



ACTIVITIES REPORT

For the period ended 30 June 2008

Azure Minerals Limited (ASX: AZS) is an Australian mining and exploration company focused on developing precious and base metal mining projects in Mexico. The Company is operating in the richly mineralised Sierra Madre Occidental mining province in northern Mexico, and is expanding its activities to other mining districts in Mexico.

The Company is committed to developing and adding value to its assets through becoming an independent minerals producer at the high grade Promontorio copper-gold-silver project in Chihuahua, Mexico, where it has secured an option to purchase 100% ownership. Azure is undertaking an intensive drilling campaign to produce a JORC Code compliant resource and to further expand the resources, and has made a fast track start on a pre-feasibility study.

Azure currently holds nine 100%-owned projects and 13 projects in joint venture with TSX-V listed Geoinformatics Exploration Inc, in which Azure has earned an initial 51% interest. The entire project portfolio now covers an impressive area of 186,369 hectares (1,864 km²). Drilling has intersected promising mineralisation in copper, gold, silver, zinc, lead and molybdenum on several projects.

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Quarterly Overview

The Board of Azure Minerals (ASX: AZS, "Azure") is pleased to announce their quarterly report for the quarter ended 30 June 2008. Highlights for the quarter include:

Exploration

- Major milestone achieved, with agreement to acquire 100% of the high grade Promontorio copper-gold-silver project.
- Immediately commenced an 8,000m diamond drilling program at Promontorio, to complete and publish a JORC compliant resource within the fourth quarter of 2008. 20 holes from a program of 32 have been completed to date.
- Initial drilling results from Promontorio highlight strong potential for substantial increases to historic precious metals grades, potential depth extensions and strike extensions to the north and south.
- Drilling results from Promontorio to date include:
 - **4.00m @ 9.7% copper, 6.6g/t gold & 134g/t silver from 52.00m**
 - **6.85m @ 8.1% copper, 2.7g/t gold & 98g/t silver from 51.85m**
 - **20.00m @ 2.3% copper, 0.7g/t gold & 45g/t silver from 42.00m.**
- Reached agreement to acquire 100% of the concession surrounding the Promontorio deposit, thereby consolidating Azure's control over the extensive mineralised alteration zone hosting the Promontorio deposit.

Corporate

- Appointment of Mr Luis Chavez as Azure's General Manager in Mexico. Mr Chavez is a Mexican national and a highly experienced geologist, who has previously worked for Kennecott Exploration, Barrick Gold Corp and Cominco Ltd in North America.

Azure's Executive Chairman, Mr Tony Rovira, said "The Promontorio acquisition has achieved a major objective for Azure, by adding to our portfolio an advanced stage project with near term cash flow potential."

"Recognising the importance of the project, we have immediately commenced drilling at Promontorio, and look forward to publishing an initial JORC compliant resource this year," said Mr Rovira.

"This acquisition is a very important step for Azure, and the focus of the company is now on the rapid development of Promontorio. We expect the project to contribute heavily towards achieving our vision of becoming an independent minerals producer in Mexico."



Projects

Promontorio (Azure right to acquire 100%)

Copper – Gold – Silver

During the quarter, Azure successfully reached an agreement to acquire 100% of the Promontorio Project in Chihuahua, Mexico. Promontorio is an advanced stage project, hosting a deposit with an historical resource¹ and several nearby prospects. A substantial historical database (including 118 drillholes for 15,267m of drilling) has highlighted the exceptional mineral prospectivity of the property, which consists of three granted mining leases – Hidalgo, Promontorio & Magistral, as shown on Figure 1.

The acquisition of the Promontorio Project fulfils Azure's strategic objective to secure a high quality, advanced stage asset with early cash flow potential. The project contains the high grade Promontorio copper-gold-silver deposit, the Cascada gold-silver prospect and several other metal occurrences indicating an extensive mineralisation system.

An 8,000 metre diamond drill program commenced during the quarter to enable, in part, completion and publication of a JORC compliant resource estimate for the Promontorio deposit within the fourth quarter of 2008. Exploration will then move to expanding the resources by drilling further along strike and at depth, and to testing the numerous undrilled targets elsewhere on the property.

Design of the resource delineation drill program and calculation of the mineral resources are under the guidance of the respected international mining consultancy, Coffey Mining Pty Ltd.

