

3 March 2015

LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board of Directors of Azure Minerals Limited (ASX:AZS), ("**Azure**" or the "**Company**"), I am pleased to provide you with an update of the Company's recent activities at our projects in Mexico, as well as some of the exciting milestones scheduled for 2015.

Promontorio Copper Project

As announced on 10 February 2015, the first stage of exploration activity under the Earn-in and Joint Venture Agreement with Kennecott Exploration, part of the Rio Tinto Group, has commenced at our flagship Promontorio Copper Project.

Kennecott has committed to spend US\$2 million on exploration in the first year of the Agreement. The initial work program comprises two extensive geophysical surveys covering the entire 10,520 hectare project area, with a budget of approximately US\$750,000, including:

- An airborne survey to provide detailed magnetic, radiometric and electromagnetic data; and
- A second airborne survey using the LiDAR system to produce a digital terrain model and aerial photographs covering the same area as the airborne geophysics.

This will be followed by ground geological and geophysical surveys and drilling of identified targets.

Commencement of exploration activity under the Agreement with Kennecott is an exciting milestone, and Azure is very pleased to be working in partnership with one of the world's major mining companies in the search to discover large copper deposits.

Alacrán Copper Project

As announced on 7 January 2015, Azure has acquired an option to purchase 100% ownership of the Alacrán Copper Project from Teck Resources Limited.

Located in the middle of North America's premier copper producing province, and adjacent to the world class Cananea Copper Mine, Alacrán covers 54km² of highly prospective yet under-explored ground. Several zones of copper mineralisation have already been identified, and we believe there is excellent potential to delineate a major economic copper deposit.

I believe the Alacrán acquisition provides an ideal opportunity for Azure to continue to progress our in-house, copper-focused exploration and development program, while Kennecott conducts its exploration at Promontorio.

Telix Graphite Project

Azure announced on 26 February 2015 that it has secured the Telix Graphite Project, which we believe has excellent potential to host a commercial, high quality, flake graphite resource.

With demand for flake graphite rising significantly due to its use in the manufacture of lithium-ion batteries and other new-age technologies, Azure believes the opportunity to acquire this asset at a very low cost is an excellent strategic move for the company.

Share Purchase Plan (SPP)

As announced on 13th February 2015, the Company is offering shareholders the opportunity to purchase fully paid ordinary shares under a Share Purchase Plan ("SPP" or "Offer"). Eligible shareholders are able to purchase up to \$15,000 worth of shares in Azure at a price to be determined at Issue Date, based on a 20% discount to the volume-weighted average price of shares traded on the ASX during the 5-day period immediately prior to the Issue Date.

Pleasingly, Patersons Securities Limited has agreed to underwrite all of the \$1 million funds sought by the SPP, thus ensuring its success. Completion of the Offer will allow the Company to continue advancing the Alacrán Copper Project.

Documentation has been sent to eligible shareholders, and I remind shareholders that the closing date for all acceptances is 5.00pm (WST) on Friday 6th March 2015.

Conclusion

With exploration activity progressing steadily at Promontorio in partnership with Rio Tinto, plus work underway at the Alacrán Copper Project, Azure is looking forward to a busy and productive 2015.

I take this opportunity to thank our loyal shareholders for their ongoing support and I encourage you to take up this opportunity to support your Company going forward. I look forward to the Company providing additional operational updates in the coming months.

A handwritten signature in black ink, appearing to read "AR" followed by a long horizontal flourish.

Tony Rovira

Managing Director