

QUARTERLY ACTIVITIES REPORT

FOR PERIOD ENDED 31 DECEMBER 2019

OPOSURA PROJECT (100% Azure: zinc-lead-silver)

- Trial processing produces saleable bulk concentrate of **35% Zn, 20% Pb & 140g/t Ag**
- Trial processing to produce separate high-grade zinc and lead concentrates continuing
- Azure considering off-take offers for Direct Shipping Ore and bulk concentrate

ALACRÁN PROJECT (100% Azure: gold-silver-copper)

Drilling underway at Alacrán

- RC drilling program underway at the Loma Bonita gold-silver deposit which is open for expansion in most directions
- Initial focus is on growing the gold & silver resources of 32.2Moz silver & 150,000oz gold
- Channel sampling of a road cutting 400 metres along trend from the Loma Bonita deposit returned a continuous gold intercept of **35.5m @ 3.6g/t Au**, confirming upside potential
- Exploration drilling on greenfields targets planned for March & June quarters 2020

Spectacular silver and gold returned from new Alacrán prospects

- Maximum assays of:
3,675g/t Ag 24.1g/t Au 2.3% Cu 33.5% Pb 21.0% Zn
- Follow-up mapping and sampling underway to define targets for trenching and drilling

SARA ALICIA PROJECT (100% Azure: gold-cobalt)

- 100% ownership of Sara Alicia II concession acquired; with adjoining original Sara Alicia concession, total project landholding has increased to 49 hectares
- Gold and cobalt mineralisation present on both Sara Alicia and Sara Alicia II concessions
- Reconnaissance exploration will be undertaken in 1H 2020

CORPORATE

Share placement raised A\$4.0 million to relaunch exploration at Alacrán

Tax refunds totalling Mx\$16,525,075 (A\$1,234,000) received from Mexican Tax Office

Mr. Hansjörg Plaggemars joined the Board of Azure as a Non-Executive Director

OPOSURA PROJECT - (AZS 100% ownership)

ORE PROCESSING, CONCENTRATE PRODUCTION AND OFF-TAKE OPTIONS

Azure is continuing to trial, assess and advance various processing and off-take options for high-grade ore and zinc and lead concentrates.

The small-scale open pit mining operation undertaken last year in August and September produced approximately 6,100 tonnes of ore at an average grade of 13.4% Zn and 10.7% Pb (ASX: 23 September 2019).

Of this, approximately 2,100 tonnes of high-grade ore averaging 24.0% Zn and 18.3% Pb is currently being marketed as direct shipping ore (DSO). Several metals trading companies have expressed interest in the DSO and were provided with representative samples of the ore for testwork. Azure subsequently received indicative offers to purchase this material and discussions are continuing.

Small parcels of mid-grade, non-DSO ore, grading approximately **5.8% Zn, 5.3% Pb and 30g/t Ag**, are currently being processed through the Tecoripa sulphide flotation plant on a batch basis with the aim to produce separate, high-quality zinc and lead concentrates and these trials are continuing.

The Tecoripa processing flowsheet is similar to that proposed in the Oposura Scoping Study (ASX: 15 October 2018) for a stand-alone Oposura processing facility, comprising:

- Primary and secondary crushing
- Primary milling
- Initial flotation to produce a bulk zinc-lead concentrate
- Secondary milling to re-grind the bulk concentrate
- Lead flotation to produce a lead concentrate
- Zinc flotation to produce a zinc concentrate

Trial processing has successfully produced a high-quality, bulk zinc-lead concentrate. The mill-feed grades of approximately **5.8% Zn, 5.3% Pb and 30g/t Ag** were successfully upgraded into a bulk zinc-lead concentrate grading approximately **35% Zn, 20% Pb and 140g/t Ag**. The zinc has been upgraded by a factor of approximately 6:1 and the lead and silver by a factor of approximately 4:1, with very high metal recoveries into the concentrate, overall an excellent result.

This bulk zinc-lead concentrate is potentially a marketable product in a similar way to the high-grade DSO, having a high value and low transport cost on a per tonne basis. Azure has received one indicative tender from an international metals trading company for the purchase of this product and other companies have expressed interest; discussions are ongoing.

