

# QUARTERLY ACTIVITIES REPORT

## FOR PERIOD ENDED 30 SEPTEMBER 2018

### Oposura Project

Scoping Study<sup>1</sup> confirms Oposura as economically and technically robust, high-margin project:

- EBITDA (LOM): A\$237 million
- NPV<sub>8</sub> (pre-tax): A\$112 million
- IRR (pre-tax): 76%
- Average Life of Mine (C1) cash costs: US\$0.42/lb zinc
- Year 1 C1 cash costs: US\$0.14/lb zinc
- Pre-production CAPEX: A\$69.9 million
- First shipments of lead-silver & zinc concentrates: targeted for 2020/21

Further exploration drilling intersects near-surface, high-grade mineralisation in the middle of the Central Zone<sup>2</sup>:

- OPDH-173: 12.0m @ 7.7% Zn+Pb from 44.00m; including 4.1m @ 12.5% Zn+Pb
- OPDH-178: 9.5m @ 18.9% Zn+Pb from 23.05m; including 6.2m @ 26.6% Zn+Pb

Drilling also identifies high-grade mineralisation extending from the East Zone into the Central Zone<sup>3</sup>:

- OPDH-159: 6.2m @ 15.7% Zn+Pb & 97g/t Ag from 107.05m
- OPDH-171: 4.4m @ 20.4% Zn+Pb & 294g/t Ag from 99.05m
- OPDH-177: 4.6m @ 36.9% Zn+Pb & 138g/t Ag from 107.55m

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<sup>1</sup> Refer to ASX announcement dated 15 October 2018

<sup>2</sup> Refer to ASX announcement dated 24 October 2018

<sup>3</sup> Refer to ASX announcement dated 24 October 2018

## **Oso Negro Project**

- High-grade silver & gold mineralisation discovered on new, 100%-owned 1,275-hectare property
- Multiple epithermal quartz veins extending up to 800m long with old mine workings
- Impressive assays received from early sampling programs, including:

<u>Sample No</u>	<u>Silver (g/t)</u>	<u>Gold (g/t)</u>
REC-2133	2,680	100.50
REC-2098	2,419	1.81
REC-2099	2,087	5.88
REC-2102	1,469	8.11
OSON-28	1,905	3.40
REC-2097	1,281	12.90
OSON-36	1,150	2.53
OSON-06	1,065	1.41
OSON-28	1,010	3.13
REC-2094	805	1.02
REC-2101	754	5.24
REC-2136	497	2.68

- Surface exploration is continuing in preparation for a trenching program

## **Alacrán Project**

- Teck has completed 11 holes (6,391m) of diamond drilling in the current program to date
- Testing of porphyry copper potential at Cerro Alacrán is the major focus
- Drilling is continuing with two diamond core rigs operating
- Full drilling program targeting 9,500m in 18-20 holes

**Cash balance at 30 September 2018 is approximately A\$5.2 million**

## OPOSURA PROJECT - (AZS 100% ownership)

### OPOSURA SCOPING STUDY

#### INTRODUCTION

Oposura is an advanced-stage project located in the state of Sonora, in northern Mexico. Azure has defined a body of high grade, massive sulphide-hosted, zinc, lead and silver mineralisation, which delivered an initial Mineral Resource estimate of **2.9Mt @ 5.0% Zn, 2.8% Pb & 17.0g/t Ag** (Indicated + Inferred; refer to ASX announcement dated 4 July 2018 for full details).

The Oposura Scoping Study ("Study") released on 15 October 2018 demonstrated that Oposura is an economically and technically robust, high-margin project.

The project is expected to generate a total positive EBITDA of A\$237 million and a NPV<sub>8</sub> of A\$112 million, with an Internal Rate of Return of 76% and a payback period of 16 months.

Low operating and capital costs, high-value concentrates, strong operating cashflows and, most importantly, a C1 cash cost (per pound of payable zinc production) in the lowest quartile of world zinc producers, all support the positive project economics.

The Study demonstrated that the optimal mining rate will be approximately 500,000tpa from a combination of open pit and underground mining operations, at Life of Mine (LOM) average grades of 4.6% Zn, 2.6% Pb and 15.9g/t Ag, delivering an initial mine life of 5.3 years.

The resources in the mining plan are summarised in Table 1:

**Table 1: Oposura resources in the mining plan – by mining method**

	<b>Tonnes</b>	<b>Zn</b>	<b>Pb</b>	<b>Zn+Pb</b>	<b>Ag</b>
	<b>Mt</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>g/t</b>
<b>Open Pit</b>	<b>1.3</b>	<b>5.1</b>	<b>2.6</b>	<b>7.7</b>	<b>18.4</b>
<b>Underground</b>	<b>1.2</b>	<b>4.1</b>	<b>2.5</b>	<b>6.6</b>	<b>13.1</b>
<b>TOTAL</b>	<b>2.5</b>	<b>4.6</b>	<b>2.6</b>	<b>7.2</b>	<b>15.9</b>

The Study identified that approximately 95% (by contained metal) of the zinc and lead mineralisation to be mined in the first year is classified in the JORC Indicated Mineral Resource category. This ensures that almost all of the payback period of 16 months is achieved by mining Indicated Resources.

From the first month of the mining schedule, high-grade mineralisation will be exploited from low strip ratio open pits. It is expected that minimal pre-stripping of the open pits will be required due to the presence of significant quantities of near-surface mineralisation.

The processing flowsheet comprises two-stage crushing followed by ore sorting utilising Dense Media Separation (DMS) to reject waste material and to feed an upgraded product to the milling and flotation circuit at approximately 295,000tpa at LOM average grades of 7.5% Zn, 4.1% Pb and 24.5g/t Ag.

