

AZURE MINERALS LIMITED

ACN 106 346 918

PROSPECTUS

For a renounceable offer of 2 New Shares for every 5 Shares held by way of a pro-rata Entitlements Issue at an application price of \$0.04 per New Share to raise approximately \$2,710,116

LEAD MANAGER AND UNDERWRITER - PATERSONS SECURITIES LIMITED

Investment in the New Shares offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

Prospectus

This Prospectus is dated 12 February 2009. A copy of this Prospectus has been lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No Shares will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Azure Minerals Limited ("Azure Minerals" or "the Company") will apply to ASX within 7 days of the date of this Prospectus for quotation of the New Shares offered by this Prospectus. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Shares is not to be taken in any way as an indication of the merits of the Company.

In making representations in this Prospectus, regard has been made to the fact that the Company is a disclosing entity for the purposes of the *Corporations Act* and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Further information is provided in Section 5.10 of this Prospectus.

Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. See 'Risk Factors' in Section 4 of this Prospectus for a discussion of certain risk factors that you should consider before deciding to invest in the Company.

Any references to past performance of the Company is no guarantee of future performance.

No Representations other than this Prospectus

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 3 of this Prospectus regarding the acceptance of your Entitlement. Applications can only be submitted on a valid Entitlement and Acceptance Form that is only available with this Prospectus.

No cooling off rights apply to this Offer

Cooling-off rights do not apply to an investment pursuant to this Offer. This means that, in most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged.

Offer Restrictions on Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Shares in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and no offer of Shares is to be made in, countries other than Australia and New Zealand. The Shares have not been or will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia and New Zealand. Shareholders outside Australia and New Zealand ("Excluded Shareholders") should refer to Section 1.10 of this Prospectus for details of how your Entitlement will be dealt with.

Prospectus availability

The ASIC has exempted compliance with certain provisions of the *Corporations Act* to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus is available in electronic form at www.azureminerals.com.au only for persons within Australia. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. A printed copy of this Prospectus is available free of charge by calling the Company.

Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in Section 7. Unless otherwise indicated all references to currency are to Australian dollars and all references to time (such as "WST") are to Perth, Western Australian time, unless otherwise indicated.

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IMPORTANT DATES

Event	Date
Announcement of Issue	10 February 2009
Prospectus Lodged at ASIC and ASX	12 February 2008
Notice sent to shareholders containing information required by Appendix 3B	16 February 2009
Shares trade "ex-rights" on ASX	17 February 2009
Rights trading commences	17 February 2009
Record Date to determine Entitlements under the Entitlements Issue	23 February 2009
Prospectus and Entitlement and Acceptance Form despatched	25 February 2009
Rights trading ends	4 March 2009
New Shares quoted on a deferred settlement basis	5 March 2009
Closing Date for acceptances	12 March 2009
Company notifies ASX of undersubscriptions	17 March 2009
Closing Date for acceptances and receipt of applications for the Shortfall by Underwriter or Sub-Underwriters	19 March 2009
Expected allotment of New Shares and despatch of shareholder statements	20 March 2009

The above dates are indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer any time prior to allotment. In that event, the relevant Application Money will be returned without interest.

What you need to do to apply for New Shares

Read

Read this Prospectus in full paying careful attention to the benefits and risks associated with acceptance of this Offer.

Consider and Consult

After reading the Prospectus, consider whether the investment is suitable for you in light of your particular financial position and investment objectives. If necessary please consult with your financial or investment adviser before making an investment decision.

Complete Entitlement and Acceptance Form

If you have decided to take up your Entitlement in full or in part, complete the Entitlement and Acceptance Form accompanying this Prospectus and lodge the form together with your application money by **5pm (WST) 12 March 2009**.

If you have any queries concerning your Entitlement or what to do with this Prospectus, please contact:

Computershare Investor Services Pty Limited by telephone on 1300 557 010,
or Brett Dickson on (08) 9481 2555

Or contact your stockbroker or professional adviser.

LETTER FROM THE CHAIRMAN

Dear Shareholder

In May 2008, Azure fulfilled its strategic objective of securing a high quality, advanced stage asset with early cash flow potential by acquiring the right to purchase the Promontorio project. Azure moved quickly to capitalise on this opportunity by immediately commencing a scoping study, comprising the recently completed resource definition drilling program and resultant JORC Code compliant Mineral Resource Estimate, together with a metallurgical testwork program which is currently in progress.

Unfortunately 2008 proved to be a difficult time for world equity markets, in particular the Australian resources sector, and our Company has not been spared from the impact of these events. However I believe that the significant progress Azure has made in acquiring and advancing the Promontorio copper-gold-silver project in Mexico, together with our recent copper joint venture with the Japanese corporation JOGMEC, places the Company in a sound position for the future.

Located within the mineral-rich Sierra Madre Occidental province in northern Mexico, Promontorio is a high grade, epithermal-style copper deposit with strong gold and silver credits. Based on drilling carried out by Azure during the second half of 2008, an Indicated and Inferred Mineral Resource of **502,000 tonnes grading 4.7% copper, 2.1g/t gold and 99g/t silver** was estimated by an international mining consultant.

The Promontorio deposit contains approximately **23,400 tonnes of copper, 34,000 ounces of gold and 1,600,000 ounces of silver**. This resource represents only a small part of the overall mineralised system, with two wildcat holes drilled along strike to the north intersecting further high grade copper, gold, silver and molybdenum mineralisation. We believe that, with additional drilling, there is excellent potential to significantly increase the size and value of the resources, with the deposit remaining open along strike to the north and south, and also at depth. In addition, other mineralised occurrences, including gold and silver mineralisation at the Cascada prospect and copper mineralisation to the north of the Promontorio deposit have been identified within the property and warrant further exploration including drill testing.

Azure is currently conducting a metallurgical testwork program at laboratories in Perth with results likely to be available during the 1st Quarter 2009. At the completion of the testwork Azure will be provided with recommendations on the optimum process route, further downstream processing options, and comparisons of likely capital and operating costs.

While Azure is focusing its resources on the development of Promontorio, opportunities to progress the Company's other projects via farm-out arrangements continue to be identified. In late 2008, Azure moved to accelerate exploration on two of its key projects by entering into a joint venture with the major Japanese Government organisation, Japan Oil, Gas and Metals National Corporation (**JOGMEC**), covering Azure's 100%-owned La Tortuga and Los Nidos properties.

JOGMEC's charter is to assist in the stable supply of oil, gas and mineral resources to the Japanese economy. They seek to gain entry into high-potential mineral exploration projects through providing early stage funding and technical assistance, with a view to the later introduction of commercial Japanese mining and industrial interests.