Meanwhile, Azure is continuing with the trial processing at Tecoripa.

Until Azure generates commercial amounts of cashflow from the sale of Oposura concentrates, the Company has elected to focus personnel and funding on exploration at the Alacrán silver and gold project. This has resulted in the Oposura feasibility study activities being suspended until the cashflow is realised.

ALACRÁN PROJECT - (AZS 100% ownership)

Azure's previous exploration on Alacrán discovered the Mesa de Plata silver deposit and the adjacent Loma Bonita gold-silver deposit. In summary, these two deposits contain total resources of:

Mesa de Plata (refer Table 1 for Mineral Resource):

27.4Moz silver in 10.5Mt @ 82g/t Ag

- **Includes an at-surface high-grade resource: 15.5Moz silver in 1.8Mt @ 275g/t Ag**

Loma Bonita (refer Table 2 for Mineral Resource):

150,000oz gold & 4.8Moz silver in 5.4Mt @ 0.9g/t Au & 28g/t Ag

RESOURCE INFILL AND EXPANSION DRILLING UNDERWAY AT LOMA BONITA

Azure has commenced a Reverse Circulation (RC) drilling program at the Loma Bonita gold-silver deposit.

The Loma Bonita deposit, as defined by the current Mineral Resource (see Figures 1 & 2), has a surface footprint of over 600 metres north-south and up to 200 metres east-west and remains open in several directions. Mineralisation starts at surface and in places the true width/thickness of the mineralised zone exceeds 100 metres.

Resource infill drilling is being undertaken to improve definition of internal high-grade zones and obtain samples for additional metallurgical testwork, while resource expansion drilling is stepping out from the eastern resource boundary to increase the resource size.

To the date of this report, Azure has completed ten drill holes (MDPC-138 to 147) within and around the Loma Bonita resource for a total of 1,259.5m and assay results are expected to be reported shortly.

EXPLORATION DRILLING

Azure recently reported encouraging surface sampling results (ASX: 17 December 2019) from a strongly gold-mineralised breccia located in a road cutting approximately 400 metres southeast of the Loma Bonita resource boundary (see Figure 2). Channel sampling of the exposed mineralised zone returned **35.5 metres grading 3.6g/t Au**. This zone has been drill-tested in the current program by hole MDPC-147 and assay results for this hole are awaited.

This outcropping high-grade mineralisation significantly enhances the potential for expanding the Loma Bonita resource to the southeast towards Cerro San Simon, where previous drilling returned several wide intersections of low to moderate grade gold mineralisation, including:

MDPD-025: 29.6m @ 0.56g/t Au & 27g/t Ag (ASX: 21 December 2016)

MDPD-035: 12.6m @ 0.37g/t Au & 8g/t Ag (ASX: 21 December 2016)

ALA-17-004: 63.0m @ 0.47g/t Au & 27g/t Ag (ASX: 10 May 2018)

If further exploration confirms continuity of gold mineralisation between Loma Bonita in the northwest and Cerro San Simon to the southeast, this could potentially identify a two-kilometre-long mineralised zone. Azure will be drilling in the Cerro San Simon area shortly.

