



25 May 2016

Dear Shareholder

### Invitation to participate in Azure's Share Purchase Plan

A little over 12 months ago the Directors of Azure Minerals Limited (“**Azure**” or “**Company**”) invited shareholders to participate in a Share Purchase Plan at a price of 1.32 cents per share, which received strong support from shareholders. Since that time, the Company has successfully made an exciting new silver discovery at Mesa de Plata and progressed it to the point of a defined maiden JORC resource. Pleasingly, this success has delivered significant share price appreciation and value creation for shareholders.

Once again, the Directors of Azure are delighted to extend an invitation to Eligible Shareholders to participate in a Share Purchase Plan (“**Plan**”) which was announced to the Australian Securities Exchange (“**ASX**”) on 23 May 2016 (“**Announcement Date**”).

This SPP presents an opportunity for Eligible Shareholders to take advantage of prevailing market conditions and to participate in the future growth of the Company. Funds raised through the Plan, combined with the \$15 million raised via the placement also announced to the ASX on 23 May 2016, will primarily be used to continue exploration and development studies including economic and resource development at Mesa de Plata, resource drilling and metallurgical testing from Loma Bonita as well as exploration of a number of other high priority exploration targets we have identified at Alacrán.

The Plan allows Eligible Shareholders to purchase up to \$15,000 worth of fully paid ordinary shares in the Company (“**Shares**”) without any brokerage or transaction costs and at the same price per Share as the recently announced placement to institutional and sophisticated investors. Shares under the Plan will be issued at 3.8 cents per Share, which represents a 13.6% discount to the last traded closing price of the Company's Shares on the ASX on 17 May 2016 and an 8.9% discount to the volume-weighted average price for the 5 trading days prior to 23 May 2016. The offer of Shares under the Plan is open to all Eligible Shareholders (as defined in the attached Offer) as at 5:00pm (WST) on 20 May 2016 (“**Record Date**”).

The Plan seeks to raise up to \$3,000,000 (“**Offer Amount**”). The directors reserve the right to expand the size of the Plan (subject to the ASX Listing Rules) or to scale back acceptances at their discretion.

The Plan allows Eligible Shareholders, irrespective of the size of their shareholding, to apply for one of the following parcels of Shares:

<b>Offer</b>	<b>Value</b>
A	\$1,000
B	\$2,500
C	\$5,000
D	\$7,500
E	\$10,000
F	\$15,000

Participation in the Plan is entirely optional. Offers under the Plan are non-renounceable, meaning that you are not permitted to transfer your rights to subscribe for Shares under the Plan.

If, after reading the attached Offer, you wish to participate in the Plan you must complete the accompanying personalised Application Form and return it together with payment for the exact application monies in Australian dollars to the Company’s Share Registry **on or before 5.00pm (WST) on 20 June 2016**. Alternatively, you may make a payment directly via BPAY® in accordance with the instructions set out in the Application Form.

**Alacrán Project (Azure to earn 100% ownership from Teck)**

Alacrán is located in northern Mexico approximately 50km south of the USA border. The property covers 54km<sup>2</sup> of highly prospective exploration ground in the middle of the Sonora-Arizona Copper Province. This is North America’s most prolific copper-producing district, extending from Mexico into the southern United States, and the second largest concentration of copper deposits in the world. Azure’s property lies close to several large copper mines, including being just 12km south of the giant Cananea Copper Mine (Figure 1).

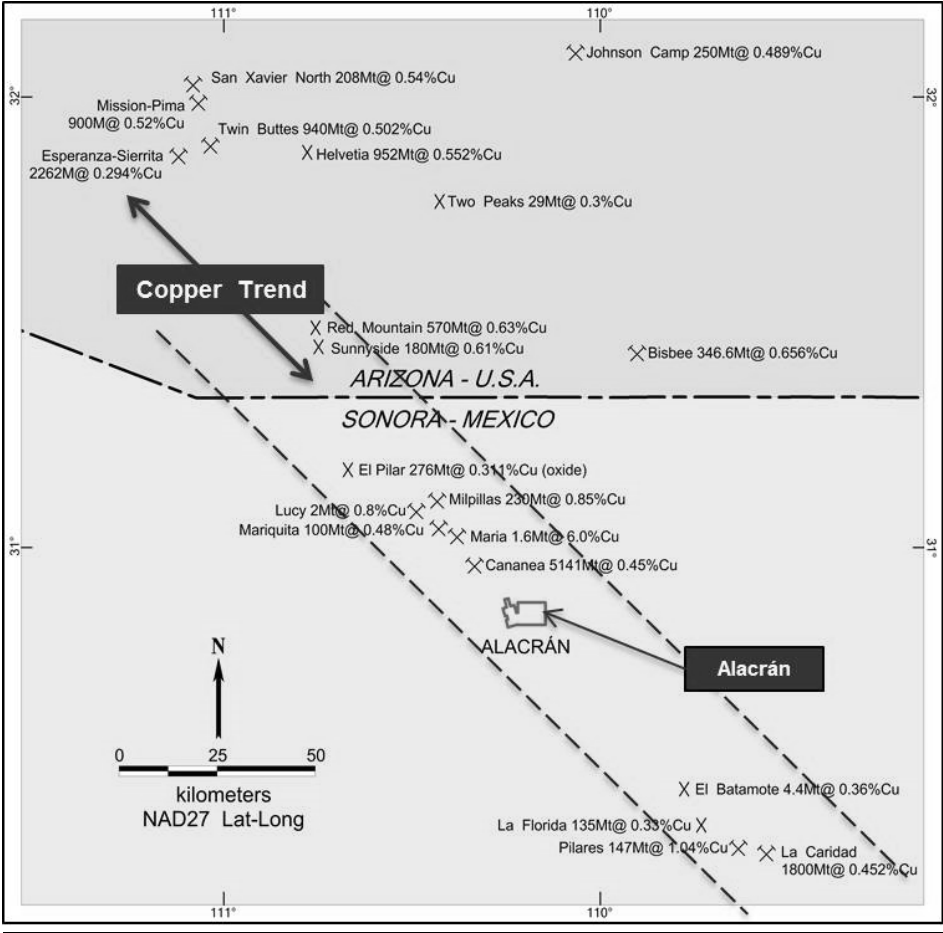


Figure 1: Copper mines and resources in Mexico-Southwest USA Copper Belt

On 16 September 2015 Azure announced that it had made a high grade silver discovery at Mesa de Plata (MDP), within the Alacrán Project, and since that time has provided a number of updates on progress at MDP culminating in an announcement on 9 May 2016 of a maiden

Indicated Resource of 9.6Mt grading 84 g/t silver for 25.9 million ounces of silver. Within this was a high grade zone of 2.2Mt grading 220 g/t Ag for 15.3 million ounces of silver.

In addition to the silver discovered at MDP, the nearby the Loma Bonita area is shaping up as an area with significant gold potential with the latest drilling result announced to ASX on 10 May 2016 of 48m at 2.7 g/t gold and 27 g/t silver and containing a higher grade intersection of 15.6m grading 5.2 g/t gold.

Funds raised from this SPP will be used primarily for exploration activities and development studies, including the following:

- preliminary development and economic studies at MDP, including further resource drilling;
- continuation of metallurgical testing of MDP mineralisation;
- further drilling on the Loma Bonita gold-silver prospect to resource status;
- preliminary metallurgical testing of gold-silver ore at Loma Bonita;
- undertake drilling of other gold, silver and base metal targets elsewhere on the project;
- further target generation activities elsewhere on the Alacrán Project; and
- minor work and expenses at Azure's other projects.

Azure acquired the rights to the Alacrán Project in December 2014 through its wholly owned Mexican subsidiary Minera Piedra Azul S.A. de C.V. Azure has signed an agreement with a subsidiary of Teck Resources Limited (**Teck**) to acquire 100% of the property, subject to an underlying back-in right retained by Teck and a 2% net smelter royalty 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.

**Promontorio Project (Azure 100%; Kennecott (Rio Tinto) may earn up to an 80% interest)**

A drilling program to test for porphyry-related copper mineralisation commenced earlier this year with four holes completed to date. Results will be announced at the completion of the program.

If you have any questions on our future activities or how to participate in the Plan, please contact us on 08 9481 2555. We look forward to your continued support for the Company.

Yours sincerely



Peter Ingram  
Chairman

*The information in this report that relates Mineral Resources and Exploration Results has been cross-referenced in this report to the date that it was reported to ASX. Azure confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.*

## AZURE MINERALS LIMITED - SHARE PURCHASE PLAN

### 1. Offer

This Offer entitles Eligible Shareholders (see paragraph 2 below) in Azure Minerals Limited (**Company**) to subscribe through the Company's Share Purchase Plan (**Plan**) for a maximum of \$15,000 worth of fully paid ordinary shares in the Company (**Shares**) in accordance with the following terms and conditions (**Offer**). The Plan seeks to raise up to \$3,000,000 (**Offer Amount**). The directors reserve the right to expand the size of the Plan (subject to the ASX Listing Rules) and to scale back acceptances at their discretion.

