

## Hill of silver provides new TSX impetus

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ASX-listed silver and gold developer Azure Minerals will make a third run at a TSX listing in the first half of 2017, this time with strong development momentum at abutting gold and silver projects in one of Mexico's foremost mining districts producing an investment thesis that is getting plenty of traction in this part of the world.



What North American investors typically don't like – or see much of – is the bloated capital structure of many ASX juniors, something Azure boss Tony Rovira is clearly aware of and expecting to address.

Rovira said at the 2016 Beaver Creek Precious Metals Summit in Colorado that North American investors had a clear affinity for Mexico and its in-ground gold and silver wealth. Azure has been active in the country for more than a decade and while successful with its epithermal and porphyry big-picture copper-gold-silver exploration play at Promontorio in Chihuahua, where Rio Tinto is spending big money as a JV partner, it has hardly seduced Australian investors with the story.

"We've been putting a lot of effort recently into attracting North Americans onto our register," Rovira said.

"About 75% of our shares at the moment are owned by Australians, and 25% by North Americans, so what we're doing is gradually transferring our share ownership into North American hands and to accelerate that process in the first half of next year we're looking into listing on the TSX [and] a share consolidation slash roll-back, to bring the share structure more into line with what North Americans would expect."

The company, which has US\$12 million in the bank and a circa-\$50 million market cap, is meanwhile progressing feasibility work on the 26-million-ounce Mesa de Plata silver project, and exploration at the adjacent Loma Bonita gold deposit, as it earns 100% of the whole property from Canada's Teck by spending US\$5 million on exploration and development. It's 90% of the way toward meeting that spending threshold and Teck will get a one-off chance to claw back (significantly) into the project.

“The decision point for Teck is reached in the next two months and certainly by Christmas we will have understanding as to whether they want to come back in on the project or leave it to us,” Rovira said. “Teck has one-off right at that point to earn back 65% of project by spending \$15 million. “If they pull out entirely we own the project entirely and there are no outstanding royalties.”

Teck did comprehensively exit Mexico three years ago, providing Azure with its opportunity in one of North America’s most prolific copper-producing districts – the Laramide province.

Whether it was a universal fixation with the red metal or just dumb luck, when Azure’s (renowned) geologist managing director Rovira and his exploration team came across Mesa de Plata, they couldn’t quite believe what they found that was previously not found. The picture at the top of this report is the best illustration.

“The very first line of mapping and sampling that we did went across the top of what is now the Mesa de Plata silver deposit,” Rovira said. “It sticks out of the ground. The rock [at the top of the hill pictured above] is carrying silver mineralisation that is in the hundreds, up to thousands, of grams per tonne – in outcrop.

“There’s one of the world’s biggest copper mines [Grupo Mexico’s Cananea] 10km up the road. And there is a road that runs right over the top of this and people have been driving on that road for over 100 years. But it seemed like no-one ever got out of their car and cracked a rock and assayed it.

“You can’t see the silver mineralisation in it because it’s fine grained, and also a silver halide, not a silver sulphide, so you can’t pan it off. And hence it hasn’t been discovered up until now.

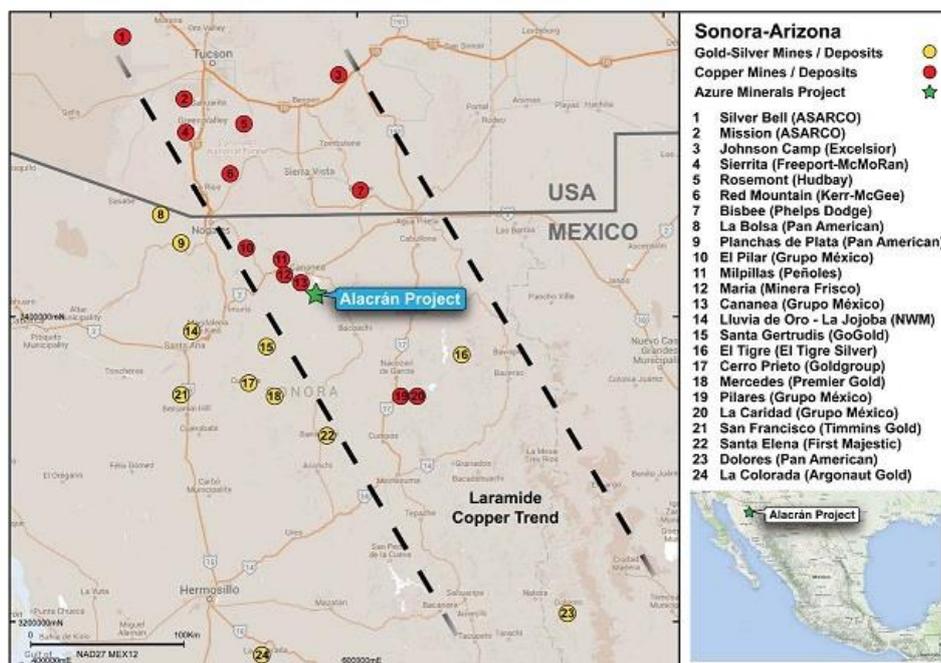
“But this deposit is effectively the entire zone of this hill, over 900m long, 40-70m thick, and up to 400m wide. The entire hill is mineralised with silver mineralisation and the highest grade part of that is the surface.”

That surface and near-surface part of Azure’s resource has an average grade of 220gpt (15Moz of the 26Moz) which is a decent grade even in this part of the world. The average for the total resource is 85gpt.

“We initiated a feasibility study a few months ago and intend to have that completed by the first quarter of next year,” Rovira said. “It’s a definitive feasibility study, not doing a preliminary economic assessment or a scoping study, or a preliminary feasibility study ... to bring the high-grade zone into production.”

Metallurgical testwork has been ongoing for a few months and Rovira is confident about recoveries either by flotation or leaching. Azure is currently infill drilling to upgrade the resource to measured status.

“These are the first epithermal precious metals deposits found in the Cananea district,” he said.



Rovira is optimistic about defining a gold resource of 200,000oz or more at average grades well above the 0.3-0.7gpt range seen at heap leach gold mines in northern Mexico.

And further regional exploration is in progress with the company's current cash burn rate at about US\$500,000 a month.

"If [Teck] don't come in that expenditure rate will continue," Rovira said.

"If they do, we'll spend the money somewhere else."