ASX: AZS **2 JULY 2015**

STRONG IP ANOMALIES IDENTIFIED AT ALACRÁN

- **Positive results returned from first Induced Polarisation (IP) survey**
- **Strong chargeability anomalies suggest substantial sulphide mineralisation, confirming porphyry copper potential**
- **Chargeability anomalies are surrounded by anomalous geochemical halos at surface, typical of porphyry copper deposits**
- **Near-surface resistivity anomalies are interpreted as separate zones of precious metal mineralisation at Mesa de Plata and San Simon**
- **Drilling scheduled to commence in late July**

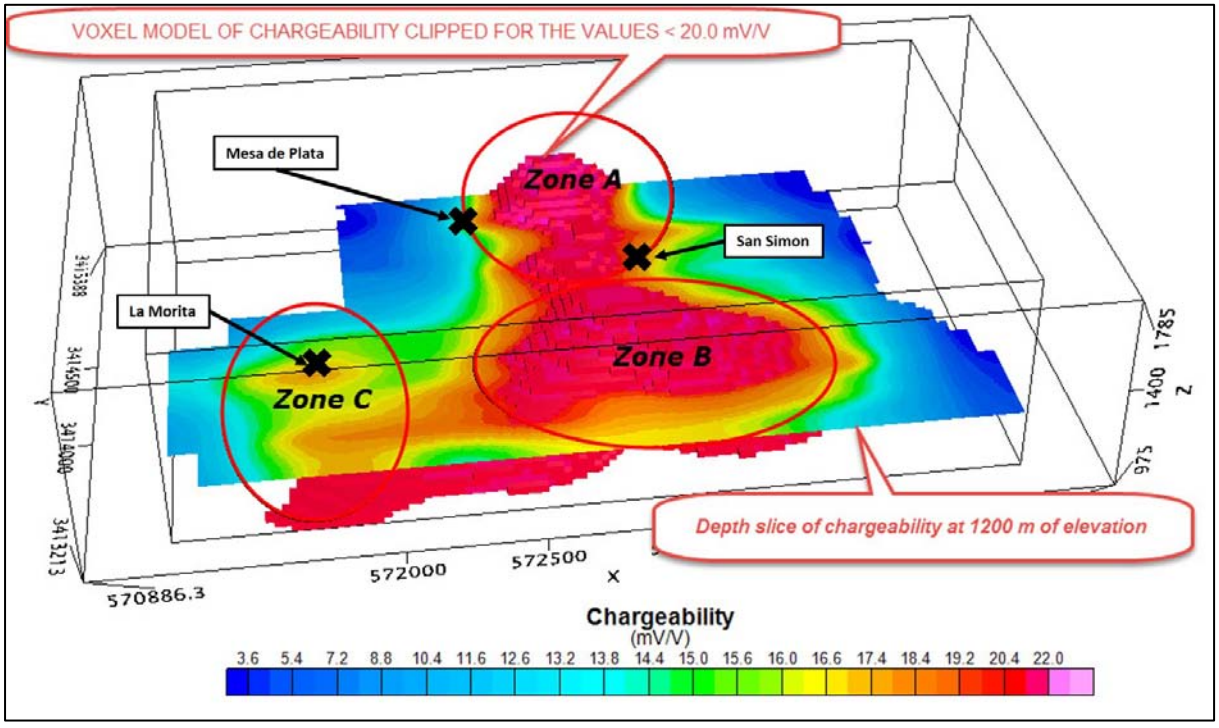

Figure 1: 3D image showing three chargeability anomalies (Zones A, B & C). These anomalies occur at depth beneath the surface mineralisation at La Morita, San Simon and Mesa de Plata, and are likely due to significant sulphide mineralisation.

Azure's Managing Director, Tony Rovira, commented: *"We believe that Alacrán has the potential to host substantial mineral deposits, and the very positive results from this IP*

Street Address: Level 1, 30 Richardson Street, West Perth, WA 6005 **Postal Address:** PO Box 493, West Perth, WA 6872
Phone: 08 9481 2555 **Fax:** 08 9485 1290 **Email:** admin@azureminerals.com.au **Website:** www.azureminerals.com.au

survey support this view by identifying strong anomalies that are interpreted to represent near-surface precious metal mineralisation and deeper porphyry copper mineralisation.

"When these results are combined with the geological and geochemical data gathered over the past six months, the prospectivity of the project is evident and numerous high priority drill targets have been identified.

