

On the Road to Mining in **México**

ASX Code: **AZS**



@AzureMinerals

www.azureminerals.com.au

Tony Rovira – Managing Director
Proactive Luncheon Presentations
Sydney - 10 September 2014
Melbourne – 11 September 2014

Azure Minerals Ltd

Objective

- To become a low cost copper producer in Mexico

Commodity Focus

- Copper (& gold + silver)

Why Mexico?

- A mineral-rich, mining friendly country

CORPORATE OVERVIEW

Key Statistics

ASX Code	AZS
Share Price	\$0.03
Shares	784 m
Options	66 m
Market Capitalisation	\$24 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?

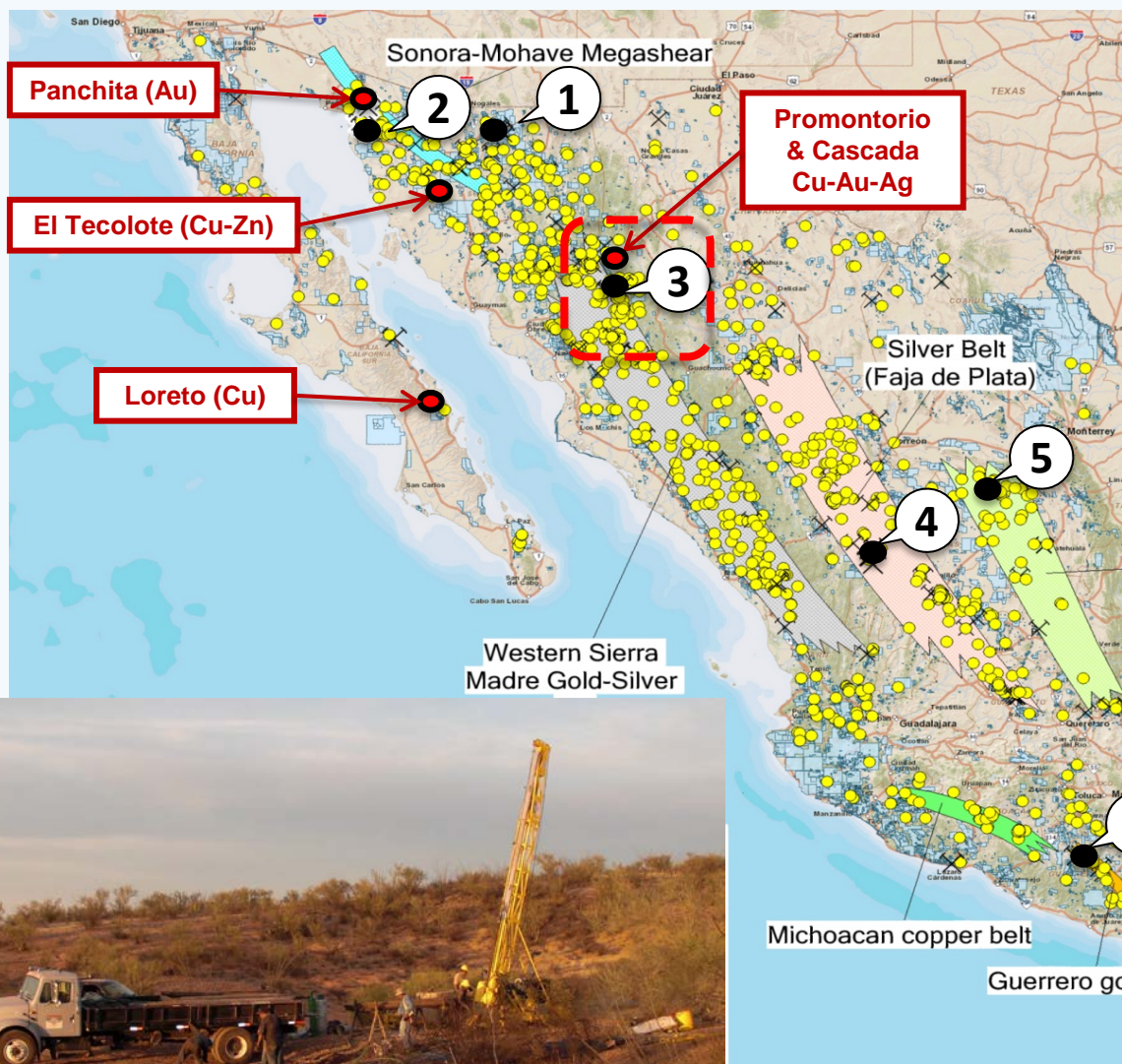
- Mineral-rich, mining friendly country: >500 years mining history
- Strong democratic government with very low sovereign risk (ranked #4 in the world for favourable mining investment*)
- Favourable Mining Act – 50 year mineral concession
- Close proximity to North American end user market
- Highly skilled and experienced local workforce
- **Azure team has significant experience in Mexico, with Azure highly regarded in-country**

WHY MEXICO?

