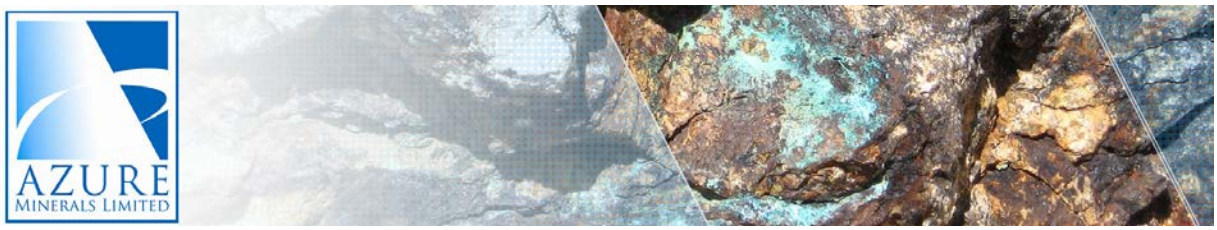

ASX: AZS **23 December 2015**

MESA DE PLATA RESOURCE DRILLING UPDATE

HIGHLIGHTS

- **Reverse Circulation (RC) resource drill-out nearing completion with 47 of 55 planned holes completed, and assays received for 36 holes**
- **Confirmation of central zone of consistent high grade silver mineralisation in a thick, near-surface, sub-horizontal layer over an area of 400m by 150m**
- **Large lower grade halo surrounding the high grade zone extends over an area of 900m by 150m**
- **Diamond drilling confirms results of RC drilling and extends mineralised zone to the north**
- **Resource drill-out to be completed in January, with resource estimation expected by end of March**
- **Permitting of drilling at Loma Bonita and other exploration targets underway, and drilling is expected to commence in the first quarter of 2016**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that the mineral resource drill-out program of the Mesa de Plata silver project is nearing completion. Silver mineralisation has been intersected over the full 900m length of the Mesa de Plata ridge line, with a very strong central zone hosting high silver grades over significant thicknesses.

To date, 47 of 55 planned RC holes have been completed and assays have been received for the first 36 holes. Some of the better RC drill intercepts are shown below in Table 1, and details of all significant mineralised intercepts are shown in Table 3.

Table 1

MDPC-010	27.0m @ 212g/t Ag from 13.5m below surface
MDPC-011	12.0m @ 261g/t Ag from 1.5m below surface
MDPC-015	16.5m @ 164g/t Ag from 10.5m below surface
MDPC-031	15.0m @ 141g/t Ag from 9.0m below surface
MDPC-034	58.5m @ 225g/t Ag from surface

Azure also completed five diamond holes, three to twin the discovery RC holes and a further two to test for possible extensions of the mineralised zone to the north. Assays have now been received for all five holes (first two holes previously reported: refer ASX release 13 November 2015). Details of significant mineralised intercepts are shown in Tables 2 and 4.

Table 2:

MDPD-001	18.0m @ 655g/t Ag from 2.0m	Twin of RC hole LM-09
MDPD-002	18.7m @ 530g/t Ag from 28.8m	Twin of RC hole LM-06
MDPD-003	21.0m @ 216g/t Ag from surface	Twin of RC hole LM-07
MDPD-004	49.0m @ 41g/t Ag from surface	Tested northern extension
MDPD-005	57.0m @ 44g/t Ag from surface	Tested northern extension

RESOURCE DRILL-OUT DETAILS

This RC drilling program was designed to enable a mineral resource estimation to be undertaken on the Mesa de Plata silver mineralisation. All holes were vertical and drilled to 90m with samples collected over 1.5m intervals. The first pass comprised holes spaced at 50m x 100m intervals, with the second pass infilling the hole spacing to 50m x 50m.

To date, 47 holes have been drilled for a total of 4,230m. Assays have been received for 36 holes and outstanding assays are expected to be received by mid-January. Drilling to complete the resource drill-out will recommence in early January, and is expected to be completed by the end of the month. The mineral resource estimation process will then commence and the Company is aiming for completion by the end of March.

Drilling confirmed that the central zone of high grade silver mineralisation commences at or very close to surface, and extends to depths of about 20m, within an overall mineralised thickness of between 40 to 70 metres.

This zone dips shallowly to the northeast, with a northwest strike length of 400m and a down dip extent of at least 150m (see Figure 1). It is underlain by a 20m to 40m thick zone of low to moderate grade silver mineralisation that extends over the full 900m length of Mesa de Plata, outcropping over the northern 150m to 200m of the ridge.

