

STRONG GOLD AND COBALT ANOMALIES IDENTIFIED AT SARA ALICIA

KEY POINTS:

- **Strong and coincident gold and cobalt anomalies identified by soil sampling**
- **Close association of gold and cobalt mineralisation with strongly magnetic skarn confirmed by magnetic surveys**
- **A second, separate high-grade zinc anomaly identified by soil sampling**
- **Follow-up drilling at Sara Alicia is in preparation**

Azure Minerals Limited (ASX: AZS) (“Azure” or “the Company”) is pleased to advise that results from a recent close-spaced soil sampling program have identified areas of strong gold, cobalt and zinc anomalism across the Sara Alicia property. Additionally, a ground magnetic survey has defined the highly magnetic zone which represents the skarn body hosting the high-grade gold and cobalt mineralisation.

Soil samples were collected on a 25m x 50m grid spacing, which has defined a discrete zone strongly anomalous in gold and cobalt, with highest values of **1.26g/t gold and 1,469ppm cobalt** (0.15% Co), both very high values for soil samples. The anomalies for both elements are coincident, are approximately 200m long and 100m wide, and align along the eastern flank of a well-defined northwest-southeast trending structural zone. Geological mapping indicates that the western flank of this structural break is down-faulted, suggesting the potential for buried repetitions of the mineralised body at depth.

The western flank also hosts a very high-grade zinc-in-soil anomaly in the southwestern quadrant of the project area. All 26 samples from within the 200m x 100m anomalous area returned assays exceeding 1,000ppm Zn (>0.1% Zn) up to a maximum value of **35,400ppm Zn (3.54% Zn)**, with an overall **average zinc grade of 0.45% Zn**. This very strong zinc anomaly is hosted in a different geological setting from the gold and cobalt mineralised skarn, providing Azure with another target horizon to follow-up.

Results of the ground magnetic survey and magnetic susceptibility measurements of the drill core from Azure's first drilling program have confirmed the close spatial association of the strongly magnetic skarn body with high-grade gold and cobalt mineralisation.

The surface dimensions of the magnetic anomaly are similar in area to the gold and cobalt anomalies identified by the soil sampling. Encouragingly, modelling of the data indicates that **the magnetic body which represents the mineralisation has considerable depth extent**, particularly to the north and northeast where it dips beneath an overlying limestone horizon, providing excellent targets to extend the gold and cobalt mineralisation in those directions.

Images showing distribution of gold, cobalt and zinc from the soil sampling survey and results of the ground magnetic survey are shown in Figures 1 to 4.

Azure is currently designing a drilling program to follow-up these positive results by testing for along-strike and down-dip extensions and the depth potential of the high-grade gold and cobalt mineralisation. Preparation of the required environmental applications is in progress.

