



On Track to Mineral Production in Mexico



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Azure Minerals Ltd

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RIU Melbourne Resources Round-up

Objective

To become an independent mineral producer in Mexico



2 advanced projects undergoing development studies

10 exploration stage projects

Why Mexico

- 13th Largest Economy in the World - Member of G20
- Member of NAFTA – modern legal, financial, accounting and taxation systems
- Simple and transparent mining legislation
- No Government mining royalties
- Company tax rate = 28%
- Full repatriation of profits and no withholding taxes
- Well established mining culture with strong Community acceptance and Government support for mining industry

A Favoured Mining Destination

	Country	Exploration Budgets*
1	Canada	19%
2	Australia	12%
3	United States	8%
4	Mexico	6%
5	Peru	5%
6	Chile	5%
7	China	4%
8	Russia	4%
9	Brazil	3%
10	Argentina	3%
	Other Countries	31%

*Source: Metals Economics Group, 2010.

Worldwide non-ferrous mineral exploration budgets. 2,200 companies' budgets totaling US\$11.5B

The Projects



Overview

Operating in a mineral-rich, mining-friendly Mexico

Multi Commodity Exposure - focus on Copper & Manganese

Key Projects

- **El Tecolote District - *Copper***

- Two Joint Ventures with Japanese Government spending US\$16M expenditure to earn up to 70%
- US\$3M expenditure in 2011 & 2012

- **San Francisco - *Manganese***

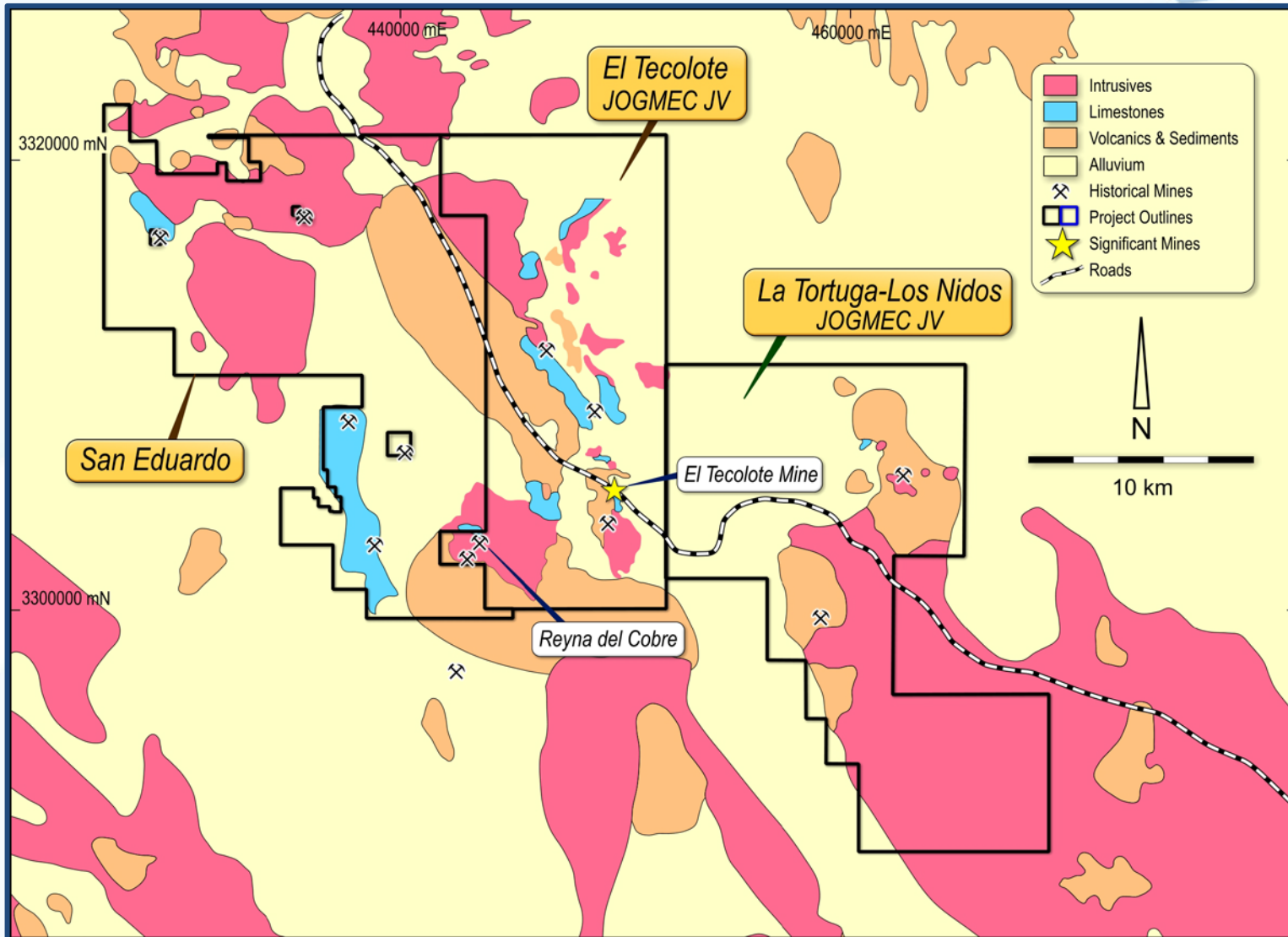
- Resource expansion drilling and feasibility studies in progress
- Targeting 2012/13 production

