



DIAMOND DRILLING CONFIRMS **HIGH GRADE SILVER DISCOVERY**

Highlights:

- Results of the first two diamond core holes confirm wide zones of very high grade silver mineralisation, including:
 - 18.0m @ 655g/t Ag from 2.0m in MDPD-001
 - 18.7m @ 530g/t Ag from 28.8m in MDPD-002
- Good correlation of silver grades and mineralised widths between the diamond core holes and the twinned RC drill holes
- Mineral resource RC drilling program proceeding with 9 holes completed

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that diamond drilling results have confirmed the spectacular high grade Mesa de Plata silver discovery, part of the Alacrán Project, located in the northern Mexican state of Sonora.



Figure 1: High grade silver mineralisation from diamond core hole MDPD-001

Assay results for the first two diamond core drill holes (MDPD-001 & 002) returned wide intercepts of high grade silver mineralisation similar to those achieved in the initial discovery RC drill holes (refer ASX release 16 September 2015). The diamond holes twinned two RC drill holes (LM-09 & 06 respectively) to provide a comparison between diamond core assay results versus RC assay results for mineral resource estimation purposes.

The width of the mineralised intersections and the average silver grade of those intercepts in the diamond holes correlate well with their respective twinned RC holes (see Table 1). This has confirmed that RC drilling will be a suitable method for determining the size and grade of the mineralised body, leading to the estimation of a mineral resource.

Table 1: Comparison of twinned holes - original RC holes versus follow-up core holes

| | Diamond core drill holes | RC drill holes |
|---|---|--|
| | MDPD-001 | LM-09 |
| High Grade Zone¹ | 18.0m @ 655g/t Ag from 2.0m including: 10.5m @ 1,044g/t Ag from 2.0m | 18.0m @ 698g/t Ag from 1.5m including: 9.0m @ 1,235g/t Ag from 3.0m |
| Overall Mineralised Zone² | 40.6m @ 313g/t Ag from 0.0m | 39.0m @ 347g/t Ag from 1.5m |
| | MDPD-002 | LM-06 |
| High Grade Zone | 18.7m @ 530g/t Ag from 28.85m | 21.0m @ 513g/t Ag from 28.5m |
| Overall Mineralised Zone | 70.9m @ 176g/t Ag from 0.0m | 70.5m @ 197g/t Ag from 0.0m |

The diamond drilling has confirmed that the silver mineralisation at Mesa de Plata is hosted consistently throughout the vuggy silica and strongly silicified volcanic rocks, and that there is a strong relationship between the intensity of secondary silicification with high silver grades. The alteration, mineralogy and geochemistry indicate that the Mesa de Plata silver mineralisation is consistent with formation by a high sulphidation epithermal process.

The Mesa de Plata diamond drilling program comprising five holes has been completed. In addition to being used in the resource estimation process, core from these holes will also be used for mineralogical and metallurgical studies of the silver mineralisation.

The three remaining core holes are MDPD-03, which twinned LM-07, and MDPD-004 & 005 which were drilled into the northern part of the mineralised zone where rock chip sampling returned high grade silver mineralisation at surface. Further information from this latter part of the drilling program will be provided when results become available.

¹ High Grade Zones use a 100g/t Ag lower grade cut-off and no top cut; with included zones using a 200g/t Ag lower grade cut-off and no top cut.

² Overall Mineralised Zones use a 40g/t Ag lower grade cut-off and no top cut.

In addition to Mesa de Plata, Azure believes there is excellent potential for more significant accumulations of silver, gold and base metal mineralisation to be discovered elsewhere in this area. To this end, the Company is continuing with its regional exploration program in addition to the Mesa de Plata resource drill-out program.

RC DRILLING UPDATE

The RC drill program is designed to define the extent and grade of the silver mineralised system at Mesa de Plata. It comprises about 65 close-spaced vertical holes, each drilled to a depth of about 100m, located on an approximate 50m x 50m spacing. This is expected to be sufficient for a mineral resource to be estimated.

To date, nine holes for 810m have been completed on two section lines.

Assay results will be released to the market as they become available.

-ENDS-

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Information in this report that relates to Exploration Results 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 and Managing Director of Azure Minerals Limited. Mr Rovira has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 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.

Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date that it was reported to ASX. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement.

