

AZURE MINERALS LIMITED
ABN 46 106 346 918

NOTICE OF ANNUAL GENERAL MEETING
PROXY FORM
AND
EXPLANATORY MEMORANDUM

Date of Meeting
22 November 2010

Time of Meeting
1:00pm

Place of Meeting
The Celtic Club
48 Ord Street
WEST PERTH WA

This Notice of Annual General Meeting and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting. A Proxy Form is enclosed. If you are unable to attend the Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

AZURE MINERALS LIMITED
ABN 46 106 346 918
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of Shareholders of Azure Minerals Limited ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth WA on 22 November 2010 at 1:00 pm for the purpose of transacting the following Business.

ORDINARY BUSINESS

2010 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2010, consisting of the Annual Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 – Re-election of Dr Wolf Martinick as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Dr Wolf Martinick having retired as a director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election be re-elected a director of the Company."

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| Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and being eligible may offer themselves for re-election. |
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Resolution 2 – Non-Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as set out in the Company's Annual Report for the year ended 30 June 2010 be adopted".

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| Section 250R of the Corporations Act requires a listed company to put to shareholders at each annual general meeting a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory and does not bind either the Company or the Company's directors. |
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Resolution 3 – 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 36,481,873 Shares at an issue price of \$0.05 per Share, to the persons and on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of General Meeting."

Resolution 4 – Proposed Issue of Options to Mr Anthony Rovira

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 2,000,000 Director Options for no monetary consideration, each Option being exercisable at a 50% premium to the 60 day VWAP (for the 60 day period prior to the date of receiving Shareholder approval) for the Company's Shares, to Mr Anthony Rovira or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting (including Annexure A to the Explanatory Memorandum)."

Resolution 5 –Proposed Issue of Options to Mr John Saleeba

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Director Options for no monetary consideration, each Option being exercisable at a 50% premium to the 60 day VWAP (for the 60 day period prior to the date of receiving Shareholder approval) for the Company's Shares, to Mr John Saleeba or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting (including Annexure A to the Explanatory Memorandum)."

Resolution 6 –Proposed Issue of Options to Dr Wolf Martinick

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Director Options for no monetary consideration, each Option being exercisable at a 50% premium to the 60 day VWAP (for the 60 day period prior to the date of receiving Shareholder approval) for the Company's Shares, to Dr Wolf Martinick or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting (including Annexure A to the Explanatory Memorandum)."

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

For further information please refer to the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

By order of the Board



Brett Dickson
Company Secretary
Date: 7 October 2010

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders in Azure Minerals Limited ABN 46 106 346 918 (“**Company**”) with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Meeting.

Financial Reports

Shareholders will be given an opportunity to ask questions in relation to the accounts of the Company at the Meeting. The full financial accounts (including the Financial Statements, Directors’ Report and Auditor’s Report) of the Company are included as part of the 2010 Annual Report which is available on the Company’s website at www.azureminerals.com.au.

As a Shareholder, you are entitled to submit a written question to the auditor prior to the Meeting provided that the question relates to the content of the Auditor’s Report or the conduct of the audit in relation to the accounts.

All written questions must be received by the Company no later than five business days before Monday, 22 November 2010. All questions must be sent to the Company and may not be sent direct to the auditor. The Company will then forward all questions to the auditor.

The Company’s auditor will be present at the Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor’s Report, the accounting policies adopted by the Company in preparing its financial statements, and the independence of the auditor.

Resolution 1 – Re-election of Dr Wolf Martinick as a Director

Pursuant to Rule 13.2 of the Company’s Constitution, Dr Wolf Martinick, being a director of the Company, retires by way of rotation only, and being eligible, offers himself for re-election as a director of the Company.

Dr Martinick is an environmental scientist with over 40 years experience in mineral exploration and mining projects around the world, attending to environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He is a Fellow of the Australian Institute of Mining and Metallurgy.

