31 MAY 2018

53.8g/t GOLD & 2.82% COBALT DRILLED AT SARA ALICIA

HIGHLIGHTS:

- **Near-surface, high-grade, sulphide-rich gold and cobalt mineralisation confirmed**
- **Massive sulphides may represent a feeder zone from underlying porphyry source**
- **Maximum grades returned of 53.8g/t Au (over 0.90m) and 2.82% Co (over 0.80m)**
- **Best gold intercept: DSA-14: 19.6m @ 8.6g/t Au, *including* 15.3m @ 10.6g/t Au**
- **Best cobalt intercept: DSA-14: 3.65m @ 1.19% Co, *including* 1.5m @ 2.66% Co**
- **Geophysical exploration planned to track sulphide-rich, high-grade mineralisation**

Azure Minerals Limited (ASX: AZS) ("Azure" or "the Company") is pleased to advise that follow-up diamond drilling has intersected additional high-grade gold and cobalt mineralisation on its 100%-owned Sara Alicia project, located in Sonora State, Mexico.

The Stage 2 drilling campaign comprised 13 holes for 1126.90m (see Figures 1 to 3), designed to test for extensions to the high-grade gold and cobalt mineralisation identified by its 2017 maiden drilling program, which intersected up to **26.2m @ 9.5g/t Au and 1.26% Co** (refer ASX announcements dated 27 November and 7 December 2017).

Some significant mineralised drill intersections from the current program include:

GOLD	COBALT
DSA-07: 3.75m @ 8.08g/t Au from 11.80m	**DSA-14: 3.65m @ 1.191% Co from 0.0m**
DSA-08: 5.90m @ 5.50g/t Au from 40.90m	**DSA-14: 24.95m @ 0.312% Co from 9.15m**
DSA-14: 3.65m @ 8.41g/t Au from 0.0m	**DSA-15: 9.50m @ 0.481% Co from 3.80m**
DSA-14: 19.60m @ 8.65g/t Au from 10.65m	**DSA-16: 16.20m @ 0.326% Co from 9.15m**
DSA-15: 8.80m @ 6.20g/t Au from 6.10m	

Hole DSA-14 unexpectedly drilled into a mining void, indicating the old mine workings may be more extensive than recorded in the historical data. DSA-14 intersected **19.6m @ 8.65g/t Au**, which included a 1.90m mining void from 22.75m to 24.65m downhole. Drill core samples taken

from immediately above and below the void returned high grade mineralisation of **19.95g/t Au & 0.907% Co** and **19.0g/t Au & 1.065% Co** respectively, suggesting that higher grade material may have been exploited by the historical miners.

The high-grade cobalt mineralisation is hosted within a shoot of massive and semi-massive sulphides that outcrops near the top of the Sara Alicia hill and plunges at a shallow angle towards the northwest. This sulphide-rich shoot also contains high grade gold mineralisation, while drilling has confirmed that gold is widespread in the rocks of the surrounding skarn system.

Historical mining within the upper 40m exploited some of the highest grade material but drilling and inspection of the mineralised system within the old mine workings indicate that the shoot continues at depth towards the northwest. Azure considers that this sulphide-rich mineralisation may represent a feeder zone sourced from the underlying porphyry that extends upwards into the overlying limestone, now skarn, horizon.

The massive and semi-massive sulphides forming the mineralised shoot provide the Company with the opportunity to explore for extensions of the gold and cobalt mineralisation by utilising geophysical techniques. Azure is planning an Induced Polarisation (IP) survey to trace the sub-surface dimensions and orientations of the mineralised zone.