La Tortuga and Los Nidos together cover about 207km², and contain abundant evidence, including mineralised drill intercepts, of porphyry-hosted copper mineralisation. JOGMEC will invest up to US\$3.0 million over the next 3 years to earn a 51% interest in these two projects, with a minimum commitment of US\$400,000 to be expended by the end of March 2009. Work has commenced with geophysical surveying (helicopter-borne aeromagnetic and ground Induced Polarisation surveys) and deep diamond drilling underway.

Discussions with other potential joint venture partners relating to more possible farm-in deals on Azure's other exploration properties are in progress, and the Company hopes to announce further commercial arrangements in due course.

The Board of Azure is now pleased to offer all shareholders the opportunity to participate in a Rights Entitlement Issue. Funds raised from this issue will be used to:

- provide general working capital;
- continue processing the Promontorio project by conducting further exploration and advancing through the feasibility study stage, in order to be ready to capitalise on future upturns in the commodity cycle; and
- provide funds for exploration at San Eduardo gold/silver prospect.

The Board recommends that all shareholders take up their entitlements and advises that the Directors intend to take up their respective entitlements in full.

On behalf of your Directors, I thank you for your past support and invite you to consider this opportunity to continue to support Azure in these difficult times.

Tony Rovira
Executive Chairman

A handwritten signature in black ink, appearing to be 'TR', with a long horizontal line extending to the right.

Yours faithfully

Chairman

1.0 DETAILS OF THE ISSUE

1.1 The Issue

The Company is making a renounceable pro-rata offer of New Shares to Eligible Shareholders on the basis of 2 New Shares for every 5 Shares held, offering in total approximately 67,752,909 New Shares at an Application Price of \$0.04 per New Share to raise approximately \$2,710,116 (before Issue costs).

The Application Price represents:

- a 41% discount to the closing price on the last day of trading before the announcement of the Issue; and
- a 38% discount to the 10 day volume weighted average price prior to announcement of the Issue.

There is no minimum subscription. Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

No brokerage or stamp duty is payable by Eligible Shareholders on the issue of New Shares under this Prospectus.

1.2 Opening and Closing Date

The Entitlements Issue will open for receipt of acceptances at 9.00am WDT on 25 February 2009 and will close at 5.00 pm WDT on 12 March 2009 (except where payment is via BPAY® in which case payment must be made by no later than 4.00pm WDT on 12 March 2009 or such earlier cut off time that your own financial institution may implement with regard to electronic payments), The Company reserves the right to cancel the Entitlements Issue at any time prior to allotment.

The Company reserves the right, subject to the *Corporations Act* and the ASX Listing Rules, to close the Offer early, to extend the last date for receipt of Entitlement and Acceptance Forms, or to delay or withdraw the Offer at any time without prior notice, in which case all application monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

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1.3 Purpose of the Issue

The Company expects to raise approximately \$2.71 million (before Issue costs) and will use the proceeds as set out in Section 2.

1.4 Entitlement

Shareholders who are on the Company's Share Register at the close of business on the Record Date, being 23 February 2009, will receive rights to acquire 2 New Shares for every 5 Shares held, at an Application Price of \$0.04 per New Share.

An Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Prospectus.

Entitlements not accepted by the Closing Date will revert to the Underwriter.

1.5 Rights Trading

Entitlements to New Shares pursuant to the Issue are renounceable. This enables shareholders who do not wish to subscribe for some or all of the New Shares under this Issue to sell their respective Rights and also enables shareholders to purchase additional Rights if they wish.

Rights trading commences on ASX on 17 February 2009 and will cease trading on 4 March 2009.

1.6 Actions Required by Shareholders

A detailed explanation of the actions required by Shareholders is set out in Section 3.

If you wish to accept the Offer, your acceptance must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, and may be for the full amount or part amount of the Offer.

You may participate in the Offer as follows:

- ***If you wish to take up your Entitlement in full:***

Complete the accompanying Entitlement and Acceptance Form by writing where indicated the number of New Shares you are entitled to, and the dollar amount as shown on the form, and attach your cheque or bank draft for that amount.

- ***If you wish to take up part of your Entitlement:***

Follow the instructions set out on the reverse of the Entitlement and Acceptance Form under the section marked "**Sale of your Entitlement in part by your Stockbroker/Agent and acceptance of the balance**" and then liaise accordingly with your stockbroker.

Acceptance of Terms

All applications for New Shares must be made on the Entitlement and Acceptance Form. Any application will be treated as an offer from the applicant to acquire New Shares on the terms and conditions set out in the Prospectus. The Directors reserve the right to reject any applications for New Shares

Please ensure the completed Entitlement and Acceptance Form and your cheque are received by the Company's Share Registry at:

By Post:

Computershare Investor Services Pty Limited
Locked Bag 2508
PERTH WA 6001

not later than 5.00pm WDT on 12 March 2009 or such later date as the Directors advise. Cheques should be made payable to "**Azure Minerals Limited – Share Account**" and crossed "Not Negotiable". Please note that payment via BPAY must be made by no later than 4.00pm WDT on 12 March 2009. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

1.7 Allotment and Application Money

All acceptance monies are payable in full on return of the Entitlement and Acceptance Form enclosed with this Prospectus.

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be allotted and shareholder statements despatched on 20 March 2009.

All Application Money received before New Shares are allotted will be held in a special purpose account. After any Application Money is refunded (if required) and New Shares are allotted to Applicants, the balance of funds in the account plus any accrued interest will be received by the Company.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Money in full (without interest).

1.8 Underwriting of the Entitlements Issue

Patersons Securities Limited, the Underwriter, has underwritten the Entitlements Issue to the extent of \$500,000. This means that the Underwriter will take up the first 12,500,000 New Shares not taken up by the Eligible Shareholders. However, all valid applications received from all sources will go in relief of the Underwriter's obligations. A summary of the Underwriting Agreement (including the circumstances in which the agreement may be terminated) is set out in Section 5.6.1.

1.9 Shortfall

If you decide not to accept all or part of your Entitlement pursuant to the Entitlements Issue, you are not required to take any action. The New Shares not accepted will form part of the Shortfall and will be dealt in accordance with this Section 1.9. In these circumstances, you will receive no benefit. Accordingly, it is important that you take action to either accept or renounce your Entitlement in accordance with the above instructions.

An application to participate in any Shortfall may be made by an Eligible Shareholder, a person invited to participate by the Directors and/or the Underwriter and who is entitled to participate under the laws of all relevant jurisdictions which apply to them, or any member of the public in Australia or New Zealand. If you wish to participate in any Shortfall that may arise under the Entitlements Issue, you should complete the Shortfall Application Form attached to this Prospectus.

Please ensure the completed Shortfall Application Form and your cheque is received by the Company's Share Registry at:

By Delivery:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
PERTH WA 6000

By Post:

Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

not later than 5.00pm WDT on 12 March 2009 or such later date as the Underwriter in consultation with the Company advises. Cheques should be made payable to "**Azure Minerals Limited – Share Account**" and crossed "Not Negotiable".