### 2. Eligibility

2.1 The Offer is only open to Eligible Shareholders, being persons:

- (a) who are registered in the Company's share register at 5.00pm (WST) on 20 May 2016 (**Record Date**), as holders of Shares; and
- (b) who have a registered address (as recorded in the Company's share register) in Australia or New Zealand.

2.2 No action has been taken to register or qualify the Shares or the Offer or otherwise to permit an offering of the Shares in any jurisdiction outside Australia and New Zealand. Recipients may not send or otherwise distribute this Offer or the Application Form to any person outside Australia (other than to Eligible Shareholders). Neither this Offer nor the Application Form constitutes an offer of securities for sale into the United States of America.

2.3 The Offer to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

2.4 For the purposes of determining Eligible Shareholders:

- (a) joint holders of Shares are taken to be a single registered holder of Shares; and
- (b) where a trustee or nominee is expressly noted on the Company's share register as holding Shares on account of a named beneficiary, the named beneficiary will be taken to be the registered holder of those Shares, and on application for Shares under the Plan, certification or issue of Shares to the trustee or nominee will be taken to be an application or certification by, or an issue to, the named beneficiary.

2.5 If you are a Custodian and hold Shares on behalf of one or more persons resident in Australia and New Zealand (each a **Participating Beneficiary**), you may be entitled to apply for up to \$15,000 worth of Shares for each Participating Beneficiary, subject to you providing a certificate to the Company containing the information prescribed in ASIC Class Order 09/425 (**Custodian Certificate**).

Custodians should request a Custodian Certificate when making an application on behalf of a Participating Beneficiary. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company's Share Registry, Computershare Investor Services Pty Limited (**Share Registry**) on [custodians@computershare.com.au](mailto:custodians@computershare.com.au).

For the purposes of this Offer, a Custodian is a person that:

- (a) holds an Australian financial services licence that:
  - (i) covers the provision of a custodial or depositary service; or
  - (ii) includes a condition requiring the holder to comply with the requirements of ASIC Class Order 02/294; or
- (b) is exempt under:
  - (i) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (Cth) (**Corporations Regulations**);
  - (ii) paragraph 7.6.01(1)(na) of the Corporations Regulations;
  - (iii) ASIC Class Order 05/1270 to the extent that it relates to ASIC Class Order 03/184;
  - (iv) ASIC Class Orders 03/1099, 03/1100, 03/1101, 03/1102, 04/839 or 04/1313;
  - (v) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (iv); or
  - (vi) paragraph 911A(2)(h) of the Corporations Act;from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or
- (c) is a trustee of a:
  - (i) self-managed superannuation fund; or
  - (ii) superannuation master trust; or
- (d) is the responsible entity of an IDPS-like scheme; or
- (e) is the registered holder of Shares or interests in the class and is noted on the register of members of the Company as holding the Shares or interests on account of another person.

2.6 The directors of the Company, if they are Eligible Shareholders, may participate in the Offer on the same terms and conditions as all other Eligible Shareholders and their participation is not subject to shareholder approval.

### 3. Issue Price

3.1 The Shares under the Plan will be issued at 3.8 cents per Share (**Issue Price**). The Issue Price has been calculated by reference to the last traded closing market price of the Shares on the ASX on 17 May 2016 which was 4.4 cents and represents a 13.6% discount to that price. The Issue Price also represents a discount of 8.9% to the 5 day volume weighted average price of the Shares traded on the ASX immediately prior to the announcement of the Plan on 23 May 2016 (**Announcement Date**).

3.2 Shareholders should note that the market price of Shares may rise or fall between the date of this Offer and the date the Shares are issued (**Issue Date**). This means that the Issue Price you pay for the Shares under the Plan may be either higher or lower than the market price of Shares on the Issue Date.

3.3 No brokerage, commissions or other transaction costs are payable by Eligible Shareholders under the Offer.

#### 4. Number of Shares Offered

4.1 The maximum number of Shares that is able to be issued under the Plan in order to comply with ASX Listing Rules requirements is 30% of the number of ordinary shares in the Company currently on issue (being a maximum of approximately 373 million Shares).

4.2 The maximum number of Shares offered under the Plan is 78,947,368 Shares, being approximately 6.3% of the Company's current issued share capital, representing total proceeds of \$3,000,000. The Plan is not underwritten, meaning that the maximum proceeds under the Plan may not be raised.

4.3 Eligible Shareholders may apply for the following number of Shares:

Offer	Value	Number of Shares
A	\$1,000	26,316
B	\$2,500	65,790
C	\$5,000	131,579
D	\$7,500	197,369
E	\$10,000	263,158
F	\$15,000	394,737

4.4 The maximum investment for each Eligible Shareholder that chooses to participate is \$15,000 and the minimum investment is \$1,000.

4.5 The total cost of Shares purchased by each Eligible Shareholder (including through joint holdings, multiple share accounts or any holding which they have a beneficial interest) must not exceed \$15,000.

4.6 No fractions of Shares will be issued. Any fraction of a Share will be rounded up to the nearest whole number of Shares.

4.7 The Offer is non-renounceable. This means that Eligible Shareholders cannot transfer their entitlement to purchase Shares under the Plan to another person.

4.8 Subject to paragraph 4.9 below, if the Company receives applications for more than \$3,000,000 of Shares under the Plan, the directors may in their absolute discretion, undertake a scale-back to the extent and in the manner it sees fit. If there is a scale-back you may not receive all the Shares for which you have applied. If a scale-back produces a fractional number when applied to your application, the number of Shares you will be allotted will be rounded up to the nearest whole number of Shares and any monies promptly refunded to you without interest.

4.9 The directors reserve the right to expand the size of the Plan (subject to the ASX Listing Rules) and accept subscriptions above \$3,000,000.

4.10 If applications under the Offer total an amount less than \$3,000,000, this shortfall may, subject to the ASX Listing Rules, be placed at the discretion of the directors to investors to whom disclosure is not required to be made under section 708 of the Corporations Act 2001.

## 5. Timetable

5.1 The indicative timetable for the Plan is as follows:

Event	Date
Record Date	5.00pm (WST) on 20 May 2016
Announcement Date	23 May 2016
Dispatch of Offer and Application Forms to Eligible Shareholders	25 May 2016
Opening date for acceptances	25 May 2016
Closing date for acceptances ( <b>Closing Date</b> )	5.00pm (WST) on 20 June 2016
Issue Date	27 June 2016
Dispatch of holding statements	28 June 2016

5.2 These dates are indicative only. The Company may vary the date and times of the Offer (including shortening or extending the Closing Date) without notice.

5.3 Shares issued under the Plan will be issued no later than 4 business days from the Closing Date. The Company will apply for the issued Shares to be quoted on the ASX, within the relevant period specified in the ASX Listing Rules.

## 6. How to accept the Offer

6.1 Eligible Shareholders wishing to accept the Offer for Shares under the Plan have 2 payment options – by cheque or BPAY®, details of which are set out below. Please do not forward cash. Receipts for payment will not be issued. Cheques will only be accepted if they are drawn in Australian currency on an Australian financial institution. Application money will not bear interest under any circumstances. The Company will pay any brokerage or transaction costs.

6.2 **To pay by cheque** you must:

- (a) complete the accompanying Application Form in accordance with the instructions set out in that form;
- (b) prepare a cheque for the appropriate amount in Australian dollars, payable to “Azure Minerals Limited”; and
- (c) send the Application Form and cheque to the Share Registry.

The completed Application Form and your cheque must be received by the Closing Date of 5.00pm (WST) on 20 June 2016. Applications received after that time may not be accepted.

6.3 **To pay by BPAY** you must use the personalised reference number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY, you do not need to return your Application Form.

Eligible Shareholders should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payment. It is the responsibility of each Applicant to ensure that the Application money is submitted through BPAY with sufficient time for it to be processed by their own financial institution and received by the Company no later than 5.00pm (WST) on the Closing Date.

- 6.4 By completing and returning the Application Form or paying by BPAY, you:
- (a) acknowledge that you have read and understood the terms and conditions of this Offer (including the risks) and subscribe for Shares in accordance with these terms and conditions;
  - (b) acknowledge that your application will be irrevocable and unconditional (and cannot be withdrawn);
  - (c) agree to pay the Issue Price per Share up to a maximum of the value selected on the Application Form (which cannot exceed \$15,000);
  - (d) warrant you are an Eligible Shareholder;
  - (e) warrant that you are eligible under all applicable securities laws to receive an offer under the Plan;
  - (f) certify that you have not applied for Shares with an aggregate application price in excess of \$15,000 under the Plan or any similar arrangements in the 12 months prior to the date of application, even though you may have received more than one offer under the Plan or received offers in more than one capacity under the Plan;
  - (g) authorise the Company (and each of its officers and agents) to correct any error in, or omission from, the Application Form and complete the Application Form by inserting any missing details;
  - (h) acknowledge that the Company may at any time irrevocably determine that your application is valid, in accordance with these terms and conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
  - (i) acknowledge that neither the Company, nor the Share Registry has provided any investment advice or financial product advice, and that neither has any obligation to provide this advice;
  - (j) acknowledge that the Company (and each of its officers and agents) is not liable for any consequences of the exercise or non-exercise of its discretions referred to in paragraph 8 below; and
  - (k) agree to be bound by the Company's constitution.

