

On the Road to Mining in

México

ASX Code: **AZS**



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Tony Rovira – Managing Director

DISCLAIMER

Competent Person Statements:

The information in this report that relates to Exploration Results, Metallurgical Results and Mineral Resources, was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, and is based on information compiled by Mr Tony Rovira who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Rovira has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rovira is a full time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information that relates to Metallurgical Results at Cascada was previously reported to the ASX on 14th May 2014. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects the information or supporting documentation included in the previous announcement, and that all material assumptions and technical parameters underpinning the results in the previous announcement continue to apply and have not materially changed.

Copper Equivalency Statement:

Copper Equivalent (CuEq) was based on the following assumed metal prices that were guided by the three year averages at the data cut-off date: US\$3.25/lb for Cu, US\$1,450/oz for Au and US\$27.50/oz for Ag.

The CuEq grade accounts for the following metal recoveries, which were based on metallurgical testwork completed on the adjacent Promontorio deposit by independent metallurgical laboratories AMDEL and Ammtec, under the supervision of Coffey Mining Pty Ltd: 97.9% for Cu, 93.4% for Au, and 97.0% for Ag.

It is Azure's belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered.

The following formula was used to calculate the Copper Equivalent grade: $\text{CuEq (\%)} = (\text{Cu\%} \times 0.979) + (\text{Au (g/t)} \times 0.6077) + (\text{Ag (g/t)} \times 0.0120)$

CORPORATE OVERVIEW

Key Statistics

ASX Code	AZS
Share Price	\$0.035
Shares	779 m
Options	71 m
Market Capitalisation	\$27.3 m
Cash	\$1 m

Share Price Chart



Board & Management

Chairman	Peter Ingram
Managing Director	Tony Rovira
Chief Financial Officer	Brett Dickson
Non-Executive Director	Wolf Martinick