APPENDIX 1

TABLE 2: Drill hole information

| HOLE No. | NORTH (mN) | EAST (mE) | ELEVATION (mASL) | AZIMUTH | DIP | TOTAL DEPTH | LOCATON |
|----------|------------|-----------|------------------|---------|-----|-------------|---------------|
| MDPD-001 | 3415411 | 571815 | 1572 | 000 | -90 | 126.2 | Twinned holes |
| LM-09 | 3415410 | 571817 | 1572 | 000 | -90 | 91.5 | |
| MDPD-002 | 3415254 | 571861 | 1600 | 000 | -90 | 200.0 | Twinned holes |
| LM-06 | 3415254 | 571859 | 1601 | 000 | -90 | 90.0 | |
| MDPD-003 | 3415175 | 571928 | 1596 | 000 | -90 | 200.0 | Twinned holes |
| LM-07 | 3415176 | 571930 | 1596 | 000 | -90 | 90.0 | |

APPENDIX 2

ALACRÁN BACKGROUND

Alacrán is located in the northern Mexican state of Sonora approximately 50km south of the USA border. The property covers 54km² of highly prospective exploration ground in the middle of the Laramide Copper Province. This is one of North America's most prolific copper-producing districts, extending from northern Mexico into the southern United States.

Alacrán lies in close proximity to several large copper mines, including being 15km from the world class, giant Cananea Copper Mine operated by Grupo Mexico. This is one of Mexico's premier mining districts, with world class production of copper together with significant amounts of gold, silver and molybdenum.

There is excellent access to and within the property, via a sealed highway from Hermosillo, capital of the state of Sonora, and existing mine roads and ranch tracks. The nearby town of Cananea is a mining-friendly jurisdiction with experienced exploration and mining services, as well as physical infrastructure including roads, railway, airport, electrical power and water.

Commercial and artisanal mining occurred within the project area in the early 20th century, ending in 1913 due to the Mexican Revolution. Since that time, Alacrán has seen only limited exploration and its potential for hosting large porphyry copper deposits and smaller high grade precious and base metal deposits remains largely untested by modern exploration techniques.

The Anaconda Copper Mining Company explored the property intermittently from the 1930's to the 1960's. Data relating to this work is held in the Anaconda Geological Documents Collection, part of the American Heritage Centre in the University of Wyoming. Azure has visited the library and retrieved copies of numerous technical reports and maps.

Between the 1960's and the early 1980's, the Consejo de Recursos Minerales (Mexican Geological Survey) carried out occasional exploration programs, including drilling 6 holes at the Cerro Alacrán prospect in 1970 and undertaking geophysical surveys over the Palo Seco and La Morita prospects in 1981.

Grupo Mexico S.A.B.de C.V. ("Grupo Mexico") then acquired the project and drilled 26 holes at Cerro Alacrán in the 1990's. This drilling, which was restricted to an area of approximately 50 hectares, outlined a large body of near-surface, copper oxide and chalcocite (copper sulphide) mineralisation. The size, grade and the extent of this mineralised body is yet to be defined as a mineral resource to JORC standards.

Minera Teck S.A. de C.V. ("Teck"), a Mexican subsidiary of Canadian company Teck Resources Limited, acquired the property from Grupo Mexico in 2013 and undertook data compilation and limited surface exploration.

Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary Minera Piedra Azul S.A. de C.V.

Azure has signed an Agreement with Teck to acquire 100% of the property, subject to an underlying back-in right retained by Teck and a 2% NSR retained by Grupo Mexico. Teck is Canada's largest diversified resource company. Grupo Mexico is Mexico's largest and one of the world's largest copper producers.

JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|-----------------------|--|--|
| Sampling techniques | <p><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p> | <p>Diamond core drilling was undertaken on the Alacrán Project. A total of 5 holes were drilled for 800m.</p> <p>Three diamond core holes twinned 3 RC holes previously drilled by Azure Minerals.</p> <p>Drill hole collar locations were determined by hand-held GPS.</p> <p>All drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole.</p> <p>Drill core was sampled at 0.15m to 1.0m intervals guided by changes in geology.</p> <p>Samples preparation was undertaken at Acme Laboratories (a Bureau Veritas Group company) in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the Acme tracking system. Samples were dried and each sample was fine crushed to >70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75 micron screen.</p> <p>Envelopes containing the 250g sample pulps were sent via courier to the Acme laboratory in Vancouver, Canada for analysis.</p> <p>The analytical techniques for all elements (other than gold) initially involved a four-acid digest followed by multi-element ICP-MS analysis. This technique is considered a total digest for all relevant minerals.</p> <p>Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold.</p> <p>Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading >1%) and FA530 (by fire assay with gravimetric finish for silver grading >200ppm).</p> |
| Drilling techniques | <p><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></p> | <p>Drilling technique for all holes was diamond drilling with HQ-size (63.5mm diameter) core.</p> <p>Drill core was not orientated.</p> |
| Drill sample recovery | <p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p> | <p>All samples came from diamond core drilling. Core was reconstructed into continuous runs. Depths were measured from the core barrel and checked against marked depths on the core blocks. Core recoveries were logged and recorded in the database.</p> <p>Sample recoveries were high with >85% of the drill core having recoveries of >90%.</p> <p>There is no observable relationship between recovery and grade, and therefore no sample bias.</p> |
| Logging | <p><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p> | <p>Detailed core logging was carried out with recording of weathering, lithology, alteration, veining, mineralisation, structure, mineralogy, RQD and core recovery.</p> <p>Drill core was photographed, wet and without flash, in core trays prior to sampling. Each photograph includes an annotated board detailing hole number and depth interval.</p> <p>All holes were logged in full.</p> |

