

Advancing from explorer to miner



ASX: AZS



@AzureMinerals

www.azureminerals.com.au

General Meeting
Perth
19 July 2019

Tony Rovira
Managing Director
Azure Minerals Ltd

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Corporate snapshot

ASX code	AZS	
Share Price	A\$0.10	
Shares on issue	111 million	
Market Cap	A\$11M	
Cash (at 30/6/2019)	A\$0.55M	
Debt	Nil	
Share Spread	Australia	63%
	North America	17%
	Europe	20%
Top 20	48.2%	

Northern Mexico focus



Safe, stable, supportive jurisdiction

Tier 1 mining province

>500 years of mining history

Strong mining culture

Experienced workforce readily available

Competitive tax rates

All projects 100% Azure-owned

➤ **Oposura:** Flagship project
Feasibility Study underway
Small-scale mining in progress
JORC resource = 153,000t Zn & 84,000t Pb¹

➤ **Alacrán:** Teck Resources exits
Azure 100% ownership again
JORC resource = 32Moz Ag & 150,000oz Au²

➤ **Promontorio:**
JORC resource = 40,000t Cu, 151,000oz Au & 3.2Moz Ag³



1. Refer ASX 8 May 2019 & Appendices 2 & 3 for details
2. Refer ASX 1 December 2016, 21 December 2016 & Appendix 4 for details
3. Refer ASX 10 May 2013, 7 May 2015 & Appendices 5 & 6 for details

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 CEO of Azure Minerals in 2003
Discovered 3 gold deposits & 2 nickel deposits in Australia – all became mines
Australian Prospector of the Year in 2000

NON-EXEC DIRECTOR: Dr Wolf Martinick

Environmental scientist
+40 years experience in environmental, water, social & community

CFO & Company Secretary: Mr Brett Dickson

+30 years experience in financial management of public companies in the resources sector
Led mine start-up financings

VICE PRESIDENT - EXPLORATION: Mr Brent Hendrickson

Geologist with +30 years experience incl. +15 years experience in Mexico & fluent in Spanish
Led Azure's team to discovery and/or delineation of 5 precious & base metal deposits in Mexico
Alacrán (Mesa de Plata & Loma Bonita), Oposura, Promontorio, Cascada

Experienced Mine Development Team

CHIEF OPERATING OFFICER:

Mr Glenn Jardine

Mining engineer with +30 years experience

Feasibility studies, development & operation of 6 gold & nickel mines in Australia & Africa

4 years with Azure in Mexico developing Alacrán & Oposura projects

PROJECT MANAGER:

Mr Gary Torres

Mining engineer with +40 years experience

+10 years in Mexico & fluent in Spanish

Hands-on and senior management experience in open pit and underground mining operations

PROCESS ENGINEER / METALLURGIST:

Dr Juan Carlos Soto

Metallurgist with +20 years experience

Locally based expert in sulphide flotation processing

CHIEF PROJECT GEOLOGIST:

Mr Cruz Paez

Geologist with +20 years experience in exploration and underground & open pit mining

Hands-on and senior project management roles

Community relations specialist

Oposura zinc-lead-silver deposit



Mining underway



Oposura development time-line

Acquired:	✓	August 2017
Mineral Resource:	✓	July 2018
Scoping Study:	✓	October 2018
Resource update:	✓	May 2019
Small-scale mining:	✓	commenced
Feasibility Study:		mid-2020
Full-scale production:		early to mid-2021

Key project highlights - #1

JORC resource = **3.1Mt @ 5.0% Zn 2.7% Pb 18g/t Ag[#]**

Good exploration upside for significant resource increase

Near-surface, flat-lying massive sulphide deposit

Simple geology, simple mining & simple metallurgy

Standard sulphide flotation with high recoveries

Produces clean, high-grade zinc & lead-silver concentrates



Key project highlights - #2

Local infrastructure available: highway, power, water, communications, town, port, smelter, workforce

Full-scale operation:

- 500,000tpa (1,500tpd) with +6 year mine life
- Combination of open pit then underground mining