"I'm keen to start drill testing these anomalies as soon as possible, and I look forward to updating shareholders of further progress and results as they become available."

DETAILS

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to provide results from the recently completed geophysical survey on the Alacrán Project, located in the northern Mexican state of Sonora.

The first modern IP survey undertaken on the Alacrán project provides a detailed, deep-looking coverage of the La Morita area (see Figure 2). The survey comprised ten, 200m spaced east-west lines totalling 26 line kilometres, covering approximately 5km^2.

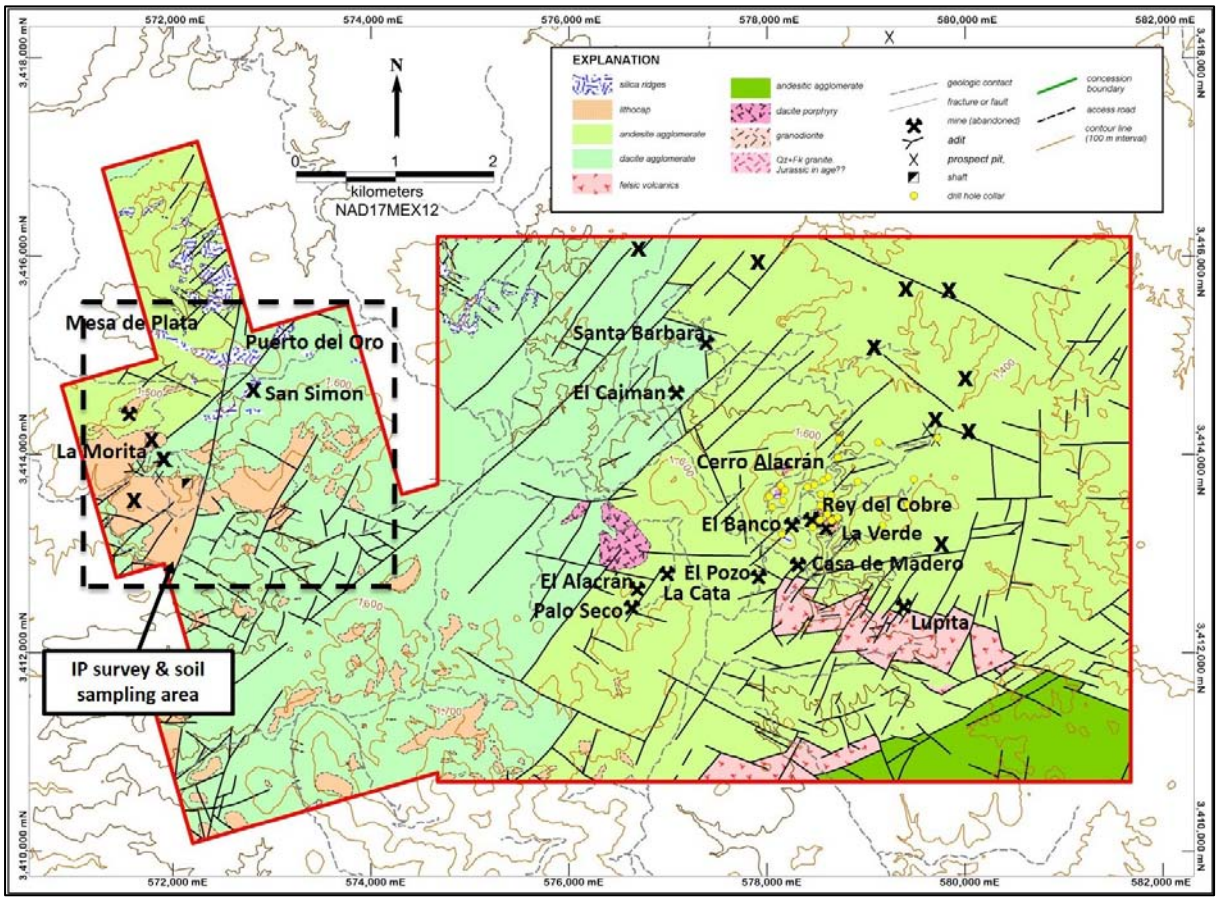

Figure 2: Alacrán geology plan showing historical mines and IP survey area

Azure's survey covers an area previously surveyed with IP by the Mexican Geological Survey in 1981 (refer ASX release dated 03/03/15). Although rudimentary in comparison to modern IP technology, the earlier survey did identify coherent chargeability and resistivity anomalies. Due to technical limitations of the equipment used, these anomalies were measured to only relatively shallow depths (possibly <100m below surface).