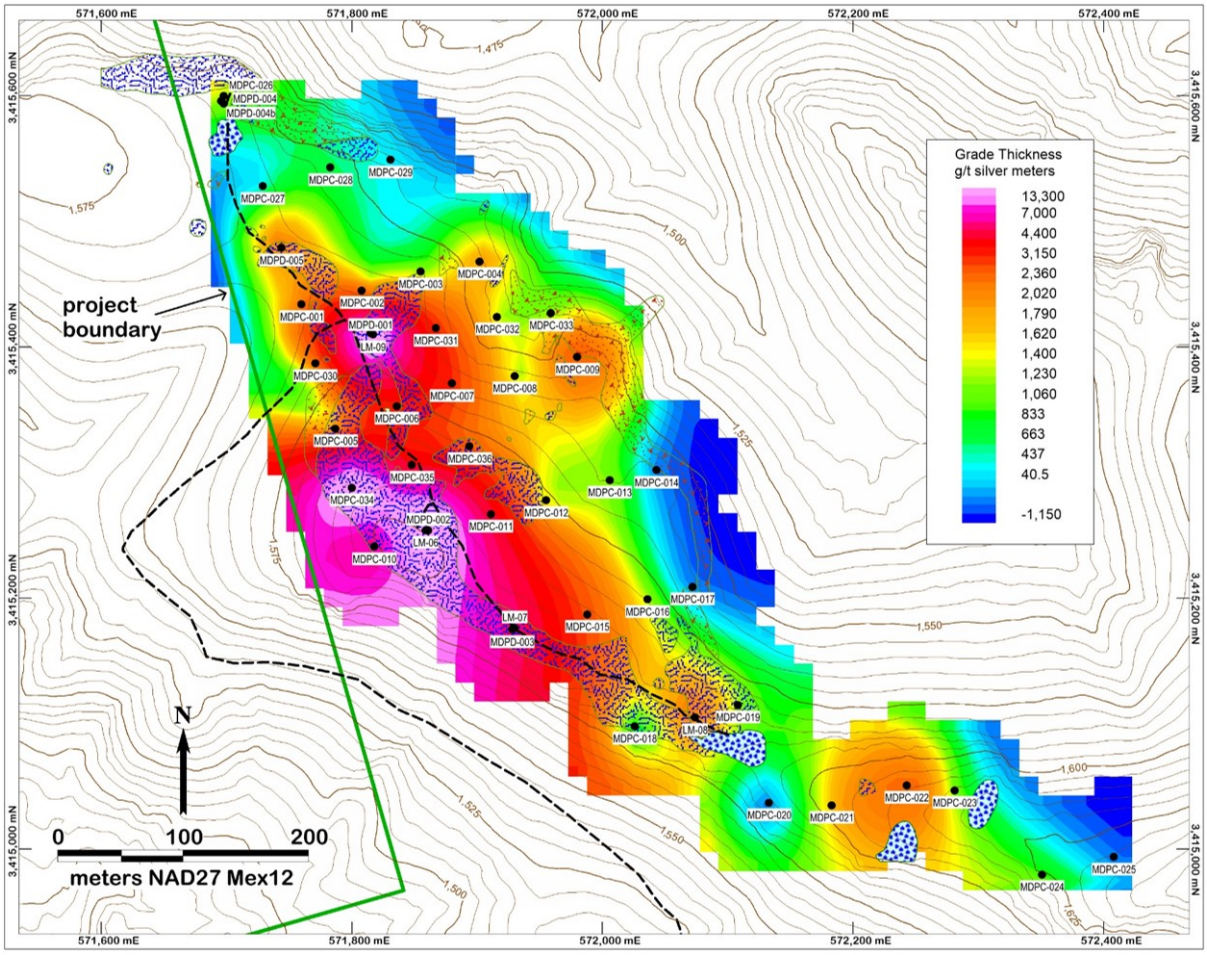

Figure 1: Grade-thickness image of Mesa de Plata silver deposit showing outcropping vuggy silica and silicified zones (stippled)

The overall thickness of the mineralisation, and its presence or absence, is dependent upon the surface topography and degree of erosion along the Mesa de Plata ridgeline. Erosion has defined the southwestern (up-dip) and northeastern (down-dip) boundaries of the mineralised zone, forming valleys in those directions. The mineralisation “daylights” on these slopes and also across the surface of the ridge. At the northern end of the ridge, the high grade zone has been removed by erosion, leaving only the underlying lower grade zone, which is 40m to 50m thick in this location.

The mineralised system continues trending to the southeast towards the Puerto del Oro prospect (see Figure 2). Previous exploration by Azure along this trend and at Puerto del Oro identified extensive silver and gold mineralisation in surface outcrop. The Company has also identified strongly silicified and vuggy silica zones in recently created road cuttings in this area. Sampling of these road cuttings has been undertaken and assay results are awaited.

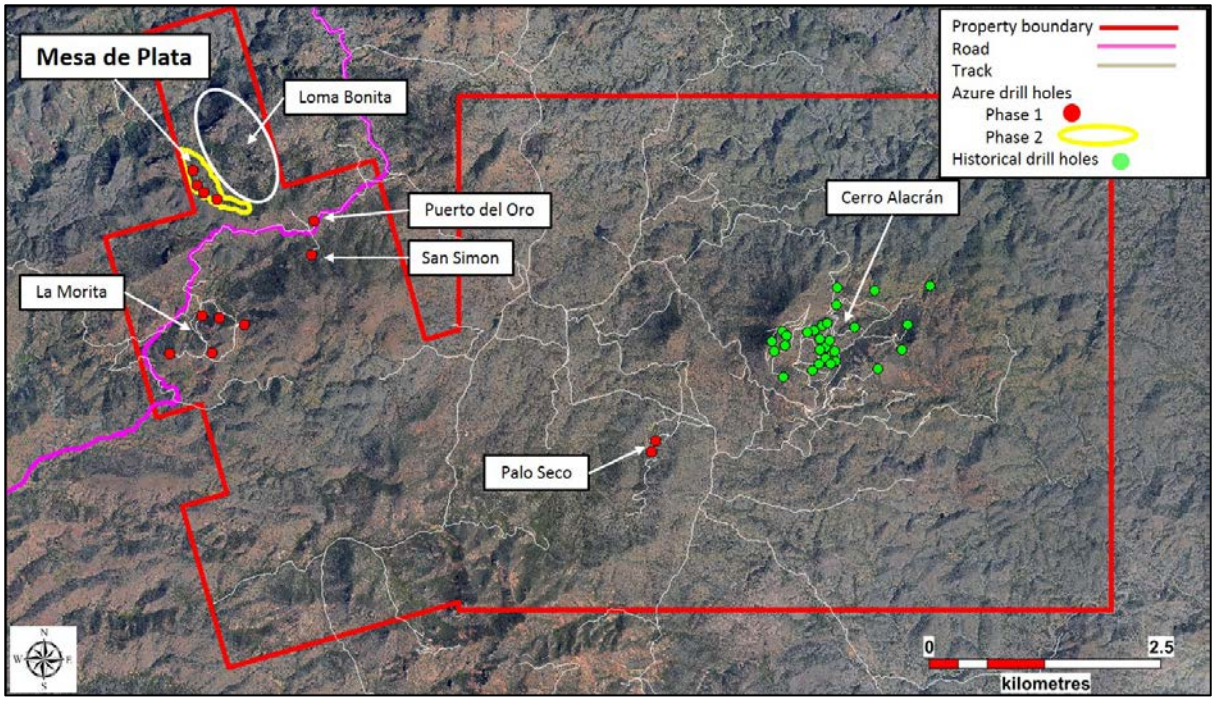

Figure 2: Aerial photograph of Alacrán property

NEXT STAGE OF EXPLORATION

The remaining holes for the resource drill-out are expected to be completed during January and the resource estimation process is scheduled for completion by the end of March 2016.

In addition, to follow up the excellent results obtained in the first pass metallurgical sighter tests, diamond core drilling is being planned to collect bulk samples for detailed metallurgical testwork to ascertain the optimal processing option for the Mesa de Plata mineralisation.

The Company has made application for detailed drilling on the Loma Bonita prospect, where exploration has identified widespread surface values of silver and gold mineralisation at, and potential exists for repetitions and/or extensions of the Mesa de Plata mineralisation. This permitting process is expected to take between one and two months for approval.

Furthermore, additional applications have been made for drilling at several other prospects within the wider Alacrán project area where mapping and sampling has identified significant precious and base metal anomalism in outcrop.

