

STRATEGIC LAND ACQUISITION AT SARA ALICIA GOLD-COBALT PROJECT

HIGHLIGHTS:

- Azure acquires 100% ownership of the Sara Alicia II concession, increasing total landholding of the Sara Alicia project to 49 hectares
- High-grade gold and cobalt mineralisation extends from original Sara Alicia concession onto adjoining Sara Alicia II
- Reconnaissance exploration with geological mapping, geochemical sampling and geophysical surveys will be undertaken in 1H 2020

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to announce that it successfully overturned an historical cancellation of the Sara Alicia II mineral concession that adjoins the Company’s 100%-owned Sara Alicia property and has completed the acquisition of this property. The Sara Alicia project is located in the northern Mexican state of Sonora (see Figure 1).

The acquisition of Sara Alicia II, when combined with the original Sara Alicia concession, brings the total project area to 49 hectares (see Figure 2), strengthening the Company’s land position in this gold and cobalt-rich district. Azure is continuing to monitor the surrounding land ownership situation with the view to increasing the Company’s landholding in this district when additional land becomes available.

Managing Director Tony Rovira stated, *“Sara Alicia II adjoins our current holding and, importantly, the combined area covers the full footprint of the body hosting the high-grade gold and cobalt mineralisation.*

“We have been working on acquiring this very strategic concession for over two years and exploration at Sara Alicia was suspended so as not to generate further interest in the area and to ensure the acquisition of Sara Alicia II was completed without interference or competition.

“The Sara Alicia project area is very prospective for high-grade gold and cobalt, as is evident by the exceptional hits from our previous drilling, which include:

| | | | | |
|-----------------------|----------------|--------------------------|------------------|---------------------------|
| <u>Gold:</u> | DSA-03: | 26.2m @ 8.6g/t Au | <i>including</i> | 12.6m @ 14.9g/t Au |
| <u>Cobalt:</u> | DSA-03: | 26.2m @ 1.26% Co | <i>including</i> | 6.35m @ 3.57% Co. |

“The mineralised body hosting this high-grade gold and cobalt mineralisation is known to extend onto the newly acquired concession and we expect that further exploration will significantly enhance project value. The widespread presence of strongly altered carbonate rocks intruded by an underlying porphyry intrusive indicates the property also has good potential for the discovery of a gold-rich skarn of significant size.

“Exploration on Sara Alicia II will initially be reconnaissance in nature, as our primary focus remains on the near-term drilling campaign at Alacrán to grow the existing silver and gold resource base of the Mesa de Plata and Loma Bonita deposits, while continuing to advance the small-scale mining and processing of high-grade zinc-lead ore at Oposura.”

Acquisition of Sara Alicia II

Azure acquired the original Sara Alicia concession in August 2017. At that time, it was recognised that a second, adjoining concession named Sara Alicia II had been cancelled by the Mining Registry. On behalf of the concession owners, Azure lodged an appeal and, nearly two years later, the federal Appeals Court ruled the cancellation was invalid and title to the concession was restored to the owners, a local Mexican family who had originally owned both Sara Alicia mineral concessions since the 1930s.

For a consideration of US\$80,000, a purchase agreement between the owners and Azure was finalised and 100% ownership of Sara Alicia II was transferred to Azure.

High-Grade Mineralisation at Sara Alicia

Azure carried out diamond drilling on the original Sara Alicia concession in 2017 and 2018, with numerous holes intersecting wide zones of high-grade gold and cobalt mineralisation (see Table 1 below and refer to ASX announcements of 27 November 2017, 7 December 2017 and 31 May 2018).

