14 JANUARY 2021

DRILLING RESTARTS AT ANDOVER NICKEL-COPPER PROJECT

Three rigs to support 30,000m drill program targeting mineralised zone associated with 1,050m-long VC-07 EM conductor

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that diamond drilling has recommenced on the Andover Ni-Cu Project (60% Azure / 40% Creasy Group), located in the West Pilbara region of Western Australia.

HIGHLIGHTS:

- **30,000m diamond drilling program underway to define a mineral resource within the mineralised body represented by the 1,050m-long and +200m-deep VC-07 conductor**
- **Downhole electromagnetic (DHTEM) surveying demonstrates significant down-dip extension of VC-07 conductor which will be drill-tested in current program**
- **First two drill rigs are on site and drilling, with the third rig expected to arrive in mid-January**
- **Drilling will also test several other geophysical targets, including the VC-23 conductors where historical drilling by the Creasy Group returned 2m @ 2.1% Ni and 0.44% Cu (ASX: 17 July 2020)**
- **Azure is fully funded to continue its intensive 3-rig exploration and resource definition drill program at Andover with ~$37 million in cash**

Commenting on Azure's 2021 exploration program at Andover, Managing Director, Mr. Tony Rovira said:

"Having confirmed a significant nickel-copper discovery at Andover, the Board of Azure is transitioning the Company's focus from exploration of the VC-07 mineralised body to resource definition.

"Following on from our highly successful maiden drilling campaign undertaken last year, the Company has commenced a 30,000m exploration and resource definition diamond drilling program. To accelerate our progress, three drill rigs will be utilised to define the extent of the VC-07 mineralised body, with subsequent in-fill drilling to produce a JORC mineral resource estimate.

"All seven holes drilled to date have intersected significant nickel-copper sulphide mineralisation associated with electromagnetic conductors. With the VC-07 conductor extending east-west for 1,050m, more than 200m vertically and remaining unconstrained at depth, we believe there is excellent potential to define a major nickel-copper sulphide deposit at Andover.

"While most of the planned drilling will focus on the VC-07 conductor, the Andover property is a target-rich environment for further nickel and copper sulphide discoveries. Geophysical surveying has identified numerous conductors indicative of bedrock-hosted sulphide mineralisation and drilling of the first of these prospective targets, VC-23, has commenced."

PROJECT OVERVIEW

VC-07 Target

Azure's maiden exploration program at Andover comprised diamond drilling and geophysical surveys:

- Fixed loop electromagnetic (FLTEM) surveying over 12 separate targets;
- A 7-hole, 2,720m diamond drilling campaign; and
- Downhole EM (DHTEM) surveying of the drill holes.

All seven holes intersected broad zones containing significant nickel-copper sulphide mineralisation, with better intersections including:

ANDD0001: 22.4m @ 1.02% Ni and 0.55% Cu from 81.6m downhole (ASX: 9 November 2020)
including: 3.9m @ 2.85% Ni and 0.47% Cu from 94.5m

and: 11.3m @ 1.21% Ni and 0.66% Cu from 110.0m downhole (ASX: 9 November 2020)
including: 5.0m @ 2.09% Ni and 1.14% Cu from 116.0m

ANDD0002: 13.6m @ 1.19% Ni and 0.38% Cu from 104.m downhole (ASX: 9 November 2020)
including: 4.6m @ 2.41% Ni and 0.48% Cu from 113.0m

ANDD0003: 7.6m @ 1.51% Nu and 0.25% Cu from 78.4m downhole (ASX: 30 November 2020)
including: 4.6m @ 2.05% Ni and 0.20% Cu from 78.4m

ANDD0004: 16.2m @ 2.09% Ni and 0.75% Cu from 347.5m downhole (ASX: 10 December 2020)
including: 8.5m @ 2.77% Ni and 1.04% Cu from 354.8m

ANDD0005: 10.7m @ 1.69% Ni and 0.71% Cu from 325.3m downhole (ASX: 12 January 2021)
including: 6.7m @ 1.98% Ni and 0.86% Cu from 325.3m

ANDD0006: 19.2m @ 1.47% Ni and 0.41% Cu from 406.3m downhole (ASX: 12 January 2021)
including: 4.6m @ 2.59% Ni and 0.67% Cu from 413.7m

ANDD0007: Ni-Cu sulphides visually identified – assays awaited (ASX: 21 December 2020)

In each of these holes, the nickel-copper sulphide mineralised intervals correspond with the modelled locations of electromagnetic conductors defined by FLTEM and DHTEM surveys. Importantly, the massive sulphide intersections in holes ANDD0004 to 0007 coincide closely with the VC-07 conductor plate.

