

# **SIGNIFICANT GOLD INTERSECTION** **AT LOMA BONITA**

## **Highlights:**

- Latest drill results confirm gold and silver mineralisation hosted in the oxide zone at Loma Bonita with highest assays at the top of the hole
- Drill hole MDPD-007 intersected:
  - **20.0m @ 1.52g/t Au & 62g/t Ag<sup>1</sup> (193g/t AgEq) from surface; including**
  - **10.7m @ 2.76g/t Au & 66g/t Ag<sup>2</sup> (287g/t AgEq) from surface**
- Gold and silver is present in outcrop throughout the 600m-800m long Loma Bonita ridge (ASX: 16 & 21 October 2015), presenting a large, highly prospective target zone for drilling
- Diamond drilling is continuing

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that diamond drilling has intersected a zone of strong and consistent gold and silver mineralisation in the first hole drilled on the Loma Bonita ridge, located 300m east of the Mesa de Plata silver discovery.

Azure's Managing Director, Tony Rovira described this gold intersection as "very positive for the mineral potential of the project".

*"This result strongly complements the nearby Mesa de Plata silver deposit and confirms the prospectivity of the Mesa de Plata – Loma Bonita area for hosting a large precious metal mineralised system.*

*"Significantly, the mineralisation is situated at surface within oxidised rocks, as is the nearby Mesa de Plata silver mineralisation. I am confident that our ongoing exploration will continue to reveal more significant occurrences of silver and gold mineralisation in this locale and within the greater Alacrán project area.*

*"Further to the description of the geology provided in the announcement to the ASX on 7 March, the four holes completed to date all intersected near-surface silicification underlain by large widths of*

<sup>1</sup> Overall Mineralised Zone calculated using a 50g/t AgEq lower grade cut-off and no top cut. See attached JORC Code Table 1 for Silver Equivalency details.

<sup>2</sup> Included Zone uses a 150g/t AgEq lower grade cut-off and no top cut.

breccia. Preliminary interpretation is that this breccia represents part of a feeder system that may be the conduit for the introduction of the silver and gold mineralisation at Mesa de Plata and Loma Bonita. The intensity of brecciation, the degree of silicification, and the sulphide content appears to increase from south to north, into the area where we are currently drilling.

“The discovery of gold has significantly enhanced the Mesa de Plata – Loma Bonita area, and is testament to the enormous mineral potential within the overall property.”

## **DETAILS**

### **Drill Hole MDPD-007:**

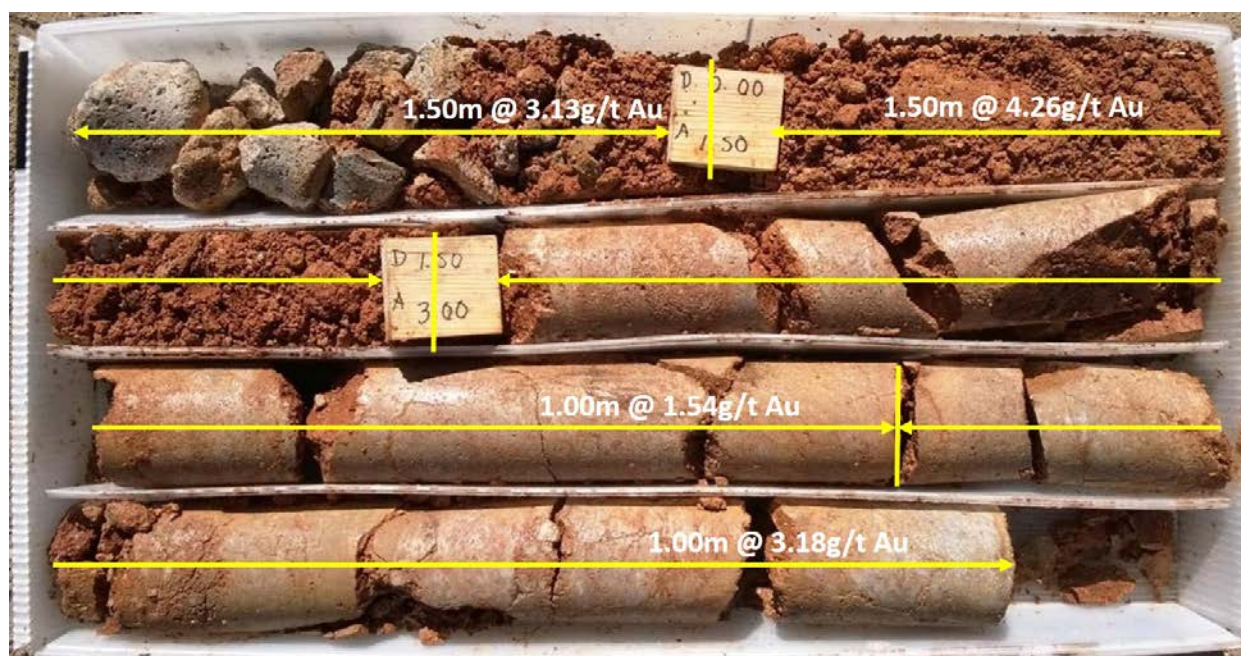
This hole is located mid-way along the north-south trending Loma Bonita ridge (see Figure 3). This area is characterised by outcropping vuggy silica, silicified volcanic rocks and siliceous breccias which returned numerous significant gold and silver assays from surface sampling (ASX: 16 & 21 October 2015). Geological mapping indicates that the rock units at surface are sub-horizontal, possibly with a shallow north-easterly dip, hence MDPD-007 was drilled vertically.

