

ASX: AZS

3 MARCH 2015

NEW COPPER ZONES AT ALACRÁN

Azure Minerals Limited (ASX: **AZS**) ("Azure" or "the Company") is pleased to announce that it has found several extensive zones of visible copper mineralisation and historical mine workings at the La Morita prospect, located at the Alacrán Copper Project.

In addition to finding the La Morita mine workings, Azure has recovered historical information from the archives of the Mexican Government, internal records of several mining companies, and research theses from various universities, relating to previous exploration activities at Alacrán. A review of this information has highlighted additional prospective areas of the project.

Highlights:

- **Six historical mine workings have been found at La Morita with visible outcropping copper mineralisation**
- **Prospectivity of Alacrán to host large copper deposits has been significantly enhanced with important technical data recovered from historical records and archives**
- **Government geophysical (IP) survey from 1981 identified strong anomalies around the La Morita mine workings, indicative of sulphide mineralisation at depth, with no follow-up exploration undertaken**



Copper oxide mineralisation and gossan from the La Morita mine workings

La Morita Copper Mine Workings

Geological reconnaissance was made over the western part of the Alacrán project area, focusing on the La Morita prospect (see Figure 1). La Morita is located five kilometres to the west of the old Palo Seco and El Alacran mines, where Azure's sampling returned high grade assays of up to 14.9% zinc, 309g/t silver and 1.5g/t gold (See ASX release dated 19/01/15).

Six separate historical mine workings, ranging from small producing operations to exploratory diggings, were found at La Morita, all of which were previously unknown to Azure.



Outcropping copper oxide mineralisation at La Morita

In the area containing these old mine workings, extensive zones of outcropping, strongly altered rocks, gossans and vuggy silica containing copper oxide and chalcocite (copper sulphide) mineralisation were observed (see additional photographs in Appendix 1).

Azure found no evidence of drilling or other modern exploration activities at La Morita.

Historical Records from Alacrán

Azure's technical team in Mexico have been undertaking extensive research for historical Alacrán exploration data in archives of the Mexican Geological Survey, various mining companies and universities. This investigation has identified and retrieved technical reports and data, including aeromagnetic survey data and academic theses, some of which may not have been available to previous explorers of the property.

Importantly, this research revealed that an Induced Polarisation (IP) survey was undertaken over the western part of the Alacrán project area by the Mexican Geological Survey in 1981, and some of this data has been retrieved from Government archives.