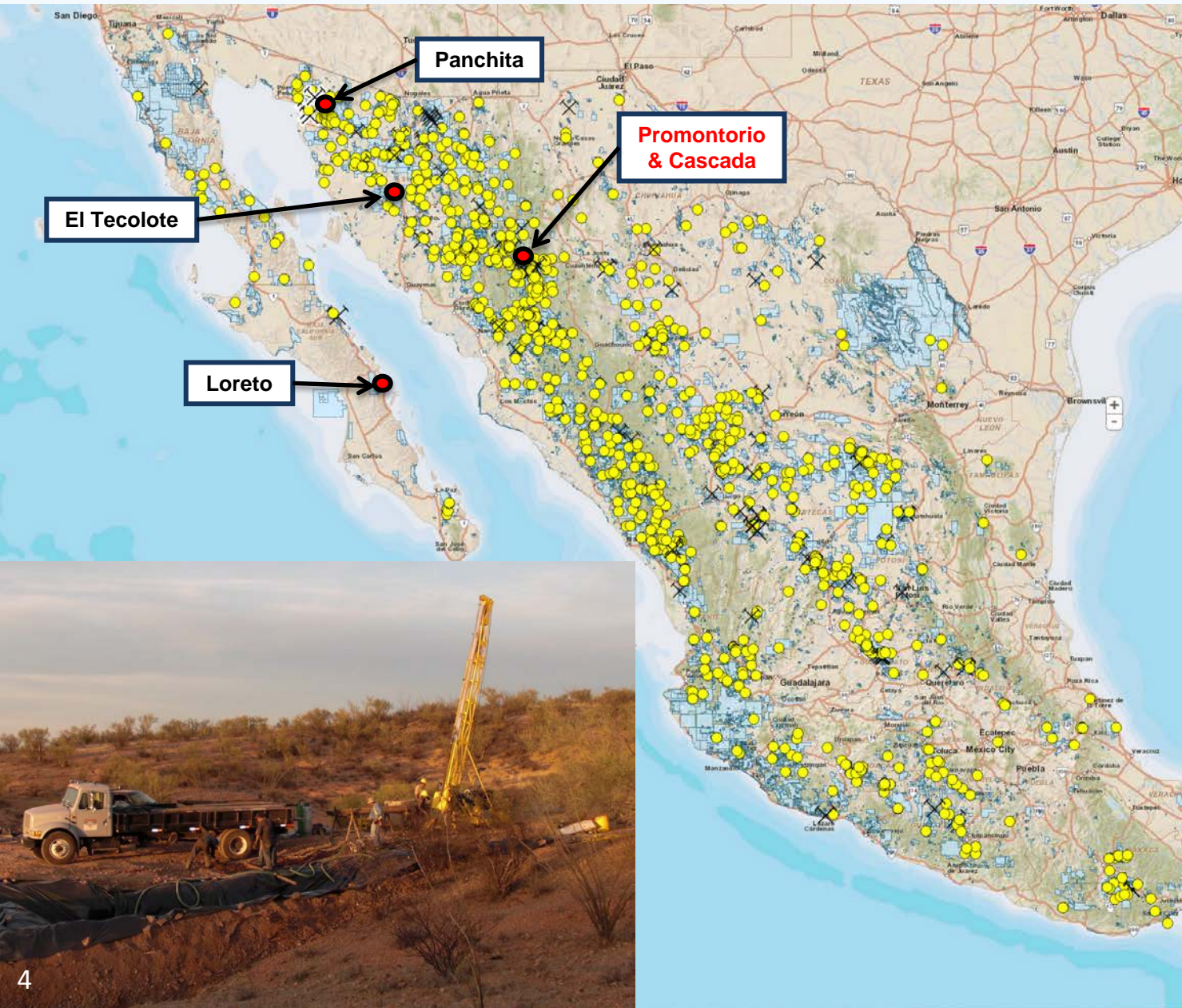
Shareholders

Drake Private Investments	12.0%
Yandal Investments	3.7%
Directors	1.3%
Top 40 Shareholders	41.6%

WHY MEXICO?

- › A mineral-rich, democratically governed country with 500 years of mining history
- › Very low sovereign risk (ranked #4 in the world for favourable mining investment*)
- › Major producer of copper, gold, silver, lead, zinc & molybdenum
- › Favourable Mining Act – 50 year mineral concession
- › Close proximity to North American end user market
- › Highly skilled and experienced local workforce
- › **Azure team has significant experience in Mexico, with Azure highly regarded in-country**