The upper 15-20m of the hole is within the oxide zone, characterised by strongly weathered rocks (see Figures 1 & 2) with consistent gold and silver mineralisation throughout this zone (see Table 1).

**Table 1: Significant gold and silver intercepts from MDPD-007**

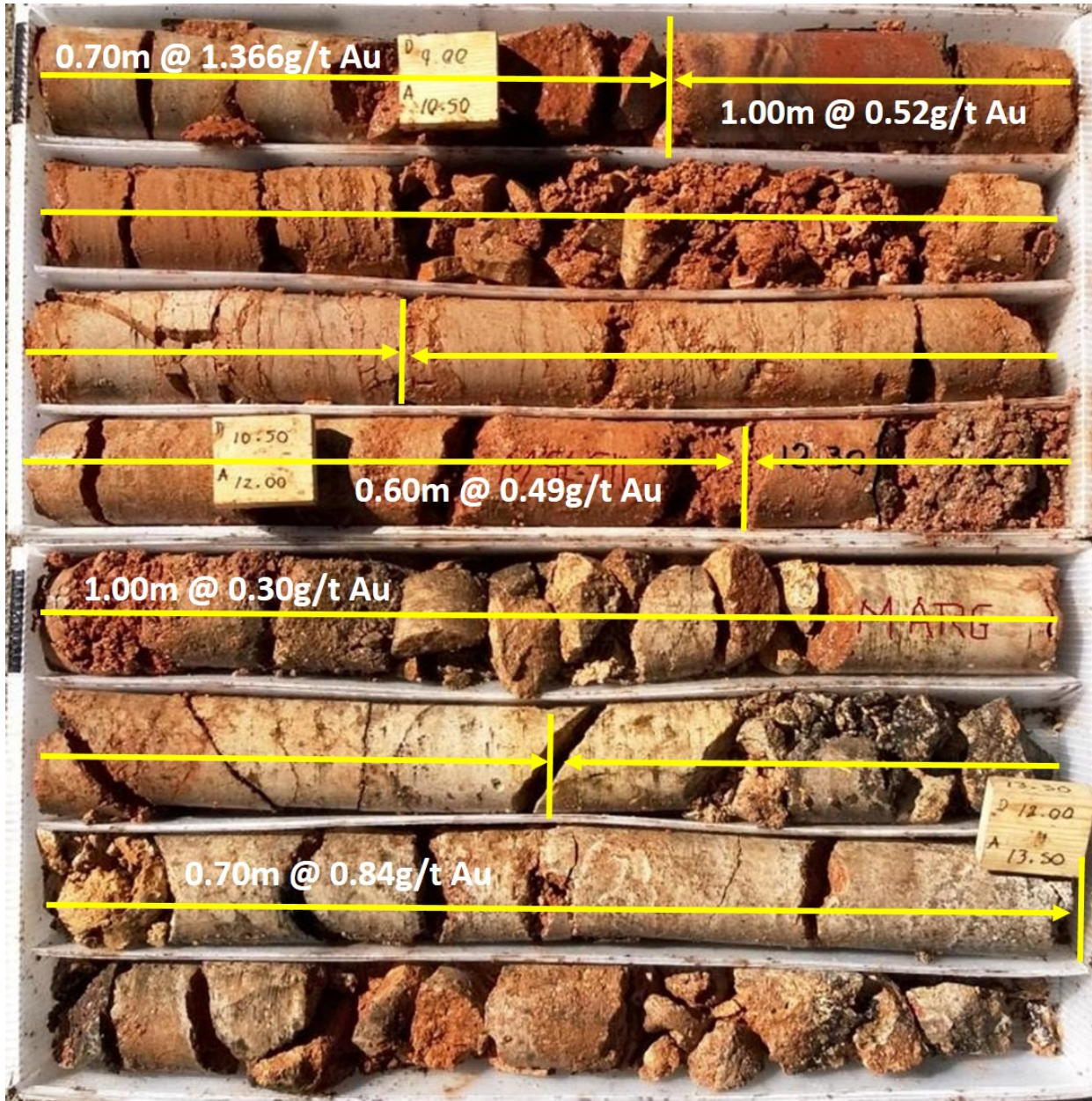
HOLE No	DEPTH (m)		WIDTH (m)	GRADE		
	FROM	TO		Au (g/t)	Ag (g/t)	AgEq (g/t) <sup>3</sup>
MDPD-007	0.00	20.00	20.00	1.52	62.4	193
which includes	0.00	10.70	10.70	2.76	66.3	287
and	158.50	161.65	3.15	1.71	11.5	148

