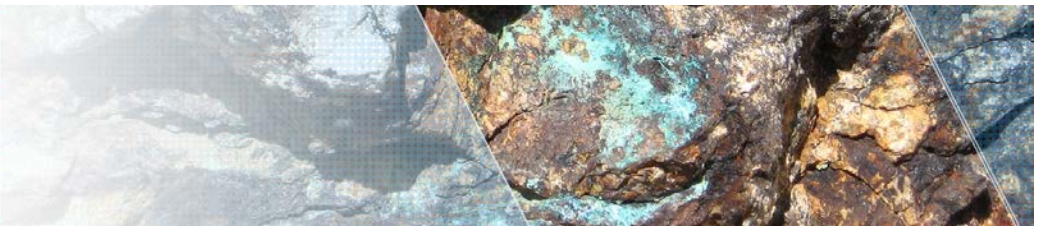

ASX: AZS **21 October 2015**

NEW ZONE OF STRONG GOLD AND SILVER MINERALISATION IDENTIFIED AT MESA DE PLATA

HIGHLIGHTS

- **First significant gold grades identified at new zone, Loma Bonita, to the east of Mesa de Plata silver discovery area**
- **Multiple strong, coincident gold and silver assays returned from soil sampling, including:**

2.4g/t Au		***1.5g/t Au***		***1.1g/t Au***		***1.1g/t Au***		***0.28g/t Au***
97g/t Ag	***&***	***61g/t Ag***	***&***	***36g/t Ag***	***&***	***33g/t Ag***	***&***	***104g/t Ag***

- **Loma Bonita gold/silver anomaly is hosted in soils developed on vuggy silica similar to that hosting the nearby Mesa de Plata silver deposit**
- **Loma Bonita partially overlaps and significantly extends the zone of high grade silver mineralisation identified in earlier rock chip sampling (refer ASX release 16 October 2015)**
- **Azure believes that there is excellent potential for significant high grade, bedrock-hosted gold and silver mineralisation at Loma Bonita**
- **Diamond drilling at Mesa de Plata is continuing**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to report that multiple, strongly anomalous gold and silver assays have been returned from soil sampling to the east of the original Mesa de Plata silver discovery. Results include high gold and silver grades from a previously un-sampled area, as well as from within the area of recently announced high grade silver from rock chip sampling (refer ASX release 16 September 2015).

These results, with grades reporting as high as **2.44g/t Au & 104g/t Ag**, indicate potential for this new zone to host significant silver and gold mineralisation within widespread outcropping vuggy silica similar to that which hosts the Mesa de Plata silver deposit.

Azure has called this new zone Loma Bonita (Spanish for Beautiful Hill).

Azure's Managing Director, Mr Tony Rovira said, *"The high precious metal values in the soil samples, including over 2.4g/t Au and 100g/t Ag, are a major development. The silver grades are generally more than double those that were recorded from the soil sampling at the nearby*

Mesa de Plata discovery, and the high gold assays indicate, for the first time, that this system may have significant gold potential.

"Expanding our exploration out from Mesa de Plata has identified extensive high grades of silver in soil and outcrop, with coincident significant gold values. These results have increased the overall area of surface mineralisation, highlighting the potential for a large, strongly mineralised, epithermal system.

"Exploration is continuing, with close-spaced RC drilling at Mesa de Plata set to start this month, as soon as we have received the required approval, while additional surface exploration to delineate future drill targets at Loma Bonita and further north is ongoing.

"We're very excited that the Mesa de Plata area continues to deliver new discoveries, and we are surprised that such a large, outcropping, strongly mineralised system has remained unrecognised in a district which has undergone extensive mining and exploration over many decades. Further exploration has the potential to identify more precious metal, and perhaps, base metal mineralisation in this area."