Table 1: High Grade Gold & Cobalt Drill Intersections from Sara Alicia

| <u>GOLD</u> | <u>COBALT</u> |
|-----------------------------------------|--------------------------------------|
| DSA-01: 11.40m @ 3.26g/t Au from 32.40m | DSA-01: 5.50m @ 0.13% Co from 32.40m |
| DSA-03: 26.20m @ 9.50g/t Au from 0.60m | DSA-03: 26.20m @ 1.26% Co from 0.60m |
| DSA-04: 19.65m @ 4.95g/t Au from 14.85m | DSA-04: 4.70m @ 0.11% Co from 20.00m |
| DSA-06: 13.70m @ 3.57g/t Au from 12.20m | DDA-06: 20.6m @ 0.13% Co from 3.90m |
| DSA-07: 3.75m @ 8.08g/t Au from 11.80m | DSA-14: 5.95m @ 0.74% Co from 0.0m |
| DSA-14: 3.65m @ 8.41g/t Au from 0.0m | DSA-14: 24.95m @ 0.31% Co from 9.15m |
| DSA-14: 19.60m @ 8.65g/t Au from 10.65m | DSA-15: 9.50m @ 0.48% Co from 3.80m |
| DSA-15: 8.80m @ 6.20g/t Au from 6.10m | DSA-16: 16.20m @ 0.33% Co from 9.15m |

The thickest and highest-grade gold and cobalt intersections are hosted within a magnetite-rich shoot that outcrops near the top of the Sara Alicia hill. Drilling, together with mapping and sampling of the mineralisation exposed at surface and within old mine workings, indicate that the shoot trends towards the northwest and remains open to the east.

Particularly important is that the eastern extension of the mineralised shoot extends onto the new Sara Alicia II concession for at least another 300 metres, as demonstrated by the strong magnetic anomalies identified in the ground magnetic survey shown in Figure 3.

The magnetite-hosted mineralisation may represent a feeder zone sourced from an underlying porphyry that extends upwards into the overlying limestone sequence, altering it to a magnetite-rich skarn. The Company believes that, with further exploration, there is good potential to expand the mineralised zone and define a substantial body of gold and cobalt mineralisation.

The high-grade mineralised shoot is surrounded by altered carbonate rocks of a large skarn system, within which the Company's drilling identified zones of disseminated gold mineralisation in the range of 0.5g/t to 3.0g/t Au. The widespread presence of these skarn rocks indicates that the property has the potential to host a gold-rich skarn of significant size.

With ownership of the new concession now confirmed, Azure will commence exploration with low-cost geological mapping, surface geochemical sampling and geophysical surveys to be undertaken in the first half of 2020. Further exploration and drilling will follow-up targets identified by the first phase.

