

AZURE MINERALS LTD

Australia's Leading Explorer in Mexico

ASX: AZS

9 April 2014

Promontorio Shaping as a Company-Making Asset

Dear Fellow Shareholders,

Successful exploration over the last twelve months has seen significant progress for Azure at the Company's flagship Promontorio Project, and the Board of Directors is pleased to provide you with an overview of this progress and an insight into future activities.

Promontorio was initially considered a high grade but relatively small copper-gold-silver deposit. However Azure's recent exploration successes, including the discovery of the nearby high grade Cascada deposit and identification of porphyry-hosted copper mineralisation, signal that Promontorio is now of a scale where it can be considered as a potential company-making project.

With multiple styles of precious and base metal mineralisation, Promontorio could host deposits ranging from large, bulk-tonnage resources to smaller, high grade bodies, which augurs well for a large scale, long-life mining operation. This belief is supported by recent unsolicited approaches from major and mid-tier mining companies interested in evaluating possible transactions on Promontorio. This external "corporate interest" serves as a strong endorsement of the merits of the project and its potential development upside.

At this point in time, Azure remains firmly focused on the continued development of its flagship project to increase shareholder value. High grades and open-ended mineralised zones around Cascada provide the Company with significant upside potential. Azure will focus its near-term efforts around this deposit as a major value-driver for the Company.

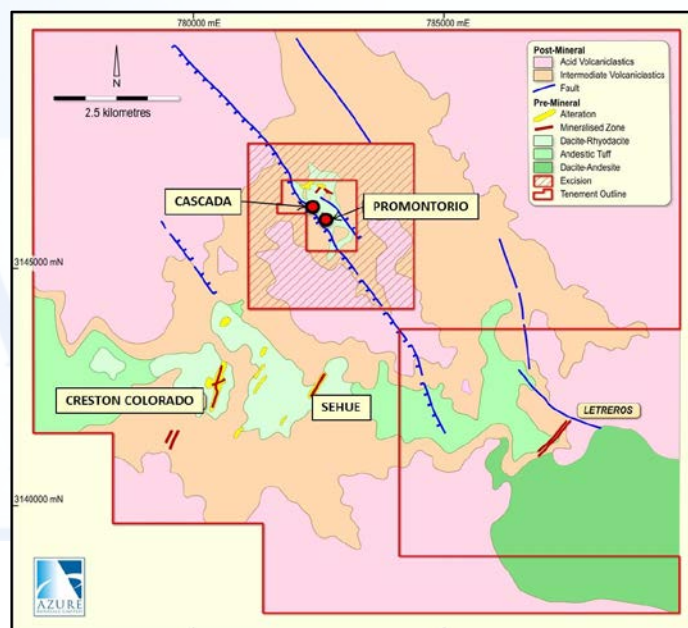


Figure 1: Promontorio geology plan

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EXPLORATION SUCCESSES

On this 10,000 hectare project (see Figure 1) Azure has successfully identified multiple prospects comprising several different styles of mineralisation, all forming part of a large porphyry copper system, including:

- Two high grade epithermal copper-gold-silver deposits at Promontorio and Cascada
- A hydrothermal breccia body containing high grade gold-copper mineralisation
- Porphyry copper mineralisation beneath Cascada and Promontorio.
- Epithermal mineralisation at Risco Dorado, Creston Colorado and Sehue

Azure's recent exploration consisting of geophysics (Induced Polarisation and ground magnetic surveys) and diamond drilling returned excellent results by expanding the Cascada deposit, discovering the strongly mineralised hydrothermal breccia, and proving the concept of a copper-mineralised porphyry body at depth.

The magnetic survey has improved the Company's understanding of the regional geology, identified structures controlling the Cascada and Promontorio deposits, and provided additional targets for exploration (see Figure 2).