The Study demonstrated high metal recoveries and clean, commercial-grade concentrates with:

- average zinc concentrate grade of 53% Zn with an average zinc recovery of 87.5%; and
- average lead concentrate grades of 60% Pb and 320 g/t Ag with an average lead recovery of 85% and an average silver recovery of 67%.

The plant will produce approximately 35,000t of zinc concentrate and 16,000t of lead concentrate annually, containing approximately 19,000t of zinc and 10,000t of lead respectively. The annual production of lead concentrate will contain approximately 145,000 ounces of silver.

The time frame to achievement of production is estimated to be a minimum of two years as follows:

Pre-Feasibility Study	completed by mid-2019
Definitive Feasibility Study	completed by end of 2019
Project Approvals	completed by first quarter of 2020
Construction	completed by the end of 2020
First production	late 2020 or first quarter of 2021

#### CAPITAL EXPENDITURE

Capital expenditure required to achieve commercial production of concentrates totals approximately A\$70 million, as summarised in Table 2:

<b>Table 2: Pre-Production Capital Cost Estimates *</b>		
<b>Pre-Production CAPEX Estimate</b>	<b>(A\$ million)</b>	<b>(US\$ million)</b>
Mine Development	0.0	0.0
Mine Infrastructure	1.2	0.9
Processing Plant	39.1	29.3
Infrastructure	1.5	1.1
Power Supply	6.5	4.9
Owners Costs	2.0	1.5
<b>Direct Costs</b>	<b>50.3</b>	<b>37.8</b>
Indirect Costs incl EPCM	7.8	5.9
Contingency (@25%)	11.7	8.8
<b>Indirect Costs and Contingency</b>	<b>19.6</b>	<b>14.7</b>
<b>TOTAL CAPEX</b>	<b>69.9</b>	<b>52.4</b>

\* Totals may not add exactly due to rounding

#### OPERATING EXPENDITURE

A summary of operating cost estimates for Oposura is as follows in Table 3:

<b>Table 3: Average Operating Cost Estimates *</b>		
<b>Area</b>	<b>A\$/lb of zinc</b>	<b>US\$/lb of zinc</b>
Mining	0.56	0.42
Processing	0.32	0.24
Administration	0.10	0.07
TC's / RC's & Concentrate Transport	0.35	0.26
Royalties	0.17	0.13
<b>Total Operating Costs</b>	<b>1.50</b>	<b>1.12</b>
Credits from Lead and Silver sales	(0.94)	(0.71)
<b>TOTAL C1 Cash Cost</b>	<b>0.56</b>	<b>0.42</b>

\* Totals may not add exactly due to rounding

### KEY MATERIAL ASSUMPTIONS

Revenue and cash flow forecasts have been developed using commodity prices prevalent at the time of, and used for, the MRE (dated 4 July, 2018), and are shown in Tables 4 and 5.

<b>Table 4: Base Assumptions (Life of Mine averages)</b>			
Ramp up period (months)	3		
Ore mining, crushing & DMS rate (Mtpa)	500,000		
Ore milling & processing rate (Mtpa)	295,000		
Mining grades	Zn: 4.6%	Pb: 2.6%	Ag: 15.9g/t
Processing grades (post-DMS)	Zn: 7.5%	Pb: 4.1%	Ag: 24.5g/t
Concentrate grades	Zn: 53%	Pb: 60%	Ag: 320g/t
Process recovery	Zn: 87%	Pb: 85%	Ag: 67%
Metal in concentrate payability	Zn: 85%	Pb: 95%	Ag: 70%

<b>Table 5: Financial and Production Metrics</b>			
Milling capacity	295,000 Mtpa		
Mill Feed grades	Zn: 7.5%	Pb: 4.1%	Ag: 24.5g/t
Initial mine life	5.3 years		
Average annual zinc metal production in concentrate	19,000t		
Average annual lead metal production in concentrate	10,000t		
Average annual silver metal production in concentrate	145,000oz		
C1 cost per pound of zinc after by-product credits	A\$0.55/lb zinc (US\$0.42/lb)		
Pre-production capital (A\$M)	A\$69.9		
Metals prices (US\$/t) <sup>4</sup>	Zn US\$3,108/t	Pb US\$2,411/t	Ag US\$16.20/oz
US\$:AU\$ exchange rate	\$0.75		
Average annual net cash flow	A\$46M		
Net Present Value (discount rate of 8% @ Metals prices)	\$106 - \$113.5 million Preferred value A\$112M		
Internal Rate of Return	73% - 77% Preferred value 76%		
Project payback period	16 months		

<sup>4</sup> Metals prices as used in Mineral Resource Estimate dated 4 July 2018



