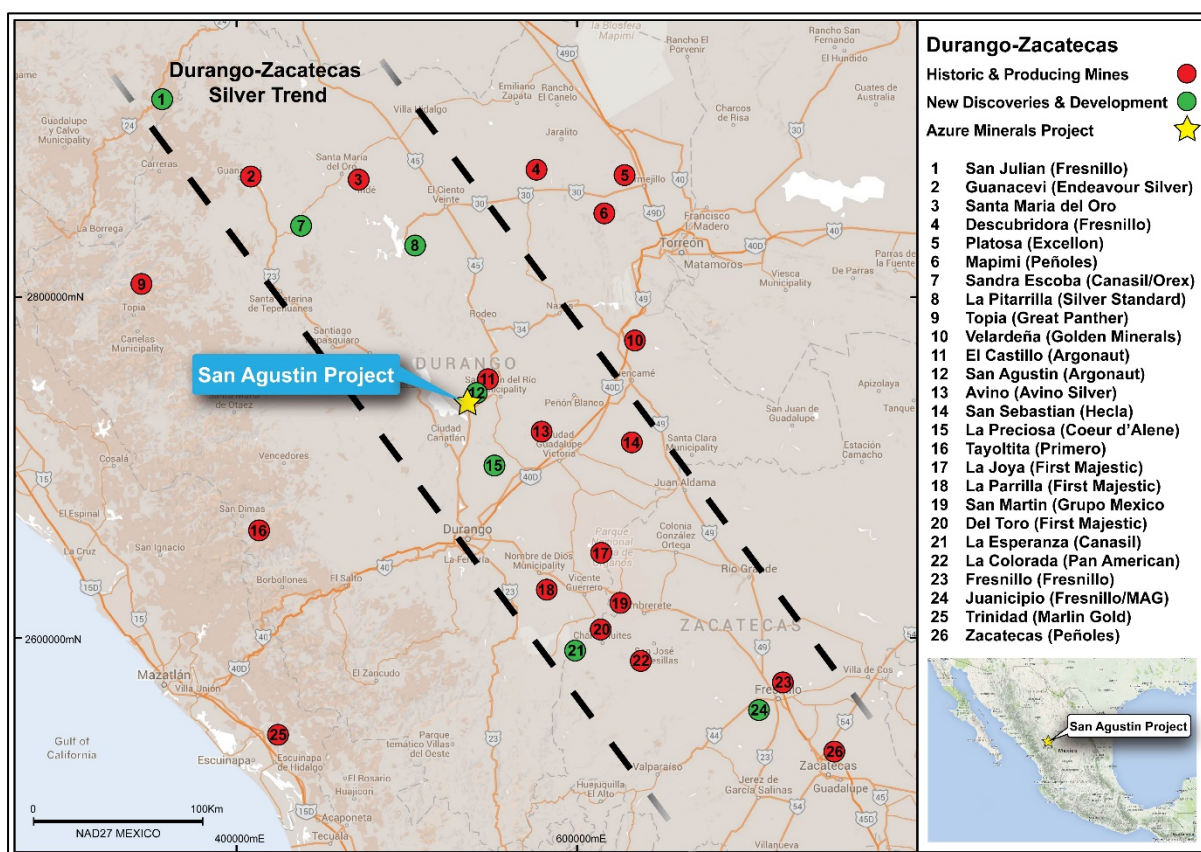


SAN AGUSTIN SOIL SAMPLING IDENTIFIES STRONG GOLD ANOMALISM

- Detailed soil sampling completed over 100%-owned San Agustín property
- Two strong and coherent gold anomalies identified
- Follow-up surface mapping and rock chip sampling in progress to define drilling sites

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that it has received positive results from the soil sampling program on its 100%-owned San Agustín project, located in the central Mexican state of Durango (see Figure 1).

Figure 1: Plan showing location of San Agustín Project



A total of 341 samples were collected on a grid spacing of 150m x 50m that provided complete coverage of the 201 hectare property. Results confirm widespread anomalism in gold and silver (see Figures 2 & 3), including several discrete anomalies, which warrant further follow-up work. Surface geological mapping and rock chip sampling is currently in progress with the objective of identifying targets for future drilling.

