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ASX / MEDIA ANNOUNCEMENT

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POSITIVE DRILLING RESULTS AT SPLINTER

Average Iron Grades up to 100% Higher than Previously Reported

Emerging precious and base metals explorer, **Azure Minerals Limited (ASX: AZS)** today announced positive assay results from the Company's 100%-owned Splinter project ("Splinter", "The Project").

Splinter is located approximately 120km northeast of the port of Esperance, Western Australia and comprises four granted Exploration Licences covering 840km² (Figure 1).

The Project has been a focus of the Company since it listed in 2003 due to its prospectivity for iron ore (magnetite-style) deposits and iron oxide copper-gold deposits.

The Reverse Circulation (RC) drilling program at Splinter was completed in December 2006 with details of the assays outlined in the following Appendix. Highlights of today's assay results included:

- **Wide zones of high grade magnetite mineralisation intersected in the Northern Hinge Zone**
- **Better intercepts include 24m @ 30.8% iron and 50m @ 22.6% iron**
- **Average iron grades are 30% – 100% greater than previous drilling**
- **High grades start at only 8 metres below surface**
- **Davis Tube Recovery metallurgical testwork previously reported:**
 - **magnetite recovery of 39.5%;**
 - **magnetite concentrate grade of 66.5% iron; and**
 - **very low levels of impurities.**

Managing Director, Mr Tony Rovira, said that despite the Company's growing focus on its Mexican projects, Splinter continued to show a lot of promise.

"We continue to believe that Splinter has excellent potential for hosting large scale, magnetite-style, iron ore deposits and we're encouraged that today's results support this view," said Mr Rovira.

"Splinter is a very promising project, and today's results compare favourably with other Western Australian magnetite deposits, such as the Southdown Magnetite Project of Grange Resources Ltd," he said.

Mr Rovira went on to say that in light of the Company's focus on advancing its exploration projects in Mexico and driving shareholder value, Azure Minerals is currently reviewing its options for the Splinter project.

Further updates on the Company's growth strategy and exploration projects will be provided in the December 2006 Quarterly Activities Report due for release later this month.

-ENDS-

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APPENDIX - DETAILS

Azure Minerals previously reported diamond drilling a large Banded Iron Formation (BIF) containing multiple iron-rich magnetite zones. This was followed-up in December with a fence of RC holes drilled across the Northern Hinge Zone (Figure 2), where the magnetite sequence has increased in grade and width. Five RC holes were completed for 758 metres. Assay results from this RC drilling have now been received.

Mineralised drill intercepts from the RC drilling include:

Hole No	Easting (mE)	Northing (mN)	Dip	Azimuth	From (m)	To (m)	Width (m)	Grade (Fe %)
SRC 002	479 300	6 352 500	-60°	270°	44.0	104.0	60.0	23.7
				<i>including</i>	52.0	76.0	24.0	30.8
SRC 004	479 500	6 352 500	-60°	270°	8	76.0	68.0	19.2
					136.0	172.0	36.0	19.0
SRC 005	479 600	6 352 500	-60°	270°	136.0	186.6	50.0*	22.6

*Note: Samples analysed at ALS Chemex laboratory in Perth by X-Ray Fluorescence Spectrometry method; 15% Fe lower grade cut; no upper grade cut; maximum internal waste interval of 4.0 metres; * SRC 005 drill hole ended in high grade iron (24.5% Fe) mineralisation.*

The average iron grades of these RC intercepts are up to 100% higher than those intersected in the previously reported diamond drill holes, which are located in an area of lower magnetic intensity.

Significantly, magnetite mineralisation was intersected at a very shallow depth (8 metres downhole) beneath a surficial sand layer in SRC 004, indicating near-surface potential for this project.