Initial results from the drilling program are excellent, with massive, semi-massive or disseminated sulphide mineralisation intersected in all 21 holes drilled to date, confirming good internal continuity within the mineralised system. Significant mineralised intercepts are listed in Table 1 with drillhole details shown in Table 2.

As drilling continues, Azure is increasing its understanding of the mineralisation system and its controls. Promontorio is a high sulphidation epithermal deposit consisting of multiple massive and semi-massive sulphide veins containing high grade copper, gold and silver (see Figure 2). From west to east there are three main veins – Santiago, Mina Vieja and Veta Grande – interspersed with several other, un-named, mineralised veins. Overall to date, the mineralised system has been identified over a strike length of approximately 250 metres, a width of 100 metres, and to depths exceeding 200 metres below surface.

All veins strike approximately north-south, dip steeply to the west, and demonstrate good geological continuity along strike and down dip. These are surrounded by a siliceous alteration halo containing lower grade gold and silver mineralisation.

¹ Refer to announcement of 6 May 2008 for details of historic resource.



Gold and silver assays from Azure's current drilling program at Promontorio are coming in significantly higher than the historical results, indicating a general underestimation of precious metal grades by previous explorers. Azure now believes there is clear potential for Promontorio to develop into a significant copper deposit with substantial precious metals credits, rather than the more conventional copper deposit targeted by prior explorers.

Strong potential for depth extensions to the Promontorio deposit (past the depth limit of the historical resource estimate of 150 metres) exists, as highlighted by the drilling results of **3.5m @ 12.6% copper, 4.1g/t gold & 357g/t silver** from 252.5m and **3m @ 7.5% copper, 6.82g/t gold & 88g/t silver** from 247m.

Additionally, the northernmost (10140mN) and southernmost (10020mN) sections (see Figures 3 & 4), demonstrate that the mineralisation system not only has further depth potential but also remains open to the north and south, with opportunities for significant expansion along strike.

Also present at the project is the Cascada prospect which hosts a near surface zone of gold-silver mineralisation, with wide zones (>10m) of moderate grade gold (1-2g/t) indicating the potential for a bulk tonnage gold deposit. A best intercept of **7.6m @ 19.8g/t** gold also highlights the prospect for bonanza-grade gold mineralisation.

With the acquisition of the surrounding Magistral concession, the project area now covers all of the mineralised alteration system. Mineralisation potential at Magistral is also high with old mine workings, oxide and sulphide mineralisation within outcropping gossans, and gold, silver and copper anomalies in surface sampling present within the property.

Azure will pay US\$2.5 million over four years to two Mexican syndicates to acquire the Hidalgo and Promontorio concessions, with an option to bring forward payment at any time. The surrounding Magistral concession will be acquired on similar terms, with payments totalling \$US1.5 million over four years. No royalties are payable for either acquisition. Azure is able to withdraw from the agreements at any time, provided it has made those payments required to be made up until the date of withdrawal.

Other major deposits in the area include the Ocampo Mine (reserves of 2.5Moz gold and 113Moz silver), the Pinos Altos Project (reserves of 2.5Moz gold and 73Moz silver), the Dolores Mine (reserves of 2.4Moz gold and 127Moz silver), and the Palmarejo Project (resources of 1.7Moz gold and 150Moz silver).



Pozo de Nacho (Joint Venture – Azure 51%)

Molybdenum

Previous drilling by Azure at Pozo de Nacho has discovered a substantial body of molybdenum mineralisation hosted by an intrusive porphyry and surrounding sediments.

Exploration results have been reviewed to establish the work programs necessary to produce an initial Mineral Resource estimation at the project. Future drilling will target higher grade zones, and strike and depth extensions.

With the acquisition of a project containing defined resources and an extensive historical database at Promontorio, Azure has determined to place the highest priority for the exploration program in 2008 on establishing JORC compliant resources at Promontorio.

Pozo de Nacho remains an important project for Azure, and the company looks forward to commencing the work programs necessary to completing the initial Mineral Resource estimation. The requirement to prioritise between two projects close to resource definition stage highlights the strength of Azure's portfolio of exploration properties in Mexico.

To date molybdenum mineralisation has been intersected over an area of 600m x 250m and from surface to depths in excess of 300m. The mineralised zone remains open to north and west, and at depth, with most drill holes ending within mineralisation.

The mineralisation is present as veins and coarse to fine disseminations of molybdenite hosted within strongly altered quartz porphyry and the surrounding sediments. Modest copper and silver grades occur throughout the mineralised system.