- Top 10 Globally in:
 - Copper, Gold , Silver (#1)
 - Zinc, Lead
 - Molybdenum, Manganese
- 1st World country
 - Member of G20 - 13th Largest Economy in the World
 - Member of NAFTA
 - Modern legal, financial, accounting and taxation systems
- Strategic geographical location next to world's largest economy
- Two ocean access to Asia & Europe



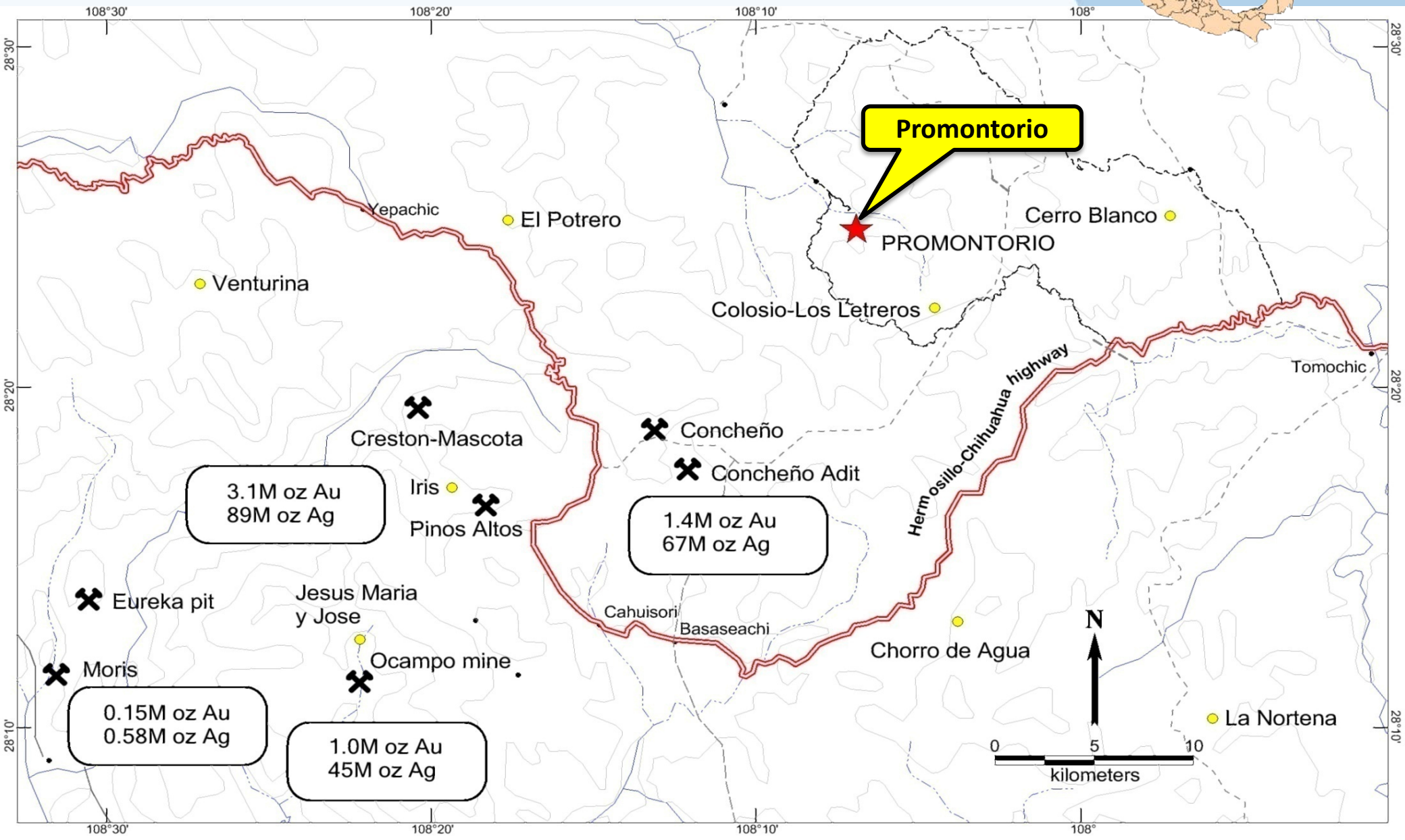
MINING IN MEXICO



WORLD CLASS MINES	2013 PRODUCTION
1: Cananea (Grupo Mexico)	800,000t Cu (1,300,000t Cu in 2017e)
2: La Herradura (Newmont/Peñoles)	400,000oz Au (580,000oz Au in 2014e)
3: Pinos Altos (Agnico Eagle)	220,000oz Au 2,400,000oz Ag
4: Fresnillo (Fresnillo plc)	23,000,000oz Ag
5: Peñasquito (Goldcorp)	400,000oz Au (560,000oz Au in 2014e) (25,000,000oz Ag in 2014e)
6: Los Filos (Goldcorp)	330,000oz Au