Figure 1: Image of gold values in soils

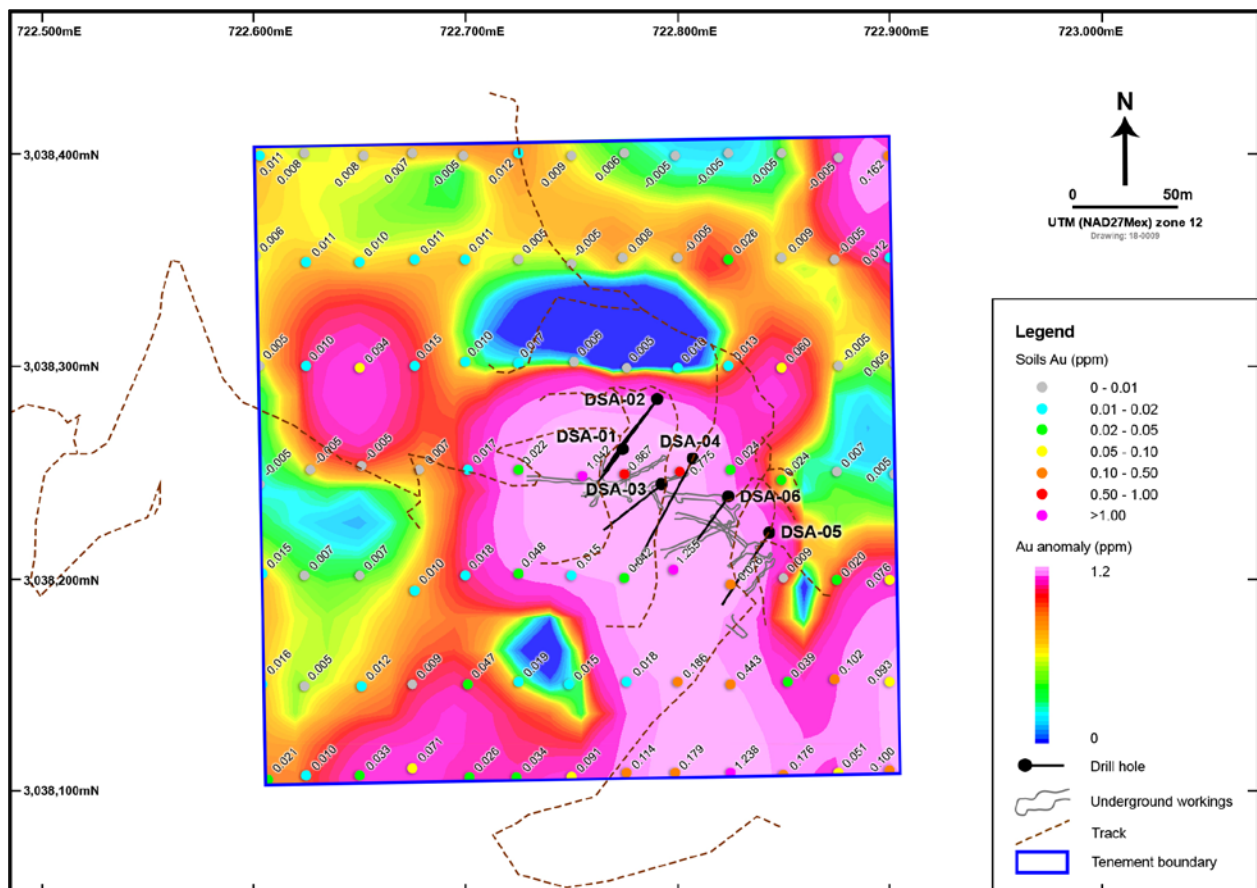


Figure 2: Image of cobalt values in soils

