

ASX: AZS

30 July 2015

DRILLING UNDER WAY AT ALACRÁN

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that Reverse Circulation (RC) drilling is underway at the Alacrán Project, located in the northern Mexican state of Sonora.

Key Points:

- **Maiden drilling program has commenced at the Alacrán Project**
- **12 holes planned for approximately 2,000m of RC drilling**
- **Focus is on polymetallic silver-gold-base metal targets at San Simon, Mesa de Plata, Puerto del Oro and Palo Seco and copper at La Morita**
- **Drilling is targeting mineralisation indicated by historical mine workings and strong geochemical and geophysical anomalies**

Azure’s Managing Director, Tony Rovira, stated: *“In the six months we have been involved with Alacrán, great progress has been made in advancing the project. Our exploration has focused on areas of historical mining but where no modern exploration has been undertaken, and we’ve identified numerous high quality targets.*

“Pleasingly, the continuous program of mapping, sampling, geochemistry and geophysics has identified potential for significant zones of precious and base metal mineralisation. Drilling of these targets has now started and I look forward to providing shareholders with updates on progress and results as soon as practicable.”

DETAILS

Azure’s exploration has focused on identifying base and precious metal mineralisation potential in the west of the Alacrán property, where several historical artisanal and commercial-scale mines exploited high grade copper, gold and silver mineralisation in the early 1900’s.

Prospective targets (see Figures 1 & 2) have been identified at La Morita, which has potential for porphyry-related copper mineralisation, and Mesa de Plata, San Simon, Puerto del Oro and Palo Seco, which have potential for structurally-controlled, stratabound or epithermal polymetallic mineralisation - specifically for silver-gold deposits.

A program of RC drilling has commenced to test the grade and thickness of mineralisation indicated at these prospects. Apart from the resource drilling carried out by Grupo Mexico at Cerro Alacrán in the 1990’s, this is the first drilling program to be undertaken within the Alacrán project area. Azure will initially test each of the identified targets with one or more drill holes to confirm the presence of mineralisation at depth beneath the surface anomalies and/or the old mine workings. If successful, further drilling will be carried out in follow-up programs.