- **Promontorio - *Copper***

- High grade deposit targeting 1-2 Mt @ 5% Cu + Au + Ag
- Environmental permitting in progress

El Tecolote District – Copper

Three 100 % owned projects – 600km²



El Tecolote District – *Copper*

El Tecolote JV

- JOGMEC to spend US\$13M to earn 70%
- \$3M expenditure for 2011 & 2012
 - *Geophysics – aeromagnetics, ground magnetics, VTEM & IP*
 - *Diamond drilling – 3,000m in 2011*
- **Massive sulphide skarn deposits**
 - *El Tecolote Mine – 1.4Mt @ 1.9% Cu, 7.0% Zn & 47g/t Ag*
 - *Mined by Grupo Mexico in 1978-1984*
 - *Reyna del Cobre - 11m @ 1.3% Cu, 3.0% Zn & 7g/t Ag*
 - *Drilled by Azure Minerals in 2011*

La Tortuga JV

- JOGMEC to spend US\$3M to earn 51% - US\$1.9M spent to date
- **Geophysics & drilling in 2011/12**

**Skarn Cu-Zn Targets
3,000m drilling in 2011**

Tecolote

Reyna del Cobre

Image © 2011 DigitalGlobe
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10.8 km

Imagery Date: 6/6/2007

12 R 444853.35 m E 3304784.27 m N elev 899 m

Eye alt 47.07 km

Large Porphyry Copper Target

**Skarn Cu-Zn Targets
3,000m drilling in 2011**

Tecolote

Reyna del Cobre

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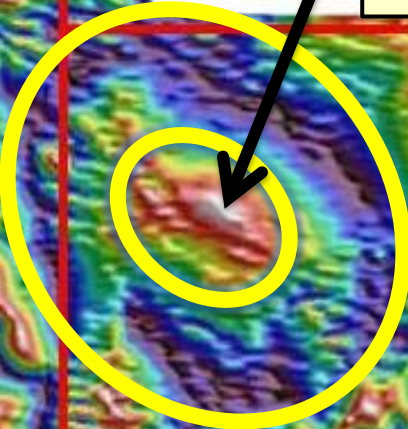
10.8 km

Imagery Date: 6/6/2007

12 R 444853.35 m E 3304784.27 m N elev 899 m

Eye alt 47.07 km

Large Porphyry Copper Target
3D IP survey
800m diamond drill hole



El Tecolote Mine
Skarn Cu-Zn Target



Reyna del Cobre
Skarn Cu-Zn Target



5.98 km

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San Francisco - *Manganese*

- High grade, high quality manganese oxide deposit
- Extension of Mexico's 1st manganese mine
- Targeting export product of +100,000tpa @ +42% Mn
- Robust financials with good margins
- Great location & access
- Available infrastructure
 - Water
 - Power
 - Labour
 - Transport
 - Road network
 - Shipping



