20 January 2017

QUARTERLY ACTIVITIES REPORT
FOR PERIOD ENDED 31 DECEMBER 2016

KEY POINTS

ALACRÁN PROJECT

Corporate

- Azure earned 100% ownership of the Alacrán Project by completing US$5 million in expenditures
- Subsequently Teck delivered notice to exercise its right to earn back up to a 65% interest in the project, including an initial earn back to a 51% interest by spending US$10 million within four years.

Mesa De Plata

- Mineral Resource upgraded with 85% of total silver ounces elevated to Measured category
- Total contained silver increased by 1.5Moz to 27.4Moz
- Silver grade of High Grade Zone increased by 25% to 275g/t Ag for 15.5Moz of silver

Loma Bonita

- Maiden Mineral Resource announced, containing 150,000 ounces of gold and 4.8Moz ounces of silver
- 85% of total gold ounces defined within the Indicated Mineral Resource category
- Gold mineralised zone remains open with significant exploration upside

PROMONTORIO PROJECT

- Subsequent to the end of the Quarter, Kennecott withdrew from Joint Venture
- Azure has resumed operatorship and full control of the Project
- Drilling intersected extensive zones of low grade porphyry-hosted copper-gold mineralisation
- New zones of near-surface, higher grade gold-copper epithermal mineralisation intersected
- Azure's evaluation of exploration results has identified more targets for follow-up drill testing

CORPORATE

- Azure retains a strong cash balance of $11.76 million at 31 December 2016.

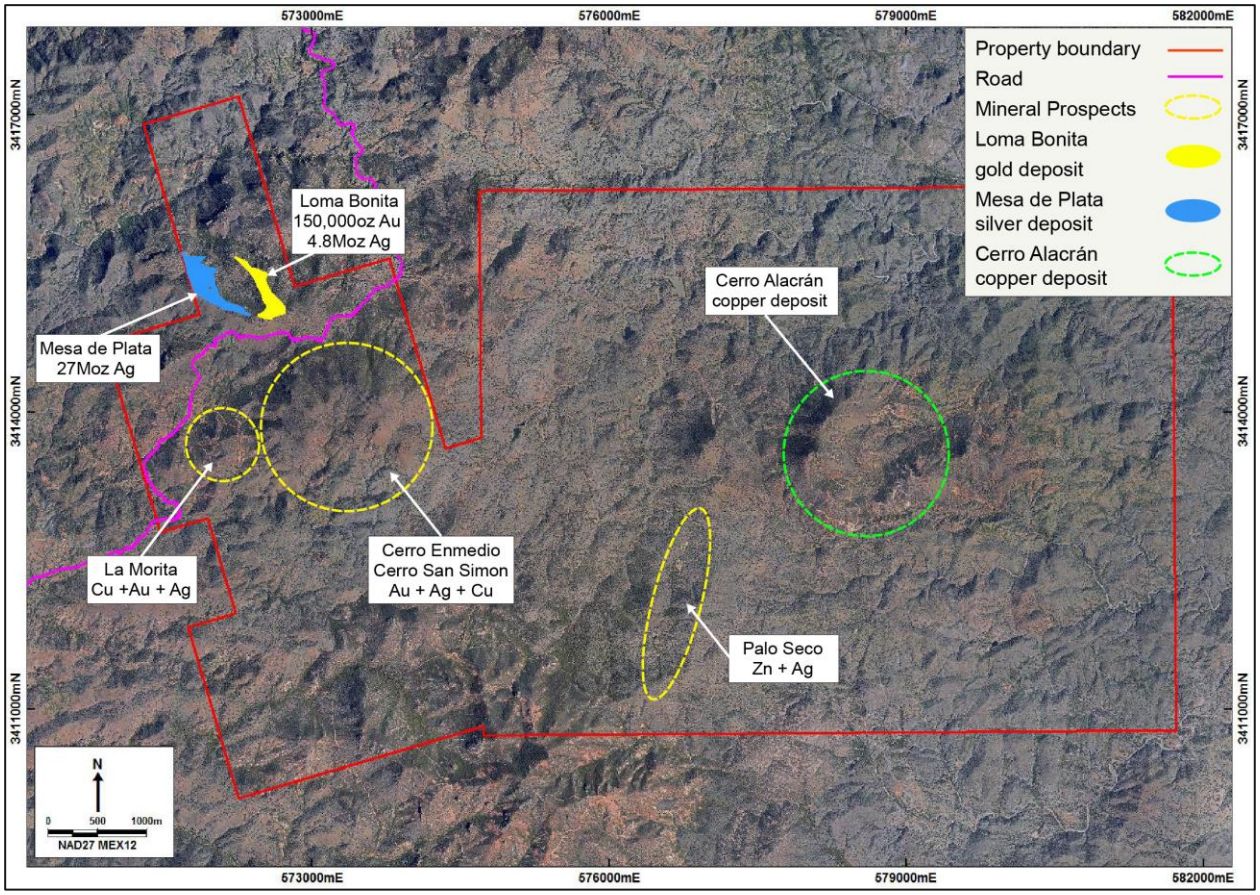
ALACRÁN PROJECT

Azure earned 100% ownership of the project from Minera Teck S.A. de C.V., a subsidiary of Teck Resources Limited ("Teck"), by meeting expenditure requirements.

Teck subsequently delivered notice to exercise its right to earn back initially a 51% interest by spending US$10 million within the next four years.

