

ASX: AZS

16 October 2015

## **NEW HIGH GRADE SILVER ZONE IDENTIFIED AT MESA DE PLATA**

### **HIGHLIGHTS**

- New zone of silver mineralisation identified near recently announced Mesa de Plata silver discovery (refer ASX release 16 September 2015)
- High grade silver assays returned from outcrop sampling, include:

**369g/t Ag                      181g/t Ag**

**148g/t Ag                      136g/t Ag**

**116g/t Ag                      103g/t Ag**

- Mineralisation is hosted in the same vuggy silica rock unit as the nearby Mesa de Plata discovery
- Diamond drill program currently underway at Mesa de Plata for mineralogical and metallurgical studies

**Azure Minerals Limited** (ASX: AZS) ("Azure" or "the Company") is pleased to report that multiple high grade silver assays have been returned from surface sampling over a large area located approximately 350m to the northeast of the original silver discovery at Mesa de Plata (see Figure 1).

These results, with grades reporting as high as **369g/t Ag**, indicate a potential large increase of the area containing the vuggy silica unit which hosts the high grade silver mineralisation at Mesa de Plata.

**Azure's Managing Director, Mr Tony Rovira** said the area of known high grade silver mineralisation at surface has now been significantly extended outside of the original discovery area on the Mesa de Plata plateau (refer ASX releases dated 16/9/15 & 25/9/15).

Mr Rovira said, "*These latest results have significantly expanded the area containing high grade silver mineralisation at surface, potentially to more than 30 hectares (300,000m<sup>2</sup>).*"

"*Our RC drilling at Mesa de Plata confirmed that strong silver grades at surface reflect similar or higher grades to depths of up to 70m. These latest high grade silver assays indicate that we have identified either a new mineralised zone or an extension of the original Mesa de Plata discovery.*"

"*This augurs well for the upcoming drilling program to define large, shallow, economic silver resources.*"

