

AZURE MINERALS LIMITED
ABN 46 106 346 918

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

28 November 2007

Time of Meeting

4:30 pm

Place of Meeting

The Celtic Club
48 Ord Street
WEST PERTH WA

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

Notice is hereby given that the 2007 Annual General Meeting of shareholders of Azure Minerals Limited ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth WA on 28 November 2007 at 4:30 pm for the purpose of transacting the following Business.

ORDINARY BUSINESS

2007 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2007, consisting of the Annual Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 – Re-election of Mr John Saleeba as a Director

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

"That Mr John Saleeba 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."

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.

Resolution 2 – 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 being a director of the Company appointed during the year retires and, being eligible, offering himself for re-election be re-elected a director of the Company."

Pursuant to the Company's Constitution if a Director is appointed during the year, that director must retire at the next Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 3 – Proposed Issue of Options to Dr Wolf Martinick

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

"That, subject to the passage of Resolution 2 pursuant to Section 208 of the Corporations Act and Listing Rule 10.11, the Directors be and are hereby authorised to grant and issue up to 1,000,000 Director Options for no monetary consideration, exercisable at \$0.25 each 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)."

Note: Voting Exclusion Statement

The Company will in accordance with the Listing Rules of the ASX, disregard any votes cast on Resolution 3 by Dr Martinick or any associates of Dr Martinick. However, the Company will not disregard a vote if it is cast by a person as a 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 a direction on the proxy form to vote as the proxy decides.

Resolution 4 – Non-Binding Resolution to adopt Remuneration Report

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

"That the Remuneration Report as set out in the Company's Annual Report for the year ended 30 June 2007 be adopted".

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 the company's directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

Shareholders are referred to the Explanatory Memorandum accompanying, and forming part of, this Notice of Meeting.

PROXIES

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company;
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified then in accordance with Section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments by Shareholders:

Registered Office : Level 1
30 Richardson Street
WEST PERTH WA 6005

Facsimile Number: +61 8 9485 1290

Postal Address : PO Box 493
WEST PERTH WA 6872

The proxies of Shareholders must be received at the address set forth above no later than 48 hours prior to the time of commencement of the Meeting (WST).

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations (Cth) that the persons eligible to vote at the General Meeting are those who are registered as Shareholders of the Company on 31 October 2007 at 5.00pm WST.

By order of the Board



Brett Dickson
Company Secretary
Date: 15 October 2007

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 Annual General Meeting of the Company.

Financial Reports

Shareholders will be given an opportunity to ask questions in relation to the accounts of the Company at the Annual General Meeting.

Resolution 1 – Re-election of Mr John Saleeba as a Director

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

Mr Saleeba was formerly a partner in the law firm Clayton Utz. He is a Fellow of the Australian Institute of Company Directors and is currently Chairman of Centrepnt Alliance Limited, Repcol Limited and VDM Group Limited. Mr Saleeba has held directorships with Skywest Limited, Burtway Limited, Floreat Close Limited and a number of other companies, covering a wide range of business activities.

Resolution 2 – Re-election of Dr Wolf Martinick as a Director

Rule 13.5 of the Company’s Constitution requires that Dr Wolf Martinick being a director appointed during the year (i.e. on 1 September 2007) retire at the next Annual general meeting of the Company.

Dr Martinick is a Fellow of the AusIMM and founding director of the Perth-based consultancy, MBS Environmental Pty Ltd, which provides consultancy services to the mineral resource industry, especially in Australasia.

Dr Martinick has been involved with mineral exploration and mining projects around the world, especially Australasia, Africa, China, India, Eastern Europe and parts of the former Soviet Union. He has participated in numerous due diligence studies on mining projects around the world on behalf of international financial institutions and mineral resource companies for a variety of transactions, including listings on international stock exchanges, mergers and debt financing.

He is Chairman of Weatherly International Limited, a company listed on the London AIM stock exchange, and was a central figure in the acquisition of Weatherly’s extensive copper mining and smelting interests in Namibia. He was a founding Director of Basin Minerals Limited, as ASX listed mineral exploration company which discovered a world-class mineral sands project in Victoria, Australia. He is Chairman of the ASX listed company Ezenet Limited. He is also Non-Executive Director of the ASX listed companies Sun Resources NL, Precious Metals Australia Limited, Carbine Resources Limited and Uran Limited.

Resolution 3 – Proposed Issue of Options to Dr Wolf Martinick

Shareholder approval is being sought in Resolution 3 to grant a total of 1,000,000 Director Options to Dr Wolf Martinick, a Non-Executive Director.

The grant of Director Options is designed to encourage Dr Martinick 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 (in the absence of Dr Martinick) that the issue of these Director Options, would be a cost effective and efficient means by which the Company could provide Dr Martinick 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 to Dr Martinick has been determined based upon a consideration of:

- his cash remuneration as a Director;
- 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 Dr Martinick’s 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 exercise price in light of the price of Shares in the Company at the time of Dr Martinick’s appointment. In this regard, in the 12 month period before his appointment (1 September 2007), the highest price of Shares was \$0.33 on 23 July 2007 and the lowest price was \$0.082 on 23 April 2007. The most recent closing price prior to the dispatch of this Notice of Meeting was \$0.18 on 9 October 2007.

It should be noted that in the event all the Director Options are exercised Dr Martinick will be required to pay \$250,000 to the Company.

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 Dr Martinick constitutes a "financial benefit" as defined in the Corporations Act. Further, Dr Martinick is a related party of the Company as defined under the Corporations Act because he is a Director. Accordingly, the proposed grant of Director Options to Dr Martinick constitutes the provision of a financial benefit to a related party of the Company.

Resolution 3 provides for the grant of Director Options to Dr Martinick who, as a Director, is a related party of the Company.