San Francisco – The Deposit

- JORC Mineral Resource

JORC Mineral Resource ⁽¹⁾	Tonnes	Manganese %
TOTAL	1,045,000	30.0

- Good exploration potential
 - **Target: 2-4 Mt @ 30-40% Mn⁽²⁾**
- Excellent quality with low impurities
- Proven historical production record
 - 4 Mt @ 38% Mn exported in 1960s
 - 7,500t @ 45% Mn exported in 2009
 - Underground mine development in place with ore blocks ready for stoping



Pathway to Market

- 3 hours drive from Project to Manzanillo Port
- Largest port on Mexico's Pacific coast
- Currently exports +3Mt iron ore per year
- Loads vessels to Panamax size (~70,000t)
- Bulk-loading @ 2,000 tonnes per hour
- Spare bulk-loading capacity (currently 60% usage)



Development Studies - by Coffey Mining

Study Level	Scoping Study
Target resource	2Mt @ +30% Mn
Mining method	Underground mechanised short wall retreat
Mine production	200,000 tpa
Mine head grade	25% – 30% Mn
Processing method	Dense media separation & gravity methods
Estimated first production	Late 2012 - early 2013

Development Studies - by Coffey Mining

Study Level	Scoping Study
First production	Late 2012 - early 2013
Final product tonnage	100,000 – 120,000 tonnes
Final product grade	42% - 45% Mn
Estimated costs	Feasibility = \$2M (2011-2012) Construction = \$13M (2012-2013) Acquisition = \$15M (2011-2014)
Estimated operating costs	\$100/t of product produced
Estimated product value	\$230/t (@ 42% Mn & \$5.50/dmtu) \$315/t (@ 42% Mn & \$7.50/dmtu)

San Francisco - The Way Forward



- Project Development Manager appointed
- Resource expansion drilling in progress
- Feasibility Study activities continuing

Promontorio – *Copper-Gold-Silver*

- Advanced high-grade copper-gold-silver project

JORC Mineral Resource ⁽¹⁾	Tonnes	Cu (%)	Au (g/t)	Ag (g/t)
TOTAL	502,000	4.7	2.1	99

- Current JORC resource defined over a strike length of 200m – mineralised outcrops for over 1,000m
- Exploration Target of: **1-2 Mt @ 5% Cu + Au + Ag⁽²⁾**
- Project environmental approvals in progress

