6 AUGUST 2020

DRILLING SET TO START AT ANDOVER NICKEL PROJECT

Exploration strategies and priorities have now been established with Azure's exploration team expected to start field activities at the high-priority Andover Nickel-Copper Project in August.

ANDOVER NICKEL-COPPER PROJECT: (60% Azure / 40% Creasy Group)

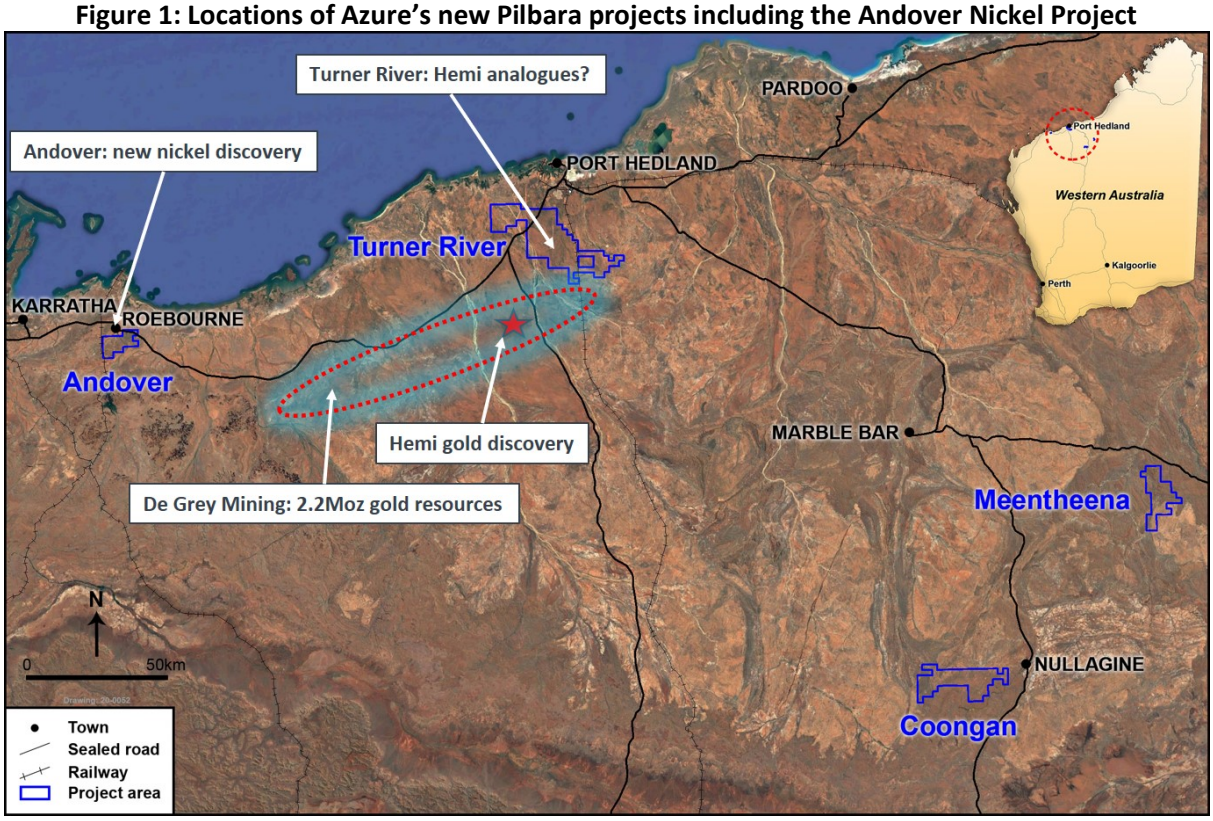
- **A target-rich environment for nickel and copper sulphide mineralisation with drilled mineralisation, outcropping nickel & copper-rich gossans and multiple geophysical conductors**
- **Nickel and copper sulphide mineralisation discovered and drilled by the Creasy Group in 2018 in a layered mafic-ultramafic intrusive complex, returning:**
  - **ADRC002: 7m @ 2.62% Ni & 0.65% Cu within 26m @ 1.03% Ni & 0.46% Cu from 43m**
  - **ADRC006: 2m @ 2.10% Ni & 0.44% Cu from 15m**
  - **ADRC001: 4m @ 1.10% Ni & 0.80% Cu from 6m; 2m @ 1.77% Ni & 0.53% Cu from 62m**
- **Down Hole Electro-Magnetic (DHEM) surveys identified strong off-hole conductors in multiple locations, indicating strong potential for sulphide bodies down-dip and along strike**
- **Fixed Loop Transient Electro-Magnetic (FLTEM) surface surveys to refine historical EM conductors will commence shortly**
- **An initial 12 hole, 3,000m diamond core drilling program is planned to commence in September to follow-up the Creasy Group intersections and test additional DHEM and FLTEM conductors**
- **Additional drilling will test other priority targets that remain undrilled to date**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that the Company has commenced first stage exploration and geophysical works on the Andover Nickel-Copper Project ("Andover") located in the West Pilbara region of Western Australia (see Figure 1).