Corporate Activity

During the quarter, Azure was pleased to welcome Mr Luis Chavez to the company as Azure's General Manager for Mexico. Mr Chavez's appointment follows the conclusion of Mr Mark Styles' two year contract.

Mr Chavez is a Mexican national, with extensive experience working across North America. Previous senior roles for Mr Chavez include seven years with Kennecott Exploration as Senior Project Geologist.

Azure now employs four local geologists in Mexico together with local administration and support staff, at its full time exploration office in Hermosillo. The Mexican mining community is well trained and educated, both for professional and technical personnel, and at the skilled labour level.

-ENDS-

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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.



TABLE 1: SIGNIFICANT DRILL INTERCEPTS – PROMONTORIO PROJECT

DRILL HOLE	FROM (m)	TO (m)	INTERVAL (m)	COPPER (%)	GOLD (g/t)	SILVER (g/t)
APR-DD-001	52.00	56.00	4.00	9.7	6.6	134
	56.00	57.55	1.55	Mining Void		
	57.55	58.00	0.45	14.4	7.8	321
APR-DD-001	94.65	108.00	13.35	Mineralised – overlimit assays awaited		
<i>including</i>	103.40	105.75	2.35	Mineralised – overlimit assays awaited		
APR-DD-002	18.00	18.70	0.70	8.1	2.8	203
	42.00	62.00	20.00	2.3	0.7	45
<i>including</i>	42.00	44.00	2.00	3.0	0.6	47
<i>and</i>	47.00	51.00	4.00	3.1	1.3	46
<i>and</i>	53.50	55.50	2.00	4.5	0.6	57
<i>and</i>	60.00	62.00	2.00	8.4	1.8	219
APR-DD-003	72.00	72.80	0.80	1.2	5.3	44
APR-DD-004	Intersected near-surface oxidised mineralisation in Veta Grande					
APR-DD-005	51.85	58.70	6.85	8.1	2.7	98
<i>including</i>	51.85	54.35	2.50	11.3	3.6	126
<i>and</i>	57.00	58.70	1.70	15.4	4.8	197
<i>including</i>	57.65	58.20	0.55	25.3	3.1	223
	70.75	72.40	1.65	11.8	5.8	216

Assay results received to 30 July 2008

Intersections selected are based on sulphide intercepts using a 0.5% copper lower cut-off, no upper cut, with maximum 4m internal dilution. Samples are all HQ quarter core.

Sample preparation was undertaken by ALS-Chemex (Hermosillo) and analysed by ALS-Chemex (Vancouver) using ICP-AES (for silver and base metals) and Fire Assay / AAS (for gold) methods.

Certified Reference Standards and blank check samples are inserted at regular intervals to provide assay quality checks. Review of the standards and blanks are within acceptable limits.



TABLE 2: DRILL HOLE DETAILS – PROMONTORIO PROJECT

DRILL HOLE	EASTING (mE)	NORTHING (mN)	ELEVATION (mASL)	DIP	AZIMUTH	DEPTH (m)
APR-DD-001	9997	10096	2041	-45	045	158.65
APR-DD-002	10016	10021	2012	-53	090	137.45
APR-DD-003	9997	10096	2041	-47	090	100.25
APR-DD-004	10026	9999	2023	-54	090	157.70
APR-DD-005	9997	10096	2041	-60	090	188.00
APR-DD-006	9978	10060	2014	-46	090	144.70
APR-DD-007	9997	10096	2041	-69	090	152.45
APR-DD-008	9978	10060	2014	-57	090	160.00
APR-DD-009	9997	10096	2041	-80	090	210.35
APR-DD-010	9957	10063	2010	-63	090	182.75
APR-DD-011	9989	10013	2020	-52	090	142.50
APR-DD-012	10002	10050	2015	-45	090	102.80
APR-DD-013	9972	10148	2040	-55	090	211.00
APR-DD-014	9989	10013	2020	-69	090	179.60
APR-DD-015	9972	10148	2040	-61	090	194.40
APR-DD-016	9989	10013	2020	-61	090	201.00
APR-DD-017	9972	10148	2040	-66	090	270.45
APR-DD-018	9940	10026	2024	-50	090	140.40
APR-DD-019	9993	10099	2035	-75	090	195.00
APR-DD-020	9940	10026	2024	-60	090	230.95
APR-DD-021	To Be Drilled					
APR-DD-022	9940	10026	2024	-66	090	201.00

Holes drilled to 30 July 2008

Drillhole coordinates are in local grid, parallel to UTM NAD27 grid.

