

SILVER & GOLD EXPLORATION UNDERWAY ON ALACRÁN PROJECT

Current resources of 32Moz of silver & 150,000oz of gold

HIGHLIGHTS:

- Includes at-surface, high-grade resource of **15.5Moz silver @ 275g/t Ag in 1.8Mt**
- Deposits have easy, low-cost open pit potential with heap leach / CIL plant options
- Advanced silver and gold exploration underway around Mesa de Plata and Loma Bonita deposits with greenfields exploration occurring elsewhere on the property
- Drilling in Q4, 2019 will follow-up significant gold intersections (ASX: 28 September & 15 November 2016) that remain open, incl:
 - 47m @ 2.8g/t gold & 33g/t silver from surface in MDPC-131
 - 67m @ 1.6g/t gold & 21g/t silver from surface in MDPC-096

Azure Minerals Limited (ASX: AZS) (“Azure” or the “Company”) is pleased to advise that silver and gold exploration is underway on its 100%-owned Alacrán Project, located in Sonora, Mexico.

Azure’s greenfields exploration on Alacrán has discovered the near-surface, high-grade Mesa de Plata silver deposit (refer to Table 1 for Mineral Resource) and the adjacent Loma Bonita gold-silver deposit (refer to Table 2 for Mineral Resource) (see Figure 2). These deposits contain resources of:

Mesa de Plata (ASX: 1 December 2016):

27.4Moz silver in 10.5Mt @ 82g/t Ag

- Includes an at-surface high-grade resource of: **15.5Moz silver in 1.8Mt @ 275g/t Ag**

Loma Bonita (ASX: 21 December 2016):

150,000oz gold & 4.8Moz silver in 5.4Mt @ 0.9g/t Au & 28g/t Ag

Commenting on the strong potential of the Alacrán Project, Azure’s Managing Director, Mr. Tony Rovira, said: “Azure’s exploration team has a good track record for making significant silver and gold discoveries on the Alacrán project, with the Mesa de Plata and Loma Bonita deposits together containing resources of more than 32 million ounces of silver and 150,000 ounces of gold.

“The Mesa de Plata High-Grade Zone, which in itself contains over 15 million ounces of silver at a grade of 275g/t Ag, is one of the highest-grade unexploited silver deposits in the world, confirming the strong potential for large and high-grade, epithermal-style precious metals deposits at Alacrán.

“Exploration is now underway around Mesa de Plata and Loma Bonita with drilling to follow-up open mineralised zones planned for the December Quarter of 2019. Additional greenfields exploration will also be undertaken in other, less explored areas of the property with the focus on gold and silver.”

PROJECT SUMMARY

Mesa De Plata Silver Deposit

The Mesa de Plata silver deposit outcrops as a strongly silicified, flat-lying horizon which forms a prominent ridge. Silver mineralisation starts at surface with the mineralised zone having a true thickness of up to 80 metres.

The deposit is highlighted by the outcropping High-Grade Zone which contains Measured and Indicated resources of more than 15 million ounces of silver with an average grade of 275g/t Ag. Covering an area of 400m x 150m, this 20m-thick, strongly silicified, silver-rich zone is the uppermost part of the deposit and forms a prominent ridge capping.

There is widespread exposure of ultra-high-grade silver mineralisation at surface (see Figure 1), making it very attractive from a mining economics point of view.

Some of the better drill intersections from the High-Grade Zone (ASX: 16 September, 13 November & 23 December 2016) include:

- **9.0m @ 1,235g/t Ag from 1.5m** within **39.0m @ 347g/t Ag from 1.5m** in LM-09
- **10.5m @ 1,044g/t Ag from 2.0m** within **18.0m @ 655g/t Ag from 2.0m** in MDPD-001
- **18.7m @ 530g/t Ag from 28.8m** within **70.9m @ 176g/t Ag from surface** in MDPD-002
- **13.5m @ 738g/t Ag from surface** within **58.5m @ 225g/t Ag from surface** in MDPC-034

Figure 1: Photo shows outcropping ultra-high-grade (+1,000g/t Ag) silver mineralisation



Azure's updated Mineral Resource is shown in Table 1. Notably, 85% of the silver ounces within the total Mesa de Plata deposit are classified as Measured resources, with the remainder classified as Indicated resources. This demonstrates the strong internal continuity and uniformity of silver mineralisation throughout the deposit.

Table 1: Mesa de Plata Mineral Resource (in accordance with the 2012 JORC Code)

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes (Mt)	Silver		Tonnes (Mt)	Silver		Tonnes (Mt)	Silver	
		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)
High Grade	1.21	307.4	12.0	0.54	201.7	3.5	1.75	274.7	15.5
Mid-Grade	8.43	43.0	11.7	0.28	36.2	0.3	8.71	42.8	12.0
Total	9.64	76.2	23.6	0.82	145.4	3.8	10.46	81.6	27.4

Note: for details refer to ASX announcement dated December 1, 2016

The Mesa de Plata deposit, including the High-Grade Zone, remains open to the west but is constrained in this direction by the concession boundary. To the north and east the mineralisation has been truncated by erosion, however the mineralised zone remains open to the south.

Potential for repetitions of Mesa de Plata exist further to the north (see Figure 2) where outcropping vuggy silica forms similar-looking silicified ridges. Further exploration is planned for this area.

Azure previously carried out metallurgical and mineral processing testwork on the Mesa de Plata mineralisation, as well as commencing mining, infrastructure, power, water, community and environmental studies as part of an overall project development study.