Azure announced (ASX: 17 July 2020) that it has entered into an agreement, subject to approval at a shareholders meeting to be held on 26 August 2020, with prominent mining prospector Mr Mark Creasy ("Creasy Group") to acquire a 60% interest in Andover. The Creasy Group will retain a 40% interest in the project and will be free carried through to execution of a Mining Venture Agreement.

Consulting geologist Neil Hutchison from Geolithic Geological Services and geophysicist Russell Mortimer from Southern Geoscience Consultants have been engaged and have already completed data compilation, targeting, and planning for the Company's maiden exploration drilling program at Andover. Mr Hutchison has specific WA nickel experience with Poseidon Nickel's Silver Swan Nickel Mine and Jubilee Mines' Cosmos Nickel Mine and Mr Mortimer has previously provided geophysical consulting services to the Creasy Group specifically on the Andover Project.

Figure 1: Locations of Azure's new Pilbara projects including the Andover Nickel Project



ANDOVER NICKEL-COPPER PROJECT

The 70km^2 Andover project covers most of the Andover Mafic-Ultramafic Intrusive Complex and historical exploration has demonstrated that it hosts nickel, copper, cobalt, platinum and palladium mineralisation.

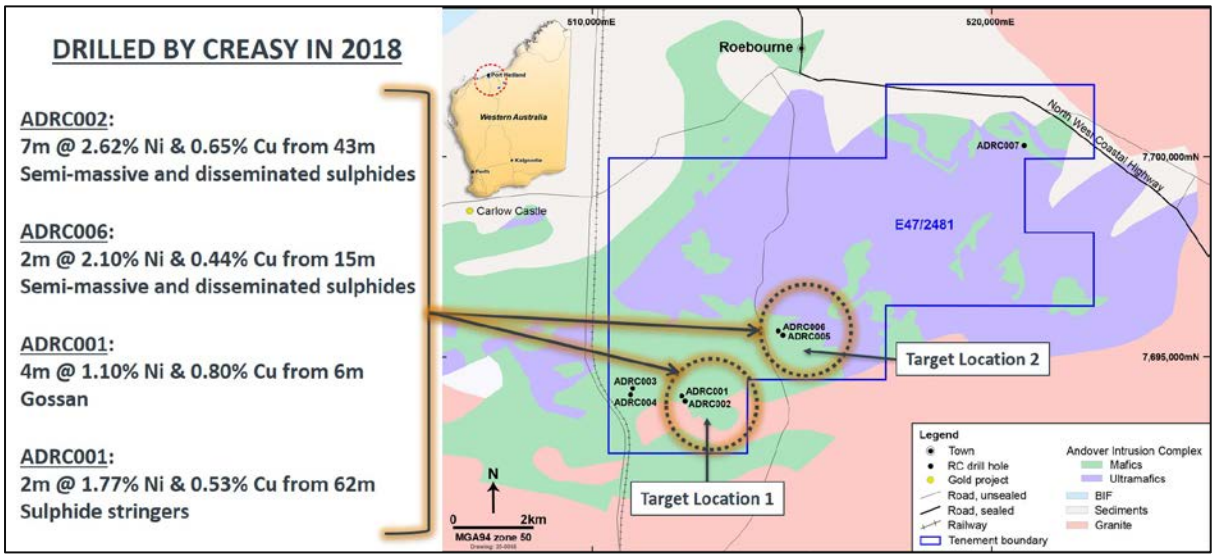
Being a layered mafic-ultramafic intrusion, Andover is similar geologically to the Fraser Range Province (host to the Nova-Bollinger nickel-copper mine and Legend Mining's Mawson nickel-copper discovery) and the Julimar Intrusive Complex (host to Chalice Gold Mine's Gonneville nickel-copper-PGE discovery).

Drilling at Andover by the Creasy Group in 2018 intersected semi-massive, stringer and disseminated nickel and copper sulphide mineralisation with potentially economic grades and widths at shallow depths in two separate target locations (see Figure 2) (ASX: 17 July 2020). The best mineralised intersections returned:

ADRC002: 7m @ 2.62% Ni & 0.65% Cu within 26m @ 1.03% Ni & 0.46% Cu from 43m
ADRC006: 2m @ 2.10% Ni & 0.44% Cu from 15m
ADRC001: 4m @ 1.10% Ni & 0.80% Cu from 6m and 2m @ 1.77% Ni & 0.53% Cu from 62m

DHEM surveys identified strong off-hole conductors in holes ADRC001, 002, 005 & 006, indicating potential for extensive sulphide-rich bodies both down-dip and along-strike from the mineralised intersections. Azure has prioritised these two target locations for its maiden drilling program.

Figure 2: Andover layered mafic-ultramafic intrusive complex with Creasy Group drill hole collars and target locations for Azure's maiden drilling program



As a high priority and commencing in August prior to the drilling, Azure will undertake FLTEM surveys over the two key target zones containing the mineralised drill intersections (shown as Target Locations 1 & 2 in Figure 2). The FLTEM surveying will utilise multiple off-set loops to increase three-dimensional definition of the conductor plates, increase the depth penetration to assess down-dip potential, and refine the drill hole targeting.

Several other, as yet undrilled, targets identified by geophysical anomalies and outcropping gossans containing anomalous values of nickel, copper and pathfinder elements are present within the Andover project area. Additional FLTEM surveys will also be carried out over these target zones in preparation for drill testing.

The first phase of Azure's maiden drilling program comprises six diamond core holes for approximately 1,200m testing Target Locations 1 & 2, as shown in Figures 3 to 6.

Additional drilling of a further ~1,800m is planned to follow-up positive results and to test new targets identified by the regional FLTEM surveys.

Figure 3: Plan view of Drill Target Location 1 showing drill holes ADRC001 and ADRC002 (blue traces) with intersected nickel mineralisation and DHEM conductor plates (various colours); red traces are planned holes

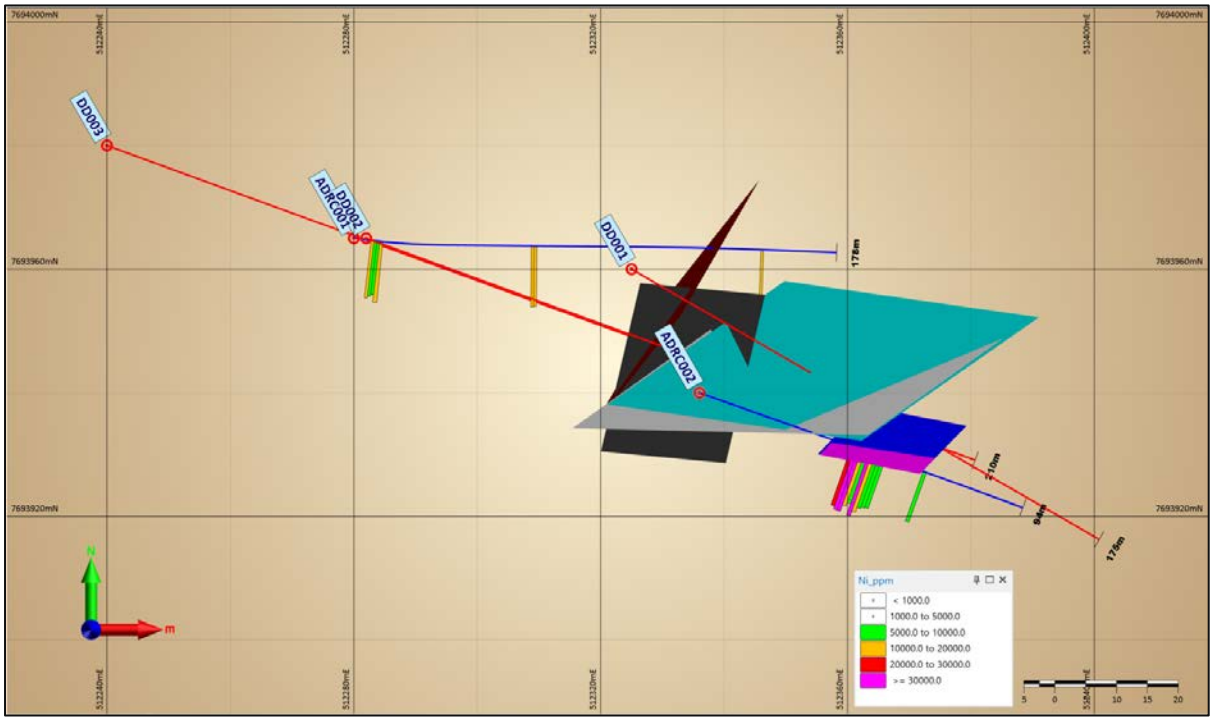


Figure 4: Cross section view through drill holes ADRC001 and ADRC002 (blue traces) showing intersected nickel mineralisation and DHEM conductor plates (various colours); red traces are planned holes; deepest hole will test projected depth extensions