PEA / Scoping Study completed:

- Payback period of 16 months
- Lowest cash cost quartile of world zinc producers

Fully funded small-scale mining

Will generate near-term positive cash flow

Fully permitted small-scale mining operation

Production: 1,500tpm – 3,000tpm @ 15% - 20% Zn+Pb

6 to 12 month operation planned

Open pit & underground contract mining

Toll processing & concentrate sales

Funding of Feasibility Study into full-scale mining

Small-scale mining operation

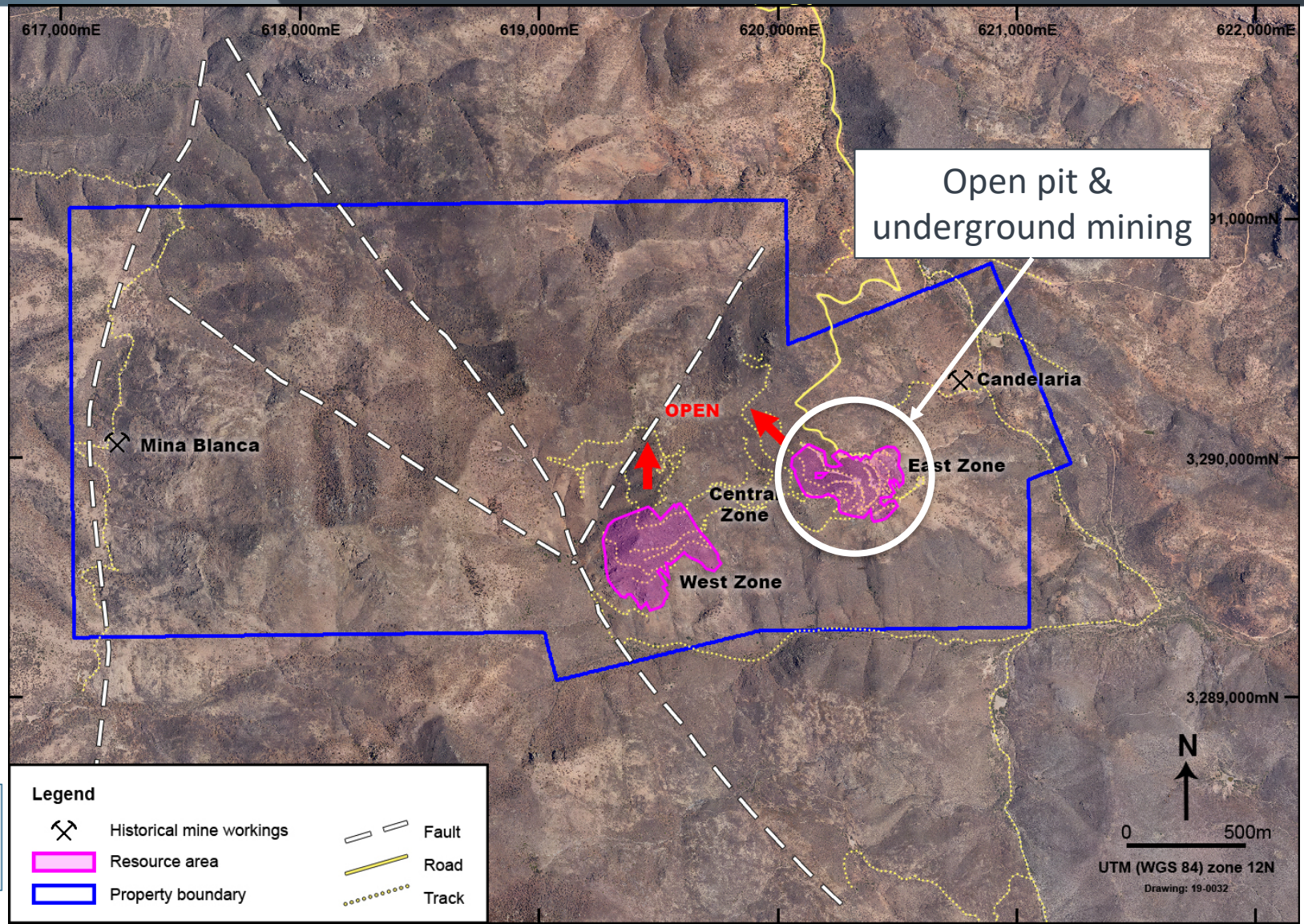
PHASE 1: Open Pit extraction

- Near-surface high-grade ore: **10%-15% Zn+Pb**
- Soft overburden = ripping & direct loading
- 1 to 2 months ore supply