MINING IN MEXICO



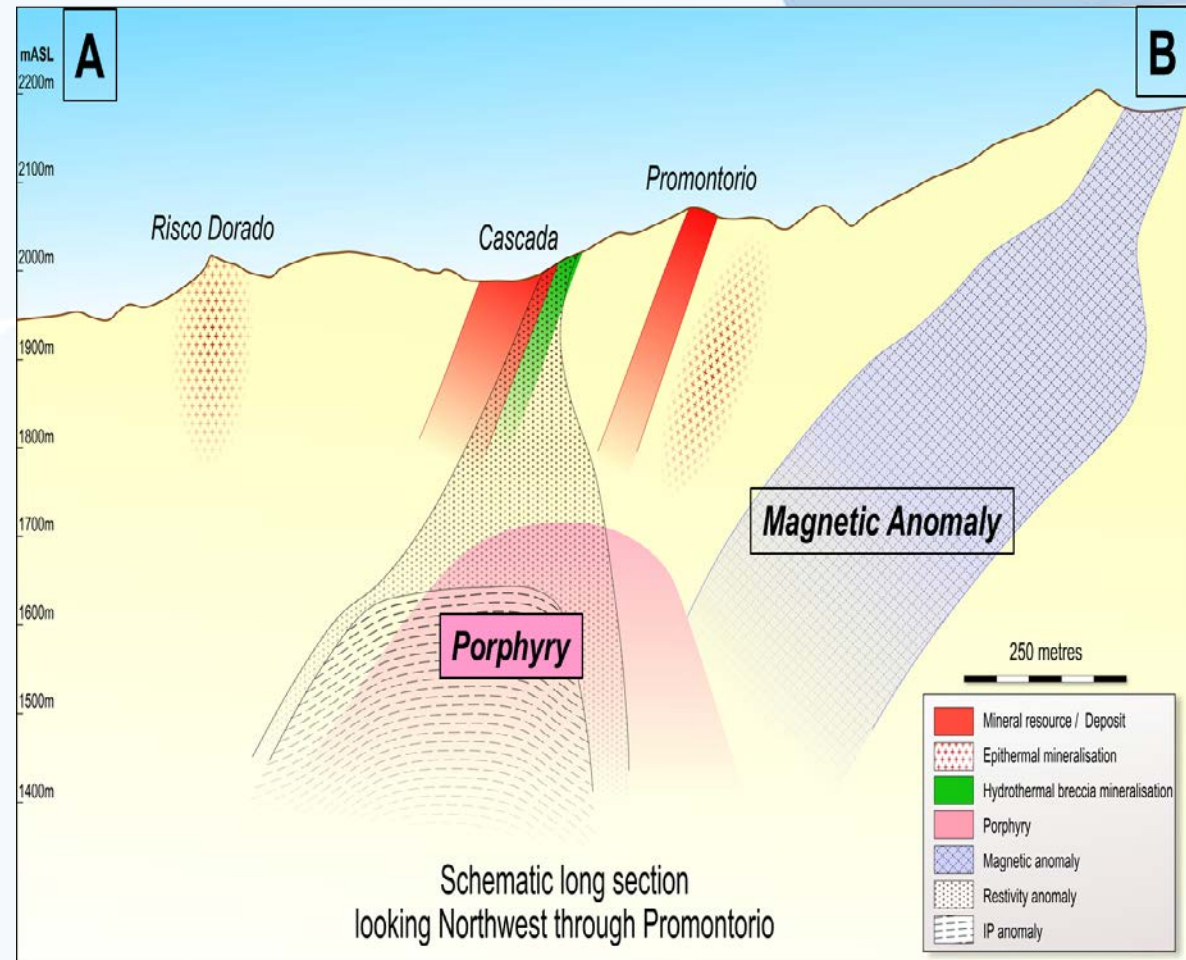
PROMONTORIO PROJECT - *Azure's flagship project*

- › Near-surface, high grade copper-gold-silver deposits, hosting three different styles of mineralisation:

- › High sulphidation epithermal
- › Hydrothermal breccia
- › Porphyry copper

Three identified areas of mineralisation over 10,000km² project area:

- › **Promontorio Deposit:** Advanced stage, high grade copper-gold-silver deposit with JORC Mineral Resource and positive PFS completed in 2012
- › **Cascada Deposit:** High grade copper-gold-silver deposit with very strong upside size potential
- › **Porphyry:** Newly discovered copper-bearing porphyry beneath Cascada & Promontorio



PROMONTORIO PROJECT

- › Pre Feasibility Study in 2012 returned strong technical and economic results
- › Concentrate grading ~40% Copper via selective underground mine and conventional flotation process

JORC Mineral Resource ⁽¹⁾ (@0.5% Cu Eq cut off)

	Tonnes	CuEq ⁽²⁾ (%)	Cu (%)	Au (g/t)	Ag (g/t)
Indicated	610,000	4.4	2.7	1.7	56
Inferred	230,000	3.3	1.8	1.5	56
TOTAL	840,000	4.1	2.5	1.6	56