Figure 2: Image of gold results from soil sampling

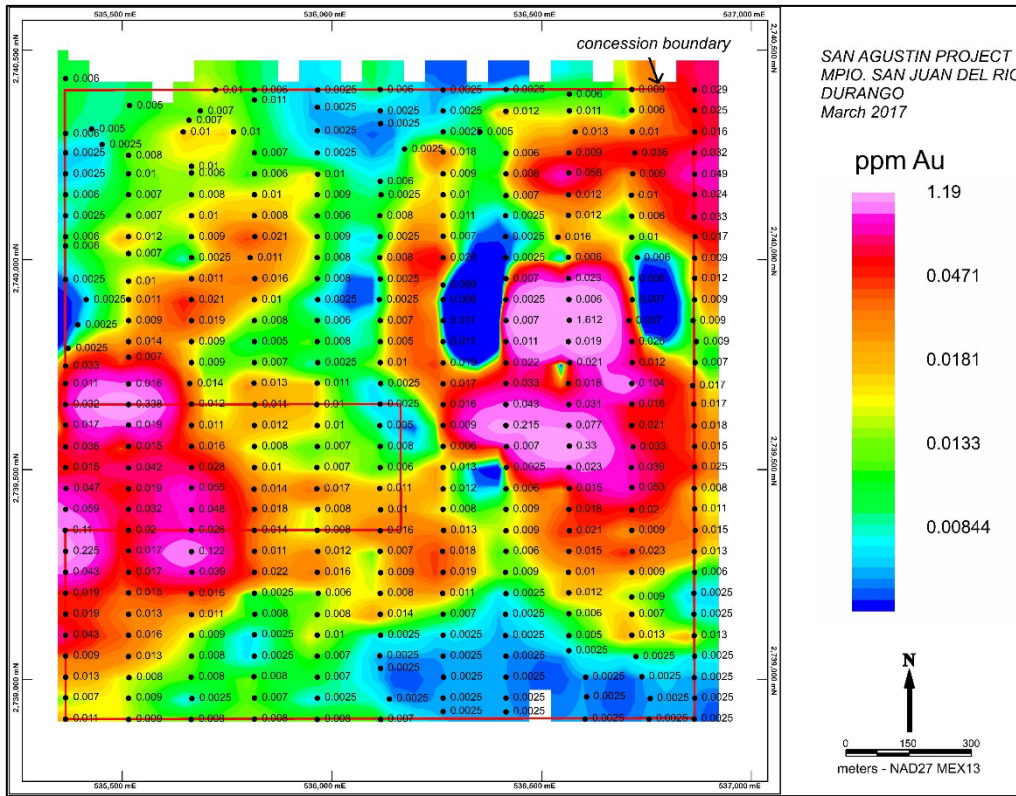
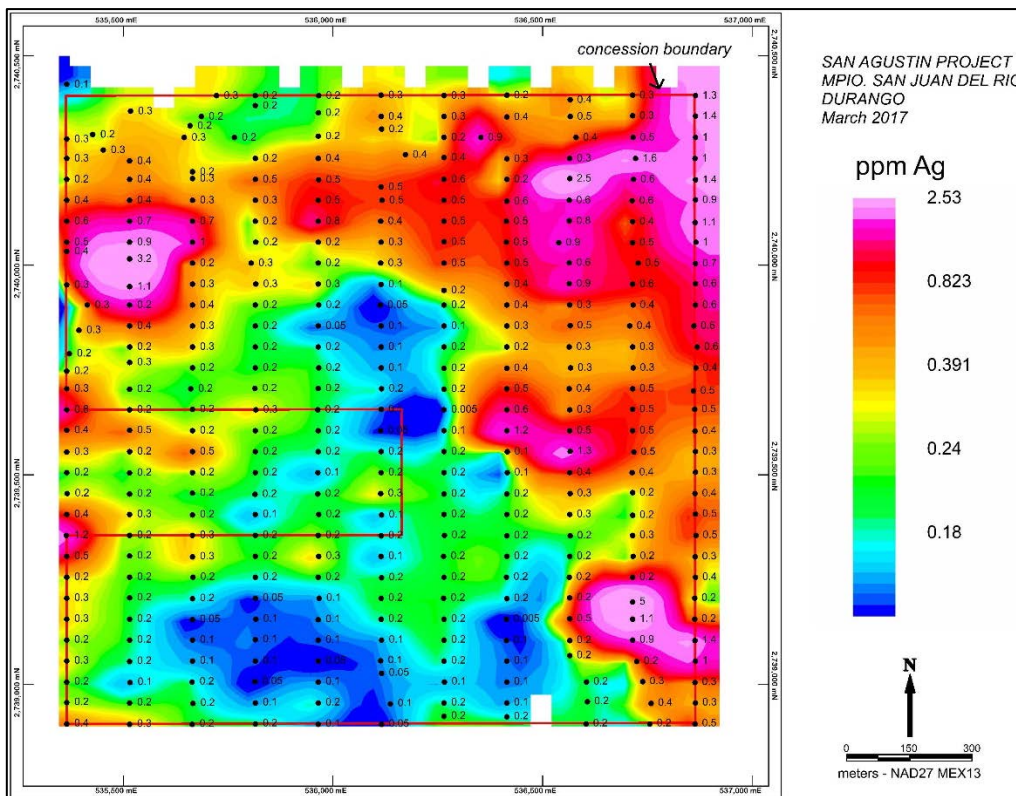


Figure 3: Image of silver results from soil sampling



Project Summary

Covering 201 hectares, the San Agustin claim is located in the heart of the Mexican Silver Belt. This region hosts many major operating silver and gold mines with some also producing significant quantities of by-product minerals, including zinc, lead and copper.

