14 FEBRUARY 2018

HIGH-GRADE ROCK CHIPS EXTEND OPOSURA POTENTIAL

OPOSURA EAST ZONE RESOURCE DRILLING COMPLETED

HIGHLIGHTS:

- **Rock-chips up to 8.3% lead and 2.3% zinc discovered outside of the resource area indicate further upside potential to the north**
- **Follow-up drilling to test for extensions to the resource area will continue**
- **Resource drilling within the East Zone at Oposura is complete with 76 holes drilled for 4,196m**
- **Assays received for 36 holes announced, with results from outstanding holes pending, to be released over coming weeks**
- **Geological modelling and resource estimation process has commenced**

Azure Minerals Limited (ASX:AZS) ("Azure" or "the Company") is pleased to advise that resource definition drilling of the known eastern mineralised zone (East Zone) at Oposura has been completed. Drilling the East Zone is part of a broader resource drill-out program (refer Figure 1) at Oposura designed to delineate mineralisation previously identified by historical exploration.

The East Zone resource drill-out program comprised 76 holes for 4,196m (refer Figure 2), and to date, assay results have been announced for 36 drill holes. Samples from the remaining holes are currently being processed and assays will be released in the near future.

Drilling is well advanced in the West Zone with 48 holes having been drilled to date for 3,696m, and the resource drill-out is expected to be completed within the next two weeks. The first batch of assay results from the West Zone is expected to be released shortly.

Geological modelling and resource estimation has commenced with the maiden resource on-track to be completed in April 2018. This, along with other project development studies, will lead into the Scoping Study / Preliminary Economic Assessment, scheduled for the third quarter of 2018.

FURTHER EXPLORATION UPSIDE IDENTIFIED

Azure has also commenced a regional exploration program to identify potential for further base metal mineralisation within the Oposura project area, outside of the current Exploration Target zone. This comprises geological mapping and soil and outcrop sampling, specifically to the north and west of the resource drill-out area.

Mapping (refer Figure 2) to the north of the East Zone resource area has identified **outcropping gossans and a specific marker horizon** that is present within the Arenillas Formation wherever the East Zone mineralisation is found.

Portable XRF analysis of samples of the mineralised outcrop yielded **anomalous zinc and lead results up to 8% Pb and 2.3% Zn**[1]. Results are shown in Table 1.

Table 1: Portable XRF zinc and lead results from Oposura surface sampling

	Grade (XRF)	
Sample ID	**Pb (%)**	**Zn (%)**
Dic. 41	6.7	0.7
Dic. 42	1.8	0.3
Dic. 43	2.5	0.4
Dic. 44	8.3	2.3
Dic. 45	0.1	0.0
Dic. 48	3.2	0.2

Drilling has also confirmed the presence of mineralisation to the north of the East Zone, intersecting disseminated, semi-massive and massive sulphide mineralisation in several drill holes, including the most northerly drill hole OPDH-115 located approximately 150 metres to the north of previously known mineralisation (refer Figure 2).

This mapping and first-pass drilling of the northern extension of the East Zone is encouraging, and surface mapping and sampling will continue in this area to identify additional extensional opportunities beyond the currently defined mineralisation in the East Zone.

[1] Azure considers portable XRF results to be semi-quantitative, and while indicative of general metal concentrations are not regarded as a substitute for properly conducted laboratory sample preparation and analyses.