## **OPOSURA EXPLORATION**

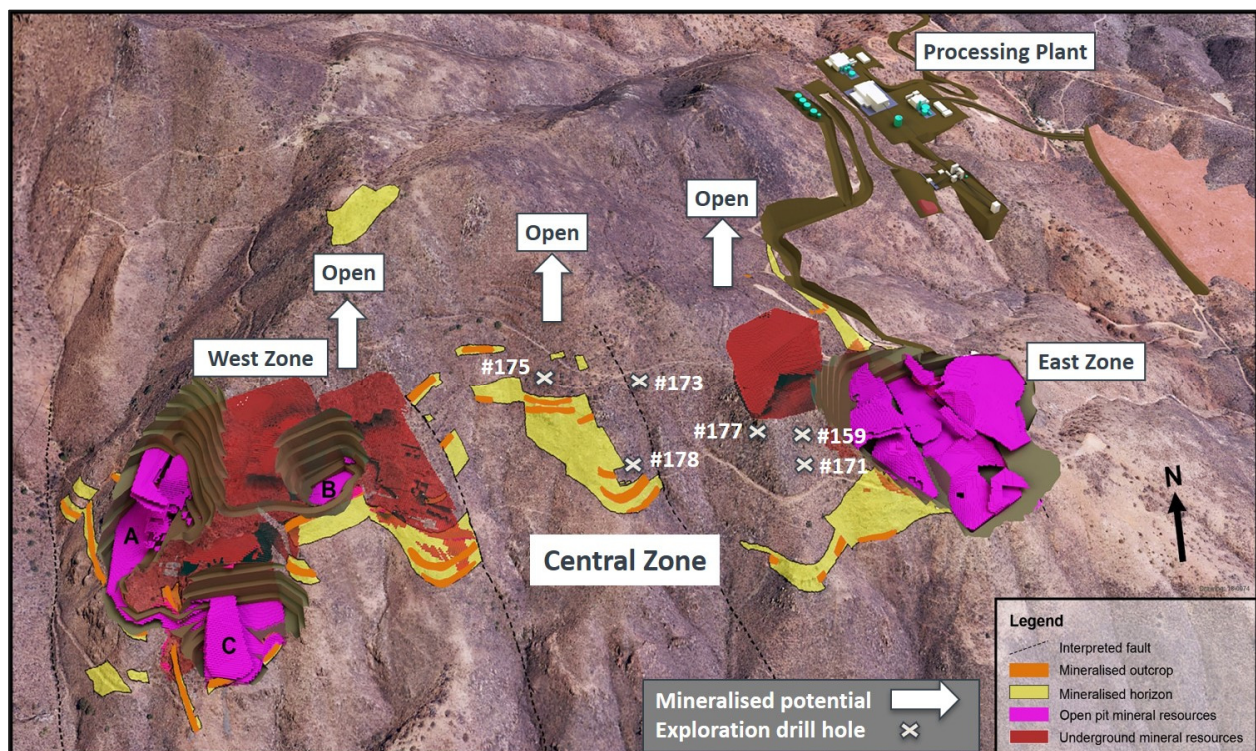
Oposura has good exploration upside with significant potential to add additional resources to the current Mineral Resource. The Company is currently drilling to confirm this potential with the program having three primary objectives:

1. Confirm the presence of mineralisation within the Central Zone and demonstrate potential to join the East and West Zones together into one significantly larger deposit;
2. Close-spaced resource extension drilling in the eastern part of the Central Zone to follow-up very high-grade mineralisation intersected around Tunnel D; and
3. Infill drilling within the East Zone mineral resource area to increase the confidence level of resources scheduled to be exploited early in the mine plan.

To date, 38 holes (OPDH-158 to 195) have been completed for a total of 3,116.85m and assay results have been received for 21 holes (up to and including OPDH-178) (refer to ASX announcement dated 24 October 2018).

Resource definition drilling defined two mineralised zones at Oposura – the East and West Zones. These are separated by the approximately 500m-wide Central Zone which has been only lightly tested by historical drilling undertaken during the 1950s and 1970s. Potential exists to expand the Oposura mineral resources into the Central Zone and also further to the north (see Figure 1).

**Figure 1: Isometric view showing locations of significant intersections in the Central Zone**



Near-surface, high-grade mineralisation was intersected in holes OPDH-173, OPDH-175 and OPDH-178. These holes are located in the middle of the Central Zone more than 200 metres from the East Zone and West Zone resource boundaries and are separated from each other by more than 100m (see Figure 1).

OPDH-173 intersected a wide zone of massive and disseminated mineralisation, returning:

- **12.05m @ 6.06% Zn & 1.69% Pb (7.74% Zn+Pb)** from 44.00m which includes:
  - **4.10m @ 10.48% Zn & 1.99% Pb (12.46% Zn+Pb)** from 47.25m

OPDH-175 intersected a zone of disseminated sulphide mineralisation, returning:

- **6.60m @ 1.46% Zn & 1.17% Pb (2.63% Zn+Pb)** from 26.10m

OPDH-178, located approximately 120m to the south of OPDH-173 and 140m to the southeast of OPDH-175, intersected two zones of mineralisation, returning:

- **5.75m @ 1.38% Zn & 1.07% Pb (2.45% Zn+Pb)** from surface
- **9.50m @ 15.10% Zn & 3.75% Pb (18.86% Zn+Pb)** from 23.05m which includes:
  - **6.15m @ 21.96% Zn & 4.67% Pb (26.63% Zn+Pb)** from 24.40m

Additionally, drill holes located in the eastern part of the Central Zone intersected wide zones (average true width of >4.0m) of massive sulphide mineralisation containing high zinc and lead grades, extending the mineralised system by more than 100 metres towards the west into the Central Zone. Significantly, many of these holes also returned very high silver grades, mostly >100g/t Ag.

Some of the better drill intersections from this eastern part of the Central Zone include:

OPDH-159: **6.15m @ 13.41% Zn & 2.26% Pb (15.67% Zn+Pb) & 97g/t Ag** from 107.05m, including:  
**4.80m @ 16.73% Zn & 2.52% Pb (19.25% Zn+Pb) & 122g/t Ag** from 107.05m

OPDH-171: **4.40m @ 14.80% Zn & 5.64% Pb (20.44% Zn+Pb) & 294g/t Ag** from 99.05m, including:  
**3.60m @ 17.69% Zn & 6.56% Pb (24.25% Zn+Pb) & 353g/t Ag** from 99.85m

OPDH-177: **4.55m @ 30.80% Zn & 6.11% Pb (36.91% Zn+Pb) & 138g/t Ag** from 107.55m, including:  
**3.40m @ 40.12% Zn & 8.06% Pb (48.18% Zn+Pb) & 177g/t Ag** from 107.55m

Given the positive Scoping Study results which identified that similar grade, near-surface mineralisation will be exploited by low-cost open pit and underground mining techniques, these new Central Zone drill intersections are expected to increase the Mineral Resource, extend the current mine life of 5.3 years and have a very positive impact on the overall Project economics.