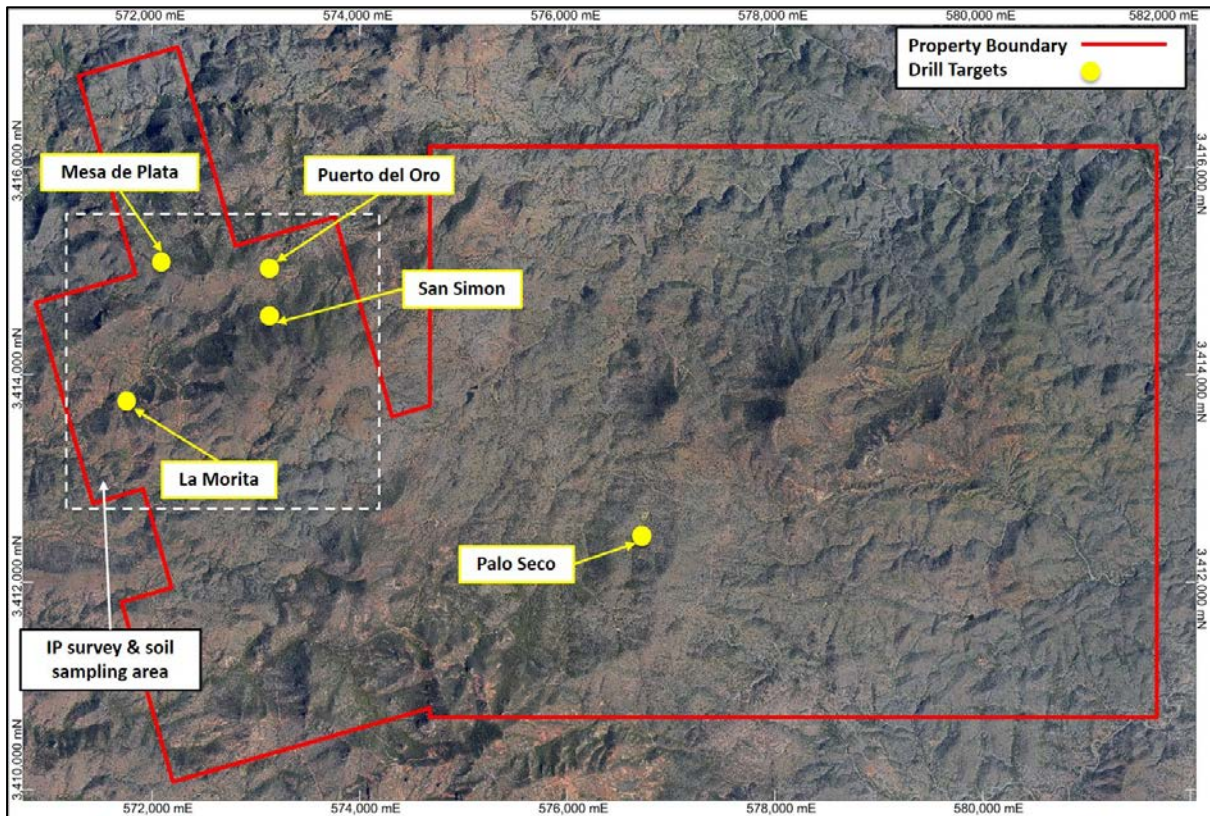


Figure 1: Aerial photograph of Alacrán property, showing drill target locations

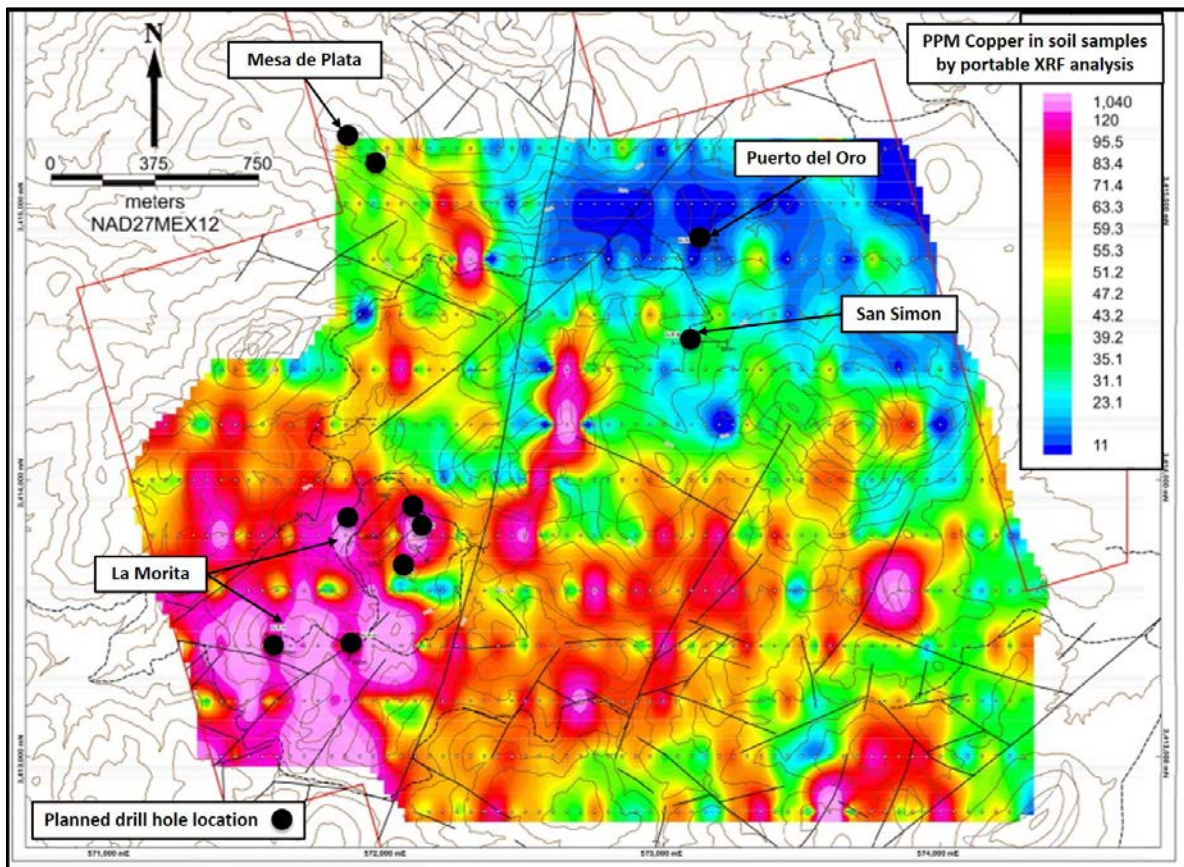


Figure 2: Planned drill holes at La Morita overlying copper in soils by portable XRF (refer ASX release dated 24/06/15)

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.

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.

-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.