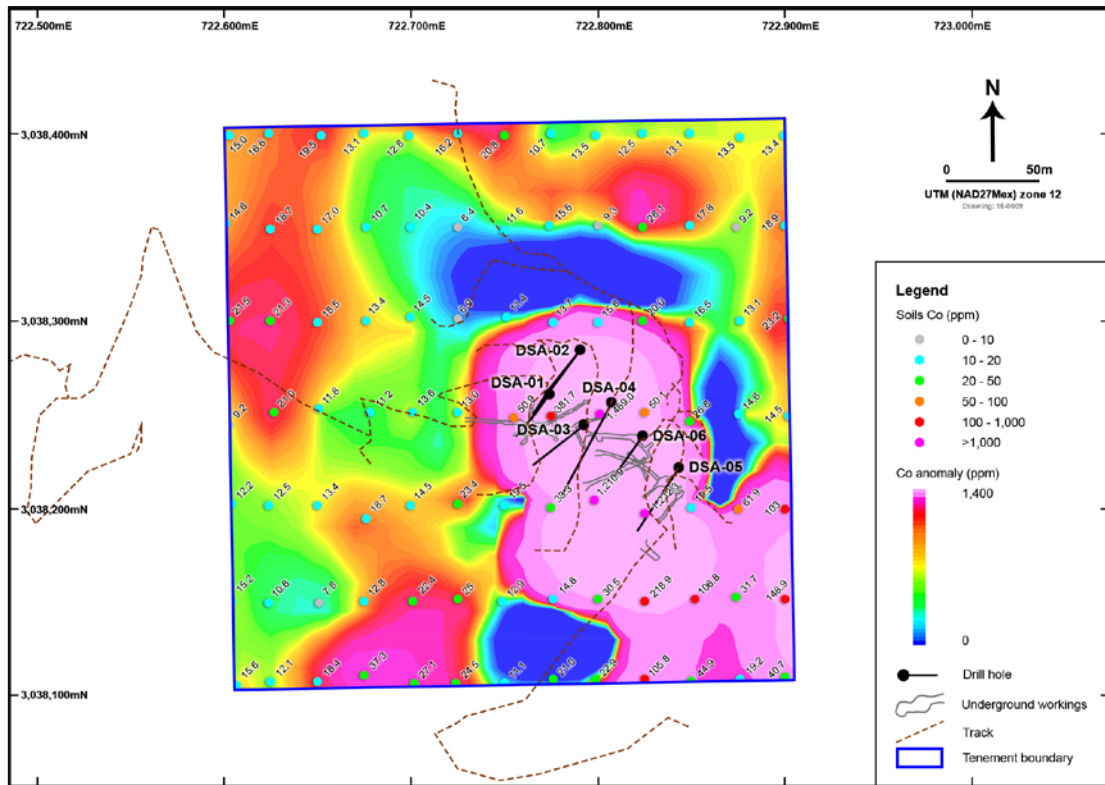


Figure 3: Image of zinc values in soils

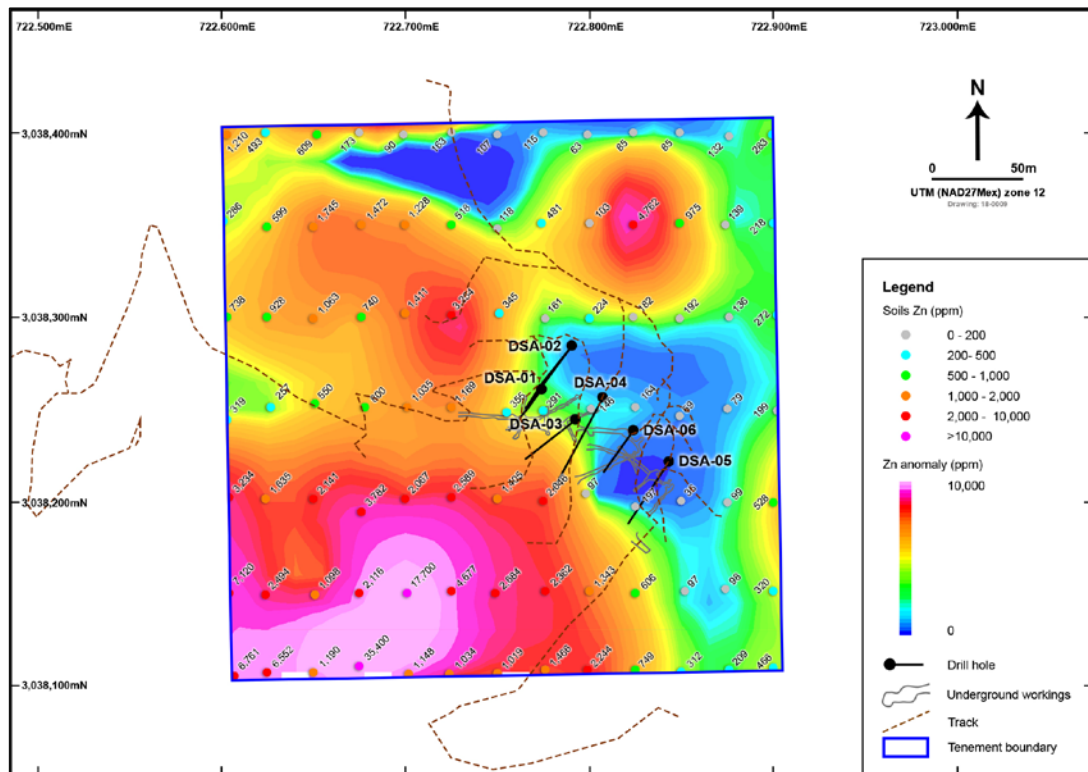
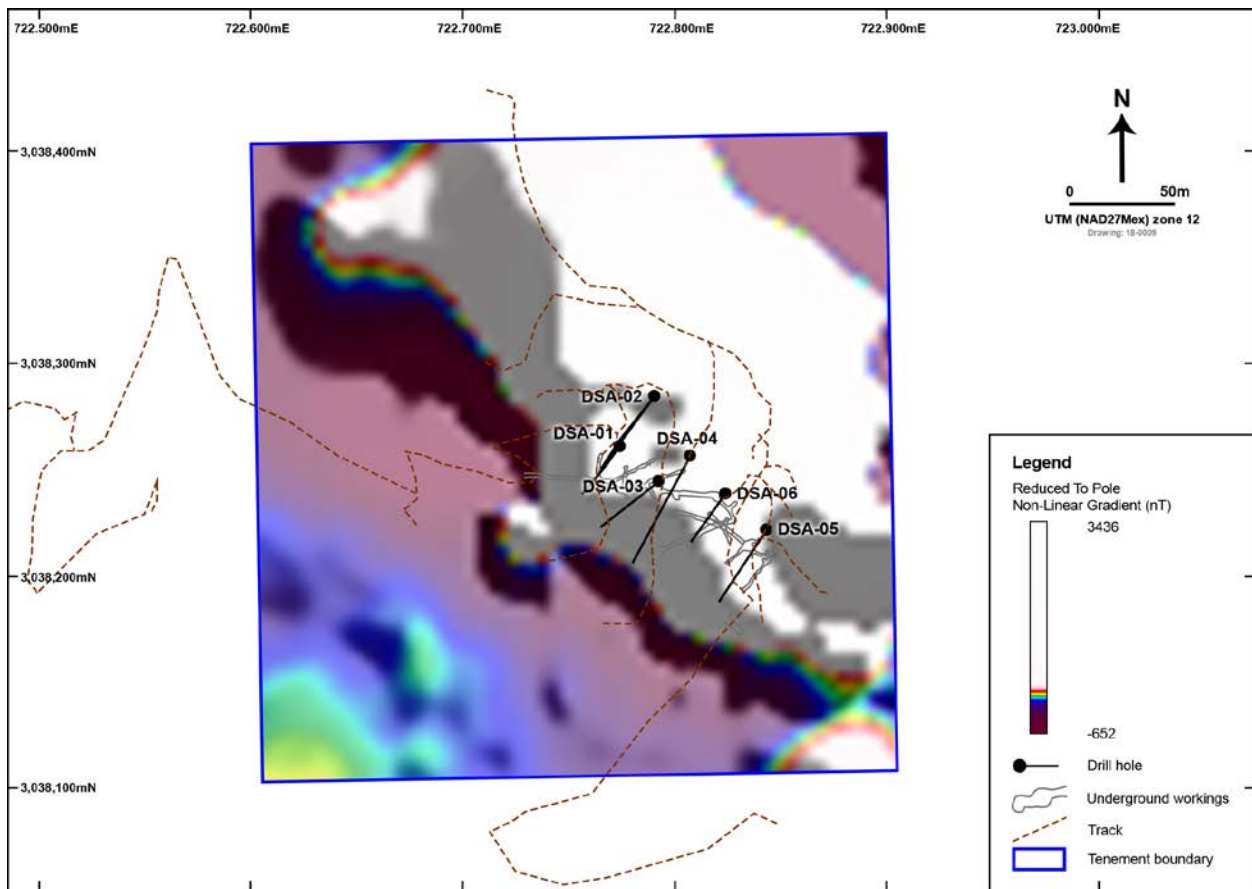


