

DRILLING UPDATE FOR ALACRÁN

KEY POINTS:

- **Teck completes 11 drill holes for 4,905m**
- **Epithermal precious metal and porphyry copper targets tested at Loma Bonita-Cerro San Simon Corridor and Cerro Colorado**
- **Assay results are expected to be received and reported in February**

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 completed its first drilling campaign on the Alacrán project (“Alacrán” or the “project”), located in the northern Mexican state of Sonora.

During the year following the December 2016 decision to exercise its right to earn back an ownership interest in the Alacrán project, Teck carried out exploration comprising geological mapping, surface geochemical sampling and geophysical (IP and CSAMT) surveys, with most activities focused in the western half of the property. This work confirmed two high priority targets (see Figure 1) which were tested by diamond drilling, with three rigs completing 11 holes totalling 4,905m.

The southern extension of the Loma Bonita epithermal silver-gold deposit towards Cerro San Simon (see Figure 2) was one area considered high priority. This 1km long corridor was initially identified by Azure’s 2015-2016 exploration programs, and then refined by Teck’s exploration to define specific targets considered prospective for additional epithermal mineralisation.

The second area targeted was Cerro Colorado (see Figure 3) where an IP survey completed by Teck identified strong geophysical anomalies coincident with anomalous geochemistry in soil and rock chip samples, indicating potential for porphyry copper mineralisation.

Logging and sampling of these drill holes is nearing completion and Teck is expected to report results to Azure in February 2018. Teck has indicated that it will be continuing its exploration and will advise of its intended 2018 exploration program following evaluation of all results.