**Figure 1: Photo of MDPD-007 mineralised drill core (0.0m – 5.0m)**



<sup>3</sup> See attached JORC Code Table 1 for Silver Equivalency details.

Figure 2: Photo of MDPD-007 mineralised drill core (10.3m – 14.0m)



Beneath this gold and silver mineralised zone, the rocks are predominantly silicified and quartz-veined dacite and hydrothermal breccias. Minor to moderate amounts of sulphide mineralisation (mostly disseminated pyrite but occasionally also comprising copper sulphides) are present in the dacite and the breccia throughout the remainder of the hole.

Importantly, a 26.9m wide zone containing disseminated and veinlets of a copper sulphide (possibly chalcocite) mineralisation grading 0.29% Cu<sup>4</sup> is hosted in breccia between 75.1m – 102.0m, including a 3.0m wide zone which returned an intercept of 1.55% Cu<sup>5</sup> (see Table 2).

**Table 2: Significant copper intercepts from MDPD-007**

HOLE No	DEPTH (m)		WIDTH (m)	GRADE
	FROM	TO		Cu (%)
MDPD-007	75.10	102.00	26.90	0.29
which includes	80.00	83.00	3.00	1.55

#### Drill Hole MDPD-006:

MDPD-006 is located near Puerto del Oro approximately 450m southeast of MDPD-006. It was designed to test coincident chargeability and resistivity anomalies identified in Azure's Induced Polarisation (IP) survey (ASX: 2 July 2015). These geophysical anomalies are situated at +300m below surface.

The hole was drilled to a depth of 539m in dacite and hydrothermal breccias with varying intensities of silicification. Variable, and in some locations, significant quantities of disseminated pyrite are contained in the breccia matrix in the lower 300m of the hole, which may explain the geophysical anomalies.

Assays demonstrate significant geochemical anomalism in copper, molybdenum, gold and silver at various positions within the hole. Significant mineralised intercepts and maximum values are shown in Table 3.

**Table 3: Significant mineralised intercepts and assays from MDPD-006**

FROM	TO	INTERCEPT (m)	MAXIMUM VALUE	COMMENTS
0.0	9.0	9.0m @ 30g/t Ag	50g/t Ag	At surface - strongly silicified dacite with disseminated oxidised pyrite
260.25	261.25	1.0m @ 3.66g/t Au	3.66g/t Au	Intense breccia zone with strong sulphide content (pyrite to 15%)
304.10	324.85	20.75m @ 0.37% Cu	2.75% Cu	Intermixed zone of vuggy silica and silicified andesite with pyrite to 20% and visible copper sulphide (possibly chalcocite) mineralisation
Including:		3.0m @ 584ppm Mo	1,416ppm Mo	Silicified and quartz-veined andesite with pyrite to 20% and visible copper sulphide (possibly bornite) mineralisation
321.85	324.85	3.0m @ 1.80% Cu	2.75% Cu	

<sup>4</sup> Overall Mineralised Zone calculated using a 0.1% Cu lower grade cut-off and no top cut.

