Azure Minerals Limited

ABN 46 106 346 918

Annual Report and Financial Statements

for the year ended 30 June 2009

Corporate Information

ABN 46 106 346 918

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

Company Secretary
Brett Dickson

Registered Office
Level 1, 30 Richardson Street
WEST PERTH WA 6005
(08) 9481 2555

Solicitors
Salter Power Pty Ltd
Level 2, 6 Kings Park Road
WEST PERTH WA 6005

Bankers
Commonwealth Bank of Australia Limited

Share Register
Computershare
Level 2, 45 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9445 7000
Facsimile: (08) 9445 7677

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

Internet Address
www.azureminerals.com.au

ASX Code
Shares AZS

Highlights

Highlights for the 2009 year include:

- Completion of the first JORC Code compliant Mineral Resource at Promontorio of:

  502,000 tonnes @ 4.7% Copper, 2.1g/t Gold & 99g/t Silver, containing:

  - 23,400 tonnes of Copper
  - 34,000 ounces of Gold
  - 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%

- High level evaluation of the economic potential of Promontorio finds that:
  - The project has the potential to be developed and operated at a profit
  - The high grade mineralisation provides a significant positive margin over operating costs
  - There is a noticeable trend of increasing grade with depth
  - Further cash flow modelling show a substantial potential increase in project value with additional resources

- Azure enters into a Joint Venture with the Japanese Government corporation JOGMEC to explore for major copper deposits on the La Tortuga Project.

  - JOGMEC may earn a 51% interest in the project by sole-funding US$3 million on exploration expenditure within 3 years.

  - Exploration to date includes geology, geochemical sampling, airborne and ground geophysics, and drilling of one 500m deep diamond drill hole.

  - Results have been very positive, identifying strongly altered rocks containing anomalous copper, molybdenum and zinc mineralisation associated with several strong Induced Polarisation (IP) anomalies outlined in an 8km long structural corridor.

Contents

<u>Competent Person Statement:</u>

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 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.

Chairman's Letter

Dear Fellow Shareholders,

On behalf of the Board of Azure Minerals, it is my pleasure to present to you the Annual Report for 2009.

This has been a difficult year for all mineral explorers following the fallout from the Global Financial Crisis however, I am pleased to report that Azure has been able to undertake a significant level of positive exploration and value adding activity in Mexico, whilst prudently managing and preserving our financial resources.

Great progress has been made at our flagship project Promontorio, where we have begun to move beyond the pure exploration phase towards project scoping and development. A significant milestone was reached with the publication of the initial JORC resource at Promontorio. Excellent metal recoveries and a high level evaluation shows significant promise for the project.

Importantly, the high level evaluation shows that potential returns to shareholders from Promontorio can be substantially enhanced with the definition of further mineral resources. We believe the potential for further resources being defined at Promontorio remains excellent, with wildcat holes to the North of the existing resource intersecting additional high grade mineralisation. The mineralisation remains open to the North and South, with further 650m of untested strike potential before becoming obscured under cover rocks.

Against the backdrop of difficult market conditions, Azure has followed a prudent course towards managing available working capital. Equity markets were very challenging for a significant portion of the year just past, with further development funds for early stage exploration being very difficult to obtain. Accordingly, Azure has struck a balance between preserving potentially scarce development funds and continuing its mandate from shareholders to advance exploration, in order to realise its vision of becoming an independent minerals producer.

In line with this balanced approach, at La Tortuga we have been able to attract a major joint venture partner, allowing us to apply and expend a significant level of exploration spending. A very significant exploration program has been underway at no cost to Azure, as our joint venture partner earns into the project. Azure continues to manage the project, utilising its in-house exploration team based in Hermosillo, Mexico.

At Promontorio, work has focused on high value-adding activities, including metallurgy and an initial high level economic study. These activities have substantially enhanced the future potential of the project, for relatively modest expenditure.

Fortunately, we are now seeing market conditions improving with renewed support for explorers operating in prospective ground with quality exploration teams and that offer the opportunity for high impact returns, leveraged to exploration success. Azure continues to offer this opportunity to shareholders both through the upside from further development at Promontorio and the potential for significant discovery at projects such as La Tortuga, where a substantial exploration program is underway.

Azure's outstanding exploration portfolio in Mexico has been maintained, with only very low holding costs required. Azure currently holds seven 100%-owned projects and a further 13 projects in joint venture with Kiska Metals Corp (previously Geoinformatics), in which Azure holds a 60% interest. Azure's project portfolio now covers an impressive area of 175,424 hectares (1,754 km^2). These projects continue to provide substantial future potential for Azure as the Company looks to progress them through exploration activities or by corporate means.

Shareholders can look forward to a robust level of activity in the coming year, at both Promontorio and La Tortuga. Promontorio continues to progress on the path towards development, with a new stage of metallurgical testwork underway in Mexico. Ongoing development activities over the year ahead will continue to add value to the project. A substantial exploration program continues at La Tortuga with further geophysical surveys and drill testing of a number of the previously identified highly prospective targets.

Our activities and prudent management in 2008/2009 have left Azure well placed to emerge from the difficult economic conditions seen worldwide, and capitalise on the nascent recovery in the world commodity markets. As we continue towards our vision of becoming an independent minerals producer and advancing Promontorio to production, I look forward to updating shareholders with the progress to be made in the year ahead.

Tony Rovira
Executive Chairman

Review of Operations

This year Azure Minerals continued value adding activities on its Mexican projects, focusing principally on its two flagship properties – Promontorio and La Tortuga.

PROMONTORIO (Copper – Gold – Silver)

The high grade Promontorio copper-gold-silver project comprises a central group of three contiguous mining concessions, Hidalgo, Promontorio and Magistral, totaling 187 hectares and a surrounding mining concession, Promontorio Regional, covering 10,500 hectares. Promontorio is located in the northern Mexican state of Chihuahua within the richly mineralised Sierra Madre Occidental mining province, which is known for its prolific copper, gold and silver mines.

Azure has entered into agreements to purchase the three central mining concessions. Under the terms of the agreements, the Company will pay the vendors a total of US$4 million staged over four years to gain 100% ownership of the concessions. Azure has the choice to advance full payment at any time within that period for immediate full ownership. Azure is able to withdraw from the agreements at any time. No royalties are payable to either the vendors or the government for any mineral production. During the year Azure was also granted 100% ownership of the surrounding Promontorio Regional concession.

During the year, the Company:

- completed a 38 diamond drill hole, 6,695m resource definition drilling program;
- published a JORC Code-compliant Mineral Resource of:

  502,000 tonnes @ 4.7% copper, 2.1g/t gold & 99g/t silver;
- conducted a metallurgical testwork program on a representative bulk sample of Promontorio ore;
- undertook a high level evaluation study on the economics of developing and bringing into production a 150,000 tonne per annum mining operation;
- staked the 105km^2 Promontorio Regional mining concession which surrounds the core mining leases; and
- carried out the first reconnaissance exploration program over the Promontorio Regional concession.

Promontorio is a high sulphidation epithermal deposit consisting of multiple massive and semi-massive sulphide veins containing very high grades of copper, gold and silver. All veins strike approximately north-south, dip steeply to the west, and demonstrate good geological continuity. Surrounding the sulphide veins is a siliceous alteration halo containing lower grade gold and silver mineralisation.

The drill program defined high grade mineralisation over a strike length exceeding 200 metres. Importantly, the high grade copper-gold-silver mineralized system remains open to the north and south with at least a further 650 metres of untested potential before becoming obscured under cover rocks. Drilling confirmed the mineralisation extends to depths in excess of 150 metres with good three-dimensional continuity throughout the deposit. Two wildcat drillholes located 120 metres and 340 metres to the north of the northern resource boundary intersected further high grade copper, gold and silver mineralisation, demonstrating potential for significant expansion of the resources in these areas.

Some of the more spectacular intercepts returned from Azure's drilling program include:

<u>APR-DD-001</u>

- 13.35 metres @ 5.7% copper, 2.2 g/t gold & 108 g/t silver from 94.6m depth

<u>APR-DD-008</u>

- 2.8 metres @ 10.2% copper, 1.8 g/t gold & 120 g/t silver from 85.2m depth

<u>APR-DD-009</u>

- 9.4 metres @ 12.5% copper, 3.9 g/t gold & 266 g/t silver from 82.0m depth
- 1.4 metres @ 20.7% copper, 1.2 g/t gold & 270 g/t silver from 130.6m depth

<u>APR-DD-010</u>

- 10.05 metres @ 5.3% copper, 1.2 g/t gold & 45 g/t silver from 104.9m depth

<u>APR-DD-015</u>

- 2.30 metres @ 23.1% copper, 3.1g/t gold & 253g/t silver from 91.6m depth

<u>APR-DD-023</u>

- 3.0 metres @ 15.4% copper, 2.1 g/t gold & 170 g/t silver from 132.5m depth
- 4.2 metres @ 15.3% copper, 3.4 g/t gold & 192 g/t silver from 190.1m depth.

Review of Operations

On the basis of this resource definition drill program and using a 1% copper cut-off, Azure calculated a JORC Code compliant Mineral Resource estimate of:

Classification	Tonnes	Copper	Gold	Silver
Reported above 1.0% copper				
Indicated	290,000	4.2%	2.1g/t	94g/t
Inferred	212,000	5.3%	2.1g/t	106g/t
Total	502,000	4.7%	2.1g/t	99g/t
Contained Metal		23,400 tonnes	34,000 ounces	1,600,000 ounces

In preparation for a pre-feasibility study, Azure commissioned initial metallurgical testwork on a bulk sample of Promontorio ore. 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. Very promising results were returned.

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. Detailed results are shown in the accompanying table.

Product	Mass	Copper		Gold		Silver	
	Recovery (%)	Grade (%)	Recovery (%)	Grade (g/t)	Recovery (%)	Grade (g/t)	Recovery (%)
Rougher Concentrate	48	23.1	99.4	6.7	97.6	365	98.9
Cleaner Concentrate	34	33.9	98.2	6.9	83.2	377	93.5

These results confirmed the Company's view that very high metal recoveries are achievable from commercial scale production through the application of the conventional well proven processing technologies of crushing, grinding and flotation, thereby reducing overall project risk.

Towards the end of the year, Azure completed a high level evaluation of the economic potential of the Promontorio project ("**Study**").

It found that:

- Promontorio has potential to be developed and operated at a profit;
- Based on typical costs for similar mining projects in Mexico, the high grade of mineralisation provides a significant positive margin over operating costs; and
- There is a noticeable trend of increasing grade with depth.

