



AZURE
MINERALS LIMITED



ACTIVITIES REPORT

For the period ended 30 June 2007

Azure Minerals Limited (ASX: AZS) is an explorer and developer of precious and base metal projects in Mexico. The company is currently exploring in the richly mineralised Sierra Madre Occidental mining province in northern Mexico, and is expanding its activities to other mining districts in Mexico. Through exploration success and selective project acquisition, Azure aims to become an independent minerals producer in Mexico.

Azure currently holds three 100%-owned projects and 14 projects in joint venture with TSX-V listed Geoinformatics Exploration Inc, in which Azure is earning an initial 51% interest. Recent exploration, including drilling, has returned very promising mineralisation in a variety of commodities and deposit styles.

An extensive second phase drilling campaign is currently in progress, with approximately 3,000m of diamond core drilling undertaken on four separate projects. This drilling will be completed in early August, with follow-up drilling scheduled to commence in October 2007.

The company has an ongoing program of regional exploration, target identification and tenement staking to acquire 100%-owned projects throughout Mexico. In addition, Azure is continuing to evaluate opportunities for the acquisition of advanced stage projects through joint venture or outright purchase.

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Quarterly Overview

The Board of Azure Minerals (ASX: AZS, "Azure") is pleased to today announce their quarterly report for the quarter ended 30 June 2007. Highlights for the quarter include:

Exploration

- High grade silver, lead and zinc mineralisation intersected in all three holes drilled at Jagüey
- Acquired several new projects in Mexico, growing the project portfolio significantly
- Large anomalous area containing high grades of zinc (to 45.4%), lead (to 5.3%), silver (to 532g/t), gold (to 4.81g/t) and copper (to 0.95%) identified at La Providencia
- Very positive assay results returned from initial surface sampling programs at Los Chinos, Llano del Nogal and La Tortuga

Corporate

- Raised \$3M to continue the aggressive exploration programme in Mexico (subject to shareholder approval)
- Divested non-core nickel rights to the Bounty Project in WA
- Appointed Tony Rovira as Executive Chairman
- Conducted investor presentations in Melbourne, Sydney, Brisbane and Perth
- Commenced evaluation of listing on the Toronto Stock Exchange

During the quarter, Azure continued to deliver on its growth strategy of regional exploration, target identification and project acquisition. Azure acquired three new 100%-owned projects and five new joint venture properties in Sonora, Mexico. The acquisitions support Azure's plan to capitalise on the strong international interest in the region and are expected to contribute to the Company's future growth potential.

According to Azure Managing Director, Mr Tony Rovira, these achievements reflect the Company's focus on optimising existing assets combined with growth through acquisitions and exploration. "Over the past quarter we have gained momentum on a number of fronts," he said. "We have completed significant acquisitions, enjoyed exploration success at a number of properties, and have advanced several key development projects. We are delivering on our commitment to invest in and develop quality assets."

Azure secured a private placement of \$3M in June 2007 via the issuing of 20 million shares at \$0.15. This placement was managed by Patersons Securities Ltd and Foster Stockbroking Pty Ltd and gained excellent long-term investors onto the register. These funds will be used for a variety of future exploration activities including drilling at Jagüey, La Providencia and Los Chinos. The issue is subject to shareholder approval at a General Meeting on 3 August 2007.

During the quarter, the Company also completed an agreement to sell its non-core Bounty Project to Australian Mines Limited (AUZ) for \$75,000. The sale was part of the Company's strategy to narrow its focus on the exciting projects in Mexico. Should AUZ subsequently produce a BFS based on a minimum of 15,000t contained nickel, AUZ will pay Azure an additional \$1M.

