

AZURE MINERALS LIMITED
ABN 46 106 346 918

NOTICE OF GENERAL MEETING
PROXY FORM
AND
EXPLANATORY MEMORANDUM

Date of Meeting
3 May 2016

Time of Meeting
11:00am (WST)

Place of Meeting
The Celtic Club
48 Ord Street
WEST PERTH WA

This Notice of General Meeting and the accompanying Explanatory Memorandum should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from their accountant, solicitor or other professional adviser prior to voting. A Proxy Form is enclosed. If you are unable to attend the Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

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

Notice is given that a General Meeting of Shareholders of Azure Minerals Limited ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 3 May 2016 at 11:00 am (WST) for the purpose of transacting the following Business.

ORDINARY BUSINESS

Resolution 1 - Ratification of Prior Share Issue

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 145,000,000 Shares at an issue price of \$0.036 per Share, issued to the persons and on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by a person (and any associates of such a person) who participated in the issue.

However, the Company need not disregard a vote cast on Resolution 1 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 - Ratification of Option Issue

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 11,200,000 Options exercisable at \$0.06 by 30 November 2018, issued to the persons and on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by a person (and any associates of such a person) who participated in the issue.

However, the Company need not disregard a vote cast on Resolution 2 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For further information please refer to the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

By order of the Board of Directors

Brett Dickson
Company Secretary
Date: 24 March 2016

Important information for Shareholders

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

Required majorities

The resolutions in this Notice of Meeting are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Proxies

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and return the proxy form enclosed with this Notice of Meeting as soon as possible. To be effective, a completed proxy form or online proxy instructions must be received by **no later than 11.00am (WST) on 1 May 2016**, being not less than 48 hours prior to the commencement of the meeting.

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company. An appointment form is included with the meeting materials.

Voting entitlements

The Board has determined that, for the purpose of voting at the Meeting, Shareholders are those persons who are the registered holders of the Company's shares at 5.00pm (WST) on 1 May 2016.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders in Azure Minerals Limited ABN 46 106 346 918 ("**Company**") with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Meeting.

Resolution 1 – Ratification of Prior Share Issue

Background

On 20 November 2015 the Company advised that it had agreed to place 145 million Shares at \$0.036 per Share to raise \$5.22 million before costs (**Placement**). The placement was undertaken to two institutional investors based outside of Australia and one Australian based professional investor. The Company had the capacity to undertake the Placement without the approval of Shareholders under Listing Rule 7.1.

Listing Rule 7.1 provides that a company may issue up to 15% of its share capital in any 12 month period without shareholder approval, subject to certain exceptions ("**15% Placement Capacity**"). Listing Rule 7.4 allows a company to seek subsequent approval from shareholders for a prior issue of securities so that the issue of securities does not count towards the company's 15% Placement Capacity. This approval is being sought from Shareholders at the Meeting.

Regulatory information

The following information in relation to Resolution 1 is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 145,000,000 Shares were issued on 26 November 2015. Approval for the ratification of this issue is sought under Resolution 1.
- (b) The Shares were issued at a price of \$0.036 each.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued as follows:
 - 1. 75,000,000 Shares to Dynamic Precious Metals Fund;
 - 2. 40,000,000 Shares to Exploration Capital Partners 2008 Limited Partnership; and
 - 3. 30,000,000 Shares to Yandal Investments Pty Ltd.
- (e) The funds raised from the Placement were used to strengthen the Company's balance sheet ahead of resource estimate drilling and development studies at the Mesa de Plata silver discovery, on its Alacrán Project in northern Mexico.

The Directors recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 – Ratification of Prior Option Issue

On 17 November 2015, the Company issued 11,200,000 Options exercisable at \$0.06 by 30 November 2018 to senior executives of the Company. The Company had capacity to place the 11,200,000 Options without the approval of Shareholders under Listing Rule 7.1 and accordingly is seeking ratification of the issue of those Options pursuant to Listing Rule 7.4.