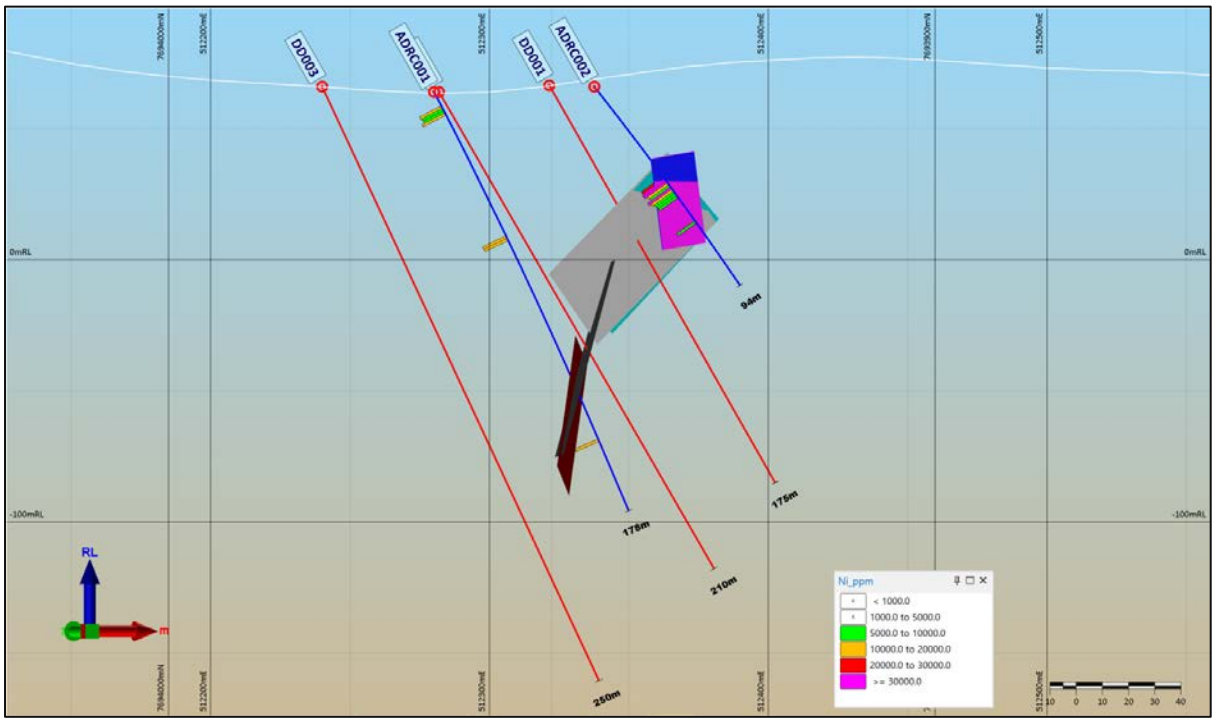


Figure 5: Plan view of Drill Target Location 2 showing drill holes ADRC006 and ADRC005 (blue traces) and DHEM conductor plates (various colours); red traces are planned holes

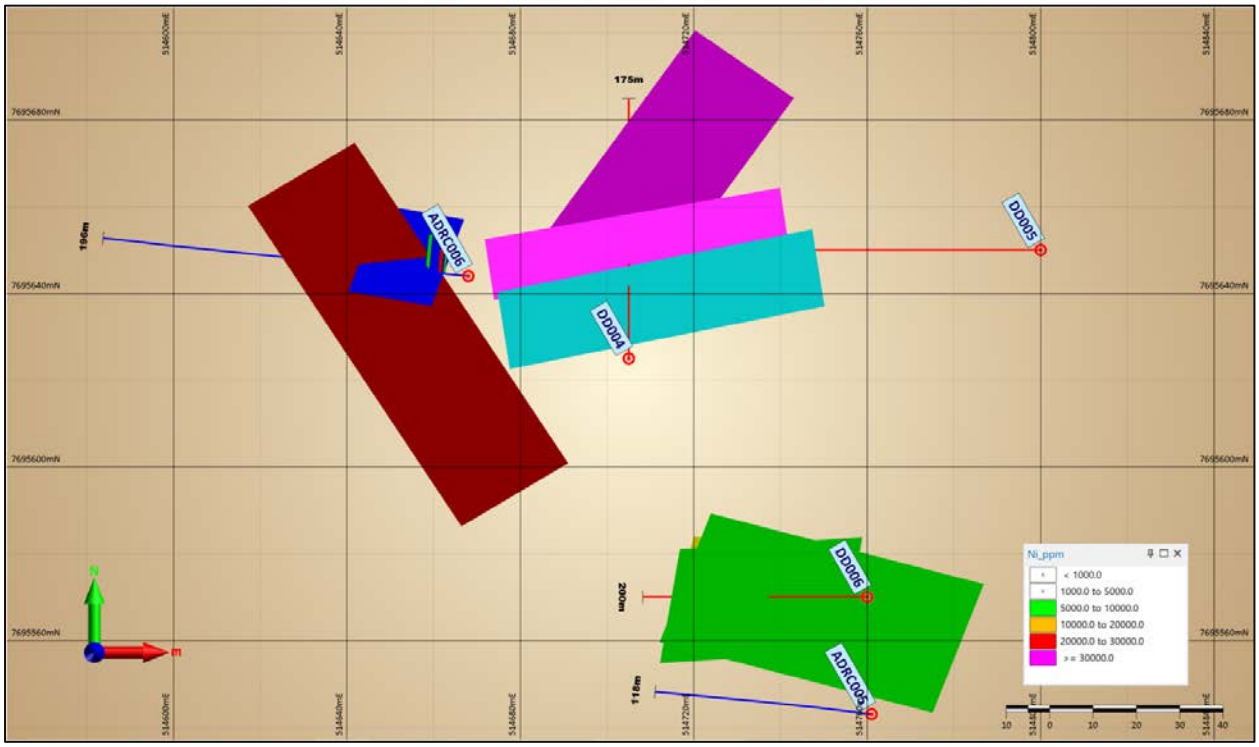


Figure 6: Cross section view through drill hole ADRC006 (blue trace) showing DHEM conductor plates (various colours); red traces are planned holes; deepest hole will test projected depth extensions

