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DRILLING COMMENCES AT EL TECOLOTE

- **Second stage drill program commences at El Tecolote**
- **2,000 – 3,000m drilling program scheduled to test new targets**
- **Exploration being undertaken as part of JOGMEC JV**

Mexican focused **Azure Minerals Limited** (“Azure” or “the Company”) is pleased to report that the second diamond drilling program has commenced at its 100%-owned El Tecolote Project, located in the state of Sonora, Mexico.

Situated between the Company’s San Eduardo and La Tortuga Projects, El Tecolote is a 178km² property (see Figure 1) containing abundant evidence of base metal mineralisation with potential for both porphyry copper and skarn copper-zinc-silver deposits. Exploration is being conducted in Joint Venture (“JV”) with the Japanese Government organisation, JOGMEC, which has the right to earn up to 70% in the project by spending US\$13 million.

The intensive 2011 exploration program, funded with a US\$1.5 million budget, has included numerous geophysical surveys (airborne VTEM, aeromagnetics, ground magnetics and IP), mapping, sampling and drilling. This work identified several new targets, including Reyna del Cobre (skarn), extensions of the El Tecolote Mine (skarn), and several nearby porphyry copper prospects, all of which will be tested by the second round, 2,000-3,000 metre drilling program.

Reyna del Cobre was discovered by Azure in early 2011 when drilling intersected multiple skarn zones containing massive sulphide copper-zinc mineralisation. The first hole of the current drilling program will be at Reyna del Cobre, targeting the mineralised structure at a depth of approximately 150m below surface.

The El Tecolote Mine, which previously produced 1.4 million tonnes @ 1.9% copper, 7.0% zinc and 47 g/t silver, closed in 1984 due low commodity prices, with unmined copper and zinc mineralisation remaining around the old mine workings. Azure’s exploration in this area has identified possible strike and depth extensions and repetitions, which will be drill tested as part of the current program.

In addition, an impressive porphyry copper target has been developed to the south of the mine, where strong IP and geochemical anomalies are present along with surface occurrences of alteration, quartz veining and copper oxide mineralisation within a quartz-feldspar porphyry. This area will also be targeted as part of the drilling program.

Drilling commenced on 10th November and the Company expects this program to be completed by January 2012.

As part of the separate JV with JOGMEC over the adjoining La Tortuga Project, Azure has recently completed the first part of a two stage, deep-seeking 3-Dimensional IP survey over an intriguing aeromagnetic anomaly situated in the northwest corner of the La Tortuga

property. Modeling of the magnetics has indicated the presence of a strongly magnetic body with characteristics typical of a porphyry copper deposit. The IP surveys are intended to identify a target which will be tested by diamond drilling in 2012.

EI Tecolote Background

Under the terms of the JV covering Azure's 100% owned EI Tecolote Project, JOGMEC can earn an initial 51% interest in EI Tecolote by spending US\$5 million over the first three years. It can then earn an additional 19% stake by spending a further US\$8 million during the following three years, taking its total project equity to 70%. The JV is managed and staffed by Azure out of the Company's Hermosillo office, with technical assistance provided by JOGMEC.

JOGMEC is a wholly-owned Japanese Government corporation established to assist in the stable supply of oil, gas and mineral resources to the Japanese economy. JOGMEC seeks to gain entry into high-potential mineral exploration projects through providing funding and technical assistance, with a view to the later introduction of commercial Japanese interests. In line with these objectives, JOGMEC entered into the EI Tecolote JV with the aim of discovering significant copper deposits.

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For further information, please contact:

Tony Rovira
Executive Chairman
Azure Minerals
Ph: +61 8 9481 2555

Press / Investor Relations
Victoria Thomas
Six Degrees Investor Relations
Ph:+61 3 9674 0347

or visit www.azureminerals.com.au

Competent Person Statement:

Information in this document that relates to Exploration Results and Mineral Resources 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 of Azure Minerals Limited. Mr Rovira has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rovira consents to the inclusion in the documents of the matters based on his information in the form and context in which it appears.

Figure 1: El Tecolote Project