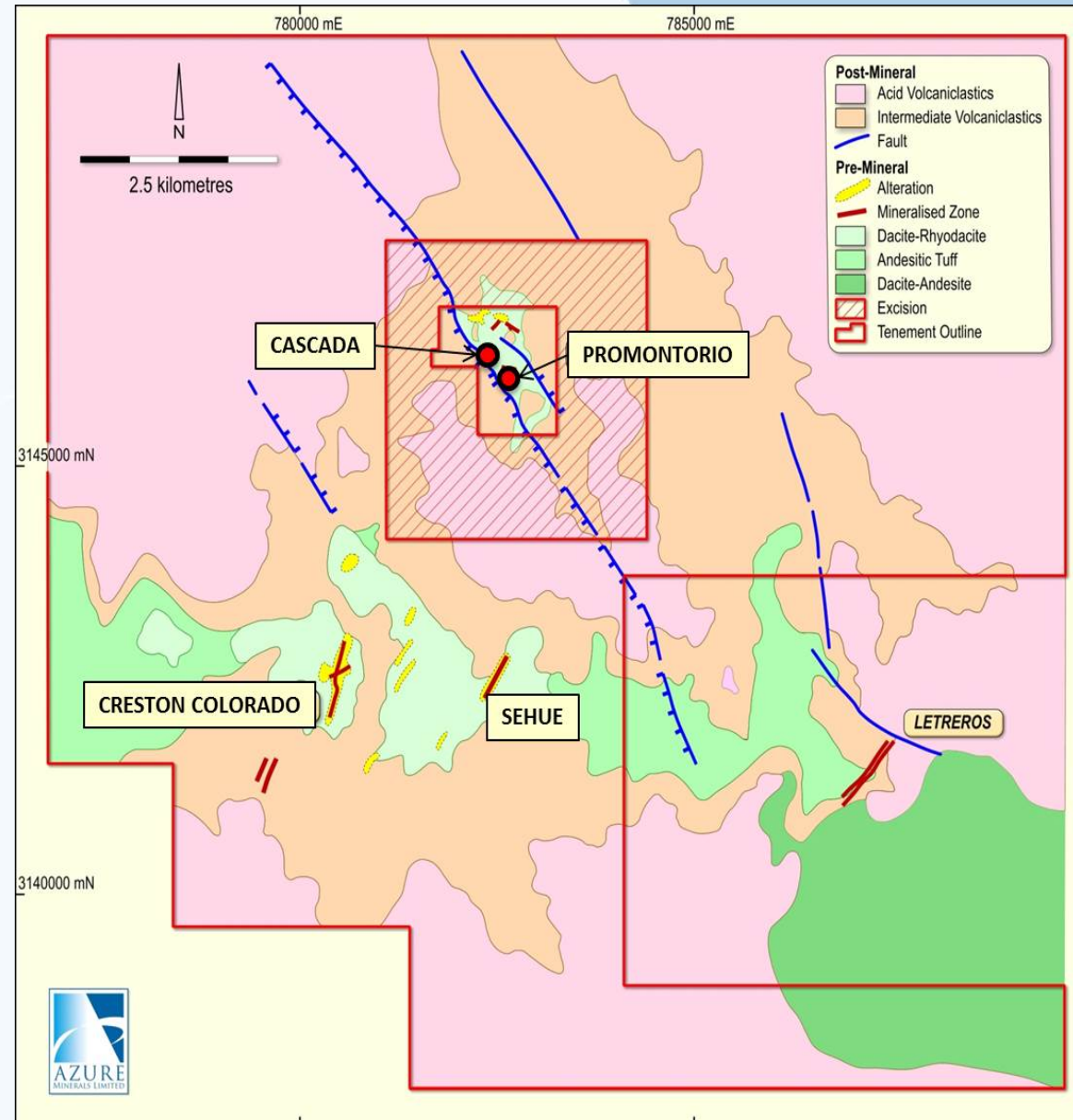
PROMONTORIO LOCATION



PROMONTORIO - Regional Geology

Three styles of mineralisation identified over 10,000km² project area

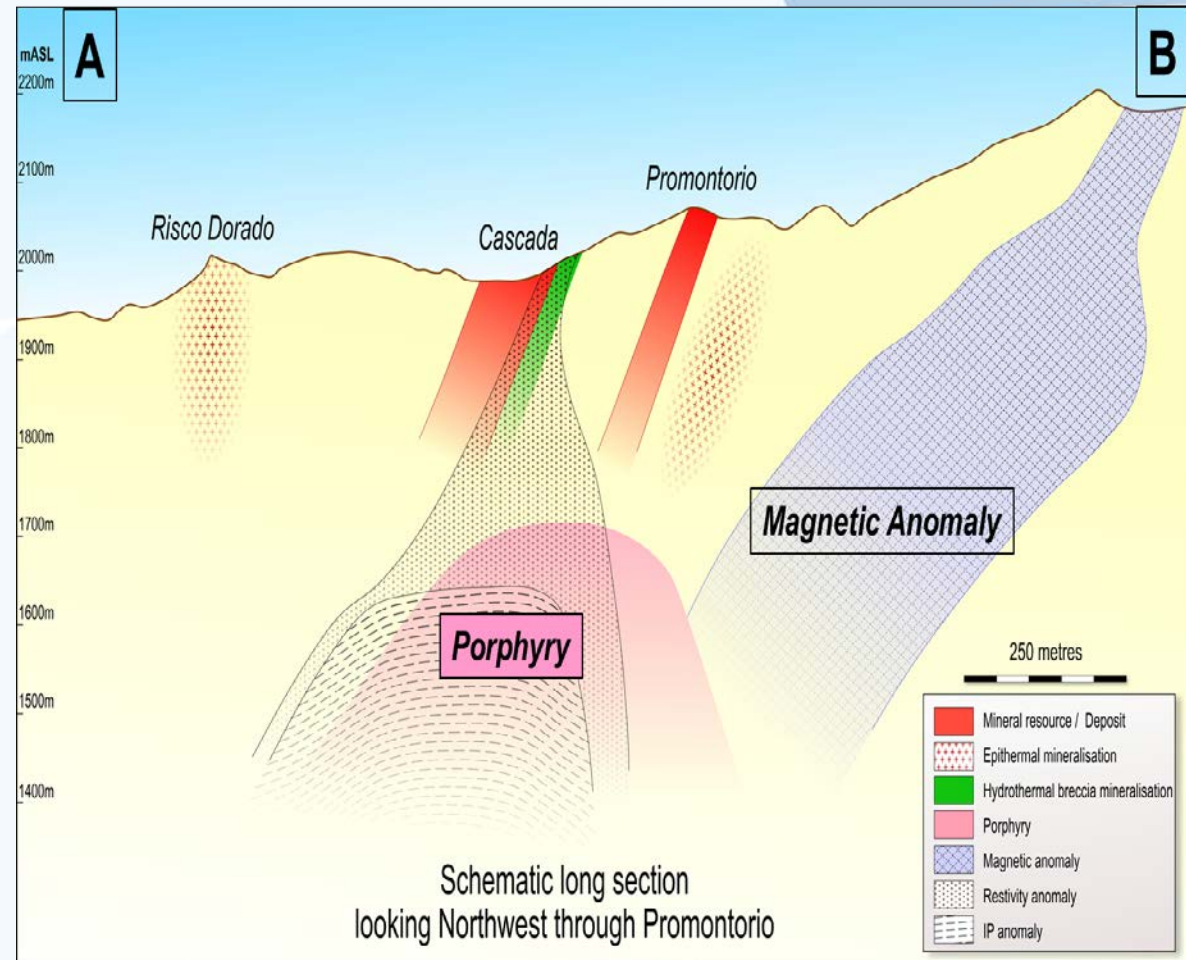
- High sulphidation epithermal
- Hydrothermal breccia
- Porphyry copper



