

# Developing High Grade Projects in Mexico



ASX: AZS



@AzureMinerals

[www.azureminerals.com.au](http://www.azureminerals.com.au)

**Tony Rovira**  
Managing Director  
Azure Minerals Ltd  
November 2017



# Australia's Leading Explorer in Mexico

**Assets:** Multi-commodity, advanced-stage projects

**Location:** Sonora, Mexico – a world-class mining province

**Management:** Track record of making discoveries and developing mines

**Funding:** Strong cash position: A\$5.9M (at 30 Sept 2017)

**Outlook:** Fast tracking development, significant news flow expected



# 100% owner of high quality projects

**Oposura:** Zn-Pb-Ag deposit undergoing development studies  
On pathway to production

★★ Drilling now ★★

**Alacrán:** Ag-Au-Cu project with Azure free-carried by Teck

★★ Drilling now ★★

**Sara Alicia:** Au-Co project with high grade mineralisation

★★ Drilled and awaiting assays ★★

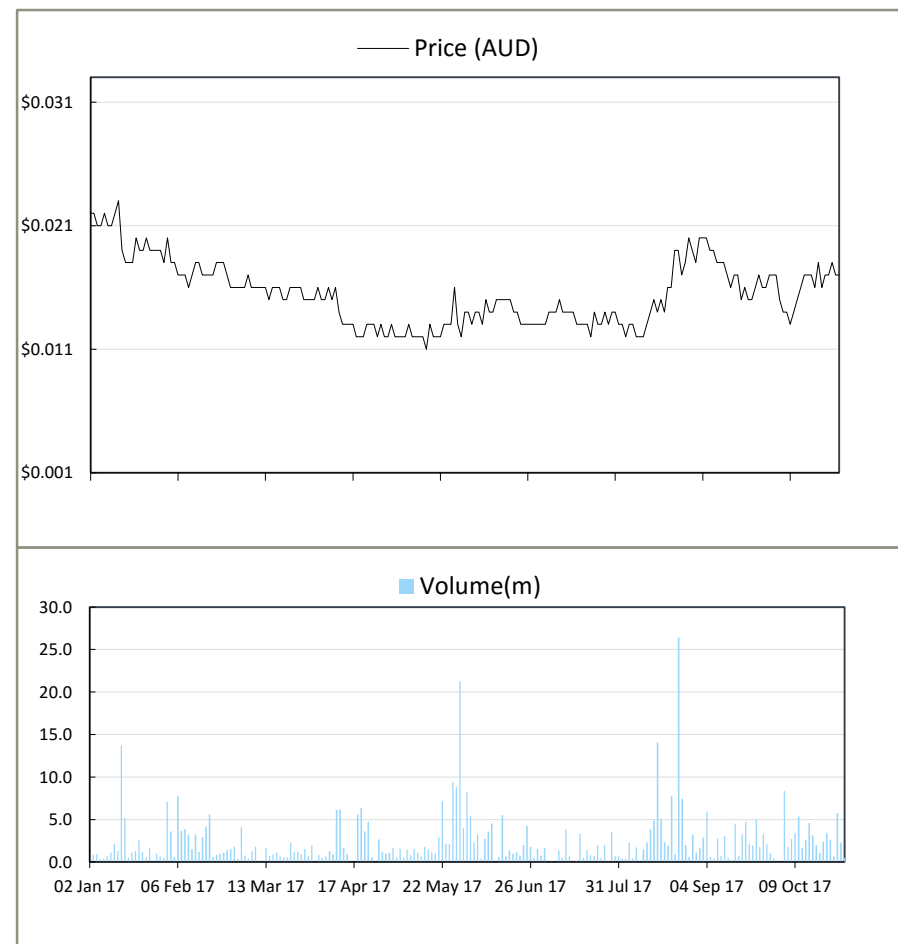
## 6 DRILL RIGS DRILLING

# Corporate Overview

AZS	Old#	New#
Share Price	A\$0.020	A\$0.40
Shares	1,672M	83.6M
Market Cap	~A\$30M	
Cash	~A\$5.9M	
Share Spread	Australian ~80% North American ~20%	
Top 20	37%	



# Subject to 1:20 share consolidation to be ratified at AGM





# Mexico – A world-class mining destination

## It's not AFRICA !!!

Stable democratic government

Modern mining legal system >> secure mining titles

World-leading minerals producer

+500 years of continuous mining history

Low cost, highly skilled pro-mining country

100% profit repatriation & no withholding taxes

# Assets Safe & Secure



# Strong pipeline of news flow

## Six rigs operating on three projects

### Oposura

Our Flagship Project

#### Fast-tracking development of Zn-Pb-Ag project

- 120 hole, 7,000m resource drill-out **in progress**
- Mineral resource estimate - due **March / April 2018**
- Maiden scoping study / PEA underway - **due Q3 2018**

### Sara Alicia

High Grade Gold & Cobalt

#### High grade target

- Old mine workings & outcrop contain high grade Au & Co
- Spectacular assays up to **39.0g/t Au & 6.94% Co** (ASX: 23/08/17)
- Maiden drilling campaign completed - 6 holes for 480m