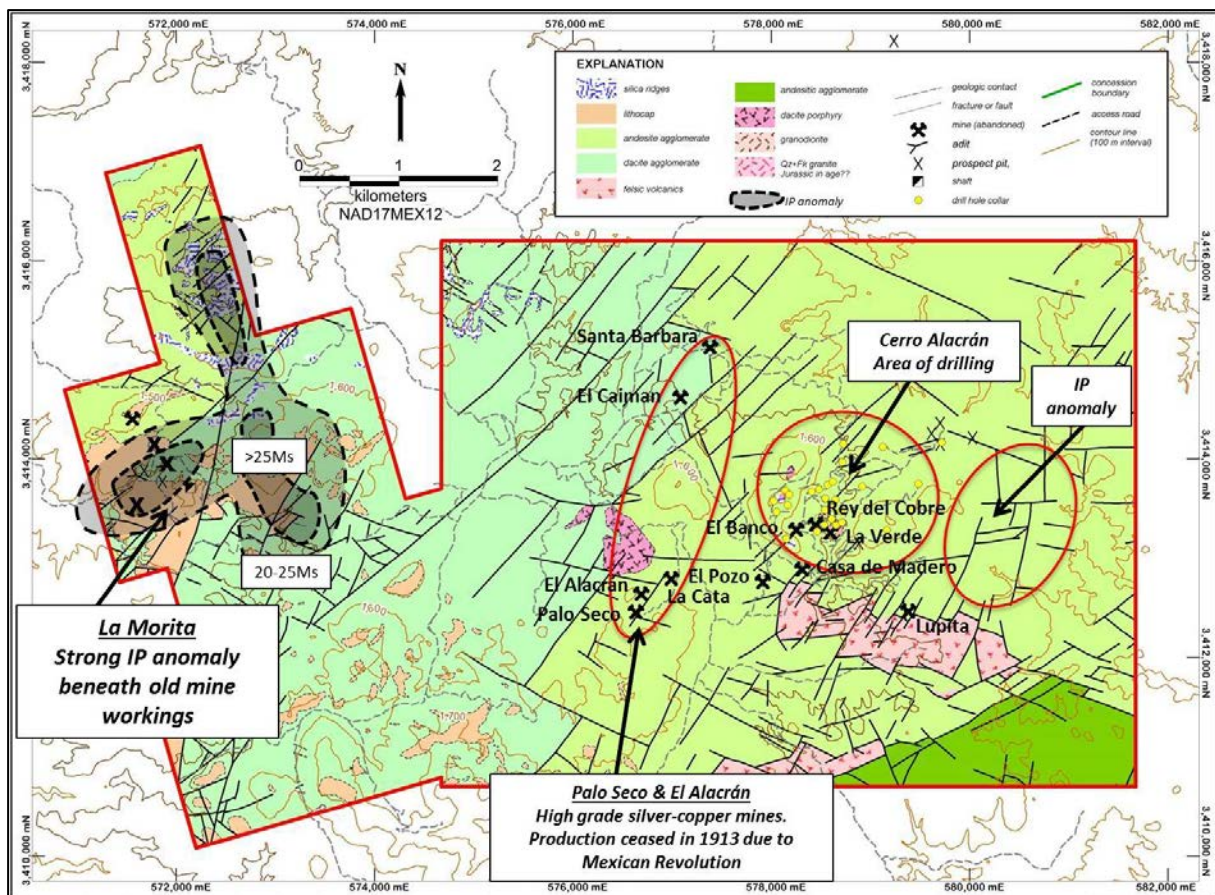
The IP survey area included coverage over the old mine workings at the La Morita prospect. A strong and coherent IP chargeability anomaly was identified beneath and extending for

several hundred metres along strike from the La Morita mine workings. A second adjacent IP anomaly is also present immediately to the east of La Morita, trending north-south over approximately three kilometres (see Figure 1).

These IP anomalies suggest the presence of buried sulphide mineralisation in this area, possibly associated with the La Morita mineralised zone. No drilling has been undertaken around La Morita or tested the IP anomalies.

La Morita is a high priority target for the Company's first pass geophysical exploration program, and will be drill tested if the IP anomalism is confirmed.

Figure 1: Alacrán geology plan showing locations of historical mining, drilling and IP anomalies



BACKGROUND

Alacrán is located in northern Mexico approximately 50km south of the USA border. The property covers 54km² of highly prospective exploration ground in the middle of the Sonora-Arizona Copper Province. This is one of North America's most prolific copper-producing districts, extending from northern Mexico into the southern United States, and the second largest concentration of copper deposits in the world.

The property lies close to several large copper mines, including the world class, giant Cananea Copper Mine where annual copper production capacity is forecast to reach 510,000 tonnes in 2015.

Azure recently signed an Agreement with Minera Teck S.A. de C.V. ("Teck"), a Mexican subsidiary of Teck Resources Limited to acquire 100% of the property, subject to an underlying back-in right retained by Teck and a 2% NSR retained by Grupo Mexico; (see ASX release dated 07/01/15). Teck is Canada's largest diversified resource company and Grupo Mexico is Mexico's largest and one for the world's largest copper producers.

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Information in this report that relates to Exploration Results is based on information compiled by Mr Tony Rovira, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Rovira is a full-time employee and Managing Director of Azure Minerals Limited. Mr Rovira has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rovira consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date that it was 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 announcement.