To the extent that Eligible Shareholders do not take up their Entitlement in full, the resultant Shortfall will be allocated at the discretion of the Underwriter in consultation with the Company and in accordance with the provisions of the Underwriting Agreement. In the event that applications for the Shortfall cannot be filled in full or in part, application monies (without interest) will be refunded by the Company in accordance with the provisions of the Corporations Act. Neither the Company nor the Underwriter guarantees that you will receive any Shortfall Securities.

The Directors reserve the right to separately place any New Shares which are not taken up by Eligible Shareholders under the Entitlements Issue within 3 months after the Closing Date. Those New Shares will be issued at the same issue price as offered to Eligible Shareholders under the Entitlements Issue.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date.

1.10 Treatment of Overseas Shareholders

The Company is of the view that it is unreasonable to make the Offer in this Prospectus to shareholders whose registered address as at the Record Date is outside of Australia and New Zealand ("Excluded Shareholders") having regard to:

- the number of shareholders outside these jurisdictions;
- the number and value of the securities that could be offered outside these jurisdictions; and
- the cost of complying with applicable regulations in jurisdictions outside these jurisdictions.

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside these jurisdictions. Accordingly, no Entitlement and Acceptance Forms will be sent, and no offer will be made, to Shareholders with registered addresses as at the Record Date outside these jurisdictions. This Prospectus will be sent to Shareholders outside the above jurisdictions for information purposes only.

Non-Australian Shareholders should note that the Offer is being conducted in accordance with the laws in force in Australia and the ASX Listing Rules.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

The Company has appointed the Underwriter, on normal commercial terms, as nominee for the Excluded Shareholders to arrange the sale of the Entitlement which would have been offered to the Excluded Shareholders. The Company will transfer the Entitlement of the Excluded Shareholders to the nominee who will account to the Company's share registry who will then dispatch the funds (if any) to each individual Excluded Shareholder. The nominee will have the absolute and sole discretion to determine the timing and the price at which the Entitlement may be sold and the manner of any such sale. Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlement or to sell them at a particular price.

If, in the reasonable opinion of the nominee, there is not a viable market for the Entitlement or a surplus over the expenses of sale cannot be obtained for the Entitlement that would have been offered to the Excluded Shareholders, then the Entitlement will be allowed to lapse and they will form part of the shortfall.

1.11 Quotation and Issue of New Shares

No New Shares will be issued pursuant to this Prospectus until permission is granted by the ASX for quotation of the New Shares during the relevant time periods set out in the *Corporations Act*. The Company will apply to the ASX within seven days after the date of this Prospectus for the New Shares to be granted quotation.

The fact that the ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

1.12 Rights attaching to New Shares

The New Shares issued under this Prospectus will rank equally in all respects with existing Shares. Summaries of the important rights attaching to Shares as set out in the Company's Constitution are contained in Section 5.3 of this Prospectus.

1.13 Risk Factors

Applicants should appreciate that there are risks associated with any stock market investment, including an investment in the Company. There are general and specific risks which relate directly to the Company's business and are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. These risks may affect the future operating and financial performance of the Company and the value of an investment in the Company. These risk factors are discussed in more detail in Section 4 of this Prospectus.

2.0 PURPOSE AND EFFECT OF THE ISSUE

2.1 Purpose of the Issue

The funds raised from the issue will be applied towards the following

- (a) expenses of the Entitlements Issue;
- (b) exploration of and meeting option payments for the Promontorio project;
- (c) other Mexican project tenement maintenance and exploration (including San Eduardo); and
- (d) administration and working capital of the Company.

The application of the \$2,710,116 raised under the Entitlements Issue is summarised as follows

Use of Funds	Amount \$
Expenses of the Entitlements Issue	141,000
Promontorio Project	1,439,505
Other Mexican Projects	270,000
Administration costs / working capital	859,611
Total	2,710,116

The use of funds as presented is predicated on the Company receiving subscriptions for all New Shares offered. Should less than the full amount be raised under the Entitlements Issue the above mentioned allocation of funds will be amended accordingly. Funds will be allocated based on the general premise that the Company's priority is to ensure all its projects are kept in good standing and the Promontorio project is advanced as quickly as practicable.

Should the Company only receive applications for New Shares equivalent to the underwritten amount (being \$500,000), then those funds will be used to meet the expenses of the Issue (\$141,000) and the Promontorio option payments due in April to June 2009 (\$264,300) with the balance (\$94,700), added to general working capital. In addition, the Company will immediately seek to reduce operating expenses by reducing all discretionary administrative expenditure and rationalising its extensive tenement holdings in Mexico. This rationalisation may be achieved through the sale, joint venture or relinquishment of projects. There can be no guarantee that the Company will be able to effect any sales or joint venture arrangements. Notwithstanding these efforts to reduce operating expenditure, further capital raisings will be required to enable the Company to maintain its operations and pursue its exploration programmes.

2.2 Effect of the Issue

The principal effects of the Entitlements Issue will be to:

- increase the Company's cash reserves by approximately \$2.71 million, (before taking into account the expenses of the Issue);
- provide the Company with additional capital for the purposes referred to in Section 2.1; and
- increase the total number of issued Shares (refer to Section 2.3).

Proforma consolidated historical financial information summarising the effects of the Issue is provided in the following paragraphs.

2.3 Effect of the Issue on Capital Structure

The ultimate effect of the Issue on the Company's capital structure is dependent on whether Optionholders elect to exercise their Options prior to the Record Date. Set out below, for illustrative purposes only, is the existing capital structure (as at the date of this Prospectus) together with the impact of the Issue of New Shares.

Ordinary Shares	Number
Number of Shares on issue at the date of this Prospectus	169,382,272
New Shares offered pursuant to this Prospectus	67,752,909
Total Issued Capital post Issue	237,135,181

In addition the Company has on issue the following unlisted Options to subscribe for Shares as at the date of this Prospectus:

Number	Exercise Price \$	Expiry Date
3,000,000	0.25	30 November 2009
3,000,000	0.25	30 November 2010
200,000	0.25	31 January 2010
400,000	0.25	31 January 2011
400,000	0.25	31 January 2012
800,000	0.175	31 January 2011
800,000	0.25	31 January 2012
800,000	0.35	31 January 2013
2,750,000	0.15	30 November 2009
12,150,000		

If some or all of the above Options are exercised prior to the Record Date, the Shares issued on such exercise will be eligible to participate in the Entitlements Issue. Accordingly, the total issued capital of the Company following the Entitlements Issue may be more than the number shown above but will be no more than 249,285,181 Shares.

2.4 Effect of the Issue on the Company's Financial Position

Set out below for illustrative purposes is the historical audited Consolidated Balance Sheet as at 30 June 2008, the unaudited Consolidated Balance Sheet as at 31 December 2008 and a Proforma Consolidated Balance Sheet as at 31 December 2008, including the effect of the Issue.