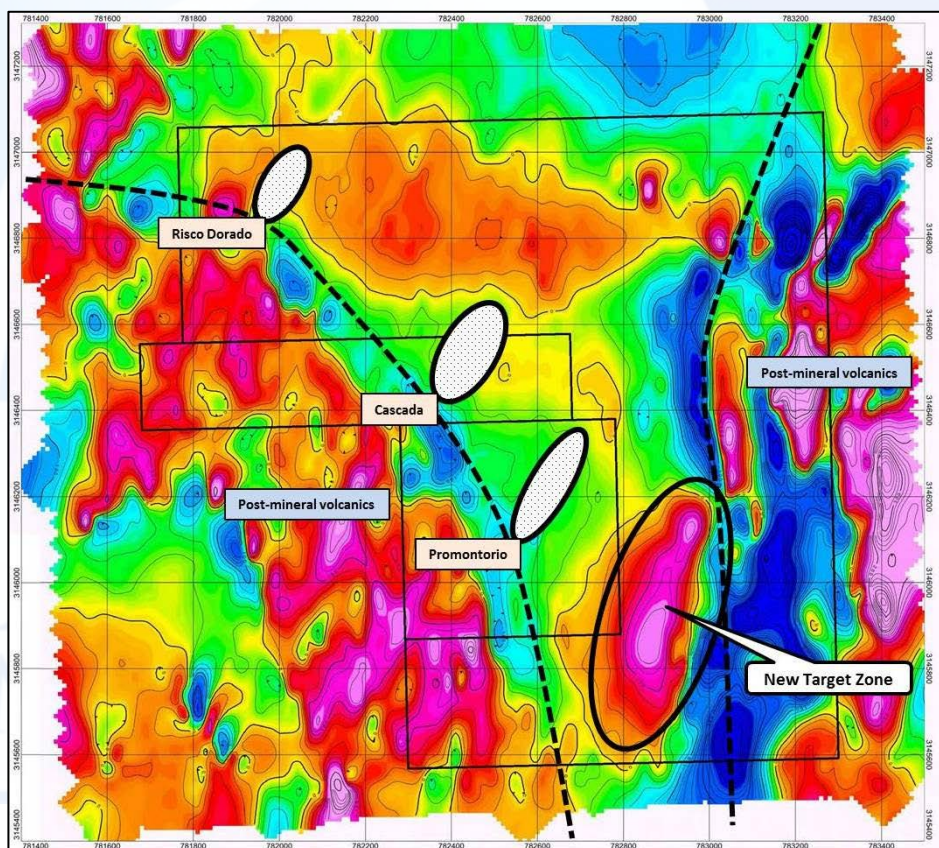


Figure 2: Promontorio ground magnetics (RTP)

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The basement rocks hosting the Promontorio mineralised system are flanked by two regional faults and are overlain to the east and west by a shallow cover of post-mineralisation volcanics. Magnetic modelling indicates the presence of targets within the basement rocks obscured beneath the volcanic cover. Mapping and sampling has also identified mineralised features within the faults, indicating they are likely to be the structures which control the emplacement of mineralisation within the project area.

Specifically, a strong magnetic high located in the southern part of the property has been identified as a **high priority target** which has never been drilled. This anomaly coincides with outcropping, strongly altered rocks containing anomalous gold and copper mineralisation. Importantly it is orientated on the same northeast mineralising trend as the nearby Cascada and Promontorio deposits and is modelled to have a similar northwest dip.

OUR DISCOVERIES

Epithermal - Cascada is a high grade epithermal copper deposit with mineralised widths up to 40m averaging +5% Copper Equivalent (CuEq¹) and peak grades of +40% Copper.

Mineralisation starts near surface and is open-ended with a strike length in excess of 150m and extending down-dip for over 150m. Cascada could potentially be developed as either a bulk-tonnage open pit mine or a selective underground mining operation.

Initial metallurgical testwork has returned positive results, indicating that a conventional sulphide flotation process is likely to produce a clean concentrate grading >30% copper with >90% recoveries. Further work to optimise grades and recoveries is in progress.

Epithermal – Promontorio. Azure's Pre-Feasibility Study returned strong, positive technical and financial results from this high grade copper-gold-silver deposit.

Based upon a selective underground mining operation and conventional sulphide flotation process, Promontorio is expected to recover >95% of the copper into a concentrate grading approximately 40% copper from the JORC-compliant (2004 Code) Mineral Resource² of:

Resource Classification	Tonnes	CuEq (%)	Cu (%)	Au (ppm)	Ag (ppm)
Reported Above 0.5% CuEq cut-off					
Indicated	610,000	4.4	2.7	1.7	56
Inferred	230,000	3.3	1.8	1.5	56
Total	840,000	4.1	2.5	1.6	56

¹ See Copper Equivalency Statement in ASX release dated 10 May 2013

² See details of resources classification and estimation methodologies in ASX release dated 10 May 2013

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Hydrothermal Breccia - Recent drilling near Cascada intersected a wide zone of high grade gold and copper mineralisation hosted in hydrothermal breccia (see Figure 3). The best intercept returned **153m @ 1.1g/t Au**, with the hole ending in **7.3m @ 6.0g/t Au & 1.2% Cu**, and the mineralisation remains open to the west and south.

