

AZURE MINERALS LIMITED

ABN 46 106 346 918

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

3 August 2007

Time of Meeting

9.30 am WST

Place of Meeting

The Celtic Club

48 Ord Street

West Perth, Western Australia 6005

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AZURE MINERALS LIMITED
(ABN 46 106 346 918)

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of the shareholders of Azure Minerals Limited (“Company”) will be held at The Celtic Club, 48 Ord Street, West Perth on 3 August 2007 at 9.30am WST for the purposes of transacting the following business.

The attached Explanatory Memorandum contains information in relation to each of the following Resolutions and should be read in conjunction with this Notice of General Meeting.

BUSINESS

1. Resolution 1 – Ratification of Prior Share Issue

To consider, and if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the allotment and issue of 14,600,000 Shares at an issue price of \$0.085 per Share, to the persons and on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of General Meeting.”

2. Resolution 2 - Approval to Issue Shares

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes the Directors be authorised to allot and issue up to 20,000,000 Shares at an issue price of \$0.15, on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of General Meeting.”

By order of the Board

Brett Dickson
Company Secretary

Date: 29 June 2007

PROXIES

Votes at the general meeting may be given personally or by proxy, attorney or representative.

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder’s voting rights.

A proxy may, but need not be, a shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.

A proxy form and the authority (if any) under which it is signed or a certified copy of that authority must be deposited at the Company’s registered office not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 493, West Perth WA 6872 or by fax to (08) 9485 1290.

VOTING ENTITLEMENTS

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that shares held as at 5.00pm WST on 1 August 2007 will be taken, for the purposes of the general meeting, to be held by persons who held them at that time.

VOTING EXCLUSIONS

As required by the Listing Rules, the Company will disregard any votes cast on the following resolutions by the persons listed.

Resolution	Persons Excluded from Voting
Resolution 1	Any person who participated in the issue of Shares and their associates.
Resolution 2	Any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of General Meeting of Azure Minerals Limited ("Azure" or the "Company").

RESOLUTION 1 - RATIFICATION OF PRIOR SHARE ISSUE

On 14 February 2007, the Company announced it had reached agreement with State One Stockbroking Ltd and Patersons Securities Limited to raise \$1.24 million to provide funds to continue and accelerate exploration at the Company's project in Mexico. The raising was completed by way of a placement of 14,600,000 Shares at \$0.085 per Share. The Company had capacity to place the 14,600,000 Shares without Listing Rule 7.1 approval and accordingly is seeking ratification of the placement of those Shares pursuant to Listing Rule 7.4.

In summary, Listing Rule 7.4 allows a company to seek subsequent approval from shareholders of an issue of shares so that the issue of shares does not count towards the 15% limit on issues without shareholder approval contained in Listing Rule 7.1. Listing Rule 7.1 provides that a company may only issue up to 15% of its share capital in any 12 month period without first obtaining the approval of shareholders by ordinary resolution, subject to certain exceptions.

Pursuant to Resolution 1, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 14,600,000 Shares that was made on 14 February 2007 in order to restore the right of the Company to issue further Shares within the 15% limit during the next 12 months.

The following information in relation to this Resolution 1 is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 14,600,000 Shares were allotted;
- (b) the Shares were issued at a price of \$0.085 each;
- (c) the Shares issued are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) the Shares were issued to various institutional and sophisticated investors introduced by State One Stockbroking Ltd and Patersons Securities Limited, each of them unrelated parties of the Company; and
- (e) funds raised from the issue will be used to continue and accelerate exploration at the Company's project in Mexico.

RESOLUTION 2 - APPROVAL TO ISSUE SHARES

Resolution 2 seeks shareholder approval to the issue of a maximum of 20,000,000 Shares at an issue price of \$0.15 to raise up to \$3,000,000.

As noted above, Listing Rule 7.1 requires shareholder approval to the proposed issue of Shares in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of Securities by a listed company, where the Securities proposed to be issued represent more than 15% of the Company's Securities then on issue.

The following information in relation to Resolution 2 is provided to shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares to be issued is 20,000,000;
- (b) the Company will allot and issue the 20,000,000 Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to Listing Rule 7.3.2;
- (c) the Shares will be issued at a \$0.15 each;

- (d) the Shares will be issued and allotted to various institutional and sophisticated investors introduced by Paterson's Securities Limited and Foster Stockbroking Pty Ltd, all of which will be unrelated parties of the Company;
- (e) the Shares will be ordinary fully paid shares in the capital of the Company and rank equally in all respects with the existing ordinary fully paid shares on issue ; and
- (f) the purpose of the issue is to raise funds for working capital requirements, to meet administrative expenses and to further progress the development of the company's projects in Mexico. At this stage the Company plans to commit approximately 20% of its budget to administrative expenses with the remainder to direct exploration in Mexico. Exploration results in Mexico to date have been encouraging and the Company is evaluating the results achieved so far to plan its exploration programme for the 2007/08 fiscal year. This is likely to include extensive geological and structural mapping, geochemical sampling, geophysical surveys and drilling of the targets identified from that work. Future activities are planned to include:
- Follow up drilling at the Jagüey high grade silver-lead-zinc project where drilling intercepts to date include:
 - **0.7m @ 3,180g/t Ag, 12.8% Pb and 6.2% Zn**
 - **2.5m @ 322g/t Ag, 7.0% Pb and 7.9% Zn**
 - **0.5m @ 728g/t Ag, 2.4% Pb and 4.0% Zn**
 - Further exploration and drilling at La Providencia where sampling has identified a large anomalous area of 2,500m by 1,000m containing high grade zinc, lead and silver mineralisation. High grade assays from surface sampling in this area included:
 - **Zinc 45.4% & 35.9%**
 - **Lead 5.3% & 4.7%**
 - **Silver 532g/t & 238 g/t**
 - **Gold 4.8g/t & 2.2 g/t**
 - **Copper 0.95%**
 - Investigation of the mineralised breccia systems at Potreritos where drilling to date includes:
 - **2m @ 1.2% Cu and 16.3 g/t Ag**
 - **26m @ 0.55% Cu and 4.4 g/t Ag**
 - **4.6m @ 4.9% Cu and 38.2 g/t Ag**

GLOSSARY

"ASX"	means ASX Limited;
"Company" or "Azure"	means Azure Minerals Limited ABN 46 106 346 918;
"Directors"	means the directors of the Company;
"Explanatory Memorandum"	means this information attached to the Notice, which provides information to shareholders about the resolutions contained in the Notice;
"Listing Rules"	means the listing rules of ASX;
"Meeting"	means the general meeting the subject of the Notice;
"Notice" or "Notice of Meeting"	means the notice of general meeting which accompanies this Explanatory Memorandum;
"Securities"	has the meaning given to that term in the Listing Rules, and includes shares and options to subscribe for shares;
"Shares"	means fully paid ordinary shares issued in the capital of the Company

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the Company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting **that is by 9.30am WST on 1 August 2007** by post to:

The Company Secretary
Azure Minerals Limited
PO Box 493
WEST PERTH WA 6872

Or deposited at:

Azure Minerals Limited
Level 1, 30 Richardson Street
WEST PERTH WA 6005

or sent by facsimile to:
(08) 9485 1290

6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.