He is a founding director and chairman of Weatherly International plc, an AIM listed company with copper mines in Namibia. He was also a founding director of Basin Minerals Limited, an ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003

Resolution 2 – Non-Binding Resolution to adopt the Remuneration Report

In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Annual Report. The vote on Resolution 2 is advisory only and does not bind the Directors or the Company. The Company’s Remuneration Report is set out in the Director’s Report section of the Annual Report and is also available on the Company’s website at www.azureminerals.com.au.

By way of summary, the Remuneration Report explains the Board’s policies in relation to the nature and level of remuneration paid to the Directors, sets out the remuneration details for each Director and any service agreements and sets out the details of any Share-based compensation.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. The Directors recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Ratification of Prior Share Issue

On 13 May 2010, the Company announced it had reached an agreement to raise \$1.82 million to provide funds to provide ongoing funds for exploration at the Company’s Mexican projects, in particular, advancing the Promontorio high grade copper-gold-silver project towards a development decision and for general working capital. The raising was completed by way of a placement of 36,481,873 Shares at \$0.05 per Share to clients of RFC Corporate Finance Ltd and Southern Cross Equities Ltd . The Company had capacity to place the 36,481,873 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 for 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 3, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 36,481,873 Shares that was made on 13 May 2010 in order to restore the right of the Company to issue further Shares within the 15% limit during the next 12 months. At this stage the Company has no plans to issue any Shares.

The following information in relation to this Resolution 3 is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 36,481,873 Shares were allotted;
- (b) the Shares were issued at a price of \$0.05 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 RFC Corporate Finance Ltd and Southern Cross Equities Ltd, 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 projects in Mexico.

Resolutions 4, 5 & 6 – Proposed Issue of Options to Mr Rovira, Mr Saleeba and Dr Wolf Martinick

Shareholder approval is being sought in Resolutions 4, 5 & 6 to grant a total of 3,000,000 Director Options to the current Directors of the Company – Mr Anthony Rovira, the Executive Chairman (2,000,000), Mr John Saleeba, a Non-Executive Director (500,000) and Dr Wolf Martinick, a Non-Executive Director (500,000).

The grant of Director Options is in acknowledgement of the increased workload placed on the Directors as a result of the refocus of the Company from activities in Western Australia to Mexico and is designed to encourage them, as Directors, to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company's current circumstances the Directors determined that the issue of these Director Options would be a cost effective and efficient means by which the Company could provide them with an appropriate reward and incentive. The Directors also considered that such an issue was preferable to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Director Options to be granted has been determined based upon a consideration of:

- their cash remuneration as a Director or Executive;
- the current competitive environment in the minerals industry for experienced professionals;
- the Directors' wish to ensure that the remuneration offered is competitive with the Company's peers. The Directors consider the proposed number of Director Options to be issued will ensure that the overall remuneration is in line with market standards; and
- incentives that are given by other listed mineral exploration companies to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

The Directors have determined the formula to calculate the exercise price so that the exercise price will reflect the price of Shares in the Company over the last three months and the general economic climate. In this regard, in the 12 month period prior to the date of this Notice of Meeting, the highest price of Shares was \$0.111 on 3 May 2010 and the lowest price was \$0.033 on 16 April 2010. The most recent closing price prior to the date of this Notice of Meeting was \$0.093 on 6 October 2010.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

The grant of the Director Options to Directors constitutes a "financial benefit" as defined in the Corporations Act. Further, the Directors are related parties of the Company as defined under the Corporations Act because they are Directors. Accordingly, the proposed grant of Director Options to Directors constitutes the provision of a financial benefit to a related party of the Company.

Resolutions 4, 5 & 6 provide for the grant of Director Options to Directors who, as Directors, are related parties of the Company.