Elevation is metres above sea level. Azimuth is true bearing.



FIGURE 1: PROMONTORIO PROJECT

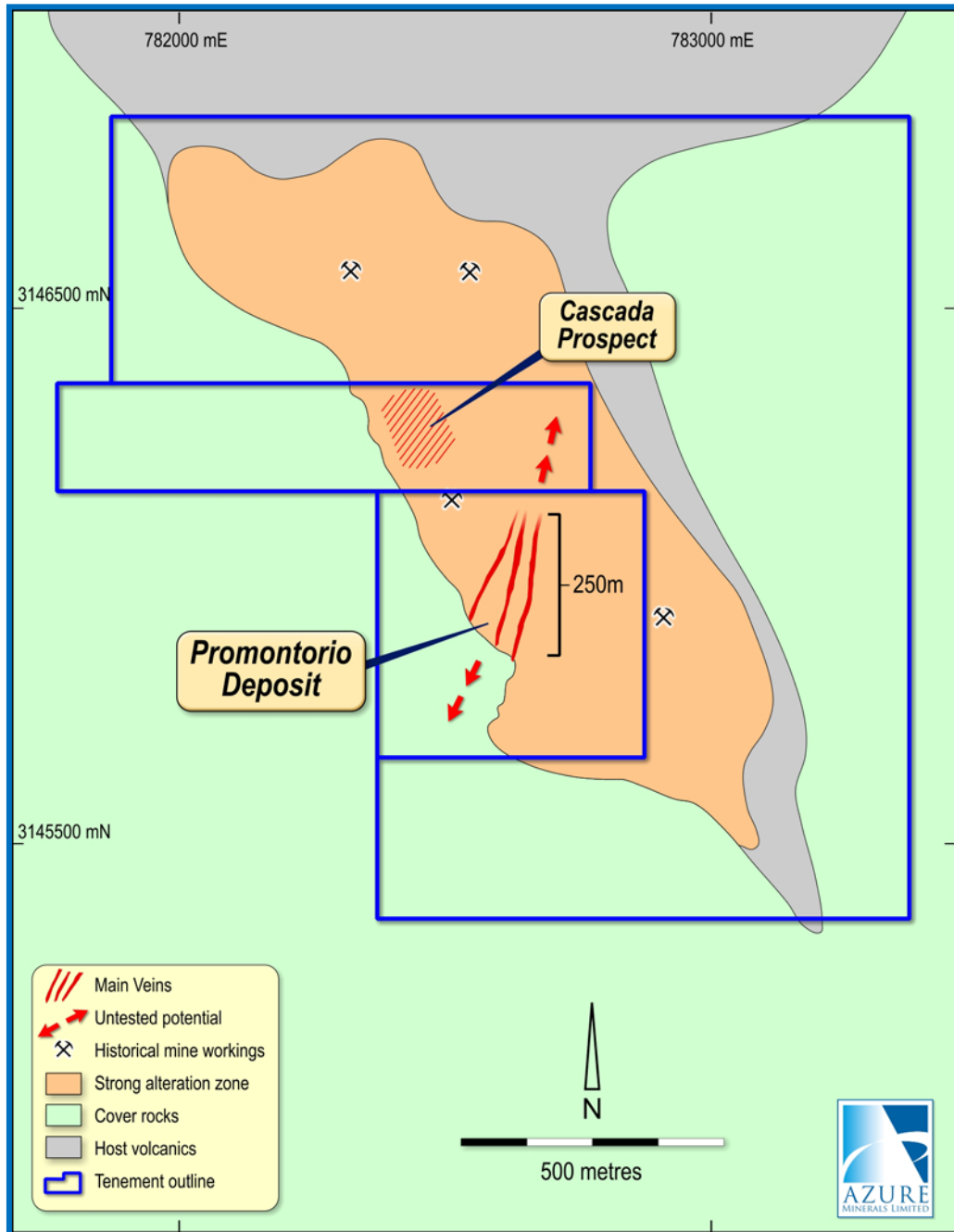