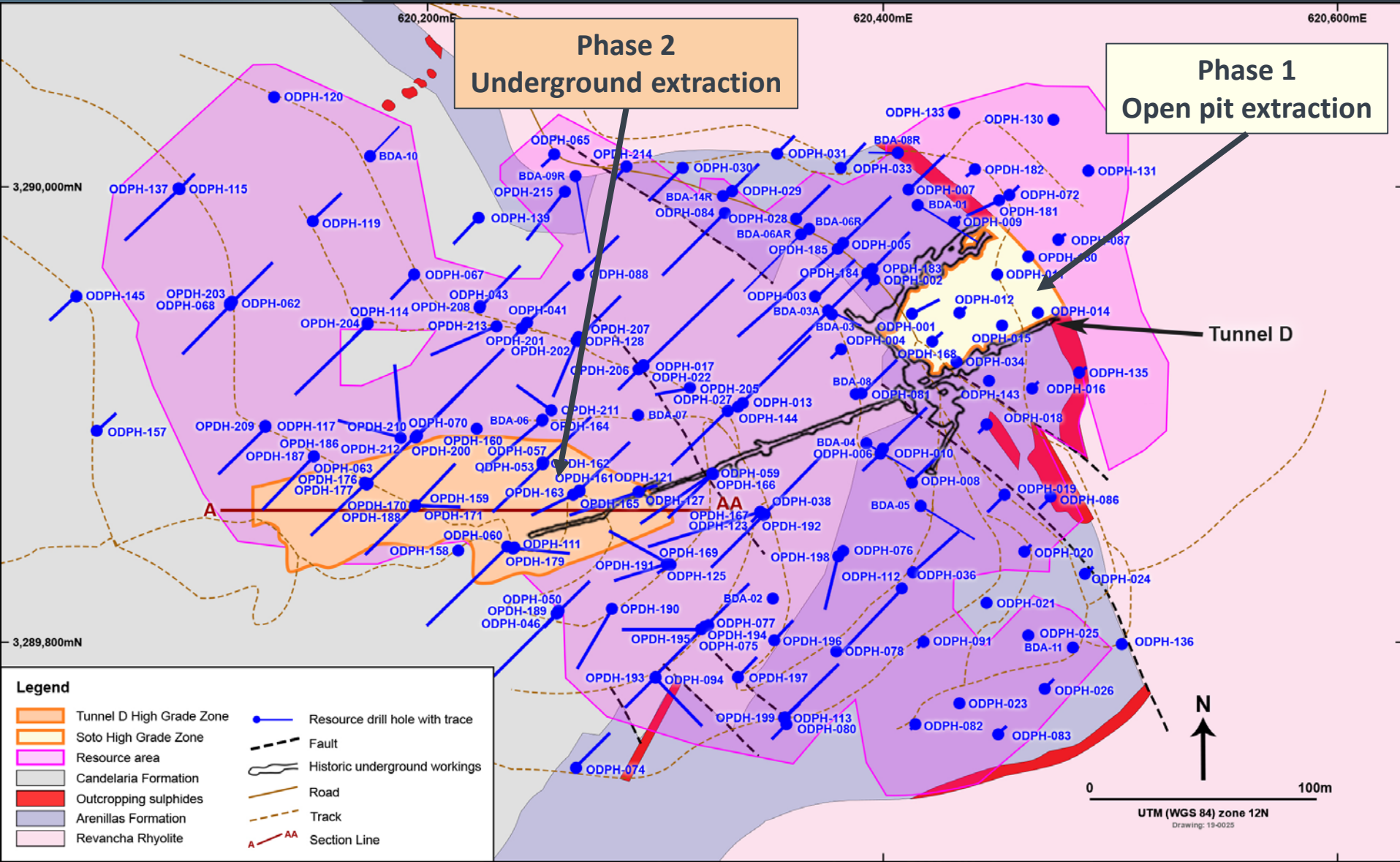
PHASE 2: Underground extraction

- Easily accessible high-grade ore: **15%-20% Zn+Pb**
- Excellent ground conditions: room & pillar mining
- Up to 12 months ore supply

