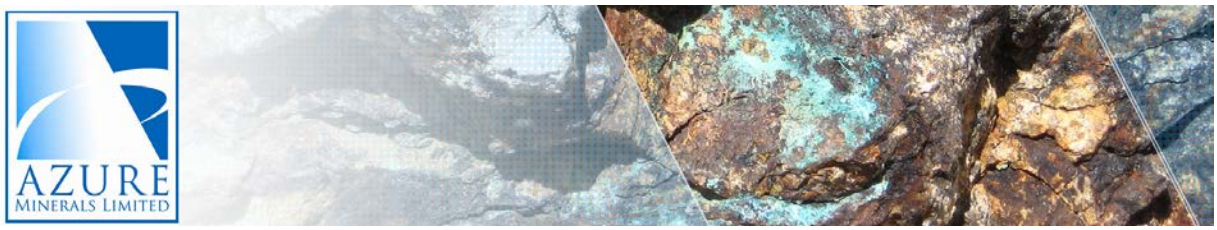

ASX: AZS **25 January 2016**

RESOURCE DRILLOUT COMPLETED AT MESA DE PLATA

FURTHER POTENTIAL IDENTIFIED

Highlights:

- **Resource drill-out program successfully completed**
- **JORC Mineral Resource estimate commenced and due in March**
- **Diamond drilling for advanced metallurgical testwork underway**
- **Potential for mineralised extensions of Mesa de Plata identified with drilling of high priority gold and silver targets to commence shortly**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") advises that it has completed the Reverse Circulation (RC) resource drill-out program of the Mesa de Plata silver mineralised zone at the Alacrán Project, located in the northern Mexican state of Sonora.

Completion of the drill program has enabled the calculation of a JORC-compliant Mineral Resource estimate to commence, which the Company anticipates will be completed by March.

In addition, on-going exploration continues to confirm the presence of significant gold and silver targets and follow-up drilling is expected to commence shortly.

Azure's Managing Director, Mr Tony Rovira said, *"Our exploration is continuing and studies by our geologists and external consultants indicate that the alteration and mineralisation styles at Mesa de Plata and in nearby areas are typical of other lithocap-hosted, epithermal gold and silver deposits in Mexico and elsewhere in Latin America. This supports the Company's belief that a large mineralising system is present here with potential to host significant precious metal deposits."*

MESA DE PLATA - RESOURCE DRILL-OUT DETAILS

Silver mineralisation at Mesa de Plata is hosted in silicified volcanic rocks and residual quartz (vuggy silica) which outcrop extensively along the ridge. Drilling has confirmed that mineralisation starts at surface with true thicknesses up to 60m and extends throughout the Mesa de Plata ridge, and that internal continuity of mineralisation is excellent.

The central zone of high grade silver mineralisation, which averages greater than 200g/t Ag over a vertical thickness of approximately 20m, extends over an area of approximately 400m x 150m. This is surrounded by, and underlain by, a larger zone of moderate grade silver

mineralisation (averaging 40-80g/t Ag) up to 60m thick, extending over an area of about 1,000m x 150-200m. The overall mineralised body dips shallowly to the northeast, and is confined to the southwest (up-dip) and northeast (down-dip) by erosional contacts forming valleys.

The Mesa de Plata resource drill-out consisted of three stages of drilling (two RC and one diamond core) undertaken between August 2015 and January 2016. The overall drilling campaign comprised 61 RC and five diamond core holes (Figure 1) for a total of 6,350.7m.

Drill hole spacing was on a 50m x 50m pattern covering a northwest-southeast extent of 1,000m and a width of up to 200m. All RC holes were drilled vertically to depths of about 90m and samples were collected over 1.5m intervals. Diamond holes were also vertical and were drilled to depths of between 75m and 205m. Refer to Tables 1 & 2 in Appendix 2 in this report for Stage 3 drill hole details and to ASX releases dated 16 September and 13 November 2015 for details on Stages 1 and 2.

