

# AZURE MINERALS LTD

## *Australia's Leading Explorer in Mexico*

ASX: AZS

30 April 2014

## QUARTERLY ACTIVITIES REPORT

### FOR PERIOD ENDED 31 MARCH 2014

The Board of Mexican-focused explorer **Azure Minerals Limited** ("Azure" or "the Company") is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 March 2014.

The March quarter was another positive period as Azure continued to advance its flagship Promontorio Project by delivering strong exploration results and positive metallurgical outcomes for the Cascada deposit.

### HIGHLIGHTS

#### TECHNICAL

- **Drilling expands size of the high grade Cascada deposit**
- **Porphyry-hosted copper mineralisation intersected beneath the Cascada and Promontorio deposits**
- **Breccia-hosted high grade gold and copper mineralisation identified adjacent to Cascada deposit**
- **Initial metallurgical testwork on Cascada ore returns positive results, producing clean concentrates grading >30% copper with recoveries of >90%**
- **Ground magnetic survey data processing, modelling and interpretation completed with new drill targets identified**

#### CORPORATE

- **Acquisition of Promontorio mineral concession completed**
- **Option period for Hidalgo concession extended for a two years**
- **Azure approached by several major mining companies investigating farm-in possibilities for Promontorio**
- **Azure raises \$1.73 million in share placement to international investors**

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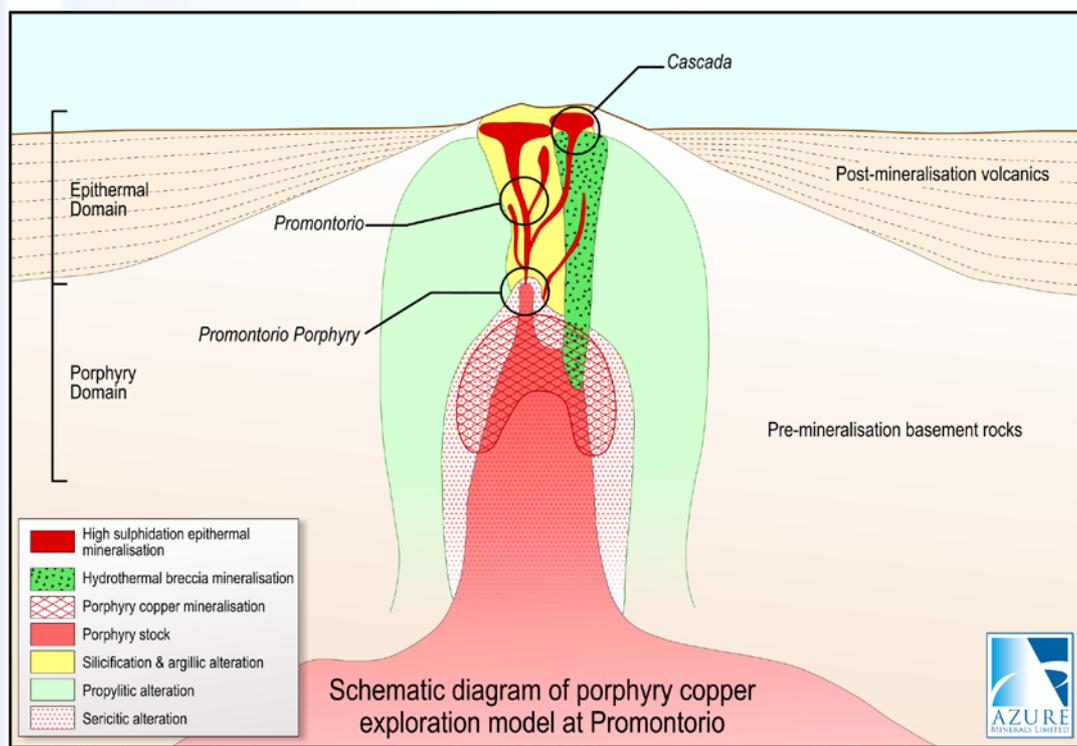
**Azure's Managing Director, Tony Rovira, commented:** "We are pleased with the progress achieved so far in 2014 – a year which is shaping up as an exciting period for Azure. Results from exploration and technical studies have strengthened our belief that we are operating in a district containing what could be a large mineralised system of epithermal, hydrothermal breccia and porphyry-hosted copper deposits.

We look forward to continuing our technical programs throughout this year and providing further updates to shareholders as news becomes available."