TABLE 3: SIGNIFICANT MINERALISED INTERCEPTS FROM RC DRILLING

HOLE	FROM (metres)	TO (metres)	INTERVAL (metres)	GRADE (g/t Ag)
MDPC-001	0.0	42.0	42.0	57.7
MDPC-002	19.5	40.5	21.0	29.1
MDPC-003	6.0	51.0	45.0	24.1
MDPC-004	25.5	36.0	10.5	95.3
including	25.5	34.5	9.0	102.4
MDPC-005	0.0	48.0	48.0	37.7
including	33.0	40.5	7.5	102.3
MDPC-006	0.0	51.0	51.0	80.9
including	10.5	30.0	19.5	109.9
MDPC-007	6.0	57.0	51.0	83.3
including	13.5	45.0	31.5	113.4
MDPC-008	10.5	43.5	33.0	32.5
MDPC-009	7.5	70.5	63.0	50.8
including	19.5	22.5	3.0	205.4
MDPC-010	0.0	61.5	61.5	79.5
including	13.5	40.5	27.0	212.8
MDPC-011	0.0	48.0	48.0	127.2
including	1.5	13.5	12.0	261.7
MDPC-012	4.5	25.5	21.0	57.7
including	6.0	13.5	7.5	123.1
MDPC-013	7.5	33.0	25.5	54.8
MDPC-014	No significant intercept			
MDPC-015	10.5	43.5	33.0	98.0
including	10.5	27.0	16.5	164.0
MDPC-016	0.0	28.5	28.5	47.1
MDPC-017	No significant intercept			
MDPC-018	0.0	25.5	25.5	29.7
MDPC-019	0.0	28.5	28.5	45.8
including	6.0	12.0	6.0	98.7
MDPC-020	No significant intercept			
MDPC-021	0.0	31.5	31.5	60.1
including	3.0	13.5	10.5	100.0
MDPC-022	0.0	42.0	42.0	72.7
including	7.5	13.5	6.0	178.1
MDPC-023	15.0	46.5	31.5	36.4
MDPC-024	22.5	61.5	39.0	26.1
MDPC-025	No significant intercept			
MDPC-026	1.5	30.0	28.5	69.9
MDPC-027	15.0	39.0	24.0	22.5
MDPC-028	9.0	33.0	24.0	32.1
MDPC-029	6.0	33.0	27.0	20.8
MDPC-030	3.0	45.0	42.0	50.5
MDPC-031	9.0	49.5	40.5	92.3
including	9.0	24.0	15.0	141.1
and	42.0	48.0	6.0	131.7
MDPC-032	15.0	39.0	24.0	53.7
including	15.0	18.0	3.0	117.8
MDPC-033	0.0	27.0	27.0	24.1
and	57.0	72.0	15.0	31.5
MDPC-034	0.0	58.5	58.5	225.4
including	0.0	13.5	13.5	738.4
MDPC-035	0.0	63.0	63.0	86.8
including	21.0	27.0	6.0	396.2
MDPC-036	0.0	66.0	66.0	43.6

TABLE4: SIGNIFICANT MINERALISED INTERCEPTS FROM DIAMOND DRILLING

HOLE	FROM (metres)	TO (metres)	INTERVAL (metres)	GRADE (g/t Ag)
MDPD-001	2.0	20.0	18.0	655.3
MDPD-002	28.85	47.55	18.7	529.7
MDPD-003	0.0	45.15	45.15	130.7
including	0.0	21.5	21.5	216.3
MDPD-004	0.0	48.0	47.0	40.7
MDPD-005	0.0	57.0	57.0	43.9

-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 crossed-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.

DRILL HOLE INFORMATION

SECTION mN	HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH
10550	MDPC-001	571760	3415434	1554	000	-90	90m
10550	MDPC-002	571808	3415445	1564	000	-90	90m
10550	MDPC-003	571855	3415460	1559	000	-90	90m
10550	MDPC-004	571902	3415468	1544	000	-90	90m
10450	MDPC-005	571787	3415335	1581	000	-90	90m
10450	MDPC-006	571836	3415353	1581	000	-90	90m
10450	MDPC-007	571880	3415371	1566	000	-90	90m
10450	MDPC-008	571930	3415377	1556	000	-90	90m
10450	MDPC-009	571980	3415392	1555	000	-90	90m
10350	MDPC-010	571818	3415241	1590	000	-90	90m
10350	MDPC-011	571911	3415267	1583	000	-90	90m
10350	MDPC-012	571955	3415278	1576	000	-90	90m
10350	MDPC-013	572006	3415294	1549	000	-90	90m
10350	MDPC-014	572043	3415302	1549	000	-90	90m
10250	MDPC-015	571988	3415187	1601	000	-90	90m
10250	MDPC-016	572036	3415199	1612	000	-90	90m
10250	MDPC-017	572072	3415209	1564	000	-90	90m
10150	MDPC-018	572026	3415098	1594	000	-90	90m
10150	MDPC-019	572108	3415115	1584	000	-90	90m
10050	MDPC-020	572133	3415037	1588	000	-90	90m
10050	MDPC-021	572183	3415035	1602	000	-90	90m
10050	MDPC-022	572243	3415051	1608	000	-90	90m
10050	MDPC-023	572281	3415047	1615	000	-90	90m
9950	MDPC-024	572351	3414980	1625	000	-90	90m
9950	MDPC-025	572408	3414994	1630	000	-90	90m
10750	MDPC-026	571698	3415600	1562	000	-90	90m
10650	MDPC-027	571729	3415528	1561	000	-90	90m
10650	MDPC-028	571703	3415543	1553	000	-90	90m
10650	MDPC-029	571831	3415549	1537	000	-90	90m
10500	MDPC-030	571771	3415387	1564	000	-90	90m
10500	MDPC-031	571867	3415415	1548	000	-90	90m
10500	MDPC-032	571916	3415424	1524	000	-90	90m
10500	MDPC-033	571959	3415427	1536	000	-90	90m
10400	MDPC-034	571806	3415286	1585	000	-90	90m
10400	MDPC-035	571848	3415306	1588	000	-90	90m
10400	MDPC-036	571894	3415321	1572	000	-90	90m
10400	MDPC-037	571945	3415329	1576	000	-90	90m
10400	MDPC-038	571993	3415343	1558	000	-90	90m
10300	MDPC-039	571879	3415209	1593	000	-90	90m
10300	MDPC-040	571923	3415221	1583	000	-90	90m
10300	MDPC-041	571968	3415234	1571	000	-90	90m
10300	MDPC-042	572022	3415248	1560	000	-90	90m
10300	MDPC-043	572056	3415259	1567	000	-90	90m
10200	MDPC-044	571949	3415146	1583	000	-90	90m
10200	MDPC-045	571998	3415140	1592	000	-90	90m
10200	MDPC-046	572049	3415148	1586	000	-90	90m
10200	MDPC-047	572097	3415166	1568	000	-90	90m

ALACRÁN BACKGROUND

Alacrán is located in the northern Mexican state of Sonora approximately 50km south of the USA border. The property covers 54km^2 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	*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.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *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.*	<u>REVERSE CIRCULATION DRILLING</u> Reverse Circulation (RC) percussion drilling was undertaken on the Alacrán Project. A total of 47 holes have been drilled for 4,230m. Drill hole collar locations were determined by hand-held GPS. No downhole surveys were undertaken. Samples for each drill hole were collected by passing through a Jones riffle splitter (if dry) or a rotary splitter (if wet) over 1.5m intervals and sent for assay. <u>DIAMOND CORE DRILLING</u> Diamond core drilling was undertaken on the Alacrán Project. A total of 5 holes were drilled for 800m. Three diamond core holes twinned 3 RC holes previously drilled by Azure Minerals. Drill hole collar locations were determined by hand-held GPS. All drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole. Drill core was sampled at 0.15m to 1.0m intervals guided by changes in geology. 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. Envelopes containing the 250g sample pulps were sent via courier to the Acme laboratory in Vancouver, Canada for analysis. 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. 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. 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).
Drilling techniques	*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).*	Reverse circulation percussion drilling used a face-sampling hammer. Drill hole diameter was 5¼" (133mm). Diamond core drilling was HQ-size (63.5mm diameter). Drill core was not orientated
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	RC drill recoveries were visually estimated from volume of sample recovered. All sample recoveries were above 90% of expected.

