

# On the Pathway to Production



ASX: AZS



@AzureMinerals

[www.azureminerals.com.au](http://www.azureminerals.com.au)

**Annual General Meeting**  
Perth  
30 November 2018

**Tony Rovira**  
Managing Director  
Azure Minerals Ltd

# Disclaimer – Forward Looking Statements

*This presentation has been prepared by Azure Minerals Limited. It contains background information about Azure Minerals Limited current at the date of this presentation. The presentation is in summary form and does not purport be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this presentation.*

*This presentation is for information purposes only. Neither this presentation nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.*

*This presentation may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction.*

*This presentation does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this presentation are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.*

*To the fullest extent permitted by law, Azure Minerals Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this presentation. No responsibility for any errors or omissions from this presentation arising out of negligence or otherwise is accepted.*

*This presentation may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Azure Minerals Limited. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this presentation speak only at the date of issue of this presentation. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Azure Minerals Limited does not undertake any obligation to update or revise any information or any of the forward looking statements in this presentation or any changes in events, conditions or circumstances on which any such forward looking statement is based.*



# Corporate Snapshot

ASX code	AZS	
Share Price	A\$0.19	
Shares on issue	111 million	
Market Cap	A\$21M	
Cash (at 30/09/2018)	A\$5.2M	
Debt	Nil	
Share Spread	Australia	63%
	North America	22%
	Europe	15%
Top 20	47.8%	

# Investment highlights

## Assets:

Strong progress on two high-quality projects

- **Oposura**      **zinc-lead-silver**
- **Alacrán**      **silver-gold-copper**

## Location:

Sonora, Mexico

Safe & stable world-class mining province

## Management:

Track record of discovery & developing mines

## Funding:

Strong cash position



# All properties 100% owned





# Oposura zinc-lead-silver deposit



# Project highlights

- JORC resource = **2.9Mt @ 5.0% Zn 2.8% Pb 17g/t Ag<sup>#</sup>**
- Simple mining via open pit then UG room & pillar
- Standard sulphide flotation processing
- Produces clean, high-grade zinc & lead concentrates
- Upside: potential to double mineral resources



