

DRILLING COMMENCES AT ALACRÁN

KEY POINTS:

- **Approximately 5,000m of diamond drilling planned with 3 drill rigs operating**
- **High priority drill targets include Loma Bonita - Cerro San Simon and Cerro Colorado**

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that project operator Minera Teck S.A. de C.V. (Teck), a 100% owned subsidiary of Canada’s largest diversified resource company, Teck Resources Limited, has commenced a drilling campaign on the Alacrán Project (“Alacrán” or “project”).

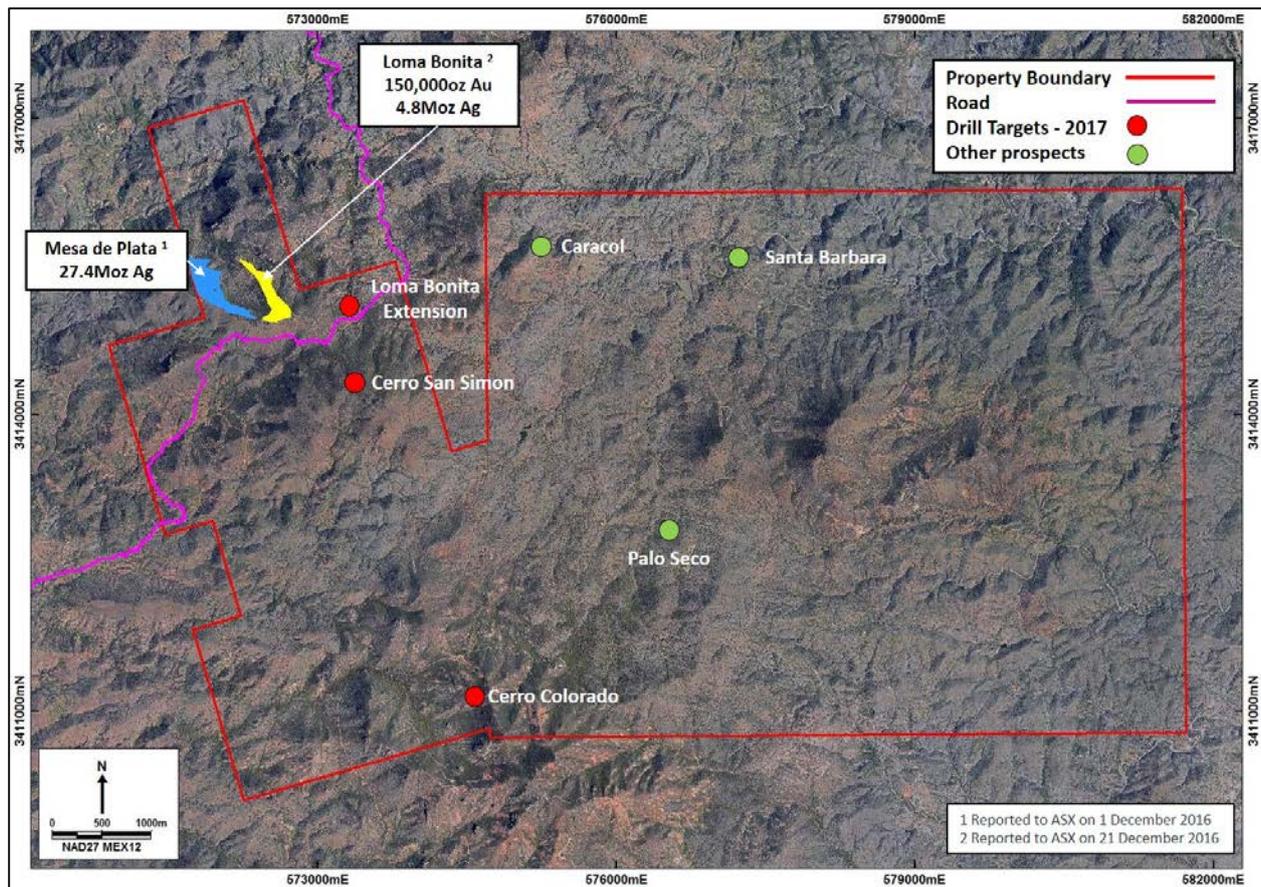
To date in 2017, Teck has conducted exploration comprising geological mapping, surface sampling and geophysical (Induced Polarisation (IP)) surveys, with most activities focused in the western half of the property. This work has identified two high priority targets (see Figure 1 for target locations) which warrant drilling. Three diamond drill rigs have now mobilised to site to drill about 5,000m.

One target is the extension of the Loma Bonita silver-gold deposit towards Cerro San Simon. This 1km long corridor has been identified by re-modelling and interpretation of Azure’s 2016 IP survey and coincident anomalous geochemistry from rock chip and soil sampling which suggests potential for epithermal mineralisation.

The second target is Cerro Colorado where an IP survey completed by Teck has identified strong resistivity and chargeability anomalies coincident with anomalous geochemistry in soil samples, which indicates potential for porphyry copper mineralisation.

Azure Managing Director, Mr Tony Rovira stated, *“The drill program now being put into action by Teck is designed to test two very promising precious metal and base metal targets. We look forward to receiving the results from the program which Azure will report to the market when Teck has completed the program and is satisfied with all quality assurance and quality control requirements.”*

Figure 1: Drill targets for 2017 work program



BACKGROUND

Azure earned 100% ownership of the Alacrán project in October 2016. Teck elected in December 2016 to exercise its right to earn back an ownership interest in the Alacrán project.

Work conducted during 2017 represents the first year of activity in a total four year, US\$10 million program which will entitle Teck to earn back a 51% share in the project.

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. In this case, Azure will retain a contributing 35% interest in the Alacrán project. Grupo Mexico retains a 2% NSR.

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