The East Zone mineral resources that are closest to the drill holes discussed above are classified as JORC Inferred Resources. As part of the Preliminary Feasibility Study now being undertaken by Azure, infill drilling is being conducted to upgrade these resources to the Indicated category. Several of these holes intersected high grade mineralisation, including:

OPDH-163: **4.15m @ 21.93% Zn & 3.84% Pb (25.77% Zn+Pb) & 148g/t Ag** from 97.40m

OPDH-165: **2.90m @ 18.78% Zn & 2.28% Pb (21.06% Zn+Pb) & 148g/t Ag** from 95.90m

OPDH-166: **6.95m @ 33.49% Zn & 5.19% Pb (38.68% Zn+Pb) & 365g/t Ag** from 68.15m

Previously reported resource drill holes (refer to ASX announcements dated 28 March and 22 May 2018) located in this same part of the East Zone resource returned the following intersections:

OPDH-053: **5.50m @ 17.48% Zn & 3.43% Pb (20.90% Zn+Pb) & 150g/t Ag** from 95.15m

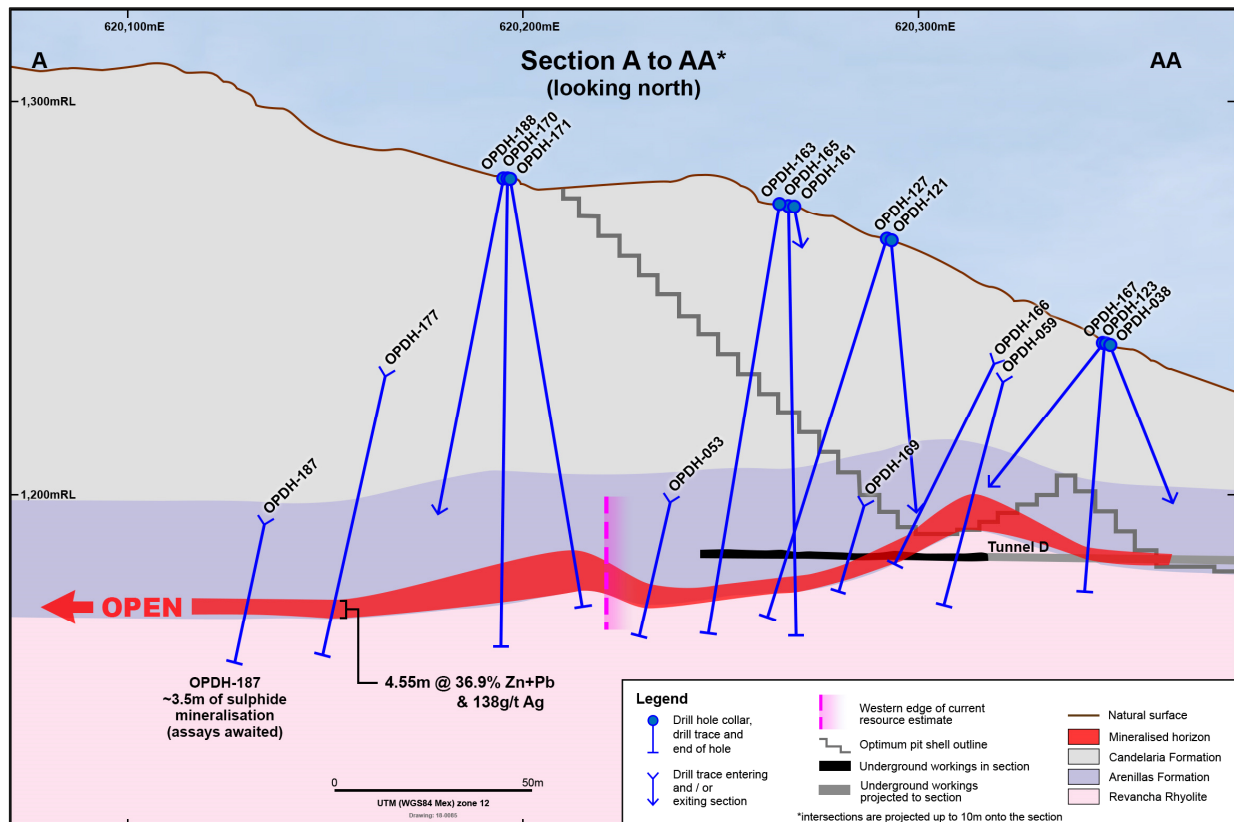
OPDH-111: **3.20m @ 12.99% Zn & 7.96% Pb (20.95% Zn+Pb) & 80g/t Ag** from 97.10m

OPDH-127: **2.50m @ 24.84% Zn & 2.39% Pb (27.23% Zn+Pb) & 137g/t Ag** from 89.10m

All of these drill holes are located near to the historical exploratory underground workings known as Tunnel D. The presence of this strongly mineralised horizon has also been confirmed by mapping and sampling within Tunnel D.

