16 October 2019

The Company Announcements Office
Australian Securities Exchange
via electronic lodgement

Please find attached announcement "**Alacran Silver and Gold update**" which replaces the announcement issued at 9:55am AEDT earlier today (16 October 2019), which due to an administrative error was a copy of an announcement released on 10 September 2019.

Yours faithfully

Brett Dickson
Company Secretary

ALACRÁN GOLD & SILVER EXPLORATION & DRILLING UPDATE

Drilling planned to increase 32Moz silver & 150,000oz gold resources

HIGHLIGHTS:

- **A two-stage 7,000m drill program expected to start this quarter focusing on resource expansion drilling at Loma Bonita and additional greenfields exploration drilling**

- **Thick and high-grade intersections of gold mineralisation[1] identified on the Loma Bonita resource boundary indicate the deposit remains open for expansion in multiple directions:**
    - **47m @ 2.8g/t gold & 33g/t silver from surface in MDPC-131**
    - **67m @ 1.6g/t gold & 21g/t silver from surface in MDPC-096**

- **First-pass greenfields sampling of historical mines south of Cerro Alacrán returns spectacular results up to[2]:**

    | **3,675g/t Ag** | **24.1g/t Au** | **2.3% Cu** | **33.5% Pb** | **21.0% Zn** |

- **Follow-up exploration is underway for these and other new targets in preparation for trenching and drilling**

Azure Minerals Limited (ASX: AZS) ("**Azure**" or the "**Company**") is pleased to provide an update on silver and gold exploration program underway on its 100%-owned Alacrán Project, located in Sonora, Mexico.

Since resuming full control of Alacrán, the Company is evaluating the two merged datasets from the work programs completed by Azure (2015-2016) and Teck Resources Limited ("Teck") (2017-2019). This has already resulted in several precious and base metal prospects being identified for first-pass or follow-up exploration. Additional targets are expected to be recognised as data evaluation and target prioritisation continues.

Priorities for near-term exploration activities at Alacrán include:
- Focus on gold and silver exploration and development;
- Mineral resource expansion drilling at the Loma Bonita gold and silver deposit;
- Continue greenfields exploration and target identification programs with follow-up trenching and drilling; and
- Advanced-stage metallurgical testwork on the Mesa de Plata silver and Loma Bonita gold-silver mineralisation and build on development studies suspended in 2016.

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[1] ASX: 28 September & 15 November 2016
[2] ASX: 8 October 2019

LOMA BONITA MINERAL RESOURCE EXPANSION DRILLING

The Company's main priority is to restart drilling at Loma Bonita to expand the gold and silver mineral resource. Applications for environmental approval and site access have been submitted and drilling will commence as soon as approvals have been received, which are expected in the December quarter.

Azure is planning a 50 to 60-hole resource expansion drilling program totalling approximately 7,000m (see Figures 1 & 2). A significant proportion of the drilling will be carried out on the northern, eastern and southern extensions on hole spacings of 50m x 50m. Additional drilling is also planned to test potential strike extensions to the southeast towards Cerro San Simon and Cerro Enmedio where gold mineralisation was intersected in previous drilling by both Azure and Teck.

Azure's previous drilling campaign at Loma Bonita was suspended in December 2016 when Teck re-entered into the project via a back-in right. This back-in right has now been extinguished with Azure regaining 100%-ownership of Alacrán. Previous drilling at Loma Bonita by Azure returned large widths of strong and continuous gold mineralisation, mostly from surface, including the following intersections:

MDPC-089	**49.5m @ 1.6g/t Au from 54.0m** (ASX: 25 August 2016);
MDPC-090	**30.0m @ 1.6g/t Au from surface** (ASX: 25 August 2016);
MDPC-096	**67.1m @ 1.6g/t Au from surface** (ASX: 28 September 2016);
MDPC-131	**47.2m @ 2.8g/t Au from surface** (ASX: 15 November 2016);
MDPD-011	**18.5m @ 1.6g/t Au from surface** (ASX: 11 May 2016);
MDPD-012	**48.0m @ 2.7g/t Au from 23.0m** (ASX: 11 May 2016); and
MDPD-020	**14.0m @ 1.6g/t Au from surface** (ASX: 25 August 2016).

Based upon Azure's initial drilling, an initial mineral resource of: **150,000oz gold & 4.8Moz silver in 5.4Mt @ 0.9g/t Au & 28g/t Ag** (refer ASX: 21 December 2016 & Table 2 for details) was estimated.

