

# LOMA BONITA GOLD DEPOSIT CONTINUES TO GROW

- **Strong gold intersections from southern Loma Bonita, including:**
  - MDPC-153: 58.5m @ 0.7g/t Au from 15m; including 19.5m @ 1.0g/t Au
  - MDPC-154: 73.5m @ 0.7g/t Au from 0m; including 12.0m @ 1.3g/t Au
  - MDPC-155: 31.5m @ 1.7g/t Au from 0m (entire hole)
  - MDPC-160: 37.5m @ 1.8g/t Au from 1.5m; including 19.5m @ 2.4g/t Au
  - MDPC-161: 28.5m @ 1.3g/t Au from 0m
  - MDPC-162: 34.5m @ 1.2g/t Au from 87m; including 6.0m @ 3.3g/t Au
- **Drilling confirms that gold mineralisation extends for a further 100m to 150m south of the southern boundary of the current Loma Bonita mineral resource**
- **As expected, drilling within Mesa de Plata silver resource to collect samples for advanced metallurgical testwork returned strong silver intersections including:**
  - MDPC-150: 10.5m @ 805g/t Ag from 12m; including 6m @ 1,284g/t Ag
  - MDPC-151: 24.0m @ 474g/t Ag from 36m; including 15m @ 677g/t Ag
  - MDPC-152: 40.5m @ 344g/t Ag from 0m; including 10.5m @ 774g/t Ag

Azure Minerals Limited (“Azure” or “the Company”) (ASX: AZS) is pleased to announce that drilling continues to intersect wide intervals of significant gold and silver mineralisation on its 100%-owned Alacrán Project in Sonora, Mexico.

## **MINERAL RESOURCES**

Azure’s previous exploration on Alacrán discovered the Mesa de Plata silver deposit (refer Table 3 for Mineral Resource) and the adjacent Loma Bonita gold-silver deposit (refer Table 4 for Mineral Resource) (see Figures 1 & 2). These two deposits contain total mineral resources of:

### **Mesa de Plata (ASX: 1 December 2016):**

**27.4Moz silver in 10.5Mt @ 82g/t Ag**

- Includes an at-surface high-grade resource of: 15.5Moz silver in 1.8Mt @ 275g/t Ag

### **Loma Bonita (ASX: 21 December 2016):**

**150,000oz gold & 4.8Moz silver in 5.4Mt @ 0.9g/t Au & 28g/t Ag**

## **DRILL PROGRAM DETAILS**

The Reverse Circulation (RC) drilling program is being undertaken at the Loma Bonita gold-silver deposit for resource infill and extension, at Mesa de Plata to collect additional samples for advanced metallurgical testwork, and at several greenfields exploration targets.

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To date, 30 holes (MDPC-138 to MDPC-167) have been drilled for 2,851 metres. Gold, silver and base metal assays have been received up to hole MDPC-162. All significant gold and silver intersections received to date are listed in Table 1 and location details for all holes are contained in Table 2.

### **LOMA BONITA DRILLING**

The Loma Bonita deposit, as defined by the current Mineral Resource, extends over 600 metres north-south, up to 200 metres east-west, and remains open for expansion. Mineralisation starts at surface and in places the true width/thickness of the mineralised zone exceeds 100 metres.

Resource expansion drilling is stepping out from the southern resource boundary to increase the resource size. Resource infill drilling is being undertaken to improve definition of internal high-grade zones, confirm internal continuity and obtain samples for additional metallurgical testwork.

Better gold intersections from outside the southern resource boundary include:

- MDPC-153: 58.5m @ 0.7g/t Au from 15m; including 19.5m @ 1.0g/t Au
- MDPC-154: 73.5m @ 0.7g/t Au from 0m; including 12m @ 1.3g/t Au
- MDPC-155: 31.5m @ 1.7g/t Au from 0m (entire hole)
- MDPC-159: 75.0m @ 0.5g/t Au from 0m;
- MDPC-160: 37.5m @ 1.8g/t Au from 1.5m; including 19.5m @ 2.4g/t Au

Mineralisation usually commences at or near surface, confirming the potential low strip nature of the deposit. The wide intervals of gold mineralisation demonstrate that the mineralised zone extends south of the southern Loma Bonita resource boundary for an additional 100m to 150m, indicating potential for a significant increase to the size of the current resource.

### **CERRO SAN SIMON DRILLING**

Two RC holes (MDPC-148 & 149) were drilled at the Cerro San Simon prospect to follow up previous drill intersections, which included:

- MDPD-025: 29.6m @ 0.56g/t Au (ASX: 21 December 2016)
- MDPD-035: 12.6m @ 0.37g/t Au (ASX: 21 December 2016)
- ALA-17-004: 63.0m @ 0.47g/t Au (ASX: 10 May 2018)

Both new holes intersected gold mineralisation at the expected depths, including:

- MDPC-148: 31.5m @ 0.40g/t Au from 12.0m
- MDPC-149: 16.5m @ 0.80g/t Au from 61.5m

### **MESA DE PLATA DRILLING**

Three drill holes (MDPC-150 to 152) were completed within the Mesa de Plata silver deposit with each hole intersecting wide intervals of high-grade silver mineralisation:

- MDPC-150: 10.5m @ 805g/t Ag from 12m; including 6m @ 1,284g/t Ag
- MDPC-151: 24.0m @ 474g/t Ag from 36m; including 15m @ 677g/t Ag
- MDPC-152: 40.5m @ 344g/t Ag from 0m; including 10.5m @ 774g/t Ag

Selected samples from these holes will be used for advanced stage metallurgical testwork for the purpose of optimising the process flowsheet for a Mesa de Plata mining and processing operation.