### OVERVIEW

#### **Porphyry Copper Systems - an Overview in Relation to Promontorio**

Porphyry copper deposits are large complex systems formed by numerous pulses of fluid injection. This leads to overlapping styles of alteration and mineralisation capable of generating multiple deposit types in close proximity (see Figure 1).



**Figure 1: Promontorio porphyry volcano model**

This is the case at Promontorio where Azure has identified different styles of mineralisation, including:

- High grade epithermal copper-gold-silver deposits at Promontorio and Cascada
- Hydrothermal breccias containing high grade gold-copper mineralisation
- Porphyry copper mineralisation beneath Cascada and Promontorio.
- Epithermal mineralisation at Risco Dorado, Creston Colorado and Sehue

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Promontorio was previously considered a high grade but relatively small copper-gold-silver deposit, however Azure's recent exploration successes signal that it is now of a scale where it can be considered as a potential company-making project.

With this variety of styles of precious and base metal mineralisation, Promontorio could host deposits ranging from large, bulk-tonnage resources to smaller, high grade bodies, which augurs well for a large scale, long-life mining operation.

### PROMONTORIO

During the Quarter the Company:

- Completed an eight hole, 2,432m diamond drilling program to test extensions of the Cascada deposit and the porphyry copper target beneath Cascada and Promontorio (see Figure 2)
- Commenced metallurgical testwork on the Cascada copper mineralisation
- Completed a ground magnetic survey over the central part of the property
- Completed and submitted a new Environmental Impact Assessment to the Mexican Federal Government for approval to undertake further drilling on the Promontorio Project

Drilling successfully expanded the Cascada epithermal mineralised deposit, discovered the strongly mineralised hydrothermal breccia adjacent to Cascada, and identified porphyry-hosted copper mineralisation beneath Cascada and Promontorio (see details of drill holes in Table 1 and mineralised drill intercepts in Tables 2 to 4).

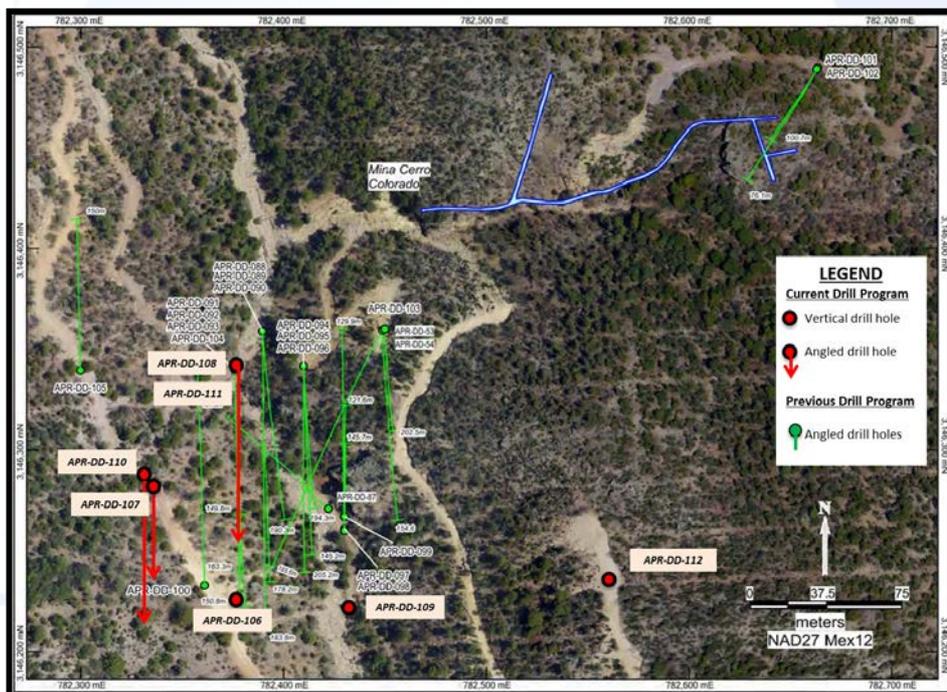


Figure 2: Cascada and Porphyry Drill Hole Location Plan

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### Cascada

Cascada is a high grade epithermal copper-gold deposit with mineralised widths up to 40m averaging +5% Copper Equivalent (CuEq<sup>1</sup>) and peak grades of +40% Cu. Mineralisation starts near surface and is open-ended with a strike length in excess of 150m and extending down-dip for over 150m. Cascada could potentially be developed as a bulk-tonnage open pit mining operation or a selective underground mine.

