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ASX / MEDIA ANNOUNCEMENT

2 March 2007

**AZURE COMMUNICATES DIRECTLY WITH SHAREHOLDERS:  
PROVIDES LETTER & INVESTOR FACT SHEET**

Emerging precious and base metals explorer, **Azure Minerals Limited ("Azure") (ASX: AZS)**, today mailed a letter to shareholders, accompanied by a new Investor Fact Sheet about the Company.

In the letter, Azure's Managing Director, Mr Rovira, sets out the direction and opportunities the Company is pursuing with the exploration of its highly prospective Mexican projects.

"We believe it is important to keep our shareholders up to date not only with developments and our continuously evolving growth strategy, but also with the vision for this company over the long-term," said Mr Rovira.

"Azure provides investors with a unique opportunity to invest in a company with exposure to a world class mining province in Mexico – we're excited about this opportunity and want to share our plans and vision with Azure's shareholders," he said.

The Investor Fact Sheet offers a current snapshot of Azure including information describing the Company's:

- Corporate profile
- Major project descriptions
- Drilling highlights
- Corporate activity

As part of the Company's commitment to communicate with shareholders directly in a cost effective manner, Mr Rovira encouraged shareholders to enrol in Azure's eList service. Once enrolled in the free email service, announcements are emailed to members as soon as they are released to the Australian Stock Exchange. To enrol, please visit [www.azureminerals.com.au](http://www.azureminerals.com.au).

A copy of the Shareholder Letter & Investor Fact Sheet follows this announcement and can be found on the Company's website

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



**Tony Rovira**  
Managing Director



### **Fellow Shareholders:**

In 2006 we made conscious decisions to broaden our exploration interests and restructure, in order to invest in our future. With your support, we renamed the company from Nickel Australia to Azure Minerals Limited to better reflect the wider nature of our target commodities and geographical areas of operation. Exploration in Mexico to date has been successful in discovering several prospects of precious and base metal mineralisation (including gold, silver, copper, lead, zinc, and molybdenum).

While I am disappointed with our share price performance over the past twelve months, we are building for the future and delivering good results for today. I am convinced we are taking the right actions for shareholders and that this will be proven by long-term sustainability of our company and higher shareholder returns.

Solid progress was made in 2006 and we are continuing to build on this foundation. We commenced our exploration in the richly mineralised yet under-explored Sierra Madre Occidental region of northern Mexico and were rewarded with very promising results, reinforcing our decision to focus here. Our unsuccessful exploration drive in the Norseman area for a major nickel target was terminated.

Now is the time for us to accelerate our efforts in Mexico, and achieve the success which I believe is just around the corner.

### "Only drilling will discover ore bodies"

All of this bodes well for our success – both in the near term and long-term. Intense exploration programs in mineral-rich provinces drive successful drill results. Successful drill results will drive us towards a resource definition at one of our Mexican projects. This translates into a tangible result that the markets can rate accordingly in our share price.

We are drilling in a very attractive mining province that contains numerous world-class copper, gold and silver mines. We have a clear focus and a credible strategy for success in Mexico. Simply put, it's this:

- **Identify** high quality precious and base metal projects in the Sierra Madre
- **Undertake** intensive exploration to rapidly assess and advance these projects to development
- **Enhance** the company's project portfolio by acquiring additional high quality exploration projects
- **Target** opportunities to acquire advanced stage projects capable of being brought to production in the near-term

This is the opportunity we're pursuing. We're competitively advantaged to pursue it aggressively. As an Australian company in Mexico we are unique, providing Mexicans with a very real and positive alternative to the Canadian and American firms they are used to dealing with.

We have established an Azure exploration office in Hermosillo (the capital of the State of Sonora, Mexico) and staffed it with an Australian Exploration Manager and several high quality and experienced Mexican geologists. This on-ground presence is identifying new acquisition opportunities for the company.

Additionally we're spoilt for choice with many new projects being delivered into the joint venture by our partner, Geoinformatics Exploration Inc (TSX-V: GXL). Of particular benefit is their strategic alliance with Kennecott Exploration Inc (North American subsidiary of Rio Tinto Plc) which provides us with an additional source of information and projects.

Our financial health and technical expertise enables us to keep our exploration technology at the forefront of our operations in Mexico.