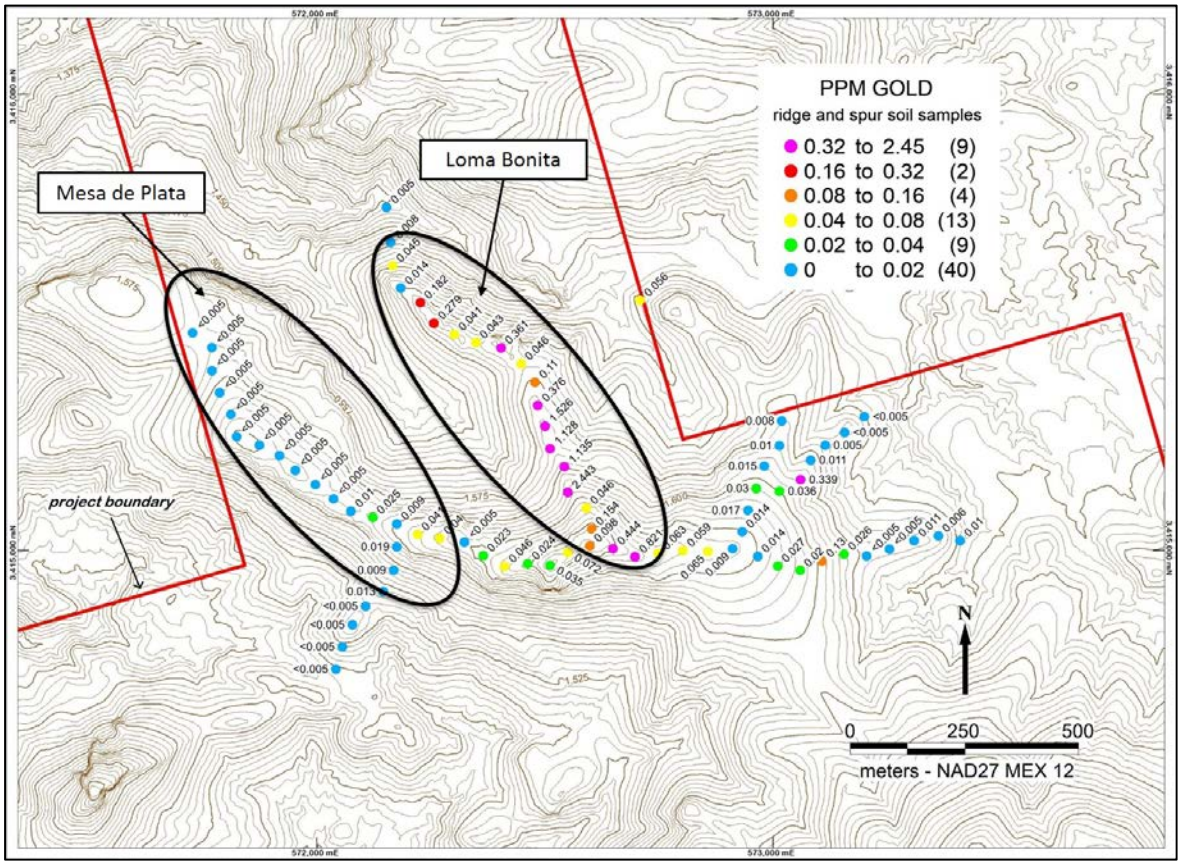

Figure 1: Soil sampling with gold results from Mesa de Plata & Loma Bonita

DETAILS

The Company collected a total of 77 soil samples by using a methodology known as ridge and spur sampling. This method samples along the crests of the highest parts of the local topography in order to detect shallow buried mineralisation with minimal dispersion or contamination.

Samples were collected at approximately 50m spacings along the ridge forming the Mesa de Plata silver deposit as a control measure, and then sampling was expanded out to cover other ridgelines in this northwestern part of the Alacrán project area (see Figures 1 & 2).

Sampling along the Mesa de Plata ridgeline returned consistently anomalous silver grades from **5g/t to 38g/t Ag**, thereby confirming the effectiveness of the sampling method. No gold grades above the lower detection limit (<0.005g/t Au) were returned from Mesa de Plata.