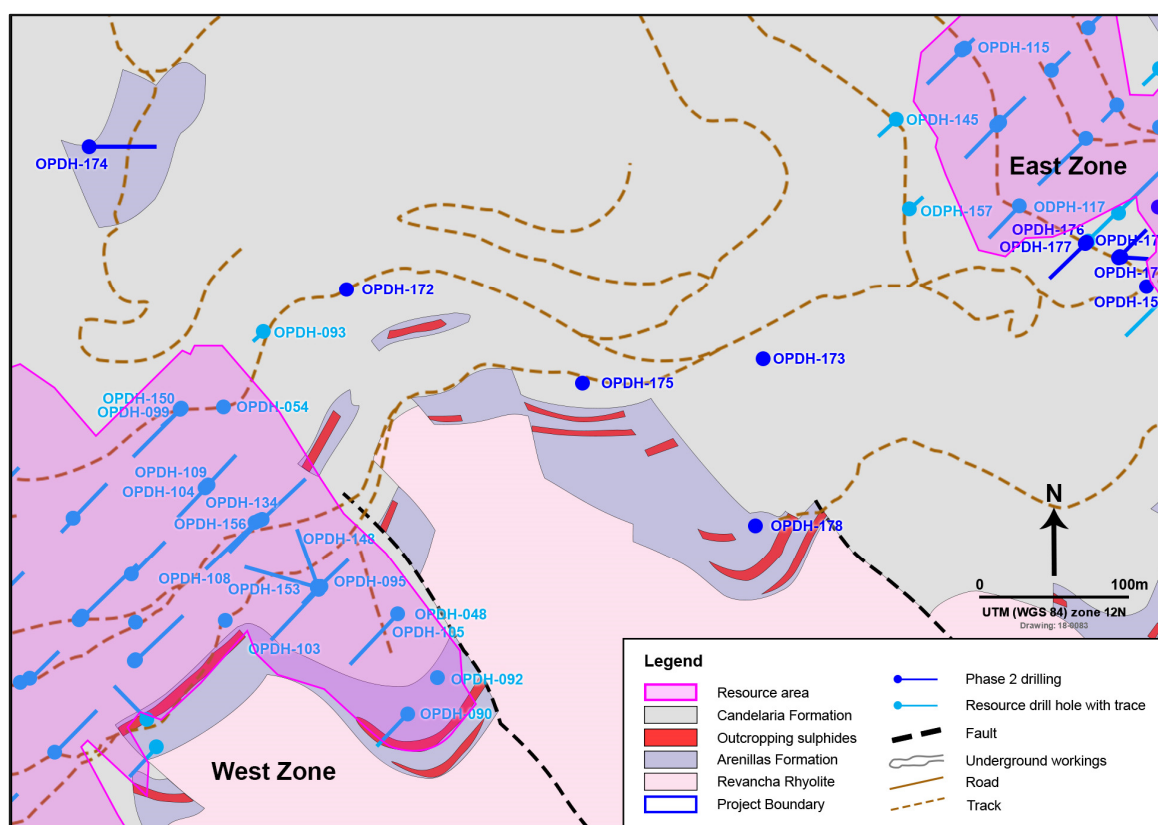
A cross section through the Tunnel D high-grade zone is shown in Figure 2 and plans showing drill hole locations are shown in Figures 3 and 4.