A 2% NSR is retained by Grupo Mexico S.A.B. de C.V.

Figure 1: Aerial photograph of Alacrán Project showing locations of prospects



Corporate

During the Quarter, Azure completed US$5 million aggregate expenditures on the Alacrán Project and delivered notice to Teck that it had achieved this milestone. Pursuant to the terms of the Alacrán Option/Shareholders agreement signed in December 2014 ("Agreement"), Azure now holds a 100% legal and beneficial interest in the project, subject to Teck's right to earn back up to a 65% interest.

Subsequently, in late December 2016, Teck delivered notice to Azure that it would exercise its right to earn back an ownership interest in the project. Initially Teck may re-acquire a 51% interest in the Project by sole funding US$10 million in expenditures on the Project over the next 4 years and making cash payments to Azure of US$0.5 million.

During the earn-in phase Teck will direct all exploration activity.

Pursuant to the terms of the Agreement, this US$10 million expenditure is to be made in accordance with the following schedule:

On or Before:	Cumulative Aggregate Work Expenditures (US$)
First anniversary of Notice	$2,000,000
Second anniversary of Notice	$4,000,000
Fourth anniversary of Notice	$10,000,000

Additionally, upon reaching its 51% interest, Teck may further increase its interest to 65% by sole funding an additional US$5 million of expenditure within two years and making cash payments of US$1.5 million to Azure.

The Alacrán Technical Committee, formed of equal numbers of Teck and Azure representatives, shall meet shortly to discuss the design of work plans and budgets for the first year. The Technical Committee's role is advisory only, with Teck providing final determination and approval of work programs during its earn-in phase (as Azure did during its earn-in phase).

Mesa de Plata Mineral Resource Upgrade

During the quarter, Azure announced an upgraded JORC Mineral Resource (ASX: 1 December 2016) for the Mesa de Plata silver deposit (see Table 1).

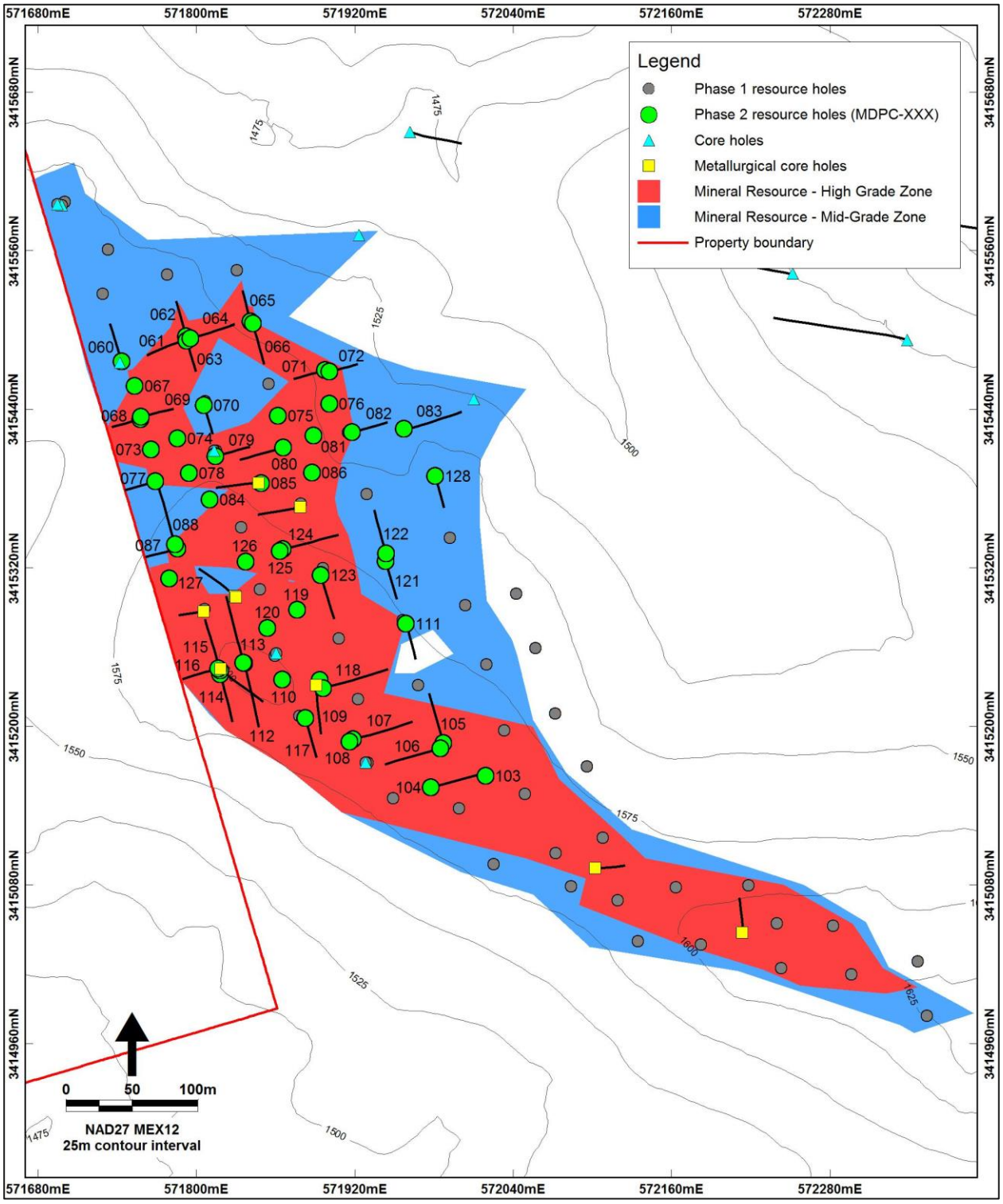
The resource was estimated to contain 27.4 million ounces of silver, an increase of 1.5 million ounces, with 85% in the Measured category and the remainder in the Indicated category. A total of 15.5 million ounces of silver at a grade of 275g/t Ag is hosted within the High Grade Zone.

Table 1: Mesa de Plata Mineral Resource (in accordance with the JORC Code)

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes (Mt)	Silver (g/t Ag)	Silver (Moz)	Tonnes (Mt)	Silver (g/t Ag)	Silver (Moz)	Tonnes (Mt)	Silver (g/t Ag)	Silver (Moz)
High Grade	1.21	307.4	12.0	0.54	201.7	3.5	1.75	274.7	15.5
Mid-Grade	8.43	43.0	11.7	0.28	36.2	0.3	8.71	42.8	12.0
Total	9.64	76.2	23.6	0.82	145.4	3.8	10.46	81.6	27.4

Notes
Reported using a block model cut-off grade of ≥20 g/t Ag using capped silver grade estimates
Numbers in this table have been rounded to one decimal for silver grade and two decimals for tonnage

Figure 2: Plan of Mesa de Plata Mineral Resource outlines with drill collars



Loma Bonita Mineral Resource

Also during the quarter, Azure announced an initial JORC Mineral Resource (ASX: 21 December 2016) for the Loma Bonita gold-silver deposit (see Table 2).

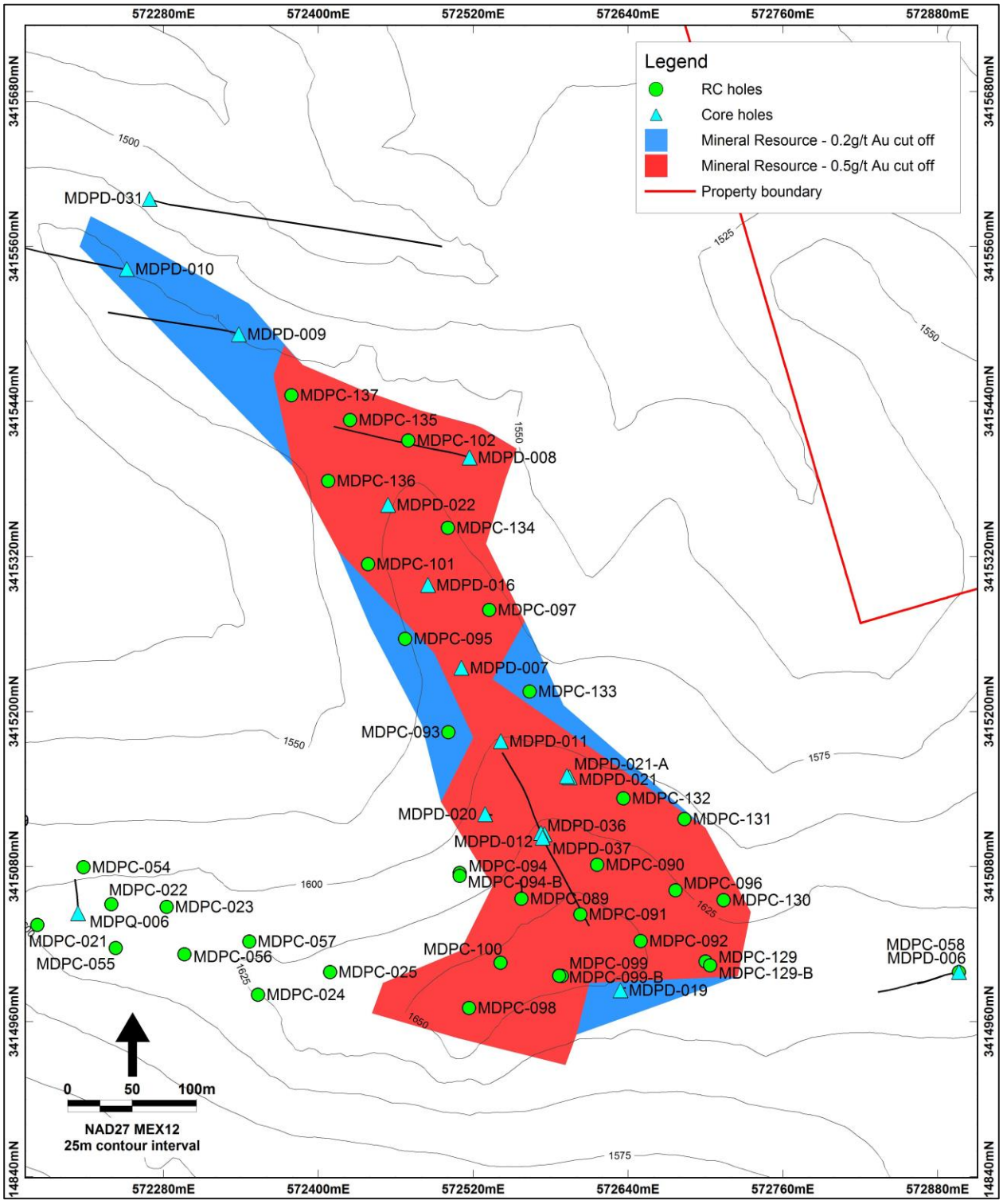
The estimate has approximately 85% of the total contained gold ounces within the Indicated Mineral Resource category.

Table 2: Loma Bonita Mineral Resource (in accordance with the JORC Code)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t Au)	(kOz)	(g/t Ag)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.87	1.25	115.7	33.9	3.14
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	Total	**3.4**	**1.2**	**131**	**32.0**	**3.4**
≥ 0.21	Indicated Mineral Resource	4.20	0.95	128.5	30.1	4.07
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	Total	**5.4**	**0.9**	**150**	**28**	**4.8**

Notes
Block cut-off grade of ≥ 0.21 g/t Au equates to gold price assumption of 1,466 USD/troy ounce.
Cut-off grade does not consider the value of silver credits.
Gold and silver grades capped (98th percentile).
Numbers may not sum precisely due to rounding assumptions (two decimal places for Indicated Resources and one decimal place for Inferred Resources, as the latter are reported using a lower precision to convey the higher level of uncertainty).
The JORC Code reportable estimate using the ≥ 0.21 g/t Au is inclusive of the ≥ 0.5 g/t Au estimate. The ≥ 0.5 g/t Au estimate is provided for information purposes to highlight that the bulk of the contained metal is within a higher grade zone.

Figure 3: Plan of Loma Bonita Mineral Resource outlines with drill collars



Mesa de Plata Development Studies

Physical testwork was undertaken at Hazen Research Inc. laboratories in Colorado, USA on representative PQ core samples targeting the high grade resource at Mesa de Plata. Two composite samples from the northern and central/southern areas of the deposit were prepared for testing. Samples were subjected to semi-autogenous grinding (SAG) mill comminution (SMC), Bond abrasion index, Bond rod mill work index, Bond ball mill work index at two closing sizes (150 and 270 mesh) and Bond crusher work index testing.

The results of the physical testwork included:

Bond Index	Area	Result
Crusher Work Index	North	10.0
	Central/South	7.7
Ball Mill Work Index (150 mesh)	North	18.0
	Central/South	18.4
Ball Mill Work Index (270 mesh)	North	16.8
	Central/South	17.4
Rod Mill Work Index	North	14.2
	Central/South	15.0
Abrasion Index	North	1.2640
	Central/South	1.4204

Broadly speaking, the physical testwork indicates that the high grade mineralisation at Mesa de Plata will be relatively soft from a crushing perspective, moderately hard from a milling perspective and abrasive. The SMC testwork indicates that the mineralisation has a medium resistance to impact breakage. SAG milling may be a possibility in any development.

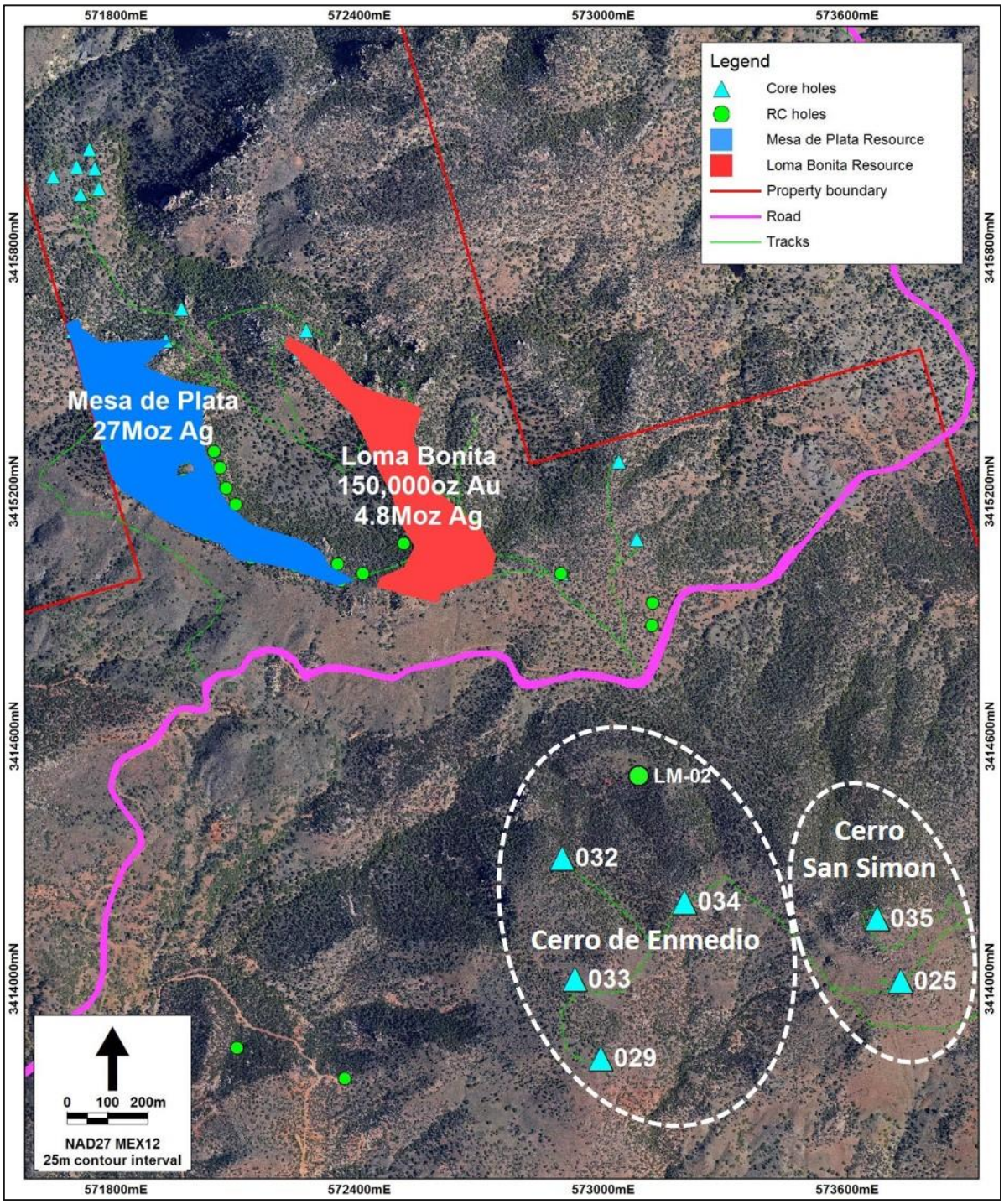
Baseline environmental field studies were completed and the corresponding reports are in progress.

A draft geotechnical report was completed for Mesa de Plata based on geotechnical logging of PQ drill core and preliminary pit shell optimisations.

Cerro San Simon and Cerro de Enmedio Drilling

Six diamond core holes were drilled at the Cerro San Simon and Cerro de Enmedio prospects (Figure 4) to test precious and base metal targets identified by surface geochemical sampling, geological mapping and Induced Polarisation (IP) surveys. Holes comprised MDPD-025 and MDPD-035 at Cerro San Simon and MDPD-029, 032, 033 and 034 at Cerro de Enmedio.

Figure 4: Location of Cerro San Simon and Cerro de Enmedio drill holes



The identification of precious and base metal mineralisation hosted in vuggy silica and also the widespread presence of the alteration mineral alunite in both drilling and surface mapping and sampling, indicate that Cerro San Simon and Cerro de Enmedio may be part of a single, large high sulphidation epithermal system that extends at least 1,500m northwest to the Loma Bonita and Mesa de Plata gold and silver deposits.

Significant levels of copper, gold and silver mineralisation were intersected (ASX: 21 December 2016), with better intercepts including:

MDPD-025	**29.5m @ 0.56g/t Au & 27 g/t Ag from 20.7m**
MDPD-029	**0.6m @ 4.1% Cu, 0.14g/t Au & 18g/t Ag from 127.9m**
MDPD-032	**9.4m @ 0.3% Cu from 247.4m**
MDPD-033	**92.3m @ 0.2% Cu from 175.2m**
MDPD-034	**22.0m @ 0.5g/t Au & 23g/t Ag from 172.7m**
MDPD-035	**12.6m @ 0.38g/t Au from 112.7m**

Alacrán Background

Azure acquired rights to the Alacrán Project in December 2014 through its fully owned Mexican subsidiary Minera Piedra Azul S.A. de C.V. Azure signed an Option/Shareholders agreement with Minera Teck S.A. de C.V. ("Teck"), the Mexican subsidiary of Teck Resources Limited 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 Resources Limited is Canada's largest diversified resource company. Grupo Mexico is Mexico's largest and one of the world's largest copper producers.

Azure completed US$5 million aggregate expenditures on the Alacrán Project and delivered notice to Teck (ASX: 31 October 2016) that it had exercised the Azure Option, thereby earning a 100% legal and beneficial interest in the project, pursuant to the terms of the Agreement and subject to a Teck's right to earn back up to 65%.

Subsequently, in late December 2016, Teck delivered notice to Azure (ASX: 19 December 2016) by which it had retained the right to earn back an ownership interest in the project. Teck may re-acquire initially a 51% interest in the Project by sole funding US$10 million in expenditures on the Project over the next 4 years and making cash payments to Azure of US$0.5 million.

Additionally, upon reaching its 51% interest, Teck may further increase its interest to 65% by sole funding an additional US$5 million of expenditure within two years, plus making a US$1.5 million cash payment to Azure.

PROMONTORIO PROJECT (Azure 100%)

Corporate

Subsequent to the end of the Quarter in early January 2017, Kennecott Exploration Mexico SA de CV advised that it had elected not to complete the Stage 2 commitments of the Earn in and Joint Venture Agreement required to earn a 51% interest in the Project.

Kennecott, part of the Rio Tinto Group, has been conducting exploration programs over Promontorio since early 2015, with total expenditure of approximately US$4.0 million. While the results of these programs confirmed the prospectivity of Promontorio, including the presence of a copper mineralised porphyry system, Azure understands they don't meet the requirements of the Rio Tinto Group to progress with further exploration activity.

As a result, and pursuant to the terms of the Agreement, Azure has resumed operational control of Promontorio and is currently assessing the drilling and exploration data provided by Kennecott before making plans for the next stage of exploration work.

Exploration Activity

During the Quarter, exploration activity continued under the control of Kennecott with results from the entire 2016 drill program received post quarter end.

Diamond drilling completed by Kennecott during 2016 comprised nine holes (APR-DD-124 to 132) for 8,783.7m (see Figure 5). Final assays have been received from this drilling program with results demonstrating significant levels of copper, gold and silver mineralisation.