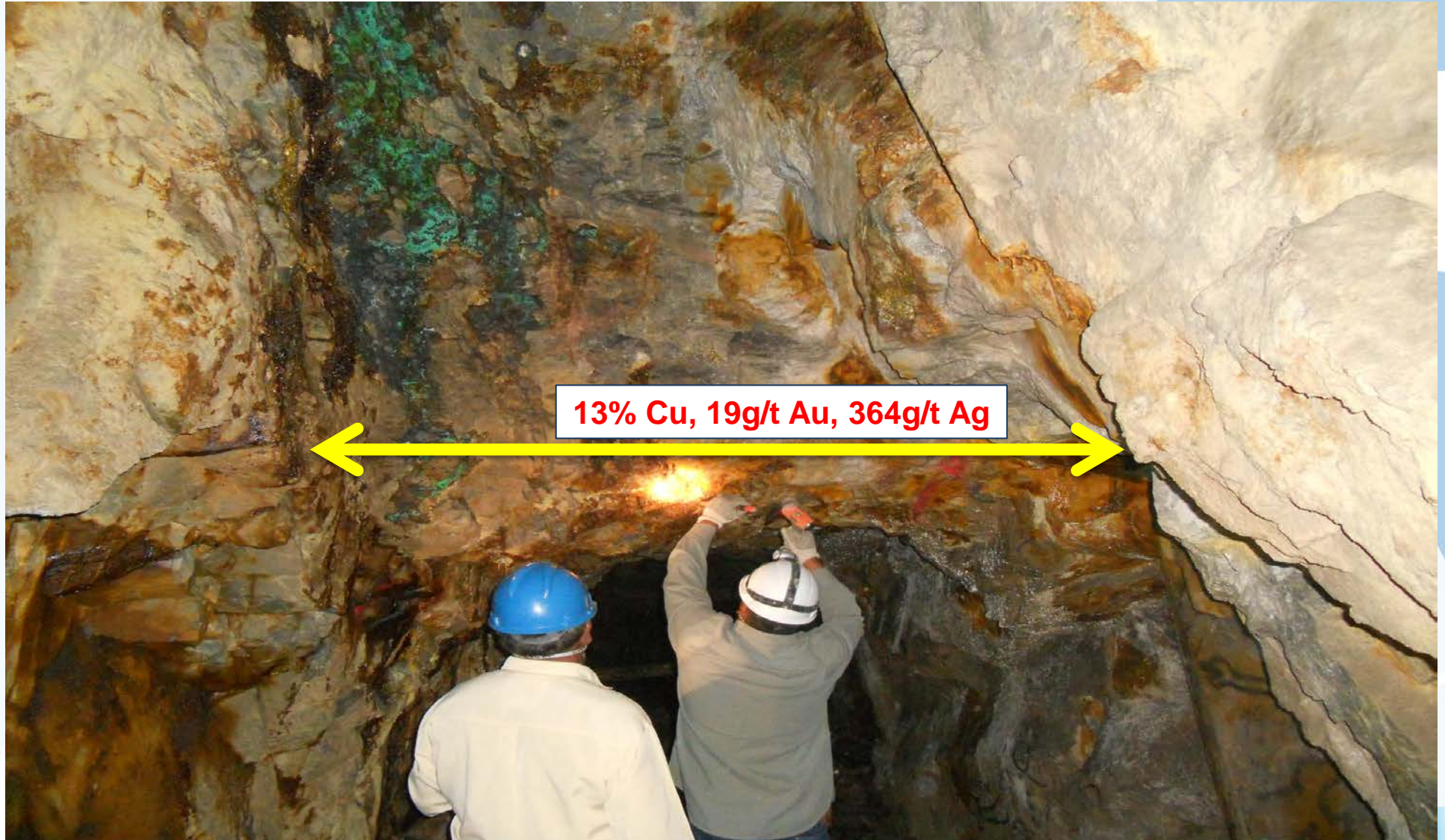
PROMONTORIO MINERALISATION STYLES

Near-surface, high grade copper-gold-silver deposits and deeper porphyry copper potential

- **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
- **Hydrothermal Breccia:** Adjacent to Cascada deposit
- **Porphyry:** Newly discovered copper-bearing porphyry beneath Cascada & Promontorio



PROMONTORIO DEPOSIT



Selective underground mining of high grade copper veins at Promontorio

PROMONTORIO PROJECT

JORC Mineral Resource ⁽¹⁾ (@ 0.5% CuEq 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 Results

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

Pre-Feasibility Study ⁽³⁾

