

**AZURE MINERALS LIMITED**

ABN 46 106 346 918

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29 August 2014

Dear Shareholder

Non-Renounceable Rights Issue – Notice to Shareholders

This letter is to notify you on 28 August 2014, Azure Minerals Limited ACN 106 346 918 (**Company**) announced a 1 for 6 non-renounceable pro rata entitlements issue of up to approximately 130,004,415 new shares (**New Shares**) at an issue price of 3 cents for each New Share to raise up to approximately \$3.9 million before costs (**Offer**).

Each eligible shareholder will be entitled to subscribe for 1 New Share for every 6 Shares held at 5:00pm (WST) on Friday, 5 September 2014 (**Record Date**). Eligible shareholders (other than directors and related parties of the Company) will be able to apply for additional shares over and above their entitlements at 3 cents per share.

On the basis that no optionholders of the Company exercise their options before the Record Date, a maximum of approximately 130,004,415 New Shares will be offered under the Offer.

Underwriting

The Offer is not underwritten.

Eligibility to the Offer

The Offer is only open to shareholders of the Company who are registered as shareholders at 5:00pm (WST) on the Record Date with registered addresses in Australia or New Zealand (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia and New Zealand are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Offer.

The Company has determined that it is not practicable for Ineligible Foreign Shareholders to participate in the Offer having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares they would be offered and the costs of complying with the regulatory requirements of those jurisdictions.

Purpose of the Offer

Proceeds raised from the Offer will be used by the Company for continued exploration on the Company's portfolio of prospective exploration projects in Mexico and general working capital purposes.

Offer Document and Offer Details

The Offer will be made to Eligible Shareholders without disclosure under Part 6D.2 of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Details of the Offer including the rights attaching to the New Shares, together with all other relevant information relating to the Offer are set out in the offer document which was lodged with ASX on Thursday, 28 August 2014 (**Offer Document**). The Offer Document is currently available from www.asx.com.au by searching the Company's ASX code "AZS".

A copy of the Offer Document together with the Entitlement and Acceptance Form will be sent to shareholders on or about Wednesday, 10 September 2014. The Offer Document will be sent to Ineligible Foreign Shareholders for information purposes only.

The Offer is non-renounceable which means that the entitlements to participate in the Offer are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. Therefore, Eligible Shareholders will not receive any value if they do not take up their entitlements (**Entitlements**).

The New Shares issued pursuant to the Offer will rank equally in all respect with existing fully paid ordinary shares on issue in the Company. Fractional Entitlements will be rounded up to the nearest whole Share.

Key Dates

The proposed timetable for the Offer is as follows:

Event	Date
"Ex" date for the Offer (being the date that shares start trading without the Entitlements to participate in the Offer)	Wednesday, 3 September 2014
Record Date to determine Entitlements under the Offer	Friday, 5 September 2014
Opening Date of the Offer	Wednesday, 10 September 2014
Despatch of the Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	
Closing Date for acceptances under the Offer	5.00pm (WST) on Friday, 19 September 2014
New Shares quoted on a deferred settlement basis	Monday, 22 September 2014
ASX notified of under subscriptions under the Offer	Tuesday, 23 September 2014
Issue date of the New Shares and deferred settlement trading of New Shares ends	Thursday, 25 September 2014
Trading of New Shares expected to commence	Friday, 26 September 2014
Despatch of holding statements for New Shares	Friday, 26 September 2014

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice.

Effect on Capital Structure

The table below sets out the impact of the Offer on the capital structure of the Company:

Shares	Number
Existing Shares as at 28 August 2014	780,026,491
Maximum number of New Shares issued pursuant to the Offer	130,004,415
Total issued Shares following completion of the Offer	910,030,906

You should consider the Offer Document in deciding on whether to participate in the Offer.

If you have any queries concerning the Offer please contact the Company Secretary by telephone on +61 8 9481 2555.

Yours faithfully
Azure Minerals Limited



Brett Dickson
Company Secretary