Current Holdings

Set out below are details of Directors' relevant interest in the Securities of the Company as at the date of this Notice:

| | Direct and Indirect Holdings and those of Associates | | |
|-------------------------------|---|------------|--------------|
| | Mr Rovira | Mr Saleeba | Dr Martinick |
| Ordinary Fully paid Shares | 3,200,000 | 2,669,600 | 1,540,000 |
| Options | | | |
| <i>exercisable at \$0.088</i> | | | |
| expire 30 November 2012 | 5,000,000 | 2,000,000 | 2,000,000 |
| <i>exercisable at \$0.25</i> | | | |
| expire 31 January 2011 | - | - | 400,000 |
| expire 31 January 2012 | 500,000 | - | 400,000 |
| <i>Exercisable at \$0.175</i> | | | |
| expire 31 January 2011 | 500,000 | - | - |
| <i>exercisable at \$0.35</i> | | | |
| expire 31 January 2013 | 500,000 | - | - |

Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given

Subject to Shareholder approval of Resolutions 4, 5 and 6 the following maximum number of Director Options will be granted to the following related parties or their respective nominees:

| Name of Related Party | Number of Director Options |
|------------------------------|-----------------------------------|
| Mr Rovira (Resolution 3) | 2,000,000 |
| Mr Saleeba (Resolution 4) | 500,000 |
| Dr Martinick (Resolution 5) | 500,000 |

In respect of the 3,000,000 Director Options to be granted to Directors, the exercise price of each Option being a 50% premium to the 60 day VWAP (for the 60 day period prior to the date of receiving Shareholder approval) for the Company's Shares, has been determined by the Directors so that it will reflect the price of Shares in the Company over the last three months before the date of this Notice of Meeting and the current economic climate.

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Director Options for no monetary consideration to the Directors as noted above. The terms and conditions of the Director Options to be granted are set out in Annexure A to this Explanatory Memorandum.

Directors' recommendation and Directors' interest in Resolutions

Resolutions 4, 5 & 6 seek approval to grant the Directors Options to each of the Directors personally. It is therefore arguable that even though the resolutions are not inter-dependent, each Director has an interest in each of the resolutions to the extent they are a proposed recipient of Director Options under one of those resolutions.

Therefore, all the Directors have declined to make a recommendation on Resolutions 4, 5 & 6.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

Resolutions 4, 5 & 6 authorise the Directors to grant up to 3,000,000 Director Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 343,217,666 issued Shares and 14,800,000 unlisted Options.

If all Director Options granted as proposed above are exercised, together with the existing Options on issue, the effect would be to dilute the shareholding of existing Shareholders and option holders by 0.8%. The market price of the Company's Shares during the period when the Director Options may be exercised will normally determine whether or not the Directors exercise the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Director Options. If the Director Options are exercised, the value of Shares may be diluted if the Share price is higher than the exercise price. In this regard, it is considered unlikely that the Director Options will be exercised if the Company's Share price is lower than the exercise price.

The Directors' base fees per annum and the total financial benefit to be received by them in this current period as a result of the grant of Director Options the subject of Resolutions 4, 5 & 6 are:

| Director | Base salary p.a. (\$) | Superannuation p.a. (\$) | Value of Director Options (\$) | Total Financial Benefit (\$) |
|-----------------|--------------------------------------|---|---|---|
| Mr Rovira | 300,000 | 27,000 | 96,740 | 423,740 |
| Mr Saleeba | 45,000 | 4,050 | 24,185 | 73,235 |
| Dr Martinick | 45,000 | 4,050 | 24,185 | 73,235 |

Valuation of Director Options

Under the Corporations Act, the Company is required to attribute a value to the Director Options for the purposes of the approval sought from Shareholders. ASIC has indicated that option values should be determined in accordance with accounting standard AASB 2 (Share Based Payments). The Director Options will not be listed and so there is no readily ascertainable market value of the Director Options. The value of Director Options can vary significantly depending on the methodology used and the assumptions made and any one particular valuation methodology is not necessarily representative of the actual value of the Director Options.