With dedicated and talented people on-site, in management and behind the scenes, I believe our best days are ahead of us.

Let me now turn to our Australian projects. The 100%-owned Splinter project near Esperance has recently produced some very good results. Wide zones of high grade magnetite mineralisation were intersected, with initial metallurgical testwork reporting positive magnetite recovery and concentrate grade results. We believe that Splinter has excellent potential, however in light of the excellent results we continue to receive from our Mexican projects, it is now considered a non-core asset of Azure. In order to concentrate our efforts, expertise and funding, we are currently reviewing our options for our Australian projects to determine the best way to expedite their growth path. This may involve a joint venture with another partner or outright divestment. This is the best option to deliver greater value to Azure shareholders.

I look forward to presenting our results throughout the year but wanted to provide each of you with our roadmap for driving further value in 2007. Your board is committed to ongoing communication with you and facilitating direct contact with the capital markets. It's an exciting time for your company and we invite you to participate in our success.



Tony Rovira  
Managing Director  
2 March 2007



# SIGNIFICANT GROWTH OPPORTUNITIES IN MEXICAN MINING PROVINCE

## ASX Code

AZS

## 52WK Share Price Range

A\$0.089 – A\$0.15

## Market Capitalisation (15/02/07)

A\$10.7M

## Issued Capital (15/02/07)

112.4M shares

13.4M options

## Cash (15/02/07)

A\$2.3M

## Board of Directors & Management:

Mr Campbell Ansell

(Independent, Non Executive Chairman)

Mr Anthony Rovira

(Managing Director)

Mr Michael Fowler

(Independent, Non Executive Director)

Mr John Saleeba

(Independent, Non Executive Director)

Mr Brett Dickson

(CFO & Company Secretary)

## Exploration Managers

Australia - Pat Manouge

Mexico - Mark Styles

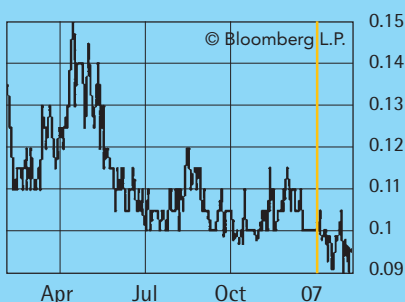
## Top Shareholders

Yandal Investments	11.1%
Azure Minerals Directors	4.0%
Chemco Super Fund	3.4%
ANZ Nominees	2.0%

## Top 20 Holding

34.4%

## Share Price Performance



[www.azureminerals.com.au](http://www.azureminerals.com.au)

*Azure Minerals (ASX: AZS) is an emerging explorer and developer of precious and base metals projects in the richly mineralised Sierra Madre Occidental mining province of northwestern Mexico. Through exploration success and selective project acquisition, the Company aims to become an independent minerals producer. In the pursuit of this goal, Azure has elected to focus on the exploration of its highly prospective Mexican projects (in which it is earning a 51% interest in a joint venture with TSX-listed Geoinformatics Exploration Inc).*

*Recent drilling has returned promising near surface, high grade mineralisation in a wide variety of commodities including gold, silver, copper, zinc, lead and molybdenum. Azure has now begun an extensive second phase drilling program to follow up this initial exploration success, with over 5000 metres of diamond core drilling planned. This second phase program is due for completion in the first half of 2007.*

*In addition to its Mexican projects, Azure has five projects in Australia (four in Western Australia and one in Victoria). The most significant of these is the Splinter magnetite iron ore project, located near Esperance in Western Australia. Azure considers that these projects are non-core assets and is reviewing various divestment opportunities to focus on its operations in Mexico.*

### Potreritos (copper-silver; earning 51%)

- Potreritos is a high grade copper-silver target located 115km northeast of Hermosillo, which is the capital of Sonora State in Mexico
- The district contains numerous copper, silver and molybdenum mines, particularly hosted in intrusive breccias
- Drilling by Azure in late 2006 discovered high grade copper and silver mineralisation (up to 8.5% copper and 57g/t silver) within an overall intercept of 24.4m @ 1.21% copper & 11.3g/t silver
- The mineralisation occurs at a shallow depth, commencing 7.6m down hole, beneath outcropping breccia containing abundant copper sulphide (chalcopyrite) mineralisation
- Drilling re-commenced in February 2007 to further explore this project