Listing Rule 7.1 provides that a company may issue up to 15% of its share capital in any 12 month period without shareholder approval, subject to certain exceptions ("**15% Placement Capacity**"). Listing Rule 7.4 allows a company to seek subsequent approval from shareholders for an issue of securities so that the issue of securities does not count towards the company's 15% Placement Capacity. This approval is being sought from Shareholders at the Meeting.

The following information in relation to this Resolution 2 is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 11,200,000 Options were issued;
- (b) the Options were issued for no consideration and with an exercise price of \$0.06;

- (c) the Shares issued upon exercise of the Options will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with existing Shares on issue. The terms and conditions of the Options are set out in Annexure A;
- (d) the Options were issued to senior executives of the Company who are not related parties of the Company; and
- (e) no funds were raised from the issue of the Options. Any funds raised from the exercise of the Options will be used by the Company for exploration and general working capital expenses.

The Directors recommend that Shareholders vote in favour of Resolution 2.

GLOSSARY

"ASX"	means ASX Limited or the Australian Securities Exchanges, as appropriate;
"Chairman"	means the chairman of the Meeting;
"Company" or "Azure"	means Azure Minerals Limited ABN 46 106 346 918;
"Corporations Act"	means Corporations Act 2001 (Cwlth);
"Directors"	means the directors of the Company;
"Explanatory Memorandum"	means this information attached to the Notice, which provides information to Shareholders about the resolutions contained in the Notice;
"Listing Rules"	means the listing rules of ASX;
"Meeting"	means the General Meeting the subject of the Notice;
"Notice" or "Notice of Meeting"	means the notice of General Meeting which accompanies this Explanatory Memorandum;
"Option"	means an option to acquire a Share;
"Securities"	has the meaning given to that term in the Listing Rules, and includes shares and options to subscribe for shares;
"Shareholder"	means a holder of Shares; and
"Shares"	means fully paid ordinary shares issued in the capital of the Company.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

1. No monies will be payable for the issue of the Options.
2. The Options shall expire at 5.00pm (WST) on 30 November 2018 ("**Expiry Date**"). In addition the options (if not yet exercised) will automatically lapse should the executive voluntarily cease employment, for whatever reason, with the Company.
3. Subject to conditions 12 and 13, each Option shall carry the right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("**Share**").
4. Subject to condition 11, the exercise price for each Option shall be \$0.06 ("**Exercise Price**").
5. Subject to condition 11, the Exercise Price of the Options shall be payable in full on exercise of the Options.
6. Options shall be exercisable by the delivery to the registered office on the Company of a notice in writing stating the intention of the option holder to:
 - (a) exercise all or a specified number of Options; and
 - (b) pay the Exercise Price in full for the exercise of each Option.

The notice must be accompanied by a cheque made payable to the Company for the exercise price for the Options. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by him.

7. The Company shall allot the resultant Shares and deliver the holding statement within five business days of the exercise of the Option.
8. Subject to the requirements of the Corporations Act 2001 (Cwlth), the Options shall be transferable only to related parties but will not be listed on the Australian Securities Exchange ("**ASX**").
9. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares in all respects.
10. The Company shall within five business days of any exercise of the Options apply for official quotation on the ASX of the Shares allotted pursuant to the exercise of any of the Options.
11. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Option shall be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of underlying securities into which one Option is exercisable
- P = the average market price per Share (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex-rights date or ex-entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a rights to one new security.
12. In the case of a bonus issue the number of Shares over which the Option is exercisable shall be increased by the number of Shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.
 13. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules of ASX.
 14. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.



Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 135 401
(outside Australia) +61 3 9415 4658

Proxy Form

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Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 138258

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 11:00am (WST) Sunday, 1 May 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Azure Minerals Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Azure Minerals Limited to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 3 May 2016 at 11:00am (WST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Option Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /