

Discoveries on a silver platter

Floodgates open for smartly positioned Mexico metals play. **Ngairé McDiarmid reports**

AS IF OPENING A JEWELRY box, virtually everywhere Azure Minerals (ASX: AZS) looks, it discovers silver, gold and base metals at its flagship Alacrán project in Mexico.

To say Azure Minerals managing director Tony Rovira is thrilled with the company's precious and base metals Alacrán project in northern Mexico is an understatement.

Within 18 months of acquiring the rights to the property, Azure has established a near-surface, multi-million ounce JORC mineral resource estimate at the Mesa de Plata silver deposit and now is forging ahead to progress the Alacrán project on two fronts.

"One is a pathway to the development of mining operations and the second is to continue our exploration success that we've been having," Rovira explains.

The Mesa de Plata (Spanish for silver table) resource contains 25.9 million ounces of silver in 9.6 million tonnes at 84g/t silver, including a high-grade zone of 15.3Moz of silver contained in 2.2 million tonnes.

Mineralisation remains open to the northwest and northeast.

Immediately east of this large silver deposit, Azure has discovered a 300m long high-grade gold zone



Above right: Azure's Mexican geologists inspecting outcrop on the Mesa de Plata silver deposit

Below: Tony Rovira with Azure's Mexican geologists on Cerro San Simon



called Loma Bonita, where drilling highlights include 27m at 4.1g/t gold and 27g/t silver from 23.1m.

Azure has also recently discovered copper mineralisation at Loma Bonita beneath the near-surface gold and silver zone, and the project lies within 15km of one of the world's largest copper mines, Cananea.

More silver potential lies to the northwest at Mesa de Plata Norte, which has revealed astonishing sil-

ver results from surface sampling, including 4.5m at 1,902g/t silver.

"We believe there could be significant copper mineralisation at depth at Loma Bonita based on the geology we've seen," Rovira said.

"However, our focus is on the silver deposit at Mesa de Plata, which we believe is likely to be a mine, and the near-surface gold and silver at Loma Bonita.

"If we continue to get good drill results at Loma Bonita then that shows great promise to be a deposit as well."

Alacrán covers 54sqkm in the copper mining district of northern Mexico, about 50km south of the USA border.

Azure can acquire up to 100% of the project under an agreement with a subsidiary of Canadian giant Teck Resources, which retains a buy-back right.

"From day one, we've had nothing but good news coming out of Alacrán," Rovira said.

"It is the best project I've ever seen - we can go just about anywhere and find mineralisation on surface and downhole - and it's not just one type.

"We're finding silver and gold mineralisation in some places, and we're getting copper, lead and zinc in other areas, it's really like a jewelry box."

Azure is accelerating its development and exploration at Alacrán



Tony Rovira on Cerro San Simon overlooking eastern Alacrán, the company's flagship project

thanks to a three-part capital raising that was underway at the time of going to press.

"If it all comes in we should have about A\$15 million from the placement (\$8 million was subject to shareholder approval on June 30) and \$1 million-\$2 million from the share purchase plan," Rovira said.

"We were literally overwhelmed by the appetite for the placement, with far more than \$15 million being offered.

"There has been a three-month period where there was a significant appetite to invest in juniors with precious metals and lithium.

"We don't have any lithium that we're aware of but it was a window of opportunity and our exploration success gave us the chance to raise more funds, which will really secure the company's future for the next few years."

Rovira sent a second drill rig to site in mid-June and a third is being mobilised to site to ramp up development and exploration drilling at Alacrán.

Detailed infill drilling and bulk sampling for metallurgical testwork is planned for Mesa de Plata to increase the JORC level of confidence.

"We think the high-grade zone at Mesa de Plata is very amenable to a near-term mining and processing operation," Rovira said.

"So we have mining, mineral processing and environmental studies underway that will form part of a pre-feasibility or feasibility study.

"There will be a very strong news flow in the coming months, on both the development activities and the exploration drilling - with Loma Bonita and then the high-grade silver mineralisation at surface at Mesa de Plata Norte being tested.

"Meanwhile our geologists are still doing mapping and surface exploration in nearby areas and we'll be drilling in some of those in the next few months.

"We are going flat out."

Behind the scenes, Azure is also working on its other major project Promontorio, a joint venture with Kennecott Exploration, the North American subsidiary of Rio Tinto.

Azure is free-carried for the first US\$245 million spend and the 107sqkm project has a JORC resource of 2.9Mt at 2.5% copper equivalent.

"Promontorio is very promising and we are carrying out a lot of drilling there now to test for large porphyry copper deposits. This work is being done under the direction of Kennecott, so we're not in charge of our own destiny there," Rovira said.

"What is in our control is Alacrán and that's what we're focused on."

Azure is still keeping an eye out for new opportunities and has recently picked up the San Agustin gold-silver project, located in the Silver Belt in central Mexico.

Rovira said San Agustin represented a chance to get a foothold in a "red-hot mining district" in central Mexico.

It adds to the company's other Mexican projects waiting in the wings.

Rovira said the Panchita project has good potential for a small, high-grade gold deposit; El Tecolote contains an old copper-zinc-silver mine and plenty of nearby mineralisation; Loreto was a large grass-roots area prospective for porphyry copper and other style of base and precious metals; and the company has made application for the Telix graphite project.

"Most importantly for the company, Alacrán is our sole focus going forward," Rovira said.

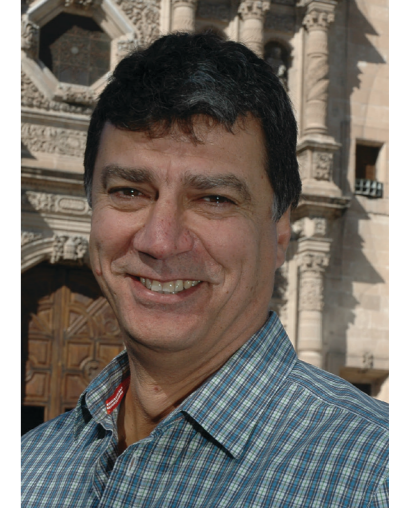
"We've made some good discoveries there in commodities which have come into favour at just the right time ... everything is looking very positive for Azure now."

He said Mexico was a mining-friendly jurisdiction to work in and Alacrán was surrounded by substantial mining activities and operations.

"The local town of Cananea has a population of 32,000, about same size as Kalgoorlie, and they're very busy expanding," Rovira said.

"There is a lot of activity going on, so one more mine in the area won't upset the status quo and we do not see any roadblocks ahead of us at this stage.

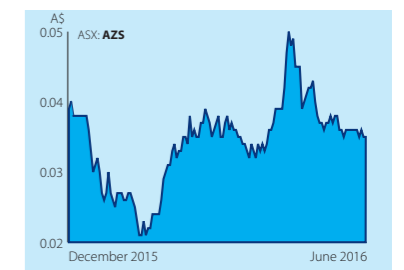
"We're very happy with the way the future is looking for Azure." ■



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- AZURE MINERALS MD TONY ROVIRA

COMPANY AT A GLANCE



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MARKET CAPITALISATION

A\$49.9 million (at press time)

QUOTED SHARES ON ISSUE

1,426.5 million

MAJOR SHAREHOLDERS

Yandal Investments (8.53%),
Drake Private Investments (7.08%),
Dynamic Funds (5.26%)