Figure 1: Drill targets for Teck's 2017 work program

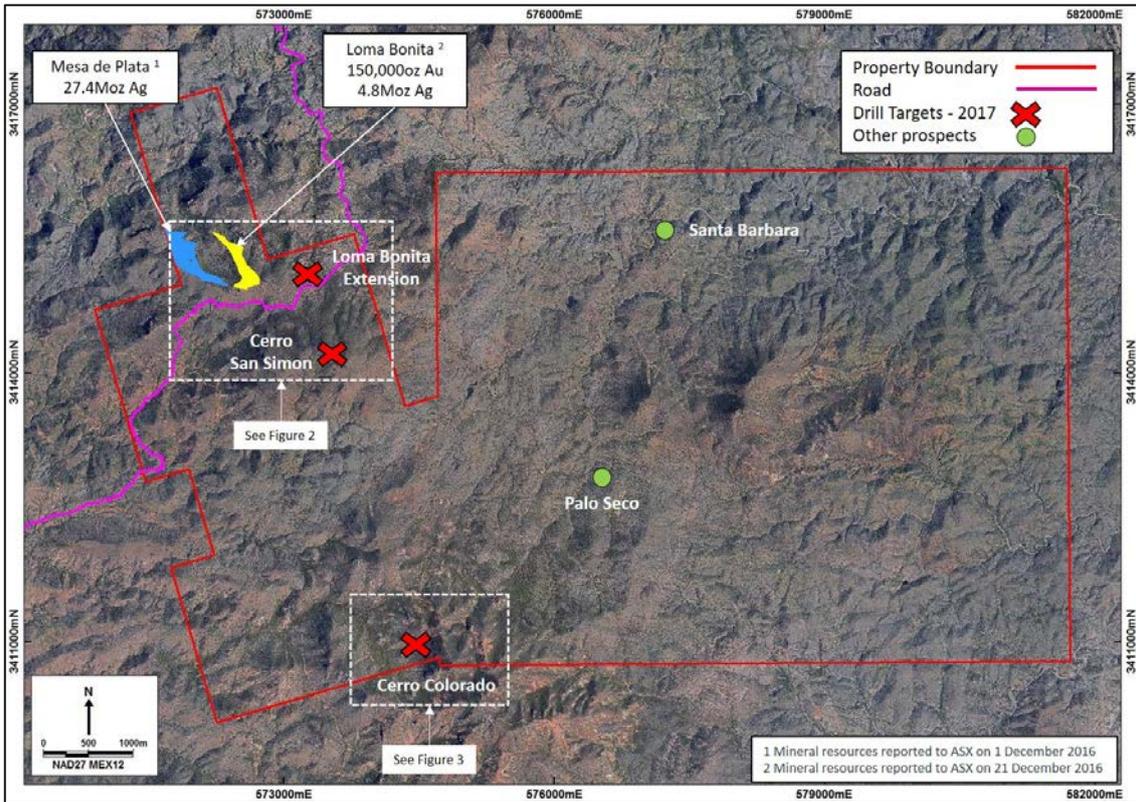


Figure 2: Drill hole locations in the Loma Bonita-Cerro San Simon Corridor

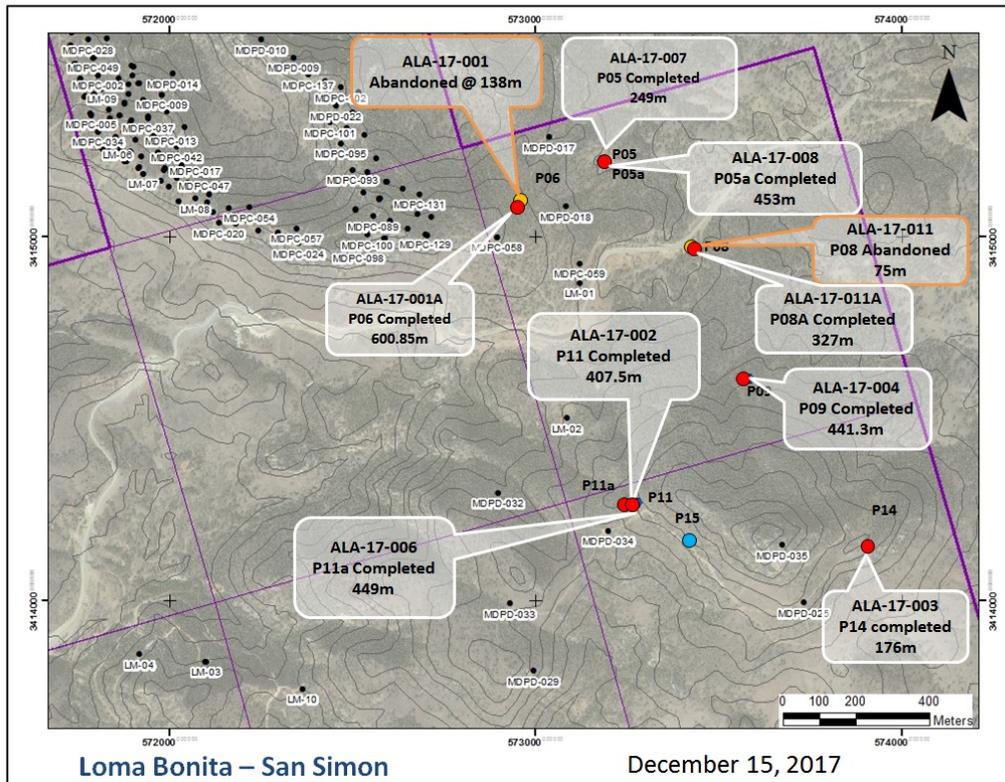
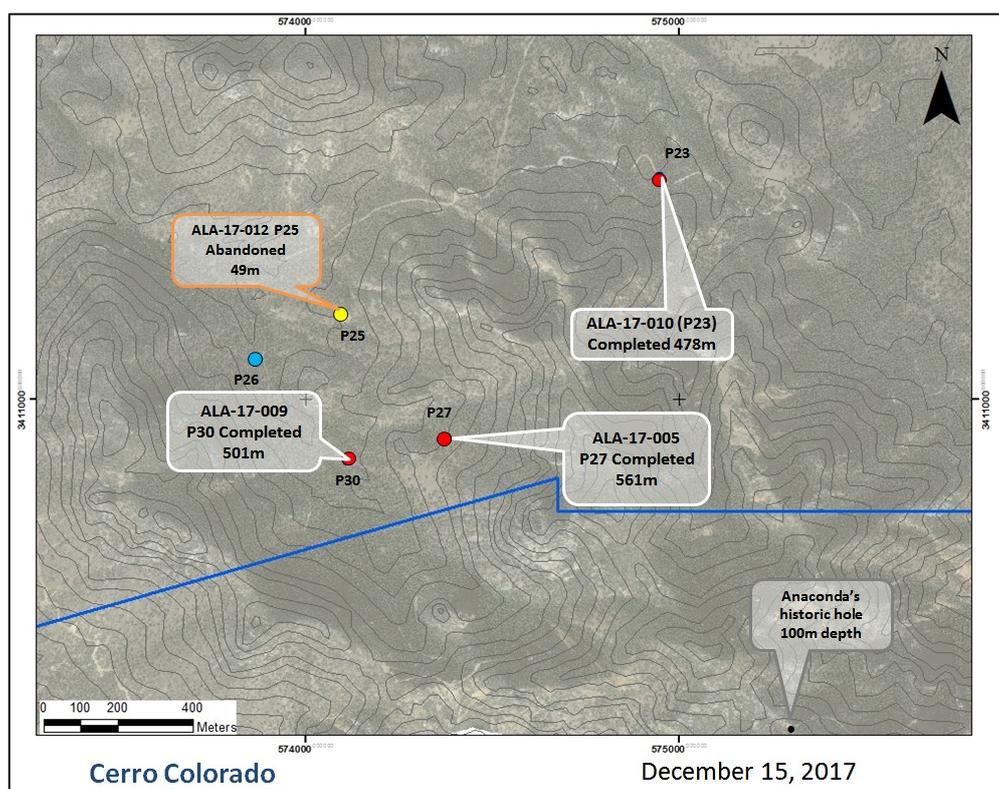


Figure 3: Drill hole locations at Cerro Colorado



BACKGROUND

Azure earned 100% ownership of the Alacrán project in October 2016. In December 2016 Teck elected 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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