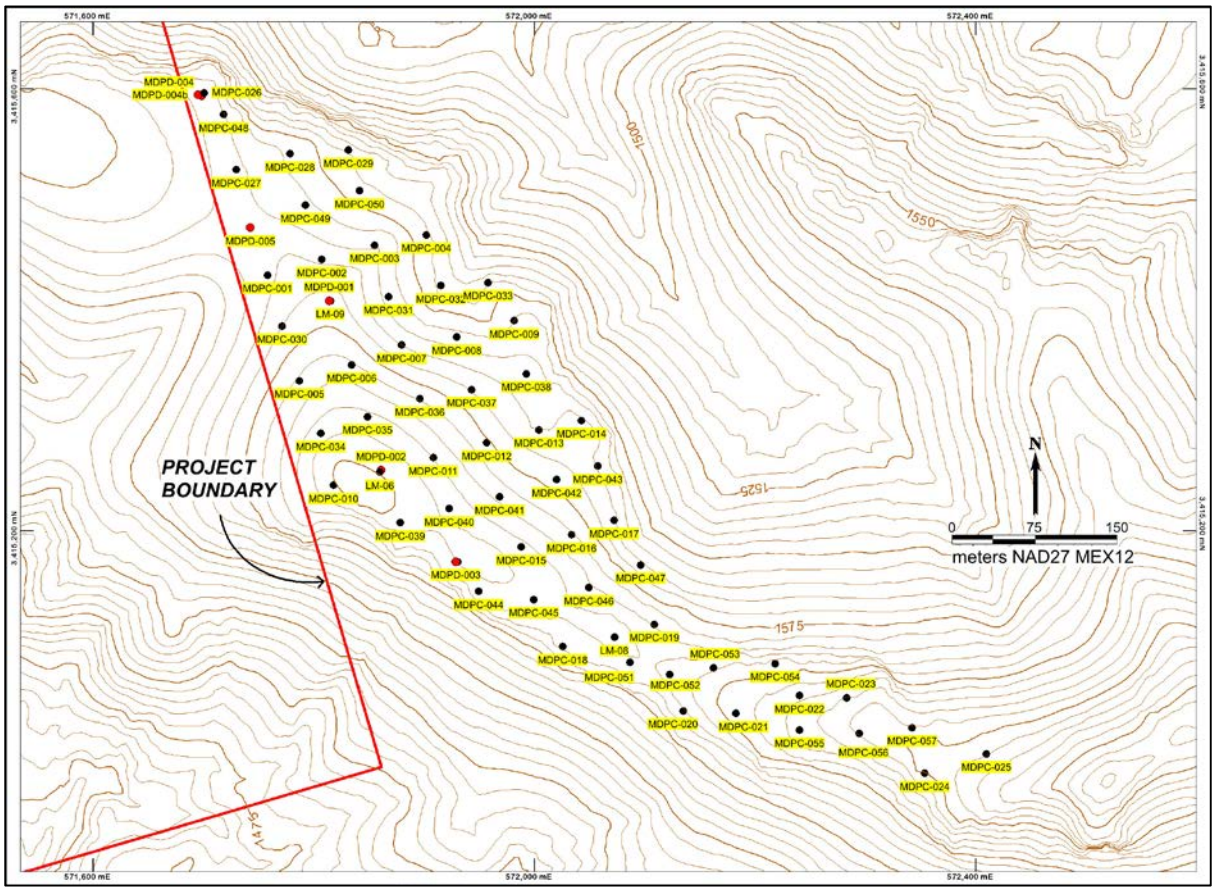

Figure 1: Mesa de Plata drill hole location plan

Assay results from holes MDPC-001 to 036 were previously reported (ASX: 23 December 2015). Samples from holes MDPC-037 to 057 have been submitted to the laboratory and assay results are expected to be delivered by early February.

As results have been received, they have been despatched to the Company's consulting resource geologists in Canada and a JORC-compliant Mineral Resource estimate is in progress. It is expected that the resource estimate will be completed by March 2016.

METALLURGY

A diamond rig has been mobilised to Mesa de Plata to conduct large diameter core drilling to collect bulk samples for an advanced metallurgical testwork program. It is expected that this drilling campaign will take about one to two months to complete and the metallurgical program may take three to four months.

FURTHER POTENTIAL

Significantly, Azure has identified excellent potential for additional gold and silver mineralisation in several locations outside of the drilled area at Mesa de Plata:

- to the east on the neighbouring ridge of Loma Bonita;
- further to the north along the trend of the Mesa de Plata ridgeline; and
- to the southeast of Mesa de Plata towards and around the Puerto del Oro prospect.

Extensive sampling in these areas has returned significant gold and silver grades in zones of residual quartz (both vuggy and strongly silicified) similar to that which hosts the silver mineralisation at Mesa de Plata. Results from recent exploration in these nearby areas, and details on exploration to follow-up these results, will be released shortly.

Loma Bonita has extensive gold and silver mineralisation at surface (ASX: 16 & 21 October 2015). Specifically, of 58 rock chip samples collected along the 400m ridgeline, 35 (60%) contain an average grade of 0.53g/t Au & 42g/t Ag. These results are considered highly significant, with the strongly elevated gold grades indicating that Loma Bonita is a high priority gold target.

Access for drilling at Loma Bonita and other nearby areas is currently being prepared and drilling will commence as soon as permitting is received (expected in early February).