Results demonstrate good potential for a simple, relatively low-cost, open pit mining operation with silver extraction by either heap leach or CIL processing. This study was suspended in late-2016 due to Teck's decision to back-in to the project. Azure is investigating restarting these studies now that the Company has regained full operational control of the project.

Loma Bonita Gold & Silver Deposit

The Loma Bonita gold and silver deposit is situated approximately 200 metres to the east of the Mesa de Plata silver deposit. Mineralisation extends for over 600 metres north-south and up to 200 metres east-west, and the true width of the mineralised zone exceeds 100 metres in some places.

The initial Loma Bonita Mineral Resource hosts 150,000oz of gold and 4.8Moz of silver (refer Table 2).

Table 2: Loma Bonita Mineral Resource (in accordance with the 2012 JORC Code)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.87	1.25	115.7	33.9	3.14
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	Total	3.4	1.2	131	32.0	3.4
≥ 0.21	Indicated Mineral Resource	4.20	0.95	128.5	30.1	4.07
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	Total	5.4	0.9	150	28	4.8

Note: for details refer to ASX announcement dated December 21, 2016

The mineralised zone is constrained to the west by erosion into a valley but remains open to the north, south, east and at depth down-dip (see Figure 2). Being open in several directions, there is good potential that further drilling will significantly increase the size of the resource.

This open-ended potential is supported by the following mineralised drill intersections which confirm that the mineralisation remains open in the following directions:

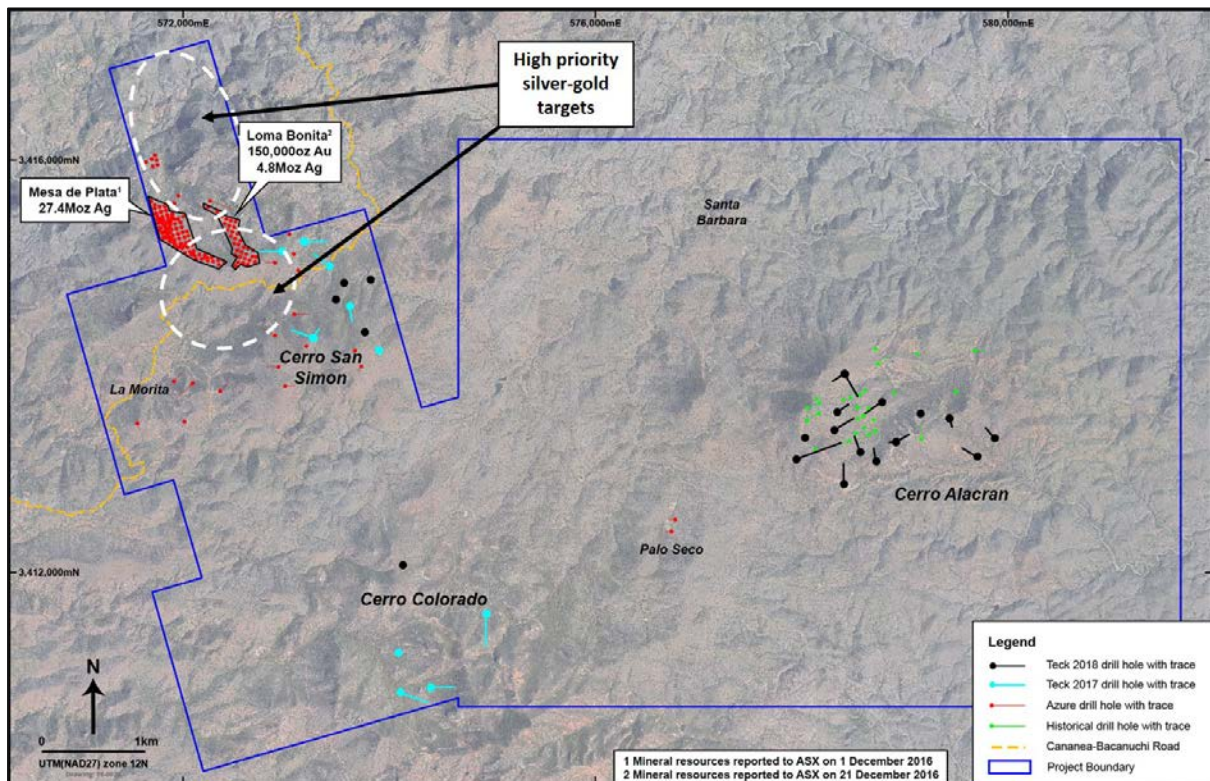
To the east: **MDPC-131 intersected 47.2m @ 2.79g/t Au & 33g/t Ag** (ASX: 15 November 2016);

To the south: **MDPC-098 intersected 24.4m @ 0.72g/t Au & 13g/t Ag** (ASX: 28 September 2016); and

To the north: **MDPC-135 intersected 16.8m @ 1.17g/t Au & 86g/t Ag** (ASX: 15 November 2016).

Follow-up drilling to test the potential of these extensions is planned for later in 2019.

Figure 2: Locations of Mesa de Plata and Loma Bonita deposits and areas of priority exploration



-ENDS-

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Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date that it was originally reported to ASX. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements.

The information in this report that relates to Mineral Resources for the Mesa de Plata and Loma Bonita deposits on the Alacrán Project are extracted from the respective reports “Mesa de Plata Mineral Resource Upgraded” and “Loma Bonita Mineral Resource” created and released to the ASX on 1 December 2016 and 21 December 2016 respectively and are available to view on www.asx.com.au . Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.