



ACTIVITIES REPORT

For the period ended 31 March 2009

Azure Minerals is an Australian mining and exploration company focused on developing precious and base metal mining projects in Mexico. The Company operates in the richly mineralised Sierra Madre Occidental mining province in northern Mexico.

The Company is committed to value-added growth through becoming an independent minerals producer at its high grade Promontorio copper-gold-silver project in Chihuahua, Mexico.

Azure has completed its first JORC resource at Promontorio of 502Kt @ 4.7% Cu, 2.1g/t Au & 99g/t Ag. Initial metallurgical testwork produced very positive results with excellent metal recoveries into a high grade copper-gold-silver concentrate.

Joint venture exploration for large porphyry copper deposits has commenced on the on the La Tortuga and Los Nidos properties. Initial results are encouraging and work is continuing. JOGMEC is earning a 51% interest by sole funding the first US\$3m of exploration.

Azure currently holds nine 100%-owned projects and a further 13 projects in joint venture with Geoinformatics Exploration Inc, in which Azure holds a 60% interest.

Azure's project portfolio now covers an impressive area of 211,100 hectares (2,111 km²).

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Quarterly Overview

The Board of Azure Minerals Limited (ASX: AZS, "Azure") is pleased to provide the Quarterly Report for the period ended 31 March 2009.

Highlights

Promontorio

- Announcement of JORC compliant resource of:
 - 502,000 tonnes @ 4.7% Copper, 2.1 g/t Gold and 99 g/t Silver, containing:
 - 23,400 tonnes of Copper,
 - 34,000 ounces of Gold, and
 - 1.6 million ounces of Silver.
- Initial metallurgical testwork program on Promontorio mineralisation completed, with excellent metal recoveries achieved from flotation testwork, including:
 - Copper: 99.4%
 - Gold: 97.6%
 - Silver: 98.9%
- Optimum processing route is via low risk conventional crushing, grinding and flotation technologies to produce a high grade copper-gold-silver concentrate.
- Further scoping study activities are in progress.

JOGMEC Joint Venture

- Azure - JOGMEC JV commenced exploration for large porphyry copper deposits on the La Tortuga and Los Nidos properties (both 100%-owned by Azure).
- Sole-funding by JOGMEC of US\$3.0 million exploration expenditure over 3 years to earn a 51% interest.
- Diamond core hole drilled to 502m, with results awaited.
- IP survey delineates a 4km long, high chargeability anomaly, most likely representing disseminated sulphide mineralisation.
- Mapping and sampling identifies outcropping zones of altered and mineralised rocks assaying up to 8.0% copper, 9.6g/t gold and 1,115g/t silver.
- Helicopter-borne aeromagnetic and radiometric survey completed over the entire 207km² project area, identifying numerous targets.

Corporate

- Successfully raised over \$1.0 million through a renounceable rights issue to continue funding exploration activities at Promontorio.



Projects

Promontorio (Azure right to acquire 100%)

Copper – Gold – Silver

MINERAL RESOURCE

During the quarter, Azure announced the completion of the Mineral Resource Estimate for the Promontorio copper-gold-silver deposit.

The resource estimate is:

502,000 tonnes @ 4.7% Copper, 2.1 g/t Gold and 99 g/t Silver

at a 1% copper cut off, containing a total of **23,400 tonnes of Copper, 34,000 ounces of Gold and 1.6 million ounces Silver**. The Mineral Resource Statement was prepared by international mining consultancy Coffey Mining Pty Ltd (Coffey) of Perth, Western Australia, and was released to the ASX on January 7th 2009.

METALLURGY

Very promising results have been returned from metallurgical testwork on representative mineralised samples from Promontorio. This work was undertaken by AMDEL Ltd in Perth under the supervision of Coffey, and was released to the ASX on February 26th 2009.

The metallurgical testing program included head grade analysis, mineralogical examination, comminution testing, sulphide flotation testwork, a recommendation on the optimum process route to produce a copper concentrate, and preliminary evaluation of various downstream processing options for treatment of the copper concentrate.

First stage flotation tests produced a “rougher” concentrate grade of 23.1% copper, with a recovery of 99.4% of the total copper. Further flotation testing upgraded the rougher concentrate to produce a “cleaner” concentrate grade of 33.9% copper with a recovery of 98.2% of the total copper.

These results confirm the Company’s view that very high metal recoveries will be achievable during commercial scale production through the application of conventional well proven processing technologies, thereby reducing overall project risk.

This provides Azure with encouragement to continue advancing Promontorio through the pre-feasibility study stage during the current commodity cycle lows, positioning the Company to be able to make a production decision when metals prices and capital market funding have improved. Signs of improvement are already evident, with the copper price in particular rebounding sharply.

Coffey will provide Azure with recommendations on the optimum process route, further downstream processing options, and comparisons of likely capital and operating costs.

BACKGROUND

High grade copper-gold-silver mineralisation and outstanding exploration potential make Promontorio Azure’s flagship project.