	30 June 2008 (AUDITED) A\$'000	31 December 2008 (UNAUDITED) A\$'000	31 December 2008 (PROFORMA) A\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,420,067	890,600	3,459,716
Trade and other receivables	154,067	233,263	233,263
TOTAL CURRENT ASSETS	<u>1,574,134</u>	<u>1,123,863</u>	<u>3,692,979</u>
NON-CURRENT ASSETS			
Plant and equipment	196,892	541,228	541,228
Capitalised exploration expenditure	193,270	22,308	22,308
Other financial assets	22,308	179,351	179,351
TOTAL NON-CURRENT ASSETS	<u>412,470</u>	<u>742,887</u>	<u>742,887</u>
TOTAL ASSETS	<u>1,986,604</u>	<u>1,866,750</u>	<u>4,435,866</u>
CURRENT LIABILITIES			
Trade and other payables	513,124	583,305	583,305
Provisions	174,123	151,150	151,150
TOTAL CURRENT LIABILITIES	<u>687,247</u>	<u>734,455</u>	<u>734,455</u>
TOTAL LIABILITIES	<u>687,247</u>	<u>734,455</u>	<u>734,455</u>
NET ASSETS	<u>1,299,357</u>	<u>1,132,295</u>	<u>3,701,411</u>
EQUITY			
Contributed equity	25,129,782	27,663,099	30,126,415
Reserves	876,908	845,350	845,350
Accumulated losses	(24,707,333)	(27,376,154)	(27,376,154)
TOTAL EQUITY	<u>1,299,357</u>	<u>1,132,295</u>	<u>3,701,411</u>

The Directors are not aware of any material item, transaction or event outside of the ordinary business of the Company that would require comment on, or adjustment to the audited financial statements as at 30 June 2008 lodged with ASX on 29 September 2008, or that would cause the information in these financial statements to be misleading or deceptive.

2.5 Market Price of Shares

The highest and lowest market prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: 11 cents on 6 January 2009

Lowest: 5 cents on 11 February 2009

The volume weighted average sale price on ASX of the Company's Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC was 7.7 cents.

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was 5 cents on 11 February 2009.

3.0 ACTION REQUIRED BY SHAREHOLDERS

3.1 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled ("your Entitlement") is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder you may:

- take up all of your Entitlement (refer to Section 3.2 below);
- take up part of your Entitlement and either sell the balance on ASX or allow it to lapse (refer to Section 3.3 below);
- sell all your entitlement on ASX (refer to Section 3.4 below).

Excluded Shareholders may not take any of the steps set out in Sections 3.2 to 3.4.

3.2 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, you must complete the accompanying Entitlement and Acceptance Form for New Shares in accordance with the instructions set out in that form.

You must then forward your completed Entitlement and Acceptance Form together with your Application Money to reach the Company's Share Registry by **no later than 5.00 pm WST on 12 March 2009**. Please note that payment via BPAY must be made by no later than 4.00pm WST on 12 March 2009

3.3 Taking up part of your Entitlement and sell the balance on ASX

If you wish to take up **part** of your Entitlement and sell the balance on the ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Form under the section marked **"Sale of your Entitlement in part by your Stockbroker/Agent and acceptance of the balance"** and then liaise accordingly with your stockbroker.

If you wish to allow part of your Entitlement to lapse, you are not obliged to do anything in relation to that part of your Entitlement. However, Entitlements of Eligible Shareholders are renounceable which allows Eligible Shareholders to sell or trade some or all of their Entitlement on ASX or sell some or all of their Entitlement to another person. Rights trading commences on 17 February 2009. You must deal with that part of your Entitlement which you do not intend to accept by close of trading on the ASX on 4 March 2009, when Rights trading ceases.

All Entitlements not accepted will form part of the shortfall which will be dealt with in accordance with Section 1.9 at the discretion of the Underwriters, in conjunction with the Directors. Those Shareholders whose Entitlements are dealt with as part of the Shortfall will receive no benefit.

It is therefore important that if you do not intend to take up any of your Entitlement but still wish to receive a benefit, you take action to sell your Entitlement. If you are in any doubt as to the action you should take, please consult your professional adviser.

3.4 Selling all your Entitlement on ASX

If you wish to sell all of your Entitlement on the ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Form under the section marked **"Sale of your Entitlement in full by your Stockbroker/Agent"**.

Rights trading commences on 17 February 2009. You must deal with that part of your Entitlement which you do not intend to accept by close of trading on the ASX on 4 March 2009, when Rights trading ceases.

Transfer of Entitlement Other Than on Market Using ASX

If you wish to transfer all or part of your Entitlement to another person or party other than on-market using the ASX, then you must forward the following:

- a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry);
- Entitlement and Acceptance Form completed by the transferee; and
- Transferee's cheque for the amount due in respect of the New Shares to the Company's Share Registry at:

By Post:

Computershare Investor Services Pty Limited
Locked Bag 2508
PERTH WA 6001

not later than 5.00pm WDT on 12 March 2009 or such later date as the Directors advise. Cheques should be made payable to "**Azure Minerals Limited – Share Account**" and crossed "Not Negotiable".

3.5 Payment

The Application Price for New Shares is payable in full on application by a payment of \$0.04 per New Share. The accompanying Entitlement and Acceptance Form must be accompanied by a cheque or bank draft for the Application Monies. Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to "**Azure Minerals Limited - Share Account**" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Money is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for or your Application may be rejected.

Payments may also be paid via BPAY. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

3.6 Enquiries

If you have any questions about your Entitlement please contact the Company's Share Registry, Computershare Investor Services Pty Limited by telephone on 1300 557 010 or at the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus. Alternatively, contact your stockbroker or other professional adviser.

3.7 Brokerage

No brokerage or stamp duty is payable by Shareholders who accept their Entitlement to New Shares.

4.0 RISKS

The New Shares offered under this Prospectus are considered speculative because of the inherent risks associated with the acquisition of minerals prospects and mineral exploration, appraisal and development activities of the Company. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares.

In Section 1 below, the specific risk factors associated with Azure's Mexican exploration assets are addressed. These risk factors have been focused on because the funds raised by this Prospectus will largely be applied in relation to the Promontorio project in Chihuahua, Mexico.

In Section 2 below, the specific risks associated with the Company's business are addressed.

In Section 3 below, the general risks facing the Company are addressed.

The list of risk factors below ought not to be taken as exhaustive of the risks faced by the Company or any of its subsidiaries or by investors in the Company. These factors, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and its subsidiaries and the value of the New Shares. Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to take up part or all of their entitlement and apply for new Shares.

RISK	DESCRIPTION	RISK IMPACT
SECTION 1: SPECIFIC RISKS		
Exploration Success	The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.	There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.
Resource Estimates	Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.	As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.
Foreign Investment	The Company has operations and assets located in Mexico. As a result the Company is subject to political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuation, royalty and tax increase and other risks arising	The Company's operations in Mexico may be affected by changing political conditions and changes to laws and mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or

RISK	DESCRIPTION	RISK IMPACT
	out of foreign government sovereignty over the areas in which the Company's operations are conducted.	development of a project and even render it uneconomic.
Tenement Title	The Company has entered into three "option to purchase" agreements over the Promontorio project. There is no guarantee that exploration at Promontorio will be successful and result in those option agreements being exercised. In addition, while it is not the current belief of Azure Minerals, the Company is not the registered holder of the Promontorio project mineral tenements and there is the risk that the current holders may take action to repudiate the agreements or take or omit to take action that may result in the loss of title to those tenements.	The Company would suffer significant loss in value of its rights over mineral projects.
Favourable Metallurgy	Mineral samples from the Promontorio project are currently being tested for metallurgical qualities. There can be no assurances that the metallurgical characteristics of the Promontorio ores will result in commercially acceptable characteristics.	Unfavourable metallurgical results may have an impact on the economic feasibility of the Promontorio project.
Mining Approvals	Prior to commencement of any mining operation, the Company will be required to receive a number of approvals relating to the conduct of those proposed mining operations. There can be no assurances that those approvals will be received or that the conditions within the approvals are not overly onerous.	The effects of these factors can not be accurately predicted and conditions imposed on approvals may impede the operation or development of a project and even render it uneconomic.
SECTION 2: SPECIFIC RISKS: OTHER ACTIVITIES		
Operating	The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grade in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.	Such changes may have an adverse effect on the operations of the Company by increasing costs or delaying activities.
Environment	The operations and proposed activities of the Company are subject to Mexican laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.	The ability of the Company to develop projects may be limited or higher costs imposed.

RISK	DESCRIPTION	RISK IMPACT
Additional requirements for Capital	The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from the sale of non-core exploration projects or reduce expenditure through joint venture arrangements, the Company may require further financing in addition to amounts raised under the Entitlements Issue, particularly if only the underwritten amount (\$500,000) is raised. Any additional equity financing will dilute existing shareholdings. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it will be required to reduce the scope of its operations and scale back its exploration programmes. There is however, no guarantee that the Company will be able to sell or joint venture its projects or secure any additional funding or be able to secure sales, joint ventures, or funding on terms favourable to the Company.	Should sufficient cash not be available to the Company it may have to reduce its Mexican tenement portfolio and/or modify its exploration and development activities.
Joint Venture Parties, Contractors and Agents	The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activities.	The Company may not be able to complete planned exploration, appraisal and development programmes if there is a failure these parties.
SECTION 3: OTHER GENERAL RISKS		
LEGISLATIVE CHANGE	Changes in government regulations, policies and the laws may have an adverse effect on the Company's operations and financial performance. The Directors cannot guarantee that current regulations, policies and laws will not change or impact on the Company's operations.	Such changes may have an adverse effect on the Company's operations and financial performance.
GENERAL ECONOMIC CLIMATE	A number of factors outside the control of the Company may impact significantly on the Company, its performance and the price of its shares, including: <ul style="list-style-type: none"> • inflation; • currency fluctuations; • interest rates; • legislative changes; • political decisions; and • industrial disruption. 	The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for any metals and other products that the Company may produce and sell.
STOCK MARKET CONDITIONS	Some of the critical market risks which may affect the operations and financial performance of the Company (regardless of the Company's operating performance) are: <ul style="list-style-type: none"> • domestic and international competition; • competitive pressures forcing market prices 	These factors may affect (adversely or positively) the prices for listed securities and the prices for the securities of mining companies quoted on the

RISK	DESCRIPTION	RISK IMPACT
	<p>lower;</p> <ul style="list-style-type: none"> • fluctuations in the commodity prices including the copper, gold and silver price; • market confidence; • supply of and demand for money; • supply of and demand for copper, gold and silver; • terrorism and other hostilities; • changes in fiscal, monetary and regulatory policies; and • currency exchange rate fluctuations. <p>The market price of the New Shares when quoted on the ASX will be influenced by these international and domestic factors affecting sentiment and other conditions in equity and financial markets.</p>	<p>ASX, including the Company.</p> <p>These factors are beyond the control of the Company and the Company cannot to any degrees of certainty, predict how they will impact on the Company (if at all).</p>

5.0 ADDITIONAL INFORMATION

5.1 Nature of the Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the *Corporations Act* which allows the issue of a transaction specific prospectus in relation to offers of securities where those securities are of a class which have been quoted for 12 months before the date of that prospectus.

5.2 ASX listing

An application will be made within 7 days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX.

If such an application is not made within these 7 days, or Official Quotation of the securities is not granted by ASX within 3 months of the date of issue of this Prospectus, then all application monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The Company participates in CHESS and will despatch holding statements in lieu of share and option certificates that set out the number of New Shares issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares. Applicants who sell New Shares before they receive their statement do so at their own risk.

5.3 Rights attaching to New Shares

The Company is incorporated in Australia and is subject to the Australian *Corporations Act*. As a company listed on the ASX, Azure Minerals is also regulated by the ASX Listing Rules.

The rights attaching to ownership of Shares (including New Shares) are:

- described in the Constitution; and
- regulated by the *Corporations Act* (“the applicable law”); and
- the ASX Listing Rules and the general law.

The New Shares to be issued pursuant to this Prospectus will rank *pari passu* with all other Shares presently on issue. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to all shares:

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares in accordance with the Constitution:

- (i) each member entitled to vote may vote in person or by proxy or by representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy or representative of a shareholder has one vote; and
- (iii) on a poll, every person who is a shareholder or a proxy or representative of a shareholder present has one vote for each share held.

(b) Dividend Rights

The Company in general meeting may from time to time determine to distribute the profits of the Company by way of dividend but no amount shall be declared in excess of the amount recommended by the Board.

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the dividend will be declared and paid to shareholders so entitled to those dividends in proportion to the shares held by them respectively, according to the amount paid up, or credited as paid up, on the shares.

(c) Rights on Winding Up

Subject to the rights of holders of shares with special rights (at present there are none), if the Company is wound up, the liquidator may, at its discretion and with the authority of a special resolution and any other sanction required by the applicable law, divide among the shareholders in specie or in kind, the whole or any part of the assets of the Company that may be legally distributed among the shareholders.

(d) Transfer of Shares

Subject to the Constitution, the applicable law and the ASX Listing Rules, Shares in the Company are freely transferable.