### Alacrán

High Grade Silver & Gold

#### Silver, gold & copper deposits

- Azure discovers 32Moz silver & 150,000oz gold (Appendix 1)
- Partner Teck Resources earning 51% by spending US\$10M
- Teck drilling 5,000m for epithermal & porphyry deposits



# The Azure Track Record of Discovery

Azure acquires  
Promontorio  
(Cu-Au-Ag)



Discovers Cascada  
deposit



Discovers buried  
copper porphyry

Azure acquires  
Alacrán  
(Ag-Au-Cu)



Discovers Mesa de Plata &  
Loma Bonita deposits



Teck spending  
US\$10M to earn-  
back 51%

Over 70 projects evaluated

Azure acquires  
Oposura & Sara Alicia projects  
(Zn-Pb-Ag) (Au-Co)



Drilling on both projects  
Significant news flow soon

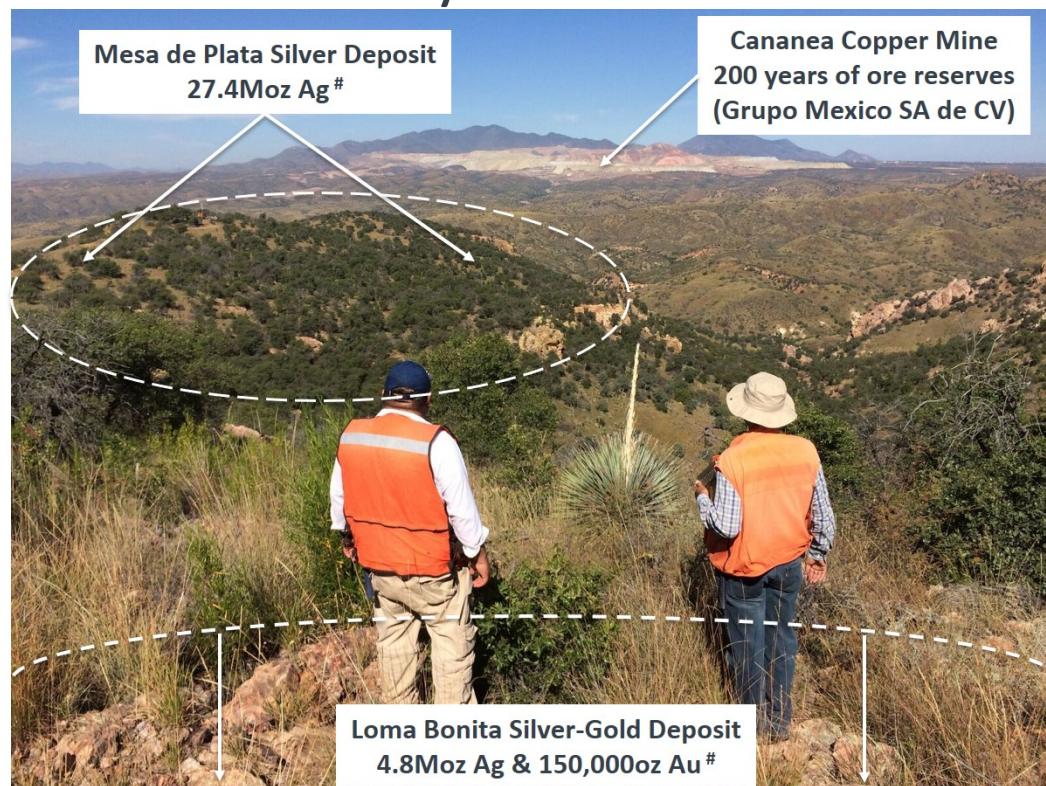


# Alacrán – An Exploration Success

2 precious metal deposits discovered by Azure:

- Mesa de Plata
- Loma Bonita

32.2Moz silver  
150,000oz gold #



Excellent upside:

- more gold & silver resources to be found
- evidence for large copper porphyry deposits

# Azure free carried on future exploration

Partner Teck Resources spending US\$10M to earn 51%

Teck has 5000m diamond drilling campaign underway

Focus on epithermal silver-gold at Loma Bonita and porphyry copper at Cerro Colorado