APPENDIX 1

PHOTOS OF COPPER MINERALISATION AND HISTORICAL MINE WORKINGS AT LA MORITA

Outcropping copper oxide mineralisation at La Morita



Outcropping gossan with chalcocite (copper sulphide) mineralisation at La Morita



One of the historical La Morita copper mine workings



JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>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.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>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.</i></p>	<p>The ground Induced Polarisation (IP) survey was undertaken by the Consejo de Recursos Minerales (Mexican Geological Survey) in 1981. It covered an area of 4,000m East-West x 5,000m North-South.</p> <p>Line spacing was 200m with electrode spacing at 100m, 200m, 300m and 400m.</p> <p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Drilling techniques	<p><i>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).</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Drill sample recovery	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>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.</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Logging	<p><i>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.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Sub-sampling techniques and sample preparation	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>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.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Quality of assay data and laboratory tests	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p> <p>The ground Induced Polarisation (IP) survey was undertaken by the Consejo de Recursos Minerales (Mexican Geological Survey) in 1981. It covered an</p>

	<p><i>analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>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.</i></p>	<p>area of 4,000m East-West x 5,000m North-South, with lines spaced at 500m.</p> <p>The instrument make and model are unknown. No information is available matters relating to data collection.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Location of data points	<p><i>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.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p> <p>The grid system used is NAD27 Mexico UTM Zone 12 for easting, northing and RL.</p>
Data spacing and distribution	<p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>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.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	<p>Line spacing was 200m and electrodes were spaced at 100m, 200m, 300m and 400m.</p> <p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Orientation of data in relation to geological structure	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>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.</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Sample security	<p><i>The measures taken to ensure sample security.</i></p>	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>
Audits or reviews	<p><i>The results of any audits or reviews of sampling techniques and data.</i></p>	<p>No data audit or review was undertaken by Azure Minerals</p>

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p><i>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.</i></p> <p><i>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.</i></p>	<p>The Alacrán Project comprises 22 mineral concessions 100% owned by Minera Teck SA de CV, a subsidiary of Teck Resources Limited.</p>