VC-07 is interpreted to represent a continuous body of bedrock-hosted sulphide mineralisation extending east-west over a 1,050m strike length. The mineralised zone dips at -60° to -80° to the north with a down-dip extent of more than 200m (as modelled by DHTEM surveying) and remains open to depth. These dimensions highlight the significant potential of this body to represent a substantial nickel-copper sulphide deposit and the drilling program planned for 2021 is focused on progressing the delineation of this mineralised system to JORC mineral resource standard.

Using up to three diamond drill rigs, initial drilling at VC-07 will define the along-strike and up-dip and down-dip extents of the mineralisation. This will be followed by close-spaced in-fill drilling to assess internal continuity and variability. This program will comprise approximately 30,000m of diamond core drilling and planned drill hole locations for the first phase are shown in Figure 1.

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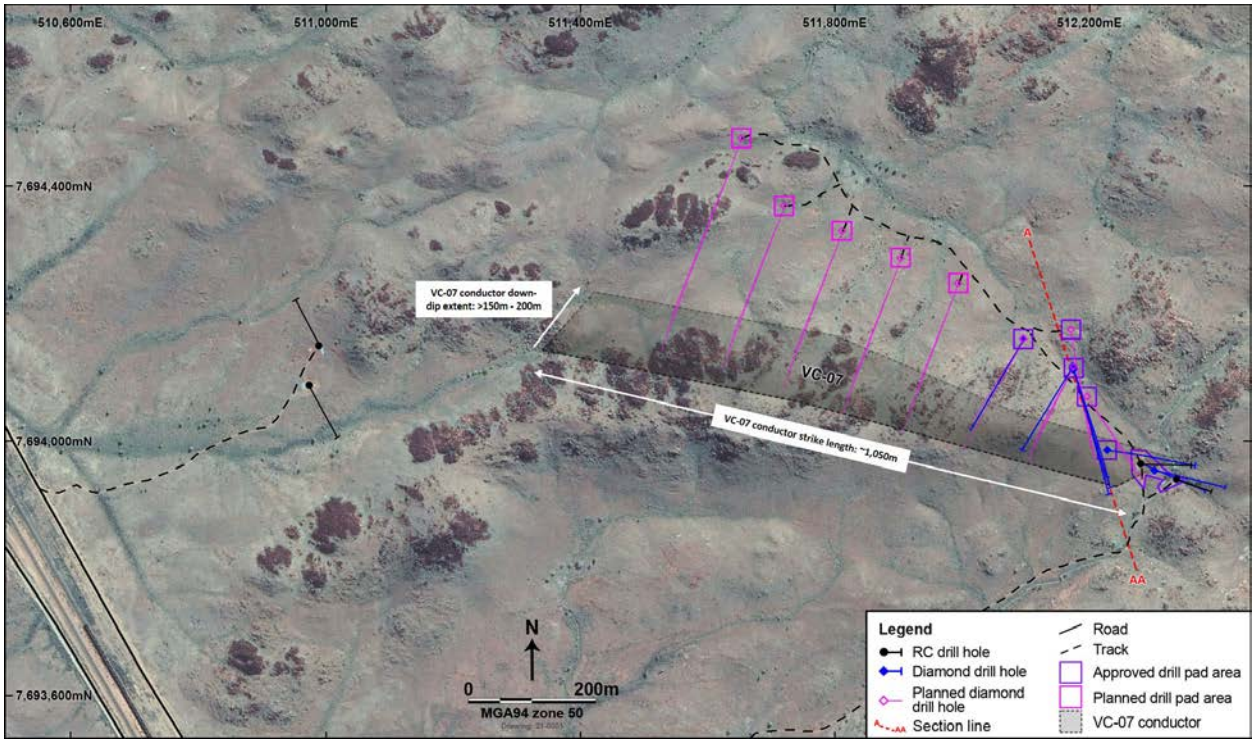