The Loma Bonita mineralised zone extends for at least 750m north-south and up to 300m east-west. The deposit is constrained by erosion into a valley on its western flank but is unconstrained by landform features to the north, south and east. Further drilling in those areas, and at depth, could significantly increase the resource. This is supported by drill intersections that confirm the mineralisation remains open in the following directions:

To the east: **MDPC-131 intersected 47.2m @ 2.8g/t Au & 33g/t Ag** (ASX: 15 November 2016);
To the south: **MDPC-098 intersected 24.4m @ 0.7g/t Au & 13g/t Ag** (ASX: 28 September 2016); and
To the north: **MDPC-135 intersected 16.8m @ 1.2g/t Au & 86g/t Ag** (ASX: 15 November 2016).

Additional drilling is also being planned for less-advanced targets where exploration has identified anomalous gold and silver mineralisation from surface sampling or in first-pass drilling. Prospects that show good potential include:

- Cerro San Simon / Cerro Enmedio: previous drilling returned wide intervals of moderate grade gold mineralisation, eg **MDPD-025: 31.5m @ 0.5g/t gold from 20.7m** (ASX: 21 December 2016);
- Palo Seco Sur: surface sampling grades up to **1,119g/t silver and 1.27g/t gold** (ASX: 16 May 2016);
- south of the Cerro Alacrán copper porphyry: sampling of historical mine workings returned grades up to **3,675g/t silver, 24.1g/t gold, 2.3% copper, 33.5% lead and 21.0% zinc** (ASX: 8 October 2019).