Figure 1: Plan of the Alacrán Project with drill holes

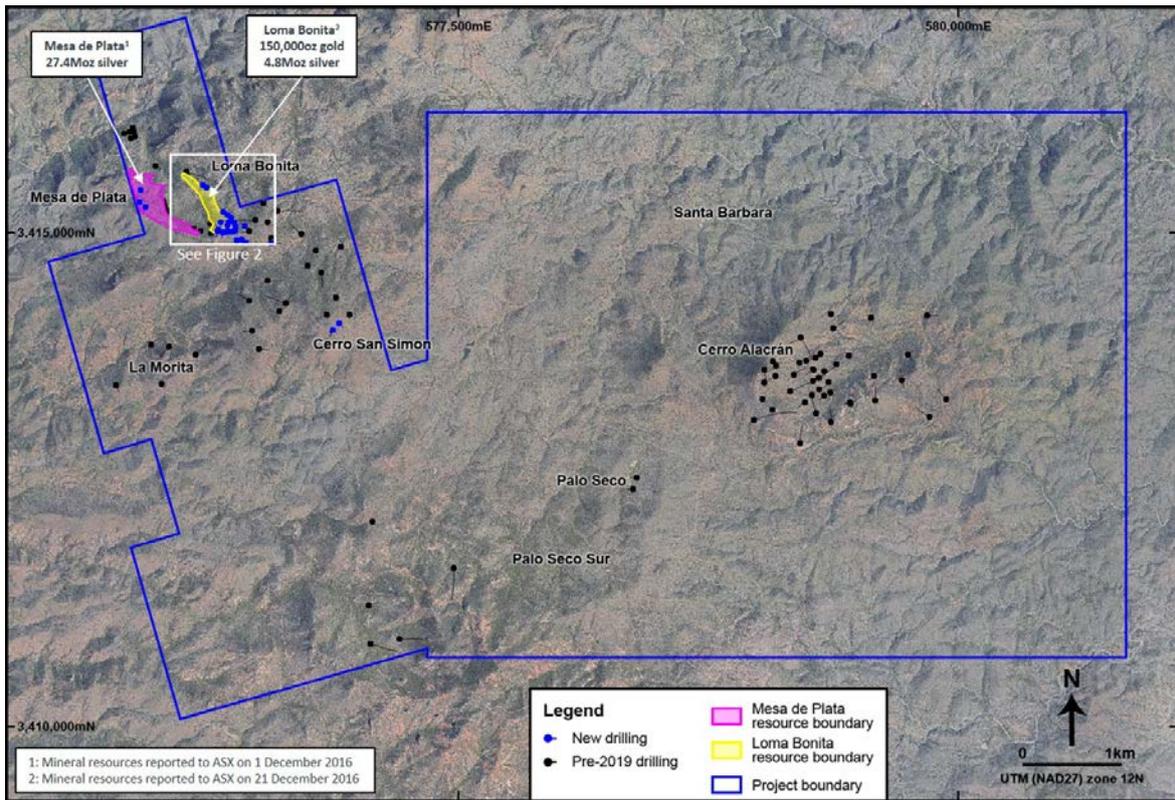
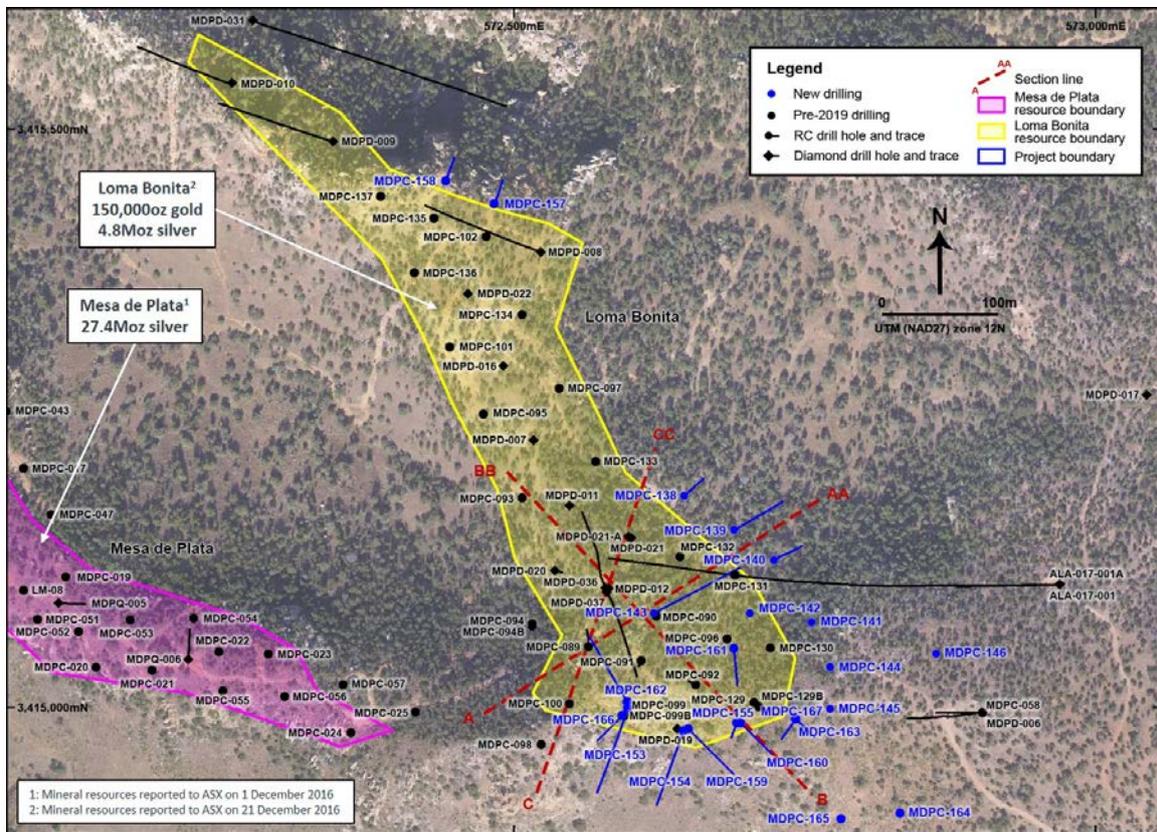