## Central Zone Drill Hits#

#159: 6.2m @ 15.7% Zn+Pb

#171: 4.4m @ 20.4% Zn+Pb

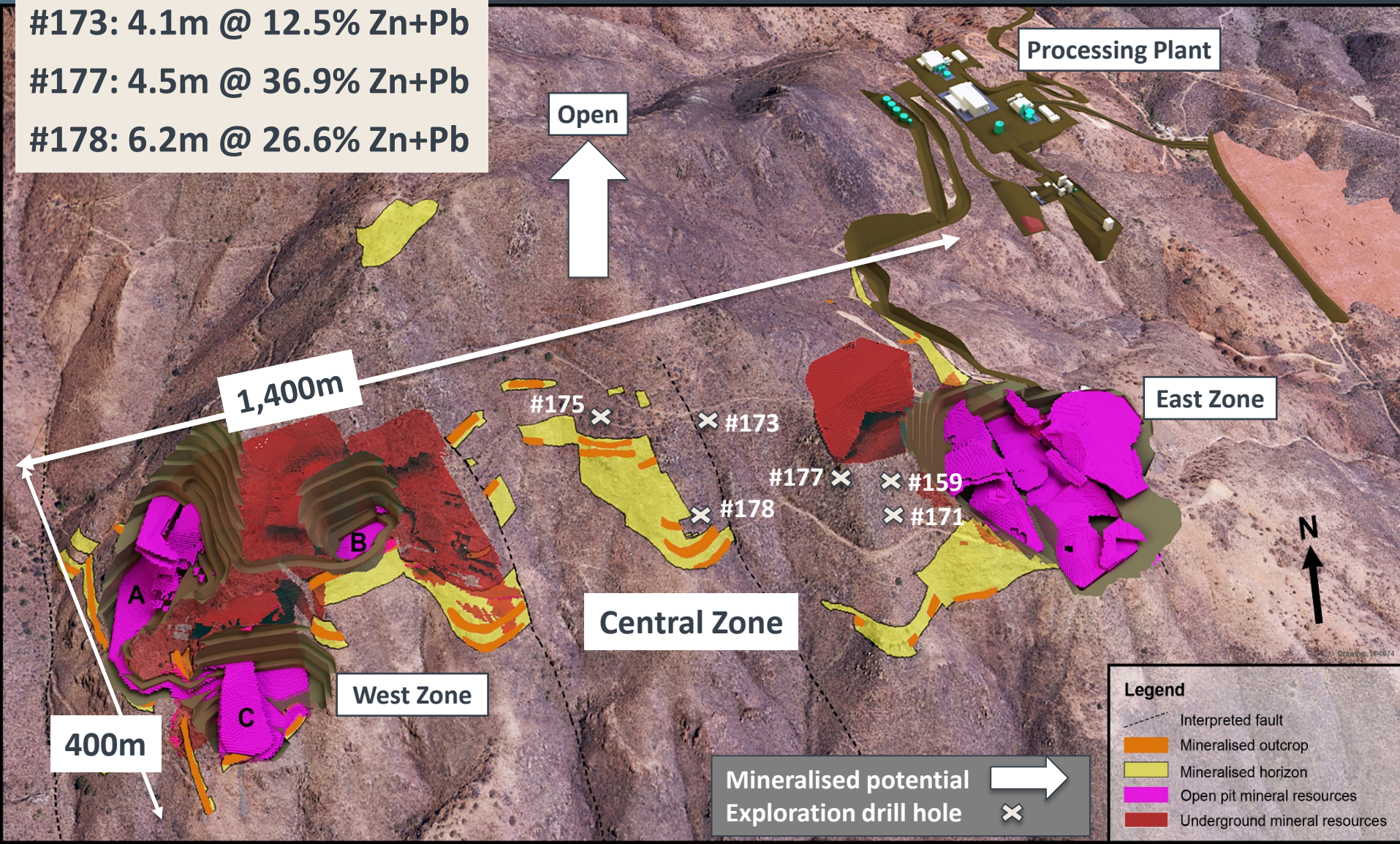
#173: 4.1m @ 12.5% Zn+Pb

#177: 4.5m @ 36.9% Zn+Pb

#178: 6.2m @ 26.6% Zn+Pb

# Exploration upside

# Refer ASX announcement dated 24 October 2018





# Investment case: 100%-owned by Azure

Low pre-production CAPEX = US\$52.5m (A\$69.9m)

C1 cash costs = US\$0.42/lb of zinc<sup>#</sup> (LOM)

- Lowest quartile of world zinc producers
- C1 cash cost in Year 1 = US\$0.14/lb of zinc<sup>#</sup>

<sup>#</sup> After by-product (Pb & Ag) credits

Financially robust project

- $NPV_8 = \text{US\$84m (A\$112m)}$
- $IRR_{(\text{pre-tax})} = 76\%$
- Short payback period = 16 months
- Very low C1 cash costs = project remains profitable even at zinc prices much lower than current

# Simple geology & simple mining

- Near-surface ore grades of **+20% Zn+Pb**
- Initial 6 year mine life @ 500,000tpa (1,500tpd)
- Open pit (~3 years) followed by U/G (~3 years)

# Standard sulphide flotation process

Milling & flotation @ 295,000tpa (800tpd)