Small-scale mining operation



East Zone mining operation



Upgrading access road – 6km



Grade control drilling



Clearing overburden



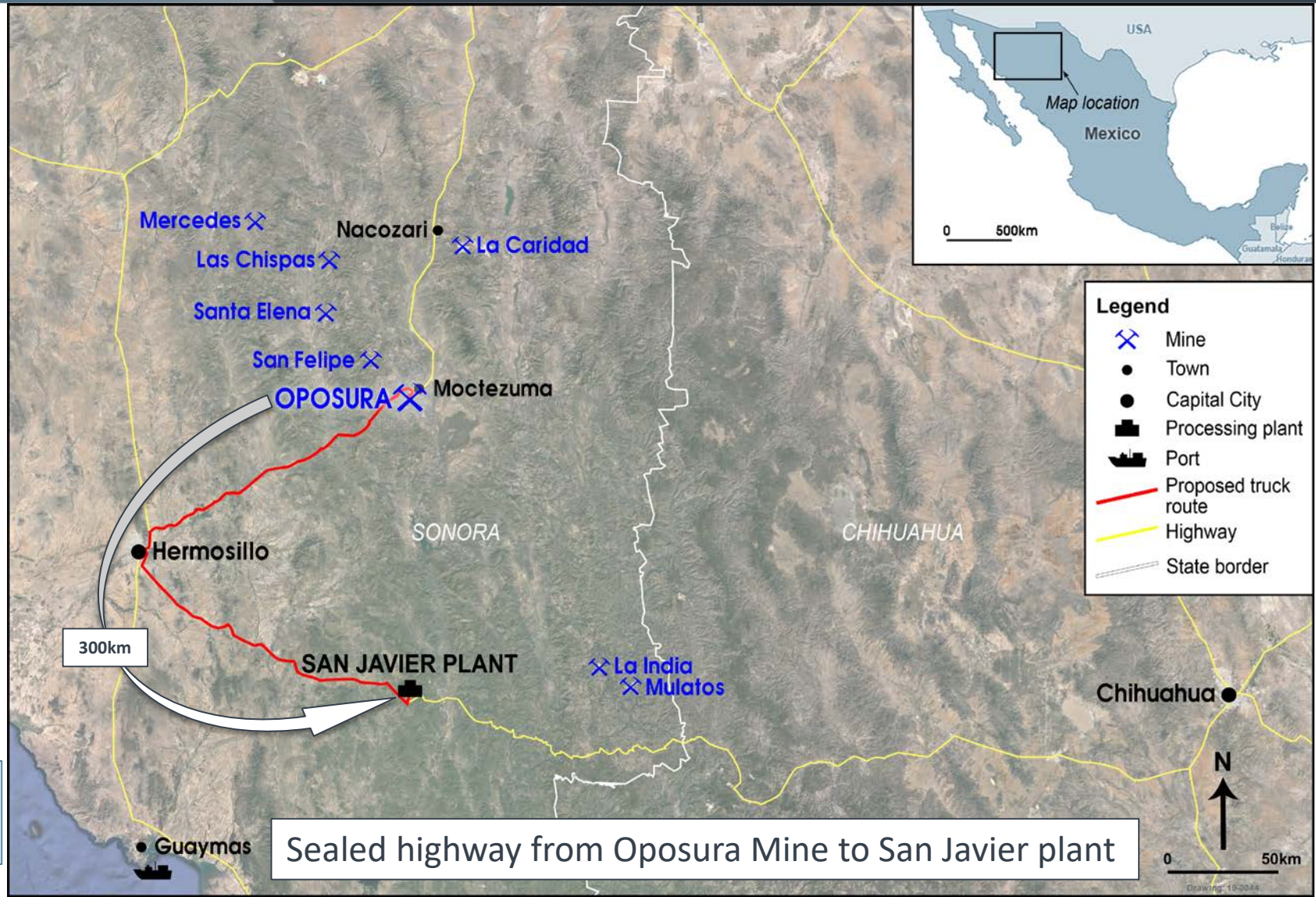
Exposing massive sulphides



Loading high-grade ore




From mine to mill



San Javier Plant





Coarse ore feed bin
Primary crusher
Secondary crusher

The image shows a large industrial crushing plant. The structure is built with a complex network of red-painted steel beams and supports. A worker in dark clothing is visible on a platform in the center. Large green industrial machines, likely crushers, are integrated into the structure. A prominent red pipe or chute runs diagonally from the upper right towards the bottom right. The entire facility is housed under a roof with corrugated metal siding. The scene is brightly lit, suggesting an outdoor or semi-outdoor environment.