Figure 1: Drill hole location plan

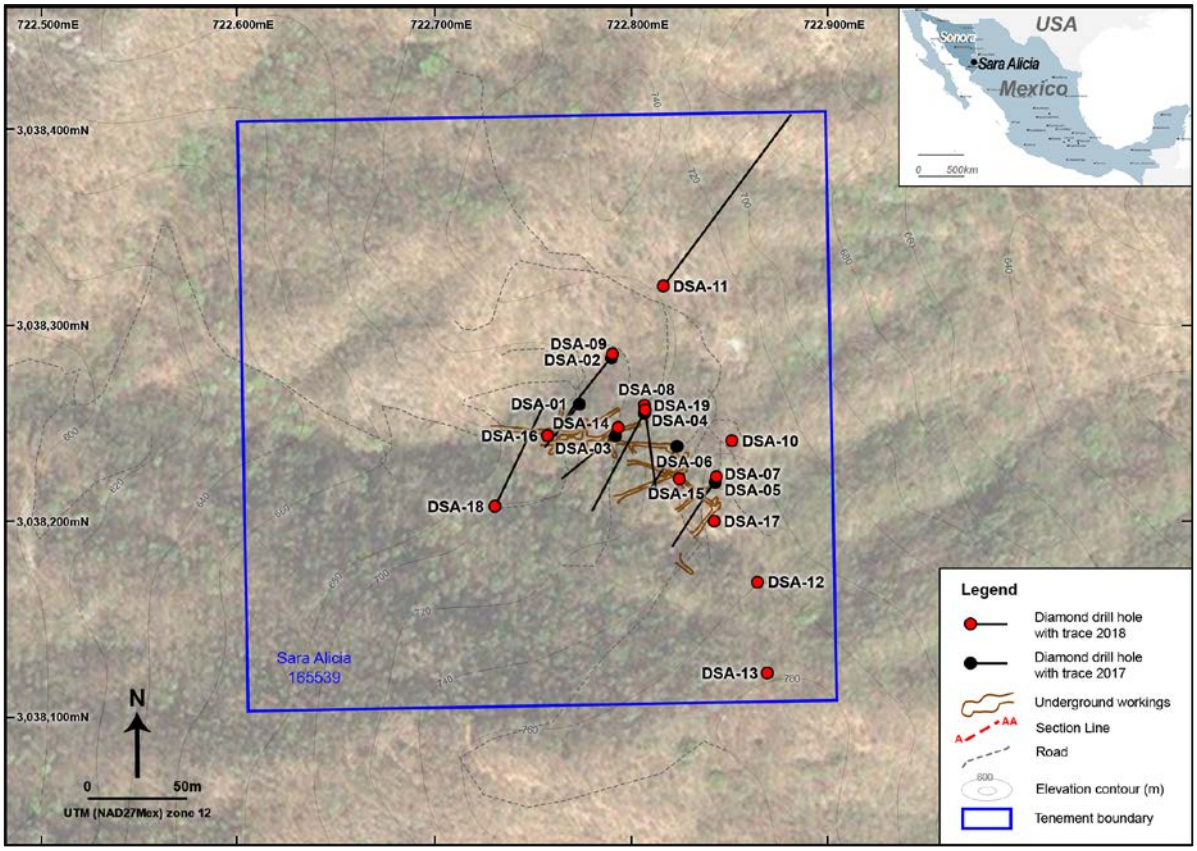

Figure 2: Leapfrog 3D model of gold mineralised zone at Sara Alicia

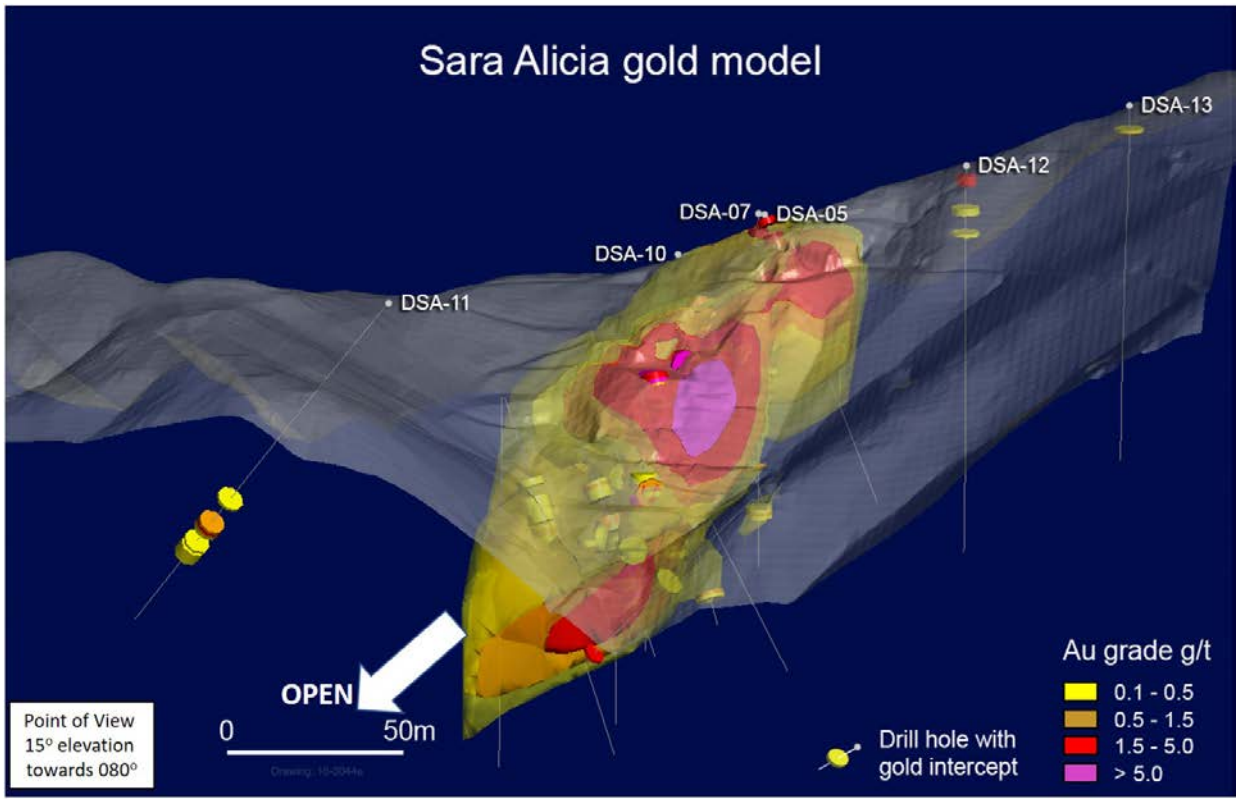

Figure 3: Leapfrog 3D model of cobalt mineralised zone at Sara Alicia

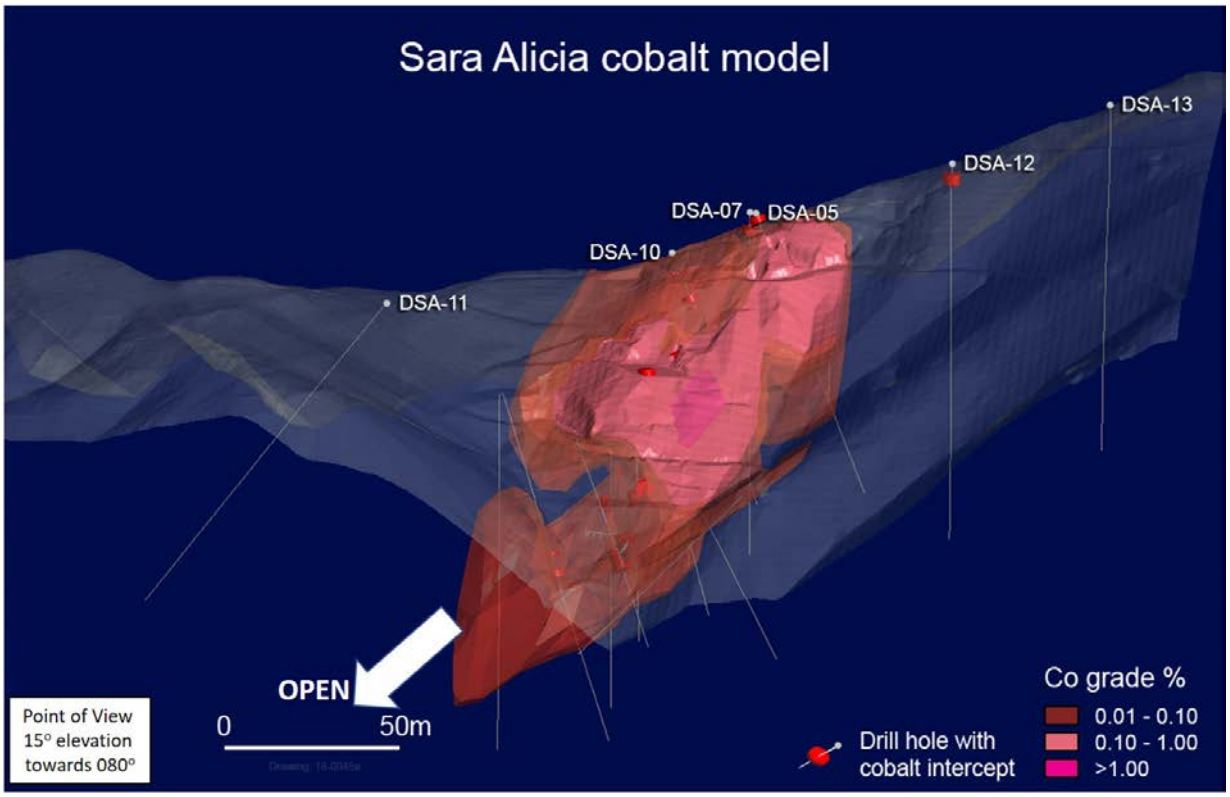

TABLE 1: Significant gold intercepts from Sara Alicia (holes DSA-07 to DSA-19)

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE
	FROM	TO		Au (g/t)
DSA-07	11.80	15.55	3.75	8.08
including	12.75	15.55	2.80	10.52
	21.40	22.45	1.05	1.49
	84.50	85.50	1.00	0.86
DSA-08	40.90	46.80	5.90	5.50