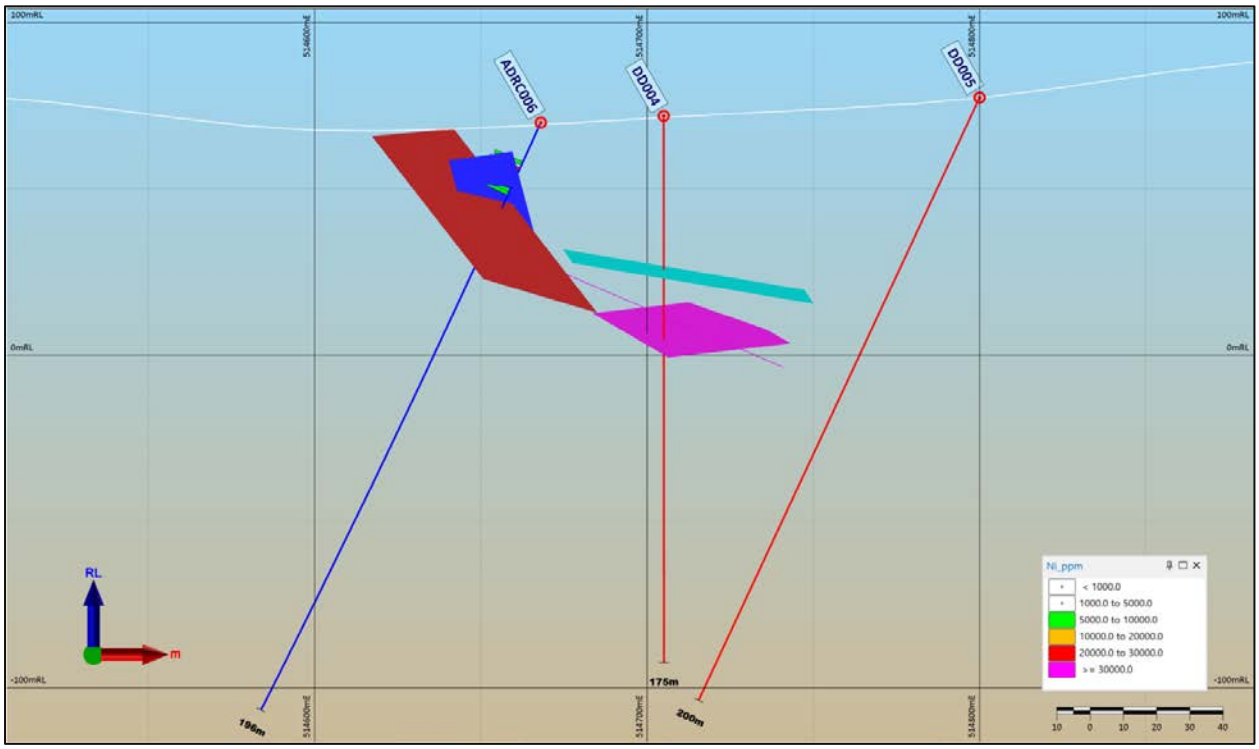


Figure 7: Nickel and copper-rich gossan outcropping adjacent to drill holes ADRC001 & 002

Figure 8: Collar for drill hole ADRC001 demonstrating the good access within the project area

Authorised for release by Mr Brett Dickson, Company Secretary.

-ENDS-

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Competent Person Statements:

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.