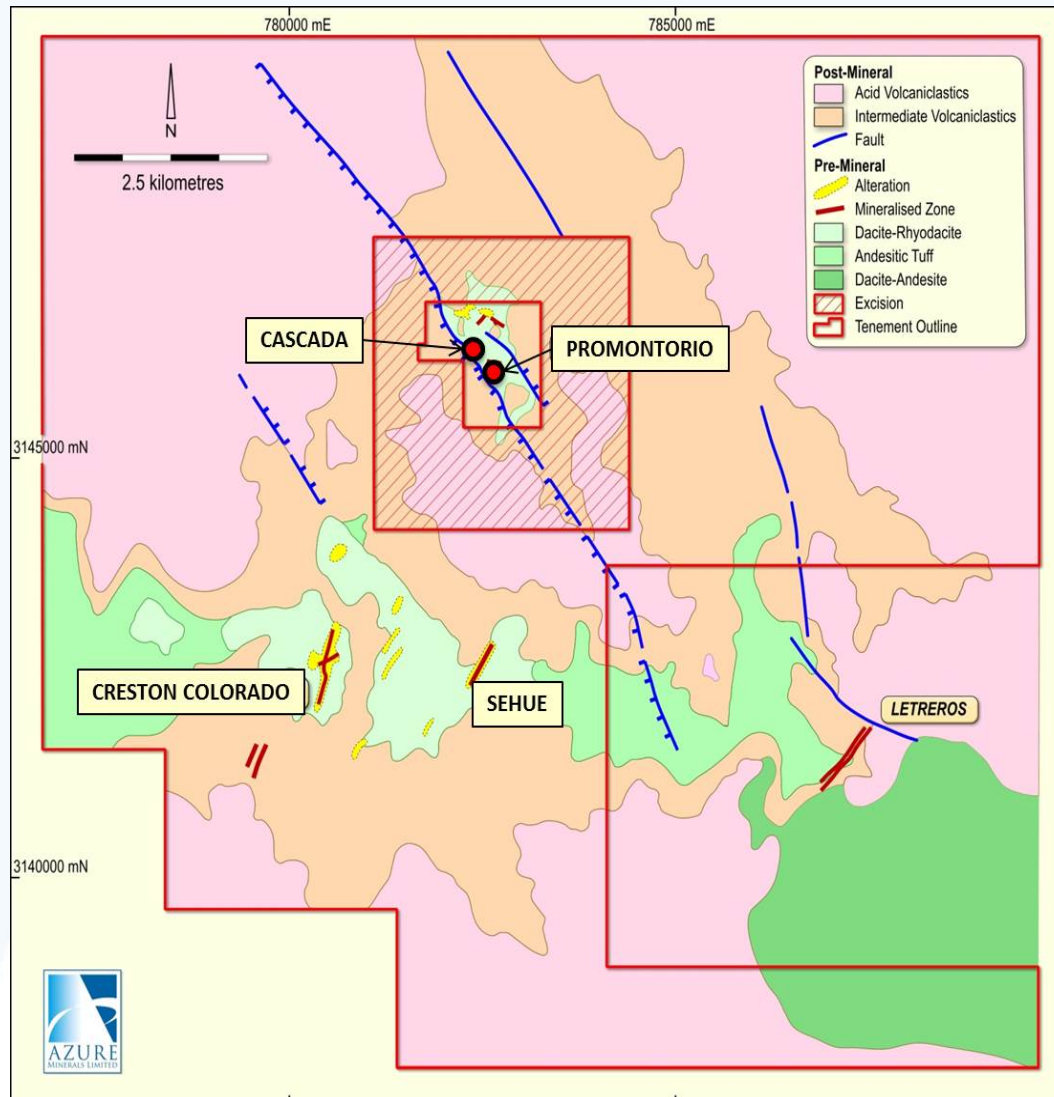
Strong Metallurgical Test work Results

	Copper		Gold		Silver	
	Grade (%)	Recovery (%)	Grade (ppm)	Recovery (%)	Grade (ppm)	Recovery (%)
Concentrate	39.5	94	9.6	54	773	88

(1) Details of the resources classification and estimation methodologies are contained in Azure's ASX announcement, released on 10th May 2013

(2) See Appendix for Copper Equivalency (CuEq) Statement

PROMONTORIO DEPOSIT



Selective underground mining of high grade copper veins at Promontorio

RIO TINTO EARN-IN & JOINT VENTURE

Validation of Promontorio

- › Landmark Earn-in and Joint Venture Agreement with Kennecott Exploration Company, a subsidiary of Rio Tinto Group Plc
- › Agreement will allow for accelerated development over entire Promontorio project
- › Azure retains the right to continue own exploration activity at Cascada
- › Rio Tinto's interest highlights significant potential for Promontorio to host very large, high grade copper deposits (targeting 1 million tonnes Cu Eq)
- › Azure to be Project Operator, with technical assistance from Rio/Kennecott
- › Total value to Azure of Earn-in and Joint Venture Agreement – up to **US\$95 million**
- › ***Largest deal with a junior explorer for Rio Tinto in North and South America***