Recent drilling returned positive results, extending the mineralised zone further to the west, north and south. Better intercepts included (ASX: 18 January, 12 February and 7 March 2014):

- **APR-DD-106: 4.6m @ 4.0% CuEq from 59m**
- **APR-DD-117: 5.7m @ 4.6% CuEq from 150m**
- **APR-DD-110: 7.3m @ 5.0% CuEq from 167m**
- **APR-DD-111: 13.5m @ 5.0% CuEq from 53m**
- **APR-DD-111: 17.7m @ 8.3% CuEq from 120m**

Overlapping these high grade copper intercepts are wide zones of gold mineralisation. Two drill holes intersected over 150m of gold mineralisation, averaging up to 1.5g/t Au. This compares very favourably with drill intercepts from operating gold mines elsewhere in the district.

- **APR-DD-111: 150m @ 1.5g/t Au from 42m, including:**
  - **17.7m @ 6.6g/t Au**
- **APR-DD-110: 153m @ 1.1g/t Au from 22m, including:**
  - **41.7m @ 2.5g/t Au (to end of hole)**

The mineralised intercept in hole APR-DD-110 is hosted in hydrothermal breccia, with the hole ending in mineralisation including **7.3m @ 6.0g/t Au & 1.2% Cu**. Interestingly, the breccia comprises copper-mineralised rock fragments cemented by a gold-rich pyrite matrix (see Figure 3), indicating that the hydrothermal fluids have penetrated and fractured a sequence of copper-mineralised rocks.

This is a very exciting discovery. Breccias emanating as pipes or chimneys from underlying porphyry bodies often develop into significant copper and gold deposits in their own right, with the highly concentrated metal content of the hydrothermal fluids frequently resulting in high grades.

As the drilling at Cascada has not “closed-off” the deposit and it appears larger than originally expected, the estimation of an initial mineral resource will be undertaken after the next drilling campaign.

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<sup>1</sup> See Copper Equivalency Statement in ASX release dated 10 May 2013

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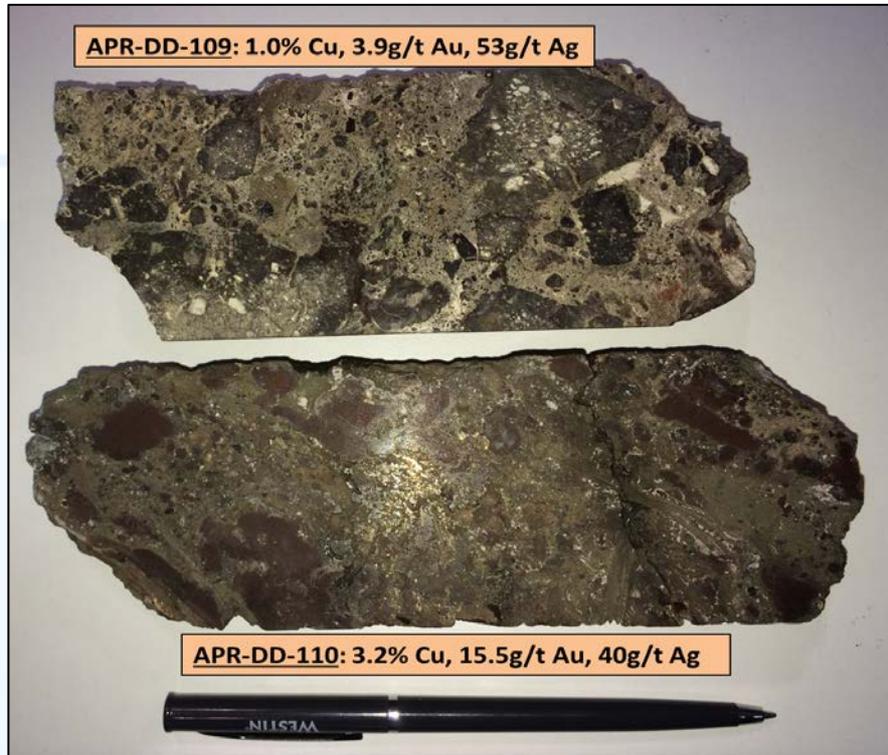


Figure 3: Breccia mineralisation received from Cascada drilling

### **Porphyry**

The Company designed holes APR-DD-109 and 112 to test the porphyry copper target located beneath Cascada and Promontorio. The target comprises overlapping high chargeability / low resistivity anomalies covering an area in excess of 600m x 300m. These vertical holes successfully reached their target depths of 500m and 600m respectively, penetrating into the IP anomalies (ASX: 15 January 2014).