Importantly, the area immediately around Azure's San Agustin property is an emerging gold-silver district, with one operating gold mine and a second gold deposit currently being developed.

Canadian company Argonaut Gold¹ is operating the El Castillo open pit, heap leach gold mine, located 16km northeast of Azure's property, which produced 62,235oz gold in 2016 at a mined head grade of 0.34g/t Au.

Argonaut also owns a gold-silver project of the same name as Azure's project (San Agustin) located 3km northeast of Azure's San Agustin. Argonaut's project hosts resources of 850,000 ounces of gold (resource grade of 0.32g/t Au) and 28 million ounces of silver (resource grade of 11g/t Ag). Argonaut commenced development of an open pit, heap leach operation late in 2016 and first gold production is scheduled for third quarter 2017.

Both of Argonaut's deposits are predominantly gold-rich with minor silver, and are described as intermediate sulphidation systems hosted by calcareous clastic rocks. Similar rocks have been described on Azure's San Agustin property.

San Agustin is well-located, with good access via local tracks from Federal Highway #45, which is only 7km from the concession and approximately 80km north of the city of Durango (population >600,000). The property is well-served with nearby infrastructure that includes the state power grid, water supply, local labour and logistical support. An international airport services the Durango City with daily flights connecting directly to destinations within México and connections to the United States.

-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 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.

¹ All references to Argonaut Gold and information in respect of that company's Mexican assets are sourced from the Argonaut Gold website: <http://www.argonautgold.com/>

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>Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags.</p> <p>Samples were collected on a grid spacing of 50m by 150m with sample locations determined by hand-held GPS.</p> <p>All samples were air dried and dispatched for assay.</p> <p>Sample preparation was undertaken at Bureau Veritas Group (BVG) laboratory in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the BVG tracking system. Samples were dried and each sample was fine crushed to >70% passing a 2mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75micron 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 MA200 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold.</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>This release has no reference to drilling.</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>This release has no reference to drilling.</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>This release has no reference to drilling.</p>

<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>No samples were collected from drilling.</p> <p>The sample preparation followed industry best practice. Samples were prepared at the Bureau Veritas Group laboratory in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the BVG tracking system.</p> <p>The sample was dried and the entire sample was fine crushed to >70% passing a 2mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75micron screen. Envelopes containing the 250g pulps were sent via courier to the Acme laboratory in Vancouver.</p> <p>Standard and blank check samples were not submitted.</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) 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>Internal laboratory control procedures comprised duplicate sampling of randomly selected sample pulps, as well as internal laboratory standards and blanks.</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>No drilling was undertaken.</p> <p>Digital data storage, verification and validation are managed by an independent data management company.</p> <p>No adjustments or calibrations have been made to any assay data.</p>
<p>Location of data points</p>	<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>Sample locations were determined by hand-held GPS.</p> <p>The grid system used is NAD27 Mexico UTM Zone 12 for easting, northing and RL.</p>
<p>Data spacing and distribution</p>	<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>Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags.</p> <p>Samples were collected on a grid spacing of 50m by 150m with sample locations determined by hand-held GPS.</p> <p>Data spacing and distribution is insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures.</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>	Geological controls and orientations of any mineralised zones are unknown at this time.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples selected for assay 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 BVG laboratory for sample preparation. The numbers on the seals were recorded for each shipment. BVG audited arriving samples and reported any discrepancies back to the Company. No such discrepancies occurred.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	All digital data is subject to audit by the independent data manager.

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 San Agustin Project comprises 1 mineral concession (T-238325) 100% owned by Minera Piedra Azul SA de CV, a subsidiary of Azure Minerals Limited.</p> <p>A 1% Net Smelter Royalty is held by Teck Resources Limited.</p> <p>The tenement is secure and in good standing. There are no known impediments to obtaining a licence to operate in the area.</p>
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>Azure Minerals acquired the rights to the project in May 2016 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.</p> <p>Azure knows of no prior exploration activity on the property.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>No outcropping mineralisation is known to occur on the property.</p> <p>In the nearby San Agustin district, open pit mines are exploiting intermediate sulphidation epithermal gold-silver deposits hosted in sedimentary rocks.</p>
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> 	This release has no reference to drilling.

	<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>	
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>No weighted averaging techniques were used.</p> <p>No maximum and/or minimum grade truncations (eg cutting of high grades) or cut-off grades were applied.</p> <p>No metal equivalents were reported</p>
Relationship between mineralisation widths and intercept lengths	<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>	Geological controls and orientations of any mineralised zones are unknown at this time.
Diagrams	<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>	Refer to Figures in attached report
Balanced reporting	<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>	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	<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>	This announcement makes no reference to previous exploration results.
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>	Planned further work to better understand the mineralisation systems in the project area will comprise geological mapping and sampling.