RIO TINTO EARN-IN & JOINT VENTURE

Key Terms

Stage 1

- › Rio to fund \$2m exploration at Promontorio within first 12 months
 - › Minimum 1,000 m diamond drilling
 - › \$1m to be spent on deep-seeking geophysical surveys including aeromagnetics (IP & MT surveys)
- › Azure to receive initial non-refundable payment of \$250,000

Stage 2

- › Rio holds right to earn 51% interest in Promontorio by spending a further US\$18 million within 6 years
- › At end of this period, formal Joint Venture created
- › Kennecott will credit Azure's JV account with 5 x Azure's total exploration and acquisition expenditure at that date. (US\$10m to date = minimum US\$50m credit)

Stage 3

- › Rio holds right to earn a further 29% (for total 80% interest) by spending another \$25m over following 6 years
- › At 80:20, Azure does not contribute until Rio has spent **US\$245m**

CASCADA DEPOSIT – *Unrealised Potential*

- › High grade, near surface, open-ended epithermal copper-gold-silver deposit
- › Located 200m from Promontorio Deposit
- › Best gold intercept: 153m @ 1.5g/t Au & 114m @ 2.4g/t Au
- › Best copper intercepts: 36m @ 2.9% Cu & 19m @ 6.8% Cu
- › Potential for either bulk-tonnage open pit or selective underground mine
- › Exploration drilling continues to prove extensions, indicating existence of a wide and coherent mineralised zone

CASCADA DEPOSIT – *High grades*

Up to 40m widths averaging 5% Cu, peak grades +40% Cu

DRILL HOLE	HIGH GRADE COPPER ZONE (0.5% Cu cut-off)	GOLD ENVELOPE (0.2g/t Au cut-off)
APR-DD-087	36m @ 2.9% Cu	119m @ 0.7g/t Au
APR-DD-089	19m @ 6.8% Cu	129m @ 0.7g/t Au
APR-DD-090	10m @ 3.3% Cu	90m @ 1.0g/t Au
APR-DD-091	28m @ 4.5% Cu	70m @ 1.8g/t Au
APR-DD-092	14m @ 4.3% Cu	100m @ 1.0g/t Au
APR-DD-093	12m @ 5.2% Cu	114m @ 2.4g/t Au
APR-DD-094	10m @ 3.2% Cu	87m @ 0.9g/t Au
APR-DD-098	19m @ 4.9% Cu	65m @ 0.7g/t Au