Figure 4: Image of ground magnetic survey



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JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p>	<p>Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags.</p> <p>Samples were collected on a grid spacing of 25m by 50m with sample locations determined by hand-held GPS.</p> <p>Sample preparation was undertaken at Bureau Veritas Laboratories (BVL) in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the BVL tracking system. Samples were dried and each sample was fine crushed to >70% passing a 2mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75micron screen.</p> <p>Envelopes containing the 250g sample pulps were sent via courier to BVL in Vancouver, Canada for base metal analysis. Gold analysis was undertaken at BVL in Hermosillo.</p> <p>The analytical techniques for all elements (other than gold) initially involved a four-acid digest, considered a total digest for all relevant minerals. Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-ES).</p> <p>Fire Assay method FA430 was used for gold with analyses carried out in Hermosillo.</p> <p>Over-limit assays were re-analysed by:</p> <ul style="list-style-type: none"> • MA370 (by ICP-ES for base metals >1% and cobalt >4,000ppm Co); • FA530 (by fire assay with gravimetric finish for silver grading >200ppm Ag and gold grading >10ppm Au); • PF370 (by Na₂O₂ fusion with ICP-ES for cobalt grading >2% Co).
Drilling techniques	<p><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></p>	<p>This release has no reference to drilling.</p>
Drill sample recovery	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<p>This release has no reference to drilling.</p>
Logging	<p><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p>	<p>This release has no reference to drilling.</p> <p>Samples were collected and described by geological personnel.</p>