-ENDS-

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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 the northern Mexican state of Sonora 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

Table 1: Mesa de Plata drill hole information
Final drill hole collar coordinates as surveyed by two stage differential GPS

SECTION mN	HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH
10550	MDPC-001	571757.9	3415431.8	1554	000	-90	90m
10550	MDPC-002	571806.7	3415446.0	1564	000	-90	90m
10550	MDPC-003	571854.7	3415458.9	1559	000	-90	90m
10550	MDPC-004	571901.8	3415468.2	1544	000	-90	90m
10450	MDPC-005	571786.6	3415336.1	1581	000	-90	90m
10450	MDPC-006	571834.1	3415350.5	1581	000	-90	90m
10450	MDPC-007	571879.3	3415368.4	1566	000	-90	90m
10450	MDPC-008	571929.3	3415375.6	1556	000	-90	90m
10450	MDPC-009	571981.2	3415390.6	1555	000	-90	90m
10350	MDPC-010	571817.3	3415241.5	1590	000	-90	90m
10350	MDPC-011	571907.9	3415266.4	1583	000	-90	90m
10350	MDPC-012	571956.4	3415280.1	1576	000	-90	90m
10350	MDPC-013	572003.6	3415291.6	1549	000	-90	90m
10350	MDPC-014	572042.3	3415300.1	1549	000	-90	90m
10250	MDPC-015	571987.7	3415185.8	1601	000	-90	90m
10250	MDPC-016	572033.1	3415196.7	1612	000	-90	90m
10250	MDPC-017	572072.0	3415209.7	1564	000	-90	90m
10150	MDPC-018	572025.3	3415095.5	1594	000	-90	90m
10150	MDPC-019	572108.1	3415115.6	1584	000	-90	90m
10050	MDPC-020	572134.4	3415037.3	1588	000	-90	90m
10050	MDPC-021	572182.4	3415034.9	1602	000	-90	90m
10050	MDPC-022	572239.8	3415050.9	1608	000	-90	90m
10050	MDPC-023	572282.5	3415048.9	1615	000	-90	90m
9950	MDPC-024	572353.4	3414980.9	1625	000	-90	90m
9950	MDPC-025	572409.2	3414998.4	1630	000	-90	108m
10750	MDPC-026	571700.3	3415596.7	1562	000	-90	90m
10650	MDPC-027	571729.3	3415527.3	1561	000	-90	90m
10650	MDPC-028	571777.9	3415541.6	1553	000	-90	90m
10650	MDPC-029	571830.9	3415544.9	1537	000	-90	90m
10500	MDPC-030	571770.7	3415385.6	1564	000	-90	90m
10500	MDPC-031	571867.5	3415412.1	1548	000	-90	90m
10500	MDPC-032	571914.9	3415422.3	1524	000	-90	90m
10500	MDPC-033	571957.4	3415425.0	1536	000	-90	90m
10400	MDPC-034	571806.2	3415288.5	1585	000	-90	90m
10400	MDPC-035	571848.2	3415303.5	1588	000	-90	90m
10400	MDPC-036	571895.8	3415319.7	1572	000	-90	90m
10400	MDPC-037	571942.5	3415328.0	1576	000	-90	90m
10400	MDPC-038	571992.2	3415342.5	1558	000	-90	90m
10300	MDPC-039	571878.0	3415207.7	1593	000	-90	90m
10300	MDPC-040	571922.4	3415220.5	1583	000	-90	90m
10300	MDPC-041	571968.0	3415231.0	1571	000	-90	90m
10300	MDPC-042	572019.8	3415246.6	1560	000	-90	90m
10300	MDPC-043	572057.0	3415259.0	1567	000	-90	90m
10200	MDPC-044	571949.0	3415145.3	1583	000	-90	90m
10200	MDPC-045	571999.0	3415138.0	1592	000	-90	90m
10200	MDPC-046	572048.9	3415148.8	1586	000	-90	90m
10200	MDPC-047	572095.7	3415169.4	1568	000	-90	90m

Table 2: Mesa de Plata drill hole information
Initial drill hole collar coordinates as surveyed by hand-held GPS

SECTION mN	HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH
10700	MDPC-048	571718	3415577	1560	000	-90	90m
10600	MDPC-049	571792	3415495	1556	000	-90	90m
10600	MDPC-050	571841	3415508	1547	000	-90	90m
10100	MDPC-051	572086	3415081	1589	000	-90	90m
10100	MDPC-052	572122	3415070	1591	000	-90	90m
10100	MDPC-053	572162	3415076	1594	000	-90	90m
10100	MDPC-054	572218	3415080	1597	000	-90	90m
10000	MDPC-055	572240	3415020	1612	000	-90	90m
10000	MDPC-056	572294	3415017	1620	000	-90	90m
10000	MDPC-057	572342	3415022	1621	000	-90	90m