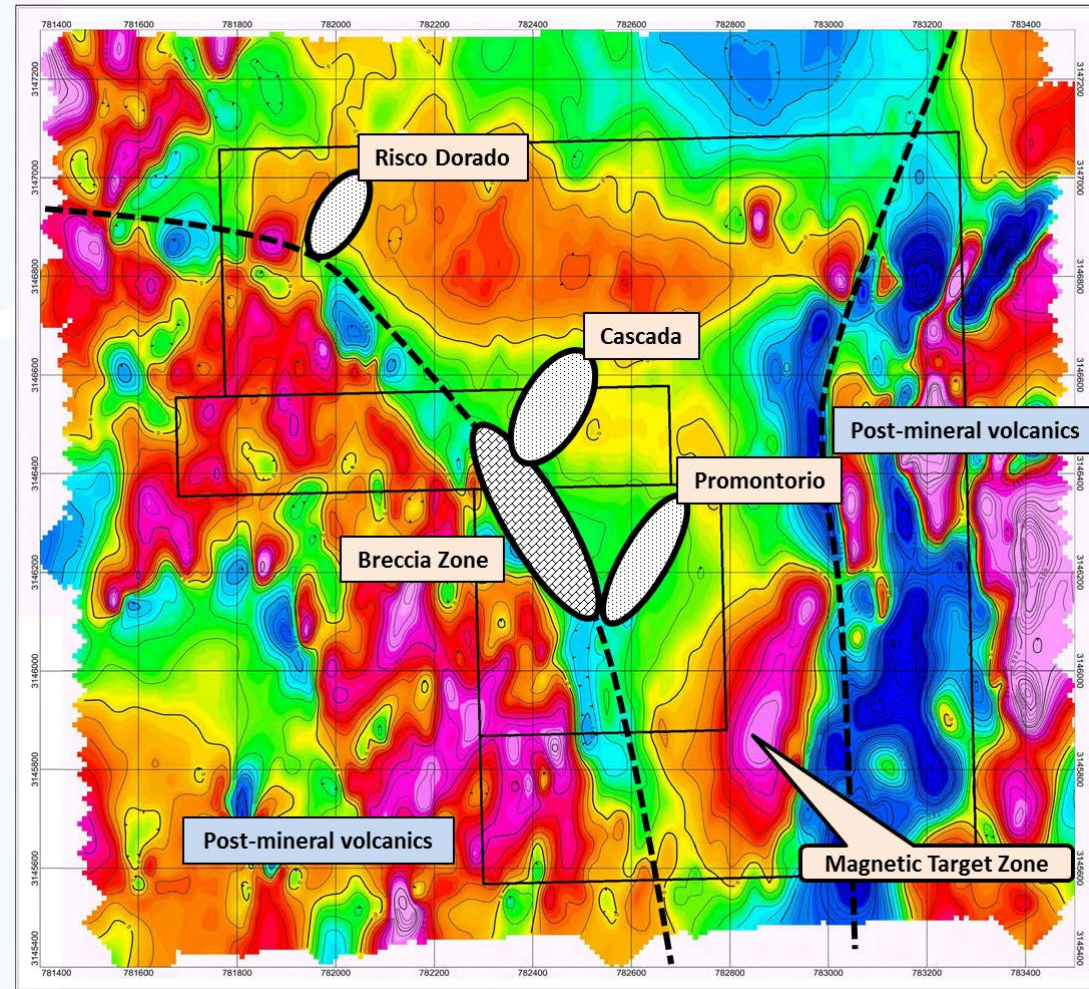
Favourable metallurgy - Excellent results from bulk sample test work

	Copper		Gold		Silver	
	Grade (%)	Recovery (%)	Grade (ppm)	Recovery (%)	Grade (ppm)	Recovery (%)
Concentrate	37.7	93	15.2	75	470	83

