



ACTIVITIES REPORT

For the period ended 31 March 2007

Quarterly Overview

The Board of Azure Minerals (ASX: AZS, "Azure") is pleased to today announce their quarterly report for the quarter ended 31 March 2007.

Highlights for the quarter include:

Exploration

- An extensive diamond drilling program commenced on Azure's Mexican projects in February, comprising approximately 5,000 metres testing five different projects.
- Drilling at Potreritos returned visible copper sulphide mineralisation, with mineralised intercepts including 26m @ 0.55% Copper and 28.5m @ 0.45% Copper.
- Drilling is currently in progress at Jagüey (silver-lead-zinc), and will also be undertaken at the Pozo de Nacho (molybdenum-copper), San Nicolas (molybdenum) and Cardeleña (copper-silver-gold) projects.

Corporate

- The company changed its name to Azure Minerals Limited (ASX code: AZS) on 8 January 2007.
- Azure raised \$1,241,000 in February via a share placement to fund further exploration on its Mexican projects.

During the quarter, Azure continued to develop its highly promising near-surface precious and base metals projects located in Mexico. An extensive second phase drill program commenced in February, covering five separate projects. To date drilling on one project has been completed (Potreritos) and the company looks forward to announcing further drilling results from the program over the next quarter.

The earlier decisions made to broaden the exploration focus and strategic direction of the company, culminated in the company finalising its name change to Azure Minerals Limited (from Nickel Australia Limited) early in the quarter.

Commenting on the quarter, Azure's Managing Director Mr Tony Rovira said "This quarter represented an important next step for our Mexican projects, as we launched into an extensive second phase drill program. Results from Potreritos are already in, and we look forward to announcing further results over the next quarter as the program continues."

"I was also particularly pleased to be able to meet with shareholders in my home town of Adelaide whilst presenting at an Investor Forum, as this forms a very important part of our commitment to ongoing communication with all our shareholders. There should be further opportunities for me to meet with shareholders in other capital cities over the next few months, which we will announce shortly."

Management also continues to be pleased with the progress of the Joint Venture with Geoinformatics. Azure has now contributed over half of its requirement to spend US\$4M on the projects by July 2009 to earn a 51% interest.

Additionally, Azure recently commenced a program of project acquisition in northern Mexico, staking mining claims over prospective mineralised trends. Further details regarding these new projects will be released once the new claims are registered.

Azure Minerals (ASX: AZS) is an emerging explorer and developer of precious and base metals projects in 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 high grade mineralisation over 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 5,000 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 is in the process of divesting the Australian projects to focus on its operations in Mexico.



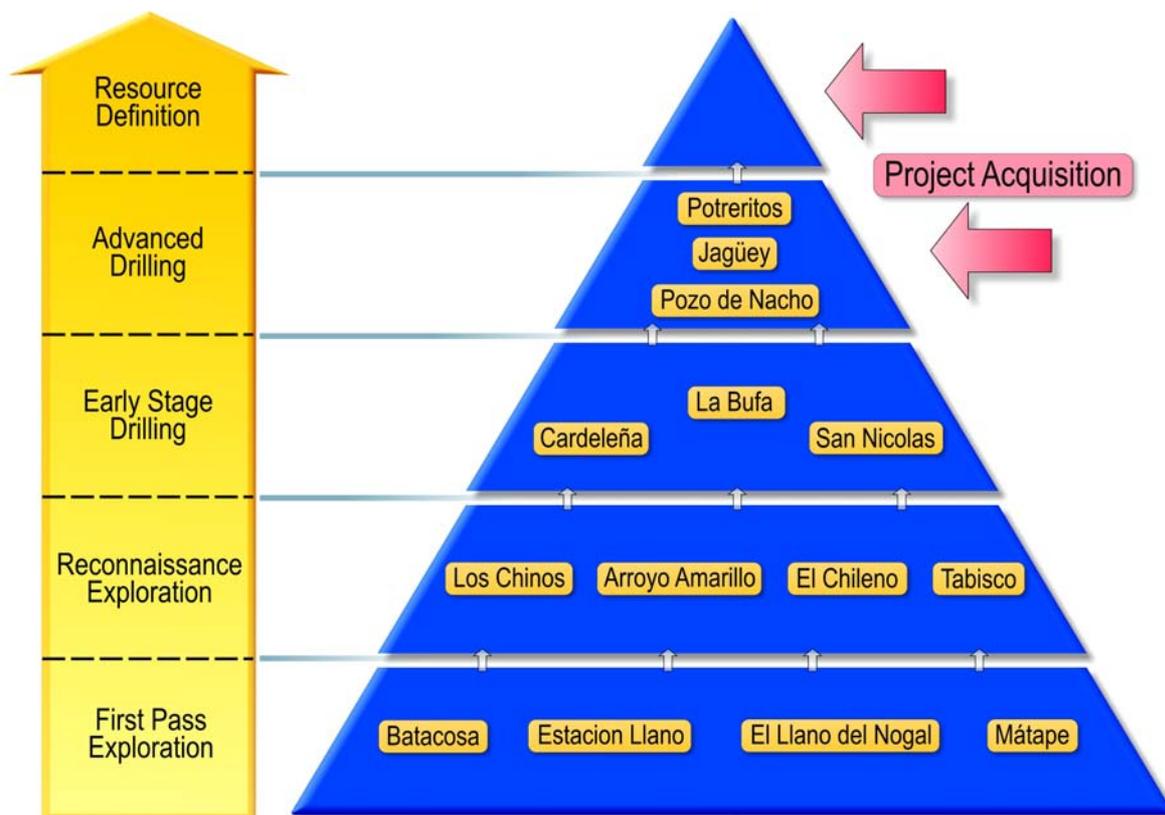
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Mexico

Azure continued exploration during the Quarter on its gold, silver and base metal projects in the richly mineralised Sierra Madre Occidental region of northwestern Mexico. This included the commencement of a 5,000 metre diamond drilling campaign on five of its more mature projects, while continuing to advance its other projects through reconnaissance exploration. The advancement of Azure's projects is shown below in Figure 1.

Figure 1. Project Development in Mexico



Potreritos (copper-silver)

Potreritos is located 115 km northeast of Hermosillo, which is the capital of Sonora State in Mexico, and less than 10 km from the main Hermosillo-Nacozari highway. The project is a high grade copper-silver target located in a district containing numerous copper, silver and molybdenum mines, primarily hosted in intrusive breccias.

The Company has completed five diamond core holes for a total of 657 metres. Three of the drill holes intersected visible copper sulphide mineralisation hosted in multiple flat-lying breccia zones and encouragingly the mineralisation continues to be present at shallow depths. The copper mineralisation predominantly comprises chalcopyrite (copper sulphide) and tetrahedrite (copper – silver sulphide) occurring in veins and disseminated zones hosted within hydrothermal magmatic breccias.



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Assay results have been received for the first three holes and are pending for the remaining two holes. Drill hole details are listed in Appendix 1, and significant intercepts include:

| | |
|-------------------|--|
| POT-DD-001 | 2.0m @ 1.21% Copper & 16.3g/t Silver from 130.0m |
| and | 26.0m @ 0.55% Copper & 4.4g/t Silver from 147.0m |
| including | 15.0m @ 0.74% Copper & 5.4g/t Silver from 158.0m |
| POT-DD-002 | 28.5m @ 0.45% Copper & 6.3g/t Silver & 0.2g/t Gold from 13.0m |
| including | 2.0m @ 1.08% Copper & 10.5g/t Silver from 13.0m |
| | 3.0m @ 1.15% Copper & 14.5g/t Silver from 38.5m |

Jagüey (silver-lead-zinc)

Following completion of the Potreritos drilling, the rig mobilised to the **Jagüey** property, where four drill holes totalling approximately 600 metres will follow up previous very high grade drill intercepts of silver-lead-zinc mineralisation hosted in massive sulphide veins.

This sulphide mineralisation commences at surface, with the veins previously mined to shallow depths by colonial (Spanish) miners. Better intercepts included:

- **3,180g/t silver & 19% lead + zinc over 0.7 metres from a depth of 19.2 metres;**
- **526g/t silver & 4.3% lead + zinc over 0.5 metres from 37.4 metres;**
- **242g/t silver & 9.9% lead + zinc over 0.6 metres from 95.9 metres; and**
- **122g/t silver & 13.8% lead + zinc over 1.1 metres from 116.8 metres.**

San Nicolas (copper, molybdenum, silver & zinc)

Reconnaissance exploration has confirmed the potential of this property, identifying widespread alteration identified and with rock chip sampling returning high grades up to **6.2% copper, 795g/t silver, 7.1% zinc, and 0.5% molybdenum.**

In particular, exploration identified a felsic intrusion (forming a hill called La Bufa) containing significant quantities of visible molybdenite (a molybdenum sulphide ore mineral) over an area of 300m x 100m. Samples collected from the outcrop returned high molybdenum grades, peaking at **5,340ppm Mo**. Very coarse-grained blebs (up to 1cm across) of molybdenite were commonly observed in the outcrop.

Trenching across La Bufa exposed the molybdenum-rich zone, and channel sampling returned strongly mineralised intervals of **30m @ 800ppm Mo**, including **6m @ 1,100ppm Mo** and **8m @ 1,200ppm Mo**, **32m @ 560ppm Mo**, and **8m @ 1,100ppm Mo**.

First pass drilling at La Bufa will comprise two diamond core holes targeting the near-surface (<200 metres depth), high grade molybdenum mineralisation.



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Pozo de Nacho (porphyry molybdenum-copper)

This project has the potential to host a large molybdenum deposit within a porphyry system. Previous drilling by Azure was very successful with all six holes intersecting significant molybdenum mineralisation, including large widths of mineralisation, such as **198metres @ 0.06%MoS₂** and high grade results including **5 metres @ 0.21% MoS₂**. Elevated grades of copper and tungsten mineralisation were also intersected.

Mineralisation has been identified over a strike length of 1,200 metres and to depths of 350 metres. However, this has tested less than half of the geochemical anomaly (>2,500 metre strike length), and there is potential for the mineralised porphyry system to be significantly extended both along strike (east-west) and to the north and south. Importantly, the drill holes have only penetrated the upper part of the IP anomaly, and the high intensity core of the system remains untested. Follow-up diamond drilling will target depth and strike extensions to this mineralisation to determine potential size of the body.

Significant drill hole highlights returned to date include:

PDN-DD-01

- ended in high grade mineralisation (**0.8m @ 0.18% MoS₂**); and
- intersected copper sulphide mineralisation (**46.0m @ 0.1% Cu from 96.8m**).

PDN-RC-02A

- entire drill hole contained molybdenum mineralisation (**198.1m @ 0.06% MoS₂**); and
- ended in strong tungsten mineralisation (**4.6m @ 0.06% W from 193.5m**).

Joint Venture Background

Azure's holds 14 projects in Sonora, Mexico in joint venture with TSX-V listed Geoinformatics Exploration Inc (TSX-V: GXL). Under the joint venture agreement, Azure must spend US\$4 million on the projects by July 2009 to earn a 51% interest. If GXL elects not to contribute at that stage, Azure can increase to a 75% interest in all projects by sole funding a pre-feasibility study by July 2011.

-ENDS-

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Appendix 1

DRILL HOLE DETAILS – POTRERITOS

| Hole No | North (mN) | East (mE) | RL (mASL) | Dip | Azimuth | Hole Length (m) |
|-----------|------------|-----------|-----------|------|---------|-----------------|
| POT-DD-01 | 3 294 137 | 602 412 | 1139 | -60° | 315° | 225.5 |
| POT-DD-02 | 3 294 210 | 602 387 | 1134 | -60° | 315° | 152.4 |
| POT-DD-03 | 3 294 331 | 602 860 | 1144 | -60° | 315° | 122.5 |
| POT-DD-04 | 3 294 245 | 602 370 | 1131 | -60° | 315° | 99.6 |
| POT-DD-05 | 3 294 110 | 602 330 | 1129 | -60° | 315° | 166.6 |

Samples were all half core and assayed by ALS-Chemex (Vancouver) using ICP-AES and fire assay (for gold) methods.

The information in this report 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 Nickel Australia Ltd. 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 report of the matters based on his information in the form and context in which it appears.