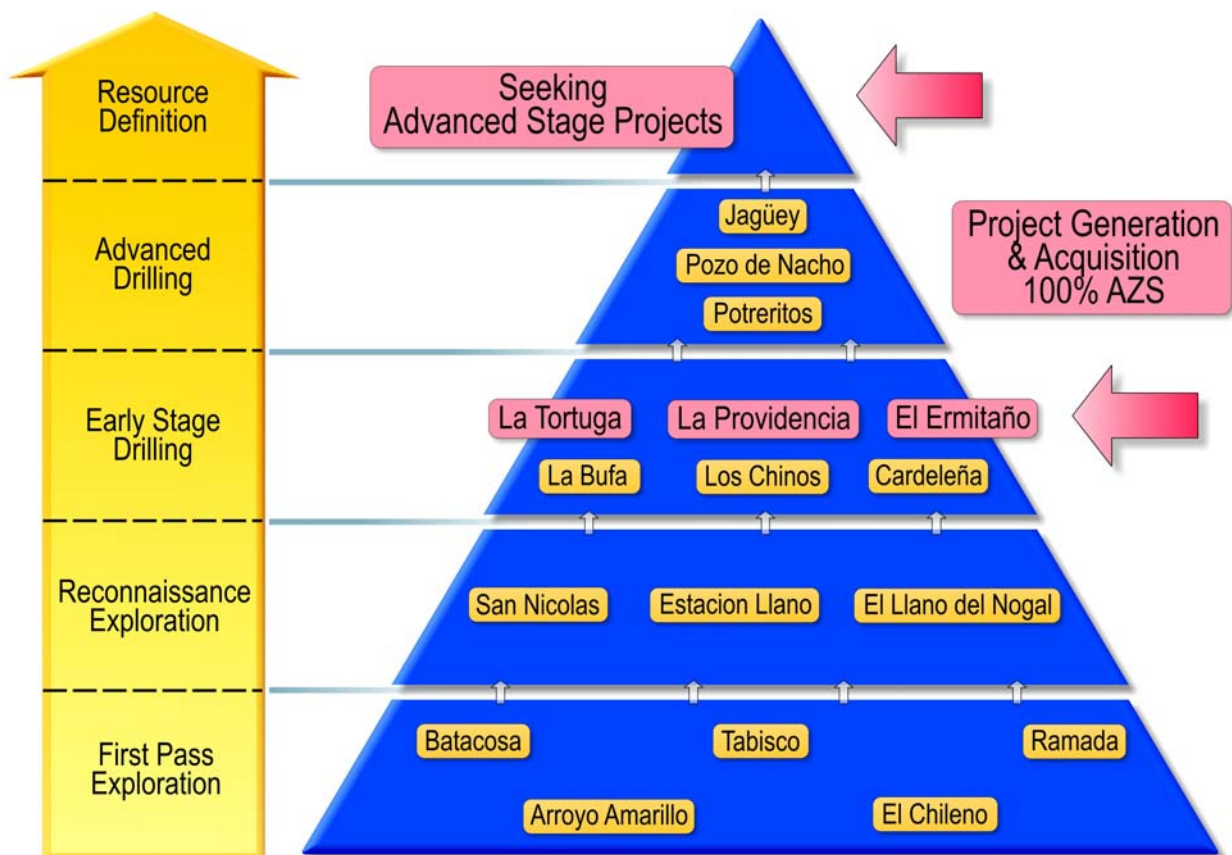


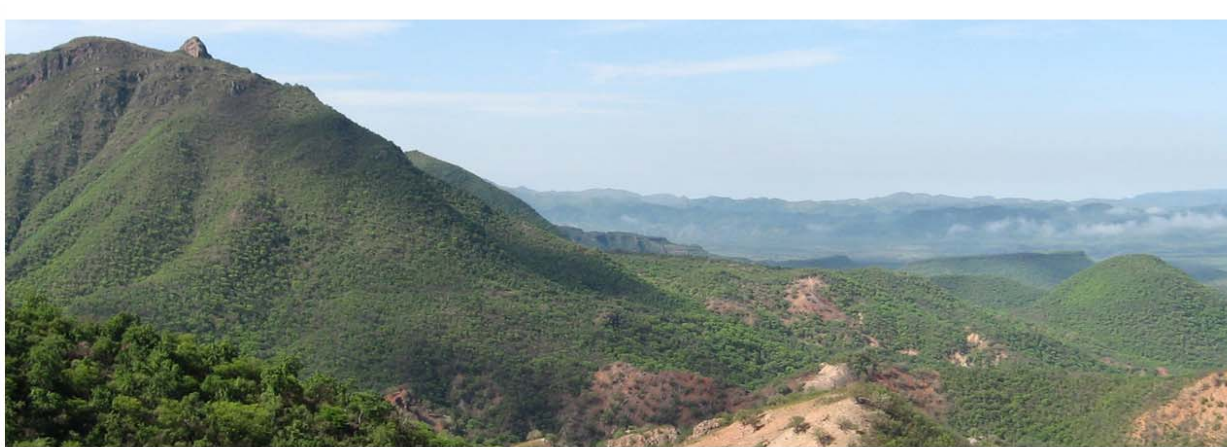
Mexico

Azure continued its intensive exploration effort during the quarter, maintaining its focus on exploring in the richly mineralised Sierra Madre Occidental region of northwestern Mexico. Diamond drilling continued with a total of 10 holes completed for 1,567 metres on four different properties.

The Company continued its regional exploration program to identify and acquire mineralised properties through staking of mining claims. To date, Azure has acquired three new 100%-owned properties and, together with partner Geoinformatics Exploration Inc (TSX-V: GXL) has added five other properties to the joint venture portfolio.

Figure 1. Project Development in Mexico





Projects

Jagüey (JV Project: AZS earning 51%) Silver-Lead-Zinc

Three holes were drilled at Jagüey for a total of 406 metres with all three intersecting high grade silver, lead and zinc mineralisation. This program was designed to follow-up the spectacular high grades returned from initial diamond drilling undertaken in 2006 (including: 0.7m @ 3,180g/t Ag, 12.8% Pb & 6.2% Zn).

High grade drill intercepts are shown below. Details of mineralised intercepts and drill hole locations are contained in Table 1.

JAG-DD-008	2.5m @ 322g/t silver, 2.7% lead & 2.1% zinc from 60.5m
<i>Incl:</i>	0.5m @ 791g/t silver, 7.0% lead & 7.9% zinc from 60.5m, and 0.5m @ 786g/t silver, 6.1% lead & 1.8% zinc from 62.5m
JAG-DD-007	0.5m @ 728g/t silver, 2.4% lead & 1.3% zinc from 17.5m, 0.5m @ 154g/t silver, 3.8% lead & 4.0% zinc from 44.5m, and 0.5m @ 400g/t silver, 4.8% lead & 3.1% zinc from 60.0m.

These results confirm the presence of a sheeted vein system comprising numerous massive sulphide veins of sphalerite (zinc sulphide) and galena (lead sulphide) mineralisation containing high silver, lead and zinc grades. Numerous historical mine workings, including shafts and adits, demonstrate that mineralisation extends to surface, with sulphide mineralisation commencing less than 10 metres below surface.

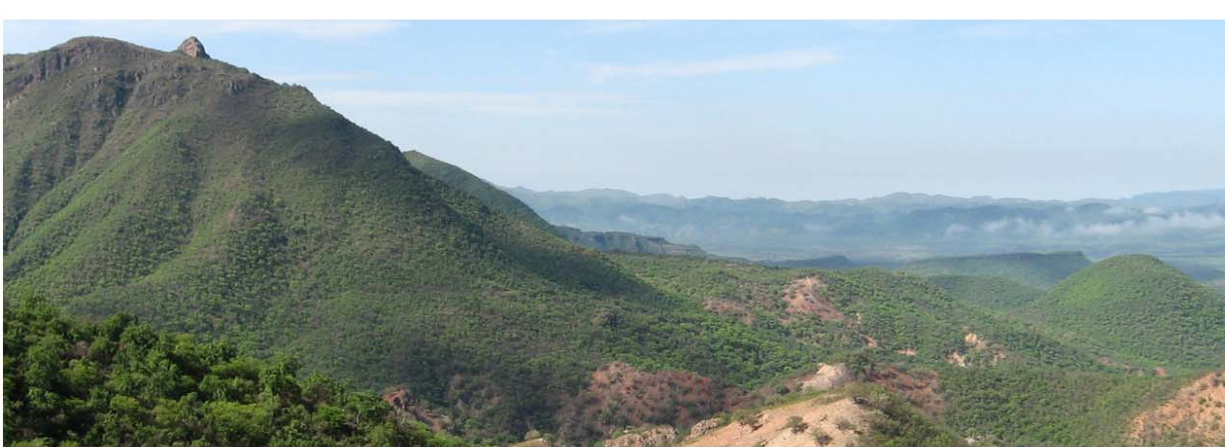
The vein system has an open-ended north-south strike length of at least 150 metres, an overall width of approximately 50 metres, and is open at depth. Additional historical workings are located 250 metres along strike to the north and also on a parallel vein system 700 metres to the southwest of the drilled area.

Polymetallic massive sulphide deposits often contain a very high value product, and Azure considers this deposit style to be its highest priority target. Jagüey is considered to have excellent potential for hosting a substantial quantity of this style of mineralisation and an intensive follow-up exploration program has commenced. This program comprises detailed mapping and geochemical sampling (in progress), downhole and surface geophysical surveys (scheduled for August), and further diamond drilling (scheduled for October).