The Study was an initial conceptual analysis designed to provide an order of magnitude estimate of capital and operating costs, financial return and overall economic viability. It was based upon the existing Mineral Resources and assumed a selective underground mining operation at approximately 150,000 tonnes per annum followed by treatment using conventional crushing, grinding and flotation technology. This would produce a high grade copper-gold-silver concentrate to be on-sold to a smelter.

Operating revenue was estimated at US$236[1] per tonne of processed plant feed. Operating costs were estimated to be approximately US$96 per tonne of processed plant feed. Capital costs for a standard crushing, grinding and flotation treatment plant, other surface infrastructure and pre-mining development are estimated to be US$27 million.

Cashflow modelling was carried out based on the assumption that additional mineralisation will be discovered through continued exploration. These results provided further encouragement with the NPV increasing significantly.

[1] Metals prices used: Copper @ US$2.00/lb, Gold @ US$875/oz, Silver @ US$12.40/oz

Review of Operations

The Study assumed processing tonnages and used preliminary metallurgical data, and as such should be regarded with appropriate caution. This high level Study is early stage and it should be noted there is no certainty that the estimates of the Study will be realised in the future.

Work is continuing at Promontorio with reconnaissance exploration in progress on the Promontorio Regional concession. This has comprised geological mapping and geochemical sampling and several new occurrences of epithermal veining and mineralisation have been identified. The next stage of exploration will be geophysical surveys and the defining of targets for follow-up drilling.

In addition, Azure has commenced a new stage of metallurgical testwork. A 50kg representative bulk sample of Promontorio ore has been submitted to a mineral processing laboratory in Mexico to investigate the effectiveness of alkaline, ferric acid and bacterial leaching on removing contaminant elements from the high grade copper-gold-silver concentrate. Results from this work are due late in 2009.

Work during the past year has delivered excellent results and has provided Azure with encouragement to advance Promontorio into the pre-feasibility study stage. This will enable the Company to be ready able to make a production decision when metals prices and capital market funding have improved. Signs of recovery are already evident, with the copper price in particular rebounding sharply. Consequently Azure is continuing to progress Promontorio towards development.

LA TORTUGA – LOS NIDOS (Copper – Gold – Molybdenum – Zinc)

Azure holds 100% ownership of the La Tortuga – Los Nidos properties which together consist of five mining concessions covering 258 square kilometres. In late 2008, the Japanese Oil, Gas and Metals National Corporation ("**JOGMEC**") recognised significant potential for large copper deposits on La Tortuga and the adjoining Los Nidos properties and approached Azure with a farm-in offer. A Joint Exploration Agreement was entered into and exploration commenced in December 2008. Under the terms of the agreement JOGMEC will earn a 51% interest in the project by sole funding the first US$3 million of exploration expenditure within three years.

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.

La Tortuga is located 90 kilometres northwest of Hermosillo, the capital of Sonora State, where Azure has its exploration and administration base. The joint venture is operated and staffed by Azure with management and technical assistance from JOGMEC.

The joint venture has implemented an intensive exploration program, including:

- geological mapping and surface geochemical sampling;
- an airborne magnetic and radiometric survey;
- Induced Polarisation (IP) and resistivity surveys; and
- drilling one 502m deep diamond core hole.

Exploration results have been very positive with ten priority targets being identified. Five of these are in areas of outcrop where encouraging indications of mineralised porphyry and skarn systems were recognised by the mapping and sampling. In addition, a further five targets were identified by the geophysical surveys in areas covered by alluvium.

Target A is a 2km x 1km area in eastern La Tortuga containing outcrops of strongly altered intrusive and sedimentary rocks which hosts visible copper and molybdenum mineralisation at surface. This area was tested by diamond drill hole TOR-DD-001 which encountered disseminated and veinlet sulphide mineralisation hosted in over 400m of strongly altered porphyry rocks. Highly anomalous metals values were returned, confirming the presence of a mineralised porphyry system in this area. Follow-up exploration will comprise 1,500m of diamond core drilling to further test this target.

Further to the north, Targets H and I were identified by the IP, resistivity and magnetic surveys as having geophysical signatures characteristic of sulphide-rich skarn and porphyry copper deposits. There are no outcropping rocks in the vicinity of these targets, with both covered by an unknown thickness of transported alluvial sands and gravels. However they have been recognised as high priority targets and will by drill tested during the forthcoming year.

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Azure Minerals Limited and the entities it controlled at the end of or during the year ended 30 June 2009.

DIRECTORS

The following persons were directors of Azure Minerals Limited during the whole of the financial year and up to the date of this report.

Anthony Rovira

John Saleeba

Wolf Martinick

PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was exploration for precious and base minerals in Mexico.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

Group Overview

Azure Minerals Limited was incorporated on 19 September 2003. Its principal focus on exploration for gold, copper, silver and zinc in Mexico. The company has thirteen projects in joint venture with TSX-V listed company Kiska Metals Corporation Inc, a joint venture with Japanese corporation JOGMEC and a number of projects owned 100%. The company's principal project is the Promontorio project where a modest size but high grade copper-gold—silver deposit has been identified. The Company will continue to seek opportunities either 100% owned or in joint venture in Mexico.

Operating Results for the Year

The operating loss after income tax of the company for the year ended 30 June 2009 was $3,355,760 (2008: $4,481,150). Included in this loss figure is $3,241,555 (2008: $2,305,586) of exploration expenditure written off. Refer notes to the financial statements note 1(d).

Shareholder Returns

	2009	2008
Basic loss per share (cents)	**(1.9)**	**(3.3)**
Diluted loss per share (cents)	**(1.9)**	**(3.3)**

Investments for Future Performance

The future performance of the group is dependant upon exploration success and the continued progress of development of those projects where precious and base metals are already present. To this end the group has budgeted to continue exploration at its Mexico projects.

Review of Financial Condition

The consolidated entity has a sound capital structure and is in an excellent position to progress its mineral properties. During the year, $4,329,766 was raised through the issue of 68,195,817 shares via private placements, share purchase plan and an entitlements issue to shareholders.

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee. The Board has adopted a Risk Management Policy.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which covers strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

The company undertakes risk review meetings as required with the involvement of senior management. Identified risks are weighed with action taken to mitigate key risks.

Directors' Report

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

(a) An increase in contributed equity of $4,329,766 (from $25,129,782 to $29,459,548) as a result of:

	2008 $
Issue of 20,365,600 fully paid ordinary shares at $0.125 each	2,545,700
Issue of 47,830,217 fully paid ordinary shares at $0.04 each	1,913,209
	4,458,909
Less expenses associated with the above issue of shares	(129,143)
Total	**4,329,766**

(b) Net cash received from the increase is contributed equity amounting to $4,329,766 was used principally to continue the company's exploration programme in Mexico.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The group expects to maintain the present status and level of operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to significant environmental regulation in respect to its exploration activities.

The company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review. The directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period from 1 July 2008 to 30 June 2009 the directors have assessed that the Company has no current reporting requirements, but may be required to report in the future.

INFORMATION ON DIRECTORS

Names, qualifications, experience and special responsibilities

Mr. Anthony Paul Rovira, BSc Flinders University, BSc (Hons) Flinders University, MAusIMM (Appointed Executive Chairman 6 June 2007)

Experience and Expertise

Tony Rovira has 25 years technical and management experience in the mining industry, as an exploration and mining geologist, and as a company executive at Board level. Since graduating from Flinders University in South Australia in 1983, Tony has worked for companies both large and small, including BHP, Barrack Mines, Pegasus Gold and Jubilee Mines.

From 1997-2003 Tony was the General Manager of Exploration with Jubilee Mines, during which time he led the team that discovered and developed the world class Cosmos and Cosmos Deeps nickel sulphide deposits in Western Australia. In the year 2000, the Association of Mining and Exploration Companies awarded Tony the "Prospector of the Year Award" for these discoveries.

Tony joined Azure Minerals as the inaugural CEO in December 2003 and was appointed Executive Chairman in June 2007. He is responsible for the decision to focus Azure Minerals' activities on the world class mineral provinces in Mexico, where the company has been operating since 2005.

Other Current Directorships

None.

Former Directorships in the last 3 years

None.

Special Responsibilities

Chairman of the Board and Managing Director

Interests in Shares and Options

2,982,000 ordinary shares in Azure Minerals Limited

5,500,000 options over ordinary shares in Azure Minerals Limited

Directors' Report

INFORMATION ON DIRECTORS (cont'd)

Names, qualifications, experience and special responsibilities (cont'd)

Dr Wolf Martinick, PhD, BSc (agric) (Appointed 1 September 2007)

Experience and Expertise

Dr Martinick is a Fellow of the AusIMM and founding director of the Perth-based consultancy, MBS Environmental Pty Ltd, to the mineral resource industry, especially in Australasia.

Dr Martinick has been involved with mineral exploration and mining projects around the world, especially Australasia, Africa, China, India, Eastern Europe and parts of the former Soviet Union. He has participated in numerous due diligence studies on mining projects around the world on behalf of international financial institutions and mineral resource companies for a variety of transactions, including listings on international stock exchanges, mergers and debt financing.

Other Current Directorships

Sun Resources NL – Non-Executive Director since February 1996

Ezenet Limited – Chairman since January 2003

Weatherly International Plc – Chairman since July 2005

Uran Limited – Non-Executive Director since November 2006

Windimurra Vanadium Limited – Chairman since December 2006

Carbine Resources Limited – Non-Executive Director since December 2006

Former Directorships in the last 3 years

Nil

Special Responsibilities

Chairman Remuneration Committee

Member of Audit Committee

Interests in Shares and Options

1,100,000 ordinary shares in Azure Minerals Limited
1,000,000 options over ordinary shares in Azure Minerals Limited

Mr. John Walter Saleeba, BCom, LLB, CPA, FAICD (Non-Executive Director, chairman audit committee, remuneration committee member)

Experience and Expertise

Mr Saleeba was formerly a partner in the law firm Clayton Utz. He is a Fellow of the Australian Institute of Company Directors and is currently Chairman of Repcol Limited and VDM Group Limited. Mr Saleeba has held directorships with a number of other public companies, covering a wide range of business activities.

Other Current Directorships

Repcol Limited – Non-Executive Director and Chairman since February 2002.

VDM Group Limited – Non-Executive Director and Chairman since October 2005.

Former Directorships in the last 3 years

Centrepoint Alliance Limited from May 2002 – November 2007

Special Responsibilities

Chairman of Audit Committee

Member of Remuneration Committee

Interests in Shares and Options

1,050,000 ordinary shares in Azure Minerals Limited

800,000 options over ordinary shares in Azure Minerals Limited

Directors' Report

Company Secretary

Brett Dickson, BBus, CPA (Appointed 21 November 2006)

Mr Dickson is a Certified Practising Accountant with a Bachelors degree in Economics and Finance from Curtin University and has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or product, and offers broad financial management skills. He has been Chief Financial Officer for a number of successful resource companies listed on the ASX. In addition he has had close involvement with the financing and development of a number of greenfield resources projects.