Figure 1: Drill hole location plan for Oposura resource drill-out program

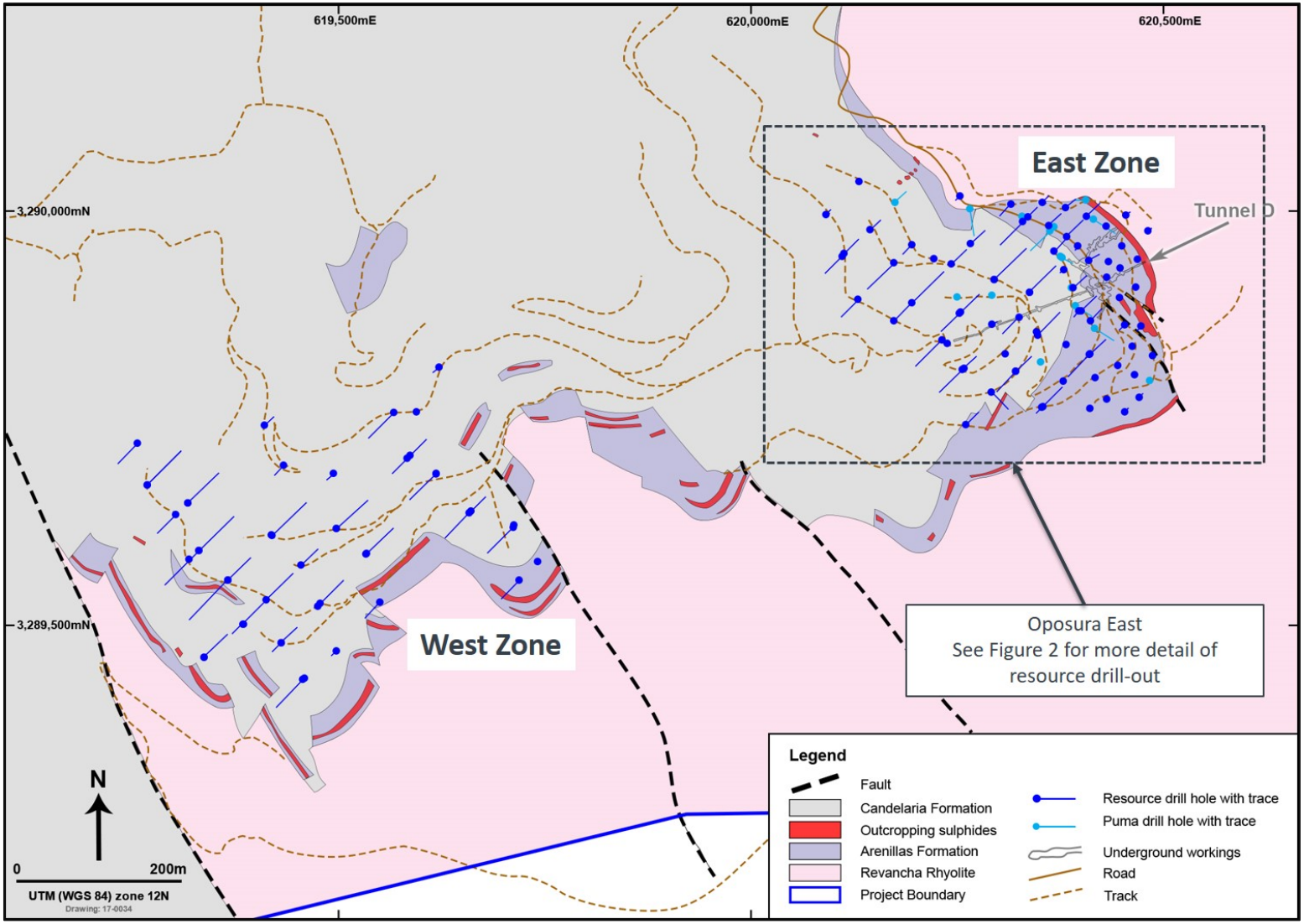
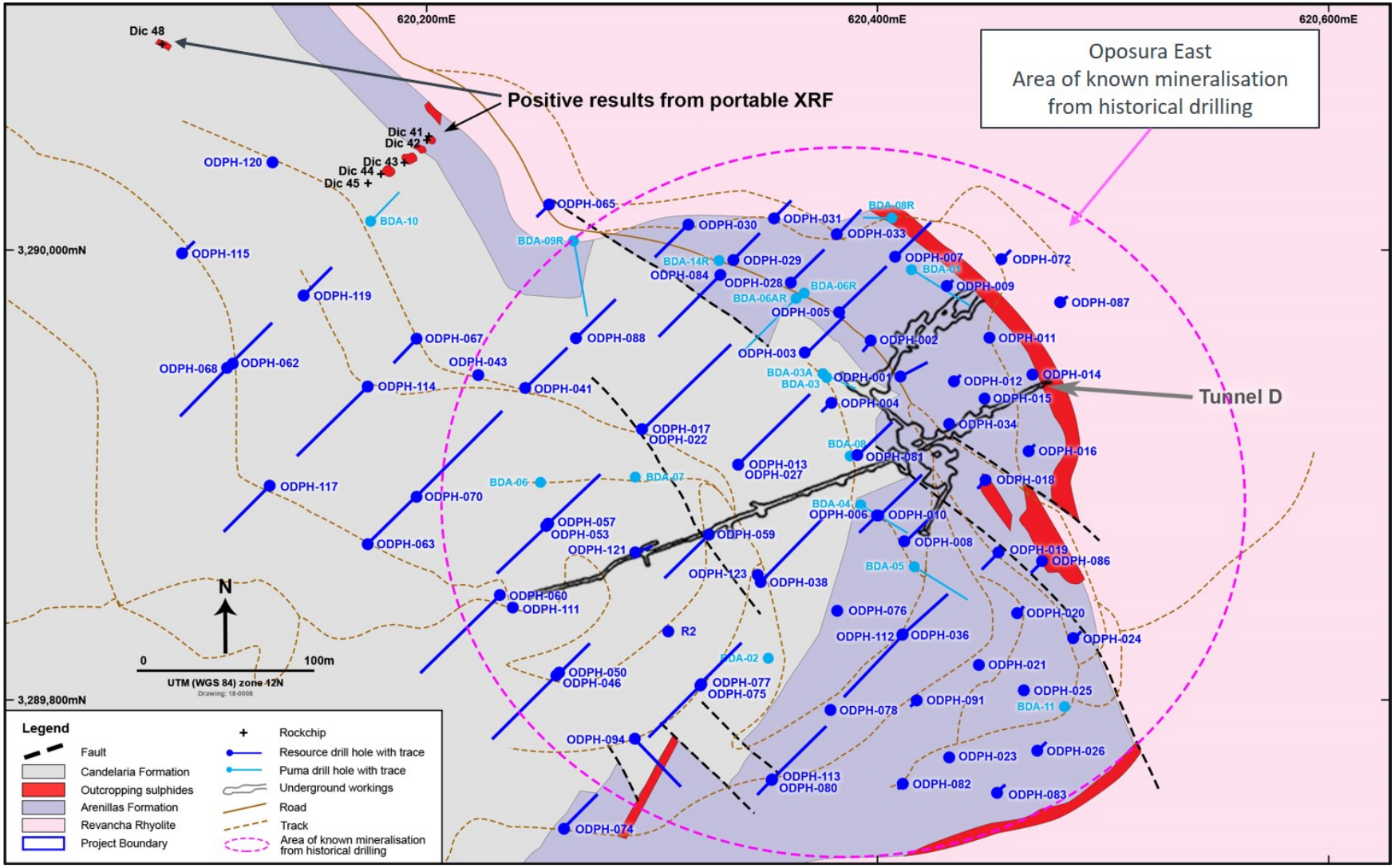