Figure 1: Project overview plan showing Loma Bonita resource expansion drilling area
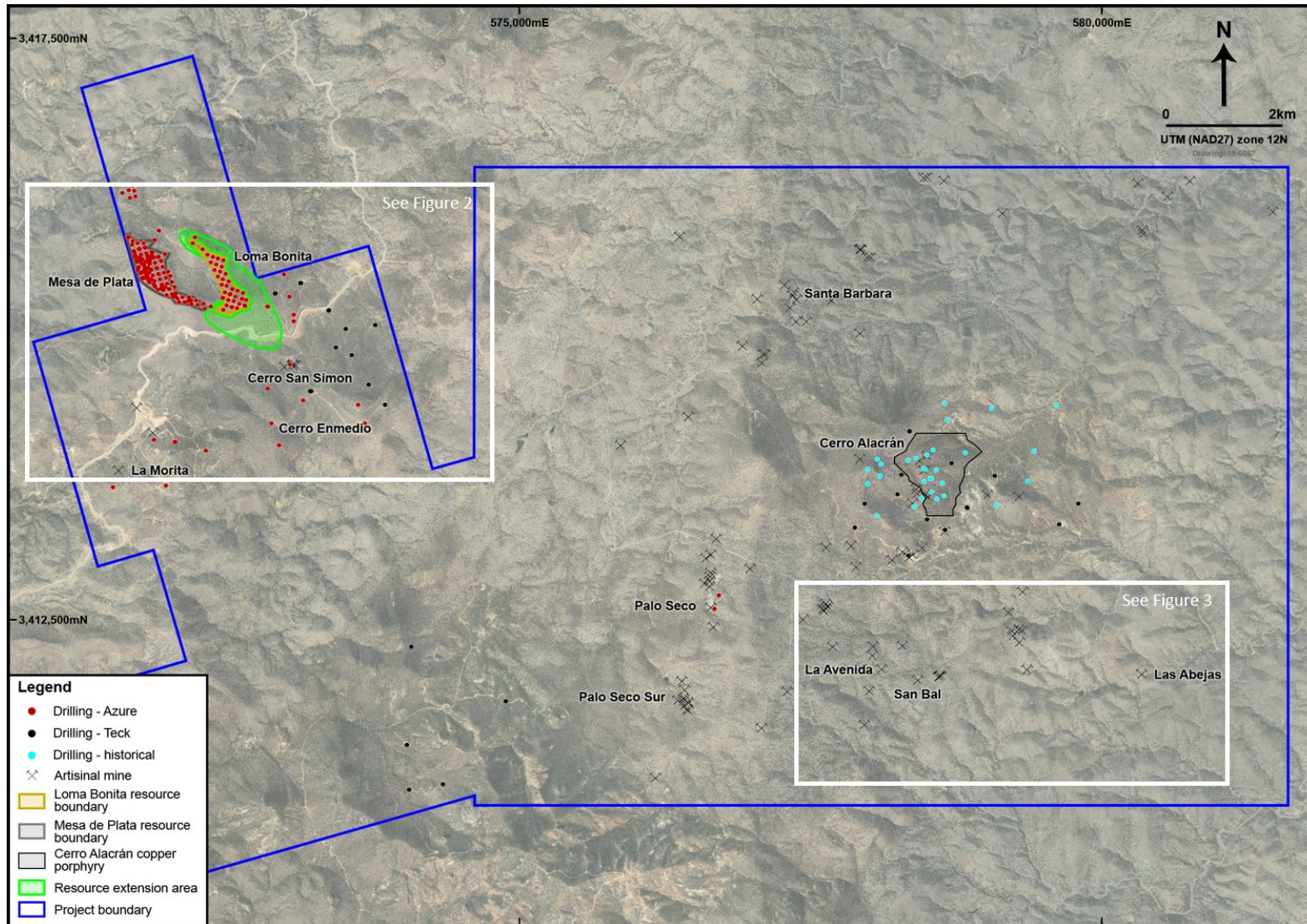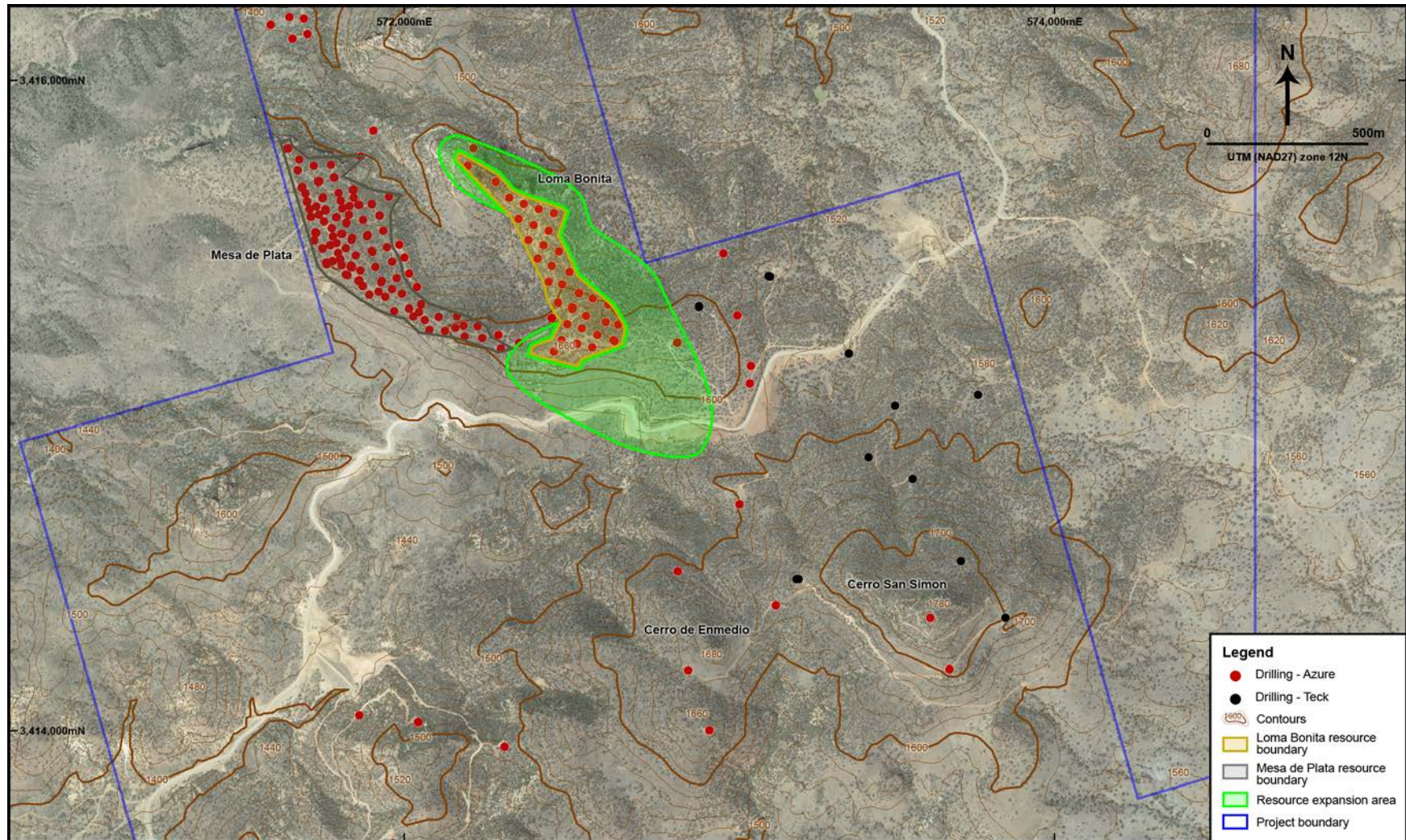
Figure 2: Area of Loma Bonita resource expansion drilling

GREENFIELDS EXPLORATION

Azure's greenfields exploration has been very successful, discovering several significant occurrences of silver, gold and base metals mineralisation at the Alacrán project.