DIRECTORS' MEETINGS

The number of directors' meetings held (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

	Directors' Meetings		**Meetings of Committees**			
			Audit		**Remuneration**	
	A	**B**	**A**	**B**	**A**	**B**
Anthony Paul Rovira	8	8	*	*	*	*
John Walter Saleeba	8	8	2	2	2	2
Wolf Gerhard Martinick	8	8	2	2	2	2

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office or was a member of the committee during the year.

* - Not a member of the relevant committee.

Retirement, Election And Continuation In The Office Of Directors

Wolf Martinick is the director retiring by rotation who, being eligible offers himself for re-election.

Directors' Report

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional Information

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporation Act 2001.

A Principles used to determine the nature and amount of remuneration

The remuneration policy of Azure Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific long-term incentives based on key performance areas affecting the Groups results. At present the Company has not implemented any specific long-term incentives and as such the remuneration policy is not impacted by the Groups performance, including earnings in shareholder wealth (dividends, changes in share price or return on capital to shareholders). The board of Azure Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Groups performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% of cash salary, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive; to date no shares have been awarded to directors or executives. Options are valued using either the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

In the 2005/2006 financial year Azure Minerals Limited established a Directors Retirement Benefit Policy whereby each non-executive director is entitled to a retirement benefit in accordance with the maximum amount ascertained pursuant to section 200G(2)(b) of the Corporations Act 2001. In the 2006/2007 financial year the Directors Retirement Benefit Policy was terminated and the retirement benefit entitlement has been frozen as of 30 June 2006.

B Details of remuneration

Amount of remuneration

Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Azure Minerals Limited are set out below in the following tables.

The key management personnel of Azure Minerals Limited includes the directors as disclosed earlier in this report and the following who have authority and responsibility for planning, directing and controlling the exploration activities of the entity.

Mr P Manouge Exploration Manager – Australia appointed 5 January 2004 (resigned 30 March 2009)

In addition the Company Secretary, Mr B Dickson is an executive whose remuneration must be disclosed under the Corporations Act 2001.

Directors' Report

Key management personnel of the Group

	Short-Term			Post Employment		Share-based Payments	Total
Name	Cash, salary & fees	Cash bonus	Non monetary benefits	Super-annuation	Retirement benefits	Options	
Directors							
Anthony Paul Rovira – *Executive Chairman*							
2009	**264,935**	**-**	**-**	**60,177**	**-**	**-**	**325,112**
2008	244,792	-	-	22,031	-	-	266,823
John Walter Saleeba – *Non executive*							
2009	**32,500**	**-**	**-**	**2,925**	**-**	**-**	**35,425**
2008	32,500	-	-	2,925	-	-	35,425
Wolf Gerhard Martinick –*Non Executive (Appointed 1 September 2007)*							
2009	**-**	**-**	**-**	**35,425**	**-**	**-**	**35,425**
2008	27,083	-	-	2,437	-	103,830	133,350
Michael John Fowler – *Non Executive (Resigned 1Sepember 2007)*							
2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2008	5,416	-	-	487	-	-	5,903
Executives							
Brett Dickson – *Company Secretary*							
2009	**132,000**	**-**	**-**	**-**	**-**	**-**	**132,000**
2008	125,000	-	-	-	-	172,212	297,212
Patrick Manouge – *Exploration Manager(resigned 30 March 2009)*							
2009	**152,152**	**-**	**-**	**13,694**	**-**	**-**	**165,846**
2008	162,500	-	-	14,625	-	43,053	220,178
Mark Styles – *Exploration Manager Mexico (Resigned 30 June 2008)*							
2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2008	155,015	-	-	-	-	28,702	183,717
Total							
2009	**581,587**	**-**	**-**	**112,221**	**-**	**-**	**693,808**
2008	752,306	-	-	42,505	-	347,797	1,142,608

Retirement benefits provided for the non-executive directors in the financial statements do not form part of the above remuneration until such time as the amount is paid to the retiring director.

Apart from the issue of options The company currently has no performance based remuneration component built into director and executive remuneration (2008: Nil)

C Service Agreements

Remuneration and other terms of employment for the following key management personnel are formalised in service agreements, the terms of which are set out below:

Anthony Rovira, Managing Director:

- Term of agreement - 2 years commencing 1 July 2009.
- Base salary, exclusive of superannuation, of $258,500 to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination.

Brett Dickson, Company Secretary/Chief Financial Officer:

- Term of agreement – 2 years commencing 1 July 2009
- Fixed fee, $11,000 per month.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination.

Directors' Report

Retirement Benefits

Other retirement benefits may be provided directly by the company if approved by shareholders.

D Share based compensation

Options over shares in Azure Minerals Limited may be issued to directors and executives under the Employee Option Plan. The options are not issued based on performance criteria, but are issued to directors and executives of Azure Minerals Limited; where appropriate, to increase goal congruence between executives, directors and shareholders. There are no standard vesting conditions to options awarded with vesting conditions, if any, at the discretion of Directors at the time of grant. Options are granted for nil consideration.

No options were granted or vested in the year ended 30 June 2009.

No options were exercised during the financial year and no options have been exercised since the end of the financial year. During the year 4,300,000 options exercisable at various prices with various expiry dates lapsed. The value of the options at lapse date was nil as the exercise price of the option was significantly in excess of the market price of the underlying share. The value is determined at the time of lapsing, but assuming the condition was satisfied.

The Company's remuneration policy prohibits executives from entering into transactions or arrangements which limit the "at risk" aspect of participating in unvested entitlements.

E Additional Information

Performance based remuneration

Details of remuneration: options

The company currently has no performance based remuneration component built into director and executive remuneration packages.

Performance Income as a proportion of total compensation

No performance based bonuses have been paid to key management personnel during the financial year. It is the intent of the board to review the inclusion of performance bonuses as part of remuneration packages during the 2009/10 financial year.

End of Audited Remuneration Report

Directors' Report

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been provided to directors or executives.

SHARES UNDER OPTION

At the date of this report there are 10,550,000 unissued ordinary shares in respect of which options are outstanding.

			Total Number of options
Balance at the beginning of the year			14,850,000
Share option movements during the year	*Issued*	*Lapsed*	
Exercisable at 25 cents, on or before 30 November 2008		(1,500,000)	(1,500,000)
Exercisable at 25 cents, on or before 30 November 2009		(200,000)[1]	(200,000)
Exercisable at 25 cents, on or before 30 November 2010		(200,000)[1]	(200,000)
Exercisable at 17.5 cents, on or before 31 January 2011		(300,000)[1]	(300,000)
Exercisable at 25 cents, on or before 31 January 2012		(800,000)[1]	(800,000)
Exercisable at 35 cents, on or before 31 January 2013		(800,000)[1]	(800,000)
Exercisable at 15 cents, on or before 30 November 2009		(500,000)[1]	(500,000)
Total options issued and lapsed in the year to 30 June 2009			(4,300,000)
Total number of options outstanding as at 30 June 2009 and at the date of this report			10,550,000

1. Pursuant to the terms and conditions of issued options, options will lapse if not exercised within 90 days of the holder of the options ceasing to be an employee, officer or contractor of the Company. Those options listed as lapsing above lapsed for this reason.

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
30 Nov 2009	25.0	2,800,000
1 Jan 2010	25.0	2,800,000
30 Jan 2010	25.0	200,000
30 Jan 2011	25.0	400,000
30 Jan 2012	25.0	400,000
31 Jan 2011	17.5	500,000
31 Jan 2012	25.0	500,000
31 Jan 2013	35.0	500,000
30 Nov 2009	15.0	2,450,000
Total number of options outstanding at the date of this report		**10,550,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

No options were exercised during the financial year and since the end of the financial year no options have been exercised.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Azure Minerals Limited paid a premium of $18,792 to ensure the directors and secretary of the company and its Australian based controlled entities.

The liabilities insured and legal costs that may be incurred in defending civil or criminal proceedings that mat be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors' Report

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No Proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amount paid or payable to the auditor (BDO Kendalls) for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provisions of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services underline the general principals relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-audit firms:

	Consolidated	
	2009	2008
1. Audit Services	$	$
BDO Kendalls		
Audit and review of financial reports	36,657	25,527
2. Non audit Services		
Audit-related services		
BDO Kendalls		
Report for inclusion in a prospectus for a capital raising in Canada	-	31,412
Taxation Services		
BDO Kendalls		
Tax compliance services	10,916	10,699
Total remuneration for non-audit services	10,916	42,111

AUDITOR INDEPENDENCE

A copy of the auditors independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 60.

AUDITOR

BDO Kendalls continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.

Anthony Paul Rovira
Executive Chairman
Perth, 25 September 2009

Corporate Governance Statement

Statement

Azure Minerals Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3		✓	Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations.
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures
Further information about the Company's charters, policies and procedures may be found at the Company's website at www.azureminerals.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	**Recommendation(s)**
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on ASX Listing Rule Compliance (summary)	5.1, 5.2
Procedure for the Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Strategy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Corporate Governance Statement

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Chair/Managing Director is responsible for evaluating the senior executives. The Chair/Managing Director reviews the performance of the senior executives by completing written performance appraisals for each senior executive; the Chair/Managing Director then meets with the senior executives to discuss their performance appraisals and provide feedback to the senior executives.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

Disclosure:

During the Reporting Period there were no performance evaluations for senior executives, however, the Company expects to conduct performance evaluations in the forthcoming reporting period in accordance with the process disclosed at Recommendation 1.2.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Board has a majority of directors who are independent.

The independent directors of the Board are Wolf Martinick and John Saleeba. The non independent director of the Board is Anthony Rovira.

Recommendation 2.2:

The Chair should be an independent director.

Notification of Departure:

The Chair is not an independent director.

Corporate Governance Statement

Explanation for Departure:

Mr Rovira is not independent by virtue of his executive role. The Board considers that Mr Rovira is the most appropriate person for the position of Chair given his industry experience, and the size and current activities of the Company. The Board also believes that Mr Rovira's appointment as Chair is in line with shareholder expectations.

Recommendation 2.3:

The roles of the Chair and Managing Director should not be exercised by the same individual.

Notification of Departure:

The roles of Chair and Managing Director are exercised by the same individual, Mr Rovira.

Explanation for Departure:

While the Board recognises the importance of the need for the division of responsibilities between the

Chair and the Managing Director, the existing structure is considered appropriate to the Company's present circumstances. It provides a unified leadership structure which the Board believes is important given the Company's early stage of exploration. Further, the Board believes this structure is in line with shareholder expectations.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a Nomination Committee. Given that the Board comprises only 3 directors, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Managing Director.