### Pozo de Nacho (molybdenum-copper; earning 51%)

- Pozo de Nacho is located 105km southeast of Hermosillo, Mexico
- Previous drilling identified a mineralised intrusive porphyry system
- Five holes were drilled and every hole intersected significant quantities of molybdenite (molybdenum sulphide: MoS<sub>2</sub>) mineralisation. Significant values of copper, silver and tungsten mineralisation were also present
- To date, drilling has only tested the upper part of an intense anomaly detected during an IP survey and the sulphide rich core of the anomaly remains untested
- Follow up drilling is scheduled for the first quarter of 2007

### Jagüey (silver-lead-zinc; earning 51%)

- Jagüey is located 190km east of Hermosillo, Mexico
- Drilling intersected high grades of silver-lead-zinc mineralisation in massive sulphides
- Better intercepts include 3,180g/t silver and 19% lead + zinc over 0.7m and 122g/t silver and 13.8% lead + zinc over 1.1m

## Splinter (magnetite iron ore; 100%)

- Splinter is situated in the Albany-Fraser Province of southern Western Australia, about 120km northeast of the port of Esperance
- Splinter has excellent potential to host large scale magnetite-style iron ore deposits
- Recent drilling intercepted large widths of high grade magnetite (iron ore) mineralisation (24m @ 30.8% Fe and 60m @ 23.7% Fe)

## JOINT VENTURE

Azure's Mexican projects are derived from a joint venture with TSX-V listed Geoinformatics Exploration Inc (TSX-V: GXL). The agreement covers 14 projects and a Strategic Alliance Area in the Sonora and Chihuahua states of Mexico. Under the joint venture agreement, Azure must spend US\$4M on the projects by July 2009 to earn 51% interest. To date, approximately US\$1.8 million has been spent. If GXL elect not to contribute at that stage, Azure can increase to a 75% interest by sole funding a pre-feasibility study by July 2011.

Azure has the right of first refusal over any further projects acquired by GXL within the Strategic Alliance Area. GXL in turn has a strategic alliance with Kennecott Exploration (the North American subsidiary of Rio Tinto Plc) giving it access rights to the North American database of Kennecott and first rights to acquire Kennecott projects in northern Mexico which do not meet Kennecott's corporate criteria.

## EXPLORATION

Azure is committed to an intensive exploration program on several highly promising near-surface precious and base metal targets. In addition to the Potreritos, Pozo de Nacho and Jagüey projects, drilling will also be undertaken at Cardeleña, San Nicolas, and Arroyo Amarillo. Azure will maintain a high level of exploration activity.

## MEXICO - PROJECT LOCATIONS



## CORPORATE

Azure currently has 112.4M shares on issue and 13.4M options at various exercise prices and expiry dates. The Company recently raised A\$1.2M with State One Stockbroking and Patersons Securities to help fund its drilling campaign. The Company has a clear and focused path to increase shareholder value and remains highly leveraged to strong base metal prices.

## ABOUT MEXICO

Mexico is a modern and developing country. It is of major economic importance to North America and has free trade agreements with numerous countries throughout the world. In northern Mexico, where Azure's projects are located, there is significant investment by US and Canadian companies, with many new precious and base metal mines being developed (eg Bolnisi Gold's (ASX: BSG) Palmarejo project).

Mexico also welcomes foreign investment in the mining sector, with 100% foreign ownership allowed. Mining in Mexico operates within a contemporary taxation system, with no mining royalties. A well trained and experienced workforce is readily available and good local infrastructure exists throughout the project areas.

## DRILLING HIGHLIGHTS

High Grades - Wide Zones  
- Shallow Depths

### Potreritos

24.4m @ 1.21% copper & 11.3g/t silver from 7.6m, including:

4.57m @ 4.92% copper & 38.2g/t silver in POT-RC-01

53.3m @ 0.15% copper from

73.1m in POT-RC-02

### Pozo de Nacho

198.1m @ 0.06% MoS<sub>2</sub> from 1.5m in PDN-RC-02A

1.0m @ 0.75% MoS<sub>2</sub> from 282m in PDN-DD-01

### Jagüey

0.7m @ 3,180g/t silver and 19.0% lead + zinc from 19.2m in JAG-DD-04

1.1m @ 122g/t silver and 13.8% lead + zinc from 116.8m in JAG-DD-05

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