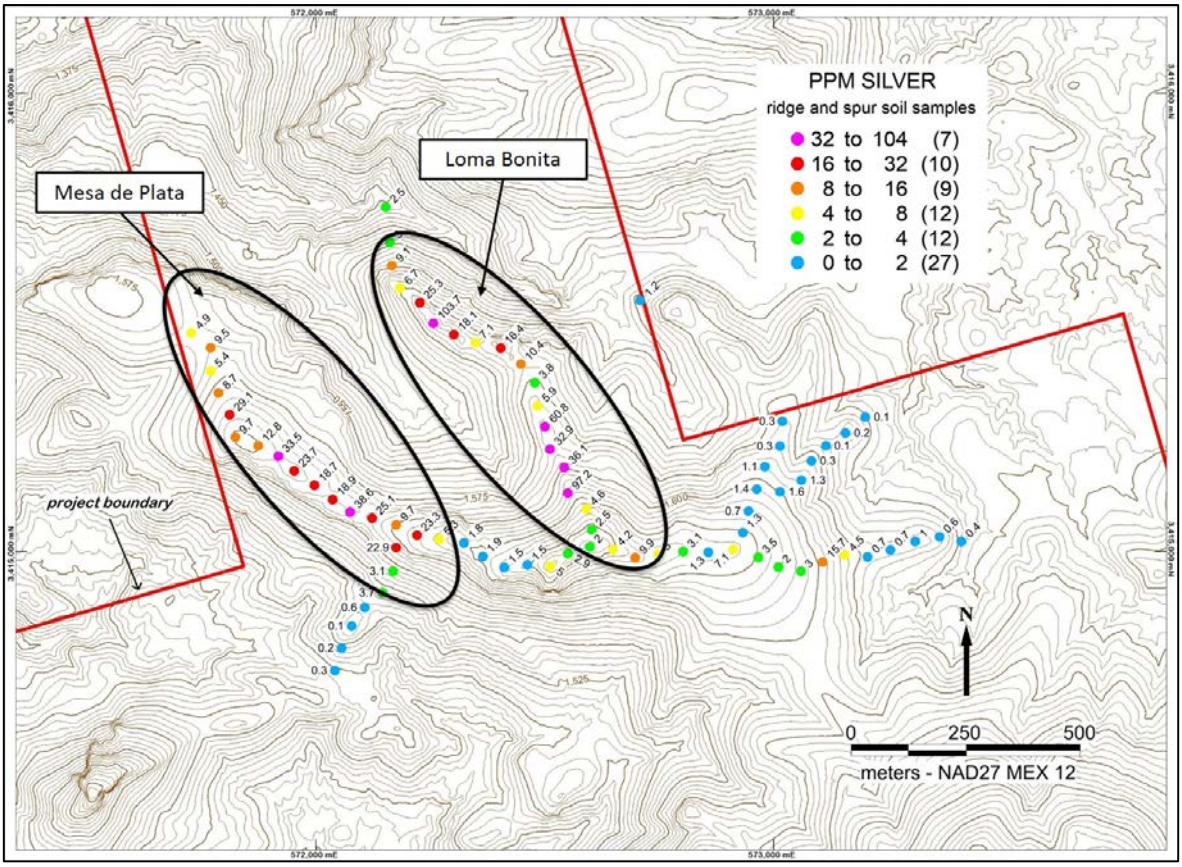

Figure 2: Soil sampling with silver results from Mesa de Plata & Loma Bonita

The new zone of surface mineralisation at Loma Bonita is about 300m to the east of the Mesa de Plata silver deposit. The soil anomaly is situated on a north and northwest trending ridge which extends for about 750m, and the bedrock beneath the soil is a thick formation of vuggy silica, similar to the unit which hosts the Mesa de Plata silver mineralisation.

Strongly anomalous gold and silver grades were returned from the soil samples over the entire length of the Loma Bonita ridgeline, with maximum values of **2.44g/t Au** and **104g/t Ag**. Four consecutive samples returned grades greater than **1g/t Au** and **30g/t Ag**. These silver values are significantly greater than those returned from soil sampling on Mesa de Plata. In addition, the fact that high gold assays were returned from Loma Bonita compared to no anomalous gold on Mesa de Plata is considered very significant.

Azure believes that there is excellent potential at Loma Bonita for significant high grade, bedrock-hosted gold and silver mineralisation.

DRILLING UPDATE

Diamond drilling is continuing at Mesa de Plata. These holes will provide drill core for mineralogical and metallurgical studies of the high grade silver mineralisation and also provide

a comparison between diamond core results versus RC results for mineral resource estimation purposes. Two holes have been completed to date, with MDPD-01 twinning the RC hole LM-09 and MDP-02 twinning LM-06. Azure will provide updates when results are available.

Azure has applied for permission to undertake a close-spaced drilling program at Mesa de Plata, and approval of this application is awaited.