Given the current size and composition of the Company believes that the most efficient way to conduct these evaluations is by way of informal discussions as required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2.*

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent directors of the Company are Wolf Martinick and John Saleeba. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.

Corporate Governance Statement

- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the another director, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however the Board discussed nomination-related matters from time to time during the year as required. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance Evaluation

During the Reporting Period there were no performance evaluations conducted except a performance evaluation of the whole Board, which evaluation occurred in accordance with the process disclosed at Recommendation 2.5.

The Company expects to conduct performance evaluations in the forthcoming reporting period in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. At every annual general meeting one-third of the directors (other than alternate directors and the Managing Director) shall retire from office. No director (other than alternate directors and the Managing Director) may hold office for more than 3 years without retiring from office. A retiring director is eligible for re-election. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Corporate Governance Statement

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of Departure:

The Audit Committee comprises 2 members, Wolf Martinick and John Saleeba.

Explanation for Departure:

Given the size and structure of the Board, the Company is unable to meet the composition requirements under Recommendation 4.2. The Audit Committee is comprised of the two independent, non executive directors.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

The Audit Committee held two meetings during the Reporting Period. The following table identifies those directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Wolf Martinick	2
John Saleeba	2

Details of each of the director's qualifications are set out in the Directors' Report.

Both members of the Audit Committee consider themselves to be financially literate and have industry knowledge. Further, Mr John Saleeba has a Bachelor of Commerce and is a Certified Practicing Accountant. Mr Saleeba's qualifications bring financial expertise to the Audit Committee.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Corporate Governance Statement

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.]

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices

Corporate Governance Statement

The Company does not have a formalised and documented risk management system in place. The board does receive a detailed report from management each month which enables an assessment by the board of activities that may impact on the risk profile of the company. Specific areas of risk that are identified in the report include operational activities, asset management (including title to exploration and mining leases) and staff. Any matter identified from the monthly report is then discussed at the following board meeting. In September 2009, the Board resolved to review, formalise and document the management of its material business risks and expects to implement this system in the second quarter of the 2009/2010 financial year. This system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated, as required.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. From time to time the Company may grant options to non-executive directors, which grant is designed to attract and retain appropriately qualified non-executive directors to the Board.

Corporate Governance Statement

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Remuneration Committee held two meetings during the Reporting Period. The following table identifies those directors who are members of the Remuneration Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Wolf Martinick	2
John Saleeba	2

In the 2005/2006 financial year the Company established a Directors Retirement Benefit Policy whereby each non-executive director is entitled to a retirement benefit in accordance with the maximum amount ascertained pursuant to section 200G(2)(b) of the Corporations Act 2001 (Cth). In the 2006/2007 financial year, however, the Directors Retirement Benefit Policy was terminated and the retirement benefit entitlement does not apply to any non-executive director appointed from 30 June 2006.

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Income Statements

YEAR ENDED 30 JUNE 2009	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
REVENUE	5	**64,881**	146,733	**54,549**	146,089
EXPENDITURE					
Depreciation	6	**(46,655)**	(49,057)	**(16,710)**	(27,873)
Salaries and employee benefits expense		**(493,583)**	(606,923)	**(493,583)**	(606,923)
Directors fees		**(65,000)**	(64,999)	**(65,000)**	(64,999)
Exploration expenses	6	**(3,241,555)**	(2,305,586)	**(11,094)**	(35,738)
Exploration expenses reimbursed		**957,042**	-	**957,042**	-
Travel and promotion expenses		**(118,544)**	(301,448)	**(118,544)**	(301,448)
Office expenses		**(135,156)**	(94,275)	**(135,156)**	(94,275)
Consulting expenses		**(5,000)**	(59,950)	**(5,000)**	(59,950)
Insurance expenses		**(46,857)**	(31,419)	**(29,294)**	(31,419)
Impairment on loan to subsidiary		**-**	-	**(4,636,848)**	-
Share based payment expense	27	**-**	(365,127)	**-**	(365,127)
Preparation for TSX Listing		**(3,075)**	(602,804)	**(3,075)**	(602,804)
Other expenses		**(222,259)**	(146,295)	**(200,778)**	(146,301)
LOSS BEFORE INCOME TAX EXPENSE		**(3,355,760)**	(4,481,150)	**(4,703,491)**	(2,190,768)
INCOME TAX BENEFIT / (EXPENSE)	7	**-**	-	**-**	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF AZURE MINERALS LIMITED		**(3,355,760)**	(4,481,150)	**(4,703,491)**	(2,190,768)
Basic loss per share (cents per share)	22	**(1.9)**	(3.3)		
Diluted loss per share (cents per share)		**(1.9)**	(3.3)		

The above Income Statements are to be read in conjunction with the Notes to the Financial Statements.

Balance Sheets

AT 30 JUNE 2009	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	18	**1,345,997**	1,420,067	**1,272,504**	1,371,278
Trade and other receivables	8	**130,407**	154,067	**4,244,210**	4,692,599
TOTAL CURRENT ASSETS		**1,476,404**	1,574,134	**5,516,714**	6,063,877
NON-CURRENT ASSETS					
Plant and equipment	9	**143,398**	196,892	**57,561**	76,291
Capitalised exploration expenditure	10	**709,602**	193,270	**-**	-
Other financial assets	11	**22,308**	22,308	**22,535**	22,535
TOTAL NON-CURRENT ASSETS		**875,308**	412,470	**80,096**	98,826
TOTAL ASSETS		**2,351,712**	1,986,604	**5,596,810**	6,162,703
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	13	**136,819**	513,124	**37,917**	182,434
Provisions	14	**126,472**	174,123	**126,472**	174,123
TOTAL CURRENT LIABILITIES		**263,291**	687,247	**164,389**	356,557
TOTAL LIABILITIES		**263,291**	687,247	**164,389**	356,557
NET ASSETS		**2,088,421**	1,299,357	**5,432,421**	5,806,146
EQUITY					
Contributed equity	15	**29,459,548**	25,129,782	**29,459,548**	25,129,782
Reserves	16(a)	**691,966**	876,908	**903,692**	903,692
Accumulated losses	16(b)	**(28,063,093)**	(24,707,333)	**(24,930,819)**	(20,227,328)
TOTAL EQUITY		**2,088,421**	1,299,357	**5,432,421**	5,806,146

The above Balance Sheets are to be read in conjunction with the Notes to the Financial Statements

Statements of Changes in Equity

CONSOLIDATED

30 JUNE 2009

	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	(Accumulated Losses)	Total
	$	$	$	$	$
Balance at 1 July 2008	**25,129,782**	**903,692**	**(26,784)**	**(24,707,333)**	**1,299,357**
Exchange differences arising on translation of foreign subsidiaries	-	-	(184,942)	-	(184,942)
Net income recognised directly in equity	-	-	(184,942)	-	(184,942)
Loss for the period	-	-	-	(3,355,760)	(3,355,760)
Total income and expense recognised for the year	-	-	(184,942)	(3,355,760)	(3,540,702)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the period	4,458,909	-	-	-	4,458,909
Transaction costs	(129,143)	-	-	-	(129,143)
Sub-total	4,329,766	-	(184,942)	(3,355,760)	789,064
Balance at 30 June 2009	**29,459,548**	**903,692**	**(211,726)**	**(28,063,093)**	**2,088,421**

30 JUNE 2008

	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	(Accumulated Losses)	Total
	$	$	$	$	$
Balance at 1 July 2007	**20,329,782**	**538,565**	**(6,176)**	**(20,226,183)**	**635,988**
Exchange differences arising on translation of foreign subsidiaries Foreign currency	-	-	(20,608)	-	(20,608)
Net income recognised directly in equity	-	-	(20,608)	-	(20,608)
Loss for the period	-	-	-	(4,481,150)	(4,481,150)
Total income and expense recognised for the year	-	-	(20,608)	(4,481,150)	(4,501,758)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the period	5,000,000	-	-	-	5,000,000
Transaction costs	(200,000)	-	-	-	(200,000)
Employee options	-	365,127	-	-	365,127
Sub-total	4,800,000	365,127	(20,608)	(4,481,150)	663,369
Balance at 30 June 2008	**25,129,782**	**903,692**	**(26,784)**	**(24,707,333)**	**1,299,357**

The above consolidated statement in of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

PARENT ENTITY

30 JUNE 2009

	Issued Share Capital $	Share Option Reserve $	Accumulated (Losses) $	Total $
Balance at 1 July 2008	**25,129,782**	**903,692**	**(20,227,328)**	**5,806,146**
Loss for the period	-	-	(4,703,491)	(4,703,491)
Total income and expense recognised for the year	-	-	(4,703,491)	(4,703,491)
Transactions with equity holders in their capacity as equity holders				
Shares issued during the period	4,458,909	-	-	4,458,909
Transaction costs	(129,143)	-	-	(129,143)
Sub-total	4,329,766	-	(4,703,491)	(373,725)
Balance at 30 June 2009	**29,459,548**	**903,692**	**(24,930,819)**	**5,432,421**

30 JUNE 2008

	Issued Share Capital $	Share Option Reserve $	Accumulated (Losses) $	Total $
Balance at 1 July 2007	**20,329,782**	**538,565**	**(18,036,560)**	**2,831,787**
Loss for the period	-	-	(2,190,768)	(2,190,768)
Total income and expense recognised for the year	-	-	(2,190,768)	(2,190,768)
Transactions with equity holders in their capacity as equity holders				
Shares issued during the period	5,000,000	-	-	5,000,000
Transaction costs	(200,000)	-	-	(200,000)
Employee options	-	365,127	-	365,127
Sub-total	4,800,000	365,127	(2,190,768)	2,974,359
Balance at 30 June 2008	**25,129,782**	**903,692**	**(20,227,328)**	**5,806,146**

The above company Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

YEAR ENDED 30 JUNE 2009	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		**(1,163,739)**	(1,394,028)	**(1,146,176)**	(1,394,028)
Interest received		**47,587**	122,658	**47,587**	122,014
Expenditure on mining interests		**(2,492,575)**	(2,070,682)	**952,810**	(33,706)
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	18(b)	**(3,608,727)**	(3,342,052)	**(145,779)**	(1,305,720)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		**(16,791)**	(85,927)	**-**	(18,390)
Proceeds from sale of equipment		**11,432**	25,000	**1,100**	25,000
Option payments for projects		**(530,131)**	(193,270)	**-**	-
Loans to controlled entities		**-**	-	**(4,180,786)**	(2,313,697)
NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES		**(535,490)**	(254,197)	**(4,179,686)**	(2,307,087)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares		**4,458,909**	5,000,000	**4,458,909**	5,000,000
Share issue costs		**(129,143)**	(200,000)	**(129,143)**	(200,000)
Preparation for TSX listing		**(103,075)**	(502,804)	**(103,075)**	(502,804)
NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES		**4,226,691**	4,297,196	**4,226,691**	4,297,196
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**82,474**	700,947	**(98,774)**	684,389
Cash and cash equivalents at the beginning of the financial year		**1,420,067**	737,646	**1,371,278**	686,889
Effect of exchange rate changes on cash and cash equivalents		**(156,544)**	(18,526)	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	18(a)	**1,345,997**	1,420,067	**1,272,504**	1,371,278

The above Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Azure Minerals Limited as an individual entity and the consolidated entity consisting of Azure Minerals Limited and its subsidiaries.

BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the Australian Accounting Standards, other authoritive pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2009 of $3,355,760 (2008:$4,481,150) and experienced net cash outflows from operating activities of $3,608,727 (2008: $3,342,052). At 30 June 2009, the Company and Consolidated Entity had net current assets of $1,213,113 (30 June 2008: net current assets of $886,887).

The Directors believe there are sufficient funds to meet the Consolidated Entity's working capital requirements and as at the date of this report the Company and Consolidated Entity believe they can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both will be required for the Company and Consolidated Entity to continue to actively explore its mineral properties.

The Directors have reviewed the business outlook and the assets and liabilities of the Company and Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Company and the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The financial report does not include any adjustments that may be necessary if the Company and Consolidated Entity are unable to continue as a going concern.

Compliance with AIFRSs

Australian Accounting Standards include Australian equivalents to International Financial reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the financial report of Azure Minerals Limited complies with the International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(a) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Azure Minerals Limited (the parent entity) and all entities which Azure Minerals Limited controlled from time to time during the year and at balance date ("the Group"). A controlled entity is any entity Azure Minerals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Azure Minerals Limited.

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(c) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for assets.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Foreign currency translation

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is Azure Minerals Limited's functional and presentation currency. The functional currency of Australian subsidiary (Azure Mexico Pty Ltd) is the Australian dollar. The functional currency of the Mexican overseas subsidiary (Minera Piedra Azul CV de SA) is the Mexican Peso.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(i) Trade and other payables

Liabilities for trade creditors are recognised initially at fair value and subsequently at amortised cost.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award. (**k)**

(k) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(l) Contributed Equity

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(m) Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated as the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Interests in joint ventures

The Groups share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated income statement and balance sheet.

(q) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risk and returns that are different from those of segments operating in other economic environments.

(r) Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised at fair value on initial recognition. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (note 8).

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using effective interest method.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the income statement. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

(s) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivative, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flow, are used to determined fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(t) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) New accounting standards and interpretations

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2009. These are outlined below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This Interpretation requires that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	To date the company does not have any investments in a foreign operation and as such there will be no impact on the financial statements when this standard is adopted.	1 July 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with	1 January 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-5 Continued		the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].			
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.	1 July 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
AASB 2008-9**	Amendments to AASB 1049 for consistency with AASB 101	Reflects the revised requirements of AASB 101 and AASB 2007-8 with clarification to apply the requirements in a government context.	1 January 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: ► quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); ► inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and ► inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of *Improving Disclosures about Financial Instruments (Amendments to IFRS 7)* by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented.	1 July 2009

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	1 July 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 January 2010	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2010

Notes continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-Y	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2009
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular: ► the scope of AASB 2; and ► the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A "group" has the same meaning as in IAS 27 *Consolidated and Separate Financial Statements*, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2—Group and Treasury Share Transactions*. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2010

2 . FINANCIAL RISK MANAGEMENT

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

The Group manages its credit risk on financial instruments, including cash, by only dealing with banks licensed to operate in Australia.

Notes continued

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

Trade and other receivables

As the Group operates in the mining exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Presently, the Group undertakes exploration and evaluation activities exclusively in Mexico. At the balance sheet date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Consolidated Carrying amount	
	Note	**2009**	**2008**
Trade and other receivables	8	114,125	137,473
Cash and cash equivalents	18	1,345,997	1,420,067
Security deposits	11	22,308	22,535

		Parent Entity Carrying amount	
	Note	**2009**	**2008**
Trade and other receivables	8	4,230,815	4,676,987
Receivable from controlled entity	25	8,850,744	4,676,062
Allowance for impairment from controlled entity	25	(4,630,744)	-
Cash and cash equivalents	18	1,272,504	1,371,278
Security deposit	11	22,308	22,538

Impairment losses

None of the Company's other receivables are past due (2008: nil).

The Group operates in the mining exploration sector and generally does not have trade receivables and is therefore not materially exposed to credit risk in relation to trade receivables. Other receivables are principally value added taxes withheld by third parties and due to the Group from sovereign governments, as such the Group does not consider it is exposed to any significant credit risk.

The allowance accounts in respect of other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. Refer to note 25 for more information on the receivable from controlled entity. At 30 June 2009 the Group does not have any collective impairments on its other receivables (2008: nil).

Guarantees

Group policy is to provide financial guarantees only to wholly-owned subsidiaries. There are no guarantees outstanding (2008: Nil)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes continued

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

The following are the contractual maturities of financial liabilities at amortised cost:

Consolidated

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
30 June 2009							
Trade and other payables	136,819	-	136,819	-	-	-	-
30 June 2008							
Trade and other payables	513,124	-	513,124	-	-	-	-

Company

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
30 June 2009							
Trade and other payables	37,917	-	37,917	-	-	-	-
30 June 2008							
Trade and other payables	182,434	-	182,434	-	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United Sates Dollar (USD) and Mexican Peso (MxP). The currencies in which the transactions primarily are denominated are USD and MxP.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2009	30 June 2008
	USD	USD
Trade receivables	51,655	68,765
Trade payables	49,452	165,345
Gross balance sheet exposure	101,107	234,110
Forward exchange contracts	-	-
Net exposure	101,107	234,110

The Company's exposure to foreign currency risk at 30 June 2009 was nil (2008:Nil).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
AUD	2009	2008	2009	2008
USD	0.74803	0.89646	0.80480	0.96150

Notes continued

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

Sensitivity analysis

Over the reporting period there have been significant movements in the Australian dollar when compared to other currencies, it is therefore considered reasonable to review sensitivities base on a 10% movement in the Australian dollar. A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Consolidated		Company	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
30 June 2009				
USD	10,111	10,111	-	-
30 June 2008				
USD	23,411	23,411	-	-

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the Groups financial position will be adversely affected by movements in interest rates that will increase the costs of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. The Group does not have any borrowings therefore is not exposed to interest rate risk in this area. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount		Company Carrying amount	
	2009	**2008**	**2009**	**2008**
Variable rate instruments				
Short term cash deposits	1,368,606	1,442,375	1,295,112	1,393,586

Cash flow sensitivity analysis for variable rate instruments

The Group has reviewed the likely movements in interest rates and considers that a movement of +/- 100 basis points is reasonable, though in the current economic environment interest rates are unlikely to decrease any further.

Group Sensitivity

At 30 June 2009 if interest rates had changes +/- 100 basis points from year end rates with all other variables held constant, equity and post tax profit would have been $13,686 higher /lower (2008 – change of 100 basis points: $14,424 higher/lower).

Parent Sensitivity

At 30 June 2009 if interest rates had changes +/- 100 basis points from year end rates with all other variables held constant, equity and post tax profit would have been $12,951 higher /lower (2008 – change of 100 basis points: $13,936 higher/lower).

Notes continued

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	130,047	130,047	154,067	154,067
Cash and cash equivalents	1,345,997	1,345,997	1,420,067	1,420,067
Other financial assets	22,308	22,308	22,308	22,308
Trade and other payables	(136,819)	(136,819)	(513,124)	(513,124)

Company	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	4,244,210	4,244,210	4,692,599	4,692,599
Cash and cash equivalents	1,272,504	1,272,504	1,371,278	1,371,278
Other Financial assets	22,535	22,535	22,535	22,535
Trade and other payables	(37,917)	(37,917)	(182,434)	(182,434)

The methods and assumptions used to estimate the fair value of instruments are:

Capital Management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Binomial option pricing model.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current. The future recoverability of exploration and evaluation expenditure is dependant on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Loan to subsidiary company

In the current financial year the Parent Entity made a significant judgement about the impairment of its loan to its Mexican based subsidiary. Refer to note 25 for further information.

Notes continued

4. SEGMENT INFORMATION

Segment products and locations: The consolidated entity's operations are in the mining exploration industry. Geographically, the group operates in two predominant segments, being Australia and Mexico. The head office and investment activities of the group take place in Australia.

Geographic segments	Australia		Mexico		Eliminations		Consolidated	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Segment Revenue								
Sales to external customers	-	-	-	-	-	-	-	-
Other revenues from external customers	**54,549**	146,089	**10,332**	644	-	-	**64,881**	146,733
Intersegment revenues	-	-		-	-	-		
Total segment revenue	**54,549**	146,089	**10,332**	644	-	-	**64,881**	146,733
Non-segment revenues								
Unallocated revenue							-	-
Total consolidated revenue							**64,881**	146,733
Segment Results								
Segment result	**(4,703,491)**	(2,190,768)	**(3,289,118)**	(2,290,382)	**4,636,848**	-	**(3,355,760)**	(4,481,150)
Non-segment expenses								
Unallocated expenses							-	-
Consolidated entity loss before income tax expense							**(3,355,760)**	(4,481,150)
Income tax expense							-	-
Consolidated entity loss after income tax expense							**(3,355,760)**	(4,481,150)
Segment Assets and Liabilities								
Segment assets	**5,603,013**	6,168,906	**975,129**	500,190	(4,226,430)	(4,682,492)	**2,351,712**	1,986,604
Unallocated assets							-	-
Total assets							**2,351,712**	1,986,604
Segment liabilities	**(170,492)**	(356,557)	**(8,949,647)**	(5,000,648)	8,856,847	4,669,958	**(263,291)**	(687,247)
Non-allocated liabilities							-	-
Total liabilities							**(263,291)**	**(687,247)**
Other segment information:								
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**-**	18,390	**546,872**	254,154	-	-	**546,872**	272,544
Depreciation	**16,710**	27,873	**29,945**	21,184	-	-	**46,655**	49,057
Non-cash expenses other than depreciation and amortisation	-	365,127	-	-	-	-	-	365,127