The most prominent discoveries are the Loma Bonita gold-silver deposit (refer to Table 2 for Mineral Resource) and the Mesa de Plata silver deposit (refer to Table 3 for Mineral Resource). Together these two adjacent deposits contain resources of 32.2Moz silver and 150,000oz gold.

Recently Azure announced (ASX: 8 October 2019) the identification of high-grade silver, gold and base metal mineralisation[3] hosted in banded quartz-sulphide veins exploited by historical mining (see Figure 3). Mapping shows that such veins occur extensively throughout the southeast of the property with some individual veins mapped over strike lengths in excess of 500m. This mineralisation may be of the Intermediate Sulphidation type and likely related to the nearby Cerro Alacrán copper porphyry intrusion.

Azure's sampling is the first to be undertaken at these locations in the modern era. Twenty-one samples were collected (see Table 1) and all returned very high grades with maximum values of **3,675g/t silver, 24.1g/t gold, 2.3% copper, 33.5% lead and 21.0% zinc**.

Table 1: Sampling results

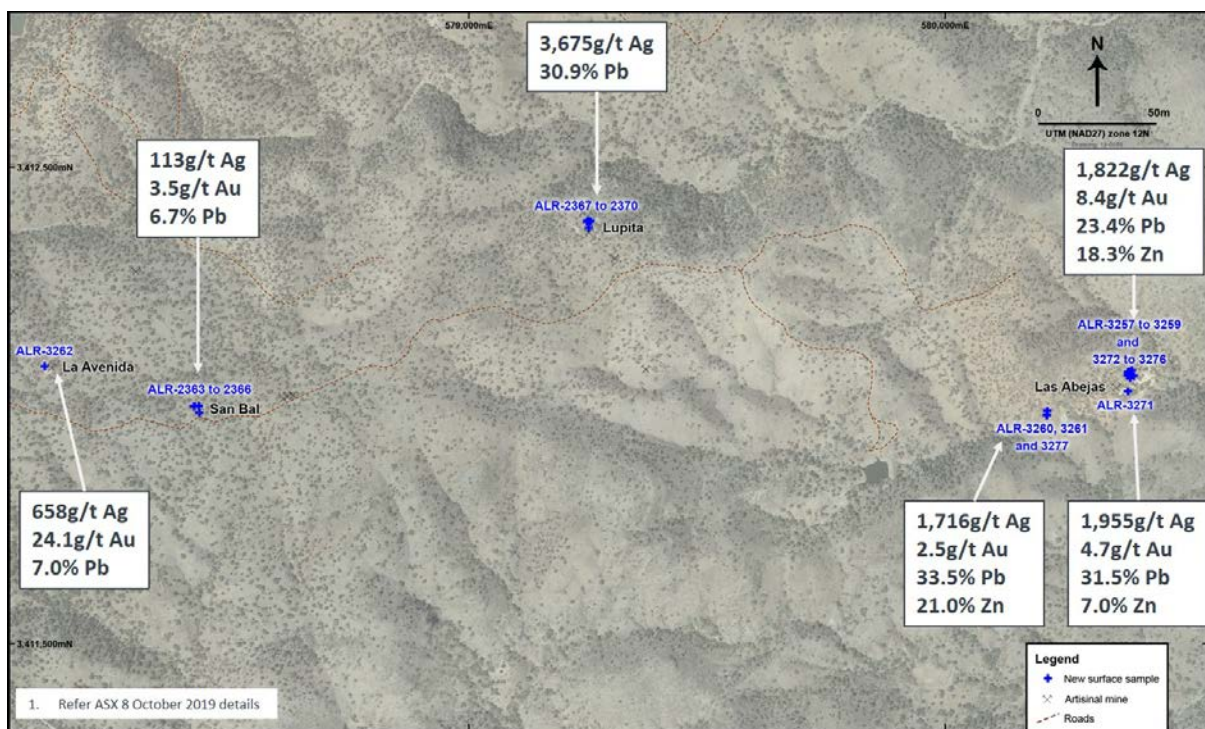| SAMPLE	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Zn+Pb (%)
ALR-3257	1,428	3.74	1.84	23.38	18.34	41.72
ALR-3258	1,074	6.82	1.51	16.05	16.95	33.00
ALR-3259	1,822	5.36	2.17	16.85	14.23	31.08
ALR-3260	882	1.60	0.86	21.10	19.77	40.87
ALR-3261	836	2.52	0.80	9.09	21.00	30.09
ALR-3262	658	24.10	0.15	7.01	0.05	7.06
ALR-3263	64	3.14	0.07	3.29	4.41	7.70
ALR-3264	34	3.46	0.03	2.03	2.75	4.78
ALR-3265	113	3.00	0.09	4.47	4.83	9.30
ALR-3266	84	2.08	0.09	6.71	7.25	13.96
ALR-3267	3,675	0.17	0.73	30.90	0.24	31.14
ALR-3268	256	0.09	0.06	9.73	0.10	9.83
ALR-3269	535	0.16	0.05	9.80	0.18	9.98
ALR-3270	582	0.19	0.07	9.51	0.09	9.60
ALR-3271	1,955	4.68	1.94	31.46	6.98	38.44
ALR-3272	1,710	5.72	1.64	18.61	13.69	32.30
ALR-3273	1,278	8.41	1.64	16.11	7.80	23.91
ALR-3274	974	3.47	1.21	13.63	14.49	28.12
ALR-3275	1,793	8.22	2.26	14.92	11.15	26.07
ALR-3276	1,057	4.31	1.54	15.16	11.90	27.06
ALR-3277	1,716	1.70	1.13	33.51	18.78	52.29