# Oposura - Our Flagship Project

Fast-tracking high-grade **Zn-Pb-Ag** deposit to mine development & production

100% ownership purchased Q3 2017

Resource drill-out – **drilling now**

Mineral resource estimate – **March/April 2018**

Scoping Study / PEA underway – due **Q3 2018**

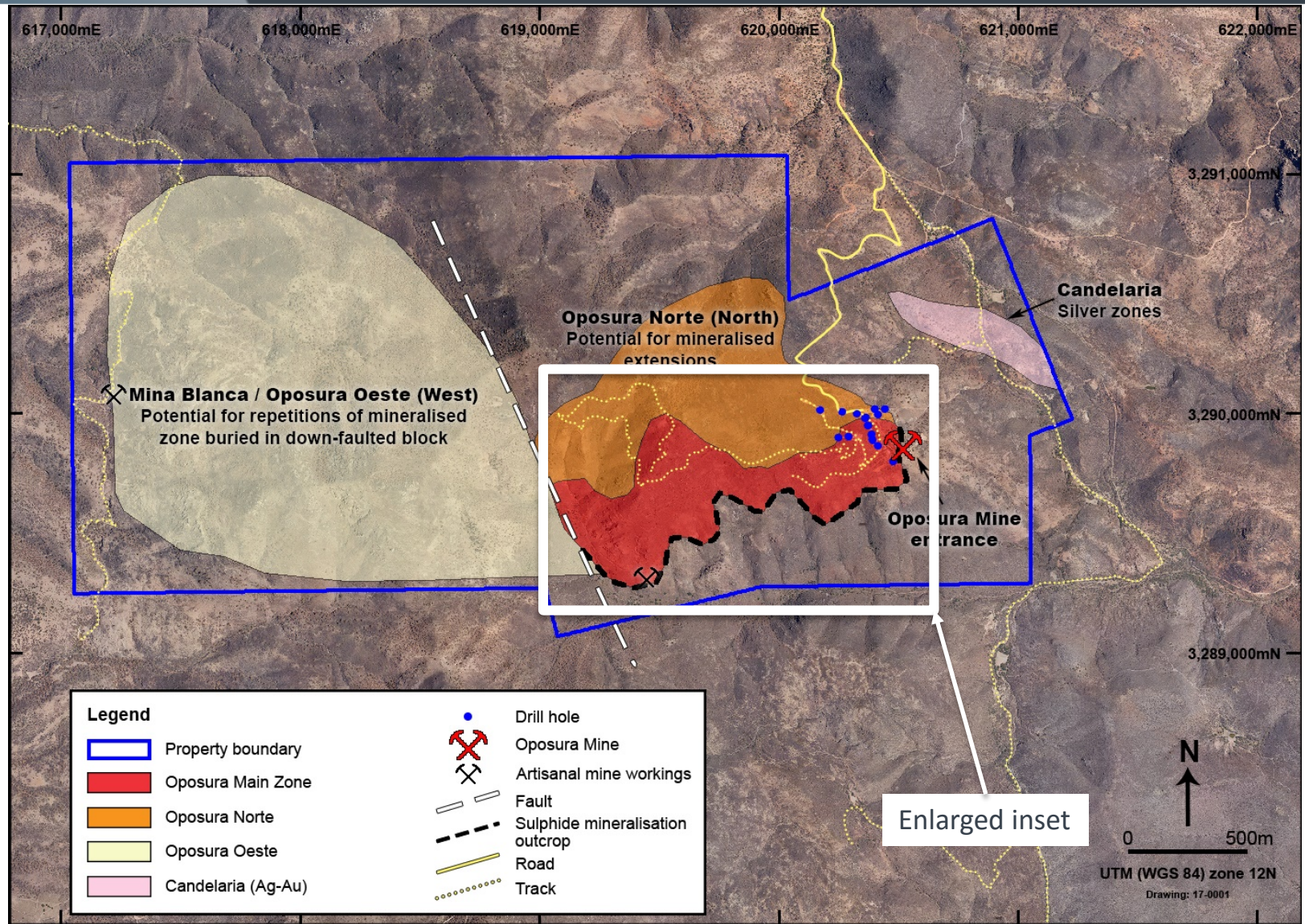
Additional drilling will test for extensions and repetitions