Pozo de Nacho (JV Project: AZS earning 51%) Molybdenum-Copper

By the end of the quarter, Azure had completed two diamond core holes at Pozo de Nacho for 438 metres with assay results pending. The current drilling program is targeting extensions to mineralisation and will also test strong chargeability highs (indicating extensive disseminated sulphides) identified in an Induced Polarisation survey conducted after the previous drill program was completed.

Previous drilling returned strongly anomalous molybdenum values over significant widths associated with intensely altered porphyry intrusives. Intercepts included: 198m @ 0.06% MoS₂; 5.5m @ 0.11% MoS₂; and 5.0m @ 0.21% MoS₂. Anomalous copper and tungsten values were also intersected, confirming the porphyry style of mineralisation.



Pozo de Nacho has the potential to contain a large, porphyry-hosted molybdenum deposit. Drilling has identified mineralisation over a strike length of 1,200 metres and to depths of 350 metres. However less than half of the geochemical anomaly (>2,500 metre strike length) has been tested, and there is potential for the porphyry system to be significantly extended both along strike (east-west) and at depth.

San Nicolas (JV Project: AZS earning 51%)

Molybdenum-Copper

Three diamond core holes totalling 457 metres were drilled at the La Bufa prospect within the San Nicolas property during the quarter. The holes were drilled to follow up anomalous channel samples, which included 30m @ 800ppm Mo, 32m @ 560ppm Mo and 8m @ 1100ppm Mo. Details of La Bufa drill hole locations are contained in Table 2.

Drill intercepts to highlight include:

NIC-DD-001	37m @ 334ppm Mo from surface;
<i>Incl:</i>	3.35m @ 1,450ppm Mo from surface; and
	1m @ 1,700ppm Mo from 11m;
<i>And:</i>	16m @ 0.49% Cu, 0.23% Zn, 11.5g/t Ag from 71m.

No high grade intercepts were returned from NIC-DD-002 and NIC-DD-003, although anomalous molybdenum and copper values were present throughout both holes.

The pegmatitic rhyolite that hosts mineralisation continues to the south of hole NIC-DD-001 and recent surface work has revealed the presence of small historical workings in this area. Further work will focus on extending the mineralisation in this area, as drilling has not adequately explained the encouraging channel sample results.

The La Bufa prospect is situated in a well mineralised district, located about three kilometres west of the Los Verdes molybdenum-copper-tungsten deposit (12Mt @ 0.12% Mo, 0.43% Cu & 0.08% W) and two kilometres south of the La Cruz Mo-Cu-W deposit.

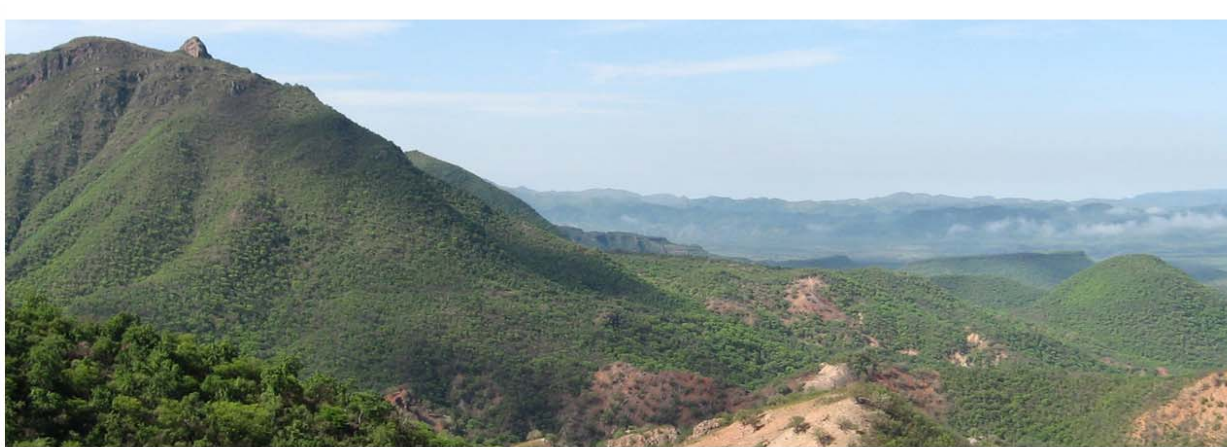
Project Acquisition

Azure has implemented a program of regional exploration, target identification and project acquisition in Mexico. This has resulted in the addition of three new 100%-owned properties to the Company's portfolio, and five new properties to the AZS-GXL joint venture portfolio.