Interestingly, the breccia comprises copper-mineralised rock fragments cemented by a gold-rich pyrite matrix. This indicates that the hydrothermal fluids have penetrated and fractured a sequence of strongly copper mineralised rocks

This is a very exciting development. Breccias emanating as pipes or chimneys from underlying porphyry bodies often form very significant copper and gold deposits in their own right. The highly concentrated metal content of these fluids can form high grade deposits.

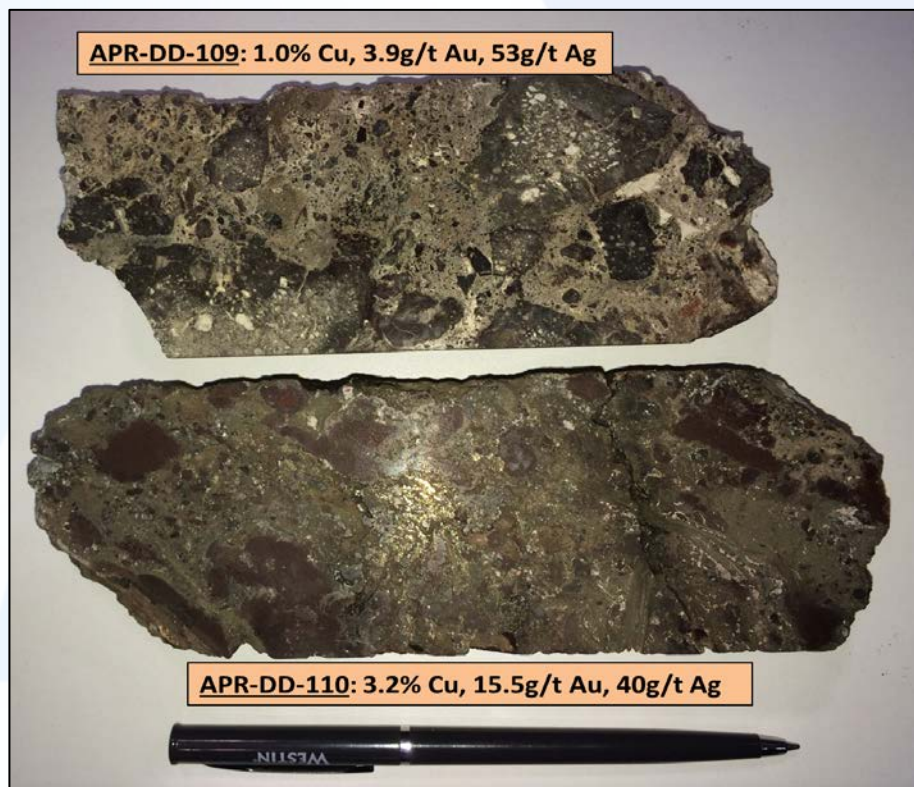


Figure 3: Breccia mineralisation received from Cascada drilling

Porphyry – Azure's geological model of a mineralised porphyry copper body located at depth, feeding the Cascada and Promontorio deposits, has been validated. Recent deep drilling intersected strongly altered and quartz veined porphyry containing disseminated pyrite (iron sulphide) and chalcocite (copper sulphide) mineralisation.

Copper assays throughout this interval were strongly anomalous. Numerous samples returned greater than 0.5% Cu, with some assays over 1% Cu and a highest value of 5.4% Cu. The overall mineralised porphyry intercept was **194m @ 0.2% CuEq**.

PORPHYRY COPPER SYSTEMS - AN OVERVIEW IN RELATION TO PROMONTORIO

Porphyry copper deposits are large and complex systems formed by numerous pulses of fluid injection. This leads to overlapping styles of alteration and mineralisation capable of generating multiple deposit types in close proximity.

Although porphyry-related deposits typically evolve from similar processes, there are usually significant differences in their physical characteristics. In particular, the grade, size and metal content vary greatly between the different deposit types.

This is the case at Promontorio where Azure has identified mineralisation in epithermal, breccia and porphyry settings, as is schematically shown in Figure 4. In order to recognise exploration targets, mineralisation styles, and potential grade and size of the various deposits/zones at Promontorio, it is important to understand the complexities and controls within the overall mineralised system.

