

On the Pathway to Production



ASX: AZS



@AzureMinerals

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Corporate snapshot

ASX code	AZS	
Share Price	A\$0.15	
Shares on issue	111 million	
Market Cap	A\$17M	
Cash (at 31/12/2018)	A\$3.4M	
Debt	Nil	
Share Spread	Australia	63%
	North America	18%
	Europe	19%
Top 20	47.6%	

Highlights

Location: Sonora, Mexico

Assets: Strong progress on two high-quality projects

- **Oposura** **zinc-lead-silver**
- **Alacrán** **silver-gold-copper**

Management: Track record of discovery & developing mines

Funding: Strong cash position: A\$3.4M (at 31/12/2018)



All properties 100% AZS owned



Safe, stable, supportive jurisdiction

Tier 1 mining province

>500 years of mining history

Strong mining culture

Experienced workforce readily available

Oposura zinc-lead-silver deposit



Development time-line

Acquired:	✓	August 2017
Mineral Resource:	✓	July 2018
Scoping Study:	✓	October 2018
PFS:		Mid-2019
Feasibility Study:		End Q4 2019
Production:		Targeting Q4 2020

Investment case: 100%-owned by Azure

Pre-production CAPEX = US\$52m

Zero mine CAPEX:

- No open pit pre-strip
- No decline development

C1 cash costs (LOM) = US\$0.42/lb of zinc[#]

- Lowest quartile of world zinc producers
- C1 cash cost in Year 1 = US\$0.14/lb of zinc[#]



Project highlights

- JORC resource = **2.9Mt @ 5.0% Zn 2.8% Pb 17g/t Ag[#]**
- Upside: potential to double mineral resources
- Simple mining: ~5-6 years @ 500,000tpa (1,500tpd) via:
 - Open pit (3 years)
 - Underground room & pillar mining (3 years)
- Standard processing by sulphide flotation



Production metrics[#]

Refer ASX announcement dated 15 October 2018

Refer to Appendix 1 for price assumptions

Base Case

EBITDA = A\$237m

NPV₈ = A\$112m

IRR = 76%

KEY PRODUCTION & FINANCIAL METRICS (pre-tax)

Mining, crusher & DMS throughput rate	500,000 tpa (1,500 tpd)		
Mill & flotation throughput rate (post-DMS)	295,000 tpa (800 tpd)		
Initial mine life	5.3 years		
	Base Case Prices^{##}	Current Prices^{##}	
NPV ₈	A\$112m (US\$84m)	A\$57m (US\$41m)	
IRR	76%	44%	
EBITDA (LOM)	A\$237m (US\$178m)	A\$169m (US\$122m)	
Payback period	16 months	24 months	
Pre-production CAPEX	A\$69.9m (US\$52.4m)	A\$72.8m (US\$52.4m)	
Average LOM C1 costs	A\$0.56/lb (US\$0.42/lb)	A\$0.69/lb (US\$0.50/lb)	
Year 1 C1 costs	A\$0.18/lb (US\$0.14/lb)	A\$0.33/lb (US\$0.24/lb)	
Average annual production (metal in concentrate)	19,000t Zinc	10,000t Lead	145,000oz Silver
First lead-silver & zinc concentrate production	Targeting Q4 2020		

Standard sulphide flotation

Milling & flotation @ 295,000tpa (800tpd)