Importantly, both holes intersected porphyry with argillic alteration, abundant disseminated pyrite, and moderate to abundant stockwork quartz veining.

From a down-hole depth of about 300m, hole 109 intersected copper mineralised porphyry to the bottom of the hole. Copper assays throughout this interval are well above 100ppm Cu, with numerous samples returning greater than 0.5% Cu, some assays over 1% Cu and highest value of 5.4% Cu. The overall mineralised intercept is 194m @ 0.2% CuEq.

These intercepts of copper-mineralised porphyry validate Azure's geological model and exploration targeting methodology. The widespread copper sulphide mineralisation correlates with the strongly developed, multi-directional quartz-pyrite stockwork veining and argillic alteration in porphyry host rock, which is consistent with drilling into the margin of a porphyry copper system.

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### Magnetic Survey

In addition to this diamond drilling, Azure also completed a detailed ground magnetic survey covering the central three tenements of the project area (see Figure 4). This has significantly improved the Company's understanding of the regional geology, the structures controlling the Cascada and Promontorio deposits, and provided additional targets for exploration (ASX: 7 April 2014).

Specifically, a magnetic high located in the southern part of the property has been identified as a high priority target. This anomaly has a similar orientation to the structures that control the nearby Cascada and Promontorio deposits, striking northeast-southwest and dipping steeply to the northwest, and it coincides with outcrops of strongly altered rocks containing anomalous gold and copper values.

The basement rocks hosting the Promontorio mineralised system are flanked by two regional faults and are overlain to the east and west by shallow cover (50-100m thick) of post-mineralisation volcanic rocks. Mapping and sampling of these faults has confirmed the presence of mineralised structures within them. In addition, magnetic modelling indicates the presence of additional targets hosted within the basement rocks obscured beneath the volcanic cover.

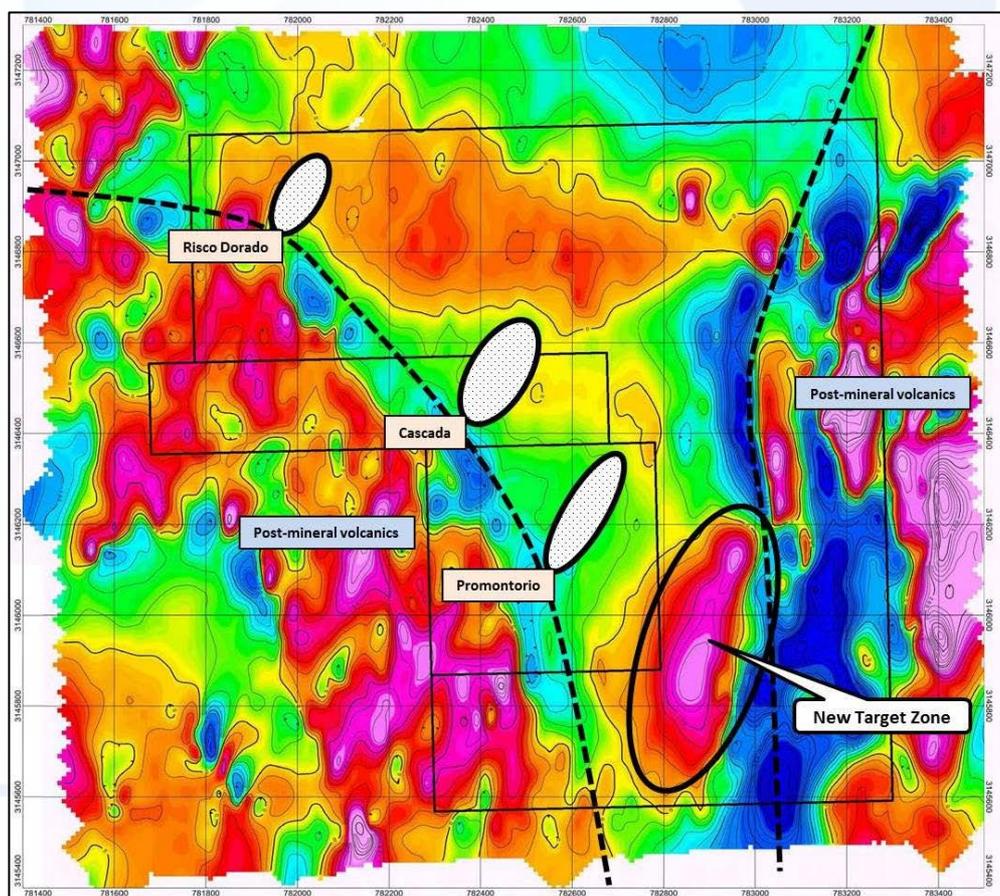


Figure 4: Promontorio ground magnetics (RTP)

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### **Metallurgical Testwork**

A 100kg composite sample of copper sulphide mineralisation from the Cascada deposit was submitted to SGS Minerals Services in Lakefield, Canada for preliminary metallurgical testing. The program is being conducted under the supervision of metallurgist Mr Andrew Holloway, CEng, of AGP Mining Consultants ("AGP"), based in Toronto, Canada.

The program includes head grade analysis, two stage sulphide flotation testwork, and detailed chemical and mineralogical analysis of the final flotation concentrate. AGP will make recommendations for additional detailed metallurgical testwork and identify likely processing routes to produce the optimum copper concentrate.

Results received from the early phases of testwork have returned concentrate grades of >30% copper with recoveries of >90% of the total copper. Similarly, good results were also achieved for gold and silver. Arsenic values in the concentrate were considerably lower than for the Promontorio mineralisation, indicating a readily saleable product could be produced from Cascada or a Cascada-Promontorio blend.

Although early, these results support the Company's view that high metal recoveries are likely to be achievable during commercial scale production through the application of conventional, well proven mineral processing technologies.

Further flotation tests to optimise concentrate grades and recoveries are nearing completion and Azure expects final results in May.

### **OTHER**

A review of all mineral concessions was undertaken during the Quarter and the prospectivity of each concession was ranked. As a result several concessions were reduced in size or relinquished. Those relinquished are detailed in the attached Appendix 5B with a complete list of concessions held listed in Annexure 1.

### **CORPORATE**

The Company achieved a major milestone at its Promontorio Project by completing the acquisition of 100% of the Promontorio mineral concession.

Under the original option to purchase agreements for the Promontorio and Hidalgo mineral concessions (2008), and the extensions to those agreements (2012), Azure had until 28 April 2014 to exercise these options by making two final payments totalling US\$1.5 million plus taxes.

In order to secure and confirm ownership of the Cascada deposit, Azure exercised its option to purchase the Promontorio concession, making the final option payment to the vendors of US\$750,000 plus taxes. Azure now has 100% ownership of this concession.

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Furthermore, the Company successfully negotiated a 24 month extension of the agreement covering the adjoining Hidalgo concession. Terms of the revised agreement remain predominantly the same, with Azure continuing to make half-yearly payments of \$75,000 for a further two years, with a final payment of US\$600,000 due in April 2016.

Azure has received unsolicited approaches from several major and mid-tier mining companies requesting to visit Promontorio and to access the Company's confidential technical and corporate information, with the view to evaluating a possible future transaction. For commercial and legal reasons Azure does not expect to identify these parties in the near term, however when appropriate, the Company will provide updates on any development.

Importantly, the demonstrated "corporate interest" in Promontorio from outside parties serves as a strong endorsement of the merits of the project and its potential development upside.

Post-Quarter, the Company announced that it placed approximately 64.20 million fully paid ordinary shares at \$0.027 each to raise approximately \$1.733 million. In addition, one free attaching option exercisable at \$0.045 each (expiring on 30 November 2016) was awarded for every 8 shares allotted in the placement.

The placement was made to institutions and professional and sophisticated investors, all domiciled outside of Australia. Included is Drake Private Investments LLC ("Drake"), a prominent New York based investment fund which is Azure's largest shareholder.

Funds raised from the placement will be used to continue exploration of the Company's Mexican projects, particularly on the Promontorio project, and for general working capital.

Managing Director Tony Rovira presented updates on Azure's exploration activity and progress at the Cambridge House Resource Investment Conference, held in Vancouver in January, and at the Prospectors and Developers Convention in Toronto in March. Another presentation will be made to the Latin America Down Under conference, which will be held in Sydney in May.

**-ENDS-**

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### **Competent Person Statement**

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 announcement.

### **Copper Equivalency Statement:**

- Copper Equivalent (CuEq) was based on the following assumed metal prices that were guided by the three year averages at the data cut-off date: US\$3.25/lb for Cu, US\$1,450/oz for Au and US\$27.50/oz for Ag.
- The CuEq grade accounts for the following metal recoveries, which were based on metallurgical testwork completed on the adjacent Promontorio deposit by independent metallurgical laboratories AMDEL and Ammtec, under the supervision of Coffey Mining Pty Ltd: 97.9% for Cu, 93.4% for Au, and 97% for Ag.
- It is Azure's belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered.
- The following formula was used to calculate the Copper Equivalent grade:  $CuEq (\%) = (Cu\% \times 0.979) + (Au (g/t) \times 0.6077) + (Ag (g/t) \times 0.0120)$

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**TABLE 1: Drill Hole Information**

| HOLE No.   | NORTH (mN) | EAST (mE) | ELEVATION (mASL) | AZIMUTH | DIP | TOTAL DEPTH | TARGET          |
|------------|------------|-----------|------------------|---------|-----|-------------|-----------------|
| APR-DD-106 | 3,146,227  | 782,375   | 2,023            | 000     | -90 | 251.3       | Cascada - south |
| APR-DD-107 | 3,146,285  | 782,329   | 2,028            | 180     | -70 | 200.8       | Cascada - west  |
| APR-DD-108 | 3,146,337  | 782,373   | 1,964            | 000     | -90 | 300.6       | Cascada - north |
| APR-DD-109 | 3,146,216  | 782,432   | 1,985            | 000     | -90 | 500.6       | Porphyry        |
| APR-DD-110 | 3,146,285  | 782,329   | 2,028            | 180     | -58 | 175.0       | Cascada - west  |
| APR-DD-111 | 3,146,337  | 782,373   | 1,964            | 180     | -75 | 200.6       | Cascada - north |
| APR-DD-112 | 3,146,223  | 782,560   | 2,068            | 000     | -90 | 602.6       | Porphyry        |
| APR-DD-113 | 3,146,748  | 782,130   | 1,947            | 195     | -45 | 200.1       | Risco Dorado    |

**TABLE 2: Significant Mineralised Drill Intercepts from Porphyry**

| HOLE           | FROM   | TO     | INTERCEPT LENGTH (m) | CuEq (%)        | Cu (%)  | Au (ppm) | Ag (ppm) |
|----------------|--------|--------|----------------------|-----------------|---------|----------|----------|
| APR-DD-109     | 17.60  | 125.65 | 108.05               | Not Significant |         | 0.51     | 10.1     |
| which includes | 86.40  | 100.75 | 14.35                | 1.22            | 0.24    | 1.29     | 17.0     |
|                | 306.00 | 500.60 | 194.60               | 1616ppm         | 1035ppm | 0.08     | 0.95     |
| which includes | 306.00 | 308.43 | 2.43                 | 2.04            | 1.69    | 0.28     | 17.8     |
| and            | 421.30 | 424.25 | 2.95                 | 1.89            | 1.43    | 0.55     | 12.3     |

**TABLE 3: Significant Copper-Gold-Silver Mineralised Drill Intercepts from Cascada**

| HOLE           | FROM                             | TO      | INTERCEPT LENGTH (m) | CuEq (%) | Cu (%) | Au (ppm) | Ag (ppm) |
|----------------|----------------------------------|---------|----------------------|----------|--------|----------|----------|
| APR-DD-110*    | 21.55                            | 24.87   | 3.32                 | 2.53     | 1.63   | 0.30     | 62.4     |
|                | 133.30                           | 175.00* | 41.70                | 2.02     | 0.42   | 2.48     | 7.9      |
| which includes | 167.67                           | 175.00* | 7.33                 | 5.04     | 1.25   | 5.96     | 16.3     |
|                | * = Hole ended in mineralisation |         |                      |          |        |          |          |
| APR-DD-111     | 43.60                            | 79.00   | 35.40                | 2.91     | 0.93   | 2.27     | 51.9     |
| which includes | 53.75                            | 67.30   | 13.55                | 5.02     | 2.10   | 2.93     | 98.7     |
|                | 94.80                            | 97.40   | 2.60                 | 3.06     | 1.38   | 2.21     | 30.4     |
|                | 119.90                           | 137.65  | 17.75                | 8.31     | 3.67   | 6.56     | 61.0     |
|                | 180.90                           | 182.60  | 1.70                 | 5.43     | 3.81   | 1.91     | 45.0     |