Notes continued

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
5. REVENUE FROM CONTINUING OPERATIONS				
Other revenues				
Interest				
Bank interest	**53,449**	121,733	**53,449**	121,089
Proceeds from equipment sales	**11,432**	25,000	**1,100**	25,000
Total revenues from continuing operations	**64,881**	146,733	**54,549**	146,089
6. EXPENSES				
Loss before income tax includes the following specific expenses				
Depreciation of plant and equipment	**46,655**	49,057	**16,710**	27,873
Exploration expenditure	**3,241,555**	2,305,586	**11,094**	35,738
Exploration expenditure reimbursement	**(957,042)**	-	**(957,042)**	-
Operating lease expenses	**98,739**	93,537	**98,739**	93,537
Superannuation	**49,955**	46,411	**49,955**	46,411
7. INCOME TAX				
(a) Income tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Adjustment for current tax of prior periods	-	-	-	-
	-	-	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	**(3,355,760)**	(4,481,150)	(4,703,491)	(2,190,768)
Tax at the Australian tax rate of 30% (2008: 30%)	**(1,006,728)**	(1,344,345)	(1,411,047)	(657,231)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share-based payments	**-**	109,538	-	109,538
Preparation for TSX listing	**923**	180,841	923	180,841
Sundry items	**21,824**	74,788	21,824	74,788
	(983,981)	(979,178)	(1,388,300)	(292,064)
Movement in unrecognised temporary differences	**(108,901)**	1,635,088	1,282,154	1,051,442
Adjustment for prior periods	**-**	(1,841,104)	-	(1,206,994)
Tax effect of current year foreign tax losses for which no deferred tax asset has been recognised	**986,736**	737,579	-	-
Difference in overseas tax rates	**(19,534)**	(14,751)		
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**125,680**	462,366	106,146	447,616
Income tax expense	-	-	-	-

Notes continued

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
7. INCOME TAX (Cont'd)				
(c) Unrecognised temporary differences				
Deferred Tax Assets (at 30%)				
On Income Tax Account				
Capital raising costs	**86,278**	78,935	**86,278**	78,935
Prepayments	**(4,019)**	(4,684)	**(4,019)**	(4,684)
Depreciation of plant and equipment	**21,413**	18,900	**21,413**	18,900
Provisions	**34,942**	52,237	**34,942**	52,237
Carry forward tax losses	**2,919,242**	2,285,830	**2,919,242**	2,285,830
Carry forward tax losses – foreign	**1,570,382**	583,646	**-**	-
Other – tenement	**915,933**	981,266	**915,933**	981,266
	5,544,621	3,996,130	**3,974,239**	3,412,484
Deferred Tax Liabilities (at 30%)	**-**	-	**-**	-

Deferred income tax assets have not been recognised as it is not probable that future profit will be available against which deductible temporary differences can be utilised.

In addition to the above Australian estimated future income tax benefits the consolidated entity has incurred significant expenditure in Mexico, some of which should give rise to taxable deductions. At this stage the company is unable to reliably estimate the quantity of such future tax benefits.

There are no franking credits available.

8. TRADE AND OTHER RECEIVABLES

CURRENT	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Prepayments	**16,282**	16,594	**13,395**	15,612
Sundry receivables (a)	**114,125**	137,473	**10,815**	925
Receivable from controlled entity (b) – at cost	**-**	-	**8,850,744**	4,676,062
- allowance for non-recovery	**-**	-	**(4,630,744)**	-
	130,407	154,067	**4,244,210**	4,692,599

(a) These amounts generally arise from activities outside the usual operating activities. Interest is not usually charged and collateral is not obtained. For the Group the receivable principally arises from consumption taxes paid to third party suppliers for which a refund from tax authorities is expected.

There are no impaired sundry receivables and no past due but not impaired receivables.

(b) The fair value of receivable from the controlled entity is the same as the carrying value. The loan is non-interest bearing with no other terms agreed. Refer to note 25 for further information.

(c) Refer to note 2 for information on the risk management policy of the Group and the credit quality of the Groups receivables.

9. PLANT AND EQUIPMENT

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Plant and equipment					
Cost		**434,406**	466,927	**299,384**	312,919
Accumulated depreciation		**(291,008)**	(270,035)	**(241,823)**	(236,628)
Net book amount	9(a)	**143,398**	196,892	**57,561**	76,291

Notes continued

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
9. PLANT AND EQUIPMENT (Cont'd)					
(a) Reconciliations					
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year					
Plant and equipment					
Opening net book amount		**196,892**	190,095	**76,291**	110,692
Additions		**16,791**	79,276	**-**	18,390
Disposals		**(41,727)**	(54,923)	**(13,536)**	(54,923)
Depreciation on disposals		**20,797**	31,501	**11,516**	30,005
Depreciation charge		**(46,655)**	(49,057)	**(16,710)**	(27,873)
Foreign exchange translation adjustment		**(2,700)**	-	-	-
Closing net book amount		**143,398**	196,892	**57,561**	76,291
10. CAPITALISED EXPLORATION EXPENDITURE (NON-CURRENT)					
At Cost		**709,602**	193,270	**-**	-
Reconciliations					
Movement in the carrying amounts of capitalised exploration expenditure between the beginning and end of the current financial year					
Opening net book amount		**193,270**	-	**-**	-
Additions		**516,332**	193,270	**-**	-
Disposals		**-**	-	**-**	-
Closing net book amount		**709,602**	193,270	**-**	-

Recovery of the capitalised amount is dependent upon successful development and commercial exploitation, or alternatively, sale.

11. OTHER FINANCIAL ASSETS (NON-CURRENT)	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Security Deposit		**22,308**	22,308	**22,308**	22,308
Shares in subsidiaries – at cost	12	**-**	-	**227**	227
		22,308	22,308	**22,535**	22,535

These financial assets are carried at cost.

12. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

Name	Country of incorporation	Class of shares	Equity Holding* 2009 %	Equity Holding* 2008 %
Azure Mexico Pty Ltd	Australia	Ordinary	**100**	100
Minera Piedra Azul, S.A. de C.V	Mexico	Ordinary	**100**	100

*Percentage of voting power is in proportion to ownership

13. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Trade payables	**136,819**	513,124	**37,917**	182,434

Information about the Groups financial risk management policies is disclosed in note 2.

Notes continued

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
14. PROVISIONS (CURRENT)				
Employee benefits	**49,461**	97,112	**49,461**	97,112
Non-executive directors retirement benefits	**77,011**	77,011	**77,011**	77,011
	126,472	174,123	**126,472**	174,123

15. CONTRIBUTED EQUITY

(a) Share capital

	Consolidated and Parent Entity 2009 Number of shares	2009 $	2008 Number of shares	2008 $
Ordinary shares fully paid	**217,212,489**	**29,459,548**	149,016,672	25,129,782
Total consolidated contributed equity	**217,212,489**	**29,459,548**	149,016,672	25,129,782

(b) Movements in ordinary share capital

	2009 Number of shares	2009 $	2008 Number of shares	2008 $
1 July opening balance	**149,016,672**	**25,129,782**	112,350,004	20,329,782
Issue at $0.15 per share	**-**	**-**	20,000,000	3,000,000
Issue at $0.12 per share	**-**	**-**	16,666,668	2,000,000
Issue at $0.125 per share	**20,365,600**	**2,545,700**	-	-
Issue at $0.04 per share	**47,830,217**	**1,913,209**	-	-
Share issue expenses	**-**	**(129,143)**	-	(200,000)
30 June closing balance	**217,212,489**	**29,459,548**	149,016,672	25,129,782

Funds raised from the two share issues during the year were used to progress the company's exploration in activities and for general working capital.

(c) Movements in unlisted options on issue

	Number of options 2009	Number of options 2008
1 July Opening Balance	**14,850,000**	13,350,000
Issued during the year		
- Exercisable at 15 cents, on or before 30 Nov 2009	**-**	1,750,000
Forfeited during the year		
- Exercisable at 15 cents on or before 30 Nov 2009	**(500,000)**	-
- Exercisable at 25 cents, on or before 30 Nov 2008	**(1,500,000)**	(250,000)
- Exercisable at 25 cents, on or before 30 Nov 2009	**(200,000)**	(500,000)
- Exercisable at 25 cents, on or before 30 Nov 2010	**(200,000)**	(500,000)
- Exercisable at 17.5 cents, on or before 31 Jan 2011	**(300.000)**	-
- Exercisable at 25 cents, on or before 31 Jan 2012	**(800,000)**	-
- Exercisable at 25 cents, on or before 30 Jan 2010	**-**	200,000
- Exercisable at 25 cents, on or before 30 Jan 2011	**-**	400,000
- Exercisable at 25 cents, on or before 30 Jan 2012	**-**	400,000
- Exercisable at 35 cents, on or before 31 Jan 2013	**(800,000)**	-
30 June closing balance	**10,550,000**	14,850,000

Further information on options issued is set out in note 27.

Notes continued

15. CONTRIBUTED EQUITY (cont'd)

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
16. RESERVES AND RETAINED PROFITS				
(a) Reserves				
Share-based payments reserve	**903,692**	903,692	**903,692**	903,692
Foreign currency translation reserve	**(211,726)**	(26,784)	**-**	-
	691,966	876,908	**903,692**	903,692

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the statements of foreign subsidiaries.

17. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

18. STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

Cash and cash equivalents comprises:				
– cash at bank and in hand	**146,011**	63,502	**72,518**	14,713
– short-term deposits	**1,199,986**	1,356,565	**1,199,986**	1,356,565
Closing cash and cash equivalents balance	**1,345,997**	1,420,067	**1,272,504**	1,371,278

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Notes continued

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
18. STATEMENT OF CASH FLOWS (cont'd)					
(b) Reconciliation of the net loss after income tax to the net cash flows from operating activities					
Net loss		**(3,355,760)**	(4,481,150)	**(4,703,491)**	(2,190,768)
Depreciation of non-current assets		**46,656**	49,057	**16,710**	27,873
Share based payment expense		**-**	365,127	**-**	365,127
Loss (Profit) on equipment sales		**12,069**	(82)	**920**	(82)
Foreign exchange differences		**(26,005)**	5,691	**-**	-
Preparation for TSX listing included in Financing Activities		**103,075**	502,804	**103,075**	502,804
Changes in operating assets and liabilities					
(Increase)/decrease in trade and other receivables		**(115,460)**	62,529	**(9,891)**	330
(Increase)/decrease in prepayments		**4,194**	(4,393)	**2,218**	(5,374)
Increase/(decrease) in trade and other payables		**(325,147)**	158,365	**(239,819)**	(5,630)
Increase/(decrease) in provisions		**47,651**	-	**4,684,499**	-
Net cash outflow from operating activities		**(3,608,727)**	(3,342,052)	**(145,779)**	(1,305,720)

(c) Non-cash financing and investing activities

There have been no non-cash financing and investing activities during the 2008 year (2007:Nil).

