

EXPLORATION COMMENCES AT ALACRÁN

- **Teck advises Azure of planned exploration activities and budget for its Year 1 work program**
- **Drilling expected to commence in July with approximately 5,500m currently planned**
- **Potential drill targets include Loma Bonita, Cerro San Simon and Cerro Enmedio plus several new targets, including Cerro Colorado and Caracol**

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to provide an update on forthcoming activities on the Alacrán Project (“Alacrán” or the “Project”).

Having elected to exercise its right to earn back an ownership interest in the Project, Minera Teck S.A. de C.V. (Teck), a 100% owned subsidiary of Canada’s largest diversified resource company, Teck Resources Limited, has advised Azure of its planned work program and budget for the 2017 calendar year. Work conducted during the 2017 calendar year represents the first year of activity of a total four year, US\$10 million program which will entitle Teck to earn back a 51% share in the Project from Azure.

Following a period of detailed data compilation and review, Teck has identified a number of targets which warrant either first-pass or follow-up exploration. Initial field work this year comprises surface exploration including geological mapping, geochemistry and geophysical surveys. This will be followed by a program of diamond drilling which is scheduled to commence in July once drill permits are received.

Potential drill targets identified by Teck include follow-up work at Loma Bonita, Cerro San Simon, Cerro Enmedio, La Morita and Palo Seco, and new targets may include Loma Bonita Norte, Cerro Colorado, Santa Barbara and Caracol (see Figure 1 for target locations).

Azure Managing Director, Mr Anthony Rovira stated, *“The program put forward by Teck is a well thought out plan which builds upon the success of Azure’s exploration over the last two years and brings some new ideas into play. We’re looking forward to field work commencing and the drilling later this year to deliver more substantial results.”*

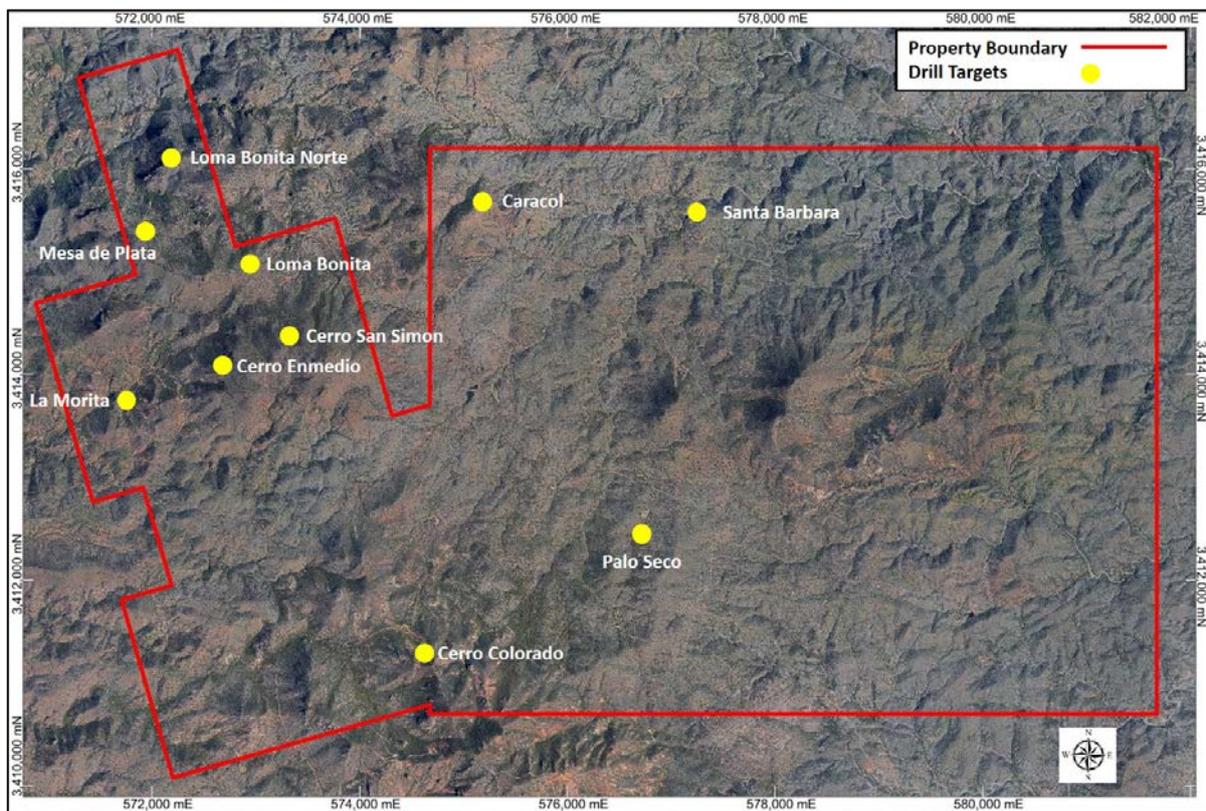
BACKGROUND

The decision by Teck to exercise its right to earn back an ownership interest in Alacrán demonstrates its belief that the Project has discovery and upside potential for both porphyry copper and epithermal silver-gold deposits.

Pursuant to the terms of the agreement between Azure and Teck, Azure earned a 100% legal and beneficial interest in the project by expending US\$5 million, subject to Teck's right to earn back an initial 51% interest in the Project by sole funding US\$10 million in expenditures on the Project over the next 4 years and making cash payments to Azure of US\$0.5 million. As announced in December 2016, Teck provided the T1 Notice to Azure to exercise that right.

Upon reaching an initial 51% interest in the Project, Teck may further increase its interest to 65% by sole funding a further US\$5 million in expenditures on the Project and making cash payments to Azure of an additional US\$1.5 million.

Figure 1: Potential drill targets for 2017 work program



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