<sup>5</sup> Included Zone uses a 0.5% Cu lower grade cut-off and no top cut

### Drill Holes MDPD-008 & 009:

Within the northern part of the Loma Bonita ridge, outcrop occurs as both shallow northeast-dipping strata formed of vuggy silica and also steeply dipping to vertical, north-easterly trending “ribs” of silicified breccia. In this area two holes, MDPD-008 and 009, were drilled at a dip of -60° towards the northwest in order to test the surficial strata and also the vertical features. Both holes intersected vuggy silica, silicified volcanic rocks and siliceous breccias containing variable amounts of sulphide mineralisation. Silicification and brecciation in these holes is intense. Assays for these holes are awaited.

The intensity of the brecciation and silicification within these holes is significantly greater than that observed in holes MDPD-006 and 007. This suggests a vector indicating that the feeder system responsible for the deposition of the Mesa de Plata and Loma Bonita high sulphidation mineralisation may be present in this area. Drill testing of this geological model is continuing.

**Table 4: Diamond drill hole information**

HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH	LOCATION
MDPD-006	572897	3414998	1,631	270	-80	539	Puerto del Oro
MDPD-007	572512	3415236	1,587	000	-90	165	Loma Bonita
MDPD-008	572517	3415399	1,566	290	-60	213	Loma Bonita
MDPD-009	572341	3415496	1,547	290	-60	200	Loma Bonita

**-ENDS-**

### For further information:

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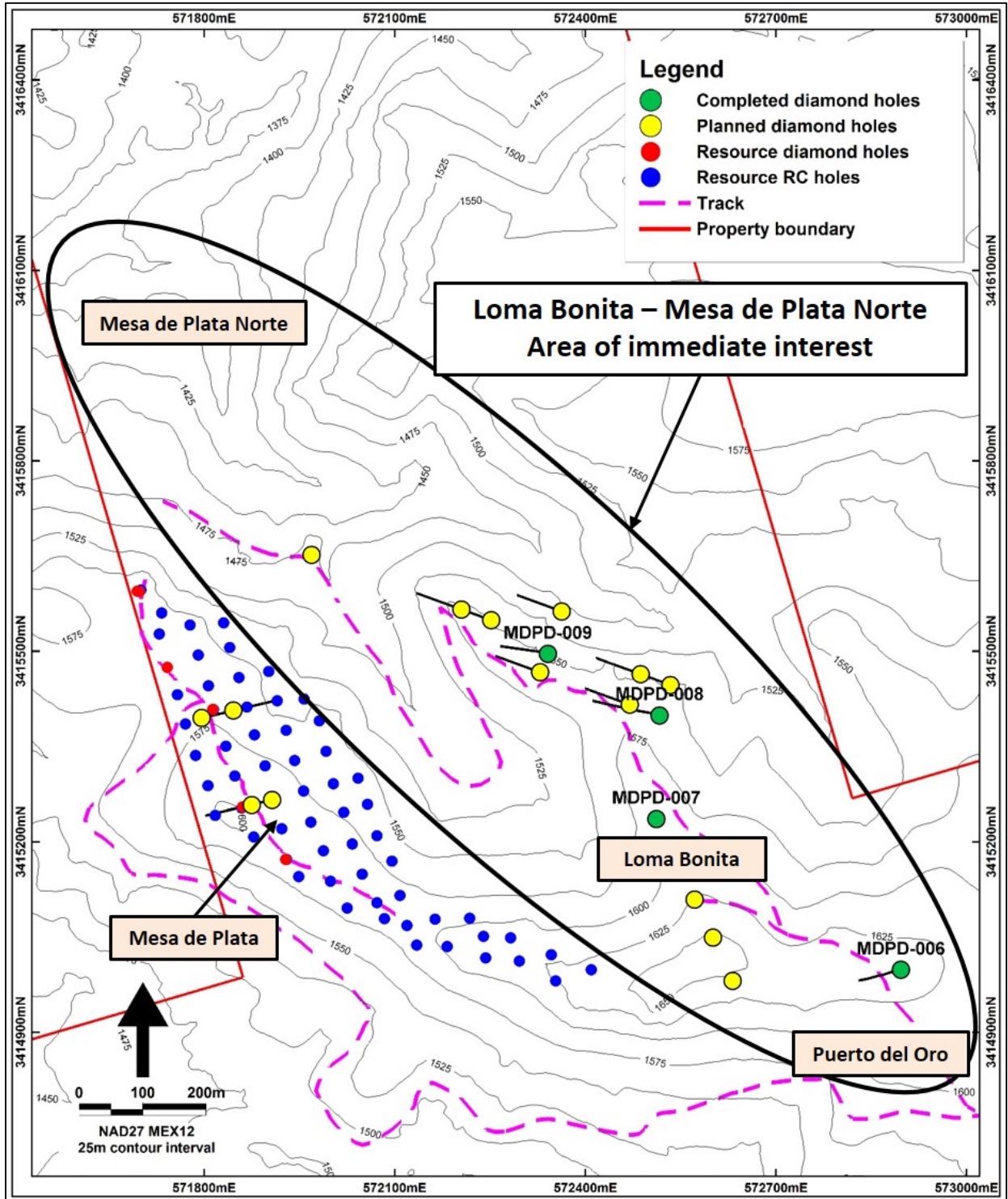
#### **Media & Investor Relations**