Figure 1: Andover Ni-Cu Project – VC-07 conductor plate showing completed and planned drill holes and section A-AA

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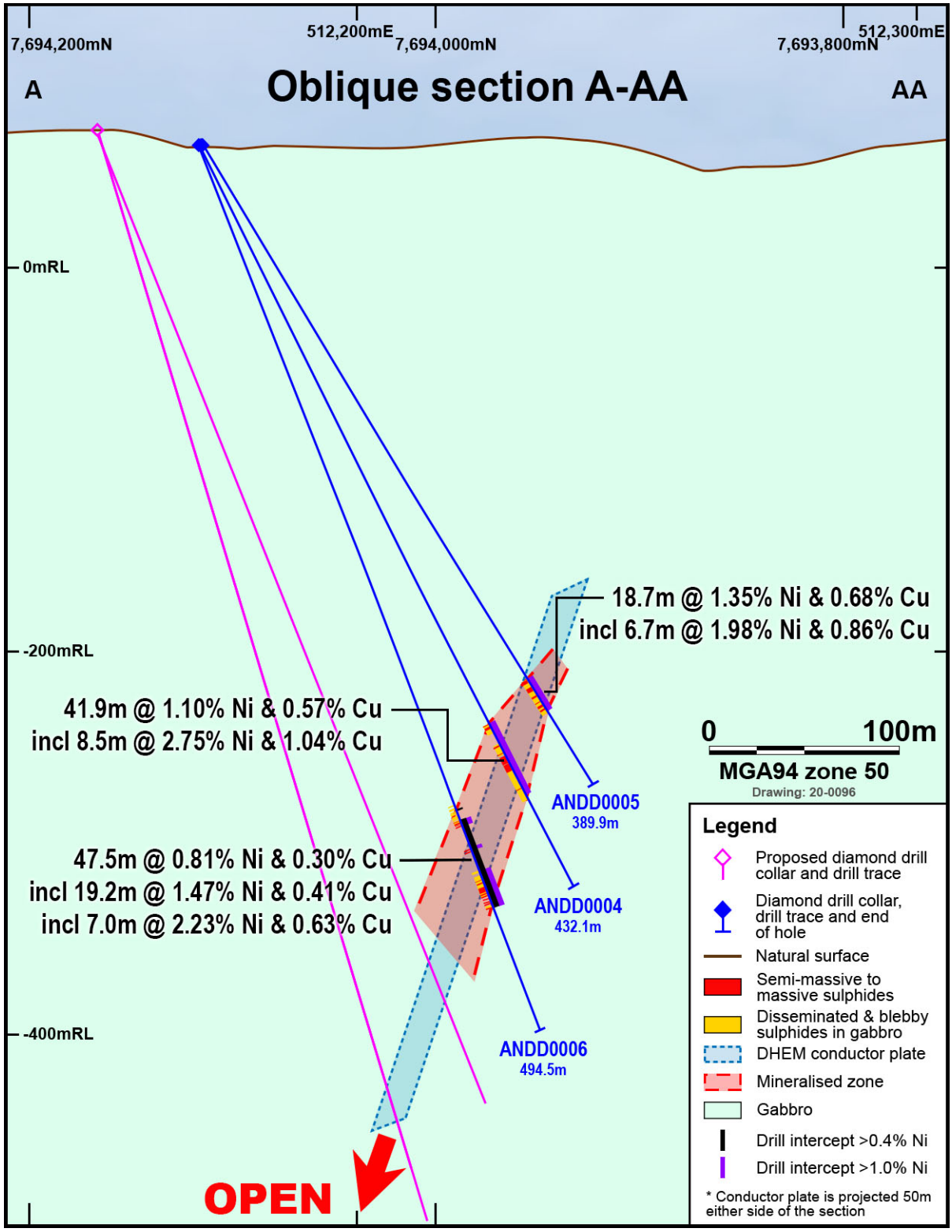

Figure 2: Section line A-AA (looking East) with completed and planned drill holes and DHTEM conductor plate

