

# OPOSURA TICKING ALL THE BOXES

## Strong interest in Oposura concentrates

### HIGHLIGHTS:

- **High-quality zinc and lead-silver concentrates attracting strong interest from international metals trading companies and base metal smelters**
- **Direct-shipping possibilities, along with production of separate zinc and lead-silver concentrates, opens up attractive, low capital cost production options for Oposura**
- **Potential off-take partners have expressed interest in providing funding support to develop the Oposura mining and processing operation**
- **Low capital cost mining and processing options identified in the PEA study**

**Azure Minerals Limited** (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that it has received strong interest from over a dozen metals trading companies and base metal smelters to purchase the high-quality zinc and lead-silver concentrates that will be produced from the development of the Company’s 100%-owned Oposura project in Mexico. Recently, the Company has also received interest in upgraded, direct-shipping ore which opens up attractive, low capital cost production options for Oposura.

Additionally, many have also indicated they would be willing to provide funding to assist in the development and construction of the project. Azure has made no decision as to its preferred funding model at this time.

The Company is currently completing a Preliminary Economic Assessment (PEA) study into the development and operations of the high-grade zinc-lead-silver Oposura Project. While still meeting the requirements for a Scoping Study as defined under ASX/JORC standards, the PEA will be produced in the Canadian (NI43-101 report) format to enhance off-take marketing and project funding opportunities in North America, Europe and Asia.

Commenting on recent developments at Oposura, **Azure’s Managing Director, Mr Tony Rovira** said, *“The current market conditions for Oposura’s direct shipping ore and its concentrates are very favourable. The high grade and shallow nature of the mineralisation at Oposura lends itself to either or both of these processing options. The Company is progressing quickly towards the completion of a quality Preliminary Economic Assessment in order to attract the best off-take offers and funding for the project.”*

The strong interest in Azure’s Oposura products coincides with recent significant reductions in the international benchmark cost of treating zinc and lead concentrates, due to world-wide shortages of these materials. Benchmark treatment costs for zinc recently dropped 14.5% from US\$172/t of concentrate to a 12-year low of US\$147/t. Earlier in 2018, benchmark treatment costs for lead concentrates dropped by

20% from US\$125/t to US\$99/t. Importantly, current treatment charges on the spot market are significantly less than benchmark levels.

Azure’s metallurgical flotation testwork (refer ASX announcements dated 20 November 2017, 12 April and 26 April 2018) demonstrated that Oposura can produce separate high-grade zinc and lead-silver concentrates that are low in deleterious elements and with high metal recoveries. Discussions with potential off-take companies confirm that these products are very attractive to the international market.

In addition to the robust floatation results, Dense Media Separation (DMS) testwork (refer ASX announcement dated 20 November 2017) demonstrated that the mineralisation at Oposura can be upgraded to produce a high-grade, direct-shipping product.

**Preliminary Economic Assessment**

The study is assessing various potential mining and processing options, including the production and sale of direct shipping ore, a DMS product, separate zinc and lead-silver concentrates, and/or a hybrid of these options. The contents of the PEA study include:

| <b>Chapter</b> | <b>Heading</b>   |
|----------------|--|
| 1              | Summary  |
| 2              | Introduction   |
| 3              | Reliance on Other Experts  |
| 4              | Property Description and Location  |
| 5              | Accessibility, Climate, Local Resources, Infrastructure and Physiography |
| 6              | History  |
| 7              | Geological Setting and Mineralisation                                    |
| 8              | Deposit Types  |
| 9              | Exploration  |
| 10             | Drilling   |
| 11             | Sample Preparation, Analyses and Security                                |
| 12             | Data Verification  |
| 13             | Mineral Processing and Metallurgical Testing                             |
| 14             | Mineral Resource Estimates   |
| 15             | Mineral Reserve Estimates  |
| 16             | Mining Methods   |
| 17             | Recovery Methods   |
| 18             | Project Infrastructure   |
| 19             | Market Studies and Contracts   |
| 20             | Environmental Studies, Permitting and Social or Community Impact         |
| 21             | Capital and Operating Costs  |
| 22             | Economic Analysis  |
| 23             | Adjacent Properties  |
| 24             | Other Relevant Data and Information                                      |
| 25             | Interpretation and Conclusions   |
| 26             | Recommendations  |
| 27             | References   |

Fieldwork, testwork and studies for several important elements of the PEA have been successfully completed thus far, which include:

- Resource infill drilling
- Baseline environmental studies
- Hydrology and water supply studies
- Metallurgical testwork
- Conceptual mining studies

The timeline for key elements of the PEA that remain outstanding is as follows:

- Marketing studies - **May**
- Mineral resource estimate - **June**
- Ore and concentrate transport and logistics studies - **July**
- Mining study - **July**
- Processing study, including finalising process plant design and scale - **August**
- Capital and operating cost estimate and financial analysis – **September**
- Reporting of final PEA results - **September**

Azure's resource infill drilling program identified significant quantities of near-surface, high-grade sulphide mineralisation, particularly in the eastern part of the East Zone. Conceptual mining studies indicate that this mineralisation would be suitable for low strip ratio open pit mining.

Final assay results from the East Zone drilling are being compiled and are expected to be announced shortly. Drilling has confirmed the presence of thick, high grade mineralisation in close proximity to existing underground development (Tunnel D), suitable to mechanised underground mining techniques.

This material may be suitable as direct shipping ore or as an upgraded DMS product, in addition to a traditional concentrate product following flotation processing.

The presence of thick, high grade mineralisation close to both surface and/or existing underground development provides several low capital cost mining and processing options. This, combined with favourable market conditions for several different product streams, is expected to provide the Company with attractive project development options, which Azure is currently assessing as a means of identifying the most efficient, timely and financially attractive route to become a producer.

-ENDS-

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**Competent Person Statement:**

*Information in this report that relates to previously reported 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.*