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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.*

Figure 3: Plan showing completed and proposed drill hole locations



# 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>An ongoing program of diamond core drilling is being undertaken on the Alacrán Project.</p> <p>Initial drill hole collar locations were determined by hand-held GPS.</p> <p>All drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole.</p> <p>Drill core was sampled at 0.15m to 1.5m intervals guided by changes in geology.</p> <p>Samples preparation 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 &gt;70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to &gt;85% passing 75 micron screen.</p> <p>Envelopes containing the 250g sample pulps were sent via courier to the Acme laboratory in Vancouver, Canada for analysis.</p> <p>The analytical techniques for all elements (other than gold) initially involved a four-acid digest followed by multi-element ICP-MS analysis. This technique is considered a total digest for all relevant minerals.</p> <p>Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold.</p> <p>Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading &gt;1%) and FA530 (by fire assay with gravimetric finish for silver grading &gt;200ppm).</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>Drilling technique for all holes was diamond drilling with HQ-size (63.5mm diameter) core. MDPD-006 was drilled with an RC precollar from 0m to 231m.</p> <p>Drill core was not orientated.</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>All samples came from diamond core drilling (with the exception of the RC precollar in MDPD-006). Core was reconstructed into continuous runs. Depths were measured from the core barrel and checked against marked depths on the core blocks. Core recoveries were logged and recorded in the database.</p> <p>Sample recoveries within the top 3m of MDPD-007 are approximately 50%.</p> <p>Sample recoveries throughout the remainder of the cored holes were high with &gt;85% of the drill core having recoveries of &gt;90%.</p> <p>There is no observable relationship between recovery and grade, and therefore no sample bias.</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>Detailed core logging was carried out with recording of weathering, lithology, alteration, veining, mineralisation, structure, mineralogy, RQD and core recovery.</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>Drill core was photographed, wet and without flash, in core trays prior to sampling. Each photograph includes an annotated board detailing hole number and depth interval.</p> <p>All holes were logged in full.</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>Using a core saw, drill core was sawn in half. All samples were half core and were collected from the same side of the core.</p> <p>No non-core samples were collected.</p> <p>The sample collection and preparation followed industry best practice.</p> <p>Samples were prepared at the Acme laboratories in Hermosillo or Chihuahua, 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 &gt;70% passing a 2 mm screen. A 250g split was pulverised using a ring and puck system to &gt;85% passing 75 micron screen.</p> <p>Envelopes containing the 250g pulps were sent via courier to the Acme laboratory in Vancouver.</p> <p>Certified Reference Standards, replicate samples, , pulp duplicate samples, and blank samples were routinely inserted alternately at intervals of every 10 samples, and also immediately following visually identified mineralised intercepts to provide assay quality checks. Review of the standards and blanks are within acceptable limits.</p> <p>The sample sizes are considered appropriate to the grain size of the material being sampled.</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 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>The analytical techniques for all elements (other than gold) initially involved a four-acid digest followed by multi-element ICP-MS analysis. This technique is considered a total digest for all relevant minerals.</p> <p>Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-MS). Fire Assay method FA430 was used for gold.</p> <p>Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading &gt;1%) and FA530 (by fire assay with gravimetric finish for silver grading &gt;200ppm).</p> <p>Azure implemented industry standard QAQC protocols to monitor levels of accuracy and precision.</p> <p>Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks.</p> <p>Azure routinely inserted Certified Reference Standards, replicate samples, duplicate samples, and blank samples at alternate sample intervals to provide assay quality checks. Review of the standards, duplicates and blanks are within acceptable limits.</p> <p>No geophysical or portable analysis tools were used to determine assay values.</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>Senior technical personnel from the Company (Project Geologist, &amp; Exploration Manager) have inspected the drilling and sampling.</p> <p>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</p>