FIGURE 2: PROMONTORIO DEPOSIT GEOLOGY

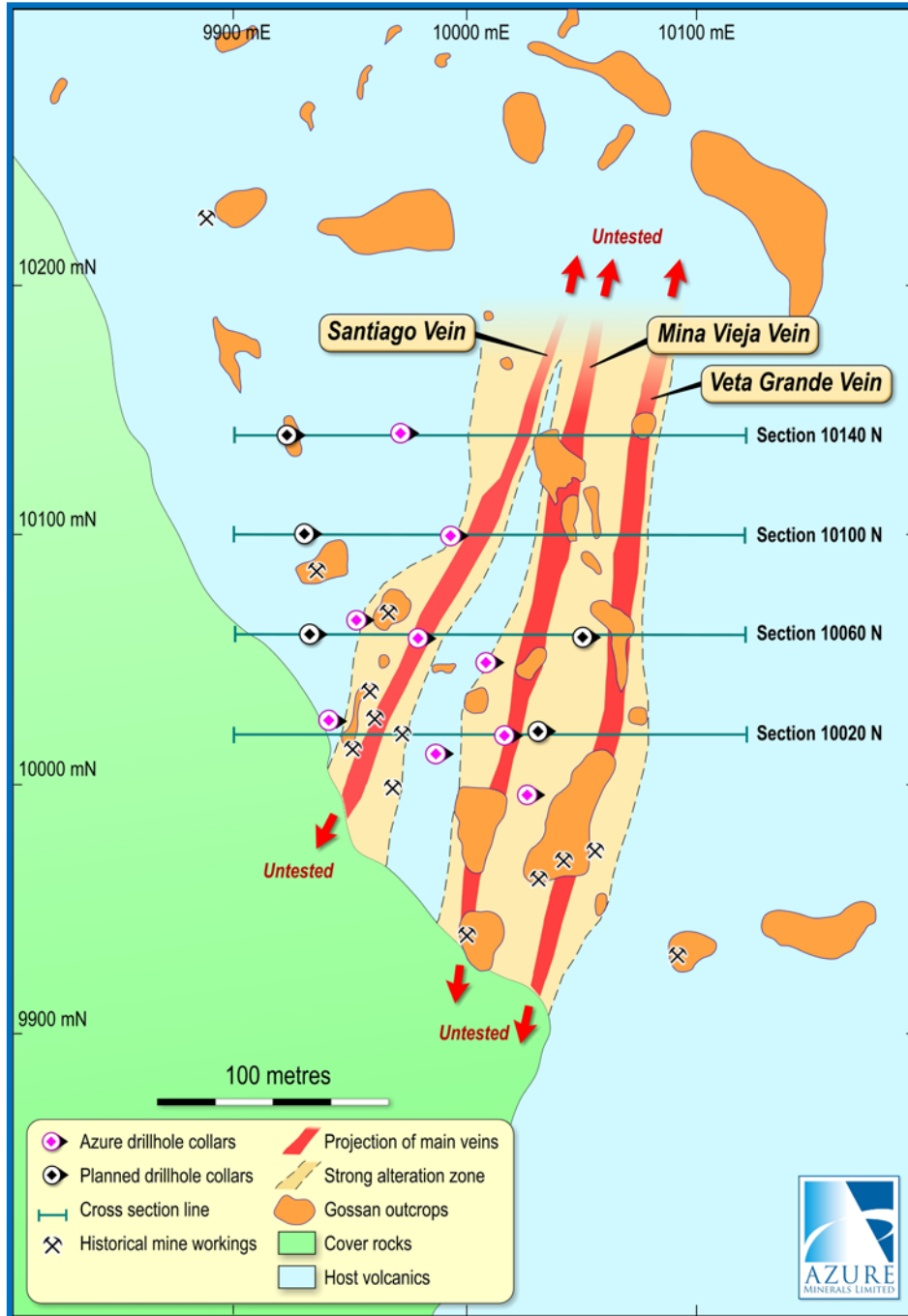