The holes were designed to test for porphyry-hosted copper mineralisation below the high-sulphidation ("HS") epithermal copper-gold-silver deposits of Promontorio and Cascada previously defined by Azure (see ASX announcements dated 10 May 2013 and 17 May 2015 for full details on these Mineral Resources).

Drilling focused on several porphyry-related copper targets identified by Induced Polarisation and Magneto-Telluric surveys. Significant grades of copper, gold and silver mineralisation were intersected in all holes drilled, with better intercepts including:

- **APR-DD-124 12m @ 0.67g/t Au, 21g/t Ag & 2.0% Cu from 543m**
- **APR-DD-126 11m @ 0.45g/t Au & 31g/t Ag from 177m**
- **APR-DD-129 194.5m@ 0.15% Cu from 1312.5m to end of hole**
- **APR-DD-131 37.5m @ 0.73g/t Au & 5g/t Ag from 26m**
- **APR-DD-132 44m @ 0.45g/t Au & 12g/t Ag from surface**
- **APR-DD-132 11.5m @ 0.21g/t Au, 8g/t Ag & 1.1% Cu from 598.6m**

Drilling was focused in an exposed window of a felsic to intermediate subvolcanic dome complex that is surrounded and overlain by younger (post-mineral) felsic volcanic and pyroclastic units. This window, which covers less than 5% of the total Promontorio property, contains the copper-gold-silver deposits of Promontorio and Cascada and the mineralised zone at Risco Dorado.

Kennecott targeted copper-gold mineralisation hosted in porphyritic intrusive rocks that lie below the HS system. The presence of a mineralised porphyry system was confirmed with intrusive rocks hosting well-developed quartz veining and fracture stockwork zones and prominent breccia phases (including hydrothermal +/- tourmaline). Copper sulphide minerals chalcopyrite and bornite are present in disseminated, vein and fracture filling forms. The distribution and zonation of alteration mineral assemblages confirm this has all the hallmarks of a classic mineralised porphyry system.

Porphyritic intrusive rocks with associated copper mineralisation and strong alteration and veining were intersected in holes APR-DD-127 and APR-DD-129 at a vertical depth greater than 900m. The porphyry contains substantial widths of low grade copper mineralisation (in excess of 450m of continuous mineralisation in the case of hole APR-DD-129), with indications that the copper grade increases with increasing depth. Additionally, relatively narrow zones containing higher grades of copper and gold occur internally within these wide low grade zones. The intercepts of HS veins and hydrothermal breccia nearer to surface often contain high copper and gold grades.

Mineralised intersections from all holes are detailed in Table 3.

Table 3: Significant copper, gold and silver intercepts from drilling at Promontorio

HOLE No	DEPTH (m)		INTERCEPT	GRADE			Mineralisation
	FROM	TO	LENGTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Style
APR-DD-124	26	52	26	0.23	6.27	0.36	Hydrothermal breccia (Oxide)
APR-DD-124	397.8	406	8.2	0.37	6.09	0.52	High sulphidation
APR-DD-124	543	555	12	0.67	21.02	2.03	High sulphidation
APR-DD-124	583	599	16	0.15	3.42	0.36	High sulphidation
APR-DD-125	0	16.5	16.5	0.24	4.4	0.01	Hydrothermal breccia (Oxide)
APR-DD-125	18	46	28	0.05	1.09	0.23	High sulphidation
APR-DD-126	120	138	18	0.22	1.4	0.02	Breccia
APR-DD-126	177	188	11	0.45	30.51	0.02	Hydrothermal breccia
APR-DD-126	552	557	5	0.52	2.8	0.002	Quartz Vein (Epithermal)
APR-DD-127	200.2	232.2	32	0.27	1.6	0.003	High sulphidation
APR-DD-127	531	534.7	3.7	0.15	0.6	1.02	High sulphidation
APR-DD-128	34	35.5	1.5	0.03	344.7	0.12	Hydrothermal breccia
APR-DD-129	187.8	201	13.2	0.17	4.5	0.01	Hydrothermal breccia
APR-DD-129	342.15	361.25	19.1	0.2	0.9	0.01	High sulphidation
APR-DD-129	622.7	637	14.3	0.04	6.8	0.38	High sulphidation
APR-DD-129	1014.5	1035	20.5	0.15	2.4	0.34	High sulphidation
APR-DD-129	1054	1166.5	112.5	0.08	0.41	0.11	Porphyry
APR-DD-129	1312.5	1507	194.5	0.05	1.2	0.15	Porphyry
which includes	1501.35	1507	5.65	0.15	1.12	0.29	Porphyry
APR-DD-130	351	368	17	0.16	7.4	0.03	Hydrothermal breccia
APR-DD-131	26	63.5	37.5	0.73	4.7	0.05	Hydrothermal breccia
APR-DD-131	521.5	554.6	33.1	0.16	0.5	0.07	High sulphidation
APR-DD-131	674.72	701.9	27.18	0.19	1.1	0.18	High sulphidation
APR-DD-131	778	799.35	21.35	0.16	1.5	0.25	High sulphidation
APR-DD-131	993	1085	92	0.06	0.32	0.08	Porphyry
APR-DD-132	0	44	44	0.45	11.8	0.04	Hydrothermal breccia
APR-DD-132	405.5	440	34.5	0.14	2.02	0.18	High sulphidation
APR-DD-132	448.5	454	5.5	1.06	7.14	0.66	High sulphidation
APR-DD-132	598.6	610.1	11.5	0.21	8.2	1.08	High sulphidation