**Exploration Target: 2.5Mt -3.0Mt @ 10% - 12% Zn+Pb #**

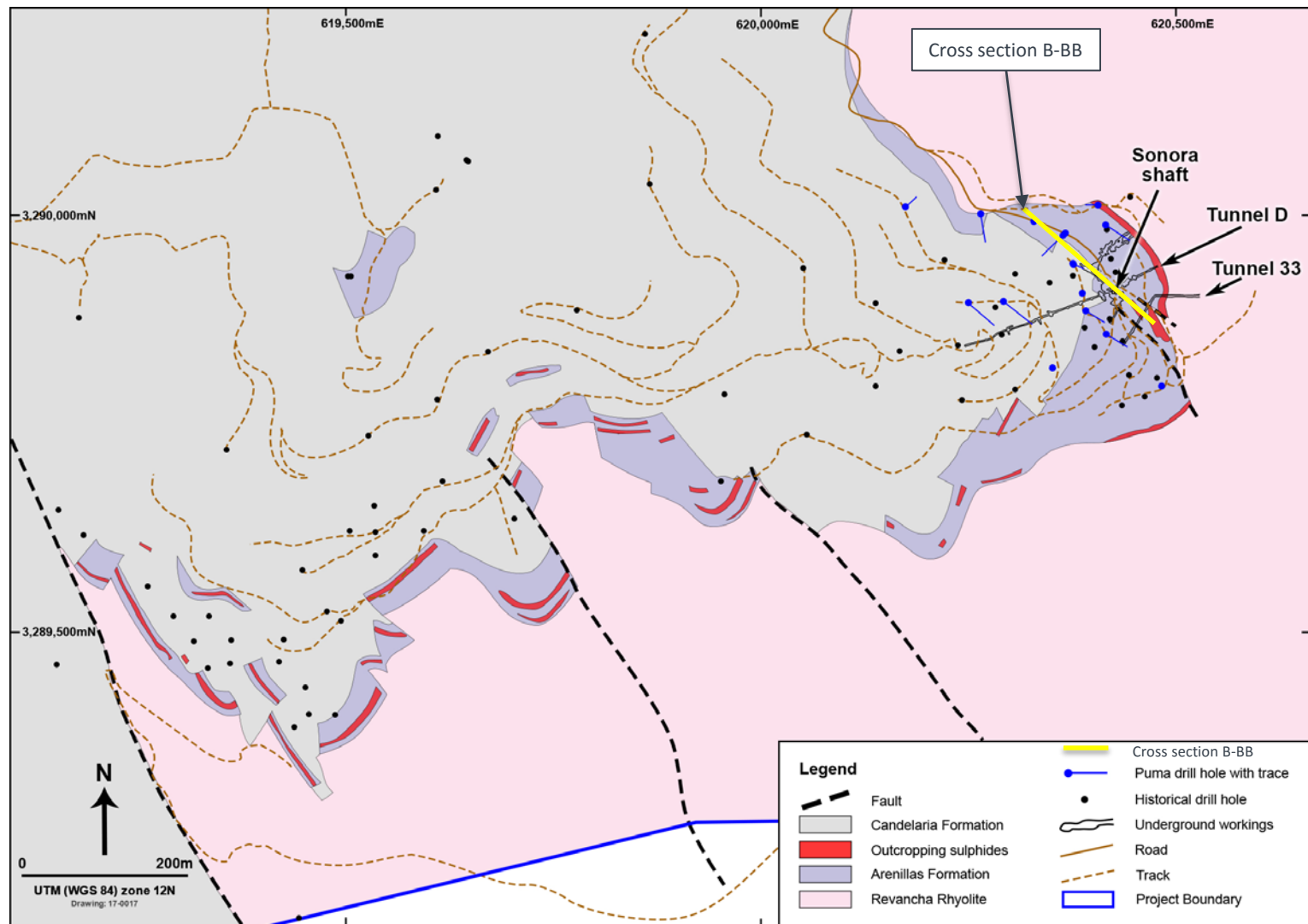




# Near-term development potential



# Sound knowledge base





# Oposora – a high grade deposit

DRILL HOLE	MINERALISED INTERCEPTS <sup>#</sup>
BDA-01	4.4m @ 13.0% Zn+Pb & 18g/t Ag from 13.80m
BDA-03	9.3m @ 11.4% Zn+Pb & 32g/t Ag from 29.60m
BDA-6AR	7.4m @ 13.7% Zn+Pb & 22g/t Ag from 24.55m
BDA-07	3.4m @ 13.9% Zn+Pb & 23g/t Ag from 53.40m
BDA-07	3.0m @ 29.2% Zn+Pb & 54g/t Ag from 66.30m
BDA-08	6.7m @ 18.8% Zn+Pb & 107g/t Ag from 45.95m

# Visible zinc-lead-silver ore



**BDA-03 @ 31.0m:  
17.9% Zn & 10.8% Pb & 50g/t Ag**



# Simple mining & processing

Open pit mining followed by room & pillar underground

- Massive sulphides start at surface
- Easy to mine
- Simple, low cost extraction

Excellent metallurgy

- Standard sulphide flotation process
- High grade, low contaminant, lead & zinc concentrates

# Sara Alicia – high grade gold & cobalt

100% ownership purchased Q3 2017

Reinforces ability of exploration team to identify high-quality assets

Sampling identifies high grade Au & Co in outcrop and old mine workings<sup>#</sup>

- 39.0g/t Au & 6.07% Co over 2.5m
- 12.5g/t Au & 6.94% Co over 2.5m
- 5.74g/t Au & 2.36% Co over 3.0m

First drill program completed

- 6 holes drilled for 500m
- assays awaited



<sup>#</sup> Refer ASX announcement dated 23 August 2017

# Growing strongly & delivering value

Experienced team with proven discovery and mine-building credentials

High quality projects in top class mining jurisdiction

Multi-commodity exposure (Au, Co, Zn, Ag, Pb, Cu)

