



ASX: AZS

23 DECEMBER 2014

RIO TINTO AND AZURE EXECUTE PROMONTORIO AGREEMENT

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to announce that the Company and Kennecott Exploration Mexico S.A. de C. V. ("Kennecott"), part of the Rio Tinto Group, have executed the legal documentation covering the Promontorio Earn-In and Joint Venture ("Agreement").

Key Points:

- Azure and Kennecott execute formal documentation for the Promontorio Earn-In and Joint Venture
- US\$250,000 has been paid to Azure as reimbursement for prior expenses
- Exploration programs will commence in early 2015
- Kennecott has committed to spend US\$2 million on exploration within the first 12 months
- Kennecott may earn a 51% interest in the Promontorio Project by spending US\$20 million within 6 years
- Kennecott may earn an additional 29% interest (for a total 80% interest) by spending a further US\$25 million over the following 6 years (totalling US\$45 million over 12 years)

Azure's Managing Director, Tony Rovira, welcomed this milestone, stating;

"Azure is pleased to join with Kennecott, part of one of the world's largest and most respected mining and exploration companies, to continue to advance the Promontorio Copper Project."

"The entry of Kennecott into Promontorio will significantly expand the scope of work and accelerate the exploration and development planned for the property. Importantly Kennecott will activate exploration throughout Azure's large land holding during the initial earn-in phase."

"Northern Mexico and southern Arizona together form one of the world's great copper mining provinces and it is a real coup for Azure, as one of the very few ASX listed companies with exposure to this area, to secure Kennecott's involvement."

DETAILS OF THE AGREEMENT

Exploration on Azure's 100%-owned Promontorio Copper Project will be accelerated with Kennecott entering into an Earn-In and Joint Venture whereby it can earn up to an 80% interest by spending US\$45 million on exploring and developing the significant copper potential of this project.

Stage 1

Kennecott will sole-fund an initial, minimum expenditure commitment of US\$2 million to be completed within the first 12 months of the Agreement (Minimum Commitment). In addition, upon the signing of the Agreement, Kennecott paid US\$250,000 to Azure.

Azure will be Project Operator during the early stages of the Agreement, managing and staffing activities out of the Company's office in Hermosillo, Mexico, under the design and technical assistance from Kennecott. Planning of work programs is well advanced and field work will start as soon as practicable in 2015.

The initial work program will comprise regional scale, deep-seeking geophysical surveys including aeromagnetics, radiometrics, Induced Polarisation ("IP") and magneto-telluric ("MT") surveys covering the 10,520ha Promontorio project area. Identified targets will then be tested with diamond drilling.

Kennecott will earn no interest in the project during Stage 1 and may withdraw from the Agreement at any time after satisfying the Minimum Commitment.

Stage 2

At the end of the first 12 months of the Agreement, Kennecott may elect to continue its exploration and, through spending a total of US\$20 million (inclusive of the Stage 1 minimum commitment) over a further five years, earn an initial 51% interest in the project. At this point a 51:49 joint venture ("JV") will be formed.

To account for the considerable value already created by Azure with the definition of the Promontorio and Cascada copper deposits, upon the formation of the JV Kennecott will credit Azures' JV account with US\$50 million, an amount equal to five times Azures' total exploration and acquisition expenditure on Promontorio to date. This credit will cover Azures' cash contributions to the JV as the Project progresses.

Stage 3

Upon earning its 51% interest Kennecott may elect to earn an additional 29% interest (for a total interest in the JV of 80%) by spending a further US\$25 million within a further 6 year period, taking total earn-in expenditures to US\$45 million.

PROMONTORIO PROJECT

Initially considered to comprise a high grade copper-gold-silver deposit of limited size, the additional discoveries of the nearby Cascada copper deposit and the underlying porphyry-hosted copper mineralisation signal that the Promontorio Project is now of a quality and scale where it can be considered as a potential company-making project for Azure.

Promontorio hosts several different styles of precious and base metal mineralisation, including high sulphidation epithermal, hydrothermal breccia and porphyry copper mineralisation. Size potential ranges from large, bulk-tonnage resources to smaller, high grade bodies, which bodes well for large scale, long-life mining operations. Azure's belief in the merits of the project and its significant upside potential has been validated by the strong interest shown by Kennecott in entering into the Agreement to search for large copper deposits.

The overall Promontorio project area covers approximately 10,520ha. Modern exploration has focused solely on the central 200ha containing the historical Promontorio Copper Mine, and there is excellent potential elsewhere in the property for large mineral deposits hidden under the cover of recent volcanic rocks.

Azure will release exploration results from these activities to the market as they become available.

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