

ASX: AZS

29 October 2015

DRILLING PERMIT GRANTED **FOR MESA DE PLATA**

Key Points:

- **New RC drilling program to start at Mesa de Plata within days**
- **Environmental approval granted for close-spaced 65 hole program**
- **Drill program will be appropriate for mineral resource estimation**
- **Access track construction and drill site preparation is underway**
- **Diamond core drilling at Mesa de Plata is nearing completion**

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that it will recommence drilling within the next few days on the Mesa de Plata silver discovery after receiving approval for a comprehensive Reverse Circulation (RC) drill program.

Following the discovery of extensive, high grade silver mineralisation at Mesa de Plata (refer ASX release 16 September 2015), part of the Alacrán Project, located in the northern Mexican state of Sonora, Azure has planned a follow-up, close-spaced RC drill program to define the extent and grade of the mineralised system.

The program will comprise about 65 vertical holes, each to be drilled to a depth of about 100m. Holes will be located on an approximate 50m x 50m spacing, which should enable a mineral resource to be estimated. Hole locations for the proposed program are shown in Figure 1.

Drilling will start within the next few days and is expected to take between 6-8 weeks to complete. Azure will report results as they become available.

DIAMOND DRILLING UPDATE

The diamond drilling program comprising five holes is continuing at Mesa de Plata. Three holes have been completed to date, with MDPD-01 twinning RC hole LM-09, MDPD-02 twinning LM-06 and MDPD-03 twinning LM-07. These holes will provide drill core for mineralogical and metallurgical studies of the silver mineralisation, and also provide a comparison between diamond core assay results versus RC assay results for mineral resource estimation purposes.

Two further diamond core holes (MDPD-04 & 05) will be drilled to provide samples of the high grade silver mineralisation in the northern part of the mineralised zone.

Azure will provide further information from this drilling program when results become available.

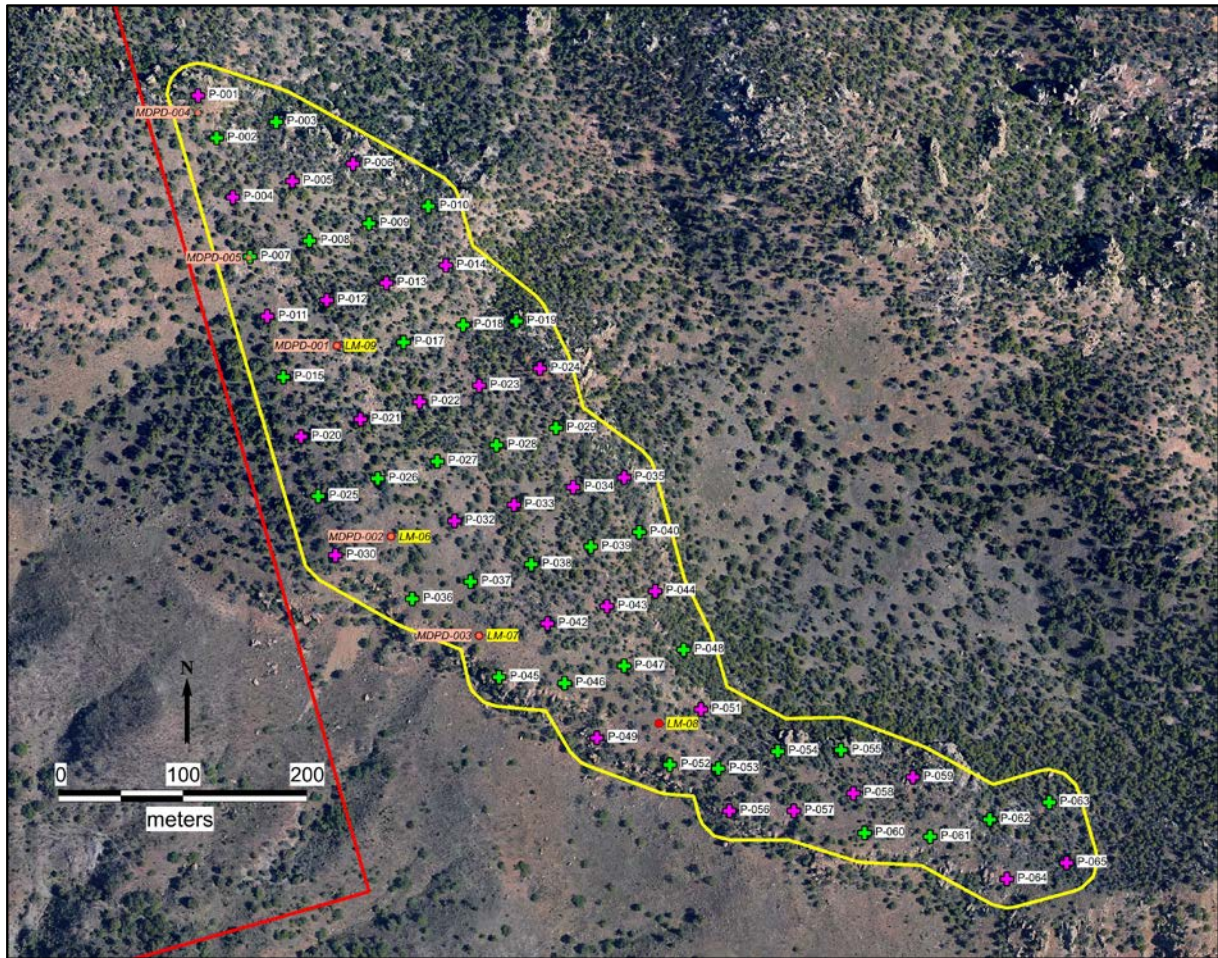


Figure 1: Aerial photograph of Mesa de Plata with planned locations of RC drill holes (pink crosses denote first pass drilling & green crosses denote infill drilling)

-ENDS-

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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.

ALACRÁN BACKGROUND

Alacrán is located in northern Mexico approximately 50km south of the USA border. The property covers 54km² 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 20th 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.