(e) Future Issues

Subject to the Constitution, the applicable law and the ASX Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

(f) Variation of Rights

Subject to the Constitution and the applicable law, unless otherwise provided by the terms of issue of shares of a certain class (at present there are no such shares), the rights attached to shares of that class may, whether or not the Company is being wound up, from time to time be varied, modified or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the relevant class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(g) Alteration of Constitution

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 28 days written notice of the special resolution must be given.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company, at Level 1, 30 Richardson Street, West Perth, Western Australia during normal business hours.

5.4 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

5.5 Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with the acquisition, or the subsequent disposal of any Shares subscribed for under this Prospectus. The Directors recommend that all Eligible Shareholders consult their own professional tax advisers.

5.6 Material Contracts

5.6.1 Underwriting Agreement

Pursuant to an Underwriting Agreement dated 12 February 2009 between the Company and Patersons Securities Limited ("**Underwriter**"), the Underwriter has agreed to underwrite all of the Entitlements Issue pursuant to this Prospectus.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter, for its role as Lead Manager and Underwriter, an underwriting fee equal to 5% of the underwritten amount of \$500,000 (being approximately \$25,000 (plus GST) and a corporate advisory fee of \$60,000. Further, Azure must pay to the Underwriter a selling fee of 5% on any amounts raised from the placement of Shortfall Shares over and above the underwritten amount. In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs incurred by the Underwriter in connection with the Issue, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligation thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events ("**Termination Event**") including:

- (a) (Indices fall): any of the S&P/ASX 200 Index or the S&P/ASX Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) (Share Price): the closing price of the shares of the Company as quoted by ASX, is less than the Price for any 3 consecutive Business Days; or
- (c) (Prospectus): the Company does not lodge the Prospectus on the Lodgment Date set out in the Underwriting Agreement or the Offer is withdrawn by the Company; or
- (d) (No Official Quotation): Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) (Supplementary prospectus):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 13.1(q)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (f) (Non compliance with disclosure requirements): it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the effect of the Entitlement Issue on the Company; and
 - (ii) the rights and liabilities attaching to the Rights Shares; or
- (g) (Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or is misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) (Restriction on allotment): the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any

- statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (i) (Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
 - (j) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
 - (k) (ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
 - (l) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
 - (m) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
 - (n) (Authorisation): any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
 - (o) (Indictable offence): a director or senior manager of a Relevant Company is charged with an indictable offence; or
 - (p) (Sub-underwriters): any of the Company Sub-Underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with all of their respective obligations under the sub-underwriting agreements with the Underwriter; or
 - (q) (Termination Events): subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:
 - (i) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) (Contravention of constitution or Act): a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
 - (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of a Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
 - (v) (Error in Due Diligence Results): it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them; or
 - (vi) (Significant change): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
 - (vii) (Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus; or
 - (viii) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or

the affairs of a Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or

- (ix) (Official Quotation qualified): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
- (x) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (xi) (Prescribed Occurrence): a Prescribed Occurrence occurs; or
- (xii) (Suspension of debt payments): the Company suspends payment of its debts generally; or
- (xiii) (Event of Insolvency): an Event of Insolvency occurs in respect of a Relevant Company; or
- (xiv) (Judgment against a Relevant Company): a judgment in an amount exceeding \$25,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xv) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xvi) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter which consent is not to be unreasonably withheld; or
- (xvii) (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (xviii) (Indicative Timetable): there is a delay in any specified date in the Indicative Timetable which is greater than 7 Business Days; or
- (xix) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xx) (Certain resolutions passed): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxi) (Capital Structure): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus; or
- (xxii) (Breach of Material Contracts): any of the Material Contracts is terminated or substantially modified; or
- (xxiii) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxiv) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or

Clause 13.2 of the Underwriting Agreement provides that the Underwriter may not exercise its rights under paragraph (q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The following terms used in this Section 5.6.1 in respect to the Underwriting Agreement are defined in the Underwriting Agreement as follows:

"Due Diligence Program" means the legal, accounting, commercial and other investigations of the assets and liabilities, financial position and performance, profits and losses and prospects of each

Relevant Company (including its future business plans and financial forecasts) conducted in the period up until Completion as implemented by the planning memorandum adopted pursuant to a resolution of the Board;

"Due Diligence Results" means the results of the investigations which make up the Due Diligence Program, as maintained by the Company including but not limited to all due diligence reports and reports of the due diligence committee (established in connection with the Entitlements Issue), including all supporting documents and working papers to which the Due Diligence Program relates;

"Event of Insolvency" means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person;

"Force Majeure" means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties to the Underwriting Agreement;

"Indicative Timetable" means the timetable for the Entitlements Issue set out in Schedule 2 to the Underwriting Agreement as varied from time to time by written agreement of the Company and the Underwriter;

"Insolvency Provision" means any Act relating to insolvency, sequestration, liquidation or bankruptcy (including any Act relating to the avoidance of conveyances in fraud of creditors or of preferences, and any Act under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person;

"Material Adverse Effect" means:

- (a) a material adverse effect on the outcome of the Entitlements Issue or on the subsequent market for the Rights Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Rights Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident shareholder in the Company;

"Official Quotation" means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules) of all the Rights Shares when allotted which if conditional may only be conditional on (the allotment of the Rights Shares;

"Prescribed Occurrence" means:

- (a) the Company (or any subsidiary) converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company (or any subsidiary) resolving to reduce its share capital in any way;
- (c) the Company (or any subsidiary):
 - (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) the Company (or any subsidiary) making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Entitlements Issue or the terms of the Underwriting Agreement;
- (e) the Company (or any subsidiary) issuing, or agreeing to issue, convertible notes;
- (f) the Company (or any subsidiary) disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company (or any subsidiary) charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company (or any subsidiary) resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to the Company (or any subsidiary);
- (j) the making of an order by a court for the winding up of the Company (or any subsidiary);
- (k) an administrator of the Company (or any subsidiary), being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company (or any subsidiary) executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company (or any subsidiary);

"Price" means \$0.04 (4 cents) per Rights Share;

"Relevant Company" means the Company and any subsidiary;

"Rights Shares" means 67,752,909 Shares the subject of the Entitlements Issue;

"Timetable" means the timetable for the Entitlements Issue set out in the Underwriting Agreement as varied from time to time by written agreement of the Company and the Underwriter; and

"Verification Material" means the material maintained by the Company being the documents and information provided by the Company in verification of statements made in the Prospectus.

5.7 Privacy

Applicants for New Shares will provide personal information to the Company and the Share Registry. Company laws and tax laws require some of the information to be collected and kept. The Company will collect, hold and use the information provided by Applicants to process applications and to administer investments in the Company.

If the information requested in the Entitlement and Acceptance Form is not provided, the Company and the Share Registry may not be able to process the relevant application.

The Company may disclose personal information for purposes related to shareholders' investments to the Company's agents and service providers. The types of agents and service providers that may be provided with personal information and the circumstances in which personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register,
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- the Underwriter to confirm applications; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising, on the Shares and for associated actions.