**Figure 2: Cross section A-AA through the Tunnel D high grade zone**

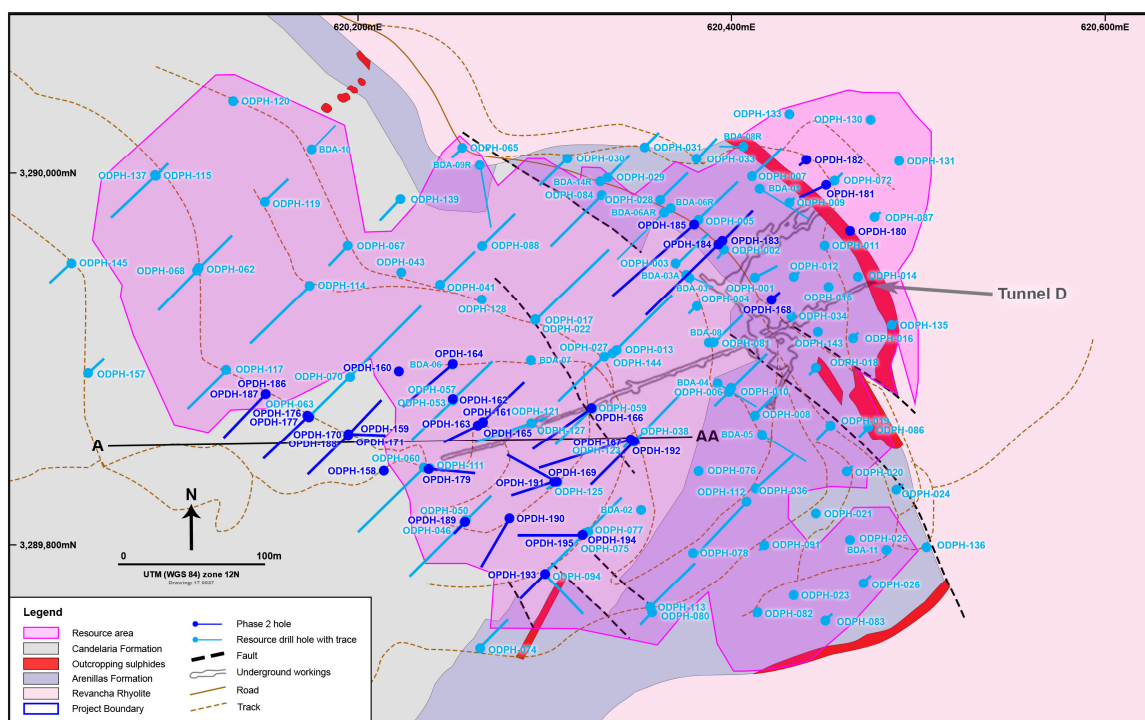




**Figure 3: Plan showing recent drilling into the Central Zone**



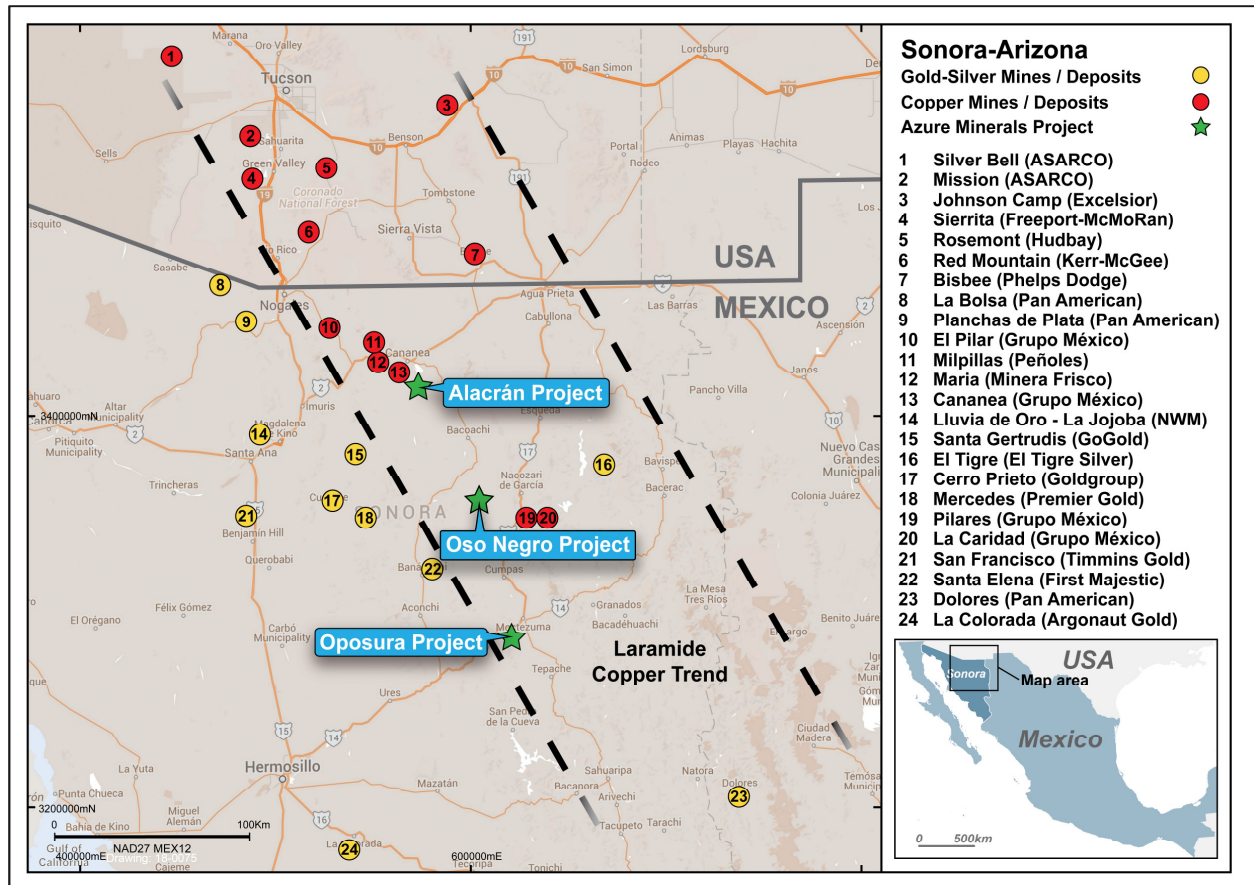
**Figure 4: Plan showing recent drilling into the East Zone**



## OSO NEGRO PROJECT – (AZS 100% ownership)

Oso Negro was identified and acquired through Azure's ongoing program of regional reconnaissance and project generation. The property covers 1,275 hectares comprising a 1,119ha concession application (Oso Negro) staked by Azure and an adjoining 156ha concession (El Sahuaro) which was purchased from a local rancher for approximately US\$35,000. The Oso Negro property is located about 70km north of the Company's development project, Oposura (see Figure 5).

Figure 5: Oso Negro project location



Azure was attracted to the area by the presence of epithermal mineralisation exposed as outcropping quartz veins and stockworks of quartz hosted in zones of strong alteration.

Iron oxides after sulphides and semi-fresh sulphides comprising galena (lead sulphide) and sphalerite (zinc sulphide) occur within the quartz veins. Veins ranging up to five metres in width are exposed over strike lengths of up to 800m. Artisanal underground mine workings exist along the veins to varying depths to a maximum of approximately 30m, suggesting potential for depth extensions. Numerous old mine dumps comprising quartz vein material containing high grades of silver and gold mineralisation are present.

Azure collected 88 samples during the prospecting phase and strongly anomalous to high grade silver, gold, zinc and lead assays were returned (refer ASX announcement dated 5 September 2018. Most

samples were channel samples taken across veins, host rock selvages and from within hand-dug channels across the old mine dumps.