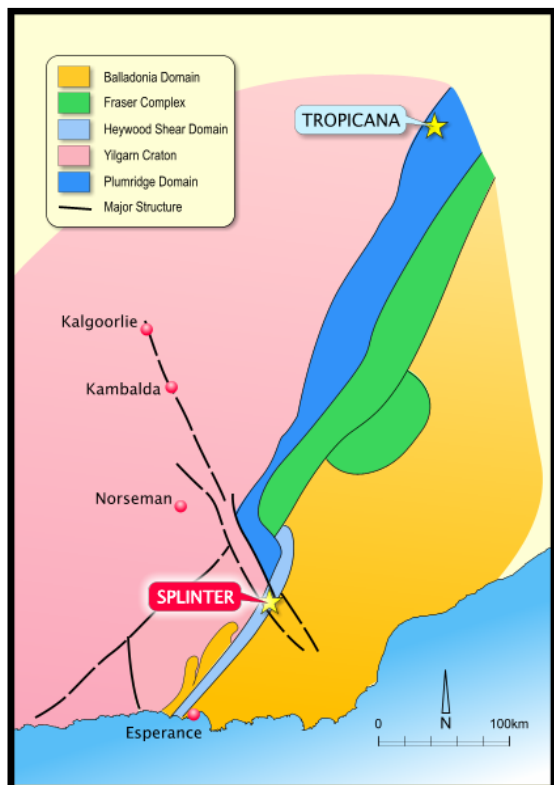
As previously reported, drill core samples submitted to Amdel Laboratories in Perth for preliminary metallurgical testwork using the Davis Tube Recovery technique returned encouraging results, including a magnetite concentrate returning an average iron grade of 63.5% Fe, average magnetite recovery of 39.5%, and low levels of impurities (eg 2.8% SiO₂, 2.5% Al₂O₃ and 0.03% P).

The Splinter BIF forms an eight kilometre long antiform, with magnetite-rich units occurring on both limbs of the fold, indicating potential for a magnetite deposit of significant size.

Further exploration has also identified another, much larger magnetic unit within the eastern part of the property (on the border of E63/853 & E63/870). This Eastern Iron Formation has a magnetic signature that has up to twice the magnetic intensity of the Splinter BIF just drilled, indicating a higher magnetite content.

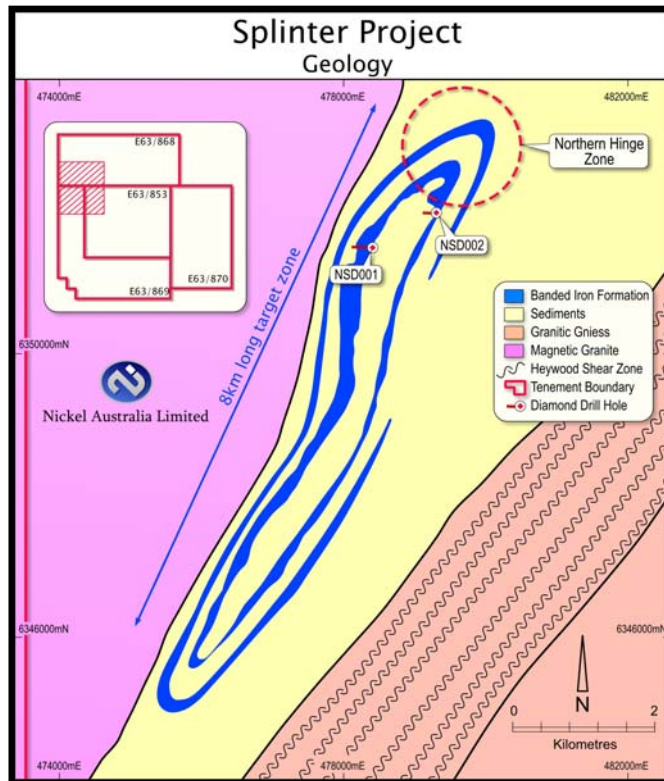
The information in this report that relates to Exploration Results is based on information compiled by Mr Tony Rovira, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Rovira is a full-time employee of Nickel Australia Ltd. Mr Rovira has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rovira consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 1



Splinter Project – Regional Location Plan

Figure 2



Splinter Project – Detailed Geology