**TABLE 4: Significant Gold-Silver Mineralised Drill Intercepts from Cascada**

| HOLE           | FROM                             | TO      | INTERCEPT LENGTH (m) | Au (ppm) | Ag (ppm) |
|----------------|----------------------------------|---------|----------------------|----------|----------|
| APR-DD-110*    | 21.55                            | 175.00* | 153.45               | 1.09     | 12.2     |
| which includes | 133.30                           | 175.00* | 41.70                | 2.48     | 7.9      |
|                | * = Hole ended in mineralisation |         |                      |          |          |
| APR-DD-111     | 41.60                            | 191.10  | 149.50               | 1.54     | 22.0     |
| which includes | 43.60                            | 79.00   | 35.40                | 2.27     | 51.9     |
|                | 131.00                           | 133.85  | 2.85                 | 37.3     | 312.0    |



# Appendix 5B

## Mining Exploration Entity Quarterly Report

Name of entity

Azure Minerals Limited

ABN

46 106 346 918

Quarter ended ("current quarter")

31 March 2014

### Consolidated statement of cash flows

| Cash flows related to operating activities        |  | Current quarter | Year to date<br>(9 months) |
|---|--|-----------------|----------------------------|
|   |  | \$A'000         | \$A'000                    |
| 1.1   | Receipts from product sales and related debtors            | -               | -                          |
| 1.2   | Payments for   | (409)           | (1,751)                    |
|   | (a) exploration and evaluation                             | -               | -                          |
|   | (b) development  | -               | -                          |
|   | (c) production   | -               | -                          |
|   | (d) administration   | (359)           | (975)                      |
| 1.3   | Dividends received   | -               | -                          |
| 1.4   | Interest and other items of a similar nature received      | 11              | 30                         |
| 1.5   | Interest and other costs of finance paid                   | -               | -                          |
| 1.6   | Income taxes paid  | -               | -                          |
| 1.7   | Other - JV advances  | 5               | 66                         |
| <b>Net Operating Cash Flows</b>                   |  | <b>(752)</b>    | <b>(2,630)</b>             |
| <b>Cash flows related to investing activities</b> |  |                 |                            |
| 1.8   | Payment for purchases of:                                  | -               | (206)                      |
|   | (a) prospects  | -               | -                          |
|   | (b) equity investments                                     | -               | -                          |
|   | (c) other fixed assets                                     | -               | (1)                        |
| 1.9   | Proceeds from sale of:                                     | -               | -                          |
|   | (a) prospects  | -               | -                          |
|   | (b) equity investments                                     | -               | -                          |
|   | (c) other fixed assets                                     | -               | -                          |
| 1.10  | Loans to other entities                                    | -               | -                          |
| 1.11  | Loans repaid by other entities                             | -               | -                          |
| 1.12  | Other (provide details if material)                        | -               | -                          |
| <b>Net investing cash flows</b>                   |  | <b>-</b>        | <b>(207)</b>               |
| 1.13  | Total operating and investing cash flows (carried forward) | <b>(752)</b>    | <b>(2,837)</b>             |

**Appendix 5B**  
**Mining Exploration Entity Quarterly Report**



|   |  |       |         |
|---|--|-------|---------|
| 1.13  | Total operating and investing cash flows (brought forward) | (752) | (2,837) |
| <b>Cash flows related to financing activities</b> |  |       |         |
| 1.14  | Proceeds from issues of shares, options, etc.              | -     | 2,001   |
| 1.15  | Proceeds from sale of forfeited shares                     | -     | -       |
| 1.16  | Proceeds from borrowings                                   | -     | -       |
| 1.17  | Repayment of borrowings                                    | -     | -       |
| 1.18  | Dividends paid   | -     | -       |
| 1.19  | Other  | -     | -       |
|   | <b>Net financing cash flows</b>                            | -     | 2,001   |
| <b>Net increase (decrease) in cash held</b>       |  |       |         |
|   |  | (752) | (836)   |
| 1.20  | Cash at beginning of quarter/year to date                  | 2,293 | 2,386   |
| 1.21  | Exchange rate adjustments to item 1.20                     | 16    | 7       |
| 1.22  | <b>Cash at end of quarter</b>                              | 1,557 | 1,557   |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 108                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | NIL                         | NIL                    |
| 3.2 Credit standby arrangements | NIL                         | NIL                    |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 300        |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 300        |
| <b>Total</b>                   | <b>600</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 1,499                      | 2,235                       |
| 5.2 Deposits at call                             | 58                         | 58                          |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter</b> (item 1.22) | <b>1,557</b>               | <b>2,293</b>                |