Figure 1: Plan showing location of the Sara Alicia Project in Sonora, Mexico

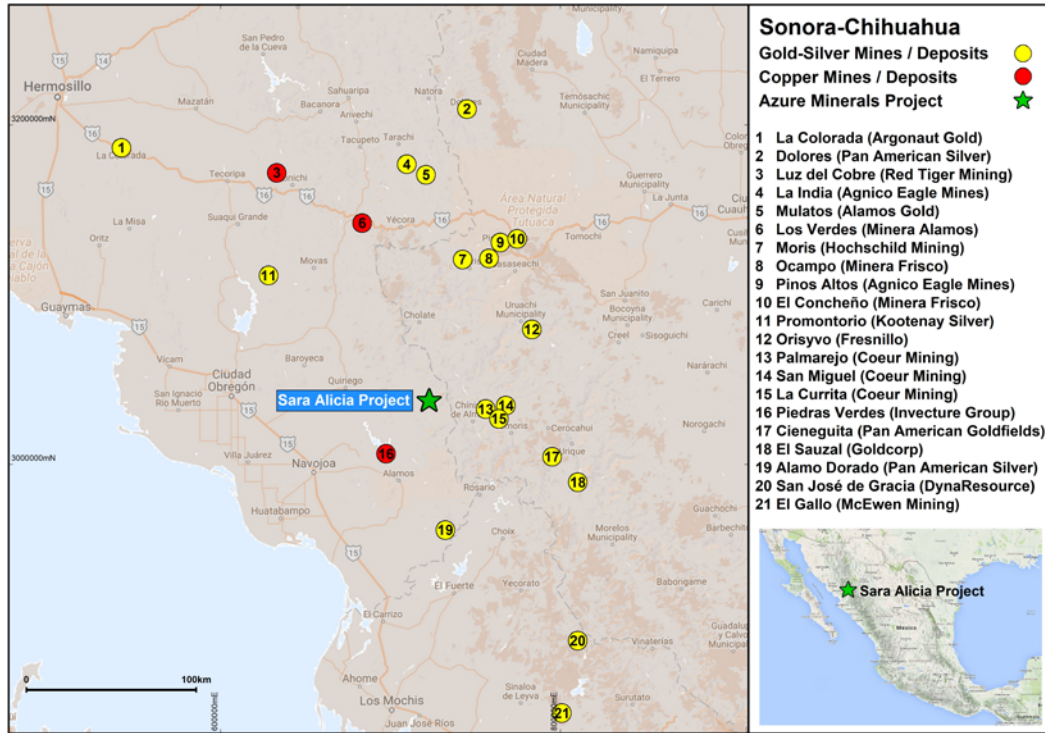


Figure 2: Plan showing original Sara Alicia and newly acquired Sara Alicia II mineral concessions

