27 October 2016

RESOURCE UPGRADE DRILLING COMPLETED AT MESA DE PLATA

HIGHLIGHTS:

- **Infill RC drilling program of Mesa de Plata High Grade Zone completed**
- **Multiple intersections of high grade silver mineralisation achieved**
- **Drilling confirms excellent continuity of High Grade Zone**
- **New modelling of High Grade Zone underway with Mineral Resource expected to be upgraded from Indicated to Measured status**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to announce that the final round of reverse circulation (RC) drilling on the Mesa de Plata silver deposit has been completed with results confirming excellent continuity of high grade silver mineralisation.

Significant widths of mineralisation, some containing very high silver grades, have been intersected, including:

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE Ag (g/t)
	FROM	TO		
MDPC-068	21.3	30.4	9.1	884
MDPC-069	18.3	32.0	13.7	518
MDPC-074	4.6	24.4	19.8	288
MDPC-106	13.7	36.6	22.9	250
MDPC-107	1.5	47.2	45.7	442
MDPC-108	7.6	16.7	9.1	1,029
MDPC-109	0.0	36.6	36.6	256
MDPC-110	16.8	45.8	29.0	841
MDPC-112	33.5	45.7	12.2	449
MDPC-113	10.7	48.8	38.1	285
MDPC-117	15.2	27.4	12.2	333
MDPC-118	21.3	42.7	24.4	258

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Azure's Managing *Director, Tony Rovira* *said, "I'm very pleased to announce the completion of the infill drilling program at Mesa de Plata and the commencement of an updated Mineral Resource estimate. Importantly, the results confirm the presence of thick zones of high grade silver mineralisation, demonstrating strong continuity of width, grade and contained metal abundance, and substantiating interpretations from the earlier drilling.*

"The new data will not only allow us to refine and improve our understanding of the silver deposit but will also increase our knowledge of the High Grade Zone and permit a resource upgrade of this zone, or a significant portion of it, to Measured status. The High Grade Zone presents a very attractive near-term development option and we're currently investigating this possibility by undertaking feasibility study activities."

DETAILS OF DRILLING PROGRAM

A total of 2,930 m was drilled in 55 holes (MDPC-060 to 088 & MDPC-103 to 128). The drill plan was designed to:

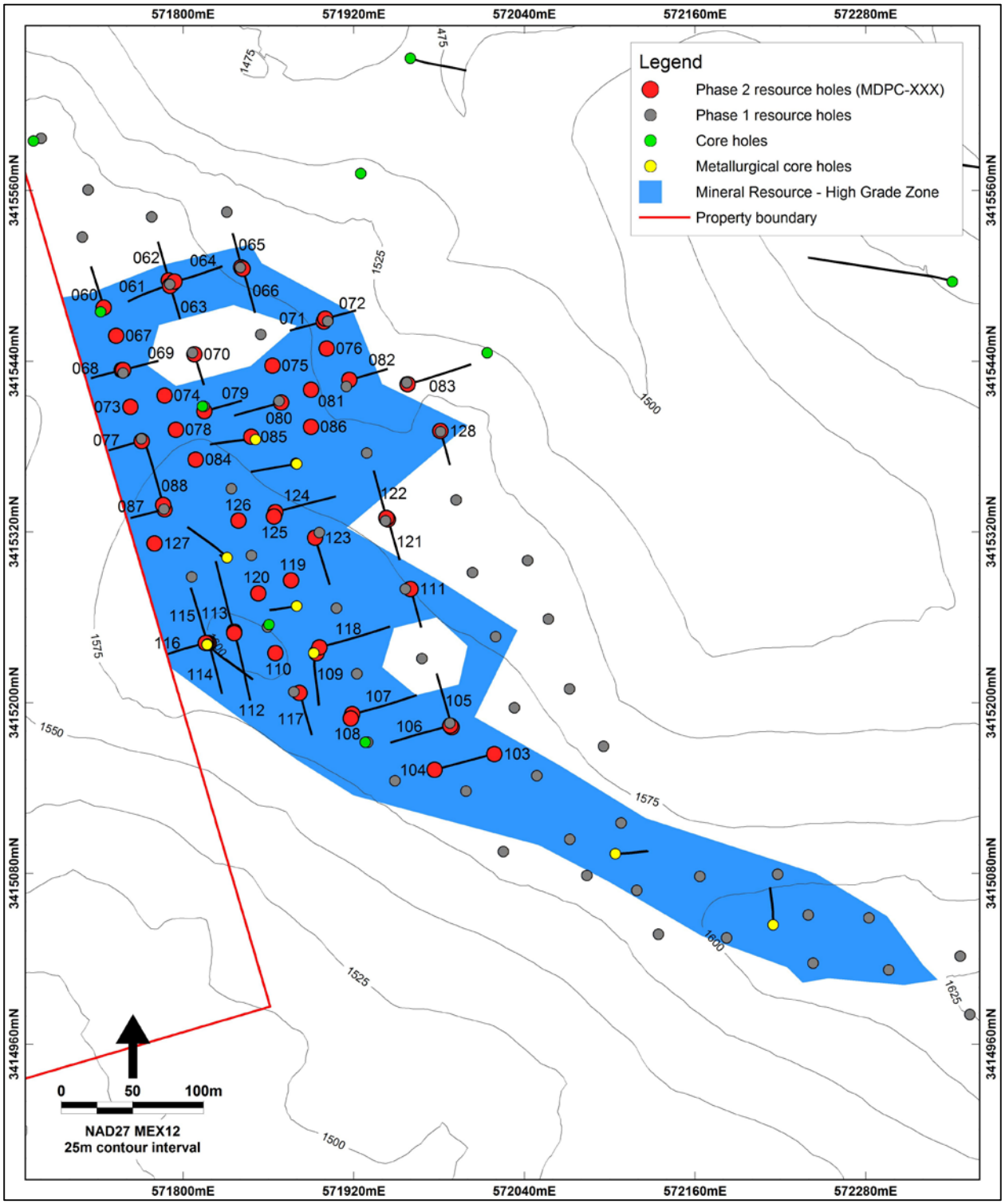
1. infill the hole spacing from a 50m x 50m pattern to approximately 25m x 50m (see Figure 1) in order to increase confidence in the internal continuity of grade and width; and
2. test the edges of the High Grade Zone to improve definition of the boundaries between high grade mineralisation and other grade domains.

