

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

July 26, 2019

Azure Minerals Limited (ASX: AZS) - Initiating Coverage: Low Cost Zinc-Lead-Silver Project with Near-Term Cash Flow Potential

Sector/Industry: Junior Resource

www.azureminerals.com

Market Data (as of July 18, 2019)

Current Price	A\$0.10
Fair Value	A\$0.45
Rating*	BUY
Risk*	5
52 Week Range	A\$0.09 – A\$0.23
Shares O/S	110,999,992
Market Cap	A\$11.10 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	0.7x
YoY Return	-54.5%
YoY ASX	7.8%

*see back of report for rating and risk definitions.



Investment Highlights

- Azure Minerals Limited. (“AZS”, “company”) is advancing its 100% owned Oposura project in Mexico, with an indicated plus inferred JORC resource estimate of **3.1 Million Tonnes (“Mt”) at 5.0% Zn, 2.7% Pb and 18 g/t silver**.
- A 2018 Preliminary Economic Assessment (“PEA”) showed a Before Tax – Net Present Value (“BT-NPV”) at 8% of US\$84 million, and a very high **Before Tax – Internal Rate of Return (“BT-IRR”) of 76%**, using metal prices of US\$1.4/lb Zn, US\$1.1/lb Pb, and US\$16.2/oz Ag.
- The total initial CAPEX has been estimated at approximately US\$52 million (includes a 25% contingency), with a Life of Mine (LOM) C1 cost of US\$0.42/lb Zn, **which we believe to be in the lowest quartile of global zinc producers**.
- Azure commenced small-scale mining of the Oposura deposit in July 2019, to potentially generate early positive cash flow to aid in financing of a **Definitive Feasibility Study (“DFS”), which is expected to be released mid-2020**.
- Drilling performed by Azure included a 2017/2018 Phase 1 program of 173 holes totalling 11,109 m, and recent 2018/2019 Phase 2 drilling of 58 diamond drill holes totalling 4,567 m. The average hole depth was 68 m, and 87% of drill holes intersected mineralization highlighting what we believe to show both **shallow and continuous mineralization**.
- **We are initiating coverage on Azure with a BUY rating, and a fair value estimate of A\$0.45 per share.**

Risks

- The value of the company is highly dependent on zinc, lead and silver prices.
- Geopolitical risks.
- Exposure to exchange rate risks.
- Risk of funding not being secured.

Key Financial Data (FYE - June 30)

(A\$)	2018	2019 (9M)
Cash	\$6,593,163	\$1,769,000
Working Capital	\$6,981,036	n/a
Mineral Assets	\$7,940,514	n/a
Total Assets	\$15,519,110	n/a
Net Income (Loss)	-\$9,220,519	n/a
EPS	-\$0.10	n/a

Background

Azure Minerals is an Australian-based company focused on developing resource projects in Mexico. Its base and precious metal assets include the flagship Oposura project (zinc-lead-silver), the Alacrán project (silver-gold-copper), the Promontorio project (copper-gold-silver) and six others (shown below). **Currently, Azure is committed to focusing on development of the Oposura project with a DFS due to be released mid-2020.**

Oposura was acquired in 2017 for US\$1.5 million from an unrelated party, Grupo Minera Puma S.A. de C.V. (Puma), and has extensive recent drilling done by Azure which we believe shows promising potential. Development of the Oposura project is led by an experienced technical and management team with proven mineral deposit discovery and mine building credentials. All directors and senior management have previous experience in raising mine project finance and/or aiding in the discovery of: Altona Mining's (acquired by Copper Mountain / TSX: CMMC) Kylylahti copper mine, Weatherly International's Tschudi copper mine, Jubilee Mines' Cosmos nickel mine and Metana Minerals' Black Cat gold mine.

The **other major project focus is Alacrán**, which hosts resources of 32 Moz (million ounces) of silver and 150,000 oz of gold, which partner Teck Resources Ltd (NYSE: TECK) explored together with Azure from 2014-present. Azure has agreed to an offer by Teck by which Azure will regain 100% ownership and control of the project.

Azure Assets' Locations



Source: Company

Mexico

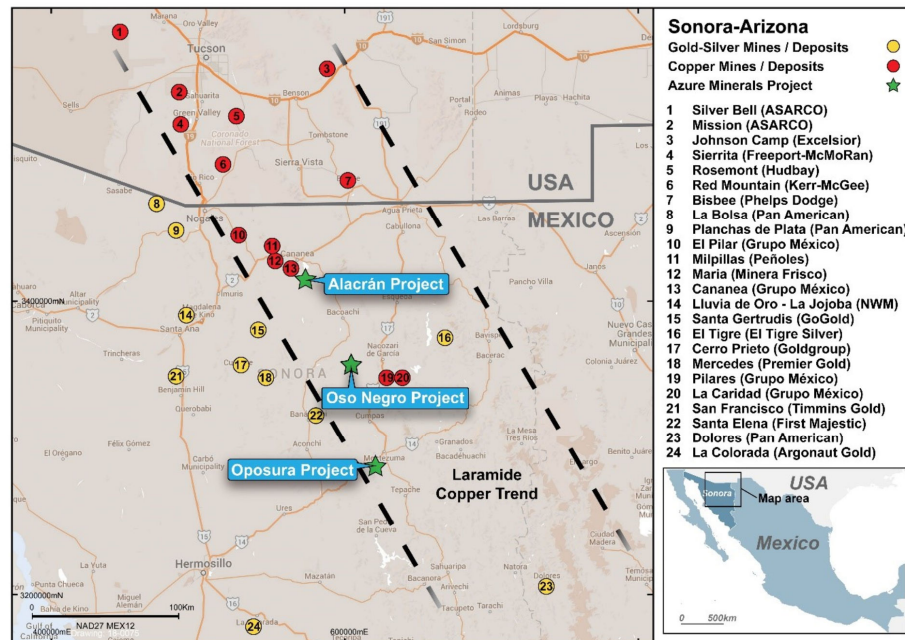
Mexico has a rich history of mining dating back more than 500 years and a well-established mining culture with strong government, bureaucratic and public support for the mining industry. Low sovereign risk, skilled labor readily available and low taxation rates also make Mexico an attractive jurisdiction to operate within. The outstanding geological potential of the country has caused Mexico to become the fourth largest foreign direct investment (FDI)

destination for mining in the world, and the largest within Latin America, mostly directed at mining gold, copper, zinc and silver (Source: International Trade Administration).

Azure's two leading projects, Oposura and Alacrán, located in the State of Sonora, overlap with the northern part of the **Sierra Madre Occidental (SMO) mineral province** in northern Mexico. This mountain range is host to one of the world's largest silver resources, running from southeast Arizona, U.S.A, to Guanajuato, Mexico, a distance of 1,500 km. The Sierra Madre Occidental has been mined for hundreds of years and has been a vital source of silver, gold, copper, lead and zinc, historically producing more than 40 Moz of gold and two billion ounces of silver to date.

