



ASX: AZS

4 November 2015

RESOURCE DRILL-OUT STARTS AT MESA DE PLATA

Key Points:

- **RC drilling has started at Mesa de Plata**
- **Drill program has been designed to enable mineral resource estimation**
- **Diamond core drilling program at Mesa de Plata nearing completion**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that Reverse Circulation (RC) drilling has commenced on the Mesa de Plata silver discovery, part of the Alacrán Project, located in the northern Mexican state of Sonora.

This close-spaced drill program will define the extent and grade of the mineralised system. It will comprise about 65 vertical holes, each drilled to a depth of about 100m, located on an approximate 50m x 50m spacing which is expected to be sufficient for a mineral resource to be estimated.

Drilling is expected to take between 6-8 weeks to complete, with assay results being released to the market as they become available.

DIAMOND DRILLING UPDATE

The diamond drilling program comprising five holes at Mesa de Plata is nearing completion. The holes were drilled for mineralogical and metallurgical studies of the silver mineralisation and to provide a comparison between diamond core assay results versus RC assay results for mineral resource estimation purposes.

Three holes twinned the discovery RC holes, with MDPD-01 twinning hole LM-09, MDPD-02 twinning LM-06 and MDPD-03 twinning LM-07.

Two further diamond core holes were drilled into the northern part of the mineralised zone where rock chip sampling returned high grade silver mineralisation at surface.

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

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For further information, please contact:

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

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

or visit www.azureminerals.com.au

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.