Figure 2: Plan showing Loma Bonita resource, drill holes and cross section locations



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Figure 3: Cross section A-AA through Loma Bonita gold deposit

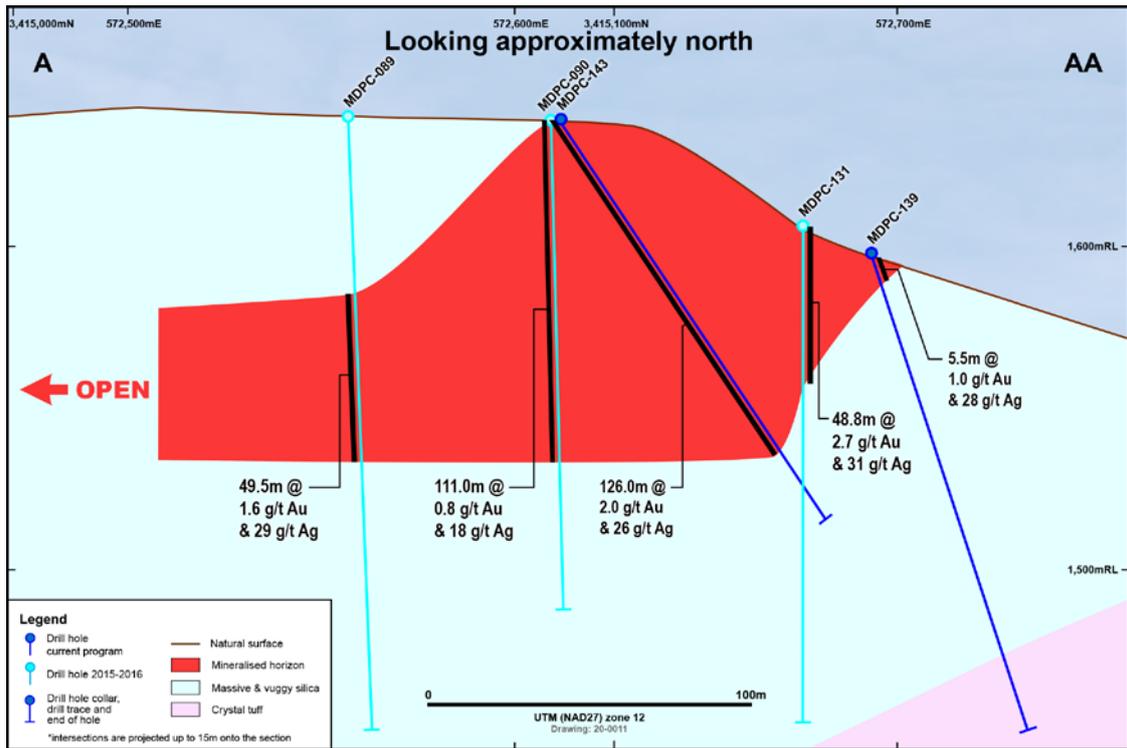


Figure 4: Cross section B-BB through Loma Bonita gold deposit

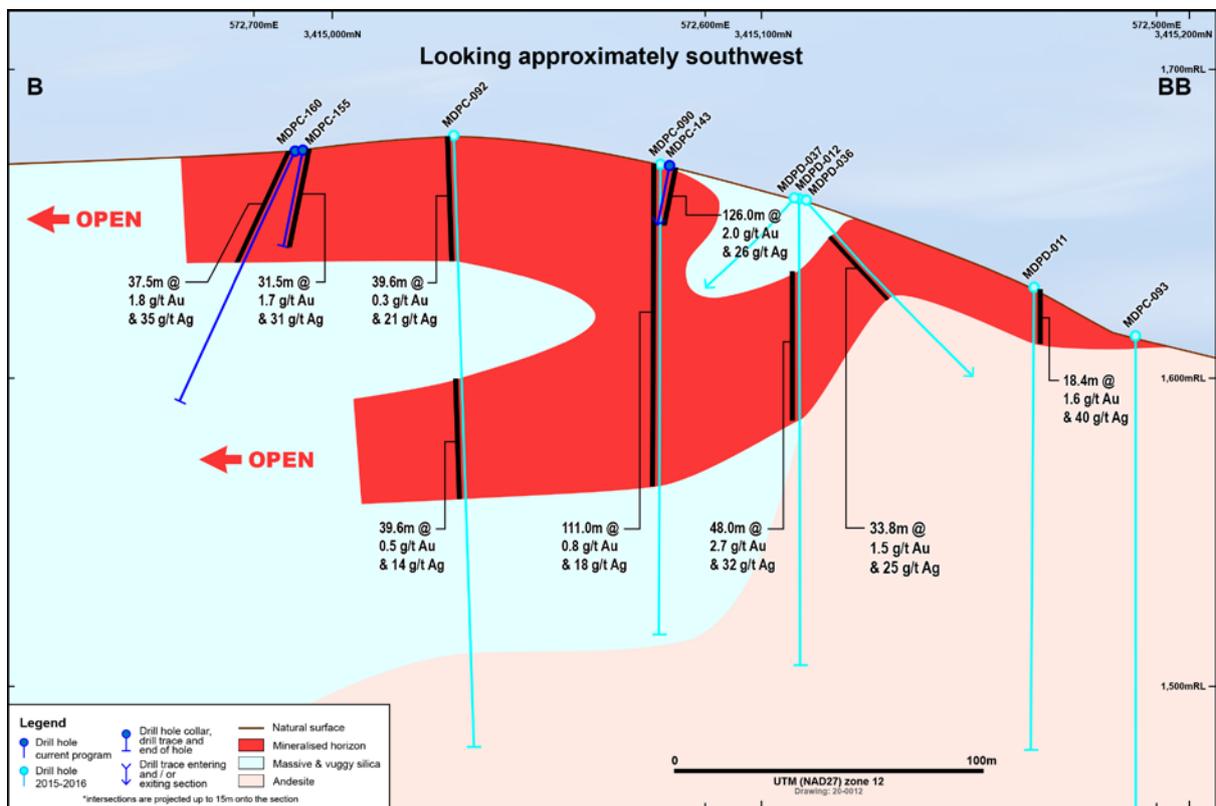
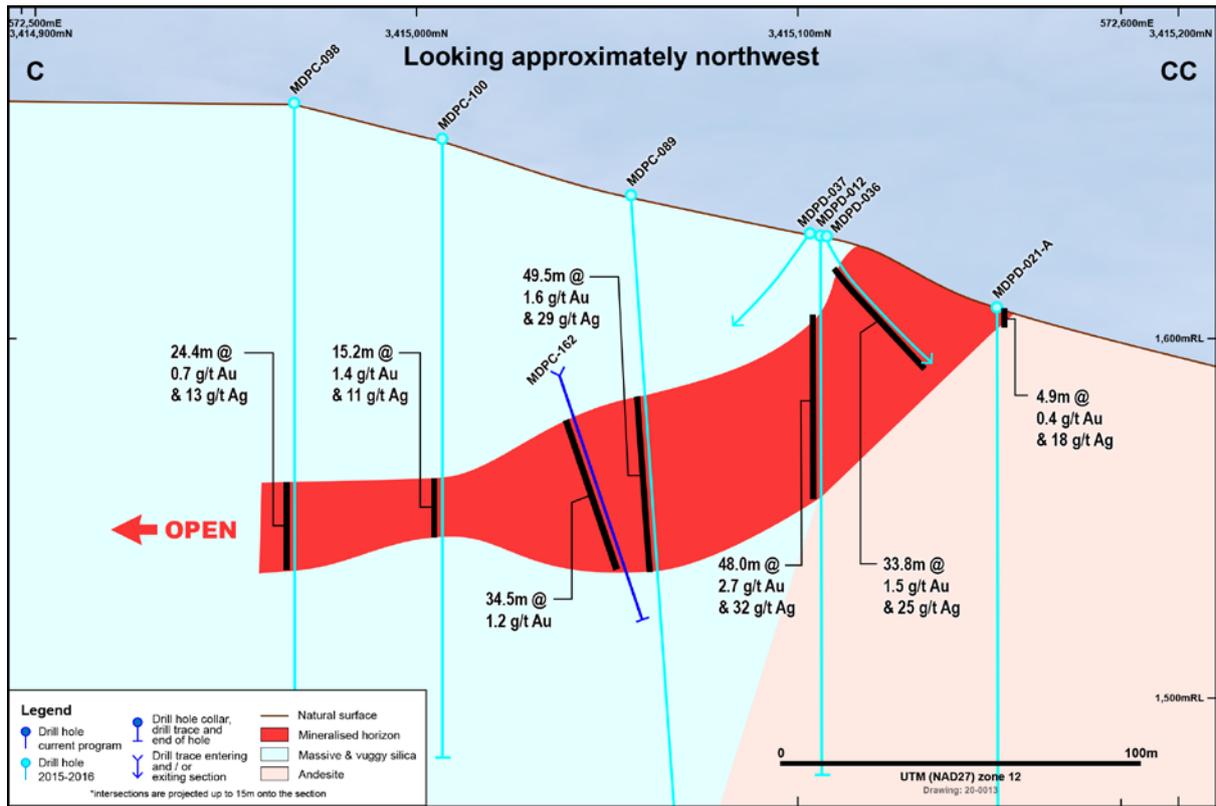