Ball mill

Conditioning tanks & flotation circuit



Float cells

Lead roughers & cleaners

Zinc roughers & cleaners



Vacuum disc filters



Direct access to local smelters



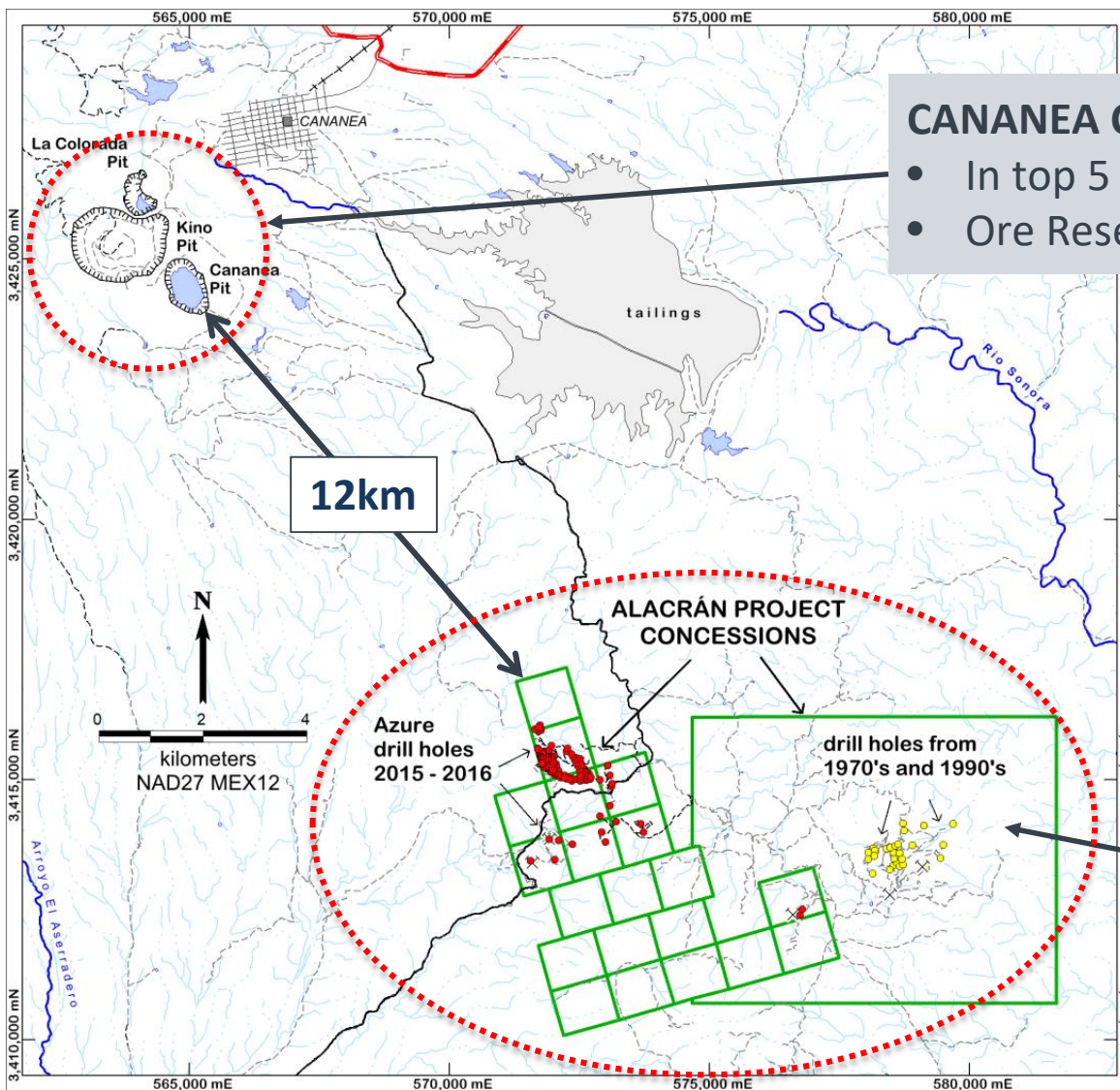
Oposura: key milestones ahead

- Small-scale mining operation underway
- Open pit extraction starts in mid-July
- Toll treatment to start in September
- Underground extraction to start in September
- Positive cash flow expected in Q4 2019

Alacrán Project – 100% Azure



Next-door to a Tier 1 copper mine



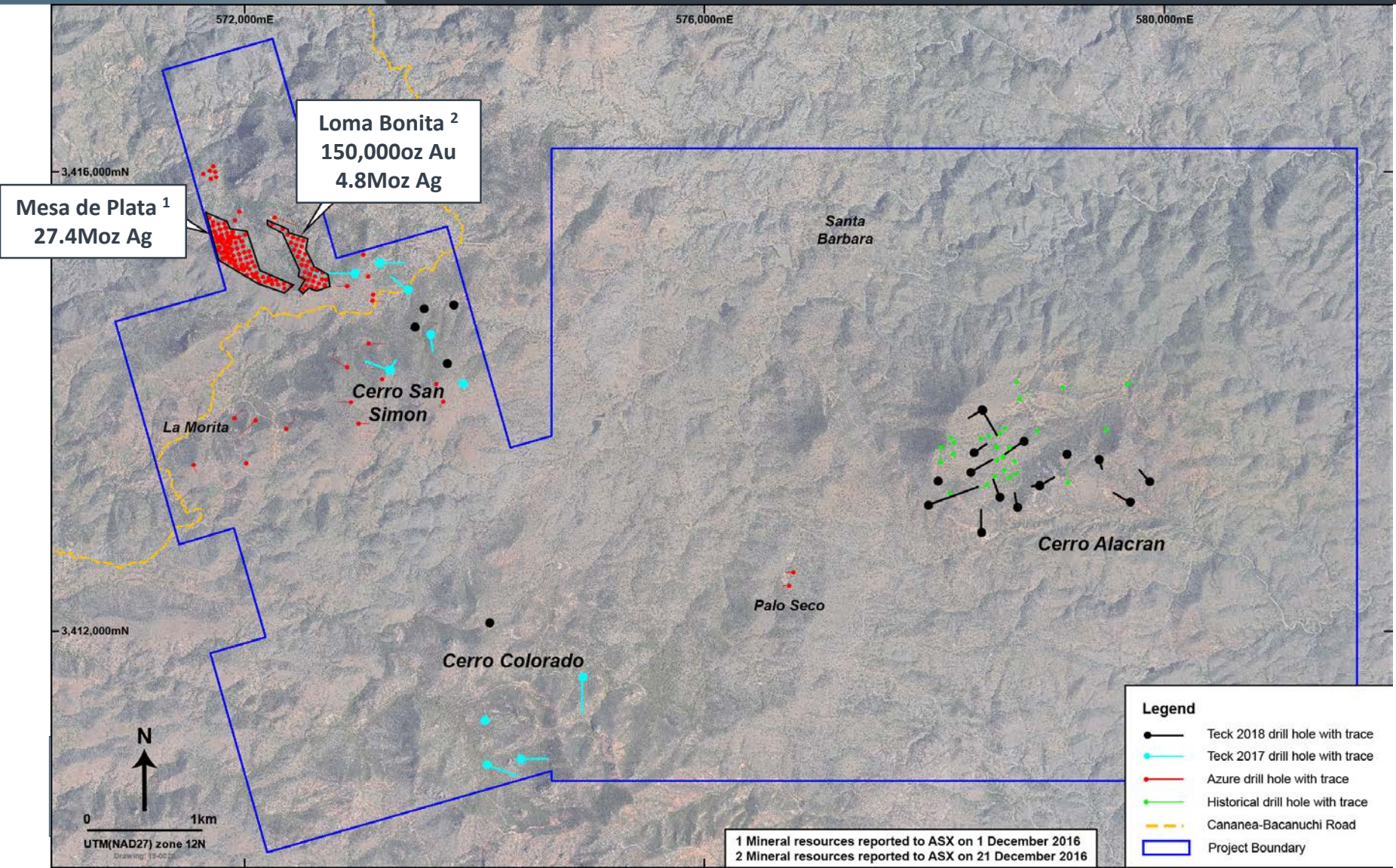
CANANEA COPPER MINE

- In top 5 largest copper mines in the world
- Ore Reserves = 8 Billion tonnes @ 0.33% Cu

ALACRÁN PROJECT - 54km²

- Mineral Resources[#] of:
 - 32Moz Ag & 150,000oz Au
- Potential for more silver, gold & copper deposits

A silver & gold exploration success story



Mesa de Plata silver deposit

Measured & Indicated Mineral Resources[#]

27.4 million ounces of Silver @ 82g/t Ag

including a High Grade resource of:

15.5 million ounces Silver @ 275g/t Ag



Loma Bonita gold-silver deposit

Indicated & Inferred Mineral Resources[#]

150,000 ounces of Gold @ 0.9g/t Au

&

4.8 million ounces Silver @ 28g/t Ag

Alacrán: near-term upside catalysts

- Drilling along strike and at depth to increase silver and gold resources at Loma Bonita & Mesa de Plata
- Drill-testing several new, high-quality targets for more silver & gold discoveries
- Confirm copper deposit at Cerro Alacrán with updated Mineral Resource Estimate

Positive & exciting future for Azure

- Positive cash flow from small-scale mining at Oposura
- Oposura Feasibility Study completed by mid-2020
- Full-scale mining at Oposura by mid-2021
- Advance Alacrán with exploration, drilling, resource estimates and development studies



Thank you



For enquiries, please contact:
Tony Rovira, Managing Director
admin@azureminerals.com.au

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: Oposura production metrics¹

1. Refer ASX announcement dated 15 October 2018

2. Refer to Appendix 3 for price assumptions

Base Case: EBITDA = US\$178m

NPV₈ = US\$84m

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 ²	Current Prices ²	
NPV ₈	US\$84m	UD\$59m	
IRR	76%	57%	
EBITDA (LOM)	US\$178m	US\$145m	
Payback period	16 months	21 months	
Pre-production CAPEX	US\$52.4m	US\$52.4m	
Average LOM C1 costs	US\$0.42/lb	US\$0.47/lb	
Year 1 C1 costs	US\$0.14/lb	US\$0.20/lb	
Average annual production (metal in concentrate)	19,000t Zinc	10,000t Lead	145,000oz Silver

Investment case: 100%-owned by Azure

Low pre-production CAPEX = US\$52.5m (A\$69.9m)