- Selective underground mining and flotation process to produce a high grade copper sulphide concentrate
- Strong technical and financial results indicates potentially lucrative operation
- Strong positive cash flow at US\$3.00/lb Cu price and C1 Cash cost estimated at US\$1.16/lb Cu
- US\$30m Capex
- 4-5 year mine life

(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

(3) Details of PFS results are contained in Azure's ASX announcement released on 22 August 2012

CASCADA DEPOSIT

- 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*

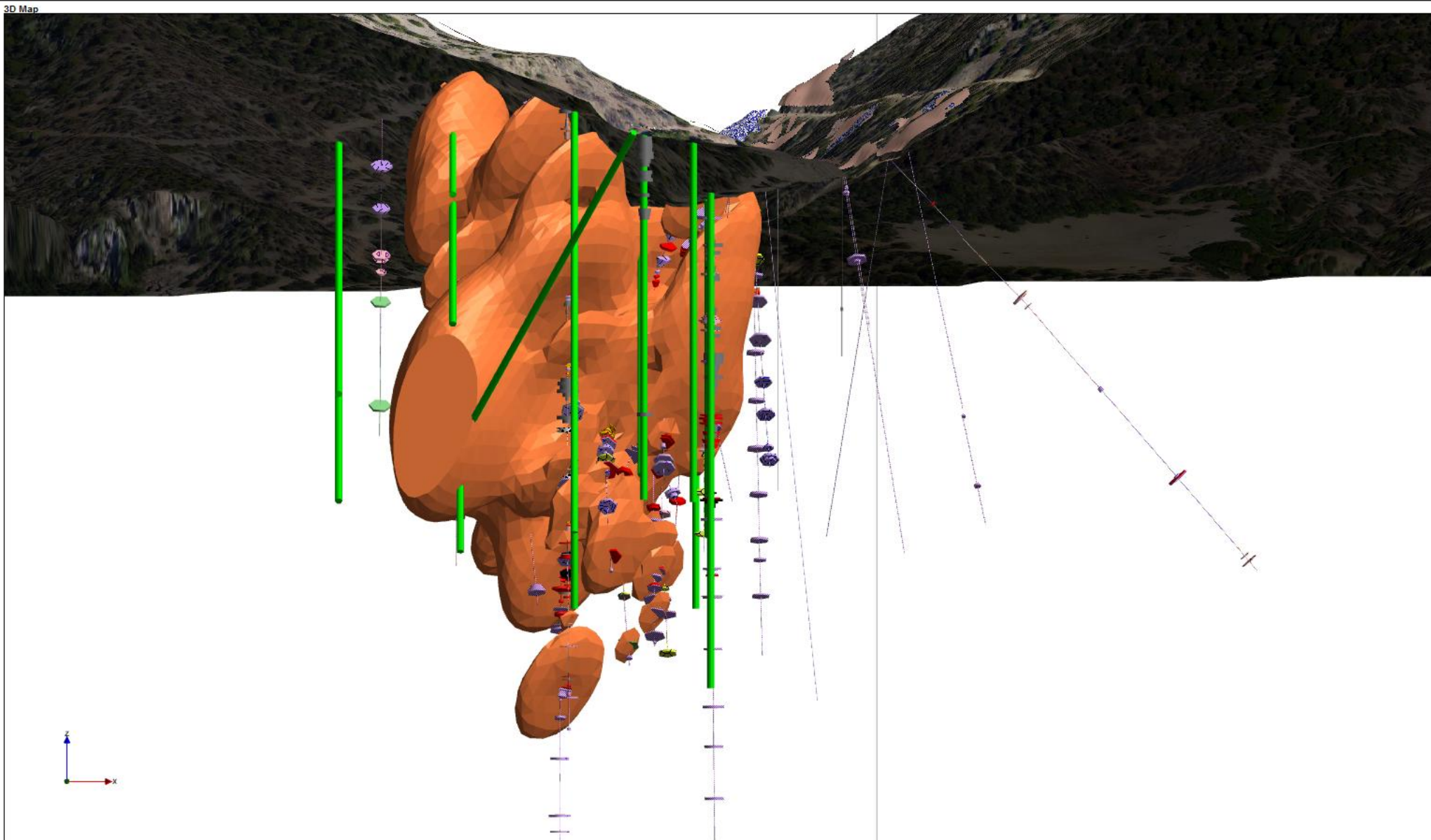
Up to 40m widths averaging 5% Cu, peak grades +40% Cu