Figure 5: Cross section C-CC through Loma Bonita gold deposit



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**TABLE 1: Gold mineralised drill intersections for holes MDPC-138 to MDPC-162.**  
**Mineralised intersections use a 0.2g/t Au grade cut-off; included zones use a 1.0g/t Au cut-off.**  
**Intersections use maximum internal dilution of 1.5m (\*\*note\*\* uses max 3.0m internal dilution).**

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE	
	FROM	TO		Au (g/t)	Ag (g/t)
MDPC-138	1.0	10.5	9.5	0.58	11
including	7.5	9.0	1.5	1.07	15
	13.5	18.0	4.5	0.80	14
including	15.0	16.5	1.5	1.25	17
**note**	1.0	18.0	17.0	0.54	10
MDPC-139	0.0	5.5	5.5	1.03	28
including	2.5	5.5	3.0	1.39	39
	61.0	62.5	1.5	0.26	12
	133.0	134.5	1.5	0.54	8
MDPC-140	0.0	3.0	3.0	0.43	9
MDPC-141	0.0	1.5	1.5	0.24	3
	12.0	48.0	36.0	1.00	13
including	15.0	22.5	7.5	1.57	15
and	27.0	30.0	3.0	1.17	18
and	36.0	40.5	4.5	1.96	11
	142.5	144.0	1.5	0.59	2
	177.0	178.5	1.5	0.26	4
MDPC-142	0.0	6.0	6.0	0.31	7
MDPC-143	1.5	127.5	126.0	1.96	26
including	3.0	4.5	1.5	1.05	33
and	10.5	48.0	37.5	1.46	18
and	52.5	54.0	1.5	1.29	34
and	57.0	118.5	61.5	2.85	32
and	61.5	63.0	1.5	1.64	44
and	108.0	109.5	1.5	9.92	68
and	112.5	114.0	1.5	1.20	46
MDPC-144	25.5	27.0	1.5	0.20	2
	78.0	79.5	1.5	0.31	<2
	91.5	93.0	1.5	0.56	<2
MDPC-145	24.0	25.5	1.5	0.27	4
	28.5	30.0	1.5	0.45	1
	37.5	40.5	3.0	1.95	0
	64.5	66.0	1.5	0.39	1
	69.0	70.5	1.5	1.78	1
	79.5	81.0	1.5	0.36	5
	85.5	88.5	3.0	0.74	4
including	85.5	87.0	1.5	1.24	4
	94.5	96.0	1.5	2.79	2
	118.5	120.0	1.5	0.42	1