Current Holdings

Set out below are details of Dr Martinick’s relevant interest in the Securities of the Company as at the date of this Notice:

Direct and Indirect Holdings and those of Associates
Nil

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 the following maximum number of Director Options will be granted to the following related party or his respective nominees:

Name of Related Party	Number of Director Options
Dr Wolf Martinick	1,000,000

In respect of the 1,000,000 Director Options to be granted to Dr Martinick, the exercise price of \$0.25 has been determined by the Directors in light of the price of Shares in the Company at the time of Dr Martinick's appointment, 1 September 2007.

The nature of the financial benefit

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

Directors' recommendation

For the reasons noted above:

Messrs A Rovira and J Saleeba (who have no interest in the outcome of the Resolution), but not Dr Martinick, recommend that shareholders vote in favour of Resolution 3 as they believe it is appropriate to grant Dr Martinick the Director Options in light of his expertise and experience.

All the Directors were available to consider Resolution 3 but Dr Martinick declined to make a recommendation due to the fact that he has a material personal interest in its outcome as it relates to the proposed issue of Director Options to him personally.

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

The proposed ordinary Resolution 3 would have the effect of giving power to the Directors to grant up to 1,000,000 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 132,350,004 issued Shares and 13,350,000 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 0.7%. The market price of the Company's Shares during the period when the Director Options may be exercised will normally determine whether or not Dr Martinick exercises 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.

Dr Martinick's base director's fees per annum and the total financial benefit to be received by him in this current period as a result of the grant of Director Options the subject of Resolution 3 are:

Director	Base salary p.a. (\$)	Superannuation p.a. (\$)	Value of Director Options (\$)	Total Financial Benefit (\$)
Dr Wolf Martinick	32,500	2,925	\$99,000	\$134,425

Valuation of Director Options

The Company has valued the Director Options to be granted to Dr Martinick using the Binomial Model. 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	19 cents
Exercise price	25 cents
Risk free interest rate	6.2%
Volatility	80%
Average time (years) to expiry	3.35

For the purposes of this valuation the Company has assumed 1 December 2007 as the issue date of the Director Options, being 2 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 30 September 2007 which is the date of the calculation and the actual exercise price of the options being \$0.25. The Company has also assumed a volatility level of 80% given the industry in which the Company operates, its financial position and the volatility of listed shares of other companies comparable to Azure. Based on the assumptions, it is considered that the estimated value of the Director Options to be issued to Dr Martinick is \$0.099 per Option.

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 Resolution 3 is passed, the Director Options will be granted to Dr Martinick. Dr Martinick is a related party of the Company by virtue of him being a Director.

Accordingly, approval for the grant of the Director Options to Dr Martinick 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 Dr Martinick as approval is being obtained under Listing Rule 10.11. Shareholders should note that the grant of the Director Options to 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.

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 Dr Wolf Martinick;
- (b) the maximum number of Director Options to be issued is 1,000,000;
- (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 this Annual General Meeting;
- (d) the Director Options will be granted for no monetary consideration;
- (e) no funds will be raised by the grant of the Director Options; and
- (f) the terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

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 Options pursuant to Resolution 3.

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 resolution.

GLOSSARY

"**ASX**" means Australian Stock Exchange Limited;

"**Company**" or "**Azure**" means Azure Minerals Limited ABN 46 106 346 918;

"**Corporations Act**" means Corporations Act 2001;

"**Directors**" means Directors of the Company;

"**Director Options**" means Options proposed to be issued pursuant to Resolution 3;

"**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**" means Shares and Options; and

"**Shares**" means fully paid ordinary shares issued in the capital of the Company.

ANNEXURE A

TERMS AND CONDITIONS OF DIRECTOR OPTIONS

1. No monies will be payable for the issue of the Options.
2. 200,000 Options will expire on 31 January 2010
400,000 Options will expire on 31 January 2011
400,000 Options will expire on 31 January 2012
each an “**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 of \$0.25 each (“**Exercise Price**”).
5. Subject to condition 11, the Exercise Price of Shares the subject of the Options 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 Dr Wolf Martinick 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.

AZURE MINERALS LIMITED

ABN 46 106 346 918

PROXY FORM

The Company Secretary
 Azure Minerals Limited
 Level 1
 30 Richardson Street
 WEST PERTH WA 6872

PO Box 493
 WEST PERTH WA 6872

Facsimile: +9485 1290

I/We (name of shareholder)
 of (address)
 being a member/members of Azure Minerals Limited HEREBY APPOINT
 (name)
 of (address)
 and/or failing him (name)
 of (address)
 or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the
 General Meeting of the Company to be held on 28 November 2007 and at any adjournment of the meeting.

PROXY INSTRUCTIONS

If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below. If you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him other than as a proxy holder will be disregarded because of that interest. The Chairman has advised that his intention is to vote in favour of the resolutions.	<input style="width: 30px; height: 30px; border: 1px solid black;" type="checkbox"/>
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Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Re-Election of John Saleeba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-Election of Wolf Martinick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Proposed Issue of Options to Wolf Martinick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Non-Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

This Proxy is appointed to represent ____% of my voting right, or if 2 proxies are appointed Proxy 1 represents ____% and Proxy 2 represents ____% of my total votes My total voting right is _____ shares
--

Dated _____

If the shareholder is an individual:

Signature: _____

If the shareholder is a company:

Affix common seal (if required by Constitution)

 Director/Sole Director and Secretary

 Director/Secretary

 Print name

 Print name

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 in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each 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 4:30 pm WST on 26 November 2007** by post or facsimile to the respective addresses stipulated in this proxy form.
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; and
 - (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; and
 - (c) if the proxy is the 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 any way that the proxy sees fit.