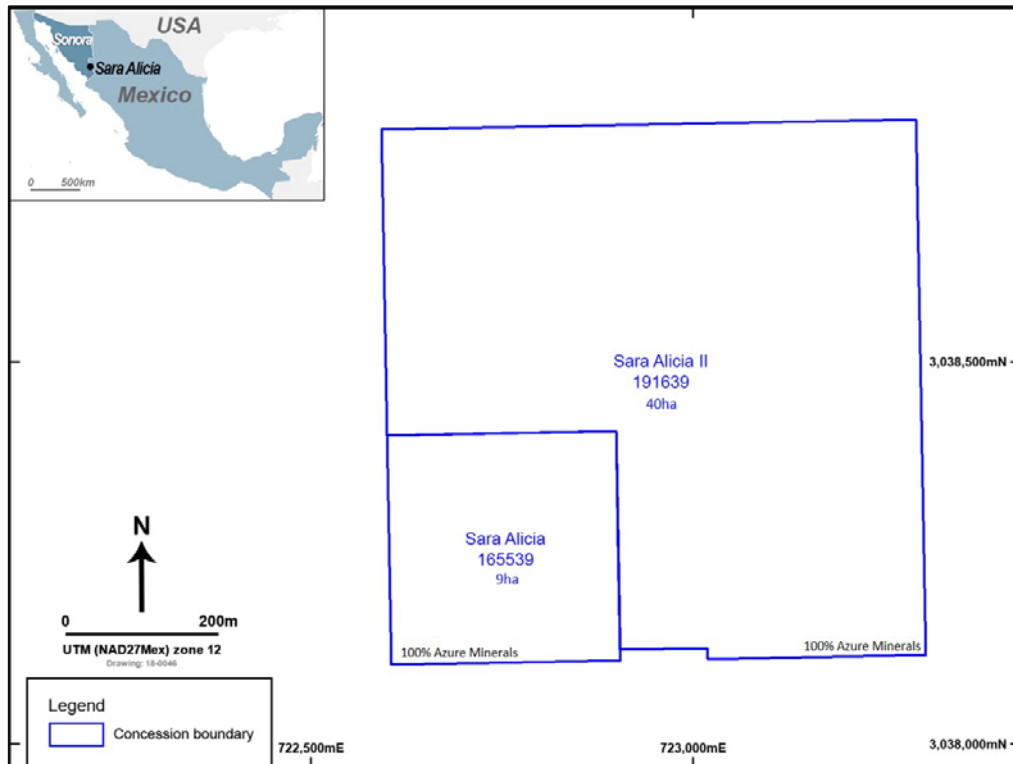
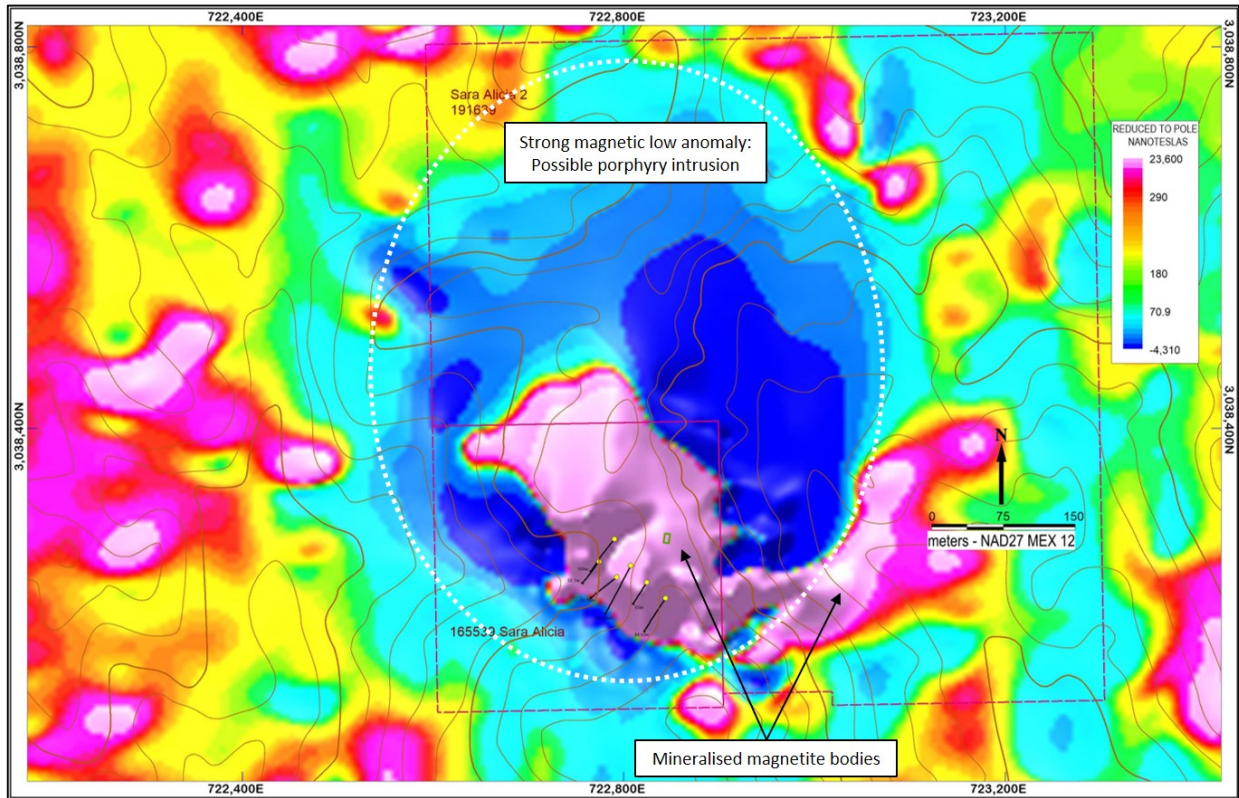


Figure 3: Image showing highly magnetic anomalies (pink) representing gold and cobalt targets and an underlying circular magnetic low (blue) representing a possible porphyry intrusive



-ENDS-

For enquiries, please contact:

Tony Rovira
Managing Director
Azure Minerals Limited
Ph: +61 8 9481 2555

Media & Investor Relations
Michael Weir / Cameron Gilenko
Citadel-MAGNUS
Ph: +61 8 6160 4903

or visit www.azureminerals.com.au

Competent Person Statements:

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.