Oposura is also situated in the **Laramide copper trend** which extends from Central Mexico to Arizona. The Laramide copper province is a prolific producer of copper and host to numerous producing mines (shown below). This densely mineralized province contains numerous well studied porphyry, skarn, carbonate replacement and epithermal ore deposits, including the Loma Bonita and Mesa de Plata silver-gold deposits within Azure's Alacrán project. A significant copper deposit in the area is the Cananea copper deposit owned by Grupo Mexico (BMV: GMEXICOB), classified as having the fourth largest copper mine reserves globally (Source: International Copper Study Group, 2017). **Other major mining companies operating within the Laramide copper trend include: First Majestic Silver (TSE: FR), Pan American Silver (TSE: PAAS) and Freeport-McMoRan (NYSE: FCX).**

Laramide Copper Trend



Source: Company

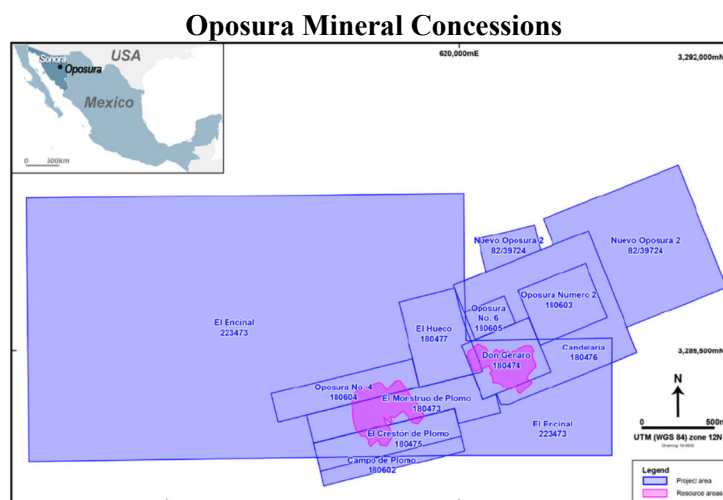
Ownership

Oposura is an advanced-stage project which has a history of exploration, and mine development, with recent extensive resource drilling performed by Azure, outlining a significant body of high grade, massive sulphide-hosted zinc-lead-silver mineralization. Recent

Oposura Project

drilling has delivered a JORC resource estimate of **3.1 Mt at 5.0% Zn, 2.7% Pb, and 18 g/t silver** (see Resource Estimate Section).

Through Azure's 100% owned subsidiary, Minera Piedra Azul, SA de CV, the company acquired 100% ownership of all 10 mineral concessions (shown below) in August 2017, for **US\$1.5 million plus a 2% NSR royalty** to Grupo Minero Puma SA de CV (Puma), an unrelated party, with no earn-back or back-in rights pertaining to the project. All mineral concessions owned by Azure fully enclose the Oposura mineral deposit.



Source: Company

Location

The 690-hectare property is located in northern Mexico in the state of Sonora, 150 km northeast of the state capital Hermosillo, and 200 km south of the U.S. border. Local infrastructure already in place includes a major highway 6 km away from site, the nearby town of Moctezuma with hospital and ambulance services, high voltage power, water on site from several aquifers 8 km away, fiber optic communication, and the Port of Guaymas within 330 km. From this port, zinc-lead concentrates can be transported to smelters, blending facilities and to Asian markets.

On a regional scale, there exists numerous carbonate replacement style Zn-Pb-Ag mines which also lie on the intersection of the Sierra Madre Occidental and the Laramide province. These mines include but are not limited to Southern Copper's (NYSE: SCCO) Santa Eulalia, Penoles' (BMV: PE&OLES) Naica, and Excellon Resources' (TSE: EXN) La Platosa. The following table summarizes a few key producing mines in the region (within 200 km from Oposura):

Producing Mines Around Oposura

Company	Ticker	Project	Commodity	Reserves
Southern Copper Corp.	NYSE: SCCO	Cannanea	Cu-Mo	4102 Mt at 0.44% & 0.008% Mo
First Majestic Silver Corp.	TSE: FR	Santa Elena	Ag-Au	3.953 Mt at 85 g/t Ag & 1.32 g/t Au
Pan American Silver Corp.	TSE: PAAS	Dolores	Ag-Au	44.5 Mt at 27 g/t Ag & 0.85 g/t Au
Pan American Silver Corp.	TSE: PAAS	La Bolsa	Ag-Au	9.5 Mt at 10 g/t Ag & 0.67 g/t Au
Premier Gold Mines Ltd.	TSE: PG	Mercedes	Au	0.094 Mt at 3.80 g/t Au
Alio gold	TSX: ALO	San Francisco	Au	48.3 Mt at 0.5 g/t Au

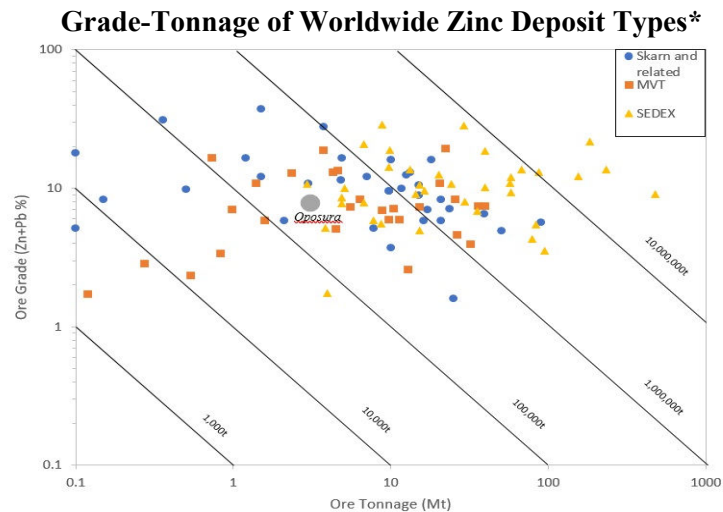
Source: FRC / Various companies

The above table shows that the region is dominated by silver/gold and copper mines, and that there are no active zinc mines within the proximity of Oposura. A key zinc project in the area (within 50 km) is the San Felipe Zn-Pb-Ag distal skarn deposit (held by Americas Silver / TSX: USA) with very similar characteristics to Oposura. San Felipe has a mineral resource estimate (indicated + inferred) of 6.7 Mt at 7.9% ZnEq.

Geology/Mineralization

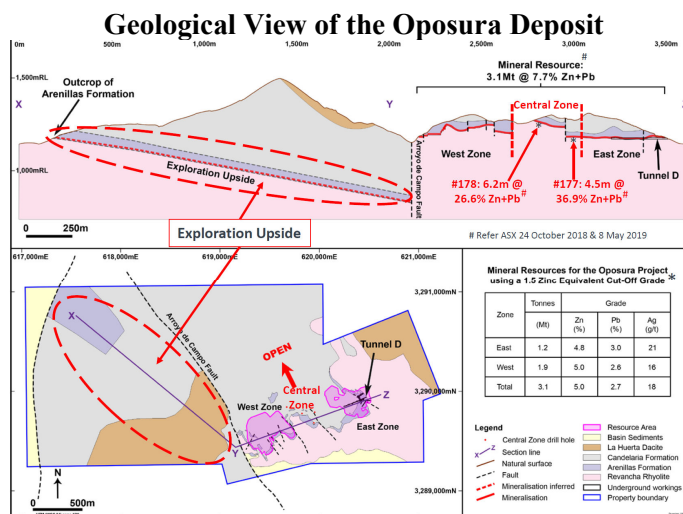
The Oposura project has been classified as a **distal skarn** replacement style deposit with stratabound, disseminated to massive zinc and lead sulphide mineralization replacing horizons of limestones situated in the Arenillas formation. The mineralized zone forms a laterally extensive, relatively flat lying shallow horizon with small-scale folding and faulting. **Skarn deposits of Northern Mexico constitute a special subgroup of skarns which have tonnages usually in excess of 10 Mt, and with Ag grades of 30-300g/t.**

Other types of zinc ore deposit styles include SEDEX and MVT. Skarn deposit grades typically fall between MVT and SEDEX deposits, and grades typically range between 2% and 20% Zn+Pb. **We consider the Oposura deposit to be relatively small with moderate grades,** however, one significant advantage of mineralization at Oposura is the shallow nature of the deposit which results in low production costs. **C1 costs (LOM) are estimated at just US\$0.42 /lb zinc,** which we place in the **lowest cost quartile of all global zinc miners.**



*Diagonal lines represent contained metal

Source: FRC (Data collected from Dawson 1996; Sangster 1990)



Source: Company

The Oposura deposit comprises two zone, the East zone (~470m x 325m) and the West zone (~400m x 475m), both of which have outcropping Arenillas formation and associated mineralization. A 500 m wide Central zone has been poorly defined due to minimal drilling by previous owners Anaconda and Peñoles in the 1960s and 1970s, respectively, but has the **potential to connect the East and West zones into a continuous deposit**. The maximum depths of mineralization are approximately 120 m in the East zone, and 140 m in the West zone, with vertical thickness of sulphide lenses averaging 7 m and 3 m in the East and West zones, respectively.