FIGURE 3: PROMONTORIO CROSS SECTION 10140mN

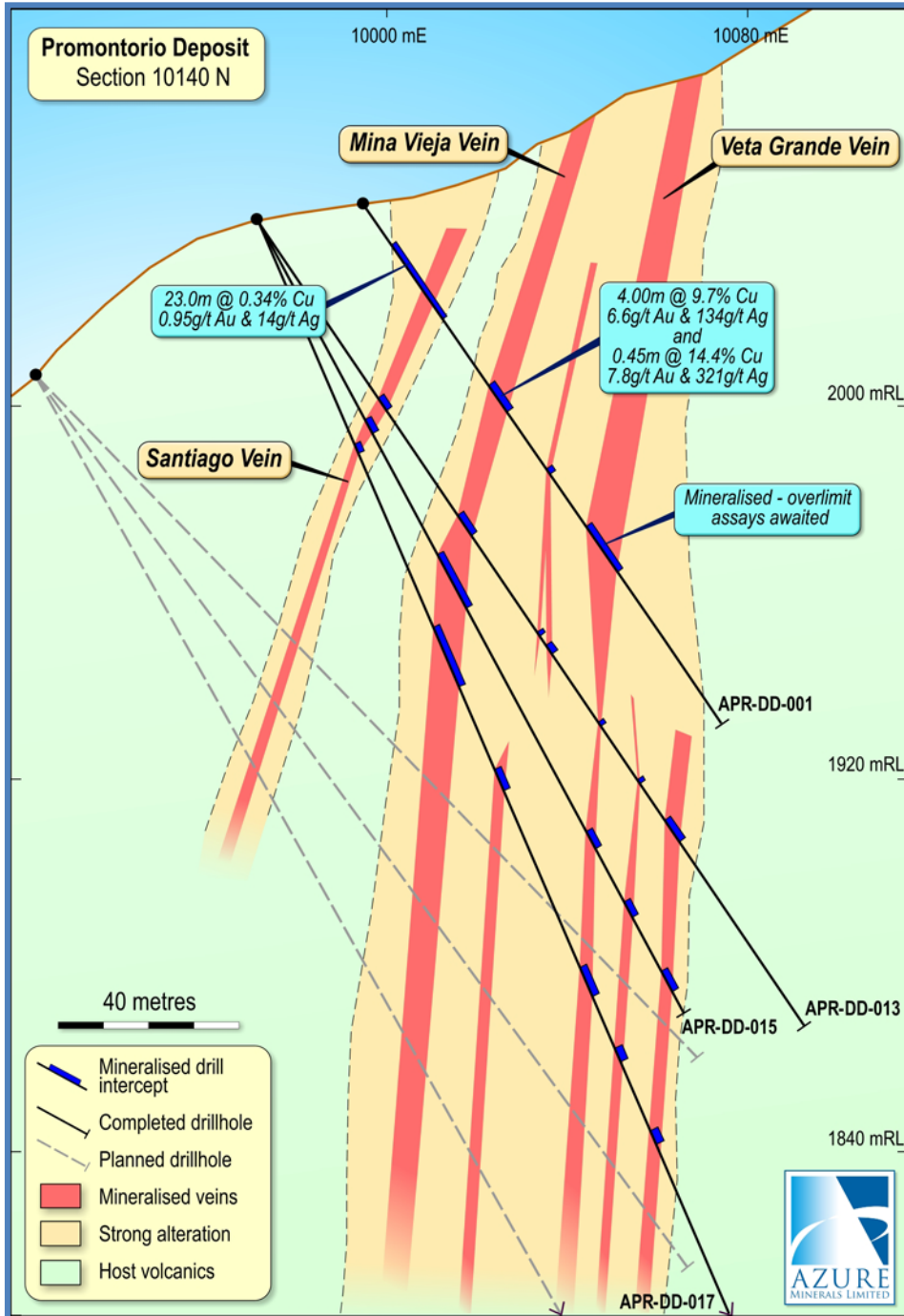
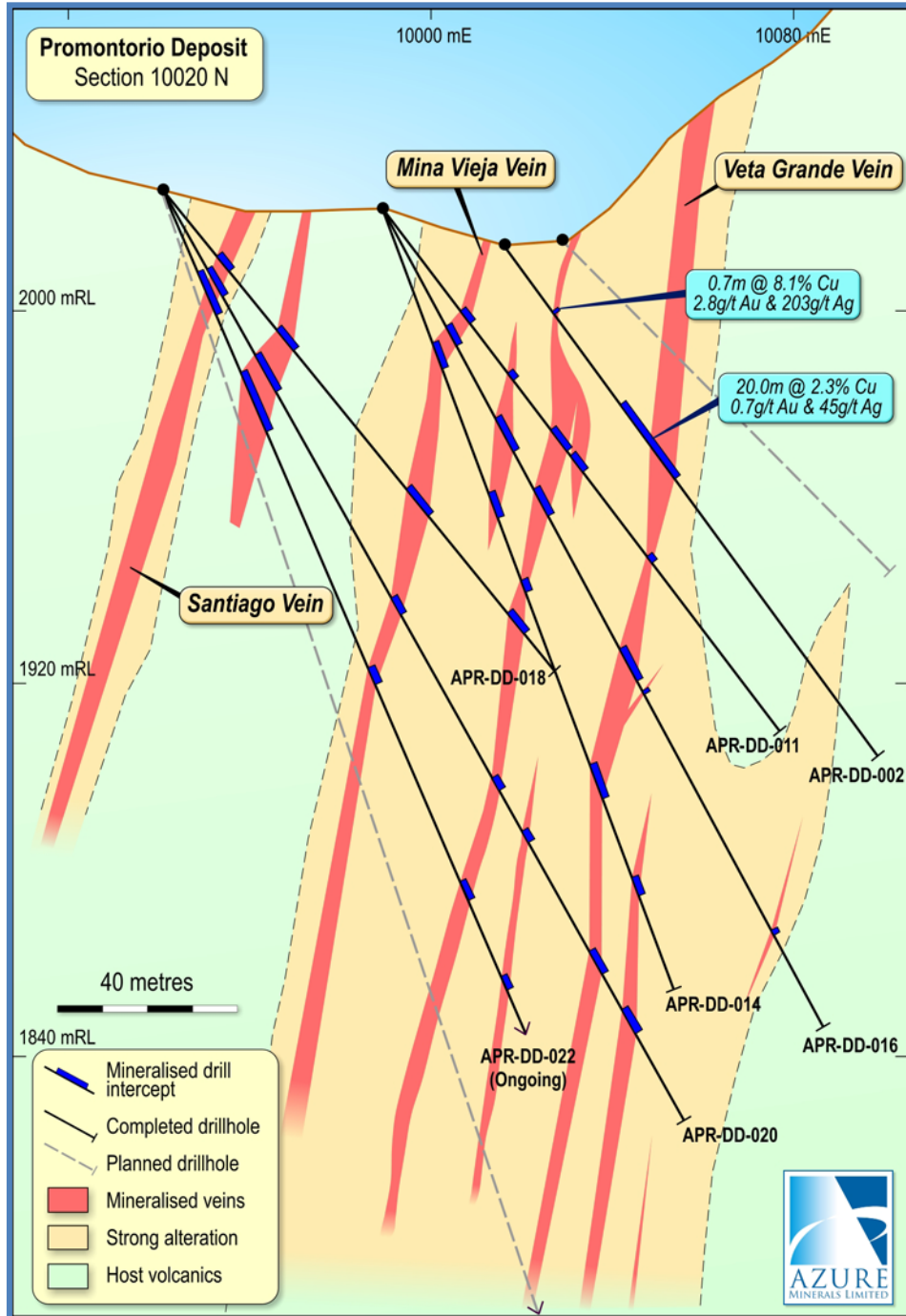