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

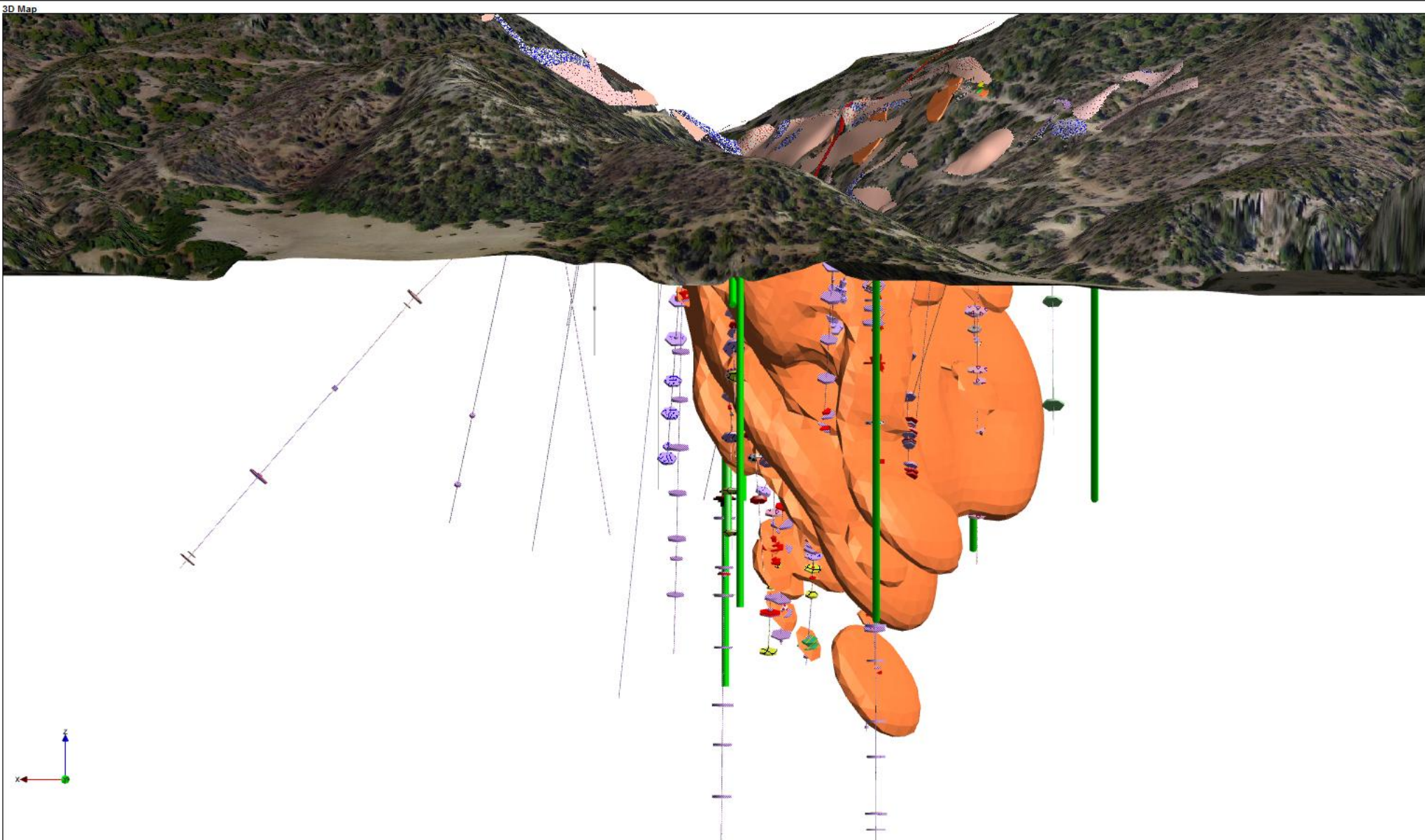
Favourable metallurgy - Excellent results from bulk sample test work