19. COMMITMENTS

(a) Exploration commitments

The company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments which are expected to be met in the normal course of business are as follows:

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Not later than one year	1,500,962	78,800	-	78,800

(b) Option payments

The company has entered into option agreements to acquire a 100% interest in the Promontorio project located in the northern Mexican state of Chihuahua within the richly mineralised Sierra Madre Occidental mining province. In order to retain the right to acquire the Promontorio project option payments must be made as follows:

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Not later than one year	397,614	397,614	-	-
Later than one year and not later than five years	4,348,907	4,746,521	-	-
	4,746,521	5,144,135	-	-

(c) Lease expenditure commitments

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Operating leases (non-cancellable):				
Minimum lease payments				
not later than one year	**44,509**	89,018	**44,509**	89,018
later than one year and not later than five years	**-**	44,509	**-**	44,509
Aggregate lease expenditure contracted for at reporting date	**44,509**	133,527	**44,509**	133,527

The property lease is a non-cancellable lease with a three-year term ending 31 December 2009, with rent payable monthly in advance. The lease allows for subletting of all leased areas.

(d) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in note 24 that are not recognised as liabilities and are not included in the key management personnel compensation.

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Not later than one year	**390,500**	163,461	-	163,461
later than one year and not later than five years	**390,500**	-	-	-
	781,000	163,461	-	163,461

Notes continued

20. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the company at balance date.

21. EVENTS OCCURING AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

22. LOSS PER SHARE

	2009 $	2008 $
(a) Reconciliation of earnings to profit or loss		
Net loss	**(3,355,760)**	(4,481,150)
Loss used in calculating basic loss per share	**(3,355,760)**	(4,481,150)

	CONSOLIDATED Number of shares 2009	Number of shares 2008
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share		
Weighted average number of ordinary shares used in calculating basic loss per share	**175,080,909**	134,977,509

(c) Effect of dilutive securities

Options on issue at balance date could potentially dilute basic earnings per share in the future. The effect in the current year is to decrease the loss per share hence they are considered antidilutive. Accordingly diluted loss per share has not been disclosed.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
23. AUDITORS' REMUNERATION				
Amounts received or due and receivable by BDO Kendalls or associated entities for:				
Tax compliance services	**12,008**	10,699	**12,008**	10,699
Independent Financial Reports	**-**	31,412	**-**	31,412
An audit or review of the financial report of the entity	**37,200**	28,527	**37,200**	28,527
	49,208	70,638	**49,208**	70,638

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of key management personnel by compensation

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Short-term	**581,587**	752,306	**581,587**	752,306
Post employment	**112,221**	42,505	**112,221**	42,505
Share-based payment	**-**	347,797	**-**	347,797
	693,808	1,142,608	**693,808**	1,142,608

(b) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the year.

Notes continued

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(c) Option holdings of key management personnel

2009	**Balance at beginning of year 1 July 2008**	**Granted as Remuneration**	**Options Exercised**	**Options Lapsed**	**Balance at end of year 30 June 2009**	**Vested at 30 June 2009 Vested & Exercisable**	**Unvested**
Directors							
Wolf Gerhard Martinick	1,000,000	-	-	-	1,000,000	1,000,000	-
Anthony Paul Rovira	6,500,000	-	-	(1,000,000)	5,500,000	5,500,000	-
John Walter Saleeba	1,000,000	-	-	(200,000)	800,000	800,000	-
Executives							
Brett Dickson	2,400,000	-	-	-	2,400,000	2,400,000	-
Patrick Manouge							
- Resigned 31 March 2009	1,700,000	-	-	(1,700,000)	-	-	-
Total	**12,600,000**	**-**	**-**	**(2,900,000)**	**9,700,000**	**9,700,000**	**-**

2008	**Balance at beginning of year 1 July 2007**	**Granted as Remuneration**	**Options Exercised**	**Options Lapsed**	**Balance at end of year 30 June 2008**	**Vested at 30 June 2008 Vested & Exercisable**	**Unvested**
Directors							
Wolf Gerhard Martinick	-	1,000,000	-	-	1,000,000	1,000,000	-
Campbell Theodore Ansell	1,250,000	-	-	(1,250,000)	-	-	-
Anthony Paul Rovira	6,500,000	-	-	-	6,500,000	6,500,000	-
Michael John Fowler							
- Resigned 1 Sep 2007	1,000,000	-	-	-	1,000,000	1,000,000	-
John Walter Saleeba	1,000,000	-	-	-	1,000,000	1,000,000	-
Executives							
Brett Dickson	1,200,000	1,200,000	-	-	2,400,000	2,400,000	-
Patrick Manouge	1,400,000	300,000	-	-	1,700,000	1,700,000	-
Mark Styles							
- Resigned 30 June 2008	1,000,000	200,000	-	-	1,200,000	1,200,000	-
Total	**13,350,000**	**2,700,000**	**-**	**(1,250,000)**	**14,800,000**	**14,800,000**	**-**

(d) Shareholdings of key management personnel

	Balance 1 July Ord	**Granted Ord**	**On Exercise of Options Ord**	**Net Change Other Ord**	**Balance 30 June Ord**	**Balance Indirectly Held Ord**
2009						
Directors						
Wolf G Martinick	500,000	-	-	600,000	1,100,000	-
Anthony Paul Rovira	2,000,000	-	-	982,000	2,982,000	1,880,000
John Walter Saleeba	770,000	-	-	280,000	1,050,000	1,050,000
Executives						
Brett Dickson	200,000	-	-	74,000	274,000	210,000
Patrick Manouge						
-resigned 31 March 2009	10,000	-	-	-	10,000	-
Total	**3,480,000**	**-**	**-**	**1,936,000**	**5,416,000**	**3,140,000**

Notes continued

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(d) Shareholdings of key management personnel (cont'd)

	Balance 1 July Ord	Granted Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June Ord	Balance Indirectly Held Ord
2008						
Directors						
Wolf G Martinick	-	-	-	500,000	500,000	-
Anthony Paul Rovira	2,000,000	-	-	-	2,000,000	1,800,000
Michael John Fowler	1,008,000	-	-	-	1,008,000	-
John Walter Saleeba	770,000	-	-	-	770,000	770,000
Executives						
Brett Dickson	200,000	-	-	-	200,000	100,000
Patrick Manouge	10,000	-	-	-	10,000	-
Mark Styles	-	-	-	-	-	-
Total	**3,988,000**	**-**	**-**	**500,000**	**4,488,000**	**2,670,000**

25. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is Azure Minerals Limited.

(b) Subsidiaries

Loans to subsidiaries	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Beginning of the year	-	-	**4,676,062**	2,362,235
Loans advanced	-	-	**4,1780,786**	2,313,827
Loans Repaid	-	-	-	-
Allowance for impairment	-	-	**(4,636,848)**	-
End of year	-	-	**4,220,000**	4,676,062

It is the intention of each subsidiary to repay outstanding loans through the successful exploitation or sale of its mineral assets. General market conditions have deteriorated over the last 18 months which led to a review of the value of the mineral assets held by Minera Piedra Azul S.A. de C.V. As a result of that review the Parent Entity made an allowance of $4,636,848 against loans advanced to its Mexican subsidiary Minera Piedra Azul , S.A. de C.V..

No other provision for doubtful debts have been raised in relation other outstanding balances, and no other expense has been recognised in respect of bad or doubtful debts due from related parties.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

26. INTERESTS IN JOINT VENTURES

The company has interests in the following joint ventures:

	Joint Venture	Activities	Interest	Carrying Value $
(a)	Sonora, Mexico	Gold/Copper	60%	NIL
(b)	JOGMEC	Copper	100%	NIL

(a) The Group is exploring a portfolio of 13 projects in the Mexican state of Sonora in joint venture with Geoinformatics Exploration Inc During 2008 Azure Minerals earned a 51% interest in all 13 projects. In the current joint venture year GXL elected not to contribute to joint venture expenditure, accordingly Azure Minerals interest will increase to 60% and GFX's interest will decrease to 40%.

(b) During the year the Group entered into a joint venture with Japan Oil, Gas and Metals Corporation (JOGMEC) covering the La Tortuga and Los Nidos projects. Pursuant to the joint venture agreement JOGMEC may earn a 51% interest in the projects by spending US$3 million by 31 March 2009. At 30 June 2009 JOGMEC had spend approximately US$656,938.

Notes continued

27. SHARE-BASED PAYMENTS

The group has issued options pursuant to an Employee Share plan and also Director Options Issued pursuant to approval obtained by shareholders at a General Meeting. Details of each issue is set out below:

(a) Employee and consultants option plan

The establishment of the Azure Minerals Limited – Employees and Contractors Option Incentive Plan ("Plan") was approved by shareholders at the 2004 Annual General Meeting. The plan is designed to provide long-term incentives for employees and certain contractors to deliver long term shareholder returns. Participation in the plan is at the Boards discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the company with full dividend and voting rights.

Set out below are summaries of options granted under the plan.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity – 2009									
30 Nov '03	30 Nov '08	25.0	-	100,000	-	-	100,000	-	-
30 Nov '03	30 Nov '09	25.0	-	200,000	-	-	200,000	-	-
30 Nov '03	30 Nov '10	25.0	-	200,000	-	-	200,000	-	-
22 Mar '06	31 Jan '11	17.5	6.81	300,000	-	-	300,000	-	-
22 Mar '06	31 Jan '12	25.0	6.60	300,000	-	-	300,000	-	-
22 Mar '06	31 Jan '13	35.0	6.47	300,000	-	-	300,000	-	-
6 Dec '06	31 Jan '11	17.5	3.74	500,000	-	-	-	500,000	500,000
6 Dec '06	31 Jan '12	25.0	3.64	500,000	-	-	-	500,000	500,000
6 Dec '06	31 Jan '13	35.0	3.45	500,000	-	-	-	500,000	500,000
10 Jan '07	31 Jan '12	25.0	3.03	500,000	-	-	500,000	-	-
10 Jan '07	31 Jan '13	35.0	2.82	500,000	-	-	500,000	-	-
6 Dec '06	30 Nov '09	15.0	0.93	1,200,000	-	-	-	1,200,000	1,200,000
3 Aug '07	30 Nov '09	15.0	14.3	1,750,000	-	-	500,000	1,250,000	1,250,000
				6,850,000	**-**	**-**	**2,900,000**	**3,950,000**	**3,950,000**
Weighted average exercise price				$0.217	-	-	$0.253	$0.191	$0.191
Consolidated and parent entity – 2008									
30 Nov '03	30 Nov '08	25.0	-	100,000	-	-	-	100,000	100,000
30 Nov '03	30 Nov '09	25.0	-	200,000	-	-	-	200,000	200,000
30 Nov '03	30 Nov '10	25.0	-	200,000	-	-	-	200,000	200,000
22 Mar '06	31 Jan '11	17.5	6.81	300,000	-	-	-	300,000	300,000
22 Mar '06	31 Jan '12	25.0	6.60	300,000	-	-	-	300,000	300,000
22 Mar '06	31 Jan '13	35.0	6.47	300,000	-	-	-	300,000	300,000
6 Dec '06	31 Jan '11	17.5	3.74	500,000	-	-	-	500,000	500,000
6 Dec '06	31 Jan '12	25.0	3.64	500,000	-	-	-	500,000	500,000
6 Dec '06	31 Jan '13	35.0	3.45	500,000	-	-	-	500,000	500,000
10 Jan '07	31 Jan '12	25.0	3.03	500,000	-	-	-	500,000	500,000
10 Jan '07	31 Jan '13	35.0	2.82	500,000	-	-	-	500,000	500,000
6 Dec '06	30 Nov '09	15.0	0.93	1,200,000	-	-	-	1,200,000	1,200,000
3 Aug '07	30 Nov '09	15.0	14.3	-	1,750,000	-	-	1,750,000	1,750,000
				5,100,000	**1,750,000**	**-**	**-**	**6,850,000**	**6,850,000**
Weighted average exercise price				$0.24	$0.15	-	-	$0.217	$0.217

No options were exercised during the periods covered by the above tables. During the 2009 financial year 2,900,000 options were forfeited due to employees leaving the Group and not exercising their options with 90 days of their resignation date.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.58 years (2008: 3.98 years).