DMS / Ore Sorting increases mill feed grade by 40%

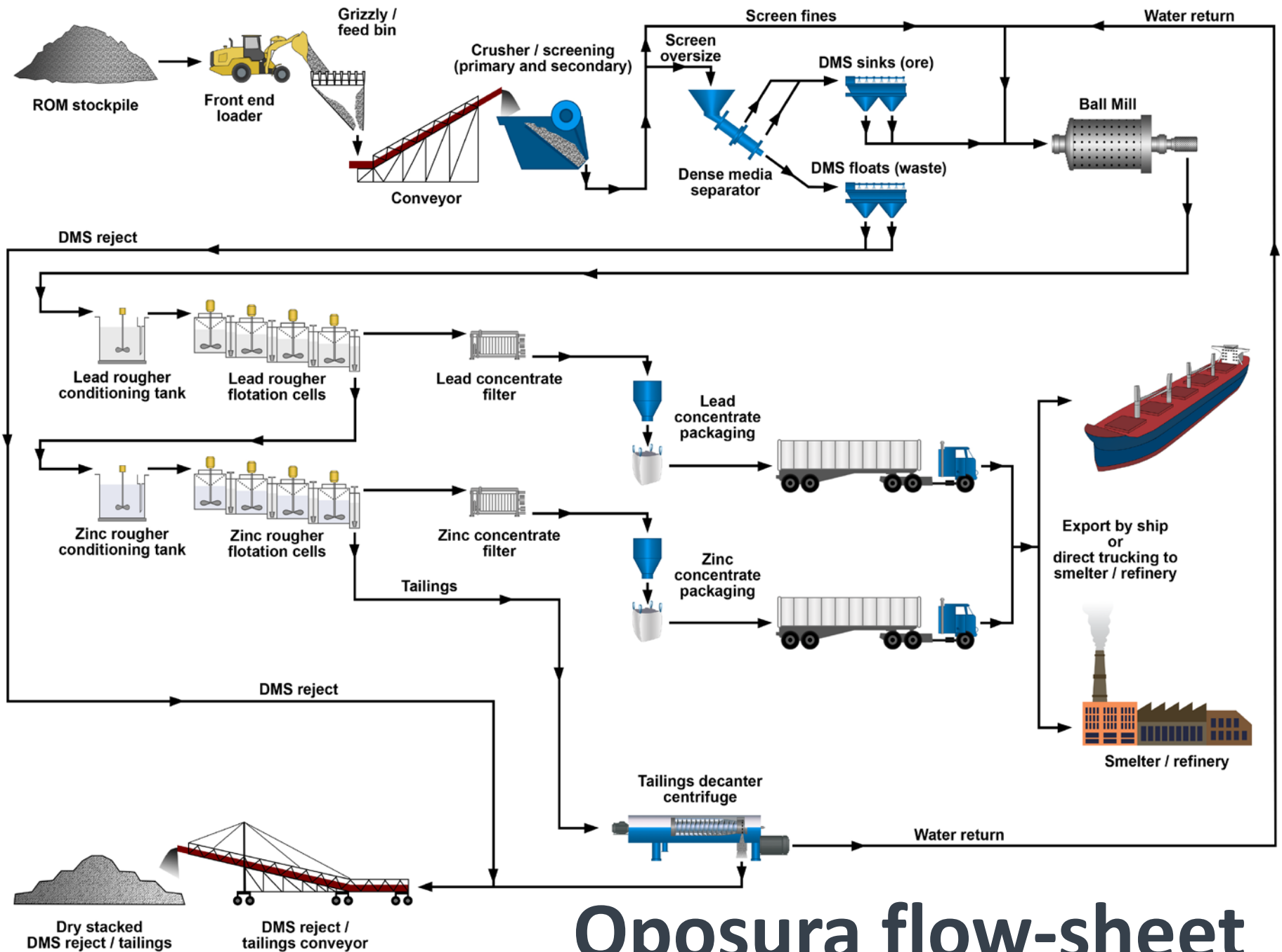
High-grade sulphide concentrates

- **Zinc (+53%)**
- **Lead (+60%) + Silver (+320g/t)**

Clean concentrates: no deleterious elements

Annual metal production:	19,000t Zinc
	10,000t Lead
	145,000oz Silver