Historical Work

Small-scale mining and exploration work focused on zinc, lead and silver date back to the early 20th century from numerous companies including Anaconda Copper and Industrias Peñoles S.A.B de C.V. (Peñoles), between the 1940s to 1960s, and 1970s to 1980s, respectively. There was a pause in activity until the previous owner, Grupo Minero Puma S.A. de C.V. (Puma), who owned the project from 2016 – 2017, carried out a drilling program in early 2017, consisting of 16 holes.

In August 2017, Azure acquired **100% of the rights** to the project from Puma for **US\$1.5 million, with Puma retaining a 2.5% Net Smelter Return Royalty**.

Leading up to July 2018, 251 surface holes and 25 underground holes are known to have been drilled at Oposura. All drilling reported has been diamond drilling.

Drilling History at Oposura

Company	Years	No. of Holes	Average Depth (m)	Hole Depth (m) (minimum – maximum)	Total Metres
Anaconda	1948 - 1966	52 (surface)	51.57	3.05 – 168.86	2,681.84
		25 (underground)	8.93	1.53 – 19.51	223.23
Peñoles	1976 - 1982	26	105.77	49.55 – 261.45	2,749.90
Puma	2017	16	61.43	37.15 – 120.10	982.9
Azure	2017 - 2018	157	64.49	10.65 – 134.35	10,125.70

Source: Company

Resource Estimate (JORC)

In 2018, Azure produced an initial resource estimate, however, in May 2019, Azure updated their 2018 JORC resource estimate to **3.1 Mt at 5.0% Zn, 2.7% Pb and 18 g/t silver**. **This estimate currently classifies 85% of the resource as indicated.** Mine production includes a first year of just open pit mining, followed by contemporaneous underground and open pit mining (further discussed in the PEA below).

Distribution of Resources*

ZONE	INDICATED							INFERRED							TOTAL						
	Tonnes (Mt)	Grade			Contained Metal			Tonnes (Mt)	Grade			Contained Metal			Tonnes (Mt)	Grade			Contained Metal		
		Zn	Pb	Ag	Zn	Pb	Ag		Zn	Pb	Ag	Zn	Pb	Ag		Zn	Pb	Ag	Zn	Pb	Ag
		(%)	(%)	(g/t)	(kt)	(kt)	(koz)		(%)	(%)	(g/t)	(kt)	(kt)	(koz)		(%)	(%)	(g/t)	(kt)	(kt)	(koz)
EAST	0.9	5.2	3.3	22	47	29	640	0.3	3.6	2.2	16	11	7	150	1.2	4.8	3.0	21	58	36	800
WEST	1.6	5.4	2.6	16	86	42	850	0.3	3.3	2.1	14	10	6	140	1.9	5.0	2.6	16	95	49	980
TOTAL	2.5	5.3	2.9	19	133	72	1500	0.6	3.4	2.1	15	21	13	290	3.1	5.0	2.7	18	153	84	1,780

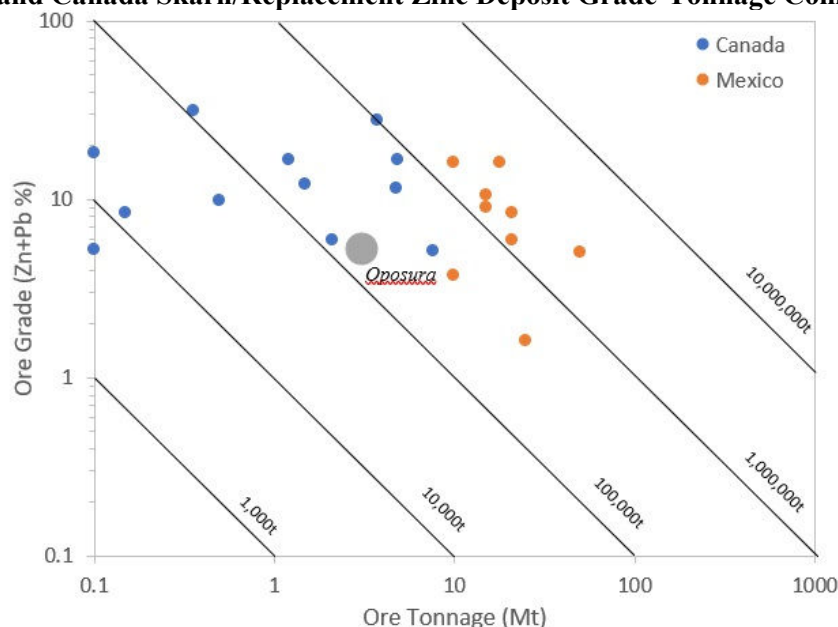
*1.5% Zn Cut-Off Grade

Commodity prices: Zinc: US\$3,107.50/t (US\$1.4/lb), Lead: US\$ 2,411/t (US\$1.1/lb), Silver: US\$16.20/oz

Source: Company

In comparison to other Zn-Pb deposits found within Mexico (historic and currently producing), as illustrated in the figure below, we find that Oposura can be classified as an **advanced stage, low cost, low tonnage, moderate grade Pb-Zn-Ag deposit**.

Mexico and Canada Skarn/Replacement Zinc Deposit Grade-Tonnage Comparison



*Diagonal lines represent contained metal
Source: FRC (Adapted from Dawson, 1996)

Small-scale mining of the deposit commenced in July 2019, to exploit easy-access high grade mineralized material in the East zone referred to as *Tunnel D*, an existing underground drive with recent positive drilling results including:

- 33.5% Zn, 5.2% Pb, 365 g/t Ag over 6.95 m
- 30.8% Zn, 6.1% Pb, 138 g/t Ag over 4.55 m
- 24.8% Zn, 2.4% Pb, 137 g/t Ag over 2.50 m

Average grades of the indicated resources mined will be approximately 15% zinc and 3% lead, which we agree is sufficiently high grade to support 12 months of the trial. **The planned operation has received all necessary regulatory approvals** including underground and open pit mining permits, explosives permits and environmental clearance. The main purpose of the trial project is to generate early positive cash flows to aid in financing **the completion of the DFS by mid-2020, which is budgeted at US\$1.5 million.**

2018 PEA

The Scoping Study revealed a base case **EBITDA of US\$178 million, BT-NPV₈ of US\$84 million, and a very high BT-IRR of 76%** using metals prices of **US\$1.4/lb (\$3,108/t) Zn, US\$1.1/lb (\$2,411/t) Pb, and US\$16.20/oz Ag**. Production is targeted for **2020/2021**. The project has a payback of just 16 months (1.33 years). The study did not disclose after-tax figures.

Proposed Layout of Oposura Project



Source: Company

A sensitivity analysis was performed on the NPV by varying key economic assumptions (commodity price), technical factors (metallurgical recoveries), and cost estimates (capital and operating) by +/- 10% and +/- 20%, which are shown below. It should be noted that the current zinc price is lower than the base case minus 20%. Our valuation is presented later in this report.

NPV Sensitivity Chart

NPV Sensitivity Analysis Results – A\$M					
% Change in Factor	-20%	-10%	0%	+10%	+20%
Ag Price	110.8	111.6	112.4	113.2	114.0
CAPEX	126.4	119.4	112.4	105.4	98.4
Pb Recovery	92.7	102.6	112.4	122.2	132.1
Pb Price	90.5	101.5	112.4	123.3	134.3
OPEX	136.8	124.6	112.4	100.2	88.0
Zn Recovery	72.3	92.3	112.4	132.5	152.5
Zn Price	66.1	89.2	112.4	135.6	158.7

	Base Case Prices ²	Current Prices ²
NPV ₈	US\$84m	UD\$59m
IRR	76%	57%
EBITDA (LOM)	US\$178m	US\$145m
Payback period	16 months	21 months
Pre-production CAPEX	US\$52.4m	US\$52.4m
Average LOM C1 costs	US\$0.42/lb	US\$0.47/lb
Year 1 C1 costs	US\$0.14/lb	US\$0.20/lb

	Base Case Prices ¹	Current Prices ²
Zinc	US\$3,108/t	US\$2,815/t
Lead	US\$2,411/t	US\$2,150/t
Silver	US\$16.20/t	US\$15.60/oz
Exchange rate	0.75	0.72

Source: Company

A **mine life of ~6 years** is based on a mining rate of approximately 0.5 Mtpa, for a total of 2.5 Mt of resources (note that the updated resource estimate is 3.1 Mt) using a combination of **both underground and open-pit operations** (shown in the figure below), in which three open pits

will be developed on the West zone, and one open pit will be developed in the East zone, followed by underground mining of both deposits. Overall, in the first four years of mining, 83% will be in the indicated mineral resource category, and during the first year, approximately 35% of the total estimated net cash flow of the project will be generated.

