2 MARCH 2018

MAJOR NEW ZINC AND LEAD TARGETS DISCOVERED AT OPOSURA

Priority Drill Targets Confirmed for Next Phase of Drilling

HIGHLIGHTS:

- **Strong and coincident zinc and lead anomalies identified by soil sampling at Mina Blanca Ranch prospect in western Oposura**
- **Surface geochemical anomalism is similar to the Oposura zinc-lead-silver deposit**
- **Sample from Mina Blanca mine dump returns high grade assays:**
  - **1.71g/t gold, 1,568g/t silver, 4.63% copper, 2.81% zinc & 1.60% lead**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that the regional exploration program over the western half of the Oposura project area has identified areas of strong zinc and lead anomalism and high-grade gold, silver and base metal mineralisation on the Mina Blanca Ranch prospect.

The Company is planning to drill at Mina Blanca Ranch following the completion of the Oposura resource drill-out and upon receipt of the required approvals.

Commenting on the soil sampling results, Azure's Managing Director, Mr Tony Rovira, stated: *"Azure has undertaken the first modern exploration on the Mina Blanca Ranch in the western part of the Oposura property, and the systematic and technical approach is delivering positive results.*

"This is obviously a strongly mineralised district, with our geochemical surveys identifying several anomalies with potential for zinc and lead mineralisation close to the Oposura resource area. Additionally, the high-grade gold, silver and base metal values returned from a sample collected from the historical Mina Blanca mine provides extra encouragement for structurally controlled mineralisation."

DETAILS

This first phase of reconnaissance exploration comprised a gridded soil sampling program with samples collected at 50m spacings along 100m-spaced, east-west orientated lines covering an area of approximately 1.3km x 1.8km within the western part of the Oposura project area (refer Figure 1). Each sample was tested by a portable XRF analyser reading 35 different elements[1].

Geochemical signatures derived from the soil sampling **identified a discrete zone that is strongly anomalous in both zinc and lead, with values reaching highs of 3,195ppm zinc and 1,534ppm lead**. The anomalies for both elements are coincident, approximately 500m long and 250m wide, and align along a well-defined northwest-southeast trending structural zone. Other pathfinder elements related to the Oposura style of mineralisation, including copper and manganese, also display strong anomalism coincident with these zinc and lead anomalies.

Importantly, surface mapping within and around the geochemical anomalies identified outcrops of altered limestones of the Arenillas Formation, the visually distinctive geological unit that hosts the Oposura deposit.

Several more, lower order geochemical anomalies for zinc and lead were also identified by the soil sampling survey, and further work will be undertaken to ascertain their significance.

Images of zinc and lead distribution in the soil sampling survey are shown in Figures 2 and 3.

The Company geologists also inspected the historical Mina Blanca mine workings, located near the western property boundary. A single grab sample collected from the mine dump returned **high grade assays[2] for gold (1.71g/t Au), silver (1,568g/t Ag), copper (4.63% Cu), zinc (2.81% Zn) and lead (1.60% Pb)**. The Mina Blanca workings host a vertically-dipping, north-south striking, structurally-controlled style of mineralisation, which is very different from the horizontal, carbonate-replacement style of the Oposura deposit. The old mine workings are situated within coincident soil anomalies for zinc, lead and other pathfinder elements.

Results from this early-stage exploration indicate that additional precious and base metal mineralisation may be present within the western part of the Oposura property and further exploration, including drilling, is warranted.

When the Oposura resource drill-out has been completed, the Company's focus will shift to an expansionary phase to test for repetitions and extensions of the high-grade Oposura massive sulphide deposit, and to explore for new styles of mineralisation like identified at Mina Blanca.

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[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.

[2] Assays undertaken by Bureau Veritas Laboratory in Vancouver, Canada

Figure 1: Plan showing soil sampling and resource drill-out areas and exploration potential