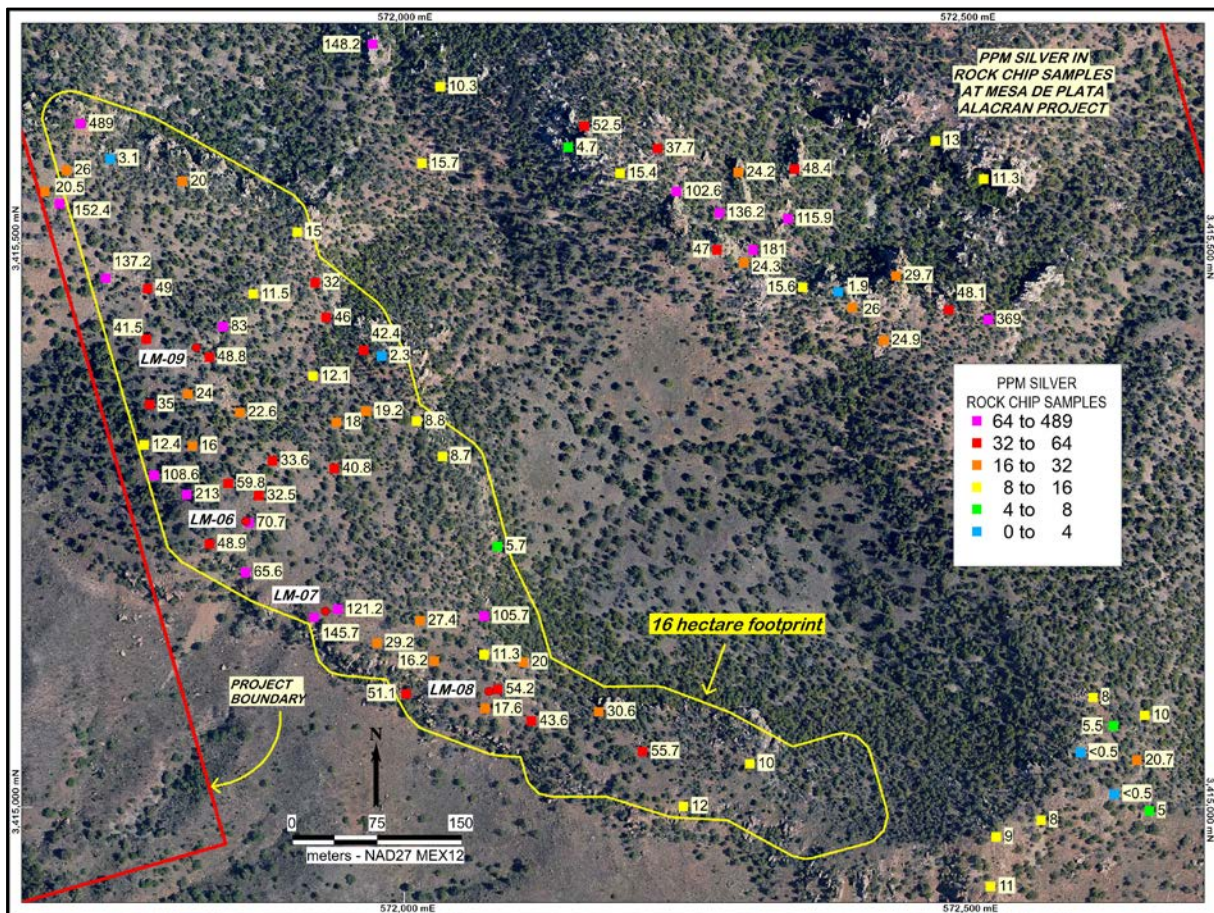
## DETAILS

The new zone of surface silver mineralisation is situated about 350m to the northeast of Mesa de Plata. It forms a northwest-southeast trending ridge, similar to the Mesa de Plata plateau, extending for at least 650m in length and up to 250m wide.

The Company collected a total of 24 rock chip samples from within this area, with most samples returning anomalous to very high grade silver assays (see Figure 1 and Table 1 for details). Importantly, six samples returned silver grades greater than 100g/t Ag, with a maximum value of **369g/t Ag**.

These silver results are similar to the grades returned from the sampling completed over Mesa de Plata that led to the discovery from the initial RC drilling campaign.

Mineralisation is hosted in the same flat-lying, vuggy silica formation which hosts the Mesa de Plata silver deposit, with the two mineralised zones separated by a shallow, northwesterly-trending valley. It is possible that the two mineralised zones join together further to the southeast at the head of the valley.



**Figure 1: Outcrop sampling results at Mesa de Plata**

A second batch of ten rock chip samples were collected from an area 200m to 300m to the southeast of the Mesa de Plata discovery area. Here, a thick sequence of strongly silicified volcanic rocks overlies the vuggy silica unit which hosts the Mesa de Plata silver mineralisation, forming a prominent topographical high. Sampling of these volcanic cover rocks returned several weakly anomalous silver assays, up to a maximum of 20.7g/t Ag.

Considering that the silver-mineralised Mesa de Plata vuggy silica unit is relatively flat-lying, these samples were collected at elevations between 25m and 60m topographically higher. It is encouraging that several samples returned anomalous silver grades and the Company considers it possible that the vuggy silica host unit continues east from Mesa de Plata beneath this hill, possibly to join with the newly identified northeastern zone.