Figure 2: Detailed drill hole location plan for resource drill-out of Oposura East Zone



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JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Chip samples were collected of outcropping rock material with visible mineralisation, alteration or weathering characteristics. Sample locations were determined by hand-held GPS. Portable XRF readings were taken of each sample. Normally, in the laboratory, XRF samples are normally prepared by crushing and pulverising to nominal P80/75um and then preparation of a pressed powder completed prior to XRF determination. In the case of these field samples that preparation step has not been undertaken (being field samples), so the heterogeneous particle size distribution and non-compressed nature of the samples may have a deleterious effect on the accuracy and precision of the portable XRF analyser readings.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	This release has no reference to drilling.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	This release has no reference to drilling.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	This release has no reference to drilling. Samples were collected and described by geological personnel.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	No samples were collected from drilling. Chip samples were collected of outcropping rock material with visible mineralisation, alteration or weathering characteristics. No standard and blank check samples were submitted. The sample sizes are considered appropriate to the grain size of the material being sampled.

	Whether sample sizes are appropriate to the grain size of the material being sampled.	
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	No laboratory analysis was undertaken. Portable XRF analyser readings were taken of each sample. Given that samples did not receive normal laboratory crushing, pulverisation and homogenisation, the portable XRF analyser readings may lack the accuracy and precision of laboratory assays.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	Senior technical personnel from the Company (Project Geologists) collected and inspected the samples. No drilling was undertaken. Primary data was collected by employees of the Company at the project site. All measurements and observations were recorded onto hard copy templates and later transcribed into the Company's digital database. Digital data storage, verification and validation are managed by an independent data management company. No adjustments or calibrations have been made to any assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Sample locations were determined by hand-held GPS. The grid system used is WGS84 Mexico UTM Zone 12N for easting, northing and RL.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	Chip samples were collected of outcropping rock material with visible mineralisation, alteration or weathering characteristics. Samples were collected from outcrop where it was observed. Data spacing and distribution is insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures. No composite samples were collected.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Geological controls and orientations of the mineralised zone are unknown at this time and it is not possible to determination potential sampling bias.
Sample security	*The measures taken to ensure sample security.*	Samples selected for portable XRF analysis were placed in poly sample bags, each with a uniquely numbered ticket stub from a sample ticket book. Sample bags were marked with the same sample number and sealed with a plastic cable tie.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All digital data is subject to audit by the independent data manager.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Oposura Project comprises eleven mineral concessions, 10 granted and one in application, totalling 771 hectares in area. All tenements are 100% owned by Minera Piedra Azul SA de CV, a wholly-owned subsidiary of Azure Minerals Limited. A 2.5% NSR royalty on production is payable to the previous owners. The tenements are secure and in good standing. There are no known impediments to obtaining a licence to operate in the area. Nine of the tenements have an expiry date of 3 May 2037 and the tenth tenement has an expiry date of 9 January 2055. The eleventh tenement is still at the application stage.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Peñoles and Anaconda carried out diamond core drilling, underground exploratory mine development and metallurgical testwork in the 1970's. Minero Puma SA de CV conducted exploration in 2017 comprising underground mapping and sampling of historical workings and drilling of 16 surface drill holes. Azure Minerals acquired 100% ownership of the project in August 2017 through its wholly-owned Mexican subsidiary company Minera Piedra Azul SA de CV.
Geology	*Deposit type, geological setting and style of mineralisation.*	Carbonate replacement and/or skarn style of mineralisation forming horizontal mantos of massive sulphides containing zinc, lead and silver.
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	This release has no reference to drilling.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No weighted averaging techniques were used. No maximum and/or minimum grade truncations (eg cutting of high grades) or cut-off grades were applied. No metal equivalents were reported

Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	Geological controls and orientations of the mineralised zone are unknown at this time.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in attached report
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	This announcement refers to previous exploration results including geophysics, geochemistry and geology.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive*	Planned further work to better understand the mineralisation systems in the project area will comprise geological mapping and sampling, geophysical surveys and drilling.