Azure's survey was designed to test to several hundred metres depth to better define the anomalies detected by the historical survey and to identify new near-surface and deeply buried anomalies. Exploration models being targeted include:

- Extensions of the high grade copper sulphide mineralisation identified in the underground mine workings at La Morita (refer ASX release dated 03/06/15);
- Zones of silica-rich alteration hosting silver and gold mineralisation at San Simon and Mesa de Plata (refer ASX releases dated 15/04/15, 13/05/15 and 03/06/15); and
- Feeder zones and porphyry-hosted copper sulphide mineralisation at depth.

Azure is currently finalising modelling and interpreting of the IP results in conjunction with the mapping and sampling data. Targets generated will be tested in the upcoming drill program, which is scheduled to commence as soon as all environmental and access approvals have been received.

RESULTS

Survey data has been processed, modelled and interpreted by Azure's geophysical consultants from Southern Geoscience Consultants, of Perth, Western Australia.

Resistivity responses indicate the presence of electrically resistive zones in the north and east of the survey area, which are likely due to intense silicification of the host rocks (see Figure 3). These strongly resistive bodies are present from near-surface to depths of greater than 200m. Near to surface, they coincide with the Mesa de Plata and San Simon prospects, where sampling of outcropping vuggy silica and silica-rich breccia horizons has returned significant grades of silver (up to 213g/t Ag) and gold (up to 2.61g/t Au) mineralisation (refer ASX releases dated 15/04/15 & 03/06/15). These are high priority targets for the upcoming drill program.

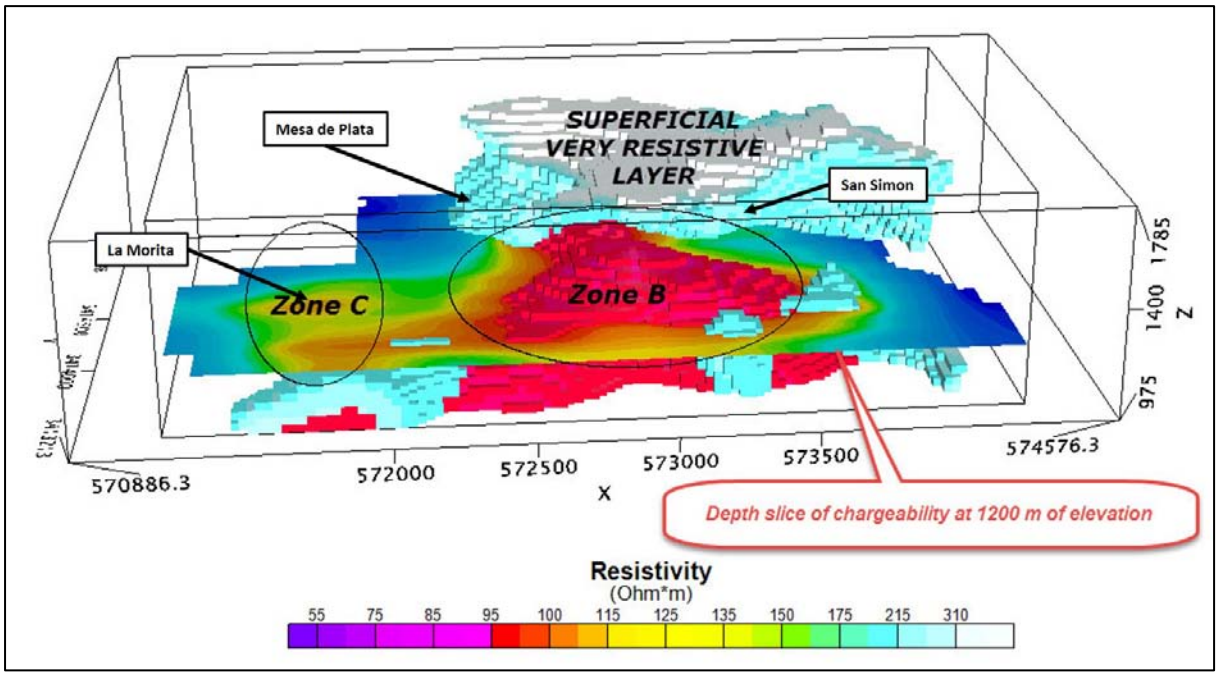

Figure 3: 3D image showing resistive body overlying chargeability anomalies. The near-surface resistive body is likely due to intensely silicified host rocks which contain silver and gold mineralisation at San Simon & Mesa de Plata.