EXPLORATION UPSIDE

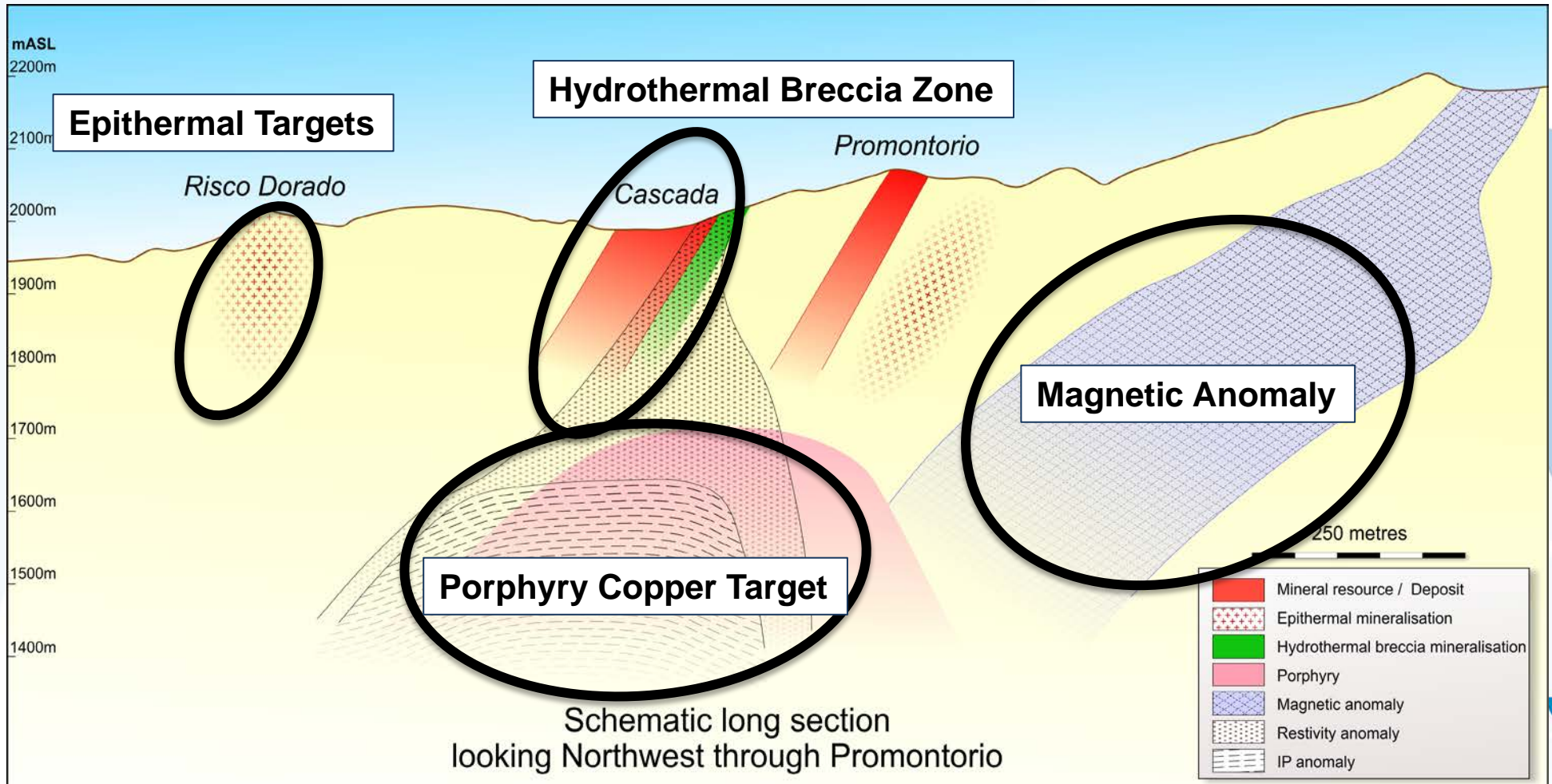
Multiple prospective targets at Promontorio:

- › Porphyry copper mineralisation beneath Cascada
- › Hydrothermal breccia zone adjacent to Cascada
- › Risco Dorado epithermal target
- › Large untested magnetic anomaly

