

**COMPANY** Azure Minerals | AZS | \$0.02/share

Date: 4 September  
2017

**RECOMMENDATION** Speculative Buy | Very High Risk | Unchanged

**EVENT** High Grade Zinc Results, Positive News Flow Continues

### KEY POINTS

- Results from drilling undertaken during the acquisition of the Oposura zinc project (Mexico) have returned very promising grades with intervals around the 14% Zn+Pb and several high grade intervals up to 30% Zn+Pb also reported.
- In addition AZS recently acquired a cobalt, gold, copper, silver and zinc project also in Mexico. Whilst a very small tenement the grades are spectacular and the acquisition price was cheap.
- News flow from Mexico for AZS continues. The main game is the Oposura zinc project with drilling expected to commence in October.

**LINK TO REPORT** [AZS September 2017 PAC Partners](#)

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### NEWS FLOW CONTINUES, EXPLORATION POTENTIAL CONFIRMED

Prior to the purchase of the **Oposura Project** (100% AZS), the project vendor and AZS completed a 16 hole drilling program. The results have now been released with the highlights including:

- 3.00m @ 29.2% Zn+Pb & 53.8g/t Ag
- 7.40m @ 13.7% Zn+Pb & 21.9g/t Ag
- 6.65m @ 18.8% Zn+Pb & 107g/t Ag

**Shallow:** The results are also from relatively shallow depths with depths ranging from 14m to 66m. The mineralisation outcrops along the southern edge of the project and is relatively flat lying.

**Near mine:** At Oposura there is a limited amount of historic underground workings. The drilling successfully tested the near mine exploration potential, with a number of intercepts along “strike” from and also adjacent to the known mineralisation. Positively the most distant hole was located ~100m from the workings and reported 3m @ 3.4% Zn+Pb.

**Blue Sky Potential:** The drilling was confined to a small portion of the known mineralised area and did not test the broader lateral extents. The mineralisation remains open to the north and west. The next step for AZS will be to undertake step out drilling to test the broader exploration potential.

**Cobalt Project:** AZS recently acquired a cobalt project in Mexico. Mining of the high grade skarn style mineralisation took place in the 1930's. AZS has undertaken sampling and reported cobalt grades up to 6% and gold in the range of 2.1g/t-39g/t. In addition copper grades ~ 2%, zinc ~ 3% and silver ~ 100g/t were also reported. The grades are spectacular, especially for cobalt when compared to a number of other cobalt projects. However the limiting factor is the small size of the tenement (300x300m). AZS are planning on undertaking exploration drilling at the project later in the year.

### INVESTMENT OVERVIEW

Today's drilling results confirm that the zinc/lead/silver mineralisation at Oposura is of sufficient grade to be interesting; the next step will be showing that there is potential to define an economic resource.

AZS has submitted approvals for a wider drilling program, with permitting expecting in 4 to 6 weeks and drilling planned to commence in October.

With news flow to continue from the flagship Oposura Project and possible news from the cobalt project AZS continues to build a platform of new projects in Mexico. We see the zinc asset as the main focus and potential value add for AZS

**Catalysts:**

- Commencing of drilling at Oposura in October
- Results from metallurgical testing at Oposura
- Release of Maiden Resource, estimated early CY18.

Links to previous research:

[AZS August 2017 PAC Partners](#)

[AZS May 2017 PAC Partners](#)

[AZS March 2017 PAC Partners](#) (Initiation)

Should you have any queries, please do not hesitate to contact me on +61 03 8633 9862.

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