Figure 1: Alacrán project overview plan

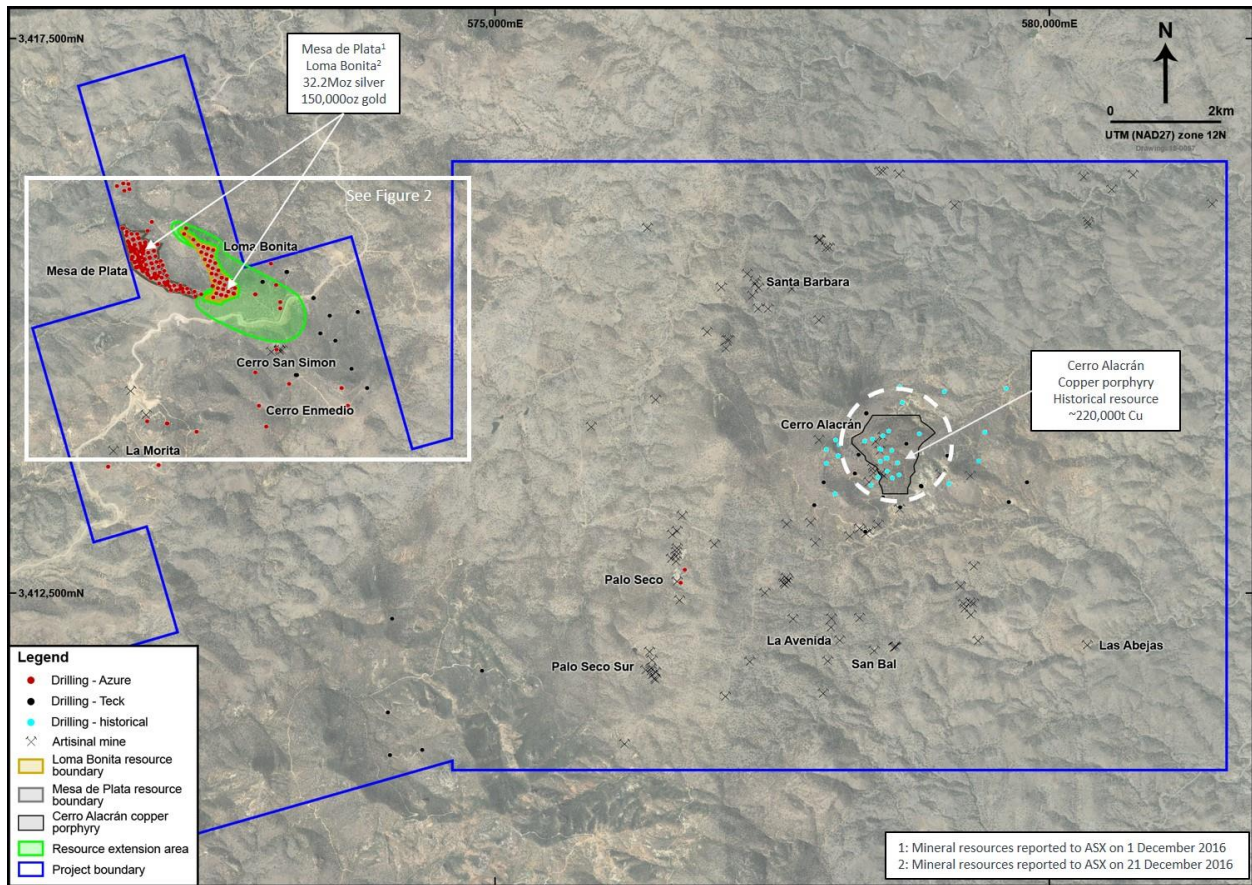
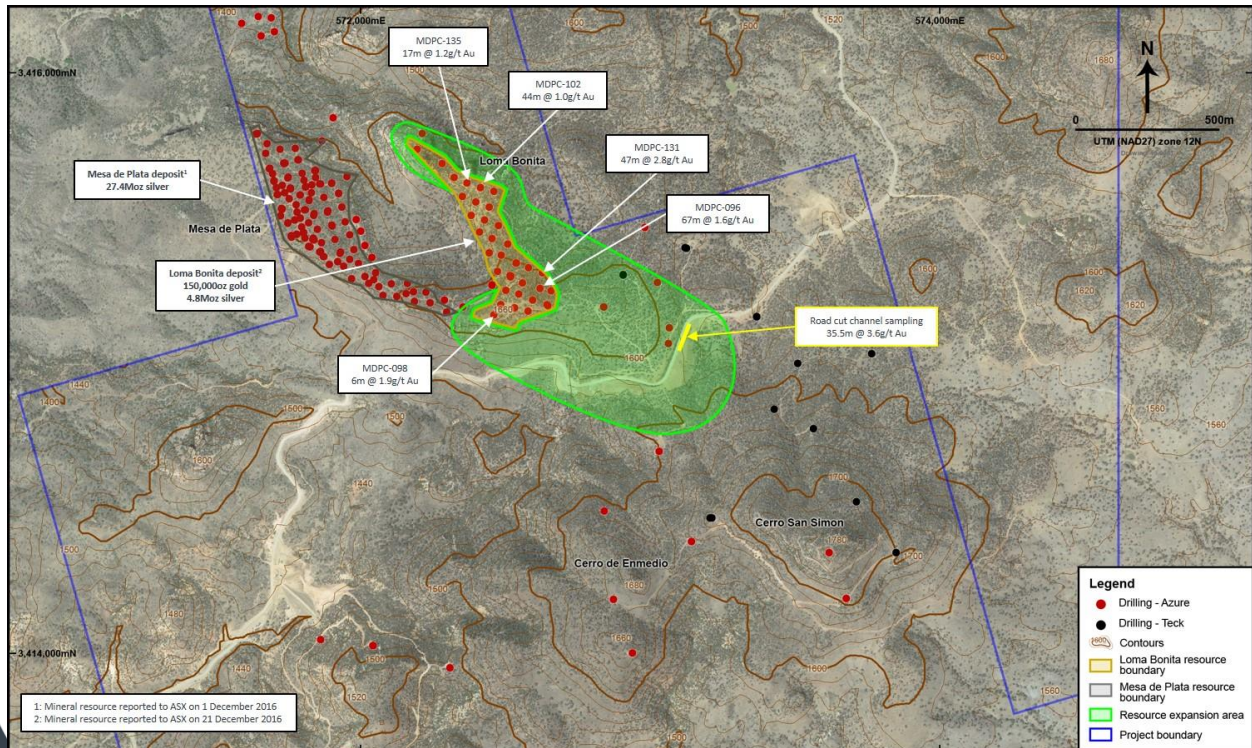


