



On Track to Mineral Production in Mexico



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Objective

To become an independent mineral producer in Mexico



2 advanced projects undergoing development studies

10 exploration stage projects

Overview

Operating in a mineral-rich, mining-friendly country

Multi Commodity Exposure

- focus on copper & manganese

Key Projects

- **San Francisco - *Manganese***
 - Targeting near term production
 - Path to market defined
 - Manganese Market forecast for continued global growth
- **Promontorio - *Copper***
 - Very high grade deposit
 - Targeting 1-2 Mt @ 5% Cu + Au + Ag

The Projects



Why Mexico

- 11th 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
- Mineral-rich country with >500 years mining history
- Well established mining culture
- 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

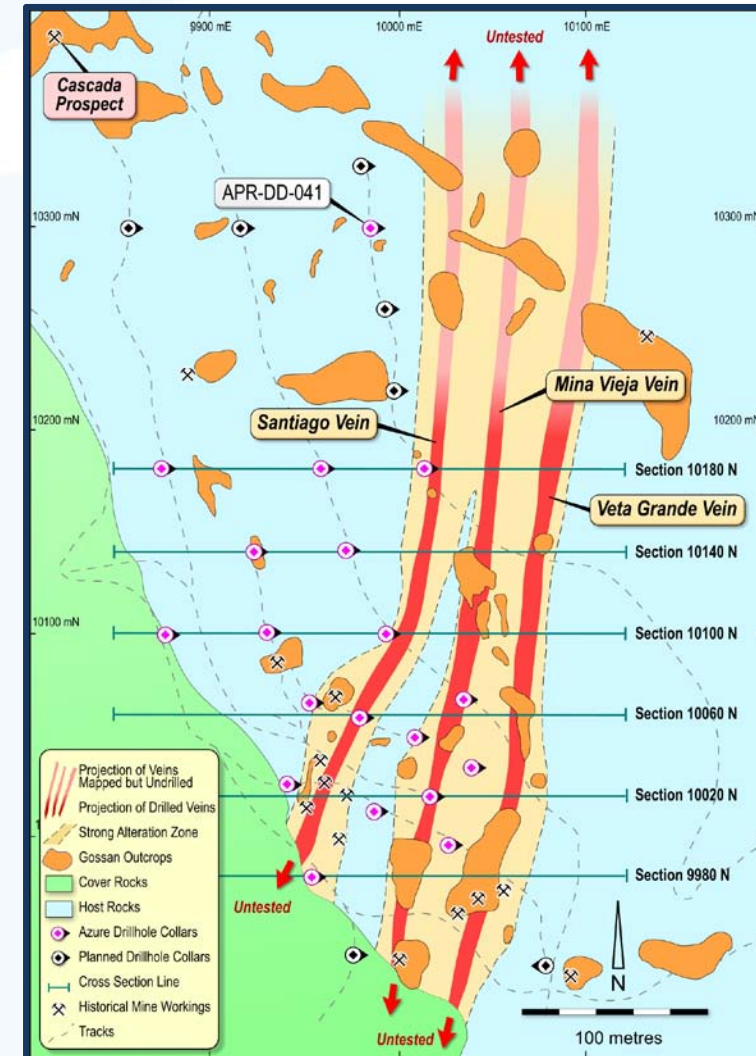
Promontorio – *Copper-Gold-Silver*

- Advanced high-grade copper-gold-silver project
- Aiming for near term production
- Development study activities in progress
- Resource expansion drilling program underway
- Current JORC resource ⁽¹⁾ defined over a strike length of 200m – mineralised outcrops for over 1,000m