The Company complies with its legal obligations under the Privacy Act 1988 (Cth).

Shareholders may request access to their personal information held by (or on behalf of) the Company, and may be required to pay a reasonable charge to the Share Registry in order to access this personal information. Request for access to personal information should be made by writing to or telephoning the Share Registry as follows:

Computershare Investor Services Pty Limited by telephone on 1300 557 010

5.8 Consents and Interests of Parties

Each of the parties referred to in this section does not make, or purport to make, any statement in this Prospectus other than as specified in this section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this section.

Patersons Securities Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named.

Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Patersons Securities Limited makes no express or implied representation or warranty in relation to Azure Minerals, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Patersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Computershare Investor Services Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Middletons has given and not before the date of this Prospectus withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Middletons has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

Patersons Securities Limited has agreed to act as Underwriter to the Issue and will receive fees in connection with the Entitlements Issue as described in Section 5.6.1.

Middletons are entitled to be paid approximately \$15,000 (excluding GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. Middletons has been paid approximately \$48,375 (excluding GST) in other fees for services to the Company in the previous 2 years.

No expert, nor any firm in which such expert is partner, has or had in the past two years any interest in the promotion or formation of the Company nor have any amounts been paid or agreed to be paid (whether in cash, shares or otherwise) to an expert or to a firm in which an expert is a partner for services rendered by the expert in connection with the promotion of the Company other than set out below:

The information in this Prospectus which relates to exploration results, mineral resources and ore reserves 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. 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 reporting of this information in the form and context in which it appears.

5.9 Directors' authorisation

Each Director of the Company has given, and has not withdrawn, his consent to the lodgement of this Prospectus with ASIC.

5.10 Continuous Disclosure and Documents Available for Inspection

The Prospectus is issued pursuant to section 713 of the *Corporations Act*.

Section 713 of the *Corporations Act* enables companies to issue transaction specific prospectuses where those companies are and have been for a period of 12 months disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the *Corporations Act*. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it prior to the Closing Date:

- (a) the Annual Report, being the annual financial report most recently lodged with ASIC by the Company;
- (b) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph (a) above and before the lodgement of this Prospectus with the ASIC.

Such notices are listed below under the heading "Stock Exchange Releases".

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Stock Exchange Releases

ASX releases of the Company since the Annual Report are listed below:

Date Lodged	Announcement
3 October 2008	Promontorio Drilling Update
13 October 2008	Promontorio Phase One Resources Drilling Completed
14 October 2008	Notice of Annual General Meeting 14 November 2008
20 October 2008	Change of Directors Interest
29 October 2008	Quarterly Activities and Cashflow Report for September 2008
17 November 2008	Results of Annual General Meeting
1 December 2008	Azure in US\$3M Joint Venture with Japan's JOGMEC
7 January 2009	Promontorio Resources Estimate Completed
19 January 2009	Change of Directors Interest's x 2
19 January 2009	Change of Directors Interests
21 January 2009	Quarterly Activities and Cashflow Report
21 January 2009	Response to ASX Appendix 3Y Query
5 February 2009	Exploration Restarts on JOGMEC Joint Venture

9 February 2009	Trading Halt
10 February 2009	Bounty Nickel Rights
10 February 2009	Renounceable Entitlements Issue
11 February 2009	Response to ASX Appendix 5B Query

5.11 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in;

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
- (c) the offer of New Shares, other than as ordinary Shareholders,

and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director;

- (a) to induce him or her to become, or to qualify him as a Director; or
- (b) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of new Shares, other than John Saleeba who is a director of a company that has a shareholding in the Underwriter.

The remuneration paid to Directors or their related entities during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Financial Year up to 30 June 2007			
Director	Directors' Fees/ Salary/Superannuation (\$)	Equity (\$)	Total (\$)
Anthony Rovira	256,150	54,150	310,300
John Saleeba	35,425	-	35,425
Wolf Martinick	-	-	-

Financial year up to 30 June 2008			
Director	Directors' Fees/ Salary/Superannuation (\$)	Equity (\$)	Total (\$)
Anthony Rovira	266,823	-	266,823
John Saleeba	35,425	-	35,425
Wolf Martinick	29,520	133,830	133,350

Six months from 1 July 2008			
Director	Directors' Fees/ Salary/Superannuation (\$)	Equity (\$)	Total (\$)
Anthony Rovira	184,231	-	184,231
John Saleeba	17,712	-	17,712
Wolf Martinick	17,712	-	17,712

Details of the remuneration paid to Directors or their related entity in the years to 30 June 2008 are set out in the relevant section of the Annual Report in respect of that year which has been lodged by the Company with ASX and ASIC. The Company will provide a copy of this document free of charge to any person on request before the Closing Date.

The Directors are entitled to reasonable travelling, hotel and other expenses incurred by them respectively on or about their performance of their duties as Directors. Subject to the *Corporations Act* and ASX Listing Rules, if a Director is called upon to perform extra duties or make special exertions on behalf of the Company, the Directors may remunerate that Director which may be in addition to or in substitution for their usual Director's fee.

Directors' Share and Option holdings at the date of this Prospectus are:

Director	Ordinary Shares		Options	
	Direct	Indirect	Direct	Indirect
Anthony Rovira	1,850,000	280,000 ⁴	4,000,000	1,500,000 ^{1 6}
John Saleeba	-	810,000 ⁵	800,000 ²	-
Wolf Martinick	540,000	-	1,000,000 ³	-

Notes:

1. These options are unquoted and are exercisable at various dates up to 31 January 2013. Of these options 4,500,000 are exercisable at \$0.25, 500,000 are exercisable at \$0.175 and 500,000 are exercisable at \$0.35.
2. These options are unquoted and are exercisable at \$0.25 at various dates up to 30 November 2010
3. These options are unquoted and are exercisable at \$0.25 at various dates up to 31 January 2013
4. These shares are held in the name of Mrs Edna Rovira, Mr Rovira's spouse.
5. These shares are held in the name of Future Super Pty Ltd. Mr Saleeba is a director of Future Super Pty Ltd.
6. These options are held in the name of Rovira Geoservices Pty Ltd a company in which Mr Rovira is a director and shareholder

5.12 Estimated Expenses of Issue

The expenses of the Issue (exclusive of GST) are estimated to be approximately \$141,000 made up as follows:

Expenses	\$
Lead Manager Fees	60,000
Underwriter's fees and costs	25,000
Legal	15,000
Printing, postage, share registry	26,000
ASX listing fees	8,200
ASIC lodgement fees	2,000
Disbursements	4,800
Total estimated expenses	141,000

6.0 DIRECTORS' STATEMENT

This Prospectus is issued by Azure Minerals Limited. Its issue was authorised by a resolution of Directors and is signed by Anthony Rovira on behalf of all Directors.