Active programs fast-tracking project development

Strong news flow over the coming months



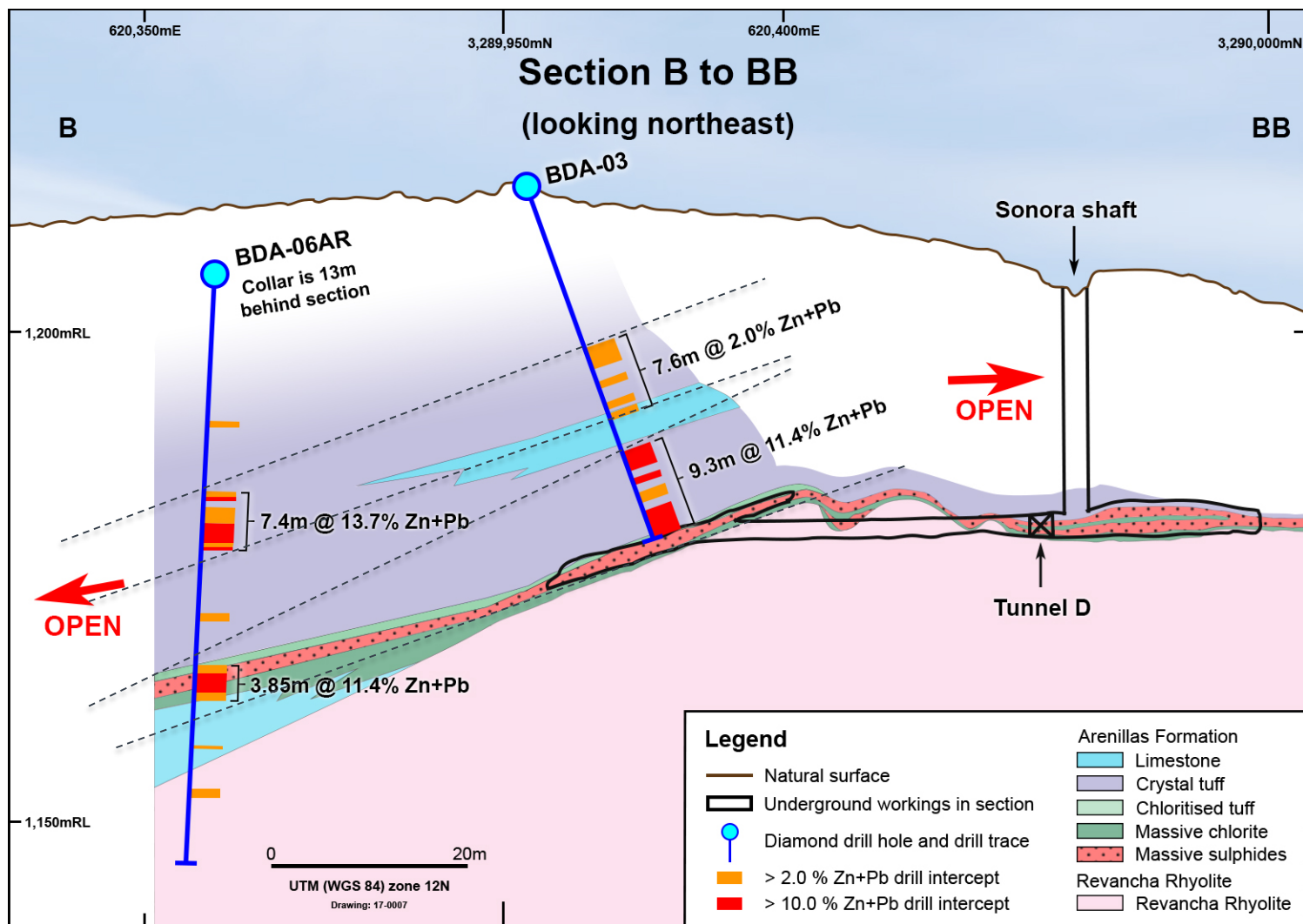


# Thank you

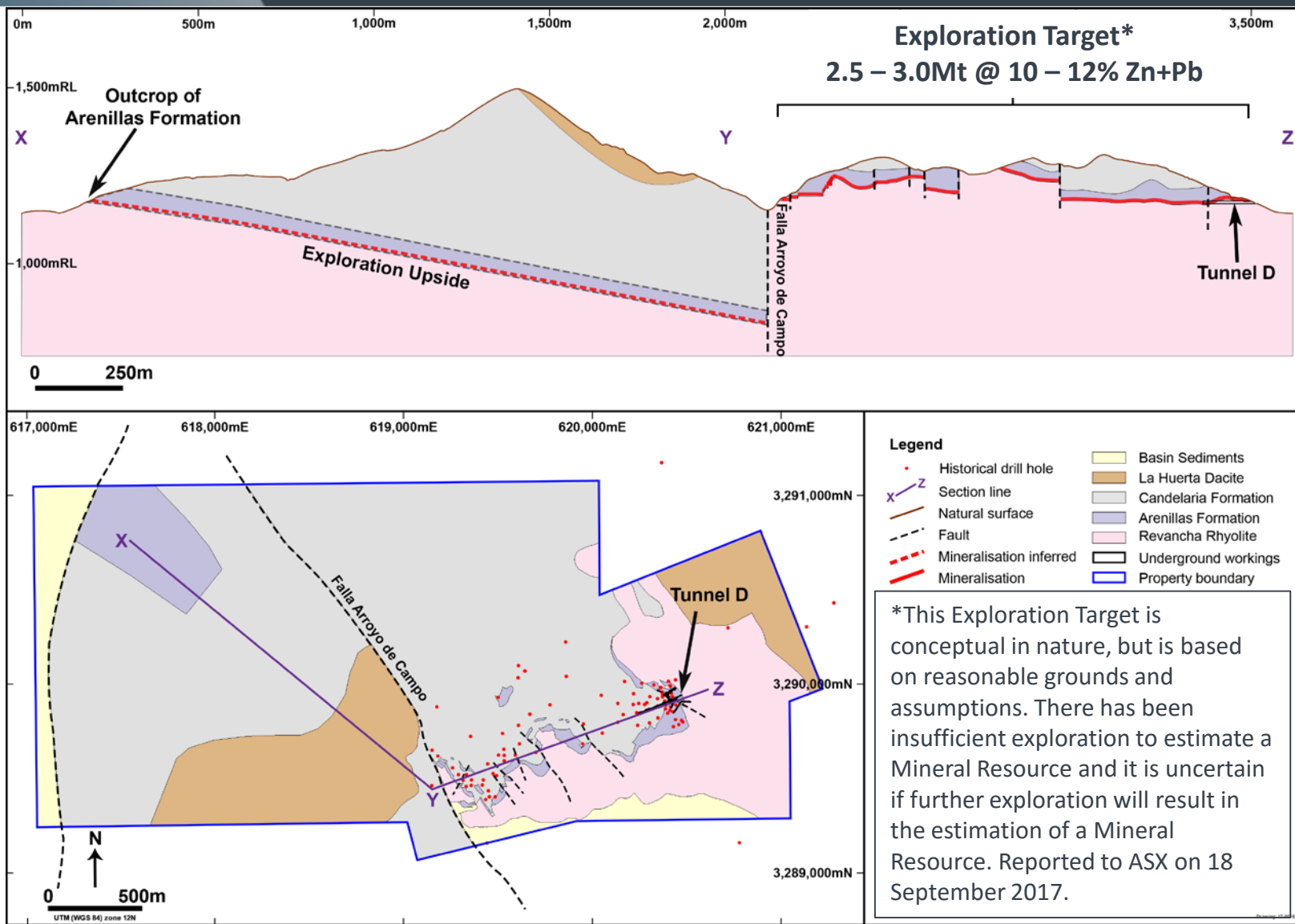


For enquiries, please contact:  
Tony Rovira, Managing Director  
[admin@azureminerals.com.au](mailto:admin@azureminerals.com.au)

# Near surface & high grade<sup>#</sup>



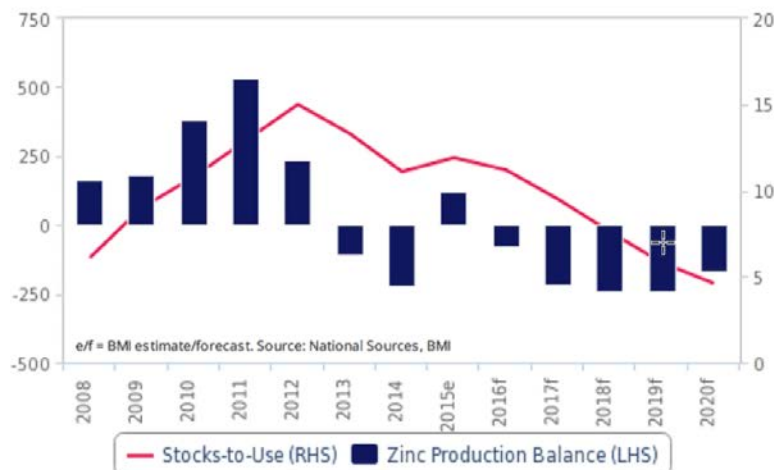
# Exploration Target + upside potential



# Zinc – diminishing supply forecasts

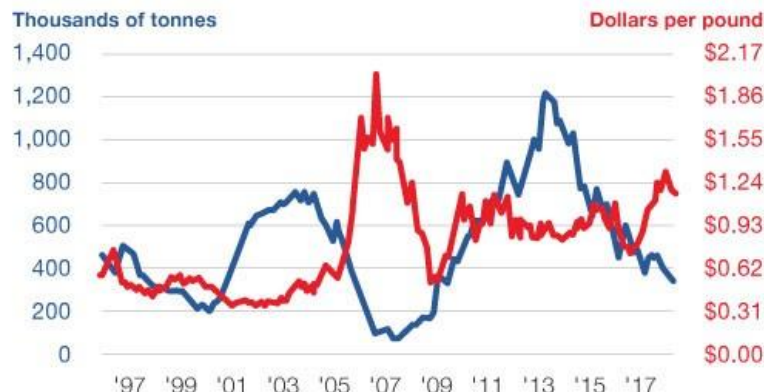
## Sustained Deficits Ahead

Global Refined Zinc Production Balance ('000 tonnes) & Stocks-to-Use (%)