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

Cascada – Leapfrog Model Looking North



Cascada – Leapfrog Model Looking South



RIO TINTO JOINT VENTURE — *Validation of Promontorio*

- Landmark Earn-in and Joint Venture Agreement with Kennecott Exploration Company, a subsidiary of Rio Tinto Group
- Agreement will allow for accelerated development over entire Promontorio project
- Azure retains the right to continue own exploration and development 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)
- Azure to be Project Operator, with technical assistance from Rio/Kennecott
- Total potential value to Azure of Earn-in and Joint Venture Agreement = **US\$95 million**
 - **US\$45 million expenditure by Rio plus at least US\$50 million future JV credit**

RIO TINTO JOINT VENTURE – *Key Terms*

Stage 1

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

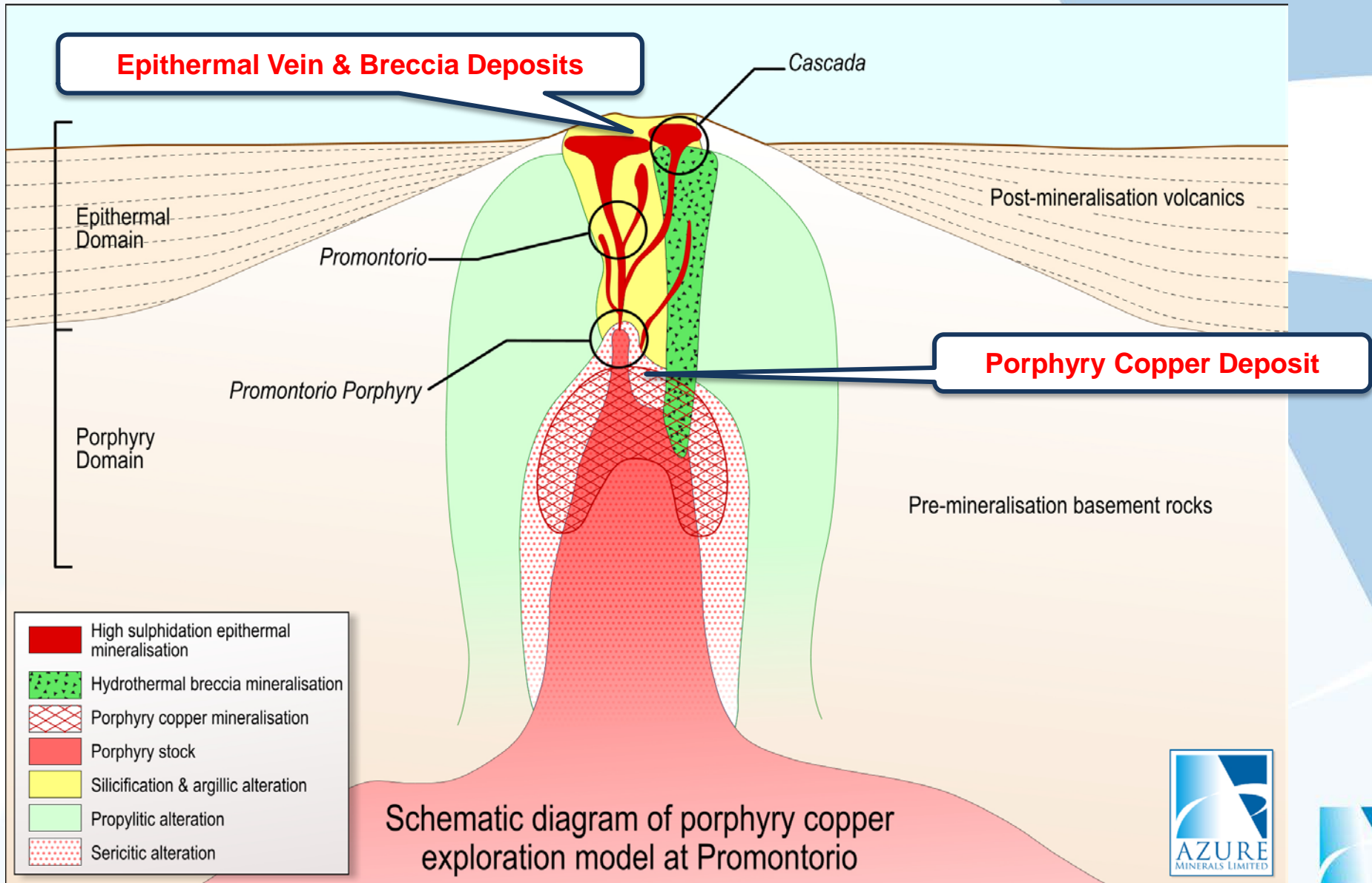
Stage 2

- Rio holds right to earn 51% interest in Promontorio by spending a further US\$18 million within 5 years (total US\$20 million over 6 years)
- At end of this period, formal (51% : 49%) 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 spent 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 will not contribute until Rio has spent **US\$245m**