Several strong and well defined chargeability anomalies have been identified within the survey area (see Figure 1). These bodies commence about 150m below surface and continue to the maximum penetration depth of the IP survey (at least 400m below surface). Three chargeability anomalies shown in Figure 3 are interpreted as representing substantial bodies of sulphide-rich mineralisation, and are associated with a deeper conductive body which is interpreted to be an intrusive.

The chargeability anomaly identified as Zone C lies beneath the La Morita mine workings where Azure's mapping and sampling identified extensive exposures of exotic copper and mixed copper sulphide mineralisation. This IP result supports the Company's belief that zones of significant copper sulphide mineralisation may extend to depth beneath La Morita, a model that will be tested by drilling in the upcoming program.

Two larger and stronger chargeability anomalies are identified as Zones A and B in Figure 1. These adjoining anomalies extend in a north-south orientation for more than one kilometre. Both zones come to within 150m-200m of surface and are capped by a very resistive surface layer which likely represents intense silicification of the host rocks.

Coloured images of chargeability and resistivity responses at various depths below surface are shown in Figures 4 to 7.

BACKGROUND

Alacrán is located in northern Mexico approximately 50km south of the USA border. The property covers 54km^2 of highly prospective exploration ground in the middle of the Laramide Copper Province. This is one of North America's most prolific copper-producing districts, extending from northern Mexico into the southern United States. Alacrán lies in close proximity to several large copper mines, including being 15km from the world class, giant Cananea Copper Mine operated by Grupo Mexico.

Azure has 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 S.A.B.de C.V.; (refer ASX release dated 07/01/15). Teck is Canada's largest diversified resource company. Grupo Mexico is Mexico's largest and one of the world's largest copper producers.

-ENDS-

For further information, please contact:

Tony Rovira
Managing Director
Azure Minerals Limited
Ph: +61 8 9481 2555

Media & Investor Relations
Rupert Dearden
Citadel-MAGNUS
Ph:+61 8 6160 4903
Mob: +61 422 209 889

or visit www.azureminerals.com.au

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 crossed-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.