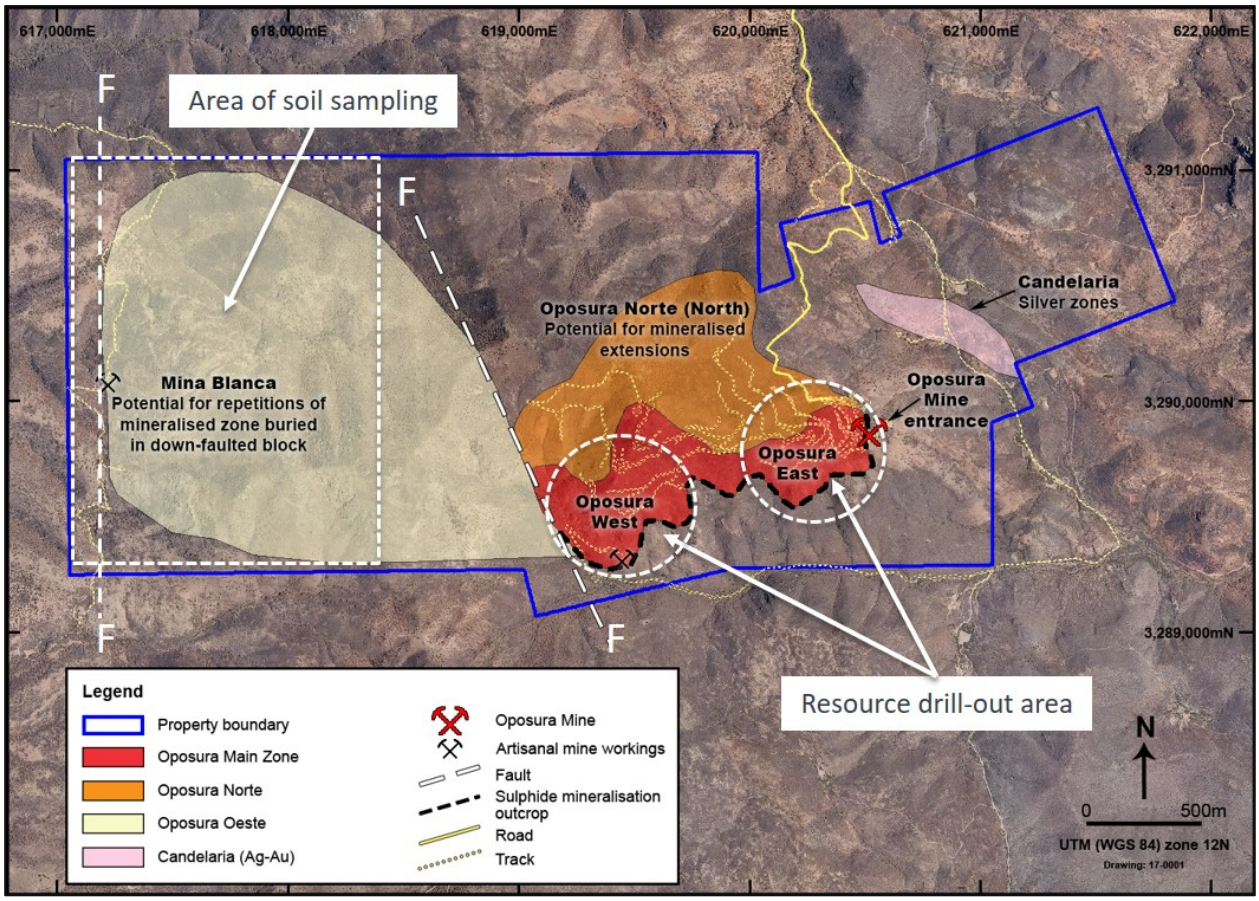


Figure 2: Image of portable XRF zinc values in soils highlighting the principal anomaly