Oposura Mining Schedule

		Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Total Mining	Process Feed								
	Tonnes	kt	423	500	503	500	500	73	2,499
	Grade	Pb %	5.1	4.7	5.2	4.6	3.9	3.3	4.6
		Zn %	3.4	2.6	2.6	2.6	1.9	2.2	2.6
		Ag (g/t)	17.9	16.0	17.1	17.2	12.8	8.3	15.9
	Waste	kt	2,522	2,589	3,616	504	419	-	9,650
	Lateral Development	m	-	477	260	52	1,176	-	1,964
Open Pit	Process Feed								
	Tonnes	kt	423	317	254	205	118	-	1,317
	Grade	Pb %	5.1	5.4	5.9	4.7	3.2	-	5.1
		Zn %	3.4	2.6	1.9	2.2	2.1	-	2.6
		Ag (g/t)	17.9	19.7	19.8	19.2	12.9	-	18.4
	Waste	kt	2,522	2,559	3,602	501	380	-	9,564
	Strip Ratio	t:t	6.0	8.1	14.2	2.4	3.2		7.3
Underground	Process Feed								
	Tonnes	kt	-	183	249	295	382	73	1,182
	Grade	Pb %	-	3.3	4.5	4.5	4.1	3.3	4.1
		Zn %	-	2.5	3.2	2.8	1.8	2.2	2.5
		Ag (g/t)	-	9.7	14.4	15.8	12.8	8.3	13.1
	Waste	kt	-	30	14	4	39	-	87
	Lateral Development	m	-	477	260	52	1,176	-	1,964

Source: Company

Processing is comprised of a two-stage crushing process followed by Dense Media Separation (DMS) to discard waste material. The upgraded ore is then passed through milling and flotation at Life of Mine average grades of 7.5% Zn, 4.1% Pb and 24.5 g/t Ag. Metallurgical tests demonstrate that the processing method will lead to high metal recoveries with commercial-grade, clean concentrates of:

- Average zinc concentrate grade of 53% Zn and a **Zn recovery of 87%**
- Average lead concentrate grade of 60% Pb with a **Pb recovery of 85%**
- Average silver grade of 320 g/t Ag in the Pb concentrate with a **silver recovery of 67%**

After analyzing similar mines in northern Mexico, we consider these recovery numbers to be slightly above average.

After recovery, zinc production is approximated at an **annual production of 19,000t (42 Mlbs) zinc, 10,000t (22 Mlbs) lead, and 145,000 ounces of silver.**

Oposura PEA Highlights

Item	Approximate Value or Range	
NPV @ 8% (pre-tax)	Range	A\$106 – \$113.5 million
	Preferred model	A\$112 million
IRR (pre-tax)	Range	73% - 77%
	Preferred model	76%
LOM gross revenue	Range	A\$494 – \$508 million
	Preferred model	A\$506 million
EBITDA (LOM)	Range	A\$229 – \$239 million
	Preferred model	A\$237 million
Payback period		16 months
Average LOM cash (C1) costs ¹		A\$0.56/lb zinc (US\$0.42/lb zinc)
Year 1 C1 cash costs		A\$0.18/lb zinc (US\$0.14/lb zinc)
Pre-production CAPEX (includes Capital Contingency of 25%)		A\$69.9 million
Mining, crusher & DMS throughput rate		500,000tpa
Mill & flotation circuit throughput rate (post-DMS)		295,000tpa
Initial mine life		5.3 years
Average annual production of metal in concentrate		19,000t of zinc 10,000t of lead 145,000oz of silver
First lead-silver & zinc concentrate shipments		Targeted for 2020/21

Source: Company

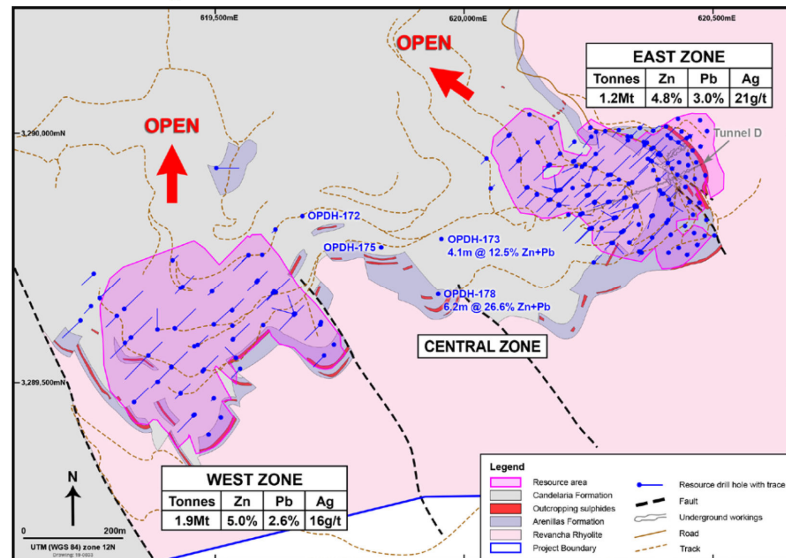
Expansion/ Upgrade Drilling

Drilling performed by Azure included a 2017/2018 Phase 1 program of 173 holes (16 drilled by previous owner Puma) totalling 11,109 m, and recent 2018 Phase 2 drilling of 58 diamond drill holes totalling 4,567 m. **The average hole depth was 68 m (10 - 134 m), which highlights the shallow nature of the deposit.** Due to the favourable structure and style of the deposit, the initial CAPEX (plant and infrastructure) to achieve commercial production of concentrates is estimated at US\$52 million (including a 25% contingency). Given the very low strip ratio, **C1 costs (LOM) are estimated at just US\$0.42 /lb zinc. We consider the initial CAPEX and C1 costs to be very favorable primarily due to good infrastructure already in place and near surface mineralization.** We have used an exchange rate of US\$:A 0.75, consistent with the PEA reported value to convert the figures listed in the table. Low sustaining capital of US\$5.34M will be used to sustain operations over the LOM. We believe that **Phase 2 of drilling not only expanded** the initial PEA resource estimate, and increased the indicated resources, but it also revealed the potential for further expansion with mineralization remaining open in several directions. This potential is demonstrated by drilling within the Central zone (refer to geological view), which intersected significant high-grade mineralization, including:

- 6.0% Zn & 1.7% Pb (7.7% Zn+Pb) over 12 m
- 15.1% Zn & 3.8% Pb (18.9% Zn+Pb) over 9.5 m

Additional drilling is planned to delineate a maiden resources in the Central zone, and to expand to the north, of both the East and West zones (shown below).