Notes continued

27. SHARE-BASED PAYMENTS (cont'd)

Fair value of options granted.

Options are granted for no consideration. No options were granted during the 2009 financial year. During the 2008 financial year the weighted average fair value of the options granted was 14.3 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2009	2008
Weighted average exercise price (cents)	-	15.0
Weighted average life of the option (years)	-	2.3
Weighted average underlying share price (cents)	-	22.5
Expected share price volatility	-	90%
Risk free interest rate	-	6.05%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Options issued to employees	-	365,127	-	365,127

(b) Directors options

Set out below are summaries of Directors options granted.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity – 2009									
30 Nov '03	30 Nov '08	25.0	-	1,400,000	-	-	(1,400,000)	-	-
30 Nov '03	30 Nov '09	25.0	-	2,800,000	-	-	-	2,800,000	2,800,000
30 Nov '03	30 Nov '10	25.0	-	2,800,000	-	-	-	2,800,000	2,800,000
24 Dec '07	31 Jan '10	25.0	8.2	200,000	-	-	-	200,000	200,000
24 Dec '07	31 Jan '11	25.0	10.2	400,000	-	-	-	400,000	400,000
24 Dec '07	31 Jan '12	25.0	11.7	400,000	-	-	-	400,000	400,000
				8,000,000	**-**	**-**	**(1,400,000)**	**6,600,000**	**6,600,000**
Weighted average exercise price				$0.25		-	$0.25	$0.25	$0.25
Consolidated and parent entity – 2008									
30 Nov '03	30 Nov '08	25.0	-	1,650,000	-	-	(250,000)	1,400,000	1,400,000
30 Nov '03	30 Nov '09	25.0	-	3,300,000	-	-	(500,000)	2,800,000	2,800,000
30 Nov '03	30 Nov '10	25.0	-	3,300,000	-	-	(500,000)	2,800,000	2,800,000
24 Dec '07	31 Jan '10	25.0	8.2	-	200,000	-	-	200,000	200,000
24 Dec '07	31 Jan '11	25.0	10.2	-	400,000	-	-	400,000	400,000
24 Dec '07	31 Jan '12	25.0	11.7	-	400,000	-	-	400,000	400,000
				8,250,000	**1,000,000**	**-**	**(1,250,000)**	**8,000,000**	**8,000,000**
Weighted average exercise price				$0.25	$0.25	-	$0.25	$0.25	$0.25

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.5 years (2008: 1.8 years).

Notes continued

27. SHARE-BASED PAYMENTS (cont'd)

Fair value of director options granted.

Options are granted for no consideration. No options were granted during the 2009 financial year. During the 2008 financial year the weighted average fair value of the options granted was 10.4 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2009	2008
Weighted average exercise price (cents)	-	25.0
Weighted average life of the option (years)	-	3.3
Weighted average underlying share price (cents)	-	18.5
Expected share price volatility	-	90%
Risk free interest rate	-	6.25%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Options issued to directors	-	103,049	-	103,049

Directors' Declaration

The directors of the company declare that:

(1) The financial statements, comprising the consolidated income statement, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the consolidated entity.

(2) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(3) The remuneration disclosures included in pages 12 to 14 of the director's report (as part of the audited Remuneration Report) for the year ending 30 June 2009, comply with section 300A of the *Corporations Act 2001*.

(4) The directors have been given the declaration by the chief executive officer and chief financial officer as required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Anthony Paul Rovira
Executive Chairman

Perth, 25 September 2009

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AZURE MINERALS LIMITED

We have audited the accompanying financial report of Azure Minerals Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Azure Minerals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to note 1 in the financial report which indicates that the company incurred a net loss of $3,355,760 for the year ended 30 June 2009, and, as at that date, the company experienced net cash outflows from operating activities of $3,608,727. These conditions along with other matters as set forth in note 1 of the financial report indicate the existence of a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Azure Minerals Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Glyn O'Brien
Director

Signed in Perth, Western Australia
Dated this 25th day of September 2009.

BDO Kendalls

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ABN 79 112 284 787

25 September 2009

Board of Directors
Azure Minerals Limited
Level 1
30 Richardson Street
WEST PERTH WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF AZURE MINERALS LIMITED

As lead auditor of Azure Minerals Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Azure Minerals Limited and the entities it controlled during the period.

Glyn O'Brien

Glyn O'Brien
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Signed in Perth, Western Australia

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 14 September 2009.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary shares	
			Number of holders	**Number of shares**
1	-	1,000	32	5,734
1,001	-	5,000	240	888,842
5,001	-	10,000	790	7,023,410
10,001	-	100,000	1,480	58,219,477
100,001		and over	346	151,075,026
			2,888	217,212,489
The number of shareholders holding less than a marketable parcel of shares are:			614	3,443,175

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	**Percentage of ordinary shares**
1	Yandal Investments Pty Ltd	17,423,000	8.02
2	HSBC Custody Nominees	16,307,817	7.51
3	Investec Bank (Australia) Ltd	5,600,000	2.58
4	ANZ Nominees Limited	4,369,578	2.01
5	Mr David Alistair Cadwallader	3,508,000	1.62
6	Dr Lyndsay George McDonald Gordon	2,232,833	1.03
7	Mr Robert Hastings Smythe	2,000,000	0.92
8	S & M French Investments Pty Ltd	1,750,000	0.81
9	Mr Peter Murray Nicholas	1,500,000	0.69
10	Stadjoy Pty Ltd	1,456,000	0.67
11	Toltec Holdings Pty Ltd	1,440,000	0.66
12	Mr Anthony Paul Rovira	1,320,000	0.61
13	Vanwhile Pty Ltd	1,120,000	0.52
14	Dr Wolf Gerhard Martinick	1,100,000	0.51
15	Mr Christian Merli	1,096,800	0.50
16	Rovira Geoservices Pty Ltd	1,040,000	0.48
17	Mr Richard Eric James + Mrs Margaret Anne James	1,030,000	0.47
18	C Z Dataland Pty Ltd	1,013,926	0.47
19	Mrs Wan Hui Chen	1,000,000	0.46
20	Mr Sean Delaney	1,000,000	0.46
		67,307,954	**31.00**

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
Yandal Investments Pty Ltd	17,423,000
Dundee Corporation and each of its associates	16,307,817

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Common Name			Tenement	Percentage held / earning
El Llano del Nogal	Llano del Nogal - Fraccion 1	All Minerals	224717	60%
	Llano del Nogal - Fraccion 2	All Minerals	224718	60%
	Llano del Nogal - Fraccion 3	All Minerals	224719	60%
	Llano del Nogal 2	All Minerals	230186	60%
	Llano del Nogal 3	All Minerals	232390	60%
Cumobabi	El Apuro (Reduction)	All Minerals	228838	60%
	La Calma	All Minerals	221119	60%
	Potrerito	All Minerals	229051	60%
	El Ermitaño 1	All Minerals	230421	60%
	El Ermitaño 2	All Minerals	Pending	60%
	Mark 1	All Minerals	232857	60%
	Mark 1 – Fraccion 1	All Minerals	232858	
	Mark 2	All Minerals	232856	60%
	Mark 3	All Minerals	232855	60%
Tabisco	Tabisco - Fraccion 2	All Minerals	220663	60%
	Tabisco 2 - Fraccion 1	All Minerals	229008	60%
	Tabisco 2 - Fraccion 2	All Minerals	229009	60%
Jagüey	Beatriz - Fraccion 2	All Minerals	218062	60%
	Beatriz - Fraccion 3	All Minerals	218063	60%
	Beatriz - Fraccion 4	All Minerals	218064	60%
	Jagüey	All Minerals	225314	60%
Pozo de Nacho	Pozo de Nacho	All Minerals	222873	60%
	Pozo de Nacho 2 - Fracc. 1	All Minerals	225057	60%
	Pozo de Nacho 2 - Fracc. 2	All Minerals	225058	60%
	Pozo de Nacho 3	All Minerals	228563	60%
Cardeleña	Cardeleña	All Minerals	220716	60%
	Cardeleña 2	All Minerals	228176	60%
San Nicolas	San Nicolas	All Minerals	225315	60%
Batacosa	Batacosa	All Minerals	225402	60%
Arroyo Amarillo	Arroyo Amarillo	All Minerals	223191	60%
Estacion Llano	Estacion Llano	All Minerals	227017	60%
Los Chinos	Los Chinos	All Minerals	229035	60%
La Ramada	La Ramada	All Minerals	229820	60%
La Tortuga	La Tortuga	All Minerals	230422	100%
La Providencia	La Providencia	All Minerals	230462	100%
El Cuervo	El Cuervo	All Minerals	231704	100%
Coronado	Coronado	All Minerals	231432	100%
Los Nidos	Los Nidos	All Minerals	231051	100%
El Carnero	Carnero	All Minerals	231326	100%
Las Viboras	Viboras	All Minerals	232429	100%
San Eduardo	San Eduardo	All Minerals	232387	100%
Promontorio	Hidalgo	All Minerals	14966	100%*
	Promontorio	All Minerals	28521	100%*
	El Magistral	All Minerals	218881	100%*
	Promontorio Regional	All Minerals	Pending	100%

* Denotes option to acqire 100%