To assist with this understanding of the overall system, Azure is undertaking specific research programs, including extensive alteration mapping, surface sampling, geochemistry and petrology.

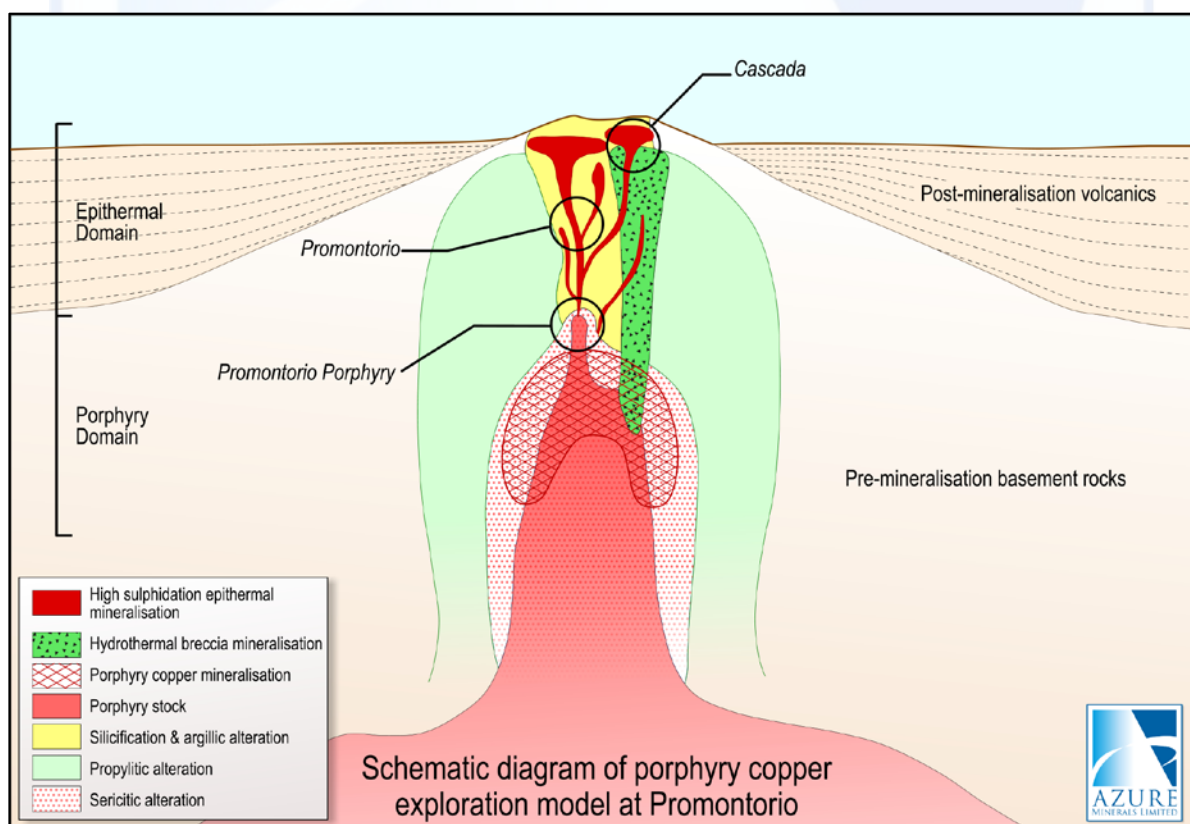


Figure 4: Promontorio porphyry volcano model

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FUTURE PLANS FOR AZURE

Azure is clearly focused on growing shareholder value by concentrating on the exploration and development of Promontorio. Thorough and systematic work programs to test new targets, delineate additional mineralisation, and expand the overall resource base of the project are either underway or planned, including:

- Metallurgical testwork on the Cascada mineralisation, which is in progress
- Drilling to grow the Cascada deposit, extend the hydrothermal breccia, further test the porphyry copper mineralisation, and test targets identified by the magnetic survey
- Regional exploration to follow-up the Cerro Colorado and Sehue targets

The Board of Azure Minerals wishes to thank you for your continued support and we look forward to sharing more developments and even greater successes with you in the coming months.

Kind Regards,



Your team at Azure Minerals

Peter Ingram – Chairman

Tony Rovira – Managing Director

Wolf Martinick - Director

Competent Person Statements

Information in this report that relates to Mineral Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. This information was 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 2004 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.

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