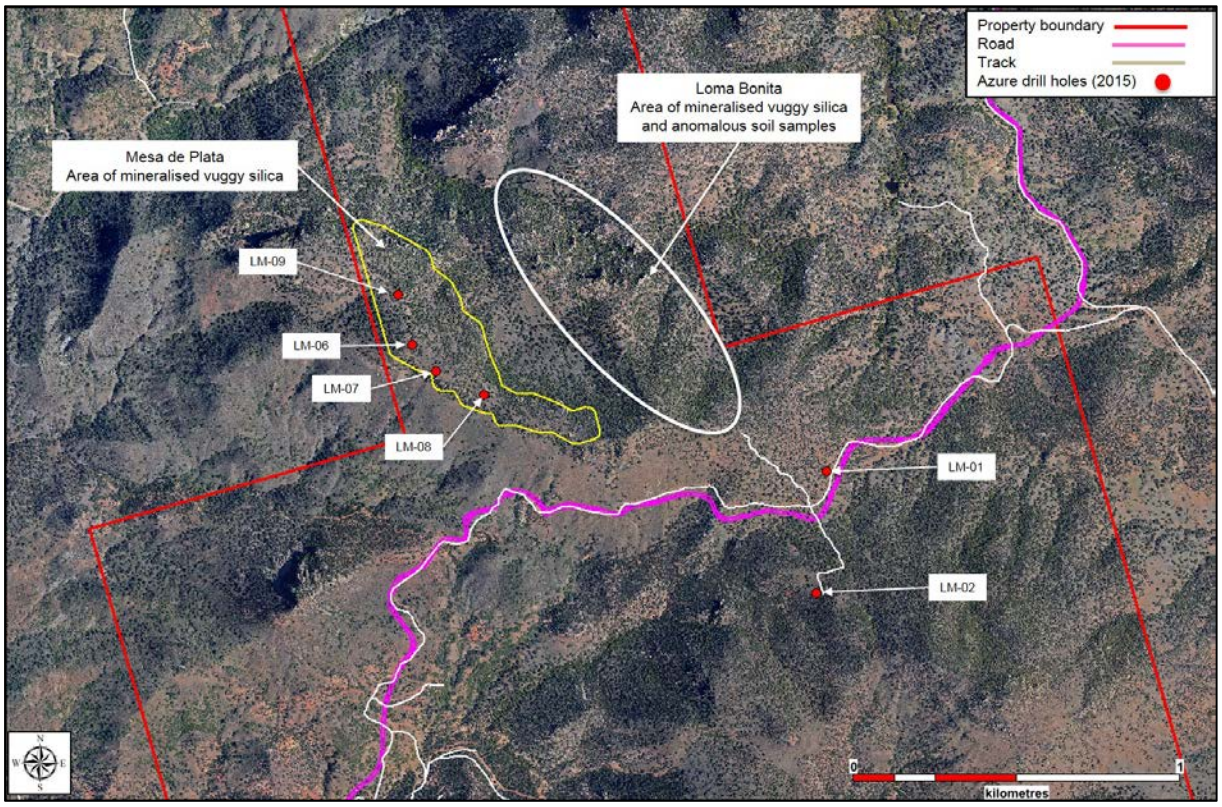

Figure 3: Aerial photograph showing Mesa de Plata & Loma Bonita

-ENDS-

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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 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.

APPENDIX 1:

ALACRÁN 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. This is one of Mexico's premier mining districts, with world class production of copper together with significant amounts of gold, silver and molybdenum.

There is excellent access to and within the property, via a sealed highway from Hermosillo, capital of the state of Sonora, and existing mine roads and ranch tracks. The nearby town of Cananea is a mining-friendly jurisdiction with experienced exploration and mining services, as well as physical infrastructure including roads, railway, airport, electrical power and water.

Commercial and artisanal mining occurred within the project area in the early 20th century, ending in 1913 due to the Mexican Revolution. Since that time, Alacrán has seen only limited exploration and its potential for hosting large porphyry copper deposits and smaller high grade precious and base metal deposits remains largely untested by modern exploration techniques.

The Anaconda Copper Mining Company explored the property intermittently from the 1930's to the 1960's. Data relating to this work is held in the Anaconda Geological Documents Collection, part of the American Heritage Centre in the University of Wyoming. Azure has visited the library and retrieved copies of numerous technical reports and maps.

Between the 1960's and the early 1980's, the Consejo de Recursos Minerales (Mexican Geological Survey) carried out occasional exploration programs, including drilling 6 holes at the Cerro Alacrán prospect in 1970 and undertaking geophysical surveys over the Palo Seco and La Morita prospects in 1981.

Grupo Mexico S.A.B.de C.V. ("Grupo Mexico") then acquired the project and drilled 26 holes at Cerro Alacrán in the 1990's. This drilling, which was restricted to an area of approximately 50 hectares, outlined a large body of near-surface, copper oxide and chalcocite (copper sulphide) mineralisation. The size, grade and the extent of this mineralised body is yet to be defined as a mineral resource to JORC standards.

Minera Teck S.A. de C.V. ("Teck"), a Mexican subsidiary of Canadian company Teck Resources Limited, acquired the property from Grupo Mexico in 2013 and undertook data compilation and limited surface exploration.

Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary Minera Piedra Azul S.A. de C.V.

Azure has signed an Agreement with Teck to acquire 100% of the property, subject to an underlying back-in right retained by Teck and a 2% NSR retained by Grupo Mexico. Teck is Canada's largest diversified resource company. Grupo Mexico is Mexico's largest and one of the world's largest copper producers.

APPENDIX 2:

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.*	Ridge and spur soil samples were collected by the project geologist on a spacing of approximately 50m. Sample locations were determined by hand-held GPS. Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags. Preparation of soil samples was undertaken at Acme Laboratories (a Bureau Veritas Group company) in Hermosillo, Sonora,, Mexico. Samples were weighed, assigned a unique bar code and logged into the Acme tracking system. Samples were dried and each sample was fine crushed to >70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75 micron screen. Envelopes containing the 250g sample pulps were sent via courier to the Acme laboratory in Vancouver, Canada for analysis. Samples were dissolved by four-acid digest and analytical methods used were MA300 (for silver and base metals) and Fire Assay method FA430 for gold.
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. The sample preparation followed industry best practice. Samples were prepared at the Acme laboratories in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the Acme tracking system. The sample was dried and the entire sample was fine crushed to >70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75 micron screen. Envelopes containing the 250g pulps were sent via courier to the Acme laboratory in Vancouver. 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.*	The analytical techniques for all elements (other than gold) involved a four-acid digest followed by multi-element ICP-ES analysis. This technique is considered a total digest for all relevant minerals. No portable XRF analyser readings were taken of soil samples. 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 and Exploration Manager) 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 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.*	Soil samples were collected on a 50m spacing along ridge and spur. Sample spacing was not relevant as this was a reconnaissance program. 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.*	Assay 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. Samples were placed in woven polypropylene "rice bags" and a numbered tamper-proof plastic cable tie was used to close each bag. The rice bags were delivered by company personnel directly to the Acme laboratory for sample preparation. The numbers on the seals were recorded for each shipment. Acme audited the arriving samples and reported any discrepancies back to the Company. No such discrepancies occurred.
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></tr>
<tr><td>Hidalgo</td><td>1794</td><td>166374</td></tr>
<tr><td>Hidalgo 2</td><td>1796</td><td>166369</td></tr>
<tr><td>Hidalgo 3</td><td>1797</td><td>166368</td></tr>
<tr><td>Hidalgo 4</td><td>1798</td><td>166366</td></tr>
<tr><td>Hidalgo 5</td><td>1799</td><td>166370</td></tr>
<tr><td>Hidalgo 6</td><td>1800</td><td>166371</td></tr>
<tr><td>Hidalgo 7</td><td>1801</td><td>166373</td></tr>
<tr><td>Hidalgo 8</td><td>1802</td><td>166372</td></tr>
<tr><td>Hidalgo 9</td><td>1803</td><td>166375</td></tr>
<tr><td>Kino 2</td><td>1886</td><td>166313</td></tr>
<tr><td>Kino 3</td><td>1887</td><td>166312</td></tr>
<tr><td>Kino 4</td><td>1888</td><td>166314</td></tr>
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<tr><td>Kino 9</td><td>1893</td><td>166316</td></tr>
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<tr><td>Kino 11</td><td>1895</td><td>166318</td></tr>
<tr><td>Kino 15</td><td>1899</td><td>166365</td></tr>
<tr><td>Kino 16</td><td>1800</td><td>166367</td></tr>
<tr><td>San Simón</td><td>1894</td><td>166376</td></tr>
<tr><td>San Simón 2</td><td>1895</td><td>166377</td></tr>
<tr><td>El Alacrán</td><td>E.4.1.3/1182</td><td>201817</td></tr>
<tr><td>TOTAL SURFACE</td><td></td><td></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>
<tr><td>Geology</td><td>Deposit type, geological setting and style of mineralisation.</td><td>Various styles of mineralisation occur on the property.</td></tr>
</table>

		Intermediate sulphidation epithermal veins and stockworks host silver, lead, zinc, copper and gold in volcaniclastic rocks (Mesa de Plata, San Simon, Palo Seco and Alacrán). Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán). 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.*	No maximum and/or minimum grade truncations (eg cutting of high grades) or cut-off grades were applied. No aggregate intercepts are reported 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*	Further work to better understand the mineralisation systems in the project area will comprise additional geological mapping, surface and underground sampling, geophysical surveys (IP and magnetics) and drilling.