	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.	RC samples were visually checked for recovery, moisture and contamination and notes made in the logs. There is no observable relationship between recovery and grade, and therefore no sample bias.
Logging	*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.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	Detailed geological logs have been carried out on all RC drill holes, but no geotechnical data has been recorded (or is possible to be recorded due to the nature of the sample). The geological data would be suitable for inclusion in a Mineral Resource estimate. Logging of RC chips recorded lithology, mineralogy, mineralisation, weathering, colour, and other sample features. RC chips are stored in plastic RC chip trays. When completed, each plastic chip tray was photographed. All holes were logged in full.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	<u>REVERSE CIRCULATION DRILLING</u> All samples were collected by passing through a Jones riffle splitter (if dry) or a rotary splitter (if wet). The field sample preparation followed industry best practice. This involved collection of samples from the splitter and transfer to a calico bag for despatch to the laboratory. <u>DIAMOND CORE DRILLING</u> 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. The sample collection and preparation followed industry best practice. Samples were prepared at the Acme laboratories in Hermosillo, Sonora, 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. Envelopes containing the 250g pulps were sent via courier to the Acme laboratory in Vancouver. Certified Reference Standards, duplicate samples, and blank samples were routinely inserted at alternate 10m intervals to provide assay quality checks. Review of the standards and blanks are within acceptable limits. The sample sizes are considered appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *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.* *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.*	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. 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. 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). Azure implemented industry standard QAQC protocols to monitor levels of accuracy and precision. Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks. Azure routinely inserted Certified Reference Standards, duplicate samples, and blank samples at alternate 10m intervals to provide assay quality

		checks. Review of the standards, duplicates and blanks are within acceptable limits. No geophysical or portable analysis tools were used to determine assay values.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	Senior technical personnel from the Company (Project Geologist, Exploration Manager & Managing Director) have all inspected the drilling and sampling. Three diamond core holes twinned 3 RC holes previously drilled by Azure Minerals. 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. No adjustments or calibrations have been made to any assay data.
Location of data points	*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.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Drill hole collar locations were determined by hand-held GPS. Final drill hole collar locations will be surveyed by a licensed surveyor using a two frequency differential GPS with accuracy of +/-3cm. No downhole surveys were undertaken. The grid system used is NAD27 Mexico UTM Zone 12 for easting, northing and RL.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *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.* *Whether sample compositing has been applied.*	Drill hole spacing is approximately 50m x 50m. Data spacing and distribution is expected to be sufficient to establish the degree of geological and grade continuity appropriate for a Mineral Resource estimation procedure. No composite samples were collected.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *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.*	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". No sampling bias is believed to have been introduced.
Sample security	*The measures taken to ensure sample security.*	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.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All digital data is subject to audit by the independent data manager.

Section 2: Reporting of Exploration Results

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>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.

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.</td><td>The Alacrán Project comprises 22 mineral concessions 100% owned by Minera Teck SA de CV, a subsidiary of Teck Resources Limited.

<table>
<tr><th>CLAIM</th><th>FILE</th><th>TITTLE</th><th>HECTARES</th></tr>
<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>
</table>

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.

A 2% Net Smelter Royalty is held by Grupo Mexico.

The tenements are secure and are in good standing. There are no known impediments to obtaining a licence to operate in the area.</td></tr>
<tr><td>Exploration done by other parties</td><td>Acknowledgment and appraisal of exploration by other parties.</td><td>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.

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.

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.

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).

Minera Teck S.A. de C.V., a Mexican subsidiary of Teck Resources Limited acquired the property in 2013 and undertook limited surface exploration.

Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.</td></tr>
</table>

Geology	*Deposit type, geological setting and style of mineralisation.*	Various styles of mineralisation occur on the property. Epithermal veins and stockworks host silver, lead, zinc, copper and gold in volcaniclastic rocks (Mesa de Plata, San Simon, Palo Seco and Alacrán). Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán). Primary copper mineralization is hosted in porphyry rocks.
Drill hole information	*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:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *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.*	Refer to figures and tables in the report which provide all relevant details.
Data aggregation methods	*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.* *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.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	All reported mineralised intervals have been length-weighted. No top cuts have been applied. High grade intervals internal to broader mineralised zones, if existing, are reported as included zones. Overall Mineralised Zones were calculated using a 15g/t Ag lower grade cut-off. High Grade Zones were calculated using a 60g/t Ag lower grade cut-off. No metal equivalent values were reported.
Relationship between mineralisation widths and intercept lengths	*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').*	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	*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.*	Refer to Figures in the accompanying report.
Balanced reporting	*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.*	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	*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.*	This announcement refers to previous exploration results including geophysics, geochemistry and geology.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive*	Further work to better understand the mineralisation systems in the project area will be determined upon a full analysis and interpretation of results.