Assays from this infill drilling program have confirmed the widths and grades identified in the earlier drilling programs, and corroborated the initial interpretation of the presence and continuity of the high grade silver mineralisation at Mesa de Plata.

This new information will enable the Mineral Resource estimate for the High Grade Zone to be upgraded from Indicated to Measured status. Resource modelling is currently underway and Azure expects to release an updated Mineral Resource estimate prior to year's end.

A listing of all significant mineralised intercepts (>3m drill intercept length grading >90g/t Ag) and drill hole location data are detailed in Tables 1 and 2 (see Appendix 1), respectively.

Figure 1: Mesa de Plata drill hole plan



BACKGROUND

The Mesa de Plata Silver Deposit and the Mesa de Plata Norte prospect are located on the Company's Alacrán Project, 10 kilometres to the southeast of the Cananea Copper Mine in Sonora, Mexico. The Loma Bonita Gold Prospect is located 200 metres to the east of the Mesa de Plata Silver Deposit.

Azure acquired the rights to the Alacrán Project in December 2014 through its fully owned Mexican subsidiary Minera Piedra Azul S.A. de C.V. Azure signed an Agreement with Minera Teck S.A. de C.V. ("Teck"), the 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. Teck Resources Limited is Canada's largest diversified resource company. Grupo Mexico is Mexico's largest and one of the world's largest copper producers.

-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 announcements.

APPENDIX 1: DRILL HOLE INFORMATION

Table 1: Significant silver intercepts (>3m drill intercept length grading >90g/t Ag) from RC drilling of High Grade Zone at Mesa de Plata[1]

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE
	FROM	TO		Ag (g/t)
MDPC-061	18.3	21.3	3.0	160
MDPC-064	12.2	22.9	10.7	106
And	45.7	48.7	3.0	96
And	51.8	54.8	3.0	95
MDPC-065	38.1	41.1	3.0	158
MDPC-067	15.2	24.3	9.1	293
MDPC-068	21.3	30.4	9.1	884
MDPC-069	3.0	7.6	4.6	118
And	18.3	32.0	13.7	518
MDPC-071	25.9	42.7	16.8	182
MDPC-073	1.5	9.1	7.6	93
MDPC-074	4.6	24.4	19.8	288
MDPC-075	19.8	27.4	7.6	223
MDPC-076	25.9	30.5	4.6	221
MDPC-079	21.3	36.5	15.2	203
MDPC-080	16.8	19.8	3.0	142
And	25.9	28.9	3.0	115
MDPC-081	21.3	28.9	7.6	131
MDPC-085	18.3	30.5	12.2	208
MDPC-086	9.1	28.9	19.8	133
MDPC-103	16.8	21.4	4.6	164
MDPC-104	3.0	7.6	4.6	98
And	32.0	41.1	9.1	214
MDPC-105	21.3	25.9	4.6	93
And	35.1	38.1	3.0	112

[1] See attached JORC Table 1 for information on calculation and reporting of mineralised intervals

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE
	FROM	TO		Ag (g/t)
MDPC-106	13.7	36.6	22.9	250
MDPC-107	1.5	47.2	45.7	442
MDPC-108	7.6	16.7	9.1	1,029
MDPC-109	0.0	36.6	36.6	256
MDPC-110	16.8	45.8	29.0	841
MDPC-112	33.5	45.7	12.2	449
And	56.4	59.4	3.0	93
MDPC-113	10.7	48.8	38.1	285
And	59.4	62.4	3.0	101
MDPC-114	24.4	30.5	6.1	205
MDPC-115	7.6	10.6	3.0	209
And	21.3	27.4	6.1	198
And	47.2	62.4	15.2	121
MDPC-116	16.8	21.4	4.6	123
MDPC-117	15.2	27.4	12.2	333
MDPC-118	21.3	42.7	24.4	258
MDPC-119	13.7	24.4	10.7	101
And	33.5	53.3	19.8	155
MDPC-120	29.0	45.7	16.7	185
MDPC-123	36.6	42.7	6.1	156
MDPC-124	39.6	42.6	3.0	105
And	64.0	67.0	3.0	95
MDPC-125	32.0	42.7	10.7	168
MDPC-127	12.2	15.2	3.0	142

Table 2: RC drill hole information for Mesa de Plata infill drilling

HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH (m)	LOCATION
MDPC-060	571744	3415478	1,563	344	-62	61.0	Mesa de Plata
MDPC-061	571792	3415494	1,556	255	-59	61.0	Mesa de Plata
MDPC-062	571790	3415497	1,556	344	-60	56.4	Mesa de Plata
MDPC-063	571791	3415493	1,556	164	-62	51.8	Mesa de Plata
MDPC-064	571794	3415496	1,556	75	-60	67.1	Mesa de Plata
MDPC-065	571841	3415506	1,548	344	-61	51.8	Mesa de Plata
MDPC-066	571842	3415505	1,548	164	-51	51.8	Mesa de Plata
MDPC-067	571753	3415458	1,564	000	-90	45.7	Mesa de Plata
MDPC-068	571757	3415434	1,564	255	-51	36.6	Mesa de Plata
MDPC-069	571758	3415434	1,564	075	-46	36.6	Mesa de Plata
MDPC-070	571808	3415445	1,564	164	-51	36.6	Mesa de Plata
MDPC-071	571899	3415468	1,547	255	-60	48.8	Mesa de Plata
MDPC-072	571900	3415470	1,546	075	-61	45.7	Mesa de Plata
MDPC-073	571763	3415408	1,566	000	-90	25.9	Mesa de Plata
MDPC-074	571787	3415416	1,569	000	-90	30.5	Mesa de Plata
MDPC-075	571863	3415437	1,558	000	-90	36.6	Mesa de Plata
MDPC-076	571901	3415449	1,547	000	-90	36.6	Mesa de Plata
MDPC-077	571771	3415384	1,570	255	-49	36.6	Mesa de Plata
MDPC-078	571795	3415392	1,573	000	-90	36.6	Mesa de Plata
MDPC-079	571815	3415405	1,572	075	-51	45.7	Mesa de Plata
MDPC-080	571869	3415411	1,558	255	-44	48.8	Mesa de Plata
MDPC-081	571890	3415420	1,552	000	-90	45.7	Mesa de Plata
MDPC-082	571917	3415427	1,543	075	-49	41.1	Mesa de Plata
MDPC-083	571958	3415424	1,545	075	-59	86.9	Mesa de Plata
MDPC-084	571809	3415371	1,577	000	-90	45.7	Mesa de Plata
MDPC-085	571848	3415387	1,568	000	-90	45.7	Mesa de Plata
MDPC-086	571890	3415394	1,556	000	-90	42.7	Mesa de Plata
MDPC-087	571787	3415336	1,581	255	-62	51.8	Mesa de Plata
MDPC-088	571786	3415339	1,580	344	-46	67.1	Mesa de Plata

HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH (m)	LOCATION
MDPC-103	572019	3415164	1,590	000	-90	48.8	Mesa de Plata
MDPC-104	571977	3415153	1,595	075	-45	67.1	Mesa de Plata
MDPC-105	571989	3415183	1,592	344	-50	61.0	Mesa de Plata
MDPC-106	571988	3415184	1,592	255	-45	64.0	Mesa de Plata
MDPC-107	571919	3415192	1,595	075	-45	73.2	Mesa de Plata
MDPC-108	571918	3415189	1,595	000	-90	42.7	Mesa de Plata
MDPC-109	571894	3415235	1,597	000	-90	67.1	Mesa de Plata
MDPC-110	571865	3415235	1,601	000	-60	79.3	Mesa de Plata
MDPC-111	571960	3415280	1,575	164	-45	39.6	Mesa de Plata
MDPC-112	571836	3415250	1,602	164	-50	79.3	Mesa de Plata
MDPC-113	571836	3415249	1,602	344	-55	88.4	Mesa de Plata
MDPC-114	571818	3415242	1,599	164	-50	57.9	Mesa de Plata
MDPC-115	571817	3415242	1,599	344	-55	73.2	Mesa de Plata
MDPC-116	571816	3415242	1,599	255	-60	54.9	Mesa de Plata
MDPC-117	571882	3415207	1,597	164	-50	45.7	Mesa de Plata
MDPC-118	571896	3415239	1,596	075	-45	70.1	Mesa de Plata
MDPC-119	571876	3415286	1,592	000	-90	67.1	Mesa de Plata
MDPC-120	571853	3415277	1,596	000	-90	61.0	Mesa de Plata
MDPC-121	571944	3415329	1,569	000	-90	45.7	Mesa de Plata
MDPC-122	571943	3415330	1,569	344	-55	54.9	Mesa de Plata
MDPC-123	571893	3415316	1,581	164	-50	54.9	Mesa de Plata
MDPC-124	571865	3415334	1,580	075	-55	73.2	Mesa de Plata
MDPC-125	571864	3415331	1,581	000	-90	57.9	Mesa de Plata
MDPC-126	571839	3415328	1,586	000	-90	45.7	Mesa de Plata
MDPC-127	571780	3415312	1,583	000	-90	45.7	Mesa de Plata
MDPC-128	571981	3415391	1,555	164	-50	36.6	Mesa de Plata

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.*	Diamond core and Reverse Circulation (RC) drilling is being undertaken on the Alacrán Project. Initial drill hole collar locations were determined by hand-held GPS. All diamond drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole. No downhole surveys were undertaken in the RC drill holes. Drill core was sampled at 0.15m to 1.5m intervals guided by changes in geology. RC drilling uses 10 foot long rods (=3.048m). Two samples were collected per rod (ie each sample length = 1.524m). All RC samples were dry. Samples for each RC drill hole were collected by passing through a Jones riffle splitter over 1.5m intervals and sent for assay. 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 >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. 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. 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. Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading >1%) and FA530 (by fire assay with gravimetric finish for silver grading >90ppm and gold grading >10ppm).
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).*	Diamond drilling was HQ-size (63.5mm diameter) core from surface. Drill core was orientated. The reverse circulation percussion drilling used a face-sampling hammer. Drill hole diameter was 5¼" (= 133mm).
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*	Diamond drill 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. Sample recoveries from the cored holes were high with >85% of the drill core having recoveries of