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| <p>Sub-sampling techniques and sample preparation</p> | <p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p> | <p>Using a core saw, drill core was sawn in half and then one half was sawn into 2 quarters. All samples were quarter core and were collected from the same side of the core.</p> <p>No non-core samples were collected.</p> <p>The sample collection and preparation followed industry best practice.</p> <p>Samples were prepared at the Acme laboratories in Hermosillo or Chihuahua, Mexico. Samples were weighed, assigned a unique bar code and logged into the Acme tracking system. The sample was dried and the entire sample was fine crushed to >70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75 micron screen.</p> <p>Envelopes containing the 250g pulps were sent via courier to the Acme laboratory in Vancouver.</p> <p>Certified Reference Standards, replicate samples, , pulp duplicate samples, and blank samples were routinely inserted alternately at intervals of every 10 samples, and also immediately following visually identified mineralised intercepts to provide assay quality checks. Review of the standards and blanks are within acceptable limits.</p> <p>The sample sizes are considered appropriate to the grain size of the material being sampled.</p> |
| <p>Quality of assay data and laboratory tests</p> | <p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p> | <p>The analytical techniques for all elements (other than gold) initially involved a four-acid digest followed by multi-element ICP-MS analysis. This technique is considered a total digest for all relevant minerals.</p> <p>Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold.</p> <p>Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading >1%) and FA530 (by fire assay with gravimetric finish for silver grading >200ppm).</p> <p>Azure implemented industry standard QAQC protocols to monitor levels of accuracy and precision.</p> <p>Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks.</p> <p>Azure routinely inserted Certified Reference Standards, replicate samples, duplicate samples, and blank samples at alternate sample intervals to provide assay quality checks. Review of the standards, duplicates and blanks are within acceptable limits.</p> <p>No geophysical or portable analysis tools were used to determine assay values.</p> |
| <p>Verification of sampling and assaying</p> | <p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p> | <p>Senior technical personnel from the Company (Project Geologist, Exploration Manager & Managing Director) have all inspected the drilling and sampling.</p> <p>Three diamond core holes twinned 3 RC holes previously drilled by Azure Minerals.</p> <p>Primary data was collected by employees of the Company at the project site. All measurements and observations were recorded onto hard copy templates and later transcribed into the Company's digital database. Digital data storage, verification and validation is managed by an independent data management company.</p> <p>No adjustments or calibrations have been made to any assay data.</p> |

| | | |
|---|---|--|
| Location of data points | <p><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p> | <p>Drill hole collar locations were determined by hand-held GPS.</p> <p>Final drill hole collar locations will be surveyed by a licensed surveyor using a two frequency differential GPS with accuracy of +/-3cm.</p> <p>All drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole.</p> <p>The grid system used is NAD27 Mexico UTM Zone 12 for easting, northing and RL.</p> |
| Data spacing and distribution | <p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <p><i>Whether sample compositing has been applied.</i></p> | <p>Being a reconnaissance exploration drill program, drill hole spacing is variable.</p> <p>Data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for a Mineral Resource estimation procedure.</p> <p>No composite samples were collected.</p> |
| Orientation of data in relation to geological structure | <p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></p> | <p>Geological controls and orientations of the mineralised zone are known at this time, with mineralisation forming horizontal layers. All drill holes have a vertical dip, and therefore all mineralised intersections are reported "true width".</p> <p>No sampling bias is believed to have been introduced.</p> |
| Sample security | <p><i>The measures taken to ensure sample security.</i></p> | <p>Assay samples were placed in poly sample bags, each with a uniquely numbered ticket stub from a sample ticket book. Sample bags were marked with the same sample number and sealed with a plastic cable tie. Samples were placed in woven polypropylene "rice bags" and a numbered tamper-proof plastic cable tie was used to close each bag. The rice bags were delivered by company personnel directly to the Acme laboratory for sample preparation. The numbers on the seals were recorded for each shipment. ACME audited the arriving samples and reported any discrepancies back to the Company. No such discrepancies occurred.</p> |
| Audits or reviews | <p><i>The results of any audits or reviews of sampling techniques and data.</i></p> | <p>All digital data is subject to audit by the independent data manager.</p> |

Section 2: Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| Mineral tenement and land tenure status | <p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></p> | <p>The Alacrán Project comprises 22 mineral concessions 100% owned by Minera Teck SA de CV, a subsidiary of Teck Resources Limited.</p> |

| | | <table border="1"> <thead> <tr> <th>CLAIM</th> <th>FILE</th> <th>TITLE</th> <th>HECTARES</th> </tr> </thead> <tbody> <tr><td>Hidalgo</td><td>1794</td><td>166374</td><td>99.00</td></tr> <tr><td>Hidalgo 2</td><td>1796</td><td>166369</td><td>99.00</td></tr> <tr><td>Hidalgo 3</td><td>1797</td><td>166368</td><td>99.00</td></tr> <tr><td>Hidalgo 4</td><td>1798</td><td>166366</td><td>99.00</td></tr> <tr><td>Hidalgo 5</td><td>1799</td><td>166370</td><td>99.00</td></tr> <tr><td>Hidalgo 6</td><td>1800</td><td>166371</td><td>99.00</td></tr> <tr><td>Hidalgo 7</td><td>1801</td><td>166373</td><td>99.00</td></tr> <tr><td>Hidalgo 8</td><td>1802</td><td>166372</td><td>99.00</td></tr> <tr><td>Hidalgo 9</td><td>1803</td><td>166375</td><td>99.00</td></tr> <tr><td>Kino 2</td><td>1886</td><td>166313</td><td>100.00</td></tr> <tr><td>Kino 3</td><td>1887</td><td>166312</td><td>100.00</td></tr> <tr><td>Kino 4</td><td>1888</td><td>166314</td><td>100.00</td></tr> <tr><td>Kino 8</td><td>1892</td><td>166315</td><td>100.00</td></tr> <tr><td>Kino 9</td><td>1893</td><td>166316</td><td>100.00</td></tr> <tr><td>Kino 10</td><td>1894</td><td>166317</td><td>100.00</td></tr> <tr><td>Kino 11</td><td>1895</td><td>166318</td><td>100.00</td></tr> <tr><td>Kino 15</td><td>1899</td><td>166365</td><td>100.00</td></tr> <tr><td>Kino 16</td><td>1800</td><td>166367</td><td>100.00</td></tr> <tr><td>San Simón</td><td>1894</td><td>166376</td><td>100.00</td></tr> <tr><td>San Simón 2</td><td>1895</td><td>166377</td><td>100.00</td></tr> <tr><td>El Alacrán</td><td>E.4.1.3/1182</td><td>201817</td><td>3,442.36</td></tr> <tr> <td>TOTAL SURFACE</td> <td></td> <td></td> <td>5,433.36</td> </tr> </tbody> </table> <p>Azure Minerals has an Option to acquire 100% ownership of these concessions by spending US\$5 million over four years, subject to Teck having a one-off right to buy back up to 65% ownership.</p> <p>A 2% Net Smelter Royalty is held by Grupo Mexico.</p> <p>The tenements are secure and are in good standing. There are no known impediments to obtaining a licence to operate in the area.</p> | CLAIM | FILE | TITLE | HECTARES | Hidalgo | 1794 | 166374 | 99.00 | Hidalgo 2 | 1796 | 166369 | 99.00 | Hidalgo 3 | 1797 | 166368 | 99.00 | Hidalgo 4 | 1798 | 166366 | 99.00 | Hidalgo 5 | 1799 | 166370 | 99.00 | Hidalgo 6 | 1800 | 166371 | 99.00 | Hidalgo 7 | 1801 | 166373 | 99.00 | Hidalgo 8 | 1802 | 166372 | 99.00 | Hidalgo 9 | 1803 | 166375 | 99.00 | Kino 2 | 1886 | 166313 | 100.00 | Kino 3 | 1887 | 166312 | 100.00 | Kino 4 | 1888 | 166314 | 100.00 | Kino 8 | 1892 | 166315 | 100.00 | Kino 9 | 1893 | 166316 | 100.00 | Kino 10 | 1894 | 166317 | 100.00 | Kino 11 | 1895 | 166318 | 100.00 | Kino 15 | 1899 | 166365 | 100.00 | Kino 16 | 1800 | 166367 | 100.00 | San Simón | 1894 | 166376 | 100.00 | San Simón 2 | 1895 | 166377 | 100.00 | El Alacrán | E.4.1.3/1182 | 201817 | 3,442.36 | TOTAL SURFACE | | | 5,433.36 |
|-----------------------------------|--|---|-----------------|------|-------|----------|---------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|-----------|------|--------|-------|--------|------|--------|--------|--------|------|--------|--------|--------|------|--------|--------|--------|------|--------|--------|--------|------|--------|--------|---------|------|--------|--------|---------|------|--------|--------|---------|------|--------|--------|---------|------|--------|--------|-----------|------|--------|--------|-------------|------|--------|--------|------------|--------------|--------|----------|----------------------|--|--|-----------------|
| CLAIM | FILE | TITLE | HECTARES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo | 1794 | 166374 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 2 | 1796 | 166369 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 3 | 1797 | 166368 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 4 | 1798 | 166366 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 5 | 1799 | 166370 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 6 | 1800 | 166371 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 7 | 1801 | 166373 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 8 | 1802 | 166372 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hidalgo 9 | 1803 | 166375 | 99.