Of the 88 samples collected:

- **37 samples assayed >100g/t Ag, including 9 samples >1,000g/t Ag to a maximum of 2,680g/t Ag**
- **37 samples assayed >1.0g/t Au, including 7 samples >5.0g/t Au with a highest grade of 100.5g/t Au**

Azure is currently carrying out additional mapping and sampling on the property to identify prospective targets suitable for follow-up testing by trenching and/or drilling. Since most of the quartz veining is anomalous in silver and gold, exploration will focus on locating zones with sufficient density and strike continuity of veining to host a significant deposit.

### **ALACRÁN PROJECT - (AZS 100% ownership, Teck earning back an initial 51%)**

#### **BACKGROUND**

Azure Minerals earned a 100% interest in the Alacrán Project between 2015 to 2016 from Minera Teck S.A. de C.V. ("Teck"), a 100%-owned subsidiary of Canada's largest diversified resource company, Teck Resources Limited.

Teck is currently earning back into the project and is the project operator. Work conducted during 2017 and 2018 represent the first two years of activity in a total four-year program comprising the first Option which will entitle Teck to earn back a 51% share of the project by sole-funding US\$10 million of exploration expenditure and making cash payments to Azure totalling US\$500,000.

Upon reaching an initial 51% interest in the project, Teck may exercise the second Option to further increase its interest to 65% by sole funding an additional US\$5 million in expenditures over a further two years and making cash payments to Azure totalling an additional US\$1.5 million. In this case, Azure will retain a contributing 35% interest in the Alacrán project. Grupo Mexico retains a 2% NSR royalty.

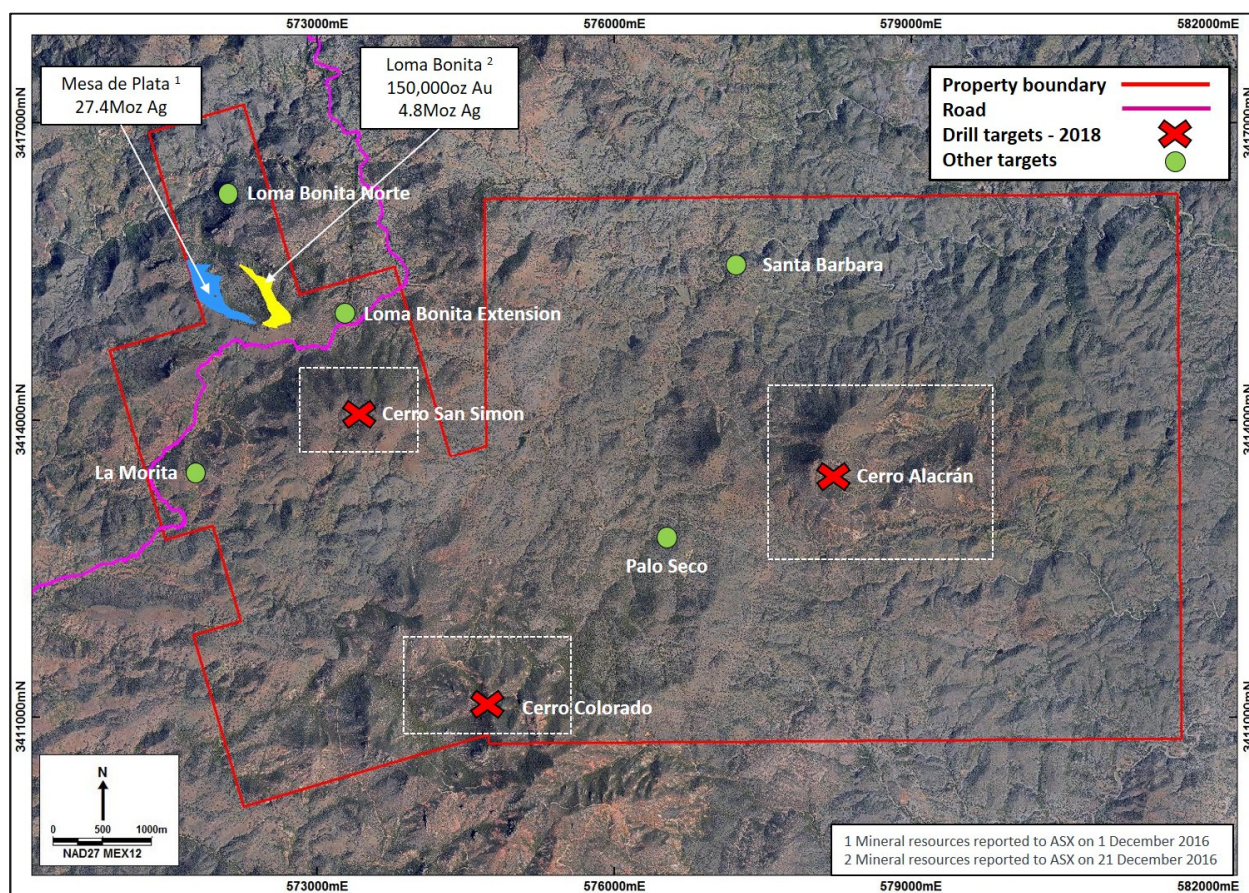
#### **CURRENT PROGRAM**

Teck's Year 2 work program, currently in progress, includes geological, geochemical and geophysical surveys completed in the first half of 2018, followed by diamond drilling which commenced in August. The major focus for Teck is testing the porphyry copper potential at the Cerro Alacrán prospect, with other targets including Cerro San Simon and Cerro Colorado (see Figure 6).

To date, the current drilling program has completed 11 holes totalling 6,391m, out of a total target of 9,500m in 18-20 holes. Two drill rigs are currently operating and results will be released when they become available.