## Zinc Price and LME Zinc Inventories – 20-Year Performance

■ Zinc Inventory at London Metal Exchange  
■ Zinc price in dollars per pound



## LME ZINC HISTORICAL PRICES GRAPH

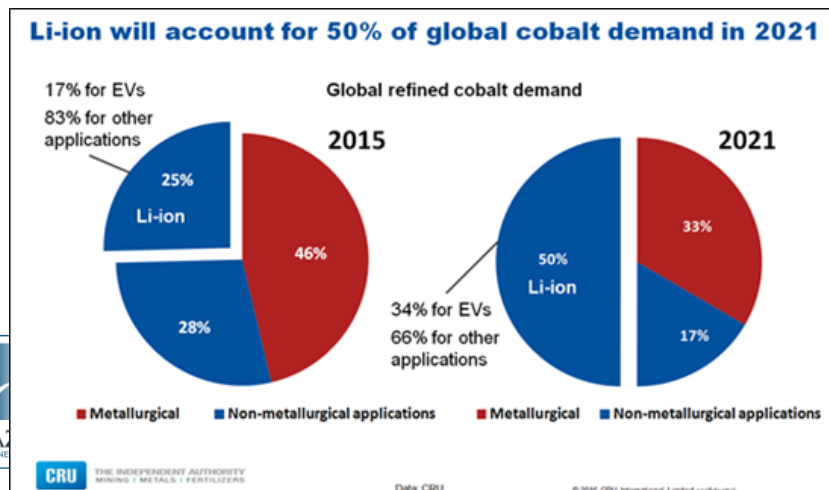
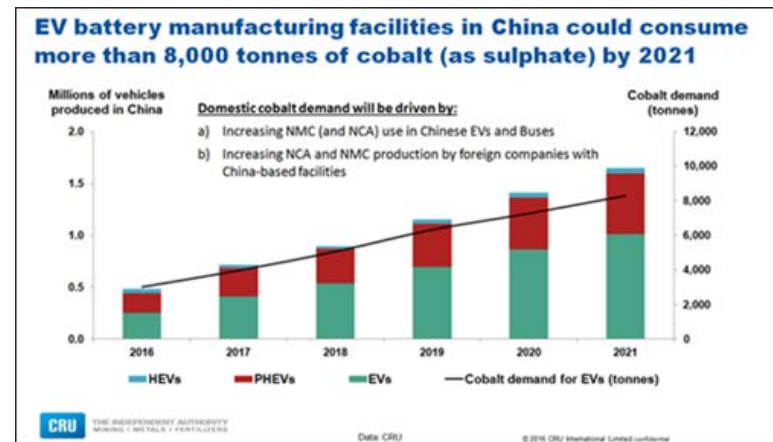
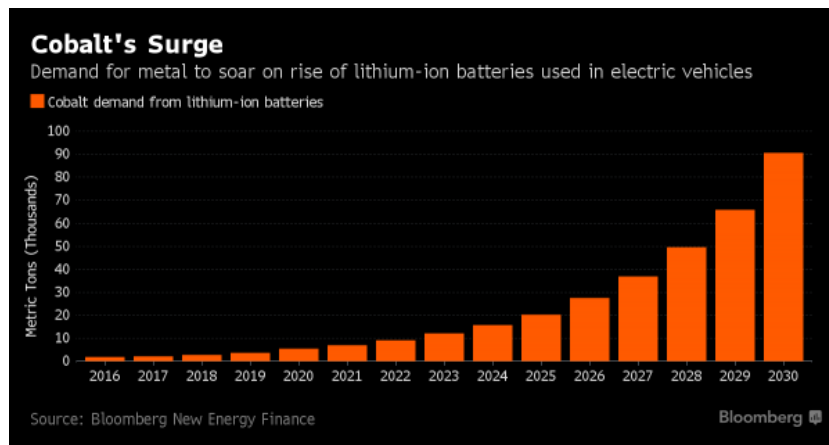


- Increased commentary on the tightening zinc supply
- Mine closures and production cuts outweighing new output
- Zinc now trading at 10 year highs



# The Cobalt Thematic

- 60% of the world's cobalt comes from the DRC (Political & Sovereign Risk)
- Cobalt makes up 20% of the weight of a Lithium-ION battery
- Cobalt demand has tripled over last 5 years and expected to double again by 2020



# Statements

## **Competent Person Statements:**

*The information in this report that relates to Mineral Resources for the Mesa de Plata and Loma Bonita deposits are extracted from the respective reports “Mesa de Plata Mineral Resource Upgraded” and “Loma Bonita Mineral Resource” created and released to ASX on 1 December 2016 and 21 December 2016 respectively and are available to view on [www.asx.com.au](http://www.asx.com.au).*

*The information in this report that relates to Mineral Resources for the Promontorio and Cascada deposits are extracted from the respective reports “Promontorio Resource Update” and “Cascada Resource” created and released to ASX on 10 May 2013 and 7 May 2015 respectively and are available to view on [www.asx.com.au](http://www.asx.com.au).*

*Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date it was first reported to the ASX .*

*Azure Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.*

# Alacrán Mineral Resources

## Appendix 1

**Table 1: Mesa de Plata Mineral Resource (ASX: 1 December 2016)**

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes (Mt)	Silver		Tonnes (Mt)	Silver		Tonnes (Mt)	Silver	
		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)
High Grade	1.21	307.4	12.0	0.54	201.7	3.5	1.75	274.7	15.5
Mid-Grade	8.43	43.0	11.7	0.28	36.2	0.3	8.71	42.8	12.0
<b>Total</b>	<b>9.64</b>	<b>76.2</b>	<b>23.6</b>	<b>0.82</b>	<b>145.4</b>	<b>3.8</b>	<b>10.46</b>	<b>81.6</b>	<b>27.4</b>

