

ASX: AZS

26 FEBRUARY 2015

HIGH QUALITY GRAPHITE PROJECT **SECURED**

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to announce that it has acquired a strategic landholding in Mexico’s premier graphite mining district by staking three mineral concessions to form the Telix Graphite Project (“Telix”).

Key Points:

- **High quality, large flake graphite previously mined from Telix project area**
- **Telix is a low cost, strategically important landholding located adjacent to and surrounding Mexico’s only commercial graphite mine, the El Tejon Graphite Mine and Mill - currently on care and maintenance**
- **El Tejon was a bulk tonnage producer of high quality flake graphite that closed in in 2002 due to low graphite prices**
- **Mining and processing from El Tejon to be restarted by Canadian company Big North Graphite**
- **Telix contains mineralised extensions of the El Tejon Graphite Mine and Azure is evaluating potential synergies with the El Tejon redevelopment**
- **Abundant infrastructure is present at the project, providing significant support for exploration and mining operations**
- **Importantly, Telix has low acquisition and on-going holding costs**

Commenting on the staking of the concessions, Azure’s Managing Director, Tony Rovira stated: *“Our primary focus remains on advancing our flagship Promontorio and Alacrán copper projects, however we’re always looking for opportunities to acquire prospective or unappreciated assets which we believe will add value for our shareholders.*

“The Telix Graphite Project is one such opportunity. We identified the area as containing high quality graphite occurrences and mineralised extensions of the El Tejon Graphite Mine. The acquisition and holding costs for this property are minimal, giving the Company a low cost, strategically important land position in Mexico’s premier graphite producing district.

“Importantly, our property contains several known graphite occurrences, and is adjacent to and surrounds Mexico’s only major graphite producer. El Tejon has the capacity to be a long term supplier of high quality flake graphite to the expanding North American market, providing a sustainable alternative to the current Chinese supply.

“Azure is evaluating potential synergies for the development of Telix in conjunction with the proposed recommencement of operations at El Tejon.”

Figure 1: Location of Telix Graphite Project



Telix

The Telix Graphite Project contains 12.6km² covering gneissic rocks that host significant graphite mineralisation throughout the district (see Figure 2). Several historical graphite mines, including Curva 25, Zopilote and Temescal, are hosted within Azure’s concessions.

These deposits are reported to be high quality flake graphite similar to that mined at the adjacent La Cucharita Central deposit, which was a principal source of ore for the El Tejon Graphite Mine and Mill.

There is excellent local infrastructure with good roads including the Pan American Highway, a major railroad, and mains electrical power and water all passing through the project area (see Figure 3).

Background

The El Tejon Graphite Mine and Mill were developed and constructed in 1980 by the Mexican Government, with twin process lines giving a graphite production capacity of 7,000 tonnes per year. El Tejon produced high quality flake graphite at a ratio of 20% large flake and 80% medium and fine flake from open pit mining, mostly from La Cucharita Central.

When operating, approximately 80% of El Tejon’s graphite production was sold into the United States market, which is 100% dependent on imported graphite.

After operating for 21 years, the project was closed in 2002 due to low graphite prices and, since then, the mine and processing plant have been on care and maintenance. In 2014 Canadian company Big North Graphite Corp acquired the project and announced its intention to refurbish the plant and restart mining and processing operations.