Promontorio - Looking Forward

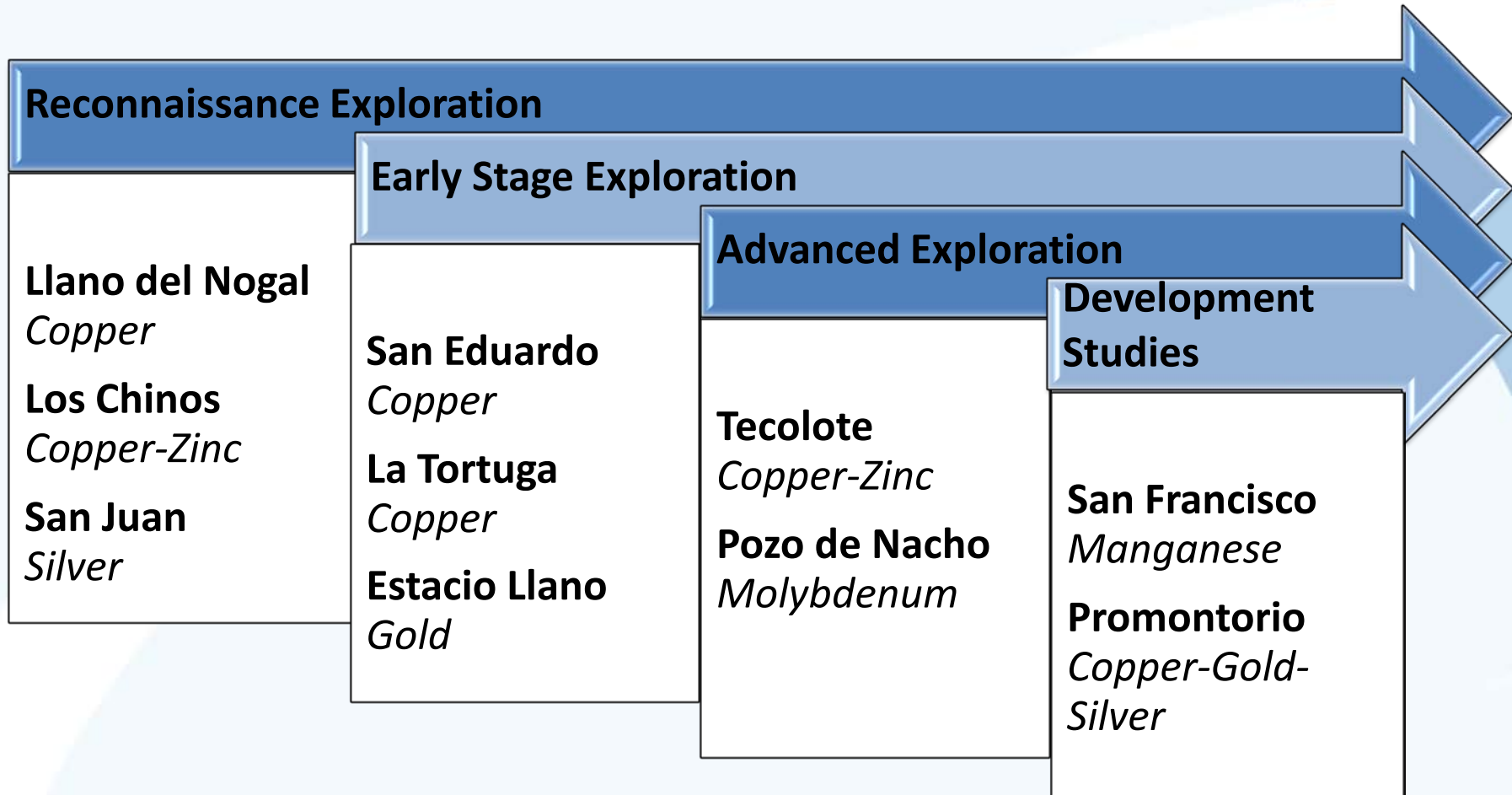
- Conventional crushing, grinding and flotation process to produce a very high grade concentrate

Copper		Gold		Silver	
Grade %	Recovery %	Grade g/t	Recovery %	Grade g/t	Recovery %
39.5	94.2	9.6	52.4	773	88.2

- Financially robust with strong cash flow potential:
 - Operating costs estimated @ US\$132 / tonne
 - Operating revenue estimated @ US\$360/tonne⁽³⁾
 - C1 cash cost – US\$0.29 / lb copper (after gold & silver credits)
 - US\$68M free cash over 3 year mine life

(3) Prices @ 23 September 2011 Cu @ US\$7,300/t Au @ US\$1,650/oz Ag @ US\$32/oz

Pipeline to Production



Milestones & News Flow

- **El Tecolote District**

- US\$600,000 of geophysical surveys - in progress
- 3,000m diamond drilling to commence in October 2011
- US\$2M exploration program in 2012 – incl. approx 5,000m drilling

- **San Francisco**

- Resource expansion drilling in progress – JORC resource upgrade
- Feasibility study activities – in progress
- Decision to confirm acquisition and proceed with development – in December 2011

- **Promontorio**

- Regional exploration continuing
- Project environmental permitting in progress

Corporate Overview

- **ASX** **AZS**
- **Shares** **394m**
- **Options** **18.4m**
- **Share Price Range in 2011** **3.5c – 11.0c**
- **Current Share Price** **4.0c**
- **Market Cap @ 26/09/2011** **\$16m**
- **Cash @ 30/6/2011** **\$4.7M**

Top Shareholders

Yandal Investments	7.4%
Tempo Capital	4.2%
Stadjoy	2.5%
Azure Directors	2.0%
Top 40 Holding	44.3%

Mexico – The Land of Opportunity



Statements

(1) Competent Person Statement – Exploration Results and Mineral Resources

Information in this document that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Tony Rovira, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Rovira is a full-time employee of Azure Minerals Limited. Mr Rovira has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Rovira consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

(2) The potential quantity and grade of the Exploration Target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.