Figure 2: Area of Loma Bonita resource expansion drilling



SPECTACULAR HIGH-GRADE SILVER, GOLD & BASE METALS IDENTIFIED IN GREENFIELDS EXPLORATION

Azure's exploration team continues to undertake reconnaissance exploration and target generation throughout the Alacrán project area.

First-pass surface sampling of historical mine dumps located between 1.5 to 2.0 kilometres south and southeast of the Cerro Alacrán porphyry-hosted copper-gold-molybdenum body returned numerous high-grades of precious and base metals, with maximum values of **3,675g/t silver, 24.1g/t gold, 2.3% copper, 33.5% lead and 21.0% zinc** (ASX: 8 October 2019).

These old mines focused on exploiting precious and base metal-rich veins hosted in volcanic and porphyry rocks. Mapping shows that such veins occur extensively throughout the southeast of the property with some individual veins mapped over strike lengths in excess of 500 metres.

Twenty-one samples were collected from within and around the old mine workings and sampling was deliberately selective to determine grades of historically mined ore. Encouragingly, all 21 samples returned high grades in both precious and base metals, with:

- 10 samples returning values greater than 1,000g/t silver (average of 21 samples = 1,073g/t Ag);
- 17 samples returning values greater than 1.0g/t gold (average of 21 samples = 4.43g/t Au);
- 10 samples returning values greater than 1.0% copper (average of 21 samples = 0.95% Cu);
- 12 samples returning values greater than 10.0% lead (average of 21 samples = 14.92% Pb); and
- 10 samples returning values greater than 10.0% zinc (average of 21 samples = 9.28% Zn).

These encouraging results are being followed up with systematic sampling and detailed mapping of the veins to identify targets for future trenching and drilling.