# Oposura flow-sheet

# Good access to exporting port

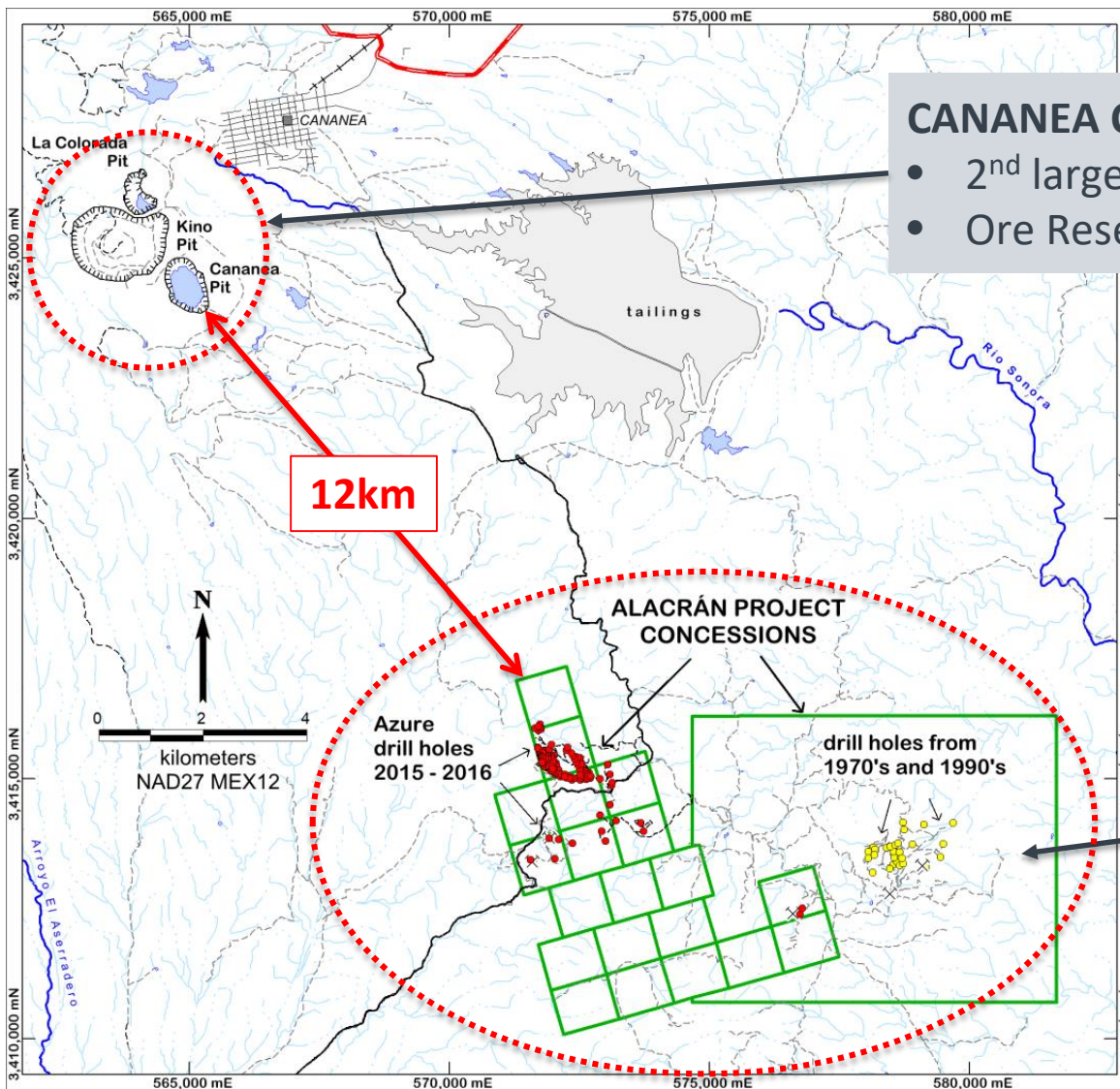


# Oposura development time-line

Acquired:	✓	August 2017
Mineral Resource:	✓	July 2018
Scoping Study:	✓	October 2018
PFS:		mid-2019
Feasibility Study:		Q4 2019
Production:		Q4 2020 – Q1 2021



