average gold price in the month prior to the issuing of this announcement was above AUS\$ 1,700 (Figure 1).

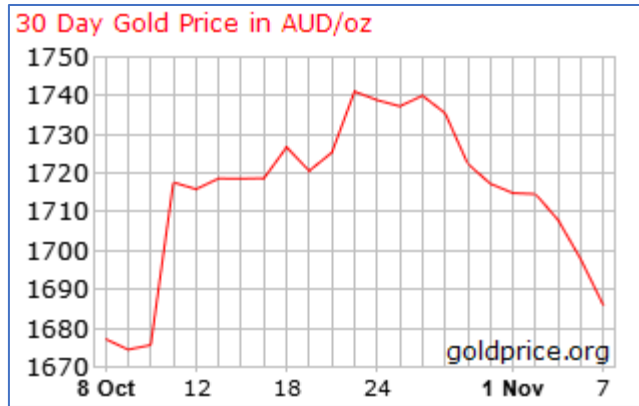


Figure 1: AUD\$ Gold Price 8 October – November 7 2018 (Source: goldprice.org)

Mining Costs

- High level mining costs have been provided by MACA.
- For the purposes of this study, all material anticipated to be mined is assumed to be fresh and the total cost per tonne used was \$10.15.

Processing Cost

- The processing cost applied is based on an indicative price provided by a nearby toll treatment processor and excludes transport costs from the mine to the plant, which have been accounted for separately.
- No external review of historical processing results has been undertaken.
- No contractual arrangements have been entered into with any processing facility.

Geotechnical

- The parameters used for pit slop design (Table 4) were based on the observation that the current pit at Spargos Reward is 20m deep with 80 degree batter angles from surface to the bottom of the pit combined with industry standards.
For the purposes of this study, all material proposed to be mined has been assumed to be fresh from 20m depth due to Inconsistent historical logging practices.

Table 4: Pit Slope Design Parameters

	Unit	Oxide	Fresh
Bench	m	20	20
Batter	Degrees	60	75
Berm width	m	10	5

Pit Optimisations

- Lerch-Grossmann pit optimisation shells were developed based on the mining and processing cost assumptions. A pit shell based on a gold price of AUS\$1,700/oz was selected for evaluation by this Scoping Study.
- 20% mining dilution and 5% ore loss factors were applied.

Infrastructure

- The operation is located on Crown land in the well-established mining region south of Coolgardie.
- Electrical power for the workshop and administration office will be supplied on site by diesel generators.
- The study has assumed accommodation will be provided by Corona in a nearby township.
- Offices and associated buildings will be hired as required.
- A haul road from the open cut to the waste dump and an access track from the mine site to the Coolgardie – Norseman highway will be required.
- Raw water will be required for dust suppression and is expected to be sourced from pit dewatering and / or bores located nearby.

Operating Cost Estimates

The operating cost estimates cover:

- Administration, contract mining, contract haulage, toll processing and maintenance costs.
- The study assumes all ore will be processed as it mined and that processing capacity will be available to meet this requirement.
- A royalty rate of 5.5% has been applied (2.5% State Government + 3% other parties).
- The operating costs have been prepared to a scoping study level and are presented in Australian Dollars (AUD) to an accuracy of +/- 30% as at Quarter 2 2018 (Q2 2018).

Operating costs have been estimated utilizing a variety of sources including:

- First principle estimates.
- Quotations and budget estimates from external suppliers of goods and services.
- Maintenance costs and mobile equipment requirements estimated by a reputable Mining Contractor on the basis of similar operations.
- Internal Corona advice.
- Published and unpublished costs from similar sized West Australian operations.

Environmental

- Open pit mining and impoundment of tailings was undertaken historically on the site; the tailings remain and have not been rehabilitated. Sulphidic waste material mined will be specifically placed and encapsulated within the general waste dump. Extra mining costs and equipment have been included to facilitate this.

- No baseline environmental studies have been completed for the immediate environs of the site. It is anticipated that the proposed mining activity will require baseline studies as part of the approval to mine permitting process.
- Corona does not foresee any obvious detrimental environmental issues based on studies undertaken in the vicinity of the proposed mine.

Social

- Key stakeholders include the State of Western Australia Government, local Coolgardie Shire and the Woolibar pastoral lease. The Marlinyu Ghoorlie aboriginal native title claimant group has made a recent claim over a large piece of the Goldfields, and the proposed works the subject of this Scoping Study are within the claimant boundary. At this stage the claim has not been accepted for registration. No allowance has been made for the cost of operating if the claim is registered.
- Mining lease 15/1828 is partially located over a pastoral lease however the area of the proposed operations is outside that pastoral lease.

Proposed Future Work

Corona, on behalf of the Joint Venture has submitted a work programme to the WA Department of Minerals and Energy with the intention of increasing the accuracy and supply new data which can be used for a pre-feasibility study.

This will include infill drilling the resource used in the study, testing for extensions and parallel lodes and geotechnical work to more accurately design an optimal pit plus metallurgical work to confirm or not the assumptions used for sulphides waste disposal, tails storage and Au recoveries. This study has assumed all required permits are granted in a timely manner, that no major environmental issue is encountered, that funding is available, that the resource is accurate, and suitable custom milling capacity will be available when required. There are many other risks that will be more clearly defined as the project advances to the next round of study.

Competent Persons' Statements

The information contained in this announcement that relates to the Scoping Study is based on information compiled or reviewed by Mr. Ian Blucher MAppSc (Geol), MAusIMM who is a member of The Australasian Institute of Mining and Metallurgy and is a consultant exploration geologist for the company. Mr Blucher has reviewed the Report to which this Consent Statement applies and verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears.

Mr. Blucher, a full time employee of Blucher Geological Services, has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Blucher consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this document that relates to mineral resource estimates is based on information compiled by Mr Phil Jones BAppSc (App Geol), MAIG, MAusIMM, a Competent Person who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Jones is an associate of AI Maynard and Associates. Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

Certain statements contained in this announcement, including information as to the future financial or operating performance of Corona and its projects are forward-looking statements that:

- May include, among other things, statements regarding targets, estimates and assumptions in respect of mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions;
- Are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Corona, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies, and
- Involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.