



ASX / MEDIA ANNOUNCEMENT

14 JULY 2009

## POSITIVE ECONOMIC MINING STUDY FOR PROMONTORIO

**Azure Minerals Limited** (ASX: AZS) ("**Azure**") is pleased to announce the completion of a high level evaluation of the economic potential of the Promontorio copper-gold-silver deposit in Chihuahua, Mexico ("**Study**").

It found that:

1. The Promontorio project has potential to be developed and operated at a profit;
2. Based on typical costs for similar mining projects in Mexico, the high grade of mineralisation provides a significant positive margin over operating costs; and
3. There is a noticeable trend of increasing grade with depth.

The Study is an initial conceptual analysis designed to provide an order of magnitude estimate of capital and operating costs, financial return and overall economic viability.

The Study was based upon the existing Mineral Resources and assumed a selective underground mining operation at approximately 150,000 tonnes per annum followed by treatment using conventional crushing, grinding and flotation technology. This would produce a high grade copper-gold-silver concentrate to be on-sold to a smelter capable of processing the concentrate.

Operating revenue is estimated at US\$236<sup>1</sup> per tonne of processed plant feed. Operating costs are estimated to be approximately US\$96 per tonne of processed plant feed. Capital costs for a standard crushing, grinding and flotation treatment plant, other surface infrastructure and pre-mining development are estimated to be US\$27.3 million, based upon similar operations recently constructed in Mexico.

Using just the current Mineral Resource, the Study indicated an NPV of US\$17 million (using a 7% discount rate). Further cashflow modelling was carried out based on additional mineralisation that is assumed will be discovered through continued exploration. These results provided further encouragement with the NPV increasing to US\$59 million if minable resources are increased to 1 million tonnes, and to US\$92 million if increased to 1.5 million tonnes.

Azure's Executive Chairman, Mr Tony Rovira, said that this is an excellent result for the Company, demonstrating that Azure is continuing to progress towards its objective of becoming an independent minerals producer in Mexico.

"We have now taken several significant steps towards the fulfilment of our vision at Promontorio with the publication of the JORC compliant resource in January, the positive metallurgical results reported in February, and now the very encouraging results from the economic evaluation.

"The Promontorio Project continues to advance, and further work will be undertaken to evaluate additional resource potential near the currently defined deposit, as well as in the wider Promontorio tenement."

<sup>1</sup> Metals prices used: Copper @ US\$2.00/lb, Gold @ US\$875/oz, Silver @ US\$12.40/oz

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The Study assumed processing tonnages and used preliminary metallurgical data, and as such should be regarded with appropriate caution. This high level Study is early stage and there is no certainty that the estimates of the Study will be realised in the future.

## **BACKGROUND**

The Promontorio project in Chihuahua, Mexico, is Azure's flagship project. It contains a high grade copper-gold-silver deposit hosted in veins of massive and semi-massive sulphides, and has outstanding further exploration potential. Azure has completed a 42-hole drill out of the central part of the mineralised system to produce an initial mineral resource and a program of metallurgical testwork.

The JORC Code compliant mineral resource for the Promontorio deposit comprises:

**502,000 tonnes @ 4.7% Copper, 2.1 g/t Gold and 99 g/t Silver**

at a 1% copper cut off, containing a total of 23,400 tonnes of copper, 34,000 ounces of gold and 1.6 million ounces silver. Full details of the resources classification and estimation methodologies are contained in Azure's announcement released to the ASX on 7<sup>th</sup> January 2009.

The metallurgical testwork program included head grade analysis, mineralogical examination, comminution testing and sulphide flotation testwork. A recommendation was made on the optimum process route to produce a copper concentrate, and a preliminary evaluation was made of various downstream processing options for treatment of the copper concentrate.

Positive metallurgical test results were returned with first stage flotation tests producing a "rougher" concentrate grade of 23.1% copper, with a recovery of 99.4% of the total copper. Further flotation testing upgraded the rougher concentrate to produce a "cleaner" concentrate grade of 33.9% copper with a recovery of 98.2% of the total copper.

Promontorio comprises a central group of three granted mining concessions totalling 187 hectares and a surrounding mining concession covering 120km<sup>2</sup>. Azure has entered into options to purchase 100% ownership of the central tenements by paying to the vendors a total of US\$4.0 million staged over four years, with future ownership unencumbered by any royalties. To date, Azure has paid US\$450,000 in vendor payments. Azure holds 100% ownership of the surrounding mining concession.

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### **Competent Person Statement:**

*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 documents of the matters based on his information in the form and context in which it appears.*