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 2 | 1886 | 166313 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 3 | 1887 | 166312 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 4 | 1888 | 166314 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 8 | 1892 | 166315 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 9 | 1893 | 166316 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 10 | 1894 | 166317 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 11 | 1895 | 166318 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 15 | 1899 | 166365 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kino 16 | 1800 | 166367 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| San Simón | 1894 | 166376 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| San Simón 2 | 1895 | 166377 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| El Alacrán | E.4.1.3/1182 | 201817 | 3,442.36 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL SURFACE | | | 5,433.36 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exploration done by other parties | <i>Acknowledgment and appraisal of exploration by other parties.</i> | <p>The project area has a history of industrial-scale commercial mining and small-scale artisanal mining dating back to the early 20th century, which ended shortly after the start of the Mexican Revolution in 1910. After the Revolution ended in the 1920's, the property was explored intermittently.</p> <p>The Anaconda Copper Mining Company is known to have done some exploration, including drilling, on the property prior to the late 1960's. Data relating to this work has been located but has yet to be reviewed.</p> <p>Between 1969 and the early 1980's, the Consejo de Recursos Minerales (Mexican Geological Survey) carried out occasional exploration programs, including drilling 6 holes in 1970 and undertaking geophysical surveys over the Palo Seco and La Morita prospects in 1981.</p> <p>Grupo Mexico acquired the project after the CRM completed their drilling. Grupo Mexico drilled an additional 26 holes on the project in two phases. The first phase was done in 1991 (24 holes) and the second phase was done in 1997 and 1998 (two holes).</p> <p>Minera Teck S.A. de C.V., a Mexican subsidiary of Teck Resources Limited acquired the property in 2013 and undertook limited surface exploration.</p> <p>Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Geology | <i>Deposit type, geological setting and style of mineralisation.</i> | <p>Various styles of mineralisation occur on the property.</p> <p>Epithermal zones, veins and stockworks host silver, lead, zinc, copper and gold in volcaniclastic rocks (Mesa de Plata, San Simon, Palo Seco and Alacrán).</p> <p>Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán).</p> <p>Primary copper mineralization is hosted in porphyry rocks.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Drill hole information | <p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p> | Refer to figures and tables in the report which provide all relevant details. |
| Data aggregation methods | <p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p> | <p>All reported mineralised intervals have been length-weighted. No top cuts have been applied.</p> <p>High grade intervals internal to broader mineralised zones, if existing, are reported as included zones.</p> <p>Overall Mineralised Zones were calculated using a 40g/t Ag lower grade cut-off.</p> <p>High Grade Zones were calculated using a 100g/t Ag lower grade cut-off.</p> <p>Included Zones within the High Grade Zones used a 200g/t Ag lower grade cut-off.</p> <p>No metal equivalent values were reported.</p> |
| Relationship between mineralisation widths and intercept lengths | <p><i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i></p> | Geological controls and orientations of the mineralised zone are known at this time, with mineralisation forming horizontal layers. All drill holes have a vertical dip, and therefore all mineralised intersections are reported "true width". |
| Diagrams | <p><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></p> | Refer to Figures in the accompanying report. |
| Balanced reporting | <p><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></p> | The Company believes that the ASX announcement is a balanced report with all material results reported. |
| Other substantive exploration data | <p><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p> | This announcement refers to previous exploration results including geophysics, geochemistry and geology. |
| Further work | <p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</i></p> | Further work to better understand the mineralisation systems in the project area will be determined upon a full analysis and interpretation of results. |