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[3] ASX: 8 October 2019

Encouragingly, all 21 samples returned high grades in both precious and base metals (refer Table 1 below), with:

- 10 samples returning values greater than 1,000g/t silver;
- 17 samples returning values greater than 1.0g/t gold;
- 10 samples returning values greater than 1.0% copper;
- 12 samples returning values greater than 10.0% lead; and
- 10 samples returning values greater than 10.0% zinc.

Results from this first-pass sampling program are very encouraging and further systematic sampling and detailed mapping of the veins is now underway in preparation for follow-up trenching and drilling.

Meanwhile, further reconnaissance exploration in greenfields areas is ongoing with strong potential for more exploration success.

Figure 3: Sampled mine dumps from south of Cerro Alacrán with highest individual assay results from each location

ALACRÁN MINERAL RESOURCE ESTIMATES

The Loma Bonita Mineral Resource estimate is based on 3,933m (27 holes) of Reverse Circulation drilling and 3,122m (17 holes) of HQ diamond core drilling. The estimate has approximately 85% of the total contained gold ounces within the Indicated Mineral Resource category with the remainder in the Inferred category (refer Table 2 below).

Table 2: Loma Bonita Mineral Resource (in accordance with the 2012 JORC Code)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.87	1.25	115.7	33.9	3.14
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	Total	**3.4**	**1.2**	**131**	**32.0**	**3.4**
≥ 0.21	Indicated Mineral Resource	4.20	0.95	128.5	30.1	4.07
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	Total	**5.4**	**0.9**	**150**	**28**	**4.8**
Note: for details refer to ASX announcement dated December 21, 2016						

The Mesa de Plata Mineral Resource estimate is based on 11,434m (116 holes) of Reverse Circulation drilling and 1,452m (17 holes) of HQ and PQ diamond core drilling. The estimate has approximately 85% of the total contained silver ounces within the Measured Mineral Resource category with the remainder in the Indicated category (refer Table 3 below).

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

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes (Mt)	Silver (g/t Ag)	(Moz)	Tonnes (Mt)	Silver (g/t Ag)	(Moz)	Tonnes (Mt)	Silver (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
Total	**9.64**	**76.2**	**23.6**	**0.82**	**145.4**	**3.8**	**10.46**	**81.6**	**27.4**
Note: for details refer to ASX announcement dated December 1, 2016									

-ENDS-

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COMPETENT PERSON STATEMENTS:

Exploration Results

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 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.

Alacrán Mineral Resources

The information in this report that relates to Mineral Resources for the Mesa de Plata and Loma Bonita deposits on the Alacrán Project are extracted from the respective reports "Mesa de Plata Mineral Resource Upgraded" and "Loma Bonita Mineral Resource" created and released to the ASX on 1 December 2016 and 21 December 2016 respectively and are available to view on 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.