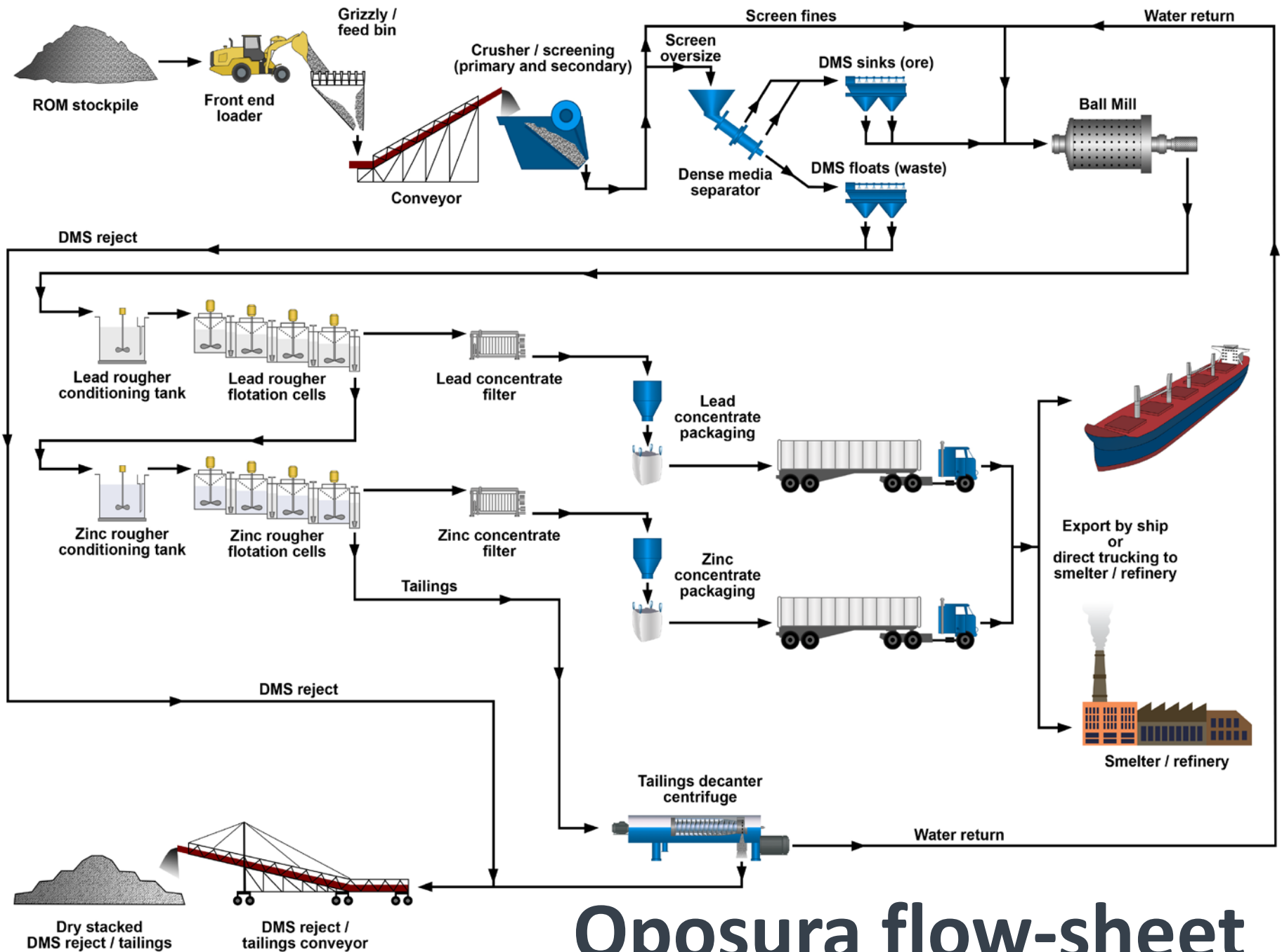
DMS / Ore Sorting increases mill feed grade by 40%

High-grade concentrates:

- **Zinc (+53%)**
- **Lead (+60%) + Silver (+320g/t)**

Clean concentrates: no deleterious elements

Annual production of: **19,000t Zinc**
10,000t Lead
145,000oz Silver



Oposura flow-sheet

Excellent local infrastructure

- 6km to major highway
- 15km to local town (Pop: 5,000)
- Grid power available
- Water on site & from nearby river (8km)
- Fibre optic communications in operation
- 330km by highway to export port

Good access to markets



Central Zone Drill Hits[#]

#159: 6.2m @ 15.7% Zn+Pb

#171: 4.4m @ 20.4% Zn+Pb

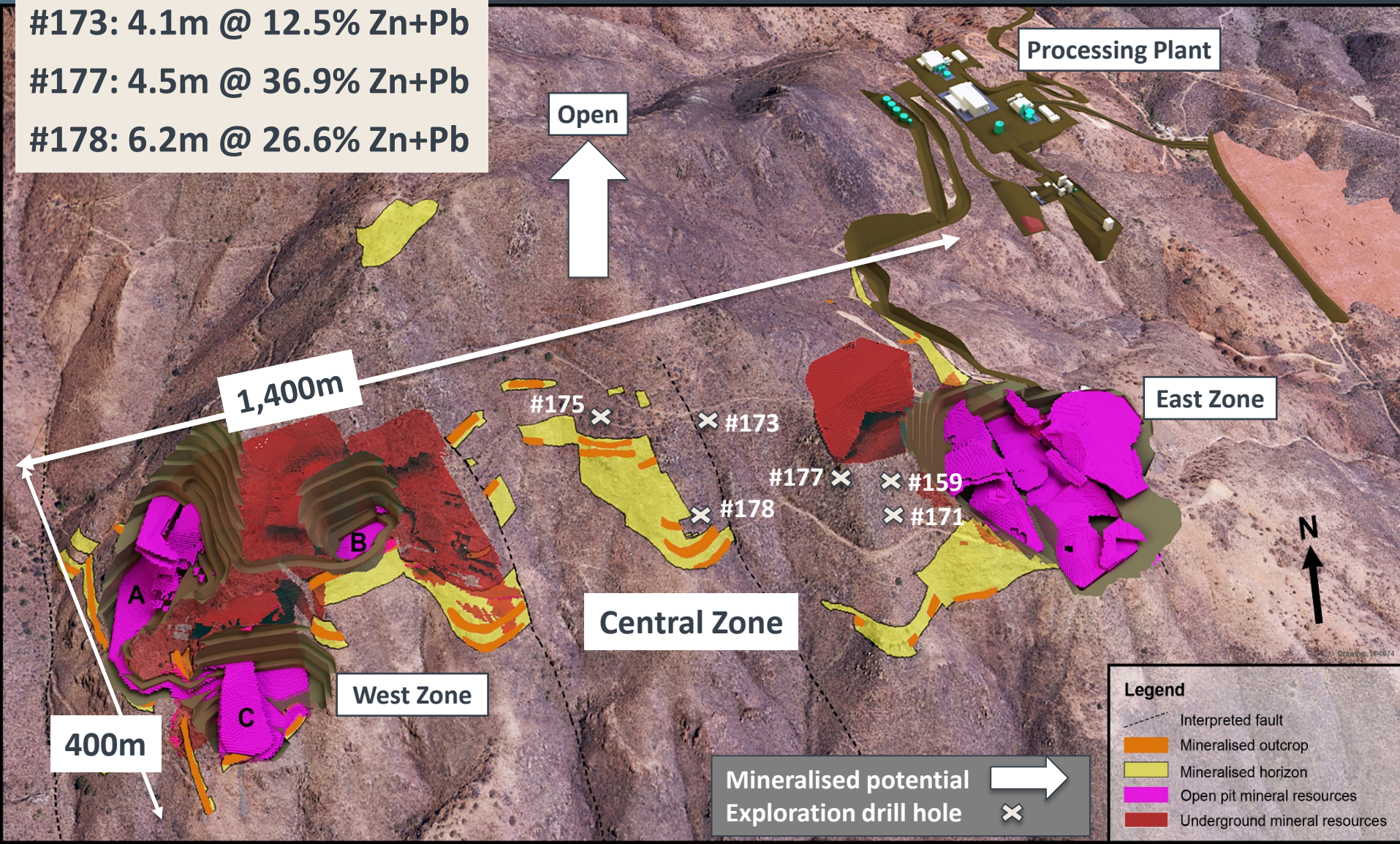
#173: 4.1m @ 12.5% Zn+Pb

#177: 4.5m @ 36.9% Zn+Pb

#178: 6.2m @ 26.6% Zn+Pb

Good exploration upside

Refer ASX announcement dated 24 October 2018



Azure - growing strongly & building value

Right commodities: Oposura & Alacrán
Zn-Pb-Ag Ag-Au-Cu

Progressing Oposura to mine development in 2020

Free-carried on Alacrán by Teck Resources

Exciting blue sky potential with exploration upside
on both projects





Thank you



For enquiries, please contact:
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Competent Person Statements

OPOSURA

The information in this report that relates to Mineral Resources for the Oposura Project are extracted from the report “Azure Delivers Robust Initial Mineral Resource at Oposura” created and released to the ASX on 4 July 2018 and is available to view on www.asx.com.au.

ALACRÁN

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

EXPLORATION RESULTS

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.

Disclaimer – Scoping Study Cautionary Statement

The Scoping Study (Study) results were released to the ASX on 15 October 2018. The Study was undertaken to determine the potential viability of a combined open pit and underground mine with a conventional crushing, milling and flotation circuit to produce zinc and lead-silver sulphide concentrates onsite at the Oposura Project, and to provide Azure Minerals Limited with the confidence to continue with its ongoing feasibility study. The results should not be considered a profit forecast or a production forecast.

The Study is a preliminary technical and economic study of the potential viability of the Oposura Project. In accordance with the ASX Listing Rules, the Company advises it is based upon low-level technical and economic assessments (+/- 35%) that are not sufficient to support the estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised.

Further evaluation work including infill drilling, metallurgical testwork and appropriate studies are in progress and required before Azure will be in a position to estimate ore reserves and to provide assurance of an economic development case.

In accordance with ASX and ASIC guidance, the Production Target referred to in this announcement is based upon JORC Mineral Resources which are classified as approximately 75% Indicated and 25% Inferred. The Company has concluded that it has reasonable grounds for disclosing this Production Target.

The Study is based upon material assumptions outlined in the ASX announcement dated 15 October 2018. These include assumptions about the availability of funding. While Azure considers all of the material assumptions to be based upon reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved.

To achieve the outcomes indicated in the Study, funding in the order of A\$70 million (US\$52.5 million) is likely to be required. Investors should note that there is no certainty that Azure will be able to raise funding when needed. It is also possible funding may only be available on terms that may be dilutive to or otherwise affect the value of Azure's existing shares. It is also possible that Azure could pursue other "value realisation" strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce Azure's proportionate ownership of the Project.

The Company has concluded it has a reasonable basis for providing the forward-looking statements included in the announcement and believes that it has a reasonable basis to expect it will be able to fund the development of the Project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Study.



Appendix 1: Price Assumptions

	Base Case Prices ¹	Current Prices ²
Zinc	US\$3,108/t	US\$2,600/t
Lead	US\$2,411/t	US\$2,000/t
Silver	US\$16.20/t	US\$14.00/oz
Exchange rate	0.75	0.71