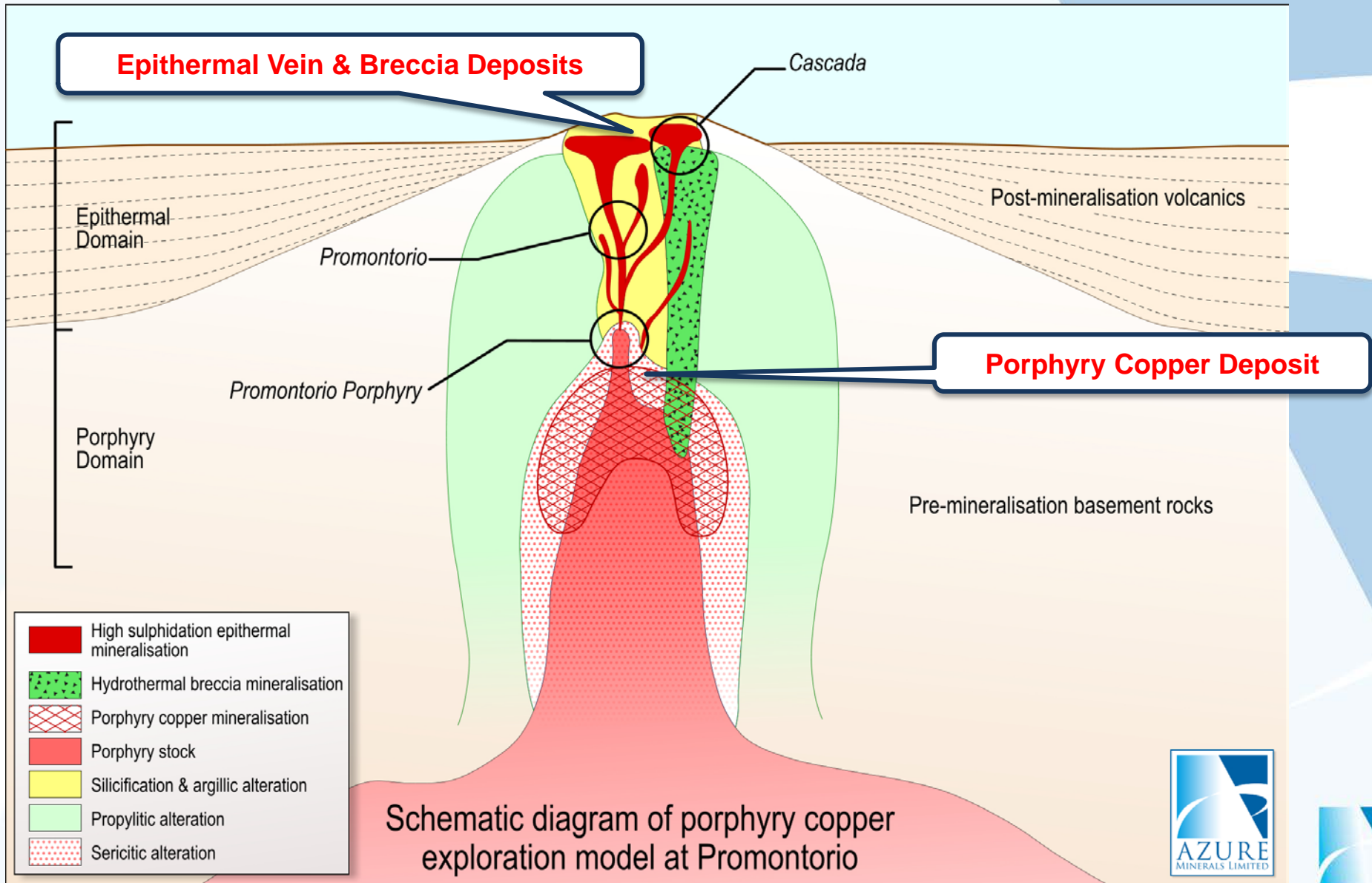


MULTIPLE UNTESTED TARGETS

Promontorio project provides multiple untested targets



EXPLORATION MODEL



PROJECT PIPELINE & MILESTONES

Azure's Immediate work program

Cascada Deposit

Mineral Resource Calculation

Q4 2014

Rio Tinto Earn-in & JV

Promontorio Project

Results from geophysical surveys, mapping & sampling **Early 2015**

Diamond drilling on defined targets **Mid 2015**

Advanced Exploration

El Tecolote – Copper-Zinc
Pozo de Nacho – Molybdenum

Early Stage Exploration

Panchita Prospect – Gold
Loreto Prospect – Copper

New Projects

Evaluating Opportunities

INVESTMENT THESIS

› **Advanced-stage Promontorio Project**

- › Rio/Azure JV highlights quality of project and allows accelerated development
- › High grade, quality asset with multiple development opportunities
- › Full project pipeline, including advanced Cascada deposit

› **Mexico – a great place to be operating**

- › Low sovereign risk, world class mining area with multiple major mines in the district
- › Huge scope for value accretive acquisitions

› **Experience and Reputation of Management**

- › Management has extensive experience operating in-country and a second-to-none reputation with Federal Government , local communities and workforce

› **Near term catalysts for uplift in valuation**

- › Earn-in / Joint Venture
- › Resource definition at Cascada
- › Exploration upside at regional projects



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