including	40.90	42.15	1.25	20.1
	49.80	59.65	9.85	1.49
including	57.95	58.80	0.85	5.36
DSA-09	37.10	39.10	2.00	7.00
	43.00	43.55	0.55	0.57
	53.45	54.20	0.75	1.01
DSA-10	No significant intersections			
DSA-11	108.40	110.40	2.00	1.96
	123.65	124.55	0.90	0.73
DSA-12	No significant intersections			
DSA-13	No significant intersections			
DSA-14	0	3.65	3.65	8.41
including	0	1.50	1.50	18.55
	10.65	30.25	19.60*	8.65
including	14.50	29.80	15.30*	10.6
and	24.65	27.95	3.30	26.27
and	26.10	27.00	0.90	53.8
			* includes 1.90m mining void	
DSA-15	6.10	14.90	8.80	6.20
including	6.10	12.20	6.10	8.64
DSA-16	5.05	6.10	1.05	0.64
	9.15	13.40	4.25	2.86
or	5.05	13.40	8.35*	1.53
			* includes 3.05m mining void	
including	9.15	9.95	0.80	9.12

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE
	FROM	TO		Au (g/t)
DSA-17	23.20	24.10	0.90	1.66
DSA-18	No significant intersections			
DSA-19	20.25	23.35	3.10	2.89
including	21.80	22.60	0.80	7.09
Reported mineralised intersections are based on intercepts using a lower grade cut-off of 0.5g/t Au for the overall mineralised zones and 5.0g/t Au for the included high grade mineralised zones				

TABLE 2: Significant <u>cobalt</u> intercepts from Sara Alicia (holes DSA-07 to DSA-19)

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE	
	FROM	TO		Co (ppm)	Co (%)
DSA-07	3.05	6.10	3.05	351	0.035
including	4.55	5.15	0.60	1040	0.104
	13.70	14.60	0.90	613	0.061
	17.45	18.40	0.95	150	0.015
DSA-08	14.45	16.80	2.35	166	0.017
	44.50	45.85	1.35	136	0.014
	64.40	66.40	2.00	174	0.017
	70.25	72.80	2.55	159	0.016
DSA-09	43.00	43.55	0.55	110	0.011
DSA-10	No significant intersections				
DSA-11	108.40	109.40	1.00	122	0.012
	138.00	138.25	0.25	195	0.019
DSA-12	2.25	4.90	2.65	693	0.069
including	2.25	3.60	1.35	1045	0.105
DSA-13	3.05	4.55	1.50	141	0.014
	7.05	8.35	1.30	145	0.014
DSA-14	0	5.95	5.95	7354	0.735
including	0	3.65	3.65	11913	1.191
including	0	1.50	1.50	26600	2.660
	9.15	34.10	24.95	3119	0.312
including	10.65	28.90	18.25*	4208	0.421
including	24.65	25.25	0.60	10650	1.065
and	27.00	27.95	0.95	10800	1.080
			* includes 1.90m mining void		

HOLE No	DEPTH (m)		INTERCEPT LENGTH (m)	GRADE	
	FROM	TO			FROM
DSA-15	3.80	14.90	9.50	4813	0.481
including	4.55	12.75	8.20	5469	0.547
including	6.10	7.60	1.50	17325	1.733
DSA-16	2.20	6.10	3.90	166	0.017
	9.15	25.35	16.20	3262	0.326
or	2.20	25.35	23.15*	2311	0.231
			* includes 3.05m mining void		
including	9.15	12.80	3.65	1519	0.152
and	16.50	18.10	1.60	24600	2.46
including	16.50	17.30	0.80	21000	2.10
including	17.30	18.10	0.80	28200	2.82
and	24.60	25.35	0.75	6420	0.642
DSA-17	14.75	16.60	1.85	192	0.019
DSA-18	67.10	72.40	5.30	154	0.015
DSA-19	13.70	14.90	0.60	107	0.011
	21.01	23.35	2.30	338	0.034
Reported mineralised intersections are based on intercepts using a lower grade cut-off of 100ppm (0.01%) Co for the overall mineralised zones and 1,000ppm (0.1%) Co for the included high grade mineralised zones					

Table 3: Location data for Sara Alicia diamond drill holes (DSA-07 to DSA-19)

HOLE No.	EAST (m)E	NORTH (m)N	ELEVATION (m)ASL	AZIMUTH	DIP	TOTAL DEPTH (m)
DSA-07	722844	3038223	741	028	-89	100.65
DSA-08	722807	3038259	717	356	-90	108.25
DSA-09	722791	3038285	709	289	-90	103.70
DSA-10	722852	3038241	746	093	-89	96.05
DSA-11	722817	3038320	720	036	-45	160.10
DSA-12	722865	3038169	759	207	-90	109.80
DSA-13	722870	3038123	786	248	-89	100.65
DSA-14	722794	3038248	726	226	-89	54.90
DSA-15	722825	3038222	741	151	-90	51.85
DSA-16	722758	3038244	629	294	-90	51.85
DSA-17	722843	3038200	760	339	-90	51.85
DSA-18	722731	3038208	701	027	-45	76.25
DSA-19	722807	3038258	724	172	-45	61.00

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Competent Person Statements:

Information in this report that relates to Exploration Results for the Oposura 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 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.

JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *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 30g 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.*	Targets were sampled by diamond core drilling. Drill core was sampled at 0.25m to 1.55m intervals guided by changes in geology. Drill hole collar locations were initially determined by hand-held GPS. Final drill hole collar positions will be surveyed by 2 channel differential GPS. Sample preparation was undertaken at ALS Chemex (ALS) in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the ALS 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. 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 ME-MS61 (for cobalt and base metals by ICP-MS). Fire Assay method Au-AA23 was used for gold. Over-limit assays were re-analysed by: • OG62 (by ICP-ES for base metals and cobalt >1%); • Au-GRA21 (by fire assay with gravimetric finish for gold grading >10ppm Au).
Drilling techniques	*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).*	Drilling technique for all holes was diamond drilling with HQ3-size (61.1mm diameter) core. Drill core in angled holes is being oriented for structural interpretation
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *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.*	All samples came from diamond core drilling. Core was reconstructed into continuous runs. Depths were measured from the core barrel and checked against marked depths on the core blocks. Core recoveries were logged and recorded in the database. Drilling utilised the triple-tube method to maximise core recovery. There is no discernible relationship between recovery and grade.
Logging	*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.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	Detailed core logging was carried out with recording of weathering, lithology, alteration, veining, mineralisation, structure, mineralogy, RQD and core recovery. Drill core was photographed, wet and without flash, in core trays prior to sampling. Each photograph includes an annotated board detailing hole number and depth interval. All holes were logged in full.
Sub-sampling techniques and	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc*	Drill core was sawn in half using a core saw. All samples were half core and were collected from the same side of the core.

