

ALACRÁN DRILLING UPDATE

Key Points:

- **Four diamond core holes completed at Loma Bonita ad Puerto del Oro, with assay results currently awaited**
- **Silicification, brecciation, alteration and sulphide mineralisation identified**
- **Drilling is continuing**

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that drilling at the Company’s Alacrán Project is progressing well, with four holes completed for 1,177m of a planned 2,500m in this phase of drilling.

The four holes are situated along the Loma Bonita ridge (as shown in Figure 1) and were designed to follow-up geophysical and geochemical anomalies previously identified by Azure’s exploration. Sampling and assaying of these holes is in progress and an initial summary of each hole is given below:

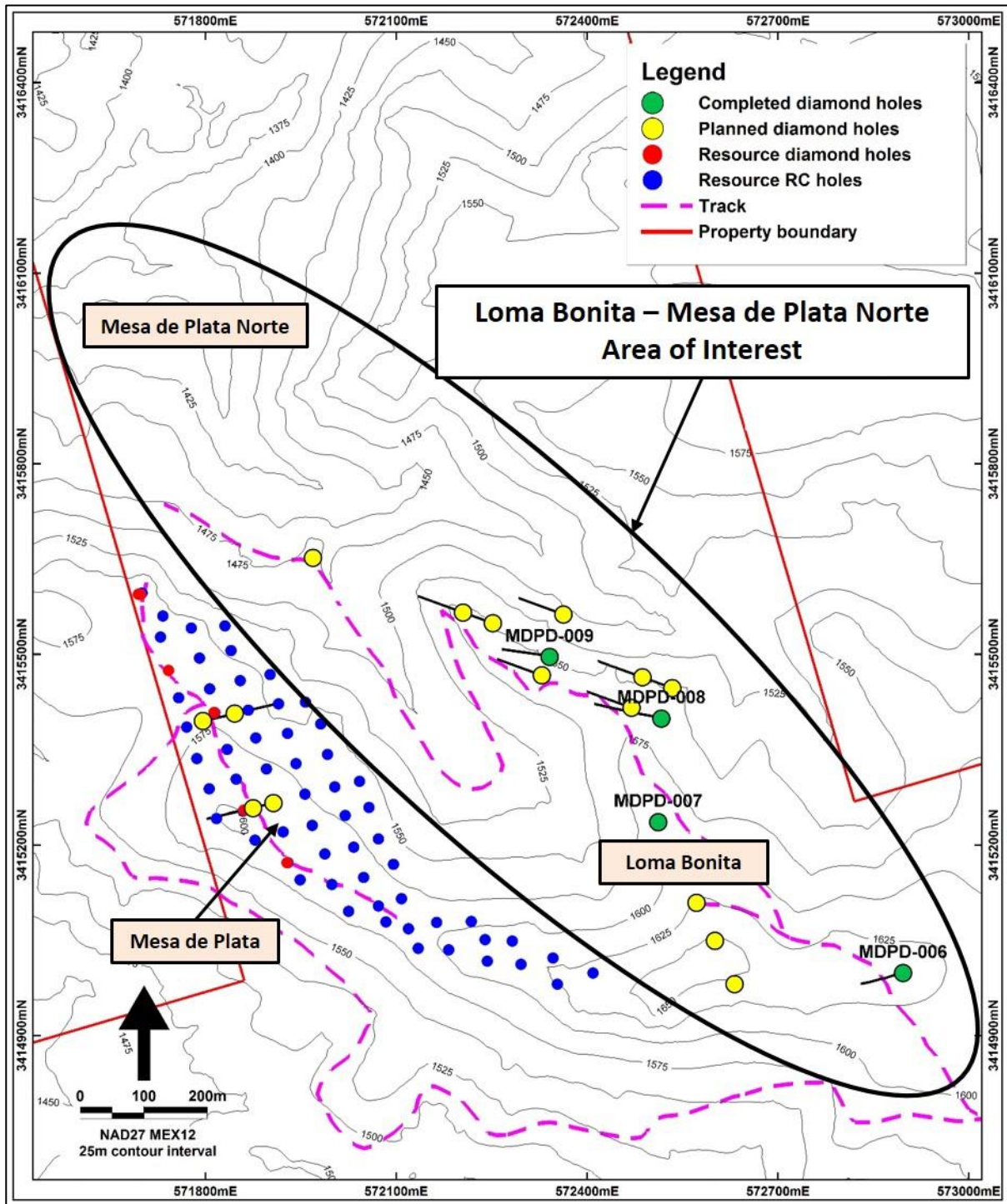
Drill Hole MDPD-006: located between Loma Bonita and Puerto del Oro and designed to test coincident chargeability and resistivity anomalies identified in Azure’s Induced Polarisation (IP) survey (ASX: 2 July 2015). The hole was drilled to 231m by Reverse Circulation (RC) drilling and then re-entered and extended to 539m by diamond core drilling. The hole was drilled in silicified dacite (a volcanic rock) and hydrothermal breccias. Variable, and in some locations, significant quantities of disseminated pyrite are contained in the breccia matrix, which may explain the geophysical anomalies.

Drill Hole MDPD-007: a vertical hole mid-way along the Loma Bonita ridgeline to test outcropping silicified volcanic rocks and vuggy silica which returned strongly anomalous gold and silver grades, up to 2.4g/t gold and 100g/t Ag from rock chip and soil sampling (ASX: 16 & 21 October 2015). Near-surface, the hole drilled through approximately 15-20m of silica-rich rocks before passing into an intermixed zone of iron-rich, silicified dacite and breccias. Variable amounts of pyrite and iron oxides after sulphides were noted in the breccia matrix and in the clasts.

Drill Holes MDPD-008 & 009: two angled holes located at the northern end of the Loma Bonita ridge designed to test outcropping vuggy silica that occurs as both shallow east-dipping strata and steeply dipping, north-easterly trending “ribs”. Outcrop sampling in this area returned grades up to 369g/t silver and 1.2g/t gold from the vuggy silica. Both holes drilled through siliceous rocks in the near-surface zone, and then into hydrothermal breccia.

Samples from these holes are being collected and dispatched to the laboratory, and assay results will be released when they become available.

Figure 1: Plan showing completed and proposed drill hole locations



**Table 1: Loma Bonita drill hole information
Initial drill hole collar coordinates as surveyed by hand-held GPS**

CURRENT DIAMOND DRILLING PROGRAM AT LOMA BONITA						
HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH
MDPD-006	572897	3414998	1,631	270	-80	539
MDPD-007	572512	3415236	1,587	000	-90	165
MDPD-008	572517	3415399	1,566	290	-60	213
MDPD-009	572341	3415496	1,547	290	-60	200

**Table 2: Mesa de Plata drill hole information (not previously released)
Final drill hole collar coordinates as surveyed by two stage differential GPS**

PREVIOUS DIAMOND DRILLING PROGRAM AT MESA DE PLATA						
HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH
MDPD-001	571813.8	3415408.4	1572.0	000	-90	126.2
MDPD-002	571860.5	3415255.0	1599.0	000	-90	203.0
MDPD-003	571928.2	3415172.3	1595.0	000	-90	200.0
MDPD-004	571698.0	3415594.0	1563.0	000	-90	33.5
MDPD-004b	571694.9	3415594.8	1563.0	000	-90	203.5
MDPD-005	571742.1	3415474.8	1563.0	000	-90	75.0

-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.