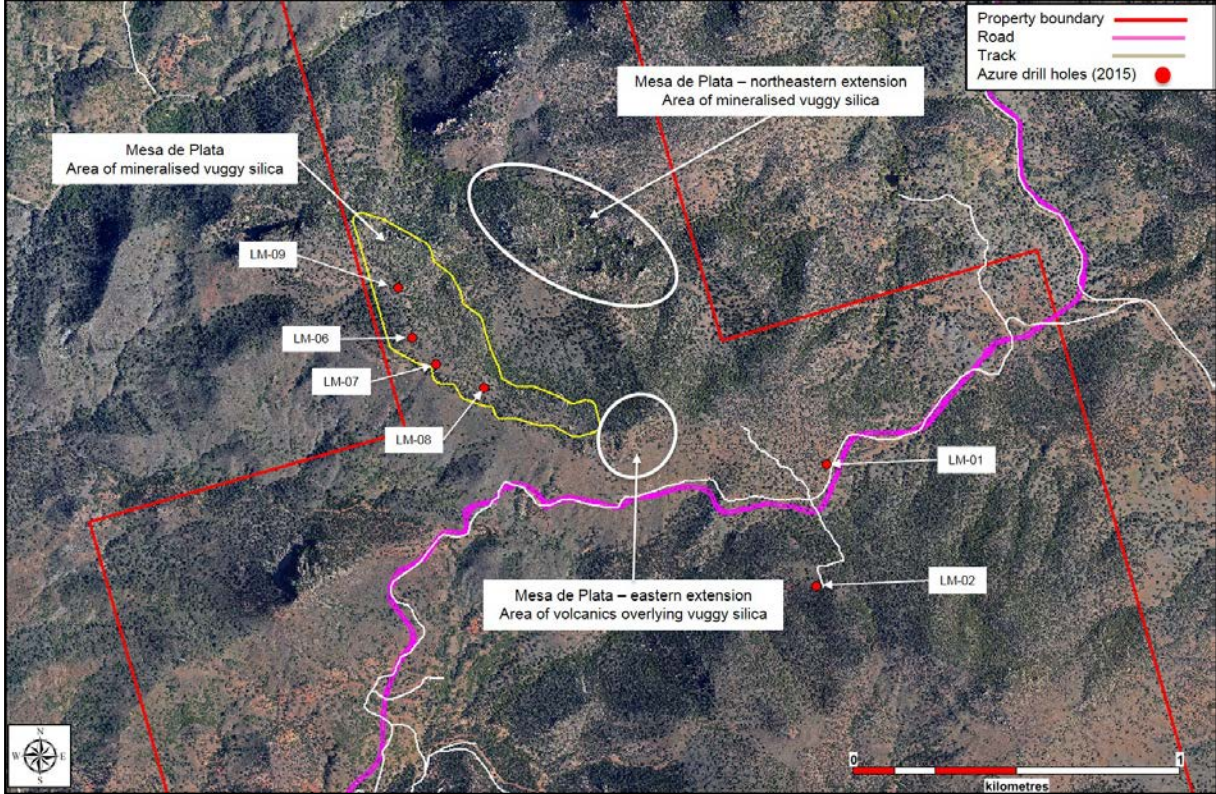


Figure 2: Areas of outcrop sampling at Mesa de Plata

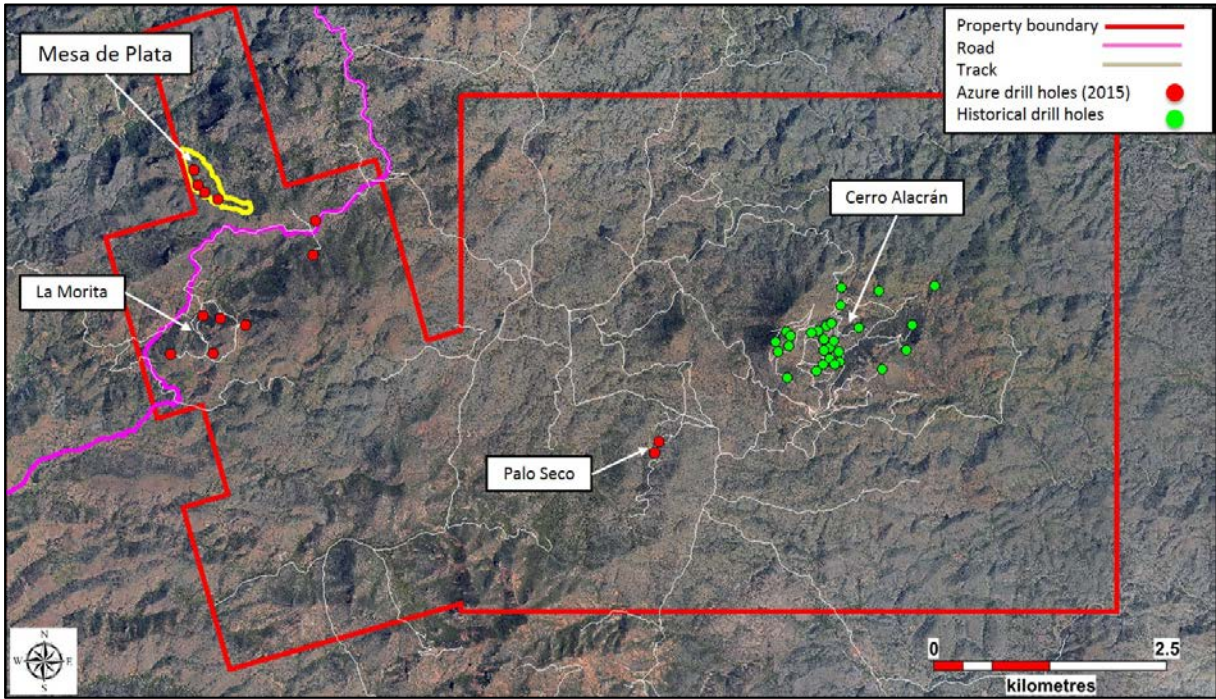


Figure 3: Aerial photograph of Alacrán property with mineral prospects & drill holes

## **EXPLORATION UPDATE**

Diamond drilling is continuing at Mesa de Plata to provide drill core for mineralogical and metallurgical studies of the high grade silver mineralisation. The program includes twinning the existing RC drill holes to provide a comparison between diamond core results versus RC results for mineral resource estimation purposes. Azure will provide an update when results are available.