sample preparation	*and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	No non-core samples were collected. The sample preparation followed industry best practice. Samples were prepared at ALS in Hermosillo, Sonora, Mexico. Samples were weighed, assigned a unique bar code and logged into the ALS tracking system. 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. Alternating duplicate, standard and blank check samples were inserted into the sampling stream at ten sample intervals and submitted for QA/QC purposes. The sample sizes are considered appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *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.* *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.*	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 ME-MS61 (for cobalt and base metals by ICP-MS). Fire Assay method Au-AA23 was used for gold. Over-limit assays were re-analysed by: • OG62 (by ICP-ES for base metals and cobalt >1%); • Au-GRA21 (by fire assay with gravimetric finish for gold grading >10ppm Au). Internal laboratory control procedures comprised duplicate sampling of randomly selected assay pulps, as well as internal laboratory standards and blanks.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	Senior technical personnel from the Company (Project Geologists and Exploration Manager) inspected the samples. No drill holes were twinned as this was deemed unnecessary at this stage of exploration. 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. An independent data management company manages all digital data storage, verification and validation. No adjustments or calibrations have been made to any assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Drill hole collar locations were determined by hand-held GPS. The grid system used is NAD27 Mexico UTM Zone 12 for easting, northing and RL.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *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.* *Whether sample compositing has been applied.*	As this drilling program was reconnaissance in nature, no specific drill hole spacing was set. Data spacing and distribution is insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures. No sample compositing has been applied.

Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *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.*	Geological controls and orientations of the mineralised zone are unknown at this time and therefore all mineralised intersections are reported as "intercept length" and may not reflect true width. No sampling bias is believed to have been introduced.
Sample security	*The measures taken to ensure sample security.*	Assay samples were placed in poly 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.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All digital data is subject to audit by the independent data manager.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*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.* *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.*	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. The tenement is secure and in good standing. There are no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	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. Azure Minerals acquired 100% ownership of the project in August 2017 through its wholly-owned Mexican subsidiary company Minera Piedra Azul SA de CV.
Geology	*Deposit type, geological setting and style of mineralisation.*	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	*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:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *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*	Refer to tables in the report and notes attached thereto which provide all relevant details.

	Competent Person should clearly explain why this is the case.	
Data aggregation methods	*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.* *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.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	All reported mineralised intervals have been length-weighted. No maximum and/or minimum grade truncations (eg cutting of high grades) or cut-off grades were applied. No top cuts have been applied. High grade intervals internal to broader mineralised zones are reported as included zones - refer to drill intercept tables for details. No metal equivalents were reported. Reported mineralised intersections are based on intercepts using lower grade cut-offs of: Overall mineralised zone – Gold: 0.5g/t Au High grade mineralised zone – Gold: 5.0g/t Au Overall mineralised zone – Cobalt: 100ppm Co High grade mineralised zone – Cobalt: 1,000ppm Co Ultra high grade mineralised zone – Cobalt: 1% Co A minimum internal dilution width of 2m was employed.
Relationship between mineralisation widths and intercept lengths	*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').*	Geological controls and orientations of the mineralised zone are unconfirmed at this time and therefore all mineralised intersections are reported as "intercept length" and may not reflect true width.
Diagrams	*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.*	Refer to Figures in attached report
Balanced reporting	*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.*	The Company believes that the ASX announcement is a balanced report with all material results reported.
Other substantive exploration data	*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.*	This announcement makes no reference to previous exploration results.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive*	Further work to delineate the mineralised zones will comprise geological mapping and sampling, geophysical surveys and drilling.