The Company has valued the Director Options to be granted to the Directors using the Binomial Model. The Binomial Model uses a "discrete-time" model of the varying price over time of financial instruments; the model is thus able to handle a variety of conditions for which other models cannot be applied. Essentially, the Binomial valuation is via the application of the risk neutrality assumption over the life of the option, as the price of the underlying instrument evolves. The Binomial Model is able to value American options which may be exercised at any time over their life and the value of an option calculated by the Binomial Model is a function of a number of variables. The Company's assessment of the value of the Director Options has been prepared using the following assumptions:

| Variable | Input |
|--------------------------------|--------------|
| Share price | 8.6 cents |
| Exercise price | 12.9 cents |
| Risk free interest rate | 4.87% |
| Volatility | 100% |
| Average time (years) to expiry | 3.0 |

For the purposes of this valuation the Company has assumed 1 December 2010 as the issue date of the Director Options, being 9 days subsequent to the approval of the Director Options issue. For the Share price, the Company has used the closing price of its Shares on the ASX as at 29 September 2010 which is the date of the calculation and the actual exercise price of the Director Options being a 50% premium to that Share price. The Company has also assumed a volatility level of 100% given the industry in which the Company operates, its financial position and the volatility of listed shares of other companies comparable to Azure Minerals Limited. Based on the assumptions, it is considered that the estimated value of the Director Options to be issued to Directors is \$0.04837 per Director Option. On the basis of that valuation, the total value of the Director Options proposed to be issued to Mr Rovira is \$96,740 Mr Saleeba is \$24,185, and Dr Martinick is \$24,185.

Upon exercise, the holder must contribute their own money to the Company to fund the exercise price of these Director Options.

It is important to note that the above values are considered to represent the theoretical value for the Director Options only, and that any change in the variables applied in the Binomial Model between the date of the valuation and the date the Director Options are granted would have an impact on their value.

Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of Securities (including the grant of options) to a related party of the Company. If Resolutions 4, 5 & 6 are passed, the Director Options will be granted to Mr Rovira, Mr Saleeba and Dr Martinick. They are related parties of the Company by virtue of being Directors.

Accordingly, approval for the grant of the Director Options to the Directors is required pursuant to Listing Rule 10.11. Approval pursuant to Listing Rule 7.1 is not required in order to grant the Director Options to the Directors as approval is being obtained under Listing Rule 10.11. Shareholders should note that the grant of the Director Options to Mr Rovira, Mr Saleeba and Dr Martinick with approval under Listing Rule 10.11 will not be included in the 15% calculation for the purposes of Listing Rule 7.1; in other words, the Director Options do not reduce the Company's capacity to issue equity securities without Shareholder approval.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purpose of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Director Options will be offered and, if accepted, granted to Mr Rovira (2,000,000), Mr Saleeba (500,000) and Dr Martinick (500,000) (or their respective nominees);
- (b) the maximum number of Director Options to be issued is 3,000,000;
- (c) the Director Options will be offered and, if accepted, granted on a date which will be no later than one month after the date of the Meeting (or such other later date as permitted by any ASX modifications or waiver of the Listing Rules);
- (d) the Director Options will be granted for no monetary consideration;
- (e) no funds will be raised by the grant of the Director Options. Any funds raised from the exercise of the Options will be used for general working capital purposes; and
- (f) the terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

Other implications for the Company

Corporate governance

The Directors are aware that the Listing Rules set out best practice recommendations for ASX listed companies, including a suggestion that non-executive directors should not receive options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Directors' view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive directors is considered important to the ongoing development of the Company and its projects.

Financial implications

Australian International Financial Reporting Standards require the Director Options to be expensed which is guided by AASB 2 – Share Based Payment. The period over which the Director Options have to be expensed depends on the vesting date. As these Director Options vest immediately, they are expected to be expensed in the financial year ended 30 June 2011.

Expensing the Director Options will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Director Options.

