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DRILLING COMMENCES ON TECOLOTE PROJECT

Mexican focused **Azure Minerals Limited** ("Azure" or the "Company") is pleased to report that diamond drilling has commenced at the Reyna del Cobre and La Monarca prospects on its 100%-owned Tecolote Project (see Figure 1), located in the state of Sonora, Mexico.

Drilling is currently underway at two projects (San Francisco and Tecolote), with drilling at a third project (San Eduardo) and a fourth project (La Tortuga) set to commence shortly.

Executive Chairman, Mr Tony Rovira, said that 2010 was a year of consolidation and target identification for Azure and the Company is now seeing the benefits, with the first half of 2011 being a period of significant activity across both advanced and developing projects.

"Azure is in the fortunate position to be advancing both resource drilling at the San Francisco manganese project, as well as undertaking exploration drilling in the Tecolote district," said Mr Rovira.

The 138km² Tecolote Project contains the now-closed Tecolote copper-zinc-silver mine which produced 1.4Mt @ 1.9% copper, 7.0% zinc & 47g/t silver. The property is prospective for additional mineralisation in the vicinity of the mine, together with occurrences of skarn-hosted copper-zinc, shear-hosted gold, and porphyry copper mineralisation.

The Reyna del Cobre prospect is a 300m long zone of skarn-hosted copper-zinc mineralisation located 6km west of the Tecolote Mine. Rock chip sampling across the skarn outcrops and around several old mine workings in the area returned grades up to 3.7% copper, 5.4% zinc and 26g/t silver. Drilling of four diamond holes, each approximately 100m long, is underway to test the skarn outcrop.

The Monarca gold prospect, located in the northern part of the El Tecolote property, is a shear zone with quartz veining and brecciation present over approximately 500m of strike length. Gold values up to 8.0g/t Au were returned from sampling over the major vein structures. Two drill holes totaling approximately 250m will test the Monarca shear zone immediately following the Reyna del Cobre drill program.

Following completion of this drilling at Tecolote, Azure will relocate the drill rig to the adjoining La Tortuga property (operating in JV with JOGMEC) where a 500m deep core hole will be drilled to test a porphyry copper target defined by coincident geochemical and geophysical anomalies.

Diamond drilling is continuing on Azure's San Francisco Manganese Project in the central Mexican state of Jalisco to confirm continuity of mineralisation. In addition, a third drill rig is expected to commence drilling shortly on the Company's San Eduardo Project where exploration is being undertaken in joint venture with Australian copper miner OZ Minerals Ltd with two holes, each to 800m depth, planned.

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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: Tecolote Project