Azure's 100%-Owned Properties

Three new 100%-owned properties, La Providencia, La Tortuga, and El Ermitaño, covering a total area of 26,650 hectares (266.5 km²) were staked during the quarter. Azure is continuing its program of identifying and staking prospective properties, and expects to announce further acquisitions in the near future.

La Providencia contains significant occurrences of carbonate replacement style mineralisation with surface sampling identifying a large anomalous area of 2,500m by 1,000m containing high grade mineralisation, including zinc (45.4% & 35.9%), lead (5.3% & 4.7%) and silver (532g/t & 238g/t). La Providencia is situated adjacent to the Ramard Project, held by TSX-listed Colibri Resources Corp, where recent drilling intersected massive sulphide mineralisation containing high grade silver, zinc and lead mineralisation (including 4.5m @ 158g/t silver, 10.8% zinc, & 2.6% lead).



Mexico is renowned for its world class Carbonate Replacement Deposits (CRD's) which are both large and high grade; for example Santa Eulalia with 48Mt @ 300g/t Ag, 7.5% Zn & 7% Pb. Azure considers that La Providencia has potential to host polymetallic mineralisation of this style. Further work will include surface geophysical surveys to define buried sulphide mineralisation, followed by drill testing the anomalies.

La Tortuga contains abundant evidence of mineralisation at surface. The property was previously held by Teck Cominco, who drilled at least seven RC holes into the mineralised system, with one hole reportedly intersecting 100m @ 0.25% Cu. Initial surface sampling by Azure has returned highly anomalous results, including: copper (up to 8.5%), zinc (up to 4.3%), molybdenum (up to 408ppm) and uranium (up to 490ppm). Planned work includes acquiring the historical Teck Cominco drill data and detailed mapping and sampling prior to drilling.

El Ermitaño borders the Santa Elena epithermal gold-silver mine (6Mt @ 1.7g/t Au & 70 g/t Ag). The property contains an extensive alteration system hosting epithermal veins and breccias exploited by numerous historical mine workings. Azure has yet to commence work on this project.

Azure / Geoinformatics Joint Venture Properties

Azure and joint venture partner Geoinformatics, have added a further five properties into their joint portfolio. The properties, Estacion Llano, Los Chinos, Llano del Nogal (Extension), El Chileno (Extension), and La Ramada, are prospective for:

- high grade epithermal and polymetallic carbonate replacement mineralisation;
- bulk tonnage porphyry hosted copper-molybdenum mineralisation; and
- structurally controlled gold mineralisation.

Early exploration at **Los Chinos** has provided significant encouragement for the presence of substantial polymetallic base and precious metal mineralisation. Surface sampling returned high grades of lead, zinc, copper, molybdenum, silver and gold within an extensive alteration system containing replacement-style mineralisation. Further surface exploration is currently in progress and drilling is planned for later this year.

Reconnaissance mapping and sampling at **Llano del Nogal** suggests that the property has potential to host substantial mineralisation associated with epithermal-polymetallic veins and breccias. Extensive areas of alteration and veining and highly encouraging levels of silver (to 1,060g/t), gold (to 5.1g/t), lead (to 16.7%), copper (to 2.6%) and zinc (to 1.7%) are indicative of a large, high grade system. Follow-up work will be completed in the next quarter.

Estacion Llano is located along strike of the mineralised structures exploited in the neighbouring 1.1Moz San Francisco Gold Mine. A veneer of transported overburden covers the property which has not been tested by previous explorers. Azure plans to undertake a bedrock drilling program as soon as a suitable drill rig has been sourced.

Joint Venture Background

Azure holds 14 projects in Sonora, Mexico in joint venture with Canadian-listed Geoinformatics Exploration Inc (TSX-V: GXL). Under the terms of the joint venture agreement, Azure must spend US\$4 million on the projects by July 2009 to earn a 51% interest. If GXL elects not to contribute at that stage, Azure can increase to a 75% interest in all projects by sole funding a pre-feasibility study by July 2011.