Figure 2: Geology of Telix Graphite Project

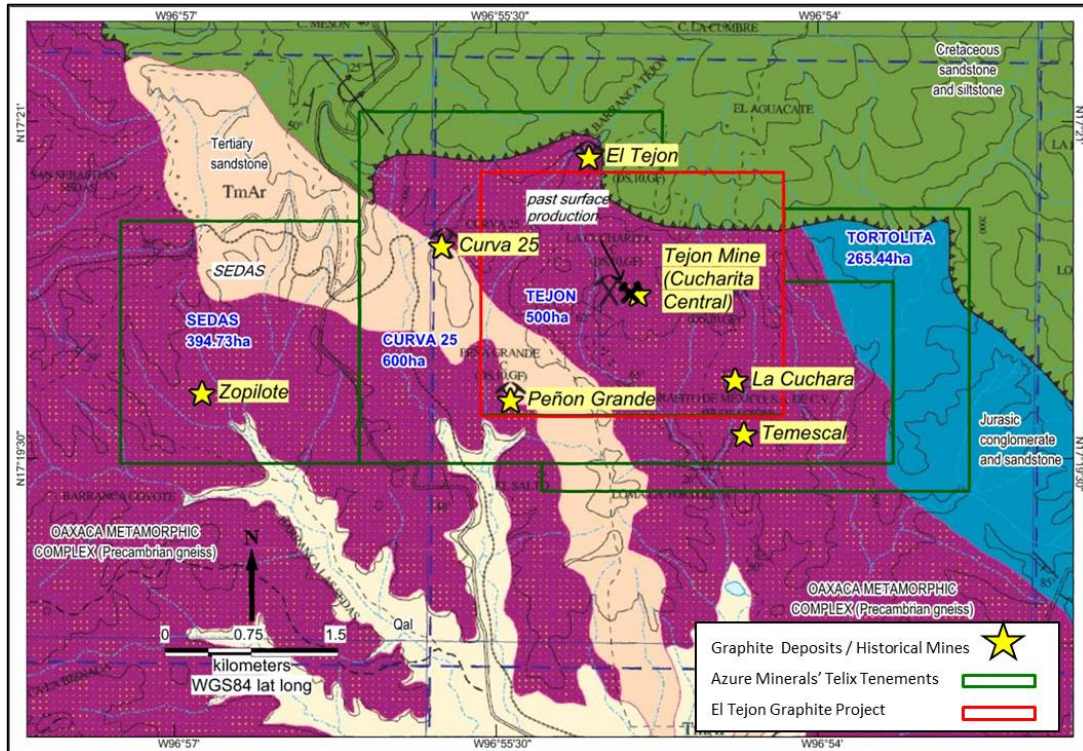
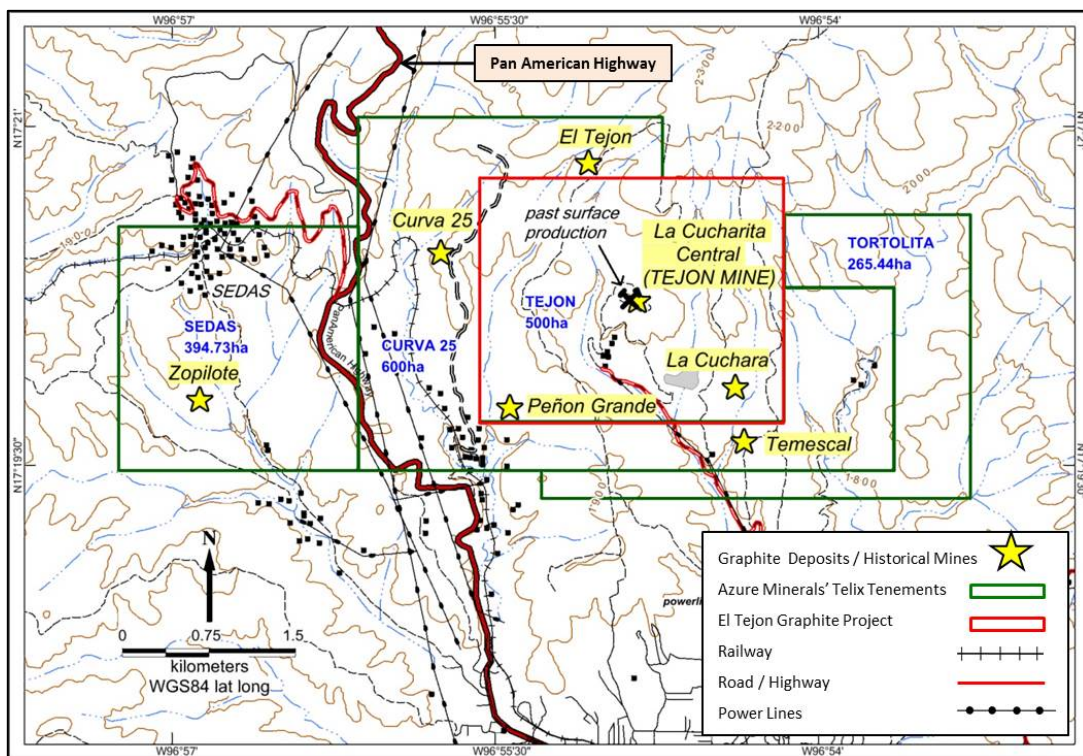


Figure 3: Infrastructure of Telix Graphite Project and El Tejon Mine



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