### Notes

Reported using a block model cut-off grade of  $\geq 20$  g/t Ag using capped silver grade estimates

Numbers in this table have been rounded to one decimal for silver grade and two decimals for tonnage

**Table 2: Loma Bonita Mineral Resource (ASX: 21 December 2016)**

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t Au)	(kOz)	(g/t Ag)	(Moz)
$\geq 0.5$	Indicated Mineral Resource	2.87	1.25	115.7	33.9	3.14
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	<b>Total</b>	<b>3.4</b>	<b>1.2</b>	<b>131</b>	<b>32.0</b>	<b>3.4</b>
$\geq 0.21$	Indicated Mineral Resource	4.20	0.95	128.5	30.1	4.07
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	<b>Total</b>	<b>5.4</b>	<b>0.9</b>	<b>150</b>	<b>28</b>	<b>4.8</b>

### Notes

Block cut-off grade of  $\geq 0.21$  g/t Au equates to gold price assumption of 1,466 USD/troy ounce.

Cut-off grade does not consider the value of silver credits.

Gold and silver grades capped (98<sup>th</sup> percentile).

Numbers may not sum precisely due to rounding assumptions (two decimal places for Indicated Resources and one decimal place for Inferred Resources, as the latter are reported using a lower precision to convey the higher level of uncertainty).

The JORC Code reportable estimate using the  $\geq 0.21$  g/t Au is inclusive of the  $\geq 0.5$  g/t Au estimate. The  $\geq 0.5$  g/t Au estimate is provided for information purposes to highlight that the bulk of the contained metal is within a higher grade zone.

# Promontorio Mineral Resources

## Appendix 2

**Table 3: Promontorio Deposit Mineral Resource (ASX: 10 May 2013)**

Total Resource		Grade			Contained Metal		
Classification	Tonnes	Copper (%)	Gold (g/t)	Silver (g/t)	Copper (tonnes)	Gold (oz)	Silver (oz)
Indicated	610,000	2.7	1.7	56	16,700	32,500	1,090,000
Inferred	230,000	1.8	1.5	56	4,100	11,300	410,000
<b>TOTAL</b>	<b>840,000</b>	<b>2.5</b>	<b>1.6</b>	<b>56</b>	<b>20,800</b>	<b>43,800</b>	<b>1,500,000</b>

**Table 4: Cascada Deposit Mineral Resource (ASX: 17 May 2015)**

Total Resource		Grade			Contained Metal		
Classification	Tonnes	Copper (%)	Gold (g/t)	Silver (g/t)	Copper (tonnes)	Gold (oz)	Silver (oz)
Indicated	840,000	1.1	1.4	27	9,200	36,700	740,000
Inferred	1,230,000	0.8	1.8	26	9,500	70,500	1,020,000
<b>TOTAL</b>	<b>2,060,000</b>	<b>0.9</b>	<b>1.6</b>	<b>27</b>	<b>18,800</b>	<b>107,200</b>	<b>1,760,000</b>

**Table 5: Total Promontorio Project Mineral Resources (summary of Table 3 & 4)**

Deposit	Tonnes	Grade			Contained Metal		
		Copper (%)	Gold (g/t)	Silver (g/t)	Copper (t)	Gold (Oz)	Silver (oz)
Promontorio	840,000	2.5	1.6	56	20,800	43,800	1,500,000
Cascada	2,060,000	0.9	1.6	27	18,800	107,200	1,760,000
<b>TOTAL MINERAL RESOURCES</b>	<b>2,900,000</b>	<b>1.4</b>	<b>1.6</b>	<b>35</b>	<b>39,600</b>	<b>151,000</b>	<b>3,260,000</b>

# Experienced Board and Management

**CHAIRMAN: Mr Peter Ingram**

Geologist with +50 years experience  
+30 years public company management  
+20 years CEO of mid-tier gold mining company

**MANAGING DIRECTOR: Mr Tony Rovira**

Geologist with +30 years experience  
Founding director of Azure Minerals  
Discovered 3 gold deposits & 2 nickel deposits  
– all became mines  
Winner of Australian Prospector of the Year

**NON-EXEC DIRECTOR: Dr Wolf Martinick**

Environmental scientist with +40 years  
experience in exploration and mining operations  
+ water, social & community issues

**PROJECT MANAGER: Mr Glenn Jardine**

Mining engineer with +30 years experience  
Feasibility, development & operation of 6 gold &  
nickel mines in Africa & Australia

**CFO: Mr Brett Dickson**

CFO & Company Secretary with +30 years  
experience in financial management of public  
companies specialising in the resources sector

**VP-EXPLORATION: Mr Brent Hendrickson**

Geologist with +30 years experience, including  
+20 years in Latin America  
Led Azure's team to discovery of 4 silver, gold,  
copper deposits in Mexico