Criteria	JORC Code explanation	Commentary
	and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	>90%. There is no observable relationship between core recovery and grade, and therefore no sample bias. RC samples were visually checked for recovery, moisture and contamination and notes made in the logs. RC recoveries were visually estimated from volume of sample recovered. All sample recoveries were estimated to be above 90% of expected. There is no observable relationship between recovery and grade, and therefore no sample bias.
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.*	Detailed core logging recorded weathering, lithology, alteration, veining, mineralisation, structure, mineralogy, RQD and core recovery. 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. All holes were logged in full. Geological logging was carried out on all RC drill holes, but no geotechnical data was recorded (or is possible to be recorded due to the nature of the sample). Logging of RC chips recorded lithology, mineralogy, mineralisation, weathering, colour, and other sample features. All holes were logged in full. RC chips are stored in plastic RC chip trays. When completed, each plastic chip tray was photographed. The geological data is suitable for inclusion in a Mineral Resource estimate.
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.*	Azure sub-sampled drill core by cutting the core in half (with a wet diamond saw blade) along the core axis to prepare a ½-core sample. The ½-core sub-sample is then wet cut along the core axis to prepare a ¼-core sub-sample for laboratory dispatch. The second half of core and residual ¼ core is retained in core trays and may be used for further testwork. All RC samples were dry. Samples for each RC drill hole were collected by passing through a Jones riffle splitter over the 1.524m (= 5 foot) intervals and sent for assay. The sample collection and preparation for RC and core samples followed industry best practice. 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 >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. 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. For sampling and assay quality control, Azure: • Submitted replicate DCD ¼-cores anonymously to the laboratory in order to monitor the precision of this sub sample type. • Instructed the laboratory to collect and assay replicates of pulp samples in order to monitor the

Criteria	JORC Code explanation	Commentary
		precision of the pulp material dispatched for assay. • Submitted known grade value pulp references anonymously to the laboratory in order to monitor the accuracy of grades reported. • Submitted a nominal barren 'blank' samples anonymously to the laboratory in order to monitor potential cross contamination between samples during sample preparation. 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) initially involved a four-acid digest followed by multi-element ICP-MS analysis. This technique is considered a total digest for all relevant minerals. 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. Over-limit assays were re-analysed by MA370 (by ICP-ES for base metals grading >1%) and FA530 (by fire assay with gravimetric finish for silver grading >90ppm and gold grading >10ppm). Azure implemented industry standard QAQC protocols to monitor levels of accuracy and precision. Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks. 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. No geophysical or portable analysis tools were used to determine assay values.
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 Geologist & Exploration Manager) and an independent technical consultant have inspected the drilling, sampling procedures and significant intersections. 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 is 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.*	Initial drill hole collar locations were determined by hand-held GPS. Final drill hole collar locations will be surveyed by a licensed surveyor using a two frequency differential GPS with accuracy of +/-3cm. All drill holes were surveyed for down-hole deviation, with surveys undertaken at 30m intervals and at bottom of hole.

Criteria	JORC Code explanation	Commentary
		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.*	Drill hole spacing is variable however a pattern of approximately 25m x 50m has been completed. At this time, data spacing and distribution are expected to be sufficient to establish the degree of geological and grade continuity appropriate for a Mineral Resource estimation procedure. 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 zones are known and therefore all mineralised intersections are reported as "intercept length" and are interpreted to reflect true width. No sampling bias is believed to have been introduced.
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 database manager.

Section 2: Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
		<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 earn back up to 65% ownership by spending up to US$15 million. 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.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The project area has a short 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.

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		Azure Minerals acquired the rights to the project in December 2014 through its fully owned Mexican subsidiary company Minera Piedra Azul SA de CV.
Geology	*Deposit type, geological setting and style of mineralisation.*	Various styles of mineralisation occur on the property. Epithermal zones, veins, breccias and stockworks host silver, lead, zinc, copper and gold in volcaniclastic rocks (Mesa de Plata, Loma Bonita, Cerro San Simon, Cerro Enmedio and Palo Seco). Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán). Primary copper mineralization is hosted in porphyry rocks (Cerro Alacrán).
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.*	Refer to figures and tables in the report which provide all relevant details.
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.*	All reported mineralised intervals have been length-weighted. No top cuts have been applied. Only significant mineralised intercepts from the High Grade Zone (using a lower grade cut-off of 90g/t Ag) are reported. Minimum intercept length reported is 3m. Internal dilution of material <90g/t Ag included in mineralised intercepts, where present, consists of a maximum of 3 consecutive samples (4.6m). No overall mineralised intervals (using a lower grade cut-off of 20g/t Ag) are reported. No metal equivalencies are 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 zones are known at this time and therefore all mineralised intersections are reported as "intercept length" and are interpreted to reflect true width.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any*	Refer to Figures in the accompanying report.

Criteria	JORC Code explanation	Commentary
	significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
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*	An upgraded Mineral Resource estimate is being prepared for the Mesa de Plata silver deposit.