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MDPC-146			No significant intercepts			
MDPC-147	0.0	12.0	12.0		0.38	29
including	0.0	6.0	1.5		0.39	44
	40.5	43.5	3.0		0.26	1
MDPC-148	12.0	43.5	31.5		0.40	19
	52.5	57.0	4.5		0.41	1
MDPC-149	52.5	55.5	3.0		0.38	22
	61.5	63.0	1.5		1.29	2
	66.0	78.0	12.0		0.91	7
including	66.0	67.5	1.5		1.28	8
and	69.0	76.5	7.5		1.09	6
**note**	61.5	78.0	16.5		0.80	7
MDPC-150	12.0	22.5	10.5		<0.01	805
including	13.5	19.5	6.0		<0.01	1,284
MDPC-151	36.0	60.0	24.0		<0.01	474
including	39.0	54.0	15.0		<0.01	677
MDPC-152	0.0	40.5	40.5		<0.01	344
including	0.0	10.5	10.5		<0.01	774
MDPC-153	15.0	34.5	19.5		1.04	19
including	24.0	25.5	1.5		4.42	16
and	28.5	33.0	4.5		1.29	28
	37.5	73.5	36.0		0.52	20
including	52.5	55.5	3.0		1.15	32
	84.0	85.5	1.5		0.21	21
	88.5	111.0	22.5		0.32	16
	114.0	115.5	1.5		0.25	8
	121.5	123.0	1.5		0.25	7
	135.0	136.5	1.5		0.21	10
	139.5	141.0	1.5		0.24	13
**note**	15.0	73.5	58.5		0.68	20
including	24.0	33.0	9.0		1.62	23
**note**	84.0	115.5	31.5		0.28	15
MDPC-154	0.0	73.5	73.5		0.72	26
including	24.0	27.0	3.0		1.04	30
and	43.5	55.5	12.0		1.25	29
and	64.5	69.0	4.5		1.15	16
	84.0	87.0	3.0		0.32	12
	91.5	109.5	18.0		0.31	11
	112.5	127.5	15.0		0.31	20
**note**	84.0	127.5	36.0		0.29	15
MDPC-155	0.0	31.5	31.5 (entire hole)		1.67	31
including	0.0	25.5	25.5		1.86	32
and	30.0	31.5	1.5 (EOH)		1.19	25

MDPC-156	0.0	1.5	1.5		0.21	13
	7.5	10.5	3.0		0.26	6
	66.0	67.5	1.5		0.22	<2
	69.0	70.5	1.5 (EOH)		0.26	10
MDPC-157	0.0	1.5	1.5		0.27	94
	4.5	18.0	13.5		0.40	66
including	10.5	12.0	1.5		1.05	40
	21.0	22.5	1.5		0.55	34
	25.5	36.0	10.5		0.57	29
note	0.0	36.0	36.0		0.38	49
Note ***Pb***	12.0	21.0	9.0m @ 1.64% Pb			
MDPC-158	1.5	13.5	12.0		0.43	36
	16.5	25.5	9.0		0.24	47
	28.5	37.5	9.0		0.61	35
including	33.0	36.0	3.0		1.30	34
note	1.5	37.5	36.0		0.38	40
MDPC-159	0.0	58.5	58.5		0.50	16
including	16.5	18.0	1.5		1.11	25
and	54.0	55.5	1.5		1.34	32
	61.5	75.0	13.5		0.50	29
	82.5	100.5	18.0		0.35	13
**note**	0.0	75.0	75.0		0.48	19
MDPC-160	1.5	39.0	37.5		1.76	35
including	1.5	21.0	19.5		2.36	28
and	24.0	34.5	10.5		1.55	39
	43.5	45.0	1.5		0.86	51
**note**	1.5	34.5	33.0		1.94	32
MDPC-161	0.0	28.5	28.5		1.28	24
including	0.0	22.5	22.5		1.55	24
	33.0	39.0	6.0		0.50	8
	45.0	46.5	1.5		0.36	10
	49.5	67.5	18.0		0.68	14
including	61.5	64.5	3.0		2.14	29
**note**	45.0	67.5	22.5		0.58	13
MDPC-162 prelim	87.0	121.5	34.5		1.24	16
including	91.5	97.5	6.0		3.29	23
and	109.5	112.5	3.0		2.85	9
and	117.0	118.5	1.5		2.52	13
	126.0	132.0	6.0		0.24	15
**note** includes 3m internal dilution at less than 0.2g/t Au cut-off grade						

**Table 2: Location data for holes MDPC-138 to MDPC-167**

HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH	LOCATION
MDPC-138	572640	3415186	1,598	060	-75	82.5	Loma Bonita
MDPC-139	572683	3415157	1,597	060	-75	154.0	Loma Bonita
MDPC-140	572718	3415130	1,597	060	-75	100.5	Loma Bonita
MDPC-141	572750	3415077	1,616	000	-90	196.5	Loma Bonita
MDPC-142	572697	3415085	1,615	000	-90	52.5	Loma Bonita
MDPC-143	572615	3415081	1,641	062	-56	148.5	Loma Bonita
MDPC-144	572766	3415038	1,630	000	-90	202.5	Loma Bonita
MDPC-145	572766	3415002	1,639	000	-90	136.5	Loma Bonita
MDPC-146	572852	3415049	1,627	000	-90	121.5	Loma Bonita
MDPC-147	573126	3414880	1,593	025	-70	64.5	Loma Bonita
MDPC-148	573739	3413996	1,709	135	-50	67.5	C. San Simon
MDPC-149	573801	3414066	1,706	135	-50	91.5	C. San Simon
MDPC-150	571818	3415403	1,573	155	-55	52.5	Mesa de Plata
MDPC-151	571864	3415241	1,603	315	-70	73.5	Mesa de Plata
MDPC-152	571803	3415288	1,594	315	-60	52.5	Mesa de Plata
MDPC-153	572591	3415002	1,659	200	-60	154.5	Loma Bonita
MDPC-154	572639	3414983	1,644	200	-60	136.5	Loma Bonita
MDPC-155	572685	3414989	1,645	200	-65	31.5	Loma Bonita
MDPC-156	572868	3414883	1,614	000	-90	70.5	Loma Bonita
MDPC-157	572476	3415438	1,562	020	-65	52.5	Loma Bonita
MDPC-158	572435	3415458	1,569	020	-70	64.5	Loma Bonita
MDPC-159	572644	3414984	1,644	135	-60	109.5	Loma Bonita
MDPC-160	572689	3414989	1,644	135	-65	88.5	Loma Bonita
MDPC-161	572683	3415054	1,631	175	-65	76.5	Loma Bonita
MDPC-162	572591	3415008	1,661	330	-65	154.5	Loma Bonita
MDPC-163	572735	3414992	1,640	135	-65	52.5	Loma Bonita
MDPC-164	572823	3414910	1,614	000	-90	40.5	Loma Bonita
MDPC-165	572777	3414907	1,609	000	-90	79.5	Loma Bonita
MDPC-166	572590	3415003	1,660	225	-55	52.5	Loma Bonita
MDPC-167	572736	3414993	1,631	175	-65	37.5	Loma Bonita

