

DRILLING TO RESUME AT SARA ALICIA HIGH GRADE GOLD & COBALT PROJECT

- Stage 2 drilling campaign expected to start within two weeks
- High grade gold and cobalt mineralisation targeted along strike and down-dip from previously reported drill intersections, which included:
 - DSA-03: 26.2m @ 9.5g/t Au & 1.26% Co
 - including 12.6m @ 16.8g/t Au & 6.35m @ 3.57% Co
- Geophysical and geochemical surveys have outlined the high-grade gold and cobalt mineralised anomaly – delivering high-quality drill targets
- LME Cobalt now >US\$80,000/t, up from US\$32,500/t in January 2017

Azure Minerals Limited (**ASX: AZS**) (Azure or the Company) is pleased to advise that the Company will shortly commence a second diamond drilling campaign on its 100%-owned, highly prospective Sara Alicia gold-cobalt project in the northern Mexican state of Sonora.

The drilling will follow up on the Company's very successful 2017 maiden drilling program, in which all six drill holes intersected high grades of gold and cobalt mineralisation at shallow depths (refer ASX announcements dated 27 November and 7 December 2018).

The best intersection from Azure's maiden drill program returned an exceptional:

26.2m @ 9.5g/t Au and 1.26% Co from 0.60m depth, which includes:

12.6m @ 16.8g/t Au & 6.35m @ 3.57% Co

Commenting on the upcoming drilling campaign, Azure's Managing Director, Mr Tony Rovira said, ***"Our first drilling program at Sara Alicia returned one of the thickest and highest-grade cobalt drill intersections reported from anywhere in the world in 2017."***

"Following this success, we accelerated exploration with surface geochemical and geophysical surveys to delineate the shape and potential size of the body hosting the high-grade gold and cobalt mineralisation. This was a very successful program and with these results now in, it looks like most, if not all, of the target body is hosted within our property. We're confident that our next drilling program will identify significant amounts of additional gold and cobalt mineralisation."

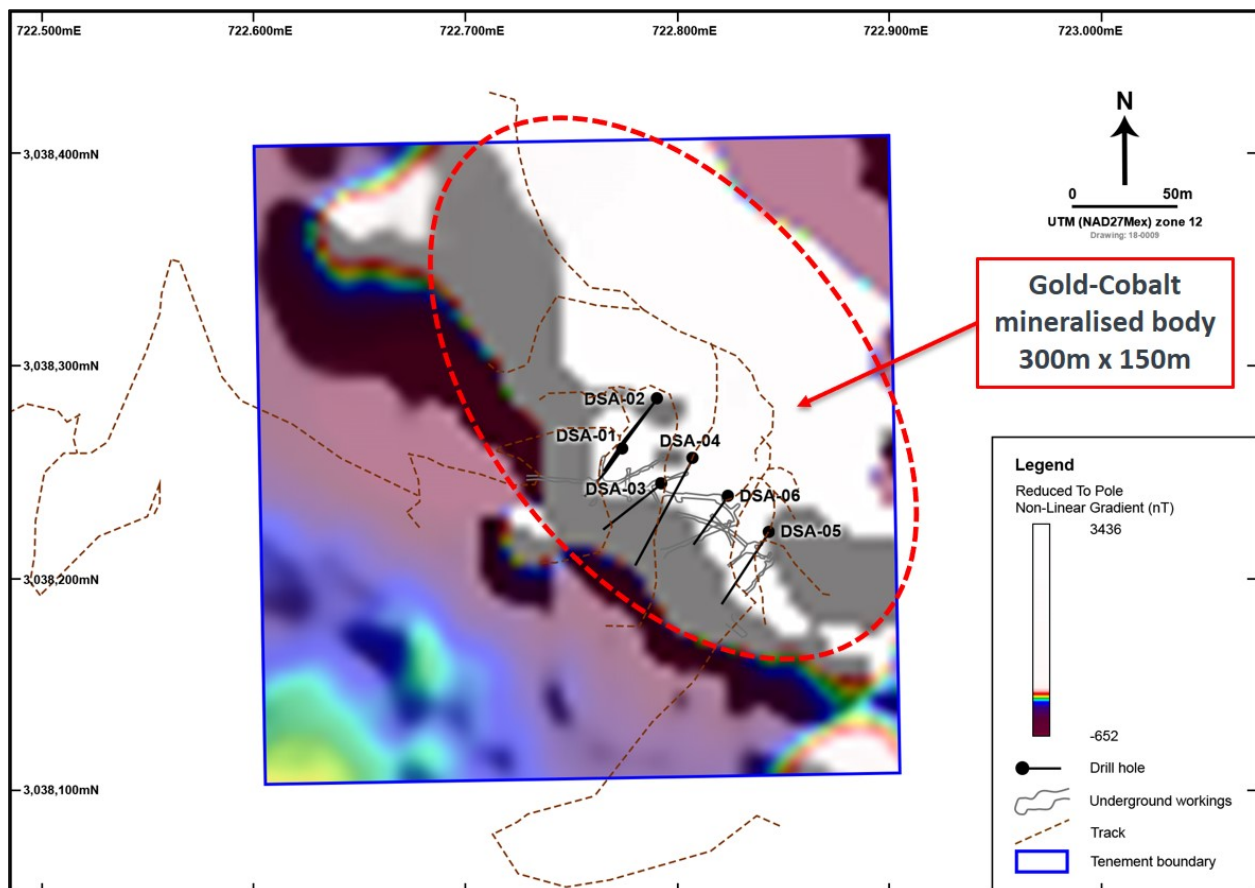
The Sara Alicia mineralised zone consists of carbonate rocks intruded by a porphyry. This event caused strong alteration and mineralising reactions in the limestones to form a skarn horizon which hosts massive and semi-massive sulphides containing the cobalt and gold mineralisation.

The mineralised body has a strong and identifiable magnetic signature extending over an area of approximately 300m (NW-SE) x 150m (NE-SW) (refer Figure 1). Encouragingly, modelling of the magnetic data indicates that **the magnetic body which represents the mineralisation has considerable vertical depth extent**, particularly to the north and northeast, providing excellent down-dip targets to extend the gold and cobalt mineralisation in those directions.

In addition to drill testing the mineralised skarn, Azure will also investigate the potential for feeder zones to host mineralisation and the source of the mineralisation in the underlying porphyry body.

The Company is expecting approval for the drilling program from the federal environmental agency SEMARNAT shortly, and drilling is expected to start within two weeks.

Figure 4: Image of ground magnetic survey



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Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date that it was originally 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.