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

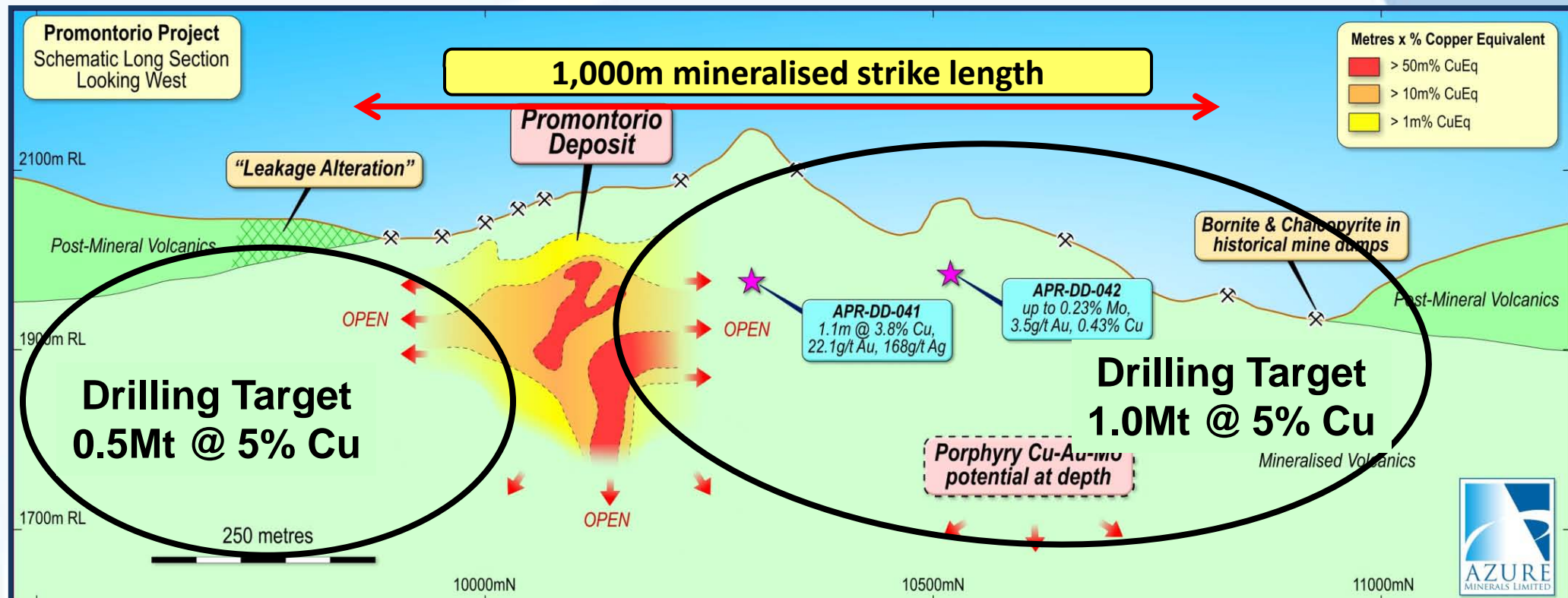
Promontorio - On the Ground

- Promontorio deposit remains open in all directions
- Current drill program targeting north and south along strike and at depth
- Also investigating epithermal gold mineralisation at Cascada prospect
 - 7.6m @ 19.8 g/t Au from 54.4m
 - 48.4m @ 1.47 g/t Au from 4.6m
 - 24.4m @ 1.86 g/t Au from surface



Significant Upside Potential

- Previous Azure drill intercepts confirm mineralisation extends to the north
- Targeting 1-2 Mt @ 5% Cu + Au + Ag



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

- Promontorio is financially robust with strong cash flow potential:
 - Operating costs estimated @ US\$133 / tonne
 - Operating revenue estimated @ US\$444/tonne⁽²⁾
 - C1 cash cost – US\$0.46 / lb copper
 - US\$96M free cash over 3 year mine life

(2) Cu @ US\$9,500/t

Au @ US\$1,350/oz

Ag @ US\$29/oz

San Francisco - *Manganese*

- High grade manganese deposit
- Extension of Mexico's 1st manganese mine
- Great location with nearby infrastructure
- Targeting near term production



San Francisco – The Deposit

- Maiden JORC Mineral Resource

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

- Good exploration potential
 - Target: 2-4 Mt @ 30-40% Mn ⁽³⁾
- Excellent quality with low impurities
- Proven historical production record
 - 4 Mt @ 38% exported in 1960s
 - 7,500t @ 45% exported in 2009
 - >4km underground mine development



Path to Market

- 3 hours drive from Project to Manzanillo Port
- Largest port on Mexico's Pacific coast
- Currently exports 3.3Mt 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