**TABLE 1: SILVER ASSAY RESULTS FROM OUTCROP SAMPLING**

<b>SAMPLE NUMBER</b>	<b>SAMPLE TYPE</b>	<b>SAMPLE LENGTH (m)</b>	<b>EAST (mE)</b>	<b>NORTH (mN)</b>	<b>ELEVATION (mASL)</b>	<b>GRADE Ag (g/t)</b>
ALR-1375	Chip-Channel	8.0	572526	3414974	1666	9.0
ALR-1376	Chip-Channel	5.0	572521	3414930	1649	11.0
ALR-1377	Chip-Channel	3.0	572566	3414989	1658	8.0
ALR-1378	Chip-Channel	10.0	572601	3415049	1657	0.3
ALR-1379	Chip-Channel	5.0	572612	3415098	1634	8.0
ALR-1380	Chip-Channel	6.0	572658	3415082	1636	10.0
ALR-1381	Chip-Channel	6.0	572631	3415012	1660	0.3
ALR-1382	Chip-Channel	7.0	572662	3414997	1652	5.0
ALR-1415	Chip-Channel	3.5	572651	3415042	1650	20.7
ALR-1416	Chip-Channel	4.7	572630	3415073	1644	5.5
ALR-1729	Chip-Channel	2.5	571972	3415678	1487	148.2
ALR-1730	Chip-Channel	3.2	572016	3415572	1486	15.7
ALR-1731	Chip-Channel	5.0	572032	3415640	1490	10.3
ALR-1732	Chip-Channel	3.7	572160	3415605	1541	52.5
ALR-1733	Chip-Channel	1.5	572192	3415563	1561	15.4
ALR-1734	Chip-Channel	3.4	572225	3415585	1551	37.7
ALR-1735	Chip-Channel	3.2	572242	3415547	1561	102.6
ALR-1736	Chip-Channel	3.3	572278	3415495	1573	47.0
ALR-1737	Chip-Channel	2.3	572302	3415484	1566	24.3
ALR-1738	Chip-Channel	6.0	572310	3415495	1559	181.0
ALR-1739	Chip-Channel	3.3	572354	3415462	1566	15.6
ALR-1740	Chip-Channel	3.8	572398	3415444	1576	26.0
ALR-1741	Chip-Channel	3.0	572426	3415415	1577	24.9
ALR-1742	Chip-Channel	4.3	572437	3415472	1572	29.7
ALR-1743	Chip-Channel	3.7	572484	3415442	1565	48.1
ALR-1744	Chip-Channel	3.6	572519	3415433	1568	369.0
ALR-1745	Chip-Channel	4.1	572280	3415528	1555	136.2
ALR-1746	Chip-Channel	3.8	572297	3415564	1543	24.2
ALR-1747	Chip-Channel	3.6	572341	3415523	1538	115.9
ALR-1748	Chip-Channel	4.0	572347	3415567	1525	48.4
ALR-1749	Chip-Channel	4.0	572472	3415592	1511	13.0
ALR-1750	Chip-Channel	3.8	572515	3415558	1506	11.3
ALR-1757	Chip-Channel	2.7	575650	3415593	1569	4.7
ALR-1758	Chip-Channel	2.5	575610	3415622	1592	1.9

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**-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 cross-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.*

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## APPENDIX 1:

### **ALACRÁN BACKGROUND**

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 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 20<sup>th</sup> 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.

APPENDIX 2:

# 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>Type of samples collected were:</p> <ol style="list-style-type: none"> <li>1. Chip samples from outcropping rock material.</li> <li>2. Continuous chip sampling along a marked channel over a defined length.</li> </ol> <p>Sample locations were determined by hand-held GPS.</p> <p>Sample 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 &gt;70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to &gt;85% passing 75 micron 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. Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-MS).</p> <p>Fire Assay method FA430 was used for gold.</p> <p>Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading &gt;1%) and FA530 (by fire assay with gravimetric finish for silver grading &gt;200ppm).</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>Samples were collected and described by geological personnel.</p> <p>Photographs were taken of samples and sample sites.</p>
Sub-sampling techniques and sample preparation	<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>No samples were collected from drilling.</p> <p>The sample 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.</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>The sample was dried and the entire sample was fine crushed to &gt;70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to &gt;85% passing 75 micron screen. Envelopes containing the 250g pulps were sent via courier to the Acme laboratory in Vancouver.</p> <p>No duplicate, standard or blank check samples were submitted.</p> <p>The sample sizes are considered appropriate to the grain size of the material being sampled.</p>
Quality of assay data and laboratory tests	<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-ES 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).</p> <p>Fire Assay method FA430 was used for gold.</p> <p>Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading &gt;1%) and FA530 (by fire assay with gravimetric finish for silver grading &gt;200ppm).</p> <p>Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks.</p>
Verification of sampling and assaying	<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>Senior technical personnel from the Company (Project Geologists and Exploration Manager) inspected the samples.</p> <p>No drilling was undertaken.</p> <p>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.</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>
Location of data points	<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>
Data spacing and distribution	<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>Grab samples were collected on the basis of visual recognition of alteration or mineralisation. Sample spacing was not relevant as this was a reconnaissance program.</p> <p>Channel samples were collected by continuous chip sampling perpendicular across the strike of the observed mineralised zone in outcrop.</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</i></p>	<p>Geological controls and orientations of the mineralised zone are unknown at this time and it is not possible to determination potential sampling bias.</p>