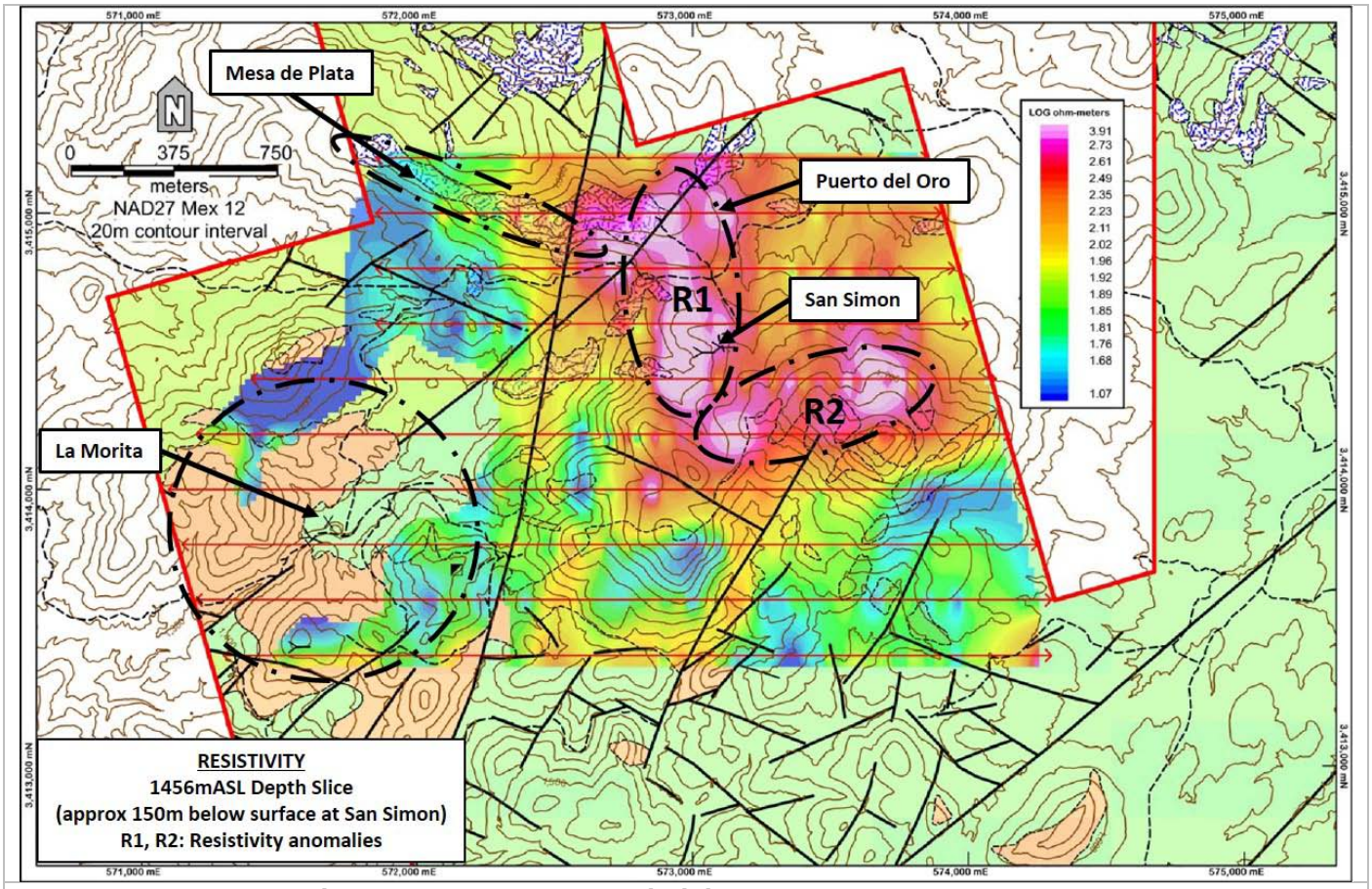

Figure 4: IP Survey – Resistivity reponses at 1,456mASL

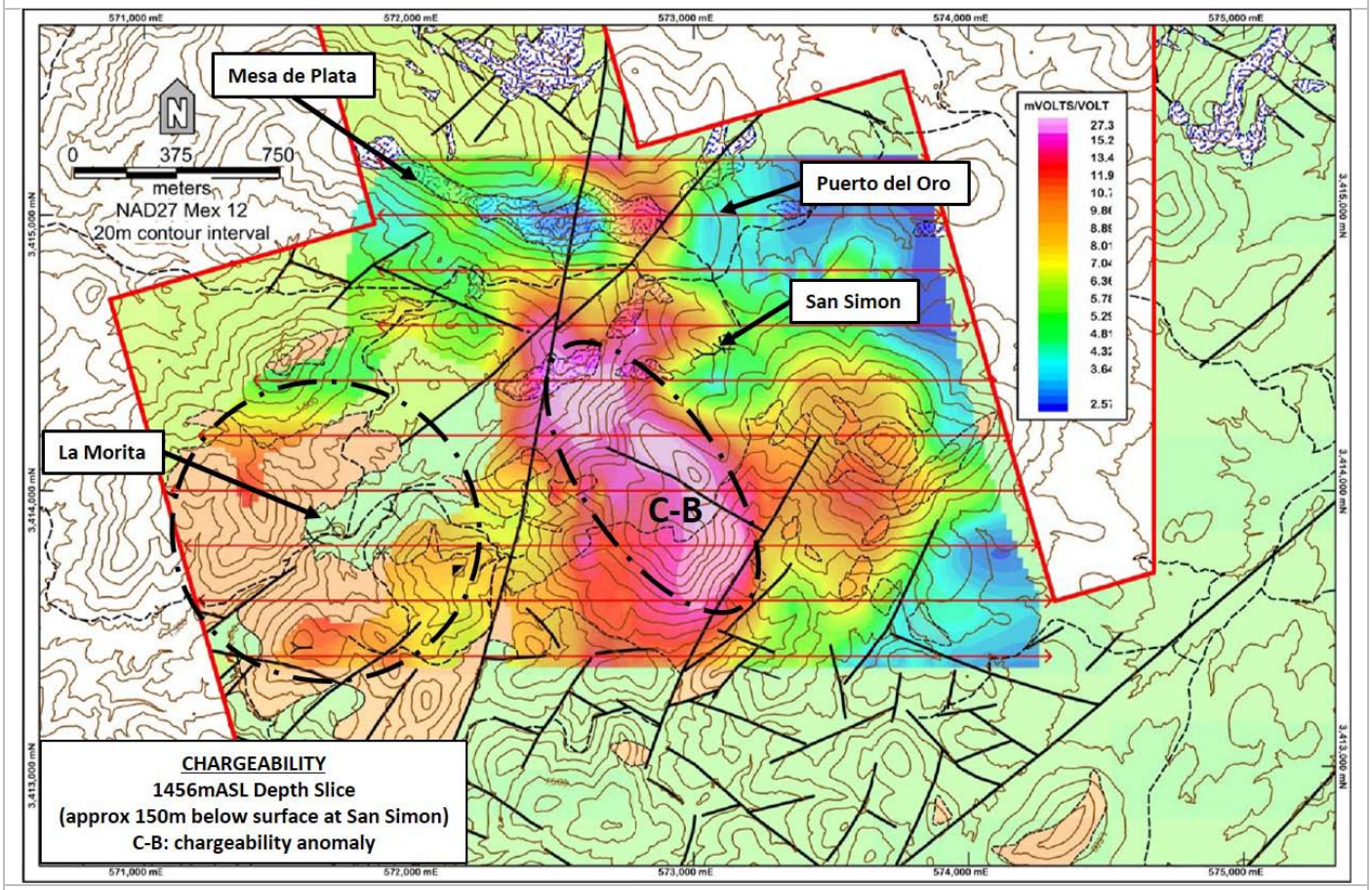

Figure 5: IP Survey – Chargeability reponses at 1,456mASL

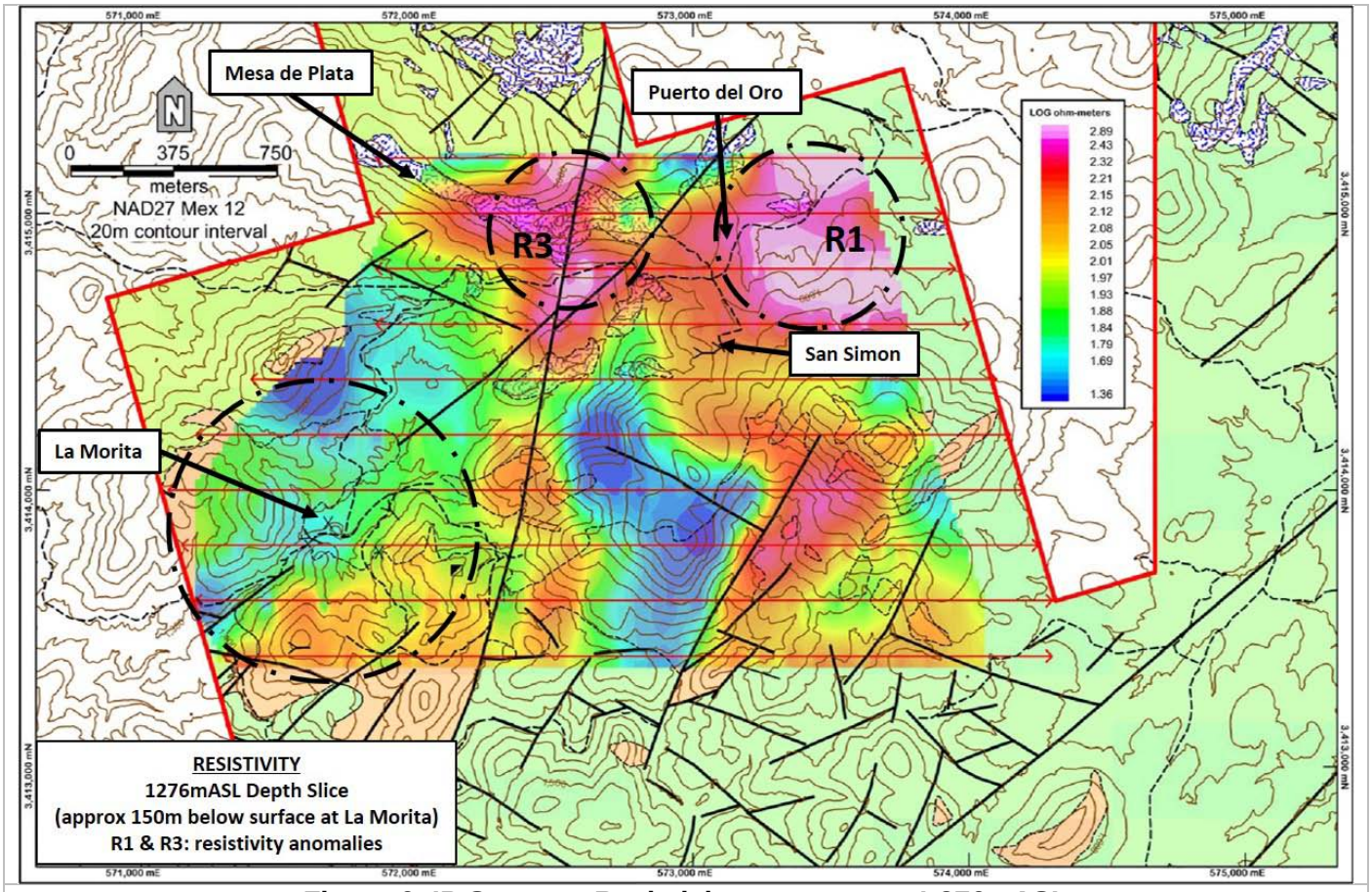

Figure 6: IP Survey – Resistivity reponses at 1,276mASL

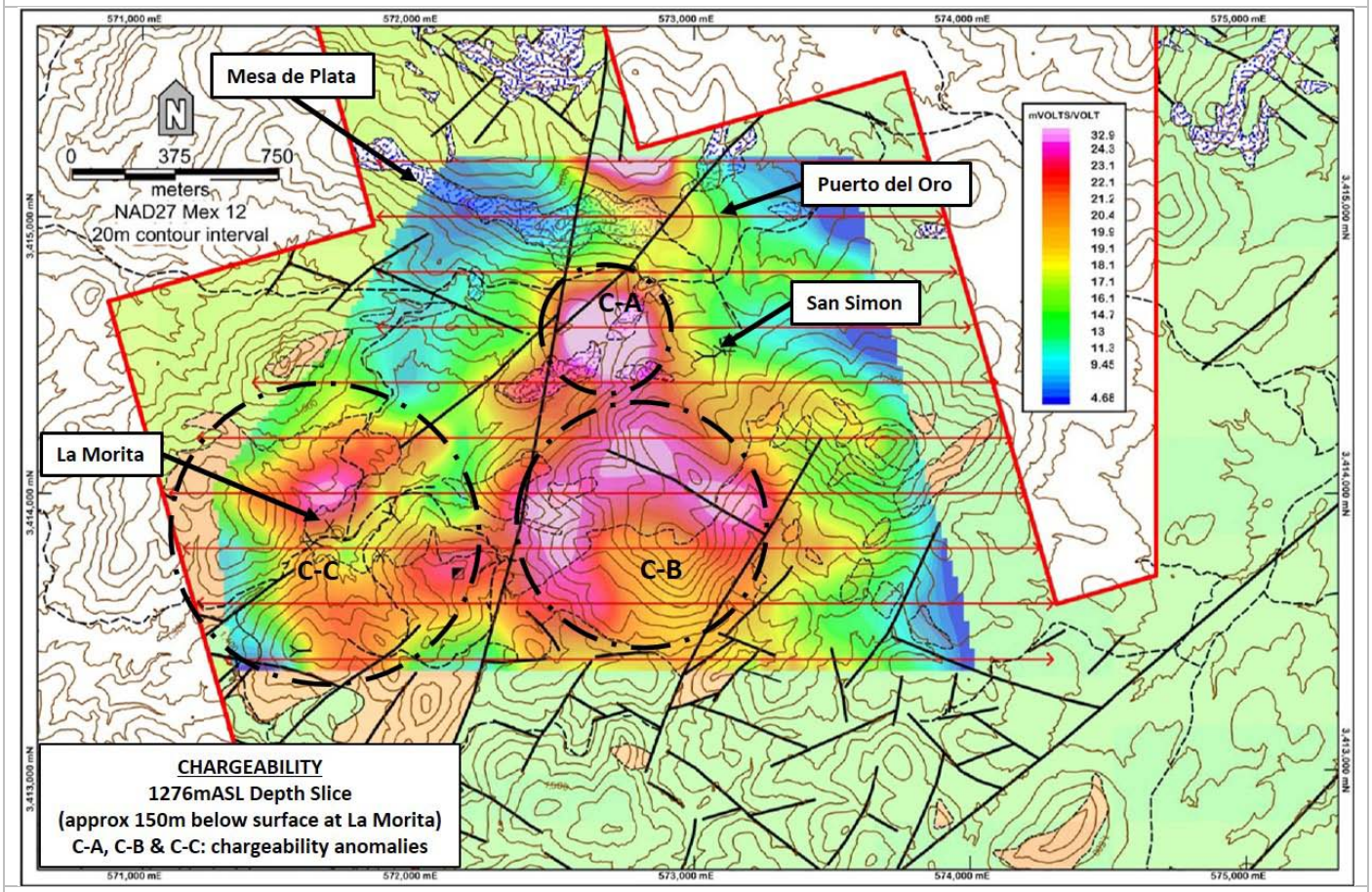

Figure 7: IP Survey – Chargeability reponses at 1,276mASL

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.*	The ground Induced Polarisation (IP) survey was undertaken by Geofisica TMC SA de CV, an independent geophysical contractor. The survey was a pole-dipole array with 100m spaced electrodes on 200m spaced lines with readings taken over 10 dipoles (n=1 to n=10). A total of 10 lines were surveyed for a total of 26.25 line kilometres. This release has no reference to drilling.
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.
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.*	This release has no reference to drilling.
Quality of assay data and	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique*	This release has no reference to drilling, sampling, assays or mineralisation.