FIGURE 4: PROMONTORIO CROSS SECTION 10020mN



Appendix 5B

Mining exploration entity quarterly report

Name of entity

Azure Minerals Limited

ABN

46 106 346 918

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(723)	(2,264)
(b) development	-	-
(c) production	-	-
(d) administration	(259)	(1,394)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33	123
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(949)	(3,535)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(63)	(86)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	25
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(63)	(61)
1.13 Total operating and investing cash flows (carried forward)	(1,012)	(3,596)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,012)	(3,596)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,000	4,800
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – preparation for Canadian listing	(62)	(503)
	Net financing cash flows	938	4,297
Net increase (decrease) in cash held			
		(74)	701
1.20	Cash at beginning of quarter/year to date	1,506	738
1.21	Exchange rate adjustments to item 1.20	(12)	(19)
1.22	Cash at end of quarter	1,420	1,420

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	81
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	120	337
5.2 Deposits at call	1,300	1,169
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,420	1,506

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	Promontorio 28521 Hidalgo 14966 Magistral 218881	- - -	- - -

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	149,016,672	149,016,672		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	8,333,334	8,333,334	\$0.12	\$0.12
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,500,000	Nil	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30/11/08
	3,000,000	Nil	\$0.25	30/11/09
	3,000,000	Nil	\$0.25	30/11/10
	800,000	Nil	\$0.175	30/01/11
	1,300,000	Nil	\$0.25	30/01/12
	1,300,000	Nil	\$0.35	30/01/13
	2,950,000	Nil	\$0.15	30/11/09
	1,000,000	Nil	\$0.25	<i>Various dates</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31/07/2008
(Director/Company secretary)

Print name: Brett Dickson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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