Expansion Drilling within Oposura

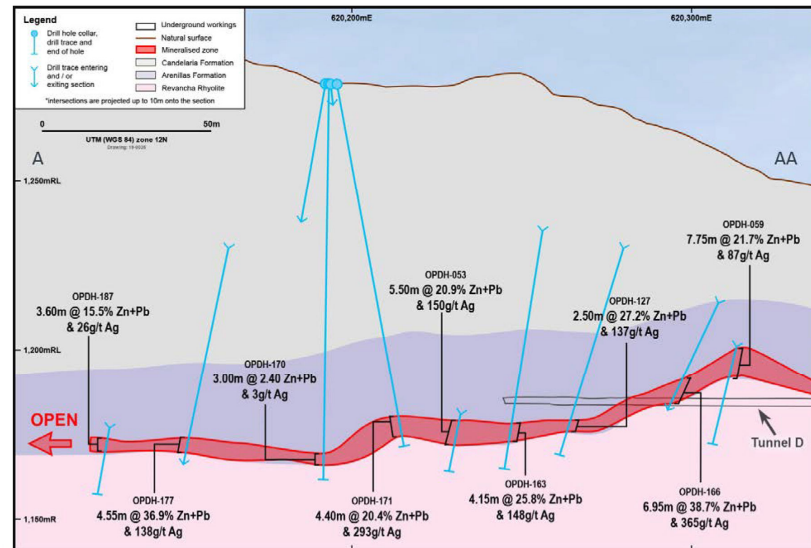


Source: Company

Earlier in the report, it was mentioned that a trial mining operation due to commence in September 2019, will focus on exploiting high grade, easy access mineralization in the underground drive *Tunnel D* (shown below). Two significant drill intersections in Tunnel D include:

- 38.7% Zn+Pb over 6.95 m
- 36.9% Zn+Pb over 4.55 m

Cross Section of Mineralization and Tunnel D



Source: Company

The company has entered into a toll milling agreement at the recently refurbished 100 tpd San Javier sulphide flotation plant, located 300 km by sealed highway from Oposura.

San Javier Processing Plant: Conditioning and Flotation Cells



Source: Company

The company has also identified other sulphide flotation processing facilities in the region, providing alternative options for toll milling.

Oposura Development Timeline

- Small-scale mining operation underway
- Open pit extraction started in mid-July 2019
- Toll treatment to start in September 2019
- Underground extraction to start in September 2019
- Positive cash flow expected in Q4 2019
- Definitive Feasibility Study for full-scale mining & processing due in mid-2020
- Full-scale mining & processing targeted for mid-2021

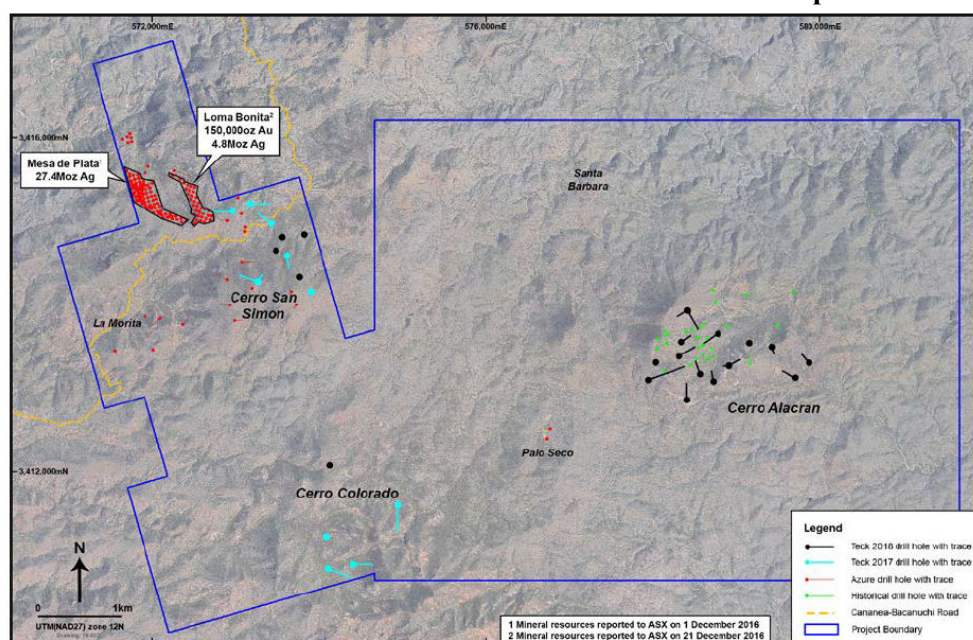
Alacrán Project

Project Overview

The Alacrán property is located within the Laramide copper province, close to several large operating copper mines, including being only 12 km from the world class, giant, Cananea copper mine, **a tier 1 copper mine ranked the fourth largest copper mine by reserve** (International Copper Study Group, 2017). Copper ore reserves at Cananea total 8 billion tonnes at an average grade of 0.33% Cu.

Management believes that Alacrán offers potential for hosting porphyry copper deposits and additional high-grade precious metal deposits. In 2015 and 2016, Azure conducted an exploration campaign during which the company discovered the high-grade, near-surface Mesa de Plata silver deposit, and the adjacent Loma Bonita gold-silver deposit.

Location of the Loma Bonita and Mesa de Plata Ore Deposits



Source: Company

The Mesa de Plata silver deposit hosts silver mineralisation in a flat-lying horizon with a true thickness of 60 m with good internal continuity. **JORC Mineral Resources are estimated at 10.5 Mt at 81.6 g/t Ag for 27.4 Moz of silver, which includes an outcropping high-grade zone hosting 1.8 Mt at 274.7 g/t Ag for 15.5 Moz of silver.** Currently 85% of the deposit is classified under the measured category, and the remainder in the indicated category. Metallurgical and processing tests were suspended in 2016 due to Teck's back-in decision (discussed below), however, Azure is now considering recommencing the studies since the company believes that tests so far have demonstrated strong potential for a relatively **low-cost open pit** mining operation.

Mesa de Plata Mineral Resource (2016)

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes (Mt)	Silver		Tonnes (Mt)	Silver		Tonnes (Mt)	Silver	
		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)
High Grade	1.2	307.4	12.0	0.5	201.7	3.5	1.8	274.7	15.5
Mid-Grade	8.4	43.0	11.7	0.3	36.2	0.3	8.7	42.8	12.0
Total	9.6	76.2	23.6	0.8	145.4	3.8	10.5	81.6	27.4

Source: Company

The Loma Bonita gold deposit has **JORC Mineral Resources estimated at 5.4 Mt at 0.9 g/t Au and 28 g/t Ag for 150,000 ounces of gold and 4.8 Moz of silver.** Approximately 75% of this is classified under indicated, and the remainder under inferred. Drilling has not closed off the ore body laterally or at depth, and further drilling has the potential to expand resources.

Loma Bonita Mineral Resource (2016)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.87	1.25	115.7	33.9	3.14
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	Total	3.4	1.2	131	32.0	3.4
≥ 0.21	Indicated Mineral Resource	4.20	0.95	128.5	30.1	4.07
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	Total	5.4	0.9	150	28	4.8

Source: Company

Ownership

In 2014, Azure and Teck entered into an agreement whereby Azure could acquire 100% ownership of the project from Teck Resources Limited through funding of **US\$5 million in exploration over a four year period**. In 2016, Azure announced that the requirements were met, and they thereby earned a 100% ownership, during which Mesa de Plata and Loma Bonita were discovered. **In late 2016, Teck exercised its right to earn back a 51% interest in the project by funding US\$10 million over a four year period between 2017 and 2020, thereby becoming the project operator**. In 2017 and 2018, Teck conducted drilling with the major focus of testing the copper-porphyry potential at Cerro Alacran and epithermal precious metals targets at Cerro San Simon and Cerro Colorado. In 2018, copper mineralization was confirmed at Cerro Alacran, however, it **did not meet expectations for further testing**. In May 2019, it was announced that subject to the finalisation of a sale agreement, Azure will once again retain 100% ownership by issuing 27,545,566 common shares (valued at A\$3 million), which would **result in Teck, and its affiliates, owning 19.9% of Azure's outstanding shares**, in addition to a 0.5% NSR royalty, and right to participate on the proceeds from sale of the project (nil if under US\$3 million, or 10% - 25% for higher amounts) within a five year period. Teck is estimated to have spent approximately US\$7 million from late 2016 to mid-2019.

Management's immediate plans for the project include:

- Drilling along strike and at depth to increase silver and gold resources at Loma Bonita and Mesa de Plata
- Drill-testing several new, high-quality targets for more silver & gold discoveries
- Confirm potential for a copper deposit at Cerro Alacran

Other Projects

A summary of the other projects in Azure's portfolio is shown below. All of these projects are up for sale or joint venture, which is a strategic decision to advance their flagship Oposura project.

