



**AZURE**  
MINERALS LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended  
30 June 2022



# CORPORATE INFORMATION

**ABN 46 106 346 918**

**Directors**

Mr. Brian Thomas (Chairman)  
Mr. Anthony Rovira (Managing Director)  
Ms. Annie Guo (Non Executive Director)  
Mr. Hansjörg Plaggemars (Non Executive Director)

**Company Secretary**

Mr. Brett Dickson

**Registered Office**

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**Solicitors**

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Perth WA 6000

**Bankers**

Commonwealth Bank of Australia Limited

**Share Register**

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Perth WA 6000  
Telephone: 1300 787 272

**Auditors**

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**Internet Address**

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**ASX Code**

Shares AZS



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# CHAIRMAN'S LETTER

Dear Shareholders,

Financial Year 2022 has been very successful for Azure Minerals with the continued development of our flagship Andover Nickel-Copper-Cobalt Project. Since 2020, we have made four discoveries comprising the Andover and Ridgeline deposits, the Seaview and Skyline prospects, with an exciting pipeline of potential discoveries yet to be drill tested.

Underpinning our exploration results and the exciting potential for further discoveries, we have established and are successfully executing a dual-pathway strategy focused on resource growth together with a program of project development studies. Through progression and execution of this strategy, we have a significant opportunity to continue to grow the Andover Project into a major operation and define a new nickel province in the Pilbara region of Western Australia.

The major highlight of the Andover Project this year was the release of a Maiden Mineral Resource Estimate for the Andover Deposit of 4.6Mt @ 1.11% Ni, 0.47% Cu and 0.05% Co (1.41% NiEq), containing 51,700t of Ni, 21,700t of Cu and 2,290t of Co. Across the broader Andover Project, we are only starting to scratch the surface, actively drilling and developing the other discoveries with an objective of growing and defining additional nickel-copper-cobalt sulphide deposits.

The Azure Board and management team understands the importance of creating long-term relationships across all stakeholder groups. As we continue to develop Andover, we endeavour to deliver ongoing value to the Roebourne and West Pilbara communities. Wherever possible, we employ local staff and actively encourage our major contractors to do the same. We also expect the infrastructure for Andover to be established within or near Roebourne providing long-lasting benefit to the community.

Most importantly, we are committed to developing our projects the right way. We have adopted best practice ESG principles to ensure Andover grows sustainably and meets the highest environmental standards, social credentials and governance practices expected of a modern-day mining project.

When in operation, we expect Andover will be producing high-purity nickel and copper concentrates, with a low-carbon intensity that is traceable from the mine to the end-product. It will be truly exciting to develop an operation that is contributing to a cleaner future. Timing could not be better as the global shift towards decarbonisation and electrification continues at a rapid pace.

Moving on from Andover, we have also completed our maiden drill program at the Barton Gold Project located in the Kookynie Gold District, initially focussing on the Daisy Corner prospect, some 300m north of Genesis Minerals' Puzzle North gold deposit. Initial results were encouraging and the team will continue to systematically explore and drill other key targets at Barton.

We have completed the sale of our Mexican precious and base metals projects to Bendito Resources Inc for a combination of cash and shares valued at A\$20 million. This is an excellent result for Azure as we received an immediate cash injection of A\$4 million with an additional A\$6 million due within the next 18 months. We also retain exposure to upside growth and value of the Mexican assets through our substantial shareholding in Bendito, which is working towards a listing on the Toronto Stock Exchange.

I am extremely proud of the performance and achievements of the Azure team lead by our Managing Director Tony Rovira at Andover in the past 12 months. I would like to take this moment to personally thank Tony for his hard-work and leadership. Through Tony's guidance combined with the commitment and determination of all Azure staff, the Company has enjoyed a stellar 12 months and is very well-positioned for further growth and value uplift.

I also want to thank our shareholders for their support and investment in Azure. We look forward to keeping you updated on the Company's progress and delivering returns well into the future.

Thank you to my fellow directors, our management team, staff and contractors for their hard work, dedication and focus on building the Company to this position it finds itself in today.

The future is very exciting for Azure and the Andover Project. We have the right project, right team and right commodity exposure to build a bright future in the Pilbara and deliver ongoing value to all our stakeholders.

Yours sincerely,



**Brian Thomas**  
Chairman



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THE FUTURE IS VERY EXCITING FOR  
AZURE AND THE ANDOVER PROJECT.

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PROJECT, RIGHT TEAM  
AND RIGHT COMMODITY  
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# REVIEW OF OPERATIONS

## AUSTRALIA

Azure holds interests in five nickel and gold projects, all of which are located in the Pilbara and Eastern Goldfields regions of Western Australia (see Figure 1).

In joint venture with prominent mining entrepreneur Mr Mark Creasy ("Creasy Group"), Azure has a 60% interest in the Andover Nickel-Copper-Cobalt Project in the western Pilbara and 70% interests in the Turner River, Coongan and Meentheena Gold Projects in the northern and eastern Pilbara (see Figure 2).