### Changes in interests in mining tenements

Refer to Annexure 1 for full list of mining tenements

|   | Tenement reference          | Nature of interest<br>(note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|-----------------------------|----------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | Pozo de Nacho 2.1 & 3       | Owned                            | 100%                             | -                          |
|   | Los Chinos                  | Owned                            | 100%                             | -                          |
|   | Los Nidos & Los Nidos II    | Owned                            | 51%                              | -                          |
|   | El Tecolote II & III-A      | Owned                            | 100%                             | -                          |
|   | San Eduardo I & 2.1,2.2,2.3 | Owned                            | 100%                             | -                          |
| 6.2 Interests in mining tenements acquired or increased           | La Tortuga                  | Owned                            | 51%                              | 100%                       |
|   | La Tortuga II               | Owned                            | 51%                              | 100%                       |
|   | Promontorio                 | Owned                            | Option                           | 100%                       |



### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|  | Total number                          | Number quoted     | Issue price per security (see note 3)                 | Amount paid up per security (see note 3)               |
|--|---------------------------------------|-------------------|---|--|
| 7.1 <b>Preference +securities</b><br><i>(description)</i>  |                                       |                   |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                                       |                   |   |  |
| 7.3 <b>+Ordinary securities</b>  | 713,226,492                           | 713,226,492       |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                                       |                   |   |  |
| 7.5 <b>+Convertible debt securities</b> <i>(description)</i>   |                                       |                   |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                                       |                   |   |  |
| 7.7 <b>Options</b> <i>(description and conversion factor)</i>  | 3,000,000<br>18,273,611<br>25,000,000 | Nil<br>Nil<br>Nil | <i>Exercise price</i><br>\$0.049<br>\$0.02<br>\$0.058 | <i>Expiry date</i><br>30/11/14<br>30/09/14<br>30/06/17 |
| 7.8 Issued during quarter  |                                       |                   |   |  |
| 7.9 Exercised during quarter   |                                       |                   |   |  |
| 7.10 Expired during quarter  |                                       |                   |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |                                       |                   |   |  |
| 7.12 <b>Unsecured notes</b><br><i>(totals only)</i>  |                                       |                   |   |  |



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

A handwritten signature in black ink, appearing to read "Brett Dickson".

Sign here: ..... Date: 30 April 2014  
(Director/Company secretary)

Print name: Brett Dickson

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**Annexure 1**  
**Schedule of interests in mining tenements**

| <b>Project</b> | <b>Common Name</b>         |              | <b>Tenement</b> | <b>Percentage held /<br/>earning</b> |
|----------------|----------------------------|--------------|-----------------|--------------------------------------|
| Pozo de Nacho  | Pozo de Nacho              | All Minerals | 222873          | 100%                                 |
|                | Pozo de Nacho 2 - Fracc. 2 | All Minerals | 225058          | 100%                                 |
| La Tortuga     | La Tortuga                 | All Minerals | 230422          | 49% <sup>1</sup>                     |
|                | La Tortuga II              | All Minerals | 233462          | 49% <sup>1</sup>                     |
| El Tecolote    | El Tecolote                | All Minerals | 230771          | 100%                                 |
|                | El Tecolte III             | All Minerals | 234586          | 100%                                 |
| Promontorio    | Hidalgo                    | All Minerals | 235270          | 100% <sup>2</sup>                    |
|                | Promontorio                | All Minerals | 235269          | 100% <sup>3</sup>                    |
|                | El Magistral               | All Minerals | 218881          | 100% <sup>2</sup>                    |
|                | Promontorio Regional       | All Minerals | 234447          | 100%                                 |
| Panchita       | Panchita                   | All Minerals | 212767          | 100%                                 |
|                | Dona Panchita              | All Minerals | 192097          | 100%                                 |
| Loreto         | Loreto                     | All Minerals | TBA             | 100%                                 |

1. JOGMEG withdrew from the project during the quarter
2. Azure has an option to purchase 100%
3. Post quarter end Azure exercised its option to acquire the project and now owns a 100% interest