EXPLORATION MODEL



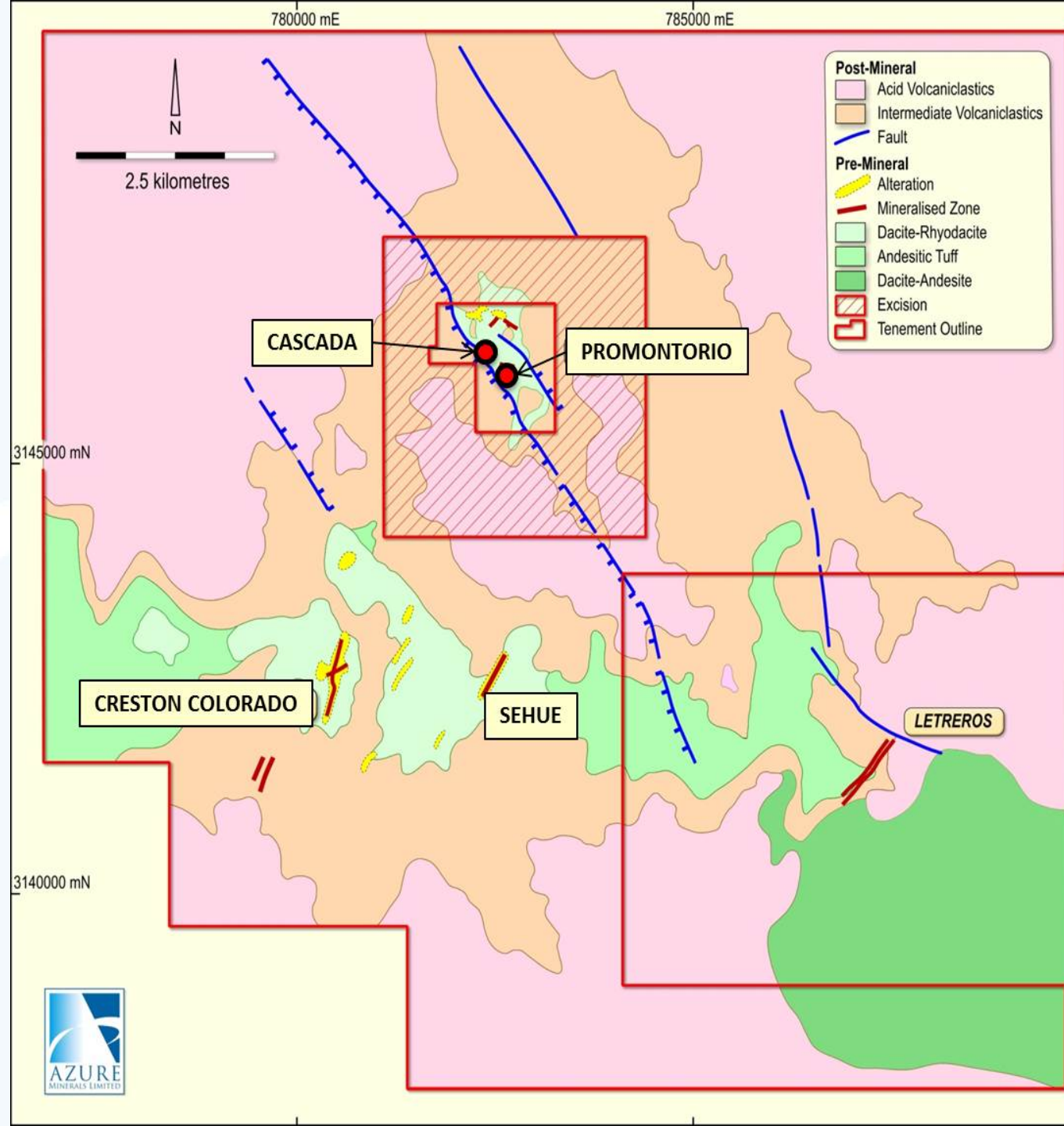
PROMONTORIO RIO TINTO JV

YEAR 1

Geophysics

- Aeromagnetics
- MT
- IP

Diamond drilling



EXCITING PROJECT PIPELINE

Rio Tinto JV

Promontorio & Cascada

**Advanced
Exploration**

**El Tecolote – Copper-Zinc
Pozo de Nacho – Molybdenum**

**Early Stage
Exploration**

**Panchita Prospect – Gold
Loreto Prospect – Copper**

New Projects

Evaluating Opportunities

NEAR TERM MILESTONES

CASCADA

- Mineral Resource
- Commence environmental permitting
- Definitive metallurgy
- Conceptual mine design and infrastructure requirements

Q4 2014

Q4 2014

Q1-Q2 2015

Q1-Q2 2015

PROMONTORIO (under Joint Venture)

- Results from geophysical surveys, mapping & sampling
- Diamond drilling on defined targets

Late 2014 to mid-2015

Mid to late 2015

OTHER EXPLORATION PROJECTS

- Ongoing exploration on existing Azure projects
- Acquisition of new flagship project

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
 - New acquisitions



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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: $\text{CuEq (\%)} = (\text{Cu\%} \times 0.979) + (\text{Au (g/t)} \times 0.6077) + (\text{Ag (g/t)} \times 0.0120)$