Figure 5: Promontorio drill hole plan

(Holes drilled in 2016 by Azure/Kennecott shown in red. Pre-2016 holes shown in grey)

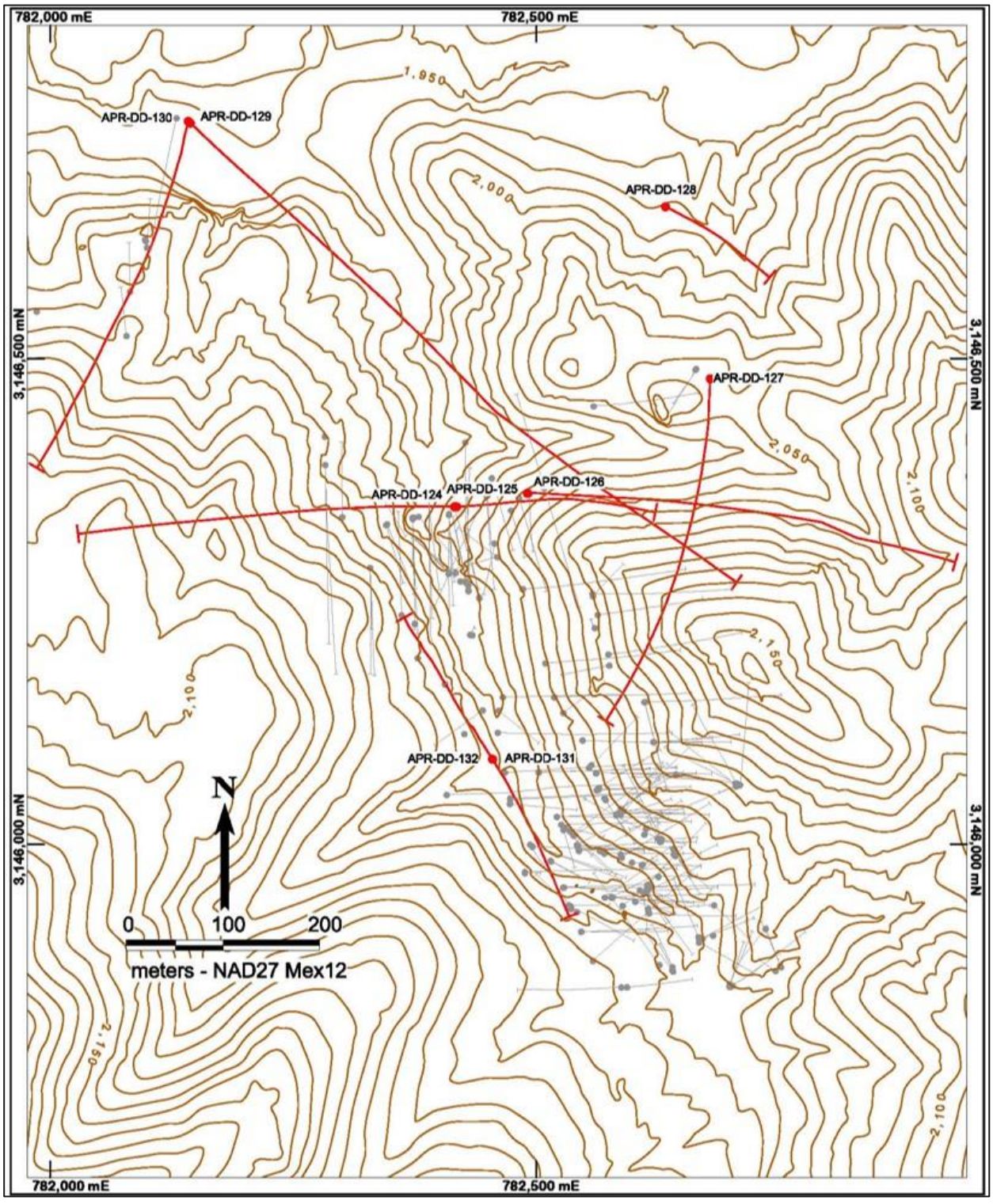


Table 4: Information for all diamond holes drilled on the Promontorio Project during the Earn-In and joint Venture Agreement

HOLE No.	EAST (m)E	NORTH (m)N	ELEVATION (m)ASL	AZIMUTH	DIP	TOTAL DEPTH (m)	LOCATION
APR-DD-124	782418	3146348	1,983	090	-75	799.8	Cascada
APR-DD-125	782416	3146384	1,983	250	-50	650.0	Cascada
APR-DD-126	782491	3146362	2,022	090	-50	600.0	Cascada
APR-DD-127	782679	3146480	2,045	186	-70	1,049.9	Cascada
APR-DD-128	782617	3146649	1,995	115	-80	908.5	Cascada
APR-DD-129	782144	3146743	1,962	135	-60	1,507.0	Cascada
APR-DD-130	782139	3146741	1,952	200	-75	1,145.55	Cascada
APR-DD-131	782455	3146279	2,035	335	-80	1,100.5	Cascada
APR-DD-132	782474	3146063	1,998	155	-80	1,022.5	Cascada

Table 5: Promontorio Project JORC Mineral Resources[1]