Management and Board

Azure portfolio of Other Assets

Project	Ownership	Location	Commodity	Stage	Resource Estimate	Comments
Promontorio	100%	Chihuahua, Mexico	Copper-Gold-Silver	Resource	39,600 tonnes Cu (1.4% Cu) 151,000 ounces Au (1.5 g/t Au) 3,260,000oz silver (35 g/t Ag)	Available for Sale / Joint Venture
Sara Alicia	100%	Chihuahua, Mexico	Gold-Cobalt		N/A	Available for Sale / Joint Venture
Oso Negro	100%	Sonora, Mexico	Silver-Gold		N/A	Available for Sale / Joint Venture
San Agustin	100%	Durango, Mexico	Gold-Silver		N/A	Available for Sale / Joint Venture. No prior exploration undertaken on the project
Telix	100%	Oaxaca, Mexico	Graphite		N/A	Available for Sale / Joint Venture
El Tecolote	100%	Mexico	Copper-Zinc-Silver		N/A	Available for Sale / Joint Venture. Property contains the historical El Tecolote Copper-Zinc-Silver Mine which produced 1.6 Mt (1.8% Cu, 6.9% Zn, 50g/t Ag)
Panchita	100%	Sonora, Mexico	Gold-Silver		N/A	Available for Sale / Joint Venture

Source: FRC, Company

Management and board members combined hold 1.57 million shares, or 1.4% of the total outstanding shares of Azure.

Management / Board Share Ownership

Name	Position	Shares	% of Total	Options	% of Total
Anthony Paul Rovira	Managing Director	806,002	0.73%	1,500,000	5.45%
Peter Anthony Ingram	Non-Executive Chairman	500,506	0.45%	750,000	2.73%
Wolf Martinick	Non-Executive Director	265,000	0.24%	750,000	2.73%
Brett Dickson	Company Secretary and CFO	-	-	1,050,000	3.82%
Total		1,571,508	1.42%	4,050,000	14.72%

Key Investors	Shares	% of Total
Deutsche Balaton (a German investment fund)	21,345,943	19.23%
Total	21,345,943	19.23%

Management / Directors and Institutions	22,917,451	20.65%
--	-------------------	---------------

Source: Company

Brief biographies of the management team and board members, as provided by the company, follow:

Anthony Paul Rovira – Managing Director

Mr Tony Rovira is a geologist who has over 35 years experience in the mining industry covering regions which include Australia, Mexico and the South Pacific Islands. Mr Rovira has been responsible for the discovery of several mineral deposits in Australia which have been developed into operating mines. His most famous discoveries were the Cosmos and Cosmos Deeps nickel sulphide deposits in Western Australia. When operating, Cosmos was the highest grade, open pit nickel mine in the world. Mr Rovira was awarded the Prospector of the Year Award by the Australian Association of Mining and Exploration Companies for this discovery.

Peter Anthony John Ingram – Non Executive Chairman

Mr Peter Ingram is a geologist with a strong background of over forty years' experience within the Australian mining and mineral exploration industries, including over thirty years of public

company management. Mr Ingram was formerly Managing Director of Universal Resources Limited prior to its merger with Vulcan Resources Limited to form Altona Mining Ltd. In addition, he previously held the positions of Managing Director of Metana Minerals NL, Eastmet Limited and Australian Oriental Minerals NL. He was also a founding councillor of the Australian Gold Mining Council and the Association of Mining and Exploration Companies (AMEC) of which he is an Honorary Life Member and former President. He has been a member of the Management Council of the WA School of Mines at Curtin University.

Wolf Gerhard Martinick – Non-Executive Director

Dr Wolf Martinick is an Environmental Scientist, a retired Fellow of the AusIMM and a founding director of the Perth-based consultancy MBS Environmental Pty Ltd. Dr Martinick has been a director and chairman of a wide range of ASX and AIM listed mineral and oil exploration and mining companies with interests in a number of African countries, South and Central America, the USA and Australia. Dr Martinick was a founding Director of Basin Minerals Limited, an ASX-listed mineral exploration company which discovered a world-class mineral sands project in Victoria, Australia. Dr Martinick has participated in, and often led, numerous environmental and social due diligence studies for mining projects around the world on behalf of international financial institutions and mineral resource companies for a variety of transactions, including listings on international stock exchanges and mergers.

Brett Douglas Dickson – Company Secretary and Chief Financial Officer

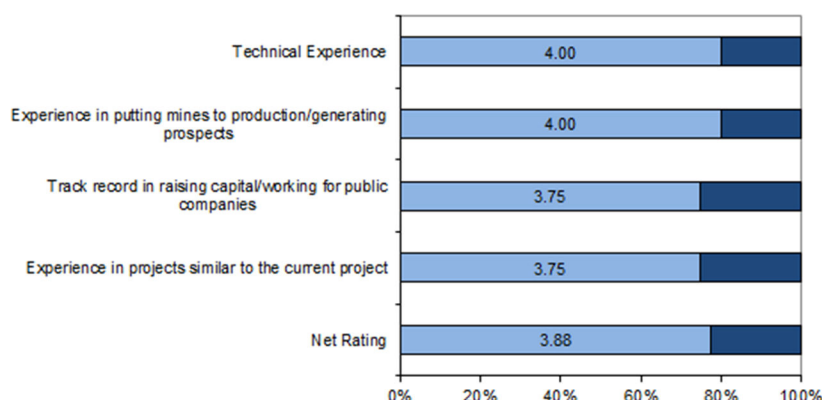
Mr Brett Dickson is a Certified Practicing Accountant and has had a successful corporate career focusing on the start-up, restructuring, management, growth and financing of emerging, publicly listed mining, exploration and oil and gas companies. This experience ranges through a spectrum of activities; including capital and debt raisings, corporate restructuring, stock exchange listings (TSX, ASX, AIM), mineral exploration, mining and feasibility studies. Mr Dickson has been a director of, and involved in the executive management of, numerous publicly listed resource companies with activities in Australia, Latin America and elsewhere.

Glenn Robert Jardine – Chief Operating Officer

Glenn Jardine is a senior mining executive with significant experience in feasibility studies, project development, operations management, business development and corporate affairs. This experience covers precious metals, base metals and bulk commodities across underground and open pit operations. Processing methods utilized at these projects and operations include CIP/CIL, DMS, sulphide flotation, BIOX, pressure oxidation and SX/EW. Projects developed have received Australian State and Federal recognition for environmental best practice and health and safety and human resources systems with LionOre Australia and Goldfields Australia. Glenn has worked on project and business development opportunities including Oposura and Alacrán with Azure in Mexico since 2016.

Our net rating on the company's management team is 3.9 out of 5.0 (see below).

Management Rating



Source: FRC

The company's board has three members, of which, two are independent. The following table shows our analysis of the strength of the company's board.

Strength of Board

	Poor	Average	Good
Two out of three directors are independent			X
Directors' Share Ownership		X	
The Audit committee is composed of two board members, both are independent			X
The Compensation committee is composed of two board members, both are independent			X

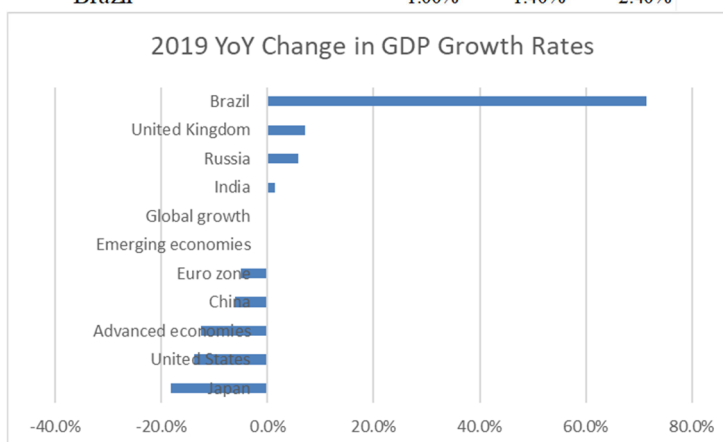
Source: FRC

Commodity Price Outlook

The strong US\$ impacted prices of most commodities in the past 18 months. We expect commodity prices to strengthen over the next 12 months from weakness in the US\$. We believe the weakness in the US\$ will be driven by the following three factors:

1. Slower expected change in U.S. Gross Domestic Product ("GDP") growth rate relative to global GDP growth, as well as most of the major economies:

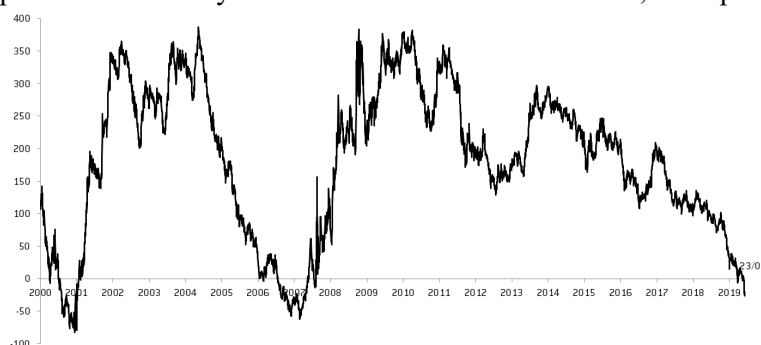
GDP Growth (IMF)	2017	2018	2019E
Global growth	3.70%	3.70%	3.70%
Advanced economies	2.30%	2.40%	2.10%
United States	2.20%	2.90%	2.50%
Euro zone	2.40%	2.00%	1.90%
United Kingdom	1.70%	1.40%	1.50%
Japan	1.70%	1.10%	0.90%
Emerging economies	4.70%	4.70%	4.70%
China	6.90%	6.60%	6.20%
India	6.70%	7.30%	7.40%
Russia	1.50%	1.70%	1.80%
Brazil	1.00%	1.40%	2.40%



Source: IMF / FRC

- The U.S. is experiencing an inverted yield curve; and typically, inverted yield curves suggest a potential for economic slowdown.

Inverted Yield Curve
Spread between 10-year US T-Note and 3-month T-Bill, basis points



Source: Bloomberg / bruegel.org

- Controlled inflation in the U.S. indicates that the U.S. Federal Reserve is likely to slash rates this year.

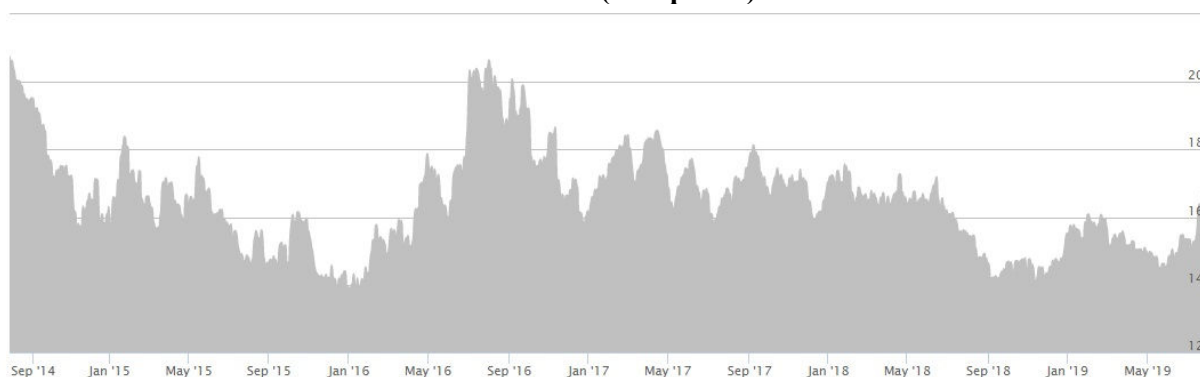
Controlled Inflation



Source: Trading Economics

Silver prices are up 15% in the past two months to the current price of US\$16.64 per oz.

Silver Price (US\$ per oz)



Source: Money Metals Exchange

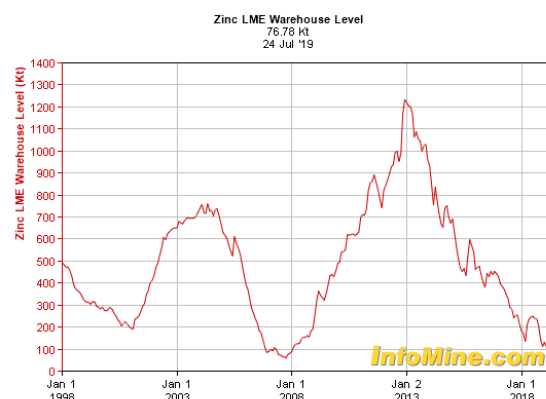
Despite the strong run in silver prices, the gold:silver ratio is currently at 86x, significantly higher than the 20-year historical average of 64x. Our long-term price forecast is US\$18 per oz.

Gold / Silver Ratio

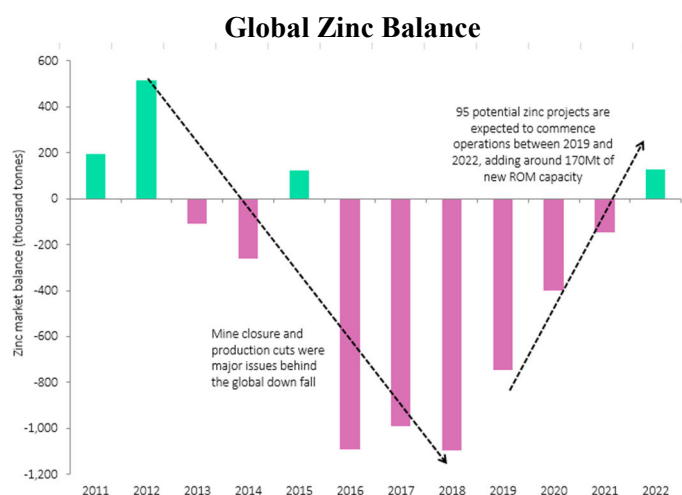


Source: Denver Gold Group

Zinc prices, after hitting a high of \$1.6/lb in early 2018, have dropped to the current price of \$1.1/lb. As shown below, inventory levels are currently at record lows.



The decline in prices was primarily a result of the expected decline in the global zinc deficit, as shown below. The zinc market is expected to continue to be in deficit through 2022.



Source: GlobalData, Mining Intelligence Center

According to the International Lead & Zinc Study Group (“ILZSG”), in the first five months of 2019, the global market for refined zinc metal was in deficit by 123kt. The ILZSG expects global demand to increase 0.6% in 2019, to hit 13.8 Mt. Mine production is expected to increase 6.2% in 2019, versus just 1.3% in 2018. Refined zinc output is expected to increase 3.6% to 13.7 Mt in 2019.

World Refined Zinc Supply and Usage 2014 - 2019											
000 tonnes						2018	2019	2019			
	2014	2015	2016	2017	2018	Jan-May		Feb	Mar	Apr	May
Mine Production	13418	13626	12604	12527	12743	5201	5273	903.5	1099.5	1133.9	1120.8
Metal Production	13398	13812	13579	13222	13169	5447	5392	1012.4	1085.8	1106.5	1121.8
Metal Usage	13675	13643	13707	13683	13676	5550	5515	976.2	1131.3	1194.0	1149.0

Source: ILZSG

Financials

Our long-term forecast for zinc is US\$1.1/lb, and note that, as the market is expected to be in deficit, pricing is likely to be very vulnerable to any unforeseen supply disruptions.

At the end of March 2019, the company had cash of A\$1.77 million. We estimate the company had a burn rate (General and Administrative expenses) of \$0.19 million per month in the first nine months of FY2019 (ended March 31, 2019). The following table summarizes the company's liquidity position.

Financial Position		
(in C\$)	2018	2019 (9M)
Cash	\$6,593,163	\$1,769,000
Working Capital	\$6,981,036	n/a
Current Ratio	17.53	n/a
LT Debt / Assets	-	-
Monthly Burn Rate (G&A)	\$229,715	\$185,889
Cash on Investing Activities (exploration / development)	\$7,876,847	\$3,136,000
Cash from Financing Activities	\$7,704,528	-

Data Source: Financial Statements

Subsequent to the quarter-end, the company secured a A\$2 million convertible note financing (12.5% p.a. interest / conversion price of A\$0.145 / term - two years) from a major shareholder to fund the CAPEX budget to commence small-scale mining.

