



Azure Minerals Limited (ASX: AZS)

## Azure continues to polish Mexican silver portfolio

Most mining projects have a story to tell, which often hold a remarkable historical chapter in addition to recent episodes

THE STORY OF MEXICO-FOCUSED PRECIOUS metals play, Azure Resources (ASX: AZS) is its success on the Alacrán copper project, which it is acquiring from Canadian major, Teck Resources.

In September 2015, Azure confirmed discovery of a significant silver deposit at the Alacrán project.

The first four-hole Reverse Circulation (RC) program Azure drilled at the Mesa de Plata prospect—Spanish for Silver Table, and named as such by Azure's Mexican geologists. Based upon its topography—intersected thick zones of high-grade silver mineralisation commencing from surface.

Azure commenced a solid drilling campaign of a further 57 RC holes and 5 diamond core holes, which produced a recently-announced near-surface, multi-million ounce JORC Mineral Resource of:

9.6 million tonnes at 84 grams per tonne silver for 25.9 million contained ounces of silver.

This includes a high-grade zone of 2.2 million tonnes at 219g/t silver for 15.3 million contained ounces of silver.

The upshot from the Mineral Resource definition drilling was confirmation of silver mineralisation within the Mesa de Plata deposit starting from surface.

The drilling also demonstrated the overall mineralised zone to have a true vertical thickness of up to 70m extending throughout Mesa de Plata with good internal continuity of silver grades.

The high-grade zone of silver mineralisation has been confirmed to commence at—or very close to—surface, extending over a surface



area of approximately 400m by 150m, with a true vertical thickness ranging from 20m to 50m.

The high-grade zone is surrounded and underlain by a larger mid-grade zone of silver mineralisation, which extends the full length and width of the Mesa de Plata ridge, which in places is 300m wide with a strike length over one kilometre.

We'll get back to the recent successes, but for perspective, let's take a brief run through the history of the project.

In exploration terms, over the past 100 years, the Alacrán project has seen very little exploration work.

From the late 1800s to 1913 it was subjected to artisanal and semi-industrial scale mining for gold, copper, silver and zinc until the Mexican revolution resulted in the closure of mines until well after the revolution ended.

Anaconda Copper Mining Company commenced production at the Cananea copper mine, which is currently one of the biggest copper mines in the world, in the 1930s through the 1960s.

"Anaconda, during that 30 year

period, carried out just three mapping programs and no sampling was carried out on the 54 square kilometre property," Azure Minerals managing director Tony Rovira told *The Resources Roadhouse*.

In the 1960s, the Mexican government nationalised the mining industry and in the 1970s formed state-owned mining company, Grupo Mexico, which owned the Cananea copper mine and all surrounding exploration areas.

"In the 40 years up to 2010 they carried out one exploration program within the eastern part of Alacrán, defining a 100 million tonnes resource at 0.25 cent copper—about the same grade as that being mined at Cananea—so no further work was carried out on Alacrán," Rovira explained.

Looking to expand mining at Cananea by 2012, Grupo Mexico needed the tenements next door, which at this stage belonged to Teck Resources.

A land swap presented the Alacrán project to Teck, which it left untouched before departing Mexico in 2013.



“In 2014 we negotiated the acquisition of Alacrán, and commenced the first serious modern exploration on the project area, with the exception of the drilling by Grupo Mexico in the 1990s, in 2015,” Rovira continued.

“We made an early decision not to pursue a large low-grade porphyry copper ore body, because the scale of that would be overwhelming for a company of our size.

“We wanted to find something we were more familiar with—a deposit of near-surface, high-grade precious and base metal mineralisation which could be developed by a company of our stature.

“Deciding a systematic approach would be best, we commenced a grid-based soil sampling program in the northwest part of the property.

“The first day we were out there, the first soil samples from the first line produced high-grade silver.

“Virtually, the rest is history, and within months a significant silver deposit had been defined.”

Azure has since conducted further exploration on the project, at the Loma Bonita—Spanish for Beautiful Hill—deposit where it achieved encouraging gold grades from mapping and sampling activities.

“Interestingly, Mesa de Plata is a silver-only deposit, while Loma Bonita has emerged as a gold deposit with silver credits,” Rovira said.

“Further value may added by the copper and other base metal potential present in the area, which is enormous as well.”

Azure drilled 10 holes into Loma Bonita, each encountering gold mineralisation very close to surface.

Recent drilling results from Loma Bonita include:

- *Drill hole MDPD-012*  
48m at 2.68g/t gold and 32g/t silver from 23.1m, including 27m at 4.07g/t gold and 27g/t silver from 23.1m, including 15.6m at 5.18g/t gold and 22g/t silver from 23.1m; and
- *Drill hole MDPD-011*  
18.4m at 1.57g/t gold and 40g/t silver from surface.

“Hole 12 is interesting in that it is located further back up the hill and it has encountered primary gold mineralisation that is thicker and higher grade than the earlier holes,” Rovira said.

“There is some really great potential in this whole area for a nice, simple silver mine at Mesa de Plata and then a much bigger silver, gold, base metal mine at Loma Bonita and the areas immediately surrounding it.”

Although Alacrán is powering full steam ahead, Azure remains focused on its other flagship project, the Promontorio copper project, located in Chihuahua.

Azure’s exploration work to date has led to the discovery of the Promontorio and Cascada copper-gold-silver deposits.

The project comprises four adjoining mineral concessions, all four of which are 100 per cent-owned by Azure.

In 2014, Azure signed an Earn-In and Joint Venture Agreement with Kennecott Exploration Company, part of the Rio Tinto Group, to search for large copper deposits.

Kennecott has to spend \$45 million to earn an 80 per cent interest

in the project.

“Since we signed the deal, Kennecott has been undertaking exploration,” Rovira said.

The Year One exploration program, entailing \$2 million of geophysics and geochemical and geological data, and a drilling program was designed to test for porphyry-related copper mineralisation.

To date a total of five holes have been completed for over 4,000m.

“Year Two is now underway and we are drilling deep holes of around 800 metres to 1000 metres,” Rovira continued.

“Kennecott seems to be pleased with what they are seeing in the drill core, which is indicating we are definitely in the vicinity of a mineralised porphyry system.”

Azure augmented its Mexican silver portfolio with the recent addition of 100 per cent-ownership of the San Agustin project, in the central Mexican state of Durango.

San Agustin is in the heart of the Mexican Silver Belt, which hosts operating silver and gold mines, some producing by-product minerals, including zinc, lead and copper.

“While our focus is clearly on Alacrán, this new project provides an unexplored foothold in the middle of the hottest silver district in Mexico,” Rovira said. 🏠

## The Short Story

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9.8%

8.4%

6.0%

3.2%