	<i>The total length and percentage of the relevant intersections logged.</i>	
Sub-sampling techniques and sample preparation	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>No samples were collected from drilling.</p> <p>Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags.</p> <p>The sample preparation followed industry best practice. Samples were prepared at BVL in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the BVL tracking system.</p> <p>The sample was dried and the entire sample was fine crushed to >70% passing a 2mm screen. A 250g split was pulverised using a ring and puck system to >85% passing 75micron screen.</p> <p>Envelopes containing the 250g sample pulps were sent via courier to BVL in Vancouver, Canada for base metal analysis. Gold analysis was undertaken at BVL in Hermosillo.</p> <p>No standard and blank check samples were submitted.</p> <p>The sample sizes are considered appropriate to the grain size of the material being sampled.</p>
Quality of assay data and laboratory tests	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	<p>The analytical techniques for all elements (other than gold) initially involved a four-acid digest, considered a total digest for all relevant minerals. Following the four-acid digest, the analytical method used was MA300 (for silver and base metals by ICP-ES).</p> <p>Fire Assay method FA430 was used for gold with analyses carried out in Hermosillo.</p> <p>Over-limit assays were re-analysed by:</p> <ul style="list-style-type: none"> • MA370 (by ICP-ES for base metals >1% and cobalt >4,000ppm Co); • FA530 (by fire assay with gravimetric finish for silver grading >200ppm Ag and gold grading >10ppm Au); • PF370 (by Na₂O₂ fusion with ICP-ES for cobalt grading >2% Co). <p>Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>Senior technical personnel from the Company (Project Geologists) collected and inspected the samples.</p> <p>No drilling was undertaken.</p> <p>Primary data was collected by employees of the Company at the project site. All measurements and observations were recorded onto hard copy templates and later transcribed into the Company's digital database.</p> <p>Digital data storage, verification and validation are managed by an independent data management company.</p> <p>No adjustments or calibrations have been made to any assay data.</p>
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings</i>	Sample locations were determined by hand-held GPS.

	<p><i>and other locations used in Mineral Resource estimation.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<p>The grid system used is NAD27 Mexico UTM Zone 12 for easting, northing and RL.</p>
Data spacing and distribution	<p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	<p>Soil samples of residual weathered material were collected, sieved, and -1mm material retained in plastic bags.</p> <p>Samples were collected on a grid spacing of 25m by 50m with sample locations determined by hand-held GPS.</p> <p>Data spacing and distribution is insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures.</p> <p>No composite samples were collected.</p>
Orientation of data in relation to geological structure	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></p>	<p>Geological controls and orientations of the mineralised zone are unknown at this time and it is not possible to determination potential sampling bias.</p>
Sample security	<p><i>The measures taken to ensure sample security.</i></p>	<p>Samples selected for laboratory analysis were placed in individual sample bags, each with a uniquely numbered ticket stub from a sample ticket book. Sample bags were marked with the same sample number and sealed with a plastic cable tie. Samples were placed in woven polypropylene “rice bags” and a numbered tamper-proof plastic cable tie was used to close each bag. Company personnel delivered the rice bags directly to BVL for sample preparation. The numbers on the seals were recorded for each shipment. BVL audited the arriving samples and reported any discrepancies back to the Company. No such discrepancies occurred.</p>
Audits or reviews	<p><i>The results of any audits or reviews of sampling techniques and data.</i></p>	<p>All digital data is subject to audit by the independent data manager.</p>

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></p>	<p>The Sara Alicia Project comprises one mineral concession (#165539) which is 100% owned by Minera Piedra Azul SA de CV, a wholly-owned subsidiary of Azure Minerals Limited.</p> <p>The tenement is secure and in good standing. There are no known impediments to obtaining a licence to operate in the area.</p>
Exploration done by other parties	<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<p>Small-scale commercial mining was undertaken in the project area in the 1930’s. Intermittent artisanal mining has taken place since then. Two different American companies undertook exploration in the 1950’s and 1970’s. No exploration has been carried out since then.</p> <p>Azure Minerals acquired 100% ownership of the project in August 2017 through its wholly-owned Mexican subsidiary company Minera Piedra Azul SA de CV.</p>

Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Carbonate replacement style of mineralisation forming mantos containing gold, cobalt, copper, zinc, lead and silver occurs on the property and elsewhere in the district.
Drill hole information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	This release has no reference to drilling.
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>No weighted averaging techniques were used.</p> <p>No maximum and/or minimum grade truncations (eg cutting of high grades) or cut-off grades were applied.</p> <p>No metal equivalents were reported</p>
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	Geological controls and orientations of the mineralised zone are unknown at this time.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Refer to Figures in attached report
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	This announcement refers to previous exploration results including geophysics, geochemistry and geology.
Further work	<p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</i></p>	Planned further work to better understand the mineralisation systems in the project area will comprise geological mapping and sampling, geophysical surveys and drilling.