The company's current cash position is A\$0.65 million.

The company currently has 19.98 million options (weighted average exercise price of A\$0.50 per share) and nil warrants outstanding. At this time, no options are in-the-money.

Valuation & Rating

The following table shows Azure's Enterprise Value ("EV") to Zn equivalent resource relative to several other zinc focused juniors. We converted Azure's resource estimates on Oposura, Alacrán and Promontorio to Zn equivalent resources. As shown below, Azure's EV / lb of \$0.008 is lower than the average of \$0.11.

	Company	Location	Net Resource (ZnEq / Mlbs)	EV (AS, M)	EV/ Resource (AS/ lb)
1	Aquila Resources	U.S.	1,508	\$55.47	\$0.037
2	Constantine Metal Resources Ltd.	Alaska	912	\$28.32	\$0.031
3	Osisko Metals Inc.	Canada	2,785	\$77.26	\$0.028
4	Azure Minerals Ltd.	Mexico	1,587	\$12.79	\$0.008
5	Tinka Resources	Peru	5,792	\$44.37	\$0.008
6	Xtierra Inc.	Mexico	1,880	\$12.37	\$0.007
7	Silver Bull Resources Inc.	Mexico	6,649	\$33.44	\$0.005
8	ZincX Resources Corp.	Canada	5,788	\$24.65	\$0.004
9	Hanan Metals Ltd.	Ireland	1,247	\$3.59	\$0.003
10	InZinc Mining Ltd.	USA	4,607	\$4.44	\$0.001
11	Callinex Mines Inc.	Canada	2,624	\$2.20	\$0.001
12	Golden Tag Resources Ltd.	Mexico	3,004	\$2.11	\$0.001
	Average				\$0.011

*Net Resource = 100% of Measured and Indicated + 50% of Inferred Resources

Source: FRC / Various Companies

However, in order to assign a fair value estimate on Azure, we decided to use a sum-of-parts valuation as Alacrán and Promontorio are not zinc focused projects, and therefore, it is not appropriate to value these projects based on the above analysis.

Our Discounted Cash Flow (“DCF”) valuation on Oposura is A\$31 million, or \$0.17 per share. Our model was based on 100% of the resource estimate of 3.1 Mt. Our cost estimates are in line with the estimates used in the PEA. However, we have used lower long-term commodity price forecasts of US\$1.1/lb Zn, US\$1/lb Pb, and US\$18/oz Ag. We have also incorporated tax (the PEA only showed before-tax estimates), and used a higher discount rate of 11.6% (versus the PEA’s 8%), which we believe is more appropriate for base-metal projects in relatively lower-risk jurisdictions. The sensitivity of our valuation to key inputs are also presented below.

DCF Valuation on Oposura	
Operating Life (years)	6
Tonnage - Mt	3.1
Recovery	87% Zn / 85% Pb / 67% Ag
Total Zinc Equiv. Produced (Mlbs)	409
Average Price of Zn (\$/lb)	\$1.10
Average Price of Pb (\$/lb)	\$1.00
Average Price of Ag (\$/oz)	\$18.00
Cash Cost (LOM) in US\$/lb	\$0.59
Initial Capital Cost (US\$M)	\$26
Discount Rate	11.6%
After-Tax Net Asset Value (US\$)	\$23,090,433
After-Tax Net Asset Value (A\$)	\$30,710,276
AT-NAV / Share	\$0.17

Source: FRC

		Zn Price (US\$ / lb)				
		\$1.00	\$1.05	\$1.10	\$1.30	\$1.50
Pb Price (US\$/lb)	\$0.80	\$0.02	\$0.09	\$0.17	\$0.47	\$0.77
	\$0.90	\$0.02	\$0.09	\$0.17	\$0.47	\$0.77
	\$1.00	\$0.02	\$0.09	\$0.17	\$0.47	\$0.77
	\$1.10	\$0.02	\$0.09	\$0.17	\$0.47	\$0.77
	\$1.20	\$0.02	\$0.09	\$0.17	\$0.47	\$0.77

		Zn Price (US\$ / lb)				
		\$1.00	\$1.05	\$1.10	\$1.30	\$1.50
Discount Rate	5.0%	\$0.11	\$0.22	\$0.33	\$0.76	\$1.19
	8.0%	\$0.06	\$0.15	\$0.25	\$0.61	\$0.98
	11.6%	\$0.02	\$0.09	\$0.17	\$0.47	\$0.77
	15.0%	-\$0.02	\$0.05	\$0.11	\$0.37	\$0.62
	20.0%	-\$0.05	\$0.00	\$0.05	\$0.25	\$0.45

Source: FRC

We valued Alacrán and Promontorio based on the average EV of A\$0.49 per oz of silver focused juniors (see table below).

Silver Focused Juniors

Company	Location	EV / Resource [*] (A\$/oz)	Stage
1 Excellon Resources Inc.	Mexico	\$7.76	Production
2 Pan American Silver Corp.	South America, US	\$6.13	Production
3 Endeavour Silver	Mexico	\$5.12	Production
4 Defiance Silver Corp.	Mexico	\$4.80	Resource
5 Santa Cruz Silver Mining	Mexico	\$4.41	Production
6 MAG Silver Corp.	Mexico	\$2.81	Production
7 Alexco Resource Corp.	Canada	\$2.45	PEA
8 SSR Mining	South America, US, Canada	\$2.09	Production
9 Hochschild Mining	South America	\$2.06	Production
10 Avino Silver	Mexico	\$1.46	Production
11 Austral Gold Limited.	South America	\$0.98	Production
12 Golden Arrow	Argentina	\$0.83	Production
13 Aurcana Corp.	Texas	\$0.69	PEA
14 Integra Resources Corp.	Idaho	\$0.56	Resource
15 Southern Silver	Mexico	\$0.30	Resource
16 Kootenay Silver	Mexico	\$0.25	Resource
17 Goldplay Exploration Ltd.	Mexico	\$0.24	Resource
18 Silver Predator Corp.	Nevada	\$0.19	Resource

* 100% of Measured and Indicated, plus 50% of Inferred Resource

Average	\$2.40
Average (Producers)	\$2.87
Average (Explorers)	\$0.49

Source: FRC / Various Companies

Adding our valuations on the projects with resource estimates, we arrived at a fair value estimate of A\$0.45 per share on AZS' shares. Note that we have assigned zero value to any of the other projects in AZS' portfolio for conservatism.

Valuation Summary	ASM	A\$ per Share
Oposura		
- DCF	\$30.71	\$0.22
Alacrán		
- Comparables (42 Moz Ag Equiv. at \$0.49 per oz)	\$20.47	\$0.15
Promontorio		
- Comparables (22 Moz Ag Equiv. at \$0.49 per oz)	\$10.62	\$0.08
Working Capital	\$0.65	\$0.00
Fair Value of AZS (A\$)	\$62.45	\$0.45
No. of Shares (inculded shares to be issued to Teck)	138,545,558	

Source: FRC / Various Companies

We are initiating coverage on AZS with a BUY rating and a fair value estimate of A\$0.45 per share.

Risks

We believe the company is exposed to the following key risks (not exhaustive):

- The value of the company is highly dependent on zinc, lead and silver prices.
- Geopolitical risks.
- Exposure to exchange rate risks.
- Development risks.
- Risk of funding not being secured.

As with most junior resource companies, we rate Azure's shares a risk of 5 (Highly Speculative).

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

Disclaimers and Disclosure

The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. FRC and the Analyst does not own shares of the subject company. Fees were paid by AZS to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, AZS has agreed to a minimum coverage term including an initial report and three updates. Coverage cannot be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time.

The distribution of FRC's ratings are as follows: BUY (68%), HOLD (8%), SELL / SUSPEND (24%).

To subscribe for real-time access to research, visit <http://www.researchfrc.com/subscribe.php> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.