MINERAL RESOURCES FOR LOMA BONITA AND MESA DE PLATA

Table 1: Mesa de Plata Mineral Resource (in accordance with the JORC Code 2012)

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
Total	9.64	76.2	23.6	0.82	145.4	3.8	10.46	81.6	27.4

Note: for details refer to ASX announcement dated December 1, 2016

Table 2: Loma Bonita Mineral Resource (in accordance with the JORC Code 2012)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.9	1.25	116	33.9	3.1
	Inferred Mineral Resource	0.5	1.0	15	18.0	0.3
	Total	3.4	1.2	131	32.0	3.4
≥ 0.21	Indicated Mineral Resource	4.2	0.95	128	30.1	4.1
	Inferred Mineral Resource	1.2	0.6	22	18.0	0.7
	Total	5.4	0.9	150	28.0	4.8

Note: for details refer to ASX announcement dated December 21, 2016

SARA ALICIA PROJECT - (AZS 100% ownership)

STRATEGIC LAND ACQUISITION AT SARA ALICIA GOLD-COBALT PROJECT

Azure successfully overturned an historical cancellation of the Sara Alicia II mineral concession that adjoins the Company's 100%-owned Sara Alicia property and completed acquisition of the property (ASX: 26 November 2019).

The acquisition of Sara Alicia II, when combined with the original Sara Alicia concession, brings the total project area to 49 hectares (see Figure 3), strengthening the Company's land position in this gold and cobalt-rich district.

Azure is continuing to monitor the surrounding land ownership situation with the view to further increasing the Company's landholding in this district when additional land becomes available.

ACQUISITION OF SARA ALICIA II

Azure acquired the original Sara Alicia concession in August 2017. At that time, it was recognised that a second, adjoining concession named Sara Alicia II had been cancelled by the Mining Registry. On behalf of the concession owners, Azure lodged an appeal and, nearly two years later, the federal Appeals Court ruled the cancellation was invalid and title to the concession was restored to the owners, a local Mexican family who had originally owned both Sara Alicia mineral concessions since the 1930s.

For a consideration of US\$80,000, a purchase agreement between the owners and Azure was executed and 100% ownership of the Sara Alicia II concession was transferred to Azure.

HIGH-GRADE MINERALISATION AT SARA ALICIA

Azure carried out diamond drilling on the original Sara Alicia concession in 2017 and 2018, with numerous holes intersecting wide zones of high-grade gold and cobalt mineralisation (see Table 3 below and refer to ASX announcements of 27 November 2017, 7 December 2017 and 31 May 2018).

Table 3: High Grade Gold & Cobalt Drill Intersections from Sara Alicia

GOLD	COBALT
DSA-01: 11.40m @ 3.26g/t Au from 32.40m	DSA-01: 5.50m @ 0.13% Co from 32.40m
DSA-03: 26.20m @ 9.50g/t Au from 0.60m	DSA-03: 26.20m @ 1.26% Co from 0.60m
DSA-04: 19.65m @ 4.95g/t Au from 14.85m	DSA-04: 4.70m @ 0.11% Co from 20.00m
DSA-06: 13.70m @ 3.57g/t Au from 12.20m	DSA-06: 20.6m @ 0.13% Co from 3.90m
DSA-07: 3.75m @ 8.08g/t Au from 11.80m	DSA-14: 5.95m @ 0.74% Co from 0.0m
DSA-14: 3.65m @ 8.41g/t Au from 0.0m	DSA-14: 24.95m @ 0.31% Co from 9.15m
DSA-14: 19.60m @ 8.65g/t Au from 10.65m	DSA-15: 9.50m @ 0.48% Co from 3.80m
DSA-15: 8.80m @ 6.20g/t Au from 6.10m	DSA-16: 16.20m @ 0.33% Co from 9.15m