Promontorio comprises a central group of three granted mining concessions totalling 187 hectares and a surrounding mining concession covering 120km². Azure has entered into options to purchase 100% ownership of the central tenements by paying a total of US\$4.0 million staged over four years, with future ownership unencumbered by any royalties. Azure holds 100% ownership of the surrounding larger mining concession.



JOGMEC Joint Venture
(Azure 100% - JOGMEC earning 51%)

Copper - Gold

The La Tortuga-Los Nidos Project is a joint venture with Japan Oil, Gas and Metals National Corporation (JOGMEC) who are sole funding the first US\$3 million of exploration expenditure to earn a 51% interest in the project. The Joint Venture is managed and staffed by Azure with technical assistance from JOGMEC.

Stage 1 of an intensive exploration program commenced during the March Quarter, and comprised helicopter-borne aeromagnetics and radiometrics, an Induced Polarisation (IP) survey, regional and detailed geological mapping and surface sampling, and diamond drilling.

Prior to the formation of the Azure-JOGMEC joint venture, previous exploration included mapping, sampling and shallow drilling. Soil sampling defined an impressive copper-zinc anomaly in the eastern part of the La Tortuga property, and drilling by Teck Cominco returning several significant copper, zinc and molybdenum intercepts.

Based upon this work, the Azure-JOGMEC joint venture drilled a reconnaissance diamond core hole to a depth of 502 metres. Disseminated and veinlet sulphide mineralisation hosted in strongly altered porphyry rocks was visually identified in the core. Samples have been collected and submitted to the laboratory, and assay results are awaited.

The IP survey area covers 30km² over eastern La Tortuga. To date 20km² has been completed. A large high chargeability anomaly has been delineated on the northern part of all eight lines (500m line spacing) giving an anomalous strike length of over 3,500 metres. The anomaly is coincident with surface occurrences of copper oxide mineralisation and skarn development within limestones adjacent to strongly altered porphyry. It is considered likely that a significant-sized body of disseminated sulphide mineralisation is responsible for this chargeability anomaly and further infill and extensional IP survey lines with follow-up diamond drilling will be required in the next stage of exploration.

The Joint Venture also completed a detailed, low-level helicopter-borne aeromagnetic and radiometric survey covering the 207km² project area. This survey has provided valuable data to enhance the targeting of mineralised porphyry systems within the project area.

BACKGROUND

The La Tortuga and Los Nidos properties are adjoining mining concessions covering 207km², and are situated only five kilometres east of the El Tecolote Mine, (previous production of 1.6Mt @ 1.8% copper, 6.9% zinc and 50g/t silver). The project area is 90 kilometres northwest of Hermosillo, the capital of Sonora State, where Azure has its exploration and administration base. The Joint Venture is managed and staffed by Azure with technical assistance from JOGMEC.

JOGMEC is a Japanese Government corporation established to assist in the stable supply of oil, gas and mineral resources to the Japanese economy. JOGMEC seeks to gain entry into high-potential mineral exploration projects through providing funding and technical assistance, with a view to the later introduction of commercial Japanese interests.



Corporate

Azure successfully raised over \$1.0 million in fresh capital through a renounceable rights issue during the quarter. Funds will be used to continue advancing the Promontorio project and for general working capital. Azure is strongly encouraged by the continued willingness of the existing shareholders and wider capital markets to support the development of the company's high quality Mexican portfolio of assets.

-ENDS-

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Competent Person Statement:

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.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Azure Minerals Limited

ABN

46 106 346 918

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,031)	(3,110)
(b) development	-	-
(c) production	-	-
(d) administration	(278)	(933)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (JV advances)	581	697
Net Operating Cash Flows	(723)	(3,303)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	15	(324)
(b) equity investments	-	-
(c) other fixed assets	-	(7)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	5
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	15	(326)
1.13 Total operating and investing cash flows (carried forward)	(708)	(3,629)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(708)	(3,629)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	938	3,471
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – preparation for Canadian listing	-	(103)
	Net financing cash flows	938	3,368
Net increase (decrease) in cash held			
		230	(261)
1.20	Cash at beginning of quarter/year to date	891	1,420
1.21	Exchange rate adjustments to item 1.20	(20)	(58)
1.22	Cash at end of quarter	1,101	1,101

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	106
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

During the quarter JOGMEC contributed US\$368,249 (AU\$581,105) towards its US\$3million earn-in in the Los Nidos – La Tortuga joint venture.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	254	234
5.2 Deposits at call	847	657
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,101	891

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-		
6.2	Interests in mining tenements acquired or increased	-		

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	195,009,489	195,009,489		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	25,627,217	25,627,217	\$0.04	\$0.04
7.7 Options <i>(description and conversion factor)</i>	3,000,000	Nil	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30/11/09
	3,000,000	Nil	\$0.25	30/11/10
	800,000	Nil	\$0.175	30/01/11
	800,000	Nil	\$0.25	30/01/12
	800,000	Nil	\$0.35	30/01/13
	2,950,000	Nil	\$0.15	30/11/09
	1,000,000	Nil	\$0.25	<i>Various dates</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	500,000	Nil	\$0.25	30/01/12
	500,000	Nil	\$0.35	30/01/13
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 24/04/09
(Director/Company secretary)

Print name: Brett Dickson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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