**Table 3: Mesa de Plata Mineral Resource (in accordance with the JORC Code 2012)**

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes (Mt)	Silver		Tonnes (Mt)	Silver		Tonnes (Mt)	Silver	
		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)		(g/t Ag)	(Moz)
High-Grade	1.21	307.4	12.0	0.54	201.7	3.5	1.75	274.7	15.5
Mid-Grade	8.43	43.0	11.7	0.28	36.2	0.3	8.71	42.8	12.0
<b>Total</b>	<b>9.64</b>	<b>76.2</b>	<b>23.6</b>	<b>0.82</b>	<b>145.4</b>	<b>3.8</b>	<b>10.46</b>	<b>81.6</b>	<b>27.4</b>

Note: for details refer to ASX announcement dated December 1, 2016

**Table 4: Loma Bonita Mineral Resource (in accordance with the JORC Code 2012)**

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.9	1.25	116	33.9	3.1
	Inferred Mineral Resource	0.5	1.0	15	18.0	0.3
	<b>Total</b>	<b>3.4</b>	<b>1.2</b>	<b>131</b>	<b>32.0</b>	<b>3.4</b>
≥ 0.21	Indicated Mineral Resource	4.2	0.95	128	30.1	4.1
	Inferred Mineral Resource	1.2	0.6	22	18.0	0.7
	<b>Total</b>	<b>5.4</b>	<b>0.9</b>	<b>150</b>	<b>28.0</b>	<b>4.8</b>

Note: for details refer to ASX announcement dated December 21, 2016

**-ENDS-**

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**Competent Person Statements:**

*Information in this report that relates to Exploration Results for the Alacrán Project is based on information compiled by Mr Tony Rovira, who is a Member of The Australasian Institute of Mining and Metallurgy and fairly represents this information. Mr Rovira has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Rovira is a full-time employee and Managing Director of Azure Minerals Limited and 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 Mineral Resources for the Alacrán Project is extracted from the reports "Silver Resource Upgraded at Mesa de Plata" created and released to the ASX on 1 December 2016 and "Initial Mineral Resource Estimate for Loma Bonita" created and released to the ASX on 21 December 2016 and are available to view on [www.asx.com.au](http://www.asx.com.au). 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, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.*

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# 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>Reverse circulation (RC) percussion drilling is being undertaken on the Alacrán Project.</p> <p>Drill hole collar locations and inclinations were determined by hand-held GPS and compass.</p> <p>No downhole surveys were taken.</p> <p>Prior to the collaring of a drill hole (between 2.5 – 4.5m from surface), sample is collected in a catcher and, owing to poor recovery, most if not all of the sample is submitted for analysis. When the ground conditions are suitably stable, a PVC collar is inserted into the drill hole, allowing a shroud to be attached to the top of the PVC and enabling all sample to be caught and captured via a cyclone, then pass through a Jones riffle splitter.</p> <p>Drill spoil was sampled mostly at 1.5m intervals, but between 1.0 and 2.5m widths in the upper 6m of the hole, depending on the size of sample recovery.</p> <p>Samples preparation was undertaken at Bureau Veritas Laboratories (BVL) in Hermosillo, Sonora., Mexico. Samples were weighed, assigned a unique bar code and logged into the BVL 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 BVL laboratory in Vancouver, Canada for analysis.</p> <p>The analytical techniques for all elements (other than gold) 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).</p> <p>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 silver grading &gt;200ppm and FA530 (by fire assay with gravimetric finish for gold &gt; 10ppm and 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 reverse circulation percussion using a 5.25 inch (133mm) diameter face-sampling hammer drill bit.</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>RC drill recoveries were visually estimated from volume of sample recovered. &gt;95% of sample recoveries were above 90% of expected.</p> <p>RC samples were visually checked for recovery, moisture and contamination, noting these in the logs.</p> <p>There is no observable relationship between recovery and grade, and therefore no sample bias.</p>