# Alacrán - an ideal location



## CANANEA COPPER MINE

- 2<sup>nd</sup> largest copper mine in North America
- Ore Reserves = 8 Billion tonnes @ 0.33% Cu

## ALACRÁN PROJECT

- 54km<sup>2</sup> land package
- Located 12km SE of Cananea

# Alacrán – silver & gold (+ Tier 1 copper?)

Azure 100% - **32Moz Ag & 150,000oz Au<sup>#</sup>**

Teck spending US\$15M to earn back 65%

Porphyry copper focus: ~10,000m drilling in 2018

Teck success = Tier 1 copper deposit

Azure ownership will = 35%



# Azure - growing strongly & building value

Right commodities: **Zn-Pb-Ag** & **Ag-Au-Cu**

Progressing Oposura to mine development in 2020

Free-carried on Alacrán by Teck Resources

Exciting blue sky potential with exploration upside







# Thank you



For enquiries, please contact:  
Tony Rovira, Managing Director  
[admin@azureminerals.com.au](mailto:admin@azureminerals.com.au)

# Competent Person Statements

## OPOSURA

*The information in this report that relates to Mineral Resources for the Oposura Project are 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](http://www.asx.com.au).*

## ALACRÁN

*The information in this report that relates to Mineral Resources for the Mesa de Plata and Loma Bonita deposits on the Alacrán Project are extracted from the respective reports “Mesa de Plata Mineral Resource Upgraded” and “Loma Bonita Mineral Resource” created and released to the ASX on 1 December 2016 and 21 December 2016 respectively and are available to view on [www.asx.com.au](http://www.asx.com.au).*

## EXPLORATION RESULTS

*Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date it was first reported to the ASX.*

*Azure Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.*



# Disclaimer – Scoping Study Cautionary Statement

*This Scoping Study has been undertaken to determine the potential viability of a combined open pit and underground mine with a conventional crushing, milling and flotation circuit to produce zinc and lead-silver sulphide concentrates onsite at the Oposura Project, and to provide Azure Minerals Limited with the confidence to continue with its ongoing feasibility study. The results should not be considered a profit forecast or a production forecast.*

*The Study is a preliminary technical and economic study of the potential viability of the Oposura Project. In accordance with the ASX Listing Rules, the Company advises it is based upon low-level technical and economic assessments (+/- 35%) that are not sufficient to support the estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised.*

*Further evaluation work including infill drilling, metallurgical testwork and appropriate studies are in progress and required before Azure will be in a position to estimate ore reserves and to provide assurance of an economic development case.*

*In accordance with ASX and ASIC guidance, the Production Target referred to in this announcement is based upon JORC Mineral Resources which are classified as approximately 75% Indicated and 25% Inferred. The Company has concluded that it has reasonable grounds for disclosing this Production Target.*

*The Study is based upon material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While Azure considers all of the material assumptions to be based upon reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved.*

*To achieve the outcomes indicated in the Study, funding in the order of A\$70 million (US\$52.5 million) is likely to be required. Investors should note that there is no certainty that Azure will be able to raise funding when needed. It is also possible funding may only be available on terms that may be dilutive to or otherwise affect the value of Azure's existing shares. It is also possible that Azure could pursue other "value realisation" strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce Azure's proportionate ownership of the Project.*

*The Company has concluded it has a reasonable basis for providing forward-looking statements included in this announcement and believes that it has a reasonable basis to expect it will be able to fund the development of the Project.*

*Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Study.*