Anthony Rovira
Director

12 February 2009

7.0 DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

\$ or AUD Australian dollar.

Annual Report the 30 June 2008 Annual Report of the Company as lodged with ASIC and ASX.

Applicant A person who submits an Entitlement and Acceptance Form.

Application Money Money received from Applicants in respect of their applications.

Application Price \$0.04 per New Share.

ASIC Australian Securities & Investments Commission.

ASX ASX Limited (ACN 008 624 691).

Board The Directors of the Company from time to time.

Business Day Has the meaning ascribed to it in the ASX Listing Rules.

Constitution The Constitution of the Company.

CHESS Clearing House Electronic Subregister System.

Closing Date 12 March 2009 (subject to the right of the Directors to extend this date without notice).

Company or **Azure Minerals** Azure Minerals Limited (ACN 106 346 918).

Corporations Act *Corporations Act* 2001 (Cth).

Directors The Directors of the Company in office at the date of this Prospectus.

Eligible Shareholder A Shareholder of the Company, as at the Record Date, other than an Excluded Shareholder.

Entitlement The offer of New Shares pursuant to the Issue.

Entitlement Issue or Issue means the issue pursuant to the Prospectus of 67,752,909 New Shares on the basis of two New Shares for every five Shares held on the Record Date at an issue price of \$0.04 cents per New Share to raise approximately \$2,710,116 .

Entitlement and Acceptance Form The Entitlement and Acceptance Form accompanying this Prospectus that sets out the Entitlements of Shareholders to subscribe for New Shares pursuant to the Issue.

Excluded Shareholder A Shareholder, as at the Record Date, whose registered address is outside of Australia or New Zealand.

Force Majeure Any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource, but has a higher level of confidence than that applying to an Inferred Mineral Resource.

Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Listing Rules The Listing Rules of ASX.

M Million.

New Shares Shares to be issued under this Prospectus.

Offer The renounceable pro rata issue pursuant to this Prospectus by the Company of New Share for 67,752,909 New Shares at an issue price of \$0.04 cents per New Share.

Option An option to subscribe for a Share.

Record Date 23 February 2009.

Securities Shares and Options in the capital of the Company.

Share Registry Computershare Investor Services Pty Limited.

Share Fully paid ordinary share in the capital of the Company and "**Shareholder**" has a corresponding meaning.

Shortfall Shares New Shares for which successful valid applications have not been received by the Closing Date.

Underwriter Patersons Securities Limited (ABN 69 008 896 311).

Underwriting Agreement An agreement dated 12 February 2009 between the Company and the Underwriter.

US\$ or USD United States dollar.

References in this Prospectus to Sections are to sections of this Prospectus.

CORPORATE DIRECTORY

DIRECTORS

Anthony Paul Rovira (Executive Chairman)
Dr Wolf Martinick (Non-Executive Director)
John Walter Saleeba (Non-Executive Director)

COMPANY SECRETARY

Brett Douglas Dickson

OFFICES

Registered Office

Level 1
30 Richardson Street
West PERTH WA 6005

Tel: (61 8) 9481 2555
Fax: (61 8) 9485 1290

WEBSITE

www.azureminerals.com.au

LEAD MANAGER AND UNDERWRITER

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000
Telephone: (08) 9263 1111
Facsimile: (08) 9325 5123
Email: corporate.finance@psl.com.au
Website: www.psl.com.au

SOLICITORS to the Company

Middletons
Level 2, 6 Kings Park Road
West Perth, Western Australia 6005

AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2
Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

ASX Code: AZS

SHORTFALL APPLICATION FORM

This form is to be used for parties wishing to apply for New Share under the Shortfall and for the use of the Underwriter and sub-underwriters.

Please complete all relevant sections of the Shortfall Application Form ("the Form") using BLOCK LETTERS. If you have any queries on how to complete this form please telephone Brett Dickson on (08) 9481 2555.

The Shortfall Application Form relates to the two for five renounceable pro rata Entitlements Issue of 67,752,909 New Shares at an issue price of \$0.04 each to raise approximately \$2,710,116, pursuant to the Prospectus dated 12 February 2009. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is important to read this document before applying for New Shares. A person who gives another person access to this Shortfall Application Form must at the same time and by the same means, give the other person access to the Prospectus, and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and a Shortfall Application Form, on request to applicants without charge.

The Prospectus does not constitute an offer in any place where or to any person to whom it would not be lawful to make such an offer.

Please forward the completed Application Form together with your cheque to:

By Delivery:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
PERTH WA 6000

By Post:

Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

so as to reach them on or before the last date instructed by the Company.

- A** Write your FULL NAME in Box A. This must be either your own name or the name of a company. You should refer to the bottom of this page for the correct form which can be registered. Application using the incorrect form of name may be rejected. If your Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decision as to whether to treat your Form as valid, and how to construe, amend or complete it, shall be final. You will not however, be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque for the application moneys referred to in Box H.
- B** If you are applying as JOINT APPLICANTS, complete Boxes A and B. You should refer to the bottom of this page for instructions on the correct form of name. Up to three Joint Applicants may register.
- C** Enter your TAX FILE NUMBER (TFN) or exemption category beside your name. Where applicable, please enter the TFN for each Joint Applicant. Collection of TFN's is authorised by taxation laws. Quotations of your TFN is not compulsory and will not affect your Form.
- D** Enter your POSTAL ADDRESS for all correspondence. All communications to you from Azure Minerals Limited's Share Registry (shareholding statements, dividend cheques, annual/interim reports, correspondence etc) will be mailed to the person(s) and address as shown. For Joint Applications only one address can be entered.
- E** Please let us know your TELEPHONE NUMBER(S), email and contact name in case we need to contact you in relation to your Form.
- F** Azure Minerals Limited participates in the ASX's CHESSE System. If you are participating in this system, you may complete this section. If you are not a participant in the CHESSE System do not complete this box. It will not affect your Application.
- G** Insert the NUMBER OF NEW SHARES you wish to apply for in Box G. Neither the Directors nor the Underwriter guarantee any allocation of New Shares from a Shortfall application.
- H** Enter the amount of your application moneys here. The amount must be equal to the number of New Shares applied for (see box G) multiplied by \$0.04 per New Share.
- I** Complete cheque details as required. Cheques must be drawn on an Australian bank in Australian currency and made payable to "**Azure Minerals Limited – Share Account**" and crossed "Not Negotiable". Do not send cash. **A separate cheque should accompany each Shortfall Application Form lodged.**
- J** The Shortfall Application Form does not need to be signed.

CORRECT FORMS OR REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Azure Minerals Limited. At least one full given name and the surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith	John Smith (Deceased)
Partnerships	Mr John David Smith and Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith	Smith Investment Club
Superannuation Funds	John Smith Pty Ltd	John Smith Superannuation Fund