**Figure 6: Target areas for Teck's 2018 drill program**



### **SARA ALICIA PROJECT - (AZS 100% ownership)**

No exploration activities were carried out during the quarterly period. Azure has offered this property for sale or joint venture with several companies reviewing the data and undertaking site visits.

### **PROMONTORIO PROJECT - (AZS 100% ownership)**

No work undertaken. Azure continues to seek a partner for further exploration on this project.

### **CORPORATE**

Cash balance at 30 September 2018 is approximately A\$5.2 million

**-ENDS-**

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**Competent Person Statements:**

*Information in this report that relates to previously reported Exploration Results has been crossed-referenced in this report to the date that it was reported to ASX. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements.*

*Information in this report that relates to previously reported Mineral Resources has been crossed-referenced in this report to the date that it was reported to ASX. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.*



## Appendix 5B

### Name of entity

**AZURE MINERALS LIMITED**

### ABN

**46 106 346 918**

### Quarter ended ("current quarter")

**30-Sep-18**

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) exploration & evaluation	(888)	(888)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(199)	(199)
	(e) administration and corporate costs	(210)	(210)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	24	24
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,273)</b>	<b>(1,273)</b>
<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(16)	(16)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(16)</b>	<b>(16)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	-	-

<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	6,593	6,593
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,273)	(1,273)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(67)	(67)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>5,237</b>	<b>5,237</b>

<b>5 Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	5,179	6,535
5.2 Call deposits	58	58
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,237</b>	<b>6,593</b>

6 <b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1    Aggregate amount of payments to these parties included in item 1.2	63
6.2    Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3    Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Includes salaries and superannuation for executive directors and fees and superannuation for non-executive directors	

7 <b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1    Aggregate amount of payments to these parties included in item 1.2	-
7.2    Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3    Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8 <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1    Loan facilities	-	-
8.2    Credit standby arrangements	-	-
8.3    Other (please specify)	-	-
8.4    Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	1,076
9.2	Development	-
9.3	Production	-
9.4	Staff costs	180
9.5	Administration and corporate costs	210
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>1,466</b>

<b>10</b>	<b>Changes in tenements (items 2.1(b) &amp; 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	El Sahuaro Negro	Oso Owned Owned	- -	100% Application

Refer to Annexure 1 for full list of mining tenements

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 30 October 2018

Print name: Brett Dickson

**Annexure 1**  
**Schedule of Interests in Mining Tenements**

Project	Common Name	Column1	Tenement	Percentage held
Oposura	El Monstruo De Plomo	All Minerals	180473	100%
	Don Genaro	All Minerals	180474	100%
	El Crestón De Plomo	All Minerals	180475	100%
	Candelaria	All Minerals	180476	100%
	El Hueco	All Minerals	180477	100%
	Campo De Plomo	All Minerals	180602	100%
	Oposura Número 2	All Minerals	180603	100%
	Oposura Número 4	All Minerals	180604	100%
	Oposura Número 6	All Minerals	180605	100%
	El Encinal	All Minerals	223473	100%
Sara Alicia	Sara Alicia	All Minerals	165539	100%
El Tecolote	El Tecolote	All Minerals	243923	100%
	El Tecolote III	All Minerals	234586	100%
Promontorio	Hidalgo	All Minerals	235270	100%
	Promontorio	All Minerals	235269	100%
	El Magistral	All Minerals	218881	100%
	Promontorio 1	All Minerals	245495	100%
	Promontorio 2	All Minerals	245496	100%
	Promontorio 3	All Minerals	245497	100%
	Promontorio 4	All Minerals	245505	100%
	Promontorio 5	All Minerals	245500	100%
	Promontorio 6	All Minerals	245498	100%
	Promontorio 7	All Minerals	245506	100%
	Promontorio 8	All Minerals	245507	100%
	Promontorio 9	All Minerals	245501	100%
	Promontorio 10	All Minerals	245499	100%
	Promontorio 11	All Minerals	245502	100%
	Promontorio 12	All Minerals	245503	100%
	Promontorio 13	All Minerals	245504	100%
Oso Negro	El Sahuaro	All Minerals	243322	100%
	Oso Negro	All Minerals	application	100%
Panchita	Panchita	All Minerals	212767	100%
	Dona Panchita	All Minerals	192097	100%
San Augustin	San Augustin1	All Minerals	238325	100%
Alacran <sup>1</sup>	Kino 3	All Minerals	166312	100%
	Kino 2	All Minerals	166313	100%
	Kino 4	All Minerals	166314	100%
	Kino 8	All Minerals	166315	100%
	Kino 9	All Minerals	166316	100%
	Kino 10	All Minerals	166317	100%
	Kino 11	All Minerals	166318	100%
	Kino 15	All Minerals	166365	100%
	Hidalgo No. 4	All Minerals	166366	100%
	Kino 16	All Minerals	166367	100%
	Hidalgo No. 3	All Minerals	166368	100%
	Hidalgo No. 2	All Minerals	166369	100%
	Hidalgo No. 5	All Minerals	166370	100%
	Hidalgo No. 6	All Minerals	166371	100%
	Hidalgo No. 8	All Minerals	166372	100%
	Hidalgo No. 7	All Minerals	166373	100%
	Hidalgo	All Minerals	166374	100%
	Hidalgo No. 9	All Minerals	166375	100%
	San Simon	All Minerals	166376	100%
	San Simon No. 2	All Minerals	166377	100%
	El Alacran	All Minerals	201817	100%

<sup>1</sup> Teck Resources Limited ("Teck") has advised it intends to exercise its back-in right to earn-back a 51% interest in these concessions.