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Director Options pursuant to Resolutions 4, 5 & 6.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

GLOSSARY

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| “Annual Report” | means the Azure Minerals Limited Annual Report for the year ended 30 June 2010; |
| “ASX” | means ASX Limited; |
| “Company” or “Azure” | means Azure Minerals Limited ABN 46 106 346 918; |
| “Corporations Act” | means Corporations Act 2001; |
| “Directors” | means the directors of the Company; |
| “Director Options” | means Options proposed to be issued pursuant to Resolutions 4, 5 and 6; |
| “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 Annual General Meeting the subject of the Notice; |
| “Notice” or “Notice of Meeting” | means the notice of Annual General Meeting which accompanies this Explanatory Memorandum; |
| “Option” | means an option to acquire a Share; |
| “Securities” | has the meaning given to that term in the Listing Rules, and includes shares and options to subscribe for shares; |
| “Shareholder” | means a holder of Shares; |
| “Shares” | means fully paid ordinary shares issued in the capital of the Company; and |
| “VWAP” | means volume weighted average price. |

ANNEXURE A
TERMS AND CONDITIONS OF DIRECTOR OPTIONS

1. No monies will be payable for the issue of the Options.
2. All options will expire on 30 November 2013 the “**Exercise Period**”. With effect from the day following the end of an Exercise Period those Options which expire at that time and which have not been exercised shall lapse and not be capable of exercise.
3. Subject to condition 11, each unexpired Option shall carry the right in favour of the Option holder to subscribe for one fully paid ordinary share in the capital of the Company (“**Share**”). Unexpired Options may be exercised at any time during the period commencing from the date of grant and ending on the last day of an Exercise Period.
4. Subject to condition 11, the Shares allotted to Option holders on exercise of the Options shall be issued at a price per Option which is a 50% premium to the 60 day VWAP (for the 60 day period prior to the date of receiving Shareholder approval to the grant of the Options) for the Company’s Shares (“**Exercise Price**”).
5. Subject to condition 11, the Exercise Price of Shares the subject of the Options exercised shall be payable in full on exercise of the Options.
6. Options shall be exercisable by the delivery to the registered office on the Company of a notice in writing stating the intention of the Option holder to:
 - (a) exercise all or a specified number of Options; and
 - (b) pay the subscription monies in full for the exercise of each Option.

The notice must be accompanied by a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.

7. The Company shall allot the resultant Shares and deliver the holding statement within five business days of the exercise of the Option.
8. The Options may be transferred to a related party of the holder at any time in whole or in part.
9. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
10. The Company shall within five business days of any exercise of the Options apply for official quotation on the ASX of the Shares allotted pursuant to the exercise of any of the Options.
11. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Option shall be reduced according to the following formula, pursuant to Listing Rule 6.22:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of underlying securities into which one Option is exercisable
- P = the average market price per Share (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex-rights date or ex-entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid in the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a rights to one new security.

12. In the case of a bonus issue the number of Shares over which the Option is exercisable shall be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.

13. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Options or the Exercise Price or both shall be reconstructed (as appropriate) in accordance with the Listing Rules of ASX.
14. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
15. The Option holder cannot participate in new issues without exercising the Option/s. However, the Company must ensure, that for the purposes of determining entitlements to any such issue, the books closing date, is at least 5 business days after the issue is announced. This will give the Option holder the opportunity to exercise any Option which the holder is entitled to exercise before the date for determining any entitlements to participate in that issue.



ABN 46 106 346 918

000001 000 AZS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 135 401
(outside Australia) +61 3 9415 4658

Proxy Form

For your vote to be effective it must be received by 1:00pm (WST) Saturday 20 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the Annual Report:

www.azureminerals.com.au

Update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is: SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Azure Minerals Limited hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Azure Minerals Limited to be held at The Celtic Club, 48 Ord Street, West Perth, WA on Monday, 22 November 2010 at 1:00pm (WST) and at any adjournment of that meeting.

Important for Resolution 4: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolution 4 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 4 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Re-election of Dr Wolf Martinick as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Non-Binding Resolution to adopt Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Ratification of Prior Share Issue | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Proposed Issue of Options to Mr Anthony Rovira | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Proposed Issue of Options to Mr John Saleeba | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Proposed Issue of Options to Dr Wolf Martinick | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____