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

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

[#] After by-product (Pb & Ag) credits

Financially robust project

- $NPV_8 = \text{US\$84m (A\$112m)}$
- $IRR_{(\text{pre-tax})} = 76\%$
- Short payback period = 16 months
- Very low C1 cash costs = project remains profitable even at zinc prices much lower than current

Appendix 2: Oposura Mineral Resource Estimate¹

	Tonnes	Zn	Pb	Ag
JORC	Mt	%	%	g/t
Indicated	2.5	5.3	2.9	19
Inferred	0.6	3.4	2.1	15
TOTAL	3.1	5.0	2.7	18
Contained Metal		153,000t	84,000t	1.8Moz

Appendix 3: Oposura Price Assumptions

	Base Case Prices ¹	Current Prices ²
Zinc	US\$3,108/t	US\$2,815/t
Lead	US\$2,411/t	US\$2,150/t
Silver	US\$16.20/t	US\$15.60/oz
Exchange rate	0.75	0.72

Appendix 4: Alacrán Mineral Resource Estimate

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	1.2	307.4	12.0	0.5	201.7	3.5	1.8	274.7	15.5
Mid-Grade	8.4	43.0	11.7	0.3	36.2	0.3	8.7	42.8	12.0
Total	9.6	76.2	23.6	0.8	145.4	3.8	10.5	81.6	27.4

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)
≥ 0.5	Indicated Mineral Resource	2.9	1.25	116	34	3.1
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	Total	3.4	1.2	131	32	3.4
≥ 0.21	Indicated Mineral Resource	4.2	0.95	128	30	4.1
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	Total	5.4	0.9	150	28	4.8

Appendix 5: Promontorio Mineral Resource Estimate

Promontorio Resource ¹		Grade				Contained Metal			
Classification	Tonnage (tonnes)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (tonnes)	Au (oz)	Ag (oz)	CuEq (tonnes)
Indicated	610,000	2.7	1.7	56	4.4	16,700	32,500	1,090,000	26,500
Inferred	230,000	1.8	1.5	56	3.3	4,100	11,300	410,000	7,700
Total	840,000	2.5	1.6	56	4.1	20,800	43,800	1,500,000	34,200

Cascada Resource ²		Grade				Contained Metal			
Classification	Tonnage (tonnes)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (tonnes)	Au (oz)	Ag (oz)	CuEq (tonnes)
Indicated	840,000	1.1	1.4	27	1.9	9,200	36,700	740,000	16,300
Inferred	1,230,000	0.8	1.8	26	1.8	9,500	70,500	1,020,000	22,300
Total	2,060,000	0.9	1.6	27	1.9	18,800	107,200	1,760,000	38,600



1. Refer ASX announcement dated 10 May 2013 (Promontorio)
2. Refer ASX announcement dated 7 May 2015 (Cascada)

Appendix 6: Promontorio total mineral resources

Total Resource ¹		Grade				Contained Metal			
Deposit	Tonnage (tonnes)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (tonnes)	Au (oz)	Ag (oz)	CuEq (tonnes)
Promontorio	840,000	2.5	1.6	56	4.1	20,800	43,800	1,500,000	34,200
Cascada	2,060,000	0.9	1.6	27	1.9	18,800	107,200	1,760,000	38,600
Total	2,900,000	1.4	1.6	35	2.5	39,600	151,000	3,260,000	72,800

Competent Person Statements

OPOSURA

Information in this report that relates to previously reported Exploration Results has been cross-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 Mineral Resources for the Oposura Project is extracted from the report “Azure Expands Oposura Mineral Resource” created and released to the ASX on 8 May 2019 and is available to view on www.asx.com.au. 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.

Information in this report that relates to the Scoping Study for the Oposura Project is extracted from the report “Oposura Scoping Study Delivers Outstanding Economics” created and released to the ASX on 15 October 2018 and is available to view on www.asx.com.au. 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.

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. 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.

EXPLORATION RESULTS

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.