		<p>validation is managed by an independent data management company.</p> <p>No adjustments or calibrations have been made to any assay data.</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>Drill hole collar locations were determined by hand-held GPS.</p> <p>Final drill hole collar locations will be surveyed by a licensed surveyor using a two frequency differential GPS with accuracy of +/-3cm.</p> <p>All drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole.</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>Being a reconnaissance exploration drill program, drill hole spacing is variable.</p> <p>Data spacing and distribution are not sufficient to establish the degree of geological and grade continuity appropriate for a Mineral Resource estimation procedure.</p> <p>No composite samples were collected.</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>Geological controls and orientations of the mineralised zone are unknown at this time and therefore all mineralised intersections are reported as "intercept length" and may not reflect true width.</p> <p>No sampling bias is believed to have been introduced.</p>
Sample security	<p><i>The measures taken to ensure sample security.</i></p>	<p>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.</p>
Audits or reviews	<p><i>The results of any audits or reviews of sampling techniques and data.</i></p>	<p>All digital data is subject to audit by the independent data manager.</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 border="1" data-bbox="906 183 1382 734"> <thead> <tr> <th>CLAIM</th> <th>FILE</th> <th>TITLE</th> <th>HECTARES</th> </tr> </thead> <tbody> <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><b>TOTAL SURFACE</b></td> <td></td> <td></td> <td><b>5,433.36</b></td> </tr> </tbody> </table> <p data-bbox="895 763 1385 860">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 data-bbox="895 875 1353 900">A 2% Net Smelter Royalty is held by Grupo Mexico.</p> <p data-bbox="895 916 1377 987">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	<b>TOTAL SURFACE</b>			<b>5,433.36</b>
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<b>TOTAL SURFACE</b>			<b>5,433.36</b>																																																																																											
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p data-bbox="895 1010 1350 1155">The project area has a history of industrial-scale commercial mining and small-scale artisanal mining dating back to the early 20<sup>th</sup> 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.</p> <p data-bbox="895 1171 1366 1267">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 data-bbox="895 1283 1369 1429">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 data-bbox="895 1444 1369 1568">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 data-bbox="895 1583 1369 1657">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 data-bbox="895 1673 1342 1747">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	<i>Deposit type, geological setting and style of mineralisation.</i>	<p data-bbox="895 1767 1366 1792">Various styles of mineralisation occur on the property.</p> <p data-bbox="895 1807 1385 1879">Epithermal zones, veins and stockworks host silver, lead, zinc, copper and gold in volcanoclastic rocks (Mesa de Plata, Loma Bonita, San Simon and Palo Seco).</p> <p data-bbox="895 1895 1374 1942">Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán).</p>																																																																																												

		Primary copper mineralization is hosted in porphyry rocks.
Drill hole information	<p><i>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:</i></p> <ul style="list-style-type: none"> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> <li>• <i>down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> </ul> <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>	Refer to figures and tables in the report which provide all relevant details.
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>	<p>All reported mineralised intervals have been length-weighted. No top cuts have been applied.</p> <p>High grade intervals internal to broader mineralised zones, if existing, are reported as included zones.</p> <p>Mineralised Zones were calculated using 20g/t Ag and 0.2g/t Au lower grade cut-offs.</p> <p>For the Loma Bonita silver-gold mineralisation, a silver equivalent was used. The Silver Equivalent (AgEq) calculation used gold and silver prices of 09/03/16 of:</p> <ul style="list-style-type: none"> <li>• Gold = US\$1,261.51</li> <li>• Silver = US\$15.36</li> </ul> <p>The following formula was used to calculate the equivalent grade: <math>AgEq(ppm) = Au(ppm)*80 + Ag(ppm)</math></p>
Relationship between mineralisation widths and intercept lengths	<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>	Geological controls and orientations of the mineralised zones are unknown at this time and therefore all mineralised intersections are reported as "intercept length" and may not reflect true width.
Diagrams	<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>	Refer to Figures in the accompanying report.
Balanced reporting	<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>	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	<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>	This announcement refers to previous exploration results including geophysics, geochemistry and geology.
Further work	<i>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</i>	Further work to better understand the mineralisation systems in the project area will be determined upon a full analysis and interpretation of results.