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Regional Targets

Based on FLTEM surveying, **12 separate electromagnetic conductor anomalies** have been identified within the Andover project area and drilling of the first of these conductors, VC-23, has commenced (see Figures 3 and 4). VC-23 was initially drilled by the Creasy Group in 2018, intersecting nickel-copper sulphide mineralisation in hole ADRC006 (ASX: 17 July 2020), including:

- **2m @ 2.10% Ni and 0.44% Cu from 15m downhole**
- **6m @ 0.45% Ni and 0.39% Cu from 22m downhole**
- **6m @ 0.31% Ni and 0.55% Cu from 34m downhole**

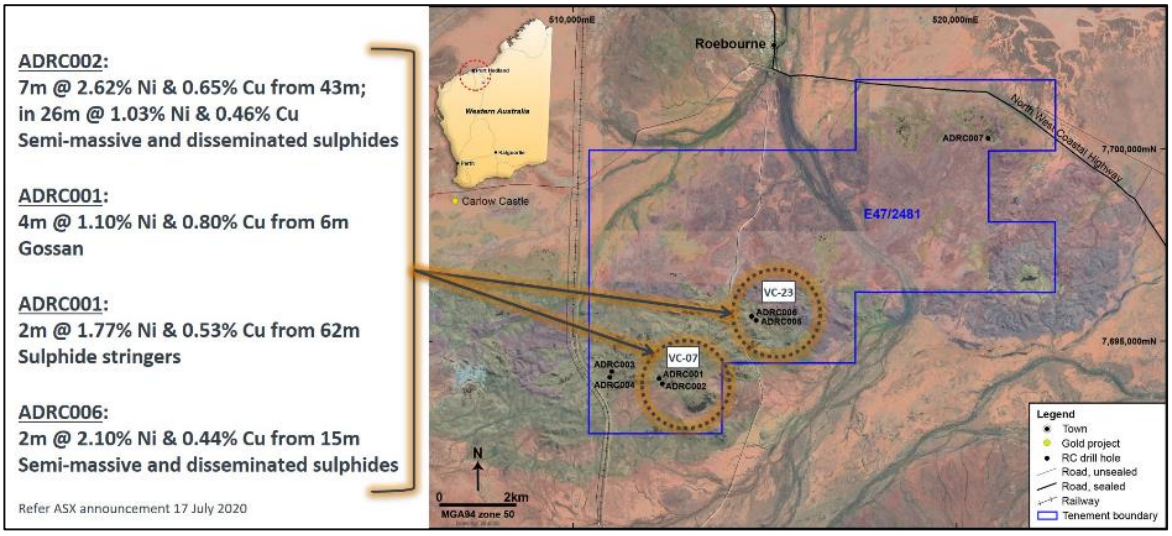

Figure 3: Andover Ni-Cu Project – VC-07 and VC-23 targets showing Creasy Group drill holes

Figure 4: Andover Ni-Cu Project – Diamond drilling of VC-23 conductor on 13 January 2020

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Table 1: Location data for Andover drill holes

HOLE No.	EAST (mE)	NORTH (mN)	ELEVATION (mASL)	AZIMUTH	DIP	TOTAL DEPTH (m)	COMMENT
ANDD0001	512300	7693954	58.5	100	-50	175.2	Completed
ANDD0002	512282	7693965	58.0	110	-60	210.0	Completed
ANDD0003	512226	7693986	66.3	099	-63	324.2	Completed
ANDD0004	512174	7694114	63.9	160	-65	432.1	Completed
ANDD0005	512174	7694113	63.9	160	-59	389.9	Completed
ANDD0006	512174	7694115	63.9	160	-70	494.5	Completed
ANDD0007	512174	7694117	63.9	205	-72	483.1	Completed
ANDD0008	512091	7694151	70.0	210	-71	TBD	In Progress
ANDD0009	514690	7695625	72.0	025	-65	TBD	In Progress

Authorised for release by Mr Brett Dickson, Company Secretary.

-ENDS-

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COMPETENT PERSON STATEMENT

Information in this report that relates to Exploration Results for the Andover Project is based on information compiled by Graham Leaver, who is a Member of The Australasian Institute of Geoscientists and fairly represents this information. Mr Leaver 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 Leaver is a full-time employee 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 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.