		<table><tr><th>CLAIM</th><th>FILE</th><th>TITLE</th><th>HECTARES</th></tr><tr><td>Hidalgo</td><td>1794</td><td>166374</td><td>99.00</td></tr><tr><td>Hidalgo 2</td><td>1796</td><td>166369</td><td>99.00</td></tr><tr><td>Hidalgo 3</td><td>1797</td><td>166368</td><td>99.00</td></tr><tr><td>Hidalgo 4</td><td>1798</td><td>166366</td><td>99.00</td></tr><tr><td>Hidalgo 5</td><td>1799</td><td>166370</td><td>99.00</td></tr><tr><td>Hidalgo 6</td><td>1800</td><td>166371</td><td>99.00</td></tr><tr><td>Hidalgo 7</td><td>1801</td><td>166373</td><td>99.00</td></tr><tr><td>Hidalgo 8</td><td>1802</td><td>166372</td><td>99.00</td></tr><tr><td>Hidalgo 9</td><td>1803</td><td>166375</td><td>99.00</td></tr><tr><td>Kino 2</td><td>1886</td><td>166313</td><td>100.00</td></tr><tr><td>Kino 3</td><td>1887</td><td>166312</td><td>100.00</td></tr><tr><td>Kino 4</td><td>1888</td><td>166314</td><td>100.00</td></tr><tr><td>Kino 8</td><td>1892</td><td>166315</td><td>100.00</td></tr><tr><td>Kino 9</td><td>1893</td><td>166316</td><td>100.00</td></tr><tr><td>Kino 10</td><td>1894</td><td>166317</td><td>100.00</td></tr><tr><td>Kino 11</td><td>1895</td><td>166318</td><td>100.00</td></tr><tr><td>Kino 15</td><td>1899</td><td>166365</td><td>100.00</td></tr><tr><td>Kino 16</td><td>1800</td><td>166367</td><td>100.00</td></tr><tr><td>San Simón</td><td>1894</td><td>166376</td><td>100.00</td></tr><tr><td>San Simón 2</td><td>1895</td><td>166377</td><td>100.00</td></tr><tr><td>El Alacrán</td><td>E.4.1.3/1182</td><td>201817</td><td>3,442.36</td></tr><tr><td>TOTAL SURFACE</td><td></td><td></td><td>5,433.36</td></tr></table> <p>Azure Minerals has an Option to acquire 100% ownership of these concessions by spending US\$5 million over four years, subject to Teck having a one-off right to buy back up to 65% ownership.</p> <p>A 2% Net Smelter Royalty is held by Grupo Mexico.</p> <p>The tenements are secure and are in good standing. There are no known impediments to obtaining a licence to operate in the area.</p>	CLAIM	FILE	TITLE	HECTARES	Hidalgo	1794	166374	99.00	Hidalgo 2	1796	166369	99.00	Hidalgo 3	1797	166368	99.00	Hidalgo 4	1798	166366	99.00	Hidalgo 5	1799	166370	99.00	Hidalgo 6	1800	166371	99.00	Hidalgo 7	1801	166373	99.00	Hidalgo 8	1802	166372	99.00	Hidalgo 9	1803	166375	99.00	Kino 2	1886	166313	100.00	Kino 3	1887	166312	100.00	Kino 4	1888	166314	100.00	Kino 8	1892	166315	100.00	Kino 9	1893	166316	100.00	Kino 10	1894	166317	100.00	Kino 11	1895	166318	100.00	Kino 15	1899	166365	100.00	Kino 16	1800	166367	100.00	San Simón	1894	166376	100.00	San Simón 2	1895	166377	100.00	El Alacrán	E.4.1.3/1182	201817	3,442.36	TOTAL SURFACE			5,433.36
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Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<p>The project area has a history of industrial-scale commercial mining and small-scale artisanal mining dating back to the early 20th century, that ended shortly after the start of the Mexican Revolution in 1910. After the Revolution ended in the 1920's, the property was explored intermittently.</p> <p>The Anaconda Copper Mining Company is known to have done some exploration, including drilling, on the property prior to the late 1960's. Data relating to this work has been located but has yet to be reviewed.</p> <p>Between 1969 and the early 1980's, the Consejo de Recursos Minerales (Mexican Geological Survey) carried out occasional exploration programs, including drilling 6 holes in 1970 and undertaking geophysical surveys over the Palo Seco and La Morita prospects in 1981.</p> <p>Grupo Mexico acquired the project after the CRM completed their drilling. Grupo Mexico drilled an additional 26 holes on the project in two phases. The first phase was done in 1991 (24 holes) and the second phase was done in 1997 and 1998 (two holes).</p> <p>Minera Teck S.A. de C.V., a Mexican subsidiary of Teck Resources Limited acquired the property in 2013 and undertook limited surface exploration.</p> <p>Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.</p>																																																																																												
Geology	Deposit type, geological setting and style of mineralisation.	<p>Various styles of mineralisation occur on the property.</p> <p>Intermediate sulphidation epithermal veins and stockworks host silver-lead-zinc-copper in Cretaceous volcanoclastic rocks (the La Morita, Palo Seco and Alacrán mines).</p> <p>Secondary copper oxide and chalcocite mineralization occur in volcanic rocks.</p> <p>Primary copper mineralization is hosted in porphyry rocks.</p>																																																																																												
Drill hole information	<p>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:</p> <ul style="list-style-type: none">easting and northing of the drill hole collarelevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar	<p>This release has no reference to drilling, sampling, assays or mineralisation.</p>																																																																																												

	<ul style="list-style-type: none"> • dip and azimuth of the hole • down hole length and interception depth • hole length. <p><i>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.</i></p>	
Data aggregation methods	<p><i>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.</i></p> <p><i>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.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	This release has no reference to drilling, sampling, assays or mineralisation.
Relationship between mineralisation widths and intercept lengths	<p><i>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').</i></p>	This release has no reference to drilling, sampling, assays or mineralisation.
Diagrams	<p><i>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.</i></p>	Refer to Figures in attached report
Balanced reporting	<p><i>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.</i></p>	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	<p><i>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.</i></p>	This announcement refers to previous exploration results including geophysics, geochemistry and geology.
Further work	<p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</i></p>	Further work to better understand the mineralisation systems in the project area is likely to comprise geological mapping, surface and underground sampling, geophysical surveys (IP and magnetics) and drilling.