<p>Logging</p>	<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><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>Detailed geological logging was carried out with recording of weathering, lithology, alteration, mineralisation, colour and other sample features. No geotechnical data is able to be recorded due to the nature of the drill sample.</p> <p>Chips are stored in plastic chip trays which are photographed at the completion of drilling.</p> <p>All holes were logged in full. The geological data would be suitable for inclusion in a Mineral Resource estimate.</p>
<p>Sub-sampling techniques and sample preparation</p>	<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>No drill core was collected.</p> <p>Prior to the collaring of a drill hole (between 2.5 – 4.5m from surface), sample is collected in a catcher and, owing to poor recovery, most if not all of the sample is submitted for analysis. When the ground conditions are suitably stable, a PVC collar is inserted into the drill hole, allowing a shroud to be attached to the top of the PVC and enabling all sample to be caught and captured via a cyclone, then pass through a Jones riffle splitter.</p> <p>Each sample is collected in uniquely numbered plastic bags and a ticket stub with the same number is removed from a ticket sample book and included in the bag with the sample. Each bag is sealed with aa plastic cable tie. Four to five samples (depending on the total weight) are placed in large plastic bags and a numbered tamper-proof plastic cable tie is used to close each bag. BVL personnel courier the samples from the project to their Hermosillo laboratory for sample preparation.</p> <p>Samples were audited upon arrival, sorted, weighed, assigned a unique bar code and logged into the BVL 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 BVL laboratory in Vancouver, Canada for analysis.</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> <p>The sample collection and preparation followed industry best practice.</p>
<p>Quality of assay data and laboratory tests</p>	<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 silver grading &gt;200ppm and FA530 (by fire assay with gravimetric finish for gold &gt; 10ppm and silver grading &gt;200ppm).</p> <p>Azure implemented industry standard QAQC</p>

		<p>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, duplicate 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 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 with an accuracy of under 1m.</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>As this drilling program is for the purposes of extending the current Mineral Resource area, drill hole spacing of 50m x 50m was implemented.</p> <p>When completed, the data spacing and distribution will be sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures.</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>The general trend of the geology and mineralisation is flat-lying and, as such, vertical drill holes give robust estimates of the true mineralised thicknesses.</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>Each sample is collected in uniquely numbered plastic bags and a ticket stub with the same number is removed from a ticket sample book and included in the bag with the sample. Each bag is sealed with a plastic cable tie. Four to five samples (depending on the total weight) are placed in large plastic bags and a numbered tamper-proof plastic cable tie is used to close each bag. The numbers on the seals were recorded for each shipment. BVL personnel courier the samples from the project to their Hermosillo laboratory for sample preparation.</p> <p>BVL 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 21 granted mineral concessions, totalling 5,441 hectares in area.</p> <p>All tenements are 100% owned by Minera Tlali S.A.B de C.V. a wholly-owned subsidiary of Azure Minerals Limited (Azure).</p> <p>A 2.5% NSR royalty on production is payable to the previous owners.</p> <p>The tenements are secure and in good standing. There are no known impediments to obtaining a licence to operate in the area.</p> <p>Twenty of the tenements expire in May 2030 and the remaining tenement expires in October 2045.</p>
Exploration done by other parties	<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<p>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>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>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>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>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>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> <p>Azure:</p> <ul style="list-style-type: none"> <li>- 49 diamond drill holes</li> <li>- 154 RC holes</li> <li>- geophysics</li> <li>- 3 x resource calculations</li> </ul> <p>Teck:</p> <ul style="list-style-type: none"> <li>- 35 diamond drill holes,</li> <li>- undertook extensive mapping</li> <li>- 710 rock chips</li> <li>- 1283 soil samples</li> <li>- geophysics</li> </ul>
Geology	<p><i>Deposit type, geological setting and style of mineralisation.</i></p>	<p>Various styles of mineralisation occur on the property.</p> <p>Epithermal zones, veins and stockworks host silver, lead, zinc, copper and gold in volcanoclastic rocks (Mesa de Plata, Loma Bonita, Cerro San Simon, Cerro Enmedio and Palo Seco).</p> <p>Secondary copper oxide and chalcocite mineralisation occur in volcanic rocks (La Morita and Cerro Alacrán).</p>

		Primary copper mineralization is hosted in porphyry rocks (Cerro Alacrán).
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 0.2g/t Au lower grade cut-offs.</p> <p>No metal equivalents were reported.</p>
Relationship between mineralisation widths and intercept lengths	<p><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></p>	The general trend of the geology and mineralisation is flat-lying and, as such, vertical drill holes give robust estimates of the true mineralised thicknesses.
Diagrams	<p><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></p>	Refer to Figures in the accompanying report.
Balanced reporting	<p><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></p>	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	<p><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></p>	This announcement refers to previous exploration results including geophysics, geochemistry and geology.
Further work	<p><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></p>	Further work to better understand the mineralisation systems in the project area will be determined upon a full analysis and interpretation of results.