Mining

- Underground mechanised room & pillar

Processing

- Crushing & Dense Media Separation
- Premium export product: +43% Mn

Project Economics

- Total operating costs = approx \$100/t
- Product value = approx \$300/t

Good Margins

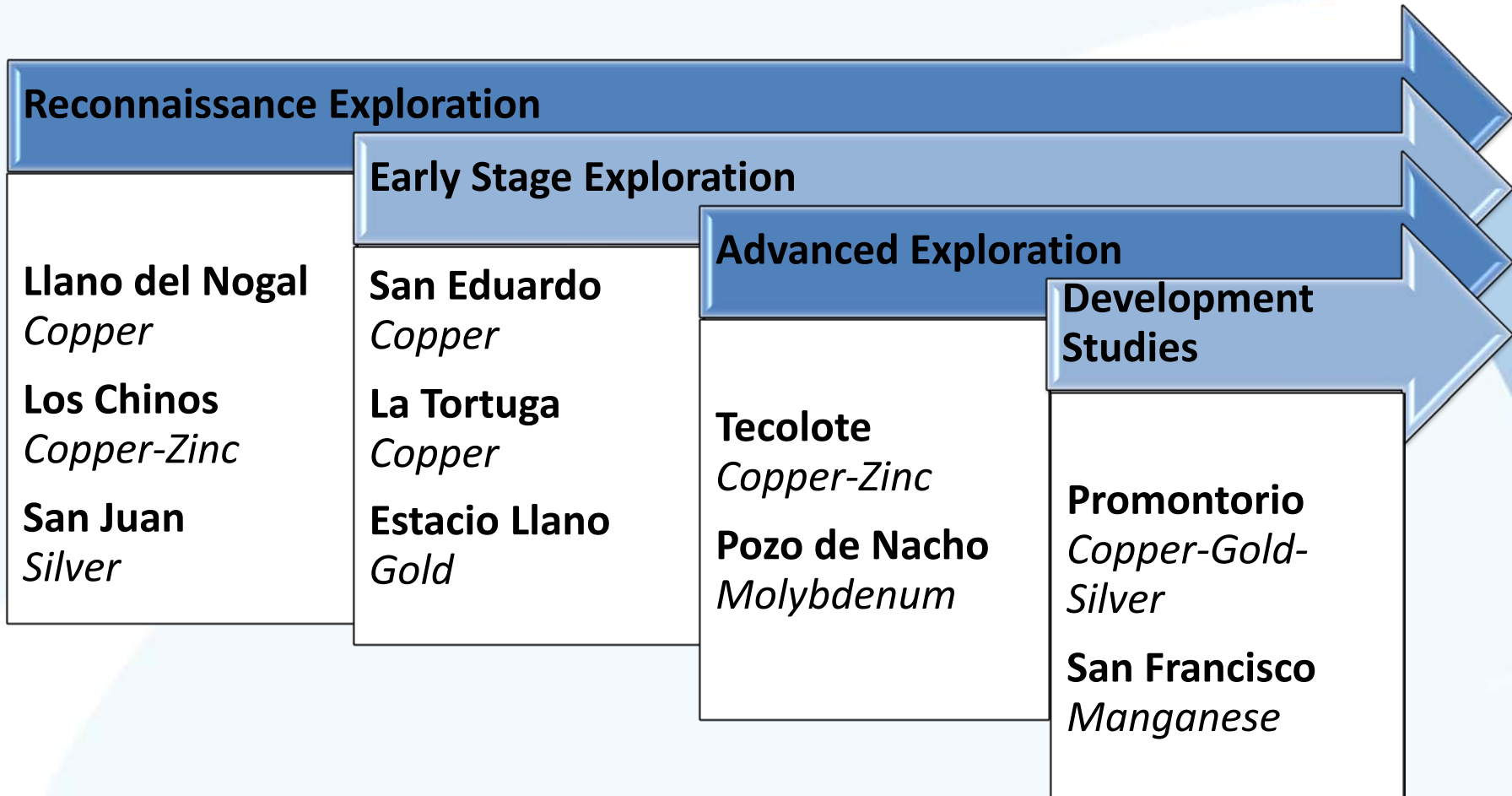
San Francisco – The Way Forward

- Project Development Manager appointed
- Resource expansion drilling to start in July 2011
- Feasibility Study activities to start in August 2011
- Azure to acquire 100% for \$15M
- 80% of acquisition payments after expected commencement of production

Manganese Market

- 4th most used metal after iron, aluminium & copper
- Manganese demand linked to crude steel production – 90% of demand
 - Strong growth forecast
 - % manganese per tonne of steel increasing
- China now a net importer due to low quality domestic ore
- India demand forecast to double by 2012
- Large USA market and growing domestic (Mexican) market

Pipeline to Production



Milestones & News Flow

- **Promontorio**
 - Drilling in progress
 - Assay results over next 2-3 months
- **San Francisco**
 - Results of Due Diligence
 - JORC Mineral Resource
 - Further resource expansion drilling - July
 - Feasibility study activities - August
- **El Tecolote**
 - Geophysics & diamond drilling - in progress

Corporate Overview

- ASX AZS
- Shares 394m
- Options 18.4m
- Share Price Range 3.5c – 11.0c
- Current Share Price 7.0c
- Market Cap @ 16/05/11 \$27.5m
- Cash \$5M

Top Shareholders

Yandal Investments	7.4%
Tempo Capital	5.0%
JP Morgan Nominees	3.4%
Azure Directors	3.5%
Top 40 Holding	40%

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) Cu @ US\$9,500/t, Au @ US\$1,350/oz Ag @ US\$29/oz

(3) The potential quantity and grade of the 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