Corporate Activity

In June 2007, Azure announced that it had reached agreement with Patersons Securities Limited and Foster Stockbroking Pty Ltd to raise \$3 million through a placement of 20 million ordinary shares to institutional and sophisticated investors at \$0.15 per share. The issue is subject to shareholder approval which will be sought at a General Meeting of Azure to be held on Friday 3rd August 2007. The funds will be used to continue the Company's aggressive exploration program in Mexico and follow up results from the current stage two drilling program which is nearing completion and for administration expenses.

As part of the Company's plan to divest its non-core Australian projects, Azure finalised an agreement with Australian Mines Limited (ASX: AUZ) to sell the nickel rights to the Bounty Project located approximately 450km east of Perth. The transaction supported Azure's overall growth strategy focused in Mexico. Under the terms of the agreement, Australian Mines pays Azure Minerals \$75,000 for its interest in the project. Should Australian Mines subsequently produce a bankable feasibility study based on a minimum of 15,000 tonnes of contained nickel, Australian Mines will pay Azure an additional \$1 million.

During the quarter, Azure appointed Managing Director Mr Tony Rovira as Executive Chairman of the board of directors. Mr Rovira has 25 years technical and management experience in the mining industry as an exploration and mining geologist and as a company administrator at board level. Mr Campbell Ansell resigned as Chairman of the board to concentrate on other business activities.

Azure continued its commitment to delivering director shareholder communications by conducting several investor presentations in Melbourne, Sydney, Brisbane and Perth during the June quarter and will inform shareholder and the investment community of future conference participation and roadshow opportunities.

Azure is currently evaluating listing the Company on the Toronto Stock Exchange (TSX) or the Toronto Venture Exchange (TSX-V). The TSX Group is the world's largest resource trading and equity raising market and is home to many leading global mining companies. The Company considers that a Canadian listing has the potential to significantly benefit existing Azure shareholders and provide opportunities for international participation in the Company's exciting exploration projects.

Further information on progressing a Canadian listing will be provided in due course.

-ENDS-

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TABLE 1: SIGNIFICANT DRILL INTERCEPTS – JAGÜEY PROJECT

Hole No	North (mN)	East (mE)	Azi	Dip	RL (mASL)	Hole Length (m)	From (m)	To (m)	Width (m)	Silver Ag (g/t)	Lead Pb (%)	Zinc Zn (%)
006	3 177 045	688 680	090°	-50°	849	150.0	21.5	22.0	0.5	68	1.7	2.6
							81.5	82.5	1.0	62	1.9	1.0
007	3 176 910	688 685	080°	-50°	903	86.4	17.5	18.0	0.5	158	3.5	5.6
							19.0	19.5	0.5	728	2.4	1.3
							24.0	24.5	0.5	145	3.7	0.9
							41.5	42.0	0.5	21	1.2	0.5
							44.5	45.0	0.5	154	3.8	4.0
							51.5	52.0	0.5	48	1.0	1.4
							57.0	57.5	0.5	35	0.6	1.2
							58.5	59.0	0.5	77	0.6	1.8
						60.0	60.5	0.5	400	4.8	3.1	
008 incl: and	3 176 890	688 660	090°	-60°	908	170.4	60.5	63.0	2.5	322	2.7	2.1
							60.5	61.0	0.5	791	7.0	7.9
							62.5	63.0	0.5	786	6.1	1.8
							70.0	70.5	0.5	305	4.2	0.8
							87.0	87.5	0.5	96	1.8	1.2
							97.5	98.0	0.5	518	0.9	0.3
							107.0	107.5	0.5	83	1.3	1.6
						113.5	114.0	0.5	52	1.7	2.4	

TABLE 2: – DRILL HOLE DETAILS – LA BUFA

HOLE No.	Northing (mN)	Easting (mE)	DIP	AZIMUTH
NIC-DD-001	3143815	678250	-90	0
NIC-DD-002	3143870	678225	-60	120
NIC-DD-003	3143970	678270	-60	120

NOTE: All samples were half core, were prepared by ALS-Chemex (in Hermosillo, Mexico), and assayed by ALS-Chemex (in Vancouver, Canada) using ICP-AES methods.

Information in these documents that relates to Exploration Results is based on information compiled by Mr Pat Manouge, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Manouge is a full-time employee of Azure Minerals Limited. Mr Manouge 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 Manouge consents to the inclusion in the documents of the matters based on his information in the form and context in which it appears.