	<i>have introduced a sampling bias, this should be assessed and reported if material.</i>	
Sample security	<i>The measures taken to ensure sample security.</i>	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	<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 Alacrán Project comprises 22 mineral concessions 100% owned by Minera Teck SA de CV, a subsidiary of Teck Resources Limited.</p> <table border="1"> <thead> <tr> <th>CLAIM</th> <th>FILE</th> <th>TITLE</th> <th>HECTARES</th> </tr> </thead> <tbody> <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><b>TOTAL SURFACE</b></td> <td></td> <td></td> <td><b>5,433.36</b></td> </tr> </tbody> </table> <p>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 back-in up to 65% ownership.</p> <p>A 2% Net Smelter Royalty is held by Grupo Mexico.</p> <p>The tenements are secure and are in good standing. There are no known impediments to obtaining a licence to operate in the area.</p>	CLAIM	FILE	TITLE	HECTARES	Hidalgo	1794	166374	99.00	Hidalgo 2	1796	166369	99.00	Hidalgo 3	1797	166368	99.00	Hidalgo 4	1798	166366	99.00	Hidalgo 5	1799	166370	99.00	Hidalgo 6	1800	166371	99.00	Hidalgo 7	1801	166373	99.00	Hidalgo 8	1802	166372	99.00	Hidalgo 9	1803	166375	99.00	Kino 2	1886	166313	100.00	Kino 3	1887	166312	100.00	Kino 4	1888	166314	100.00	Kino 8	1892	166315	100.00	Kino 9	1893	166316	100.00	Kino 10	1894	166317	100.00	Kino 11	1895	166318	100.00	Kino 15	1899	166365	100.00	Kino 16	1800	166367	100.00	San Simón	1894	166376	100.00	San Simón 2	1895	166377	100.00	El Alacrán	E.4.1.3/1182	201817	3,442.36	<b>TOTAL SURFACE</b>			<b>5,433.36</b>
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El Alacrán	E.4.1.3/1182	201817	3,442.36																																																																																											
<b>TOTAL SURFACE</b>			<b>5,433.36</b>																																																																																											
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>The project area has a history of industrial-scale commercial mining and small-scale artisanal mining dating back to the early 20<sup>th</sup> 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.</p> <p>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.</p>																																																																																												

		<p>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.</p> <p>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).</p> <p>Minera Teck S.A. de C.V., a Mexican subsidiary of Teck Resources Limited acquired the property in 2013 and undertook limited surface exploration.</p> <p>Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>Various styles of mineralisation occur on the property.</p> <p>Intermediate sulphidation epithermal veins and stockworks host silver, lead, zinc, copper and gold in volcaniclastic rocks (Mesa de Plata, San Simon, Palo Seco and Alacrán).</p> <p>Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán).</p> <p>Primary copper mineralization is hosted in porphyry 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"> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> <li>• <i>down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> </ul> <p><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></p>	<p>This release has no reference to drilling.</p>
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>The continuous channel sampling results were calculated by length weighted averaging.</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	<p><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></p>	<p>Geological mapping and logging of cuttings from RC drill holes indicate that the silver mineralisation is hosted in a horizontal layer of vuggy silica rock that forms the capping on the ridge.</p> <p>Previously reported RC drill holes were drilled with a vertical dip.</p>
Diagrams	<p><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></p>	<p>Refer to Figures in attached report</p>

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 refers to previous exploration results including geophysics, geochemistry and geology.
Further work	<i>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</i>	Further work to better understand the mineralisation systems in the project area will comprise additional geological mapping and sampling, geophysical surveys (IP and magnetics) and drilling.