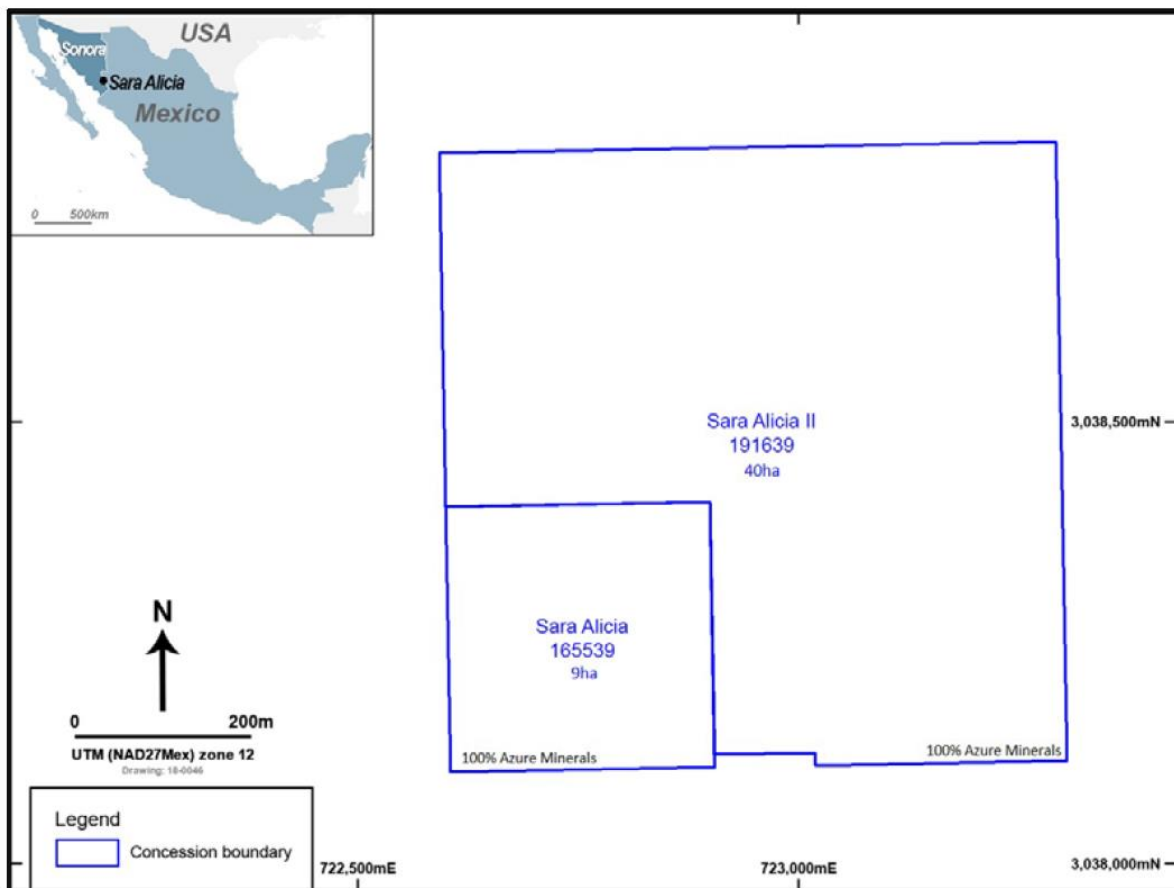
The thickest and highest-grade gold and cobalt intersections are hosted within a magnetite-rich shoot that outcrops near the top of the Sara Alicia hill. Drilling, together with mapping and sampling of the mineralisation exposed at surface and within old mine workings, indicate that the shoot trends towards the northwest and remains open to the east. Particularly important is that the eastern extension of the mineralised shoot extends onto the new Sara Alicia II concession for at least another 300 metres.

The magnetite-hosted mineralisation may represent a feeder zone sourced from an underlying porphyry that extends upwards into the overlying limestone sequence, altering it to a magnetite-rich skarn. The Company believes that, with further exploration, there is good potential to expand the mineralised zone and define a substantial body of gold and cobalt mineralisation.

The high-grade mineralised shoot is surrounded by altered carbonate rocks of a large skarn system, within which the Company's drilling identified zones of disseminated gold mineralisation in the range of 0.5g/t to 3.0g/t Au. The widespread presence of these skarn rocks indicates that the property has the potential to host a gold-rich skarn of significant size.

With ownership of the new concession now confirmed, Azure plans to undertake exploration comprising low-cost geological mapping, surface geochemical sampling and geophysical surveys in the first half of 2020.

Figure 3: Plan showing original Sara Alicia and newly acquired Sara Alicia II mineral concessions



CORPORATE

AZURE COMPLETES \$4.0 MILLION PLACEMENT TO RELAUNCH ALACRÁN SILVER & GOLD EXPLORATION

Azure completed a \$4.0 million (before costs) placement to institutional and sophisticated investors to relaunch an aggressive exploration push on the Alacrán silver and gold project.

A total 23,529,412 fully paid ordinary shares were issued at a price of \$0.17. Patersons Securities Limited acted as sole Lead Manager and Bookrunner to the placement.

USE OF FUNDS

Funds raised under the share placement are being used to:

- Undertake drilling to increase mineral resources at the Loma Bonita gold-silver deposit.
- Continue greenfields exploration and target identification programs at Alacrán and follow up positive results.
- Restart metallurgical testwork on the Mesa de Plata silver and Loma Bonita gold-silver mineralisation along with further development studies.
- Provide general working capital.

PAYMENTS RECEIVED FROM THE MEXICAN TAX OFFICE

Azure received two payments totaling Mx\$16,525,075 (approximately **A\$1,234,000**) from the Mexican tax office. These payments are the result of the successful resolution of the Company's legal action for the recovery of IVA (the Mexican equivalent of GST) dating back to the 2016 financial year.

NEW DIRECTOR APPOINTMENT

Mr. Hansjörg Plaggemars was appointed as a Non-Executive Director of Azure Minerals in November 2019.

Mr Plaggemars is an experienced company director with a deep background in corporate finance, corporate strategy and governance. He has served on the Board of Directors of many listed and unlisted companies in a variety of industries including mining, agriculture, shipping, construction and investments. This includes the Board of Delphi Unternehmensberatung AG, a major shareholder of Azure.

GENERAL

The Azure Minerals Annual General Meeting was held on 26 November 2019 and all resolutions put to the meeting passed.

During the quarter the company expensed some \$521,000 on the exploration activities and \$179,000 on the production activities reported above.

Payments to related parties of the entity and their associates totalled \$136,000 and consisted of \$26,000 Director fees and \$110,000 Executive Service fees.

-ENDS-

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or visit www.azureminerals.com.au

Authority:

Authorised for release by Brett Dickson, Company Secretary.

Competent Person Statements:

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 Alacrán Project is extracted from the reports "Silver Resource Upgraded at Mesa de Plata" created and released to the ASX on 1 December 2016 and "Initial Mineral Resource Estimate for Loma Bonita" created and released to the ASX on 21 December 2016 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.

Information in this report that relates to Mineral Resources for the Oposura Project is 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. 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Azure Minerals Limited

ABN

46 106 346 918

Quarter ended ("current quarter")

31-Dec-19

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) exploration & evaluation (if expensed)	(521)	(1,406)
	(b) development	-	-
	(c) production	(179)	(797)
	(d) staff costs	(237)	(491)
	(e) administration and corporate costs	(422)	(932)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other - (prior year IVA recovered - Mexican GST)	408	1,068
1.9	Net cash from / (used in) operating activities	(950)	(2,553)
2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	(158)	(196)
	(c) property, plant and equipment	(25)	(27)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	1	37
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) 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)	-	-
2.6 Net cash from / (used in) investing activities	(182)	(186)

3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	3,719	3,719
3.2 Proceeds from issue of convertible debt securities	-	2,000
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
3.10 Net cash from / (used in) financing activities	3,719	5,719

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,017	650
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(950)	(2,553)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(182)	(186)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,719	5,719
4.5 Effect of movement in exchange rates on cash held	(16)	(42)
4.6 Cash and cash equivalents at end of period	3,588	3,588

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	3,530	959
5.2	Call deposits	58	58
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,588	1,017

6	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	136
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

7	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Current quarter \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Convertible Notes listed in item 3.2)*	2,000	2,000
7.4	Total financing facilities	2,000	2,000
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

* 2 million Convertible Notes were issued to Deutsche Balaton Aktiengesellschaft (1 million) and Delphi Unternehmensberatung Aktiengesellschaft (1 million) each with a face value of \$1 convertible into 13,793,103 ordinary shares in Azure Minerals at a conversion price of \$0.145 per share. The notes were issued on 19 July 2019, have a term of 2 years and accrue interest at a rate 12.5% pa paid in arrears every 6 months after issue.

8 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(950)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(950)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,588
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,588
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.78
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	

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.

Date: 31 January 2020

Authorised by: Brett Dickson, Company Secretary

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Annexure 1					
Schedule of Interests in Mining Tenements					
Project	Common Name	Mineral	Tenement	Initial Percentage	Final Percentage
Oposura, Sonora - Mexico	El Monstruo De Plomo	All Minerals	180473	100%	100%
	Don Genaro	All Minerals	180474	100%	100%
	El Crestón De Plomo	All Minerals	180475	100%	100%
	Candelaria	All Minerals	180476	100%	100%
	El Hueco	All Minerals	180477	100%	100%
	Campo De Plomo	All Minerals	180602	100%	100%
	Oposura Número 2	All Minerals	180603	100%	100%
	Oposura Número 4	All Minerals	180604	100%	100%
	Oposura Número 6	All Minerals	180605	100%	100%
	El Encinal	All Minerals	223473	100%	100%
Sara Alicia, Sonora - Mexico	Sara Alicia	All Minerals	165539	100%	100%
	Sara Alicia II	All Minerals	TBA	0%	100%
El Tecolote, Sonora - Mexico	El Tecolote	All Minerals	243923	100%	100%
	El Tecolote III	All Minerals	234586	100%	100%
Promontorio, Chihuahua - Mx	Hidalgo	All Minerals	235270	100%	100%
	Promontorio	All Minerals	235269	100%	100%
	El Magistral	All Minerals	218881	100%	100%
	Promontorio 1	All Minerals	245495	100%	100%
	Promontorio 2	All Minerals	245496	100%	100%
	Promontorio 3	All Minerals	245497	100%	100%
	Promontorio 4	All Minerals	245505	100%	100%
	Promontorio 5	All Minerals	245500	100%	100%
	Promontorio 6	All Minerals	245498	100%	100%
	Promontorio 7	All Minerals	245506	100%	100%
	Promontorio 8	All Minerals	245507	100%	100%
	Promontorio 9	All Minerals	245501	100%	100%
	Promontorio 10	All Minerals	245499	100%	100%
	Promontorio 11	All Minerals	245502	100%	100%
	Promontorio 12	All Minerals	245503	100%	100%
	Promontorio 13	All Minerals	245504	100%	100%
Oso Negro, Sonora - Mexico	El Sahuaro	All Minerals	243322	100%	100%
	Oso Negro	All Minerals	application	100%	100%
Panchita, Sonora - Mexico	Panchita	All Minerals	212767	100%	100%
	Dona Panchita	All Minerals	192097	100%	100%
San Augustin, Sonora - Mexico	San Augustin1	All Minerals	238325	100%	100%
Alacran, Sonora - Mexico	Kino 3	All Minerals	166312	100%	100%
	Kino 2	All Minerals	166313	100%	100%
	Kino 4	All Minerals	166314	100%	100%
	Kino 8	All Minerals	166315	100%	100%
	Kino 9	All Minerals	166316	100%	100%
	Kino 10	All Minerals	166317	100%	100%
	Kino 11	All Minerals	166318	100%	100%
	Kino 15	All Minerals	166365	100%	100%
	Hidalgo No. 4	All Minerals	166366	100%	100%
	Kino 16	All Minerals	166367	100%	100%
	Hidalgo No. 3	All Minerals	166368	100%	100%
	Hidalgo No. 2	All Minerals	166369	100%	100%
	Hidalgo No. 5	All Minerals	166370	100%	100%
	Hidalgo No. 6	All Minerals	166371	100%	100%
	Hidalgo No. 8	All Minerals	166372	100%	100%
	Hidalgo No. 7	All Minerals	166373	100%	100%
	Hidalgo	All Minerals	166374	100%	100%
	Hidalgo No. 9	All Minerals	166375	100%	100%
	San Simon	All Minerals	166376	100%	100%
	San Simon No. 2	All Minerals	166377	100%	100%
	El Alacran	All Minerals	201817	100%	100%