laboratory tests	*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.*	The ground Induced Polarisation (IP) survey was undertaken by Geofisica TMC SA de CV, an independent geophysical contractor. The survey was a pole-dipole array with 100m spaced electrodes on 200m spaced lines with readings taken over 10 dipoles (n=1 to n=10). A total of 10 lines were surveyed for a total of 26.25 line kilometres. The induced polarization equipment consisted of a transmitting and receiving apparatus using a commuted signal. A motor generator drove the TX KW10 Walcer Geophysics transmitter capable of supplying 10.0 kW of continuous power. Stainless steel electrodes were used to inject a stable current. The bipolar current waveform had an 8-second period with a 50% duty cycle. The primary voltage, denoted *Vp* and chargeability, denoted *M* were measured every 50 metres using a GRX-32 GDD Instruments Time Domain Receiver. The decay curve was separated into 20 pre-programmed slices
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.*	This release has no reference to drilling, sampling, assays or mineralisation.
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.*	IP station locations were determined by hand-held GPS. The grid system used is NAD27 Mexico UTM Zone 12 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.*	Line spacing was 200m and electrodes were spaced at 100m. This release has no reference to drilling, sampling, assays or mineralisation.
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.*	This release has no reference to drilling, sampling, assays or mineralisation.
Sample security	*The measures taken to ensure sample security.*	This release has no reference to drilling, sampling, assays or mineralisation.
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

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

<table>
<tr><th>CLAIM</th><th>FILE</th><th>TITTLE</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>

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.

A 2% Net Smelter Royalty is held by Grupo Mexico.

The tenements are secure and are in good standing. There are no known impediments to obtaining a licence to operate in the area.</td></tr>
<tr><td>Exploration done by other parties</td><td>Acknowledgment and appraisal of exploration by other parties.</td><td>The project area has a history of industrial-scale commercial mining and small-scale artisanal mining dating back to the early 20th century, which ended shortly after the start of the Mexican Revolution in 1910. After the Revolution ended in the 1920's, the property was explored intermittently.

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.

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.

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).

Minera Teck S.A. de C.V., a Mexican subsidiary of Teck Resources Limited acquired the property in 2013 and undertook limited surface exploration.

Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.</td></tr>
</table>

Geology	*Deposit type, geological setting and style of mineralisation.*	Various styles of mineralisation occur on the property. Intermediate sulphidation epithermal veins and stockworks host silver, lead, zinc, copper and gold in volcaniclastic rocks. Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks. Primary copper mineralization is hosted in porphyry rocks.
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.*	This release has no reference to drilling, sampling, assays or mineralisation.
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').*	This release has no reference to drilling, sampling, assays or mineralisation.
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.