## **7. Rights attaching to Shares**

All Shares issued under the Plan will be issued on the same terms as the other Shares quoted on ASX and once issued, will rank equally with existing Shares. The Company will apply for the Shares to be quoted on ASX. It is anticipated that Shares issued under the Plan will be quoted on ASX on, or shortly after, the Issue Date. Holding Statements for the Shares issued under the Plan will be sent to Eligible Shareholders who have participated in the Plan. If you trade any Shares before you receive your Holding Statement, then you do so at your own risk.

## **8. Company's discretions regarding applications**

- 8.1 The Company has the right to accept or reject any applications under the Plan, including where:
- (a) an Application Form is incorrectly completed or incomplete or otherwise determined by the Company to be invalid;



- (b) a cheque is dishonoured or has not been completed correctly;
  - (c) a cheque is not made out for the exact value of Shares you have selected on the Application Form;
  - (d) the Application money is not submitted through BPAY within sufficient time for it to be received by the Company;
  - (e) it appears that an Eligible Shareholder is applying for more than \$15,000 (in aggregate) of Shares;
  - (f) an Application Form is received after the Closing Date (while the Company may accept late Application Forms and cheques, there is no assurance that it will do so. Late Application Forms and cheques, if not processed, will be returned to the shareholder's registered address); or
  - (g) the Company reasonably believes that the applicant is not an Eligible Shareholder.
- 8.2 If the Company rejects, or partially rejects, an application (including by way of scale-back) or terminates the Plan, the Company will promptly return to the Eligible Shareholder the relevant subscription monies, without interest.
- 8.3 The Company reserves the right to waive strict compliance with any of the terms and conditions of the Offer.
- 8.4 If the Company is not satisfied with a Custodian Certificate, the Company cannot issue Shares to the Custodian on behalf of the Participating Beneficiary.
- 8.5 The Company may determine, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant or application. A determination made by the Company will be conclusive and binding on all participants and other persons to whom the determination relates.
- 8.6 The Company may change, suspend or terminate the Plan and Offers at any time whether because of a change of law, ASX or ASIC requirements or policy, or any other relevant circumstance. If the Company does this, it will post a notice on its website and make an announcement to the ASX. Failure to notify shareholders of changes to or the suspension or termination of the Plan and Offer, will not invalidate the change, suspension or termination.
- 8.7 The Company reserves the right to issue no Shares or fewer Shares than an Eligible Shareholder applies for under the Plan if the Company believes the issue of those Shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule.

## **9. Participation optional**

Participation in the Plan is entirely at the option of each Eligible Shareholder. If you are in any doubt as to whether you should participate in the Plan or how such participation will affect you (including taxation implications), you should contact your professional adviser. The Company makes no recommendations as to the desirability or otherwise of your participation in the Plan.

## **10. Risk factors**

- 10.1 Before deciding whether to accept the Offer, you should refer to the current market price of the Company's Shares, which can be obtained from daily newspapers, stockbroker, financial adviser or the ASX.
- 10.2 Owning shares in the Company is considered a speculative form of investment and that the future price of the Company's shares can rise or fall.
- 10.3 Shareholders should be aware that there is a risk that the market price of the shares may change between the date of this Offer and the date when the new shares are issued to you under the Plan. The value of the Shares you receive may rise or fall accordingly.
- 10.4 Shareholders should note that the offer is not made under a prospectus or other disclosure document and does not require the type of disclosure required under the *Corporations Act 2001* (Cth). Shareholders must rely on their own knowledge of the Company and previous disclosures made by the Company on the ASX. You should consult your professional adviser when deciding whether or not to accept the offer and participate in the Plan.

## **11. Privacy**

- 11.1 By completing the Application Form, you will be providing personal information to the Company. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The Company collects information about each applicant provided on an Application Form for the purposes of evaluating and processing the Application and, if the Application is successful, to administer the applicant's security holding in the Company. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for the Company's records, the Company will destroy or de-identify it.
- 11.2 By submitting an Application Form, each applicant agrees that the Company may use the information provided by an applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.