Deposit	Tonnes	Grade			Contained Metal		
		Copper (%)	Gold (g/t)	Silver (g/t)	Copper (t)	Gold (Oz)	Silver (oz)
Promontorio	840,000	2.5	1.6	56	20,800	43,800	1,500,000
Cascada	2,060,000	0.9	1.6	27	18,800	107,200	1,760,000
TOTAL MINERAL RESOURCES	**2,900,000**	**1.4**	**1.6**	**35**	**39,600**	**151,000**	**3,260,000**

Table 6: Promontorio Mineral Resource (ASX: 10 May 2013)

Total Resource		Grade			Contained Metal		
Classification	Tonnes	Copper (%)	Gold (g/t)	Silver (g/t)	Copper (tonnes)	Gold (oz)	Silver (oz)
Indicated	610,000	2.7	1.7	56	16,700	32,500	1,090,000
Inferred	230,000	1.8	1.5	56	4,100	11,300	410,000
TOTAL	**840,000**	**2.5**	**1.6**	**56**	**20,800**	**43,800**	**1,500,000**

Table 7: Cascada Mineral Resource (ASX: 17 May 2015)

Total Resource		Grade			Contained Metal		
Classification	Tonnes	Copper (%)	Gold (g/t)	Silver (g/t)	Copper (tonnes)	Gold (oz)	Silver (oz)
Indicated	840,000	1.1	1.4	27	9,200	36,700	740,000
Inferred	1,230,000	0.8	1.8	26	9,500	70,500	1,020,000
TOTAL	**2,060,000**	**0.9**	**1.6**	**27**	**18,800**	**107,200**	**1,760,000**

[1] Indicated + Inferred Resources: see Tables 6 & 7 for detailed resource inventory classifications

-ENDS-

For further information, please contact:

Tony Rovira
Managing Director
Azure Minerals Limited
Ph: +61 8 9481 2555

Media & Investor Relations
Michael Weir / Richard Glass
Citadel-MAGNUS
Ph: +61 8 6160 4903

or visit www.azureminerals.com.au

Information in this report that relates to previously reported Exploration Results and Mineral Resources 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 announcements, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Appendix 5B

Name of entity

AZURE MINERALS LIMITED

ABN	**Quarter ended ("current quarter")**
46 106 346 918	**31 December 2016**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	
1.2	Payments for		
	(a) exploration & evaluation	(1,635)	(4,801)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(148)	(378)
	(e) administration and corporate costs	(498)	(930)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	44	97
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other - JV Advances	-	1,046
1.9	**Net cash from / (used in) operating activities**	**(2,237)**	**(4,966)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(9)	(15)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	141	141
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**132**	**126**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	7,810
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(470)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**7,340**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	13,946	9,387
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,237)	(4,966)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	132	126
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,340
4.5	Effect of movement in exchange rates on cash held	(79)	(125)
4.6	**Cash and cash equivalents at end of period**	**11,762**	**11,762**

* Note that cash at the end of the quarter includes approximately $227,000 which has been advanced by Kennecott Exploration and is quarantined for use solely on the Promontorio project.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	11,704	13,888
5.2	Call deposits	58	58
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**11,762**	**13,946**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	108
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Includes salaries and superannuation for executive directors and fees and superannuation for non-executive directors

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	600
9.2	Development	-
9.3	Production	-
9.4	Staff costs	250
9.5	Administration and corporate costs	400
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**1,250**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-			

Refer to Annexure 1 for full list of mining tenements

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: (Company secretary) Date: 20 January 2017

Print name: Brett Dickson

Annexure 1
Schedule of Interests in Mining Tenements

Project	Common Name		Tenement	Percentage held
El Tecolote	El Tecolote	All Minerals	230771	100%
	El Tecolote III	All Minerals	234586	100%
Promontorio[1]	Hidalgo	All Minerals	235270	100%
	Promontorio	All Minerals	235269	100%
	El Magistral	All Minerals	218881	100%
	Promontorio Regional	All Minerals	234447	100%
Panchita	Panchita	All Minerals	212767	100%
	Dona Panchita	All Minerals	192097	100%
Loreto	Loreto	All Minerals	TBA	100%
Alacran[2]	Kino 3	All Minerals	166312	100%
	Kino 2	All Minerals	166313	100%
	Kino 4	All Minerals	166314	100%
	Kino 8	All Minerals	166315	100%
	Kino 9	All Minerals	166316	100%
	Kino 10	All Minerals	166317	100%
	Kino 11	All Minerals	166318	100%
	Kino 15	All Minerals	166365	100%
	Hidalgo No. 4	All Minerals	166366	100%
	Kino 16	All Minerals	166367	100%
	Hidalgo No. 3	All Minerals	166368	100%
	Hidalgo No. 2	All Minerals	166369	100%
	Hidalgo No. 5	All Minerals	166370	100%
	Hidalgo No. 6	All Minerals	166371	100%
	Hidalgo No. 8	All Minerals	166372	100%
	Hidalgo No. 7	All Minerals	166373	100%
	Hidalgo	All Minerals	166374	100%
	Hidalgo No. 9	All Minerals	166375	100%
	San Simon	All Minerals	166376	100%
	San Simon No. 2	All Minerals	166377	100%
	El Alacran	All Minerals	201817	100%

1. Teck Resources Limited (“Teck”) has advised it intends to exercise its back in right to earn a 51% interest in these concessions.