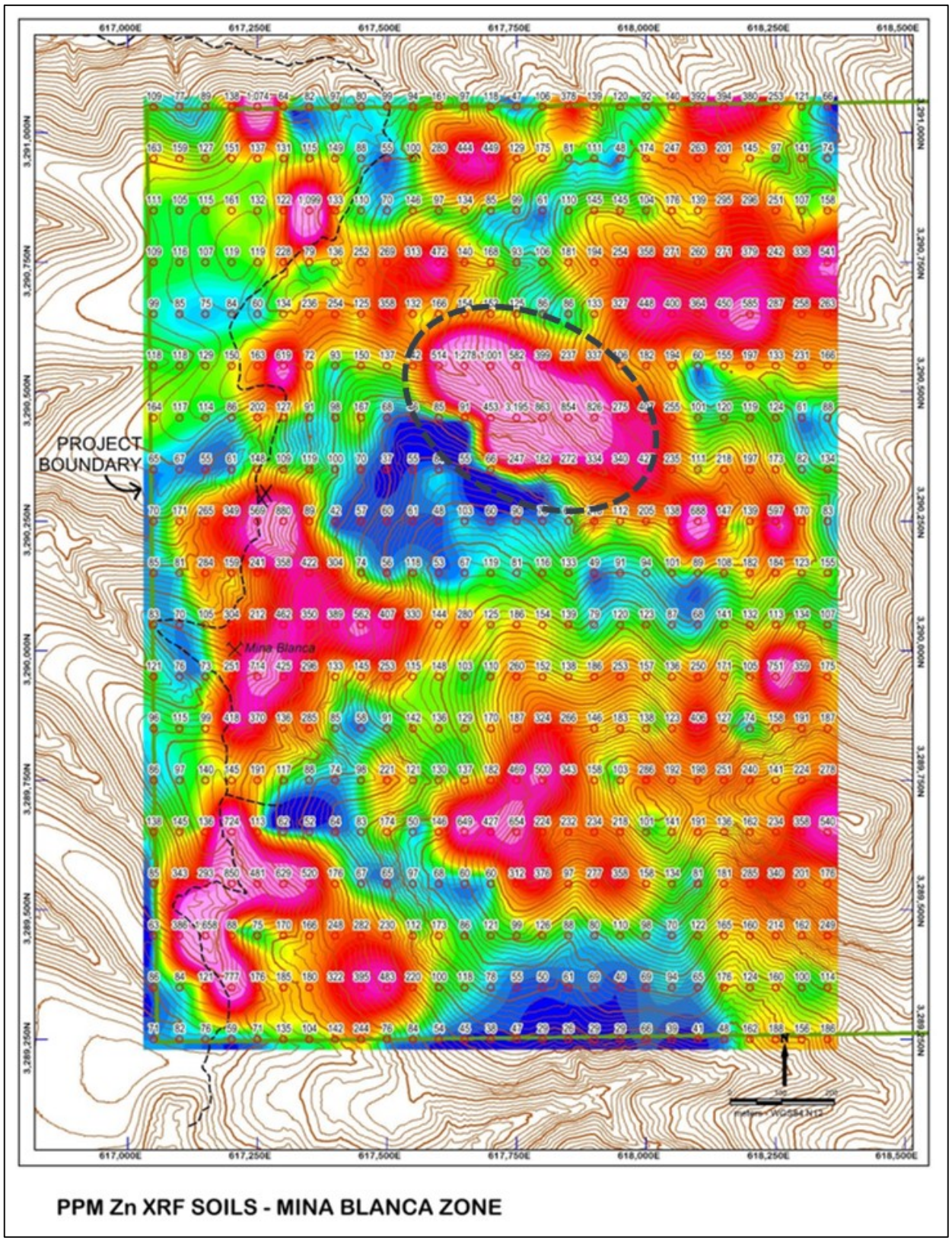
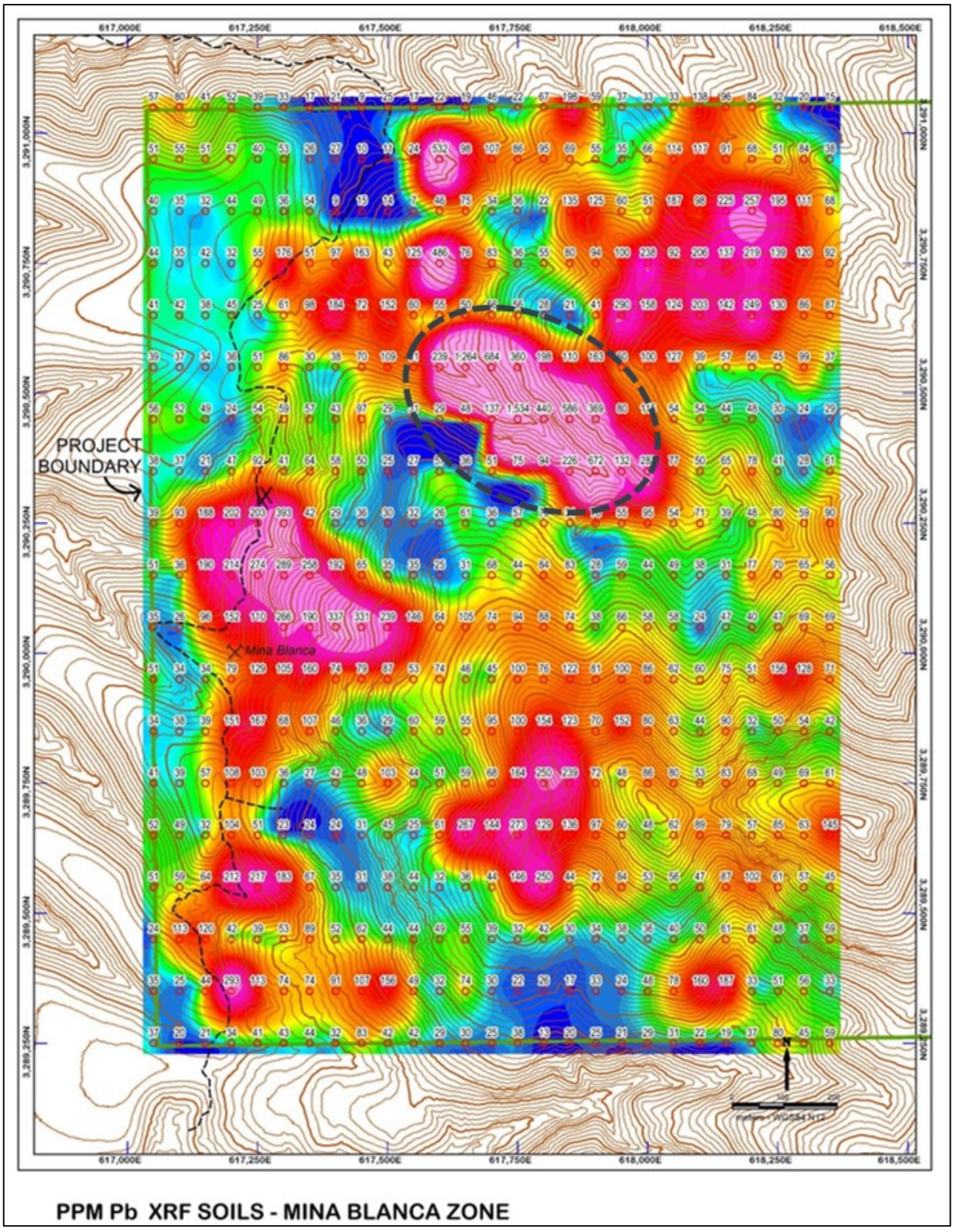


Figure 3: Image of portable XRF lead values in soils highlighting the principal anomaly



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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.*	Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags. Samples were collected on a grid spacing of 50m by 100m with sample locations determined by hand-held GPS. Portable XRF readings were taken of each sample. Normally, in the laboratory, field samples are 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. A 2-3kg grab sample wass collected of rock material with visible mineralisation, alteration or weathering characteristics. Sample locations were determined by hand-held GPS. Sample preparation was undertaken at Bureau Veritas Laboratories (BVL) in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the BVL tracking system. Samples were dried and each sample was fine crushed to >70% passing a 2mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75micron screen. Envelopes containing the 250g sample pulps were sent via courier to BVL in Vancouver, Canada for analysis. The analytical techniques for all elements (other than gold) initially involved a four-acid digest, considered a total digest for all relevant minerals. Following the four-acid digest, the analytical method used was MA200 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold. Over-limit assays were re-analysed by: • MA370 (by ICP-ES for base metals >1%; • FA530 (by fire assay with gravimetric finish for silver grading >200ppm Ag and gold grading >10ppm Au); • Method GC817 (by Classical Titration for lead grading >10%).
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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	No samples were collected from drilling. Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags. Samples were collected of rock material with visible mineralisation, alteration or weathering characteristics. The sample preparation followed industry best practice. Samples were prepared at BVL in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the BVL tracking system. All samples were dried and the entire sample was fine crushed to >70% passing a 2mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75micron screen. Envelopes containing the 250g sample pulps were sent via courier to BVL in Vancouver, Canada for analysis. No standard and blank check samples were submitted. The sample sizes are considered 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.*	Portable XRF analyser readings were taken of each soil 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. The analytical techniques for all elements (other than gold) initially involved a four-acid digest, considered a total digest for all relevant minerals. Following the four-acid digest, the analytical method used was MA200 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold. Over-limit assays were re-analysed by: • MA370 (by ICP-ES for base metals >1% ; • FA530 (by fire assay with gravimetric finish for silver grading >200ppm Ag and gold grading >10ppm Au);

		• Method GC817 (by Classical Titration for lead grading >10%). Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks.
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.*	Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags. Samples were collected on a grid spacing of 50m by 100m with sample locations determined by hand-held GPS. A 2-3kg grab sample was collected of rock material with visible mineralisation, alteration or weathering characteristics. Sample locations were determined by hand-held GPS. 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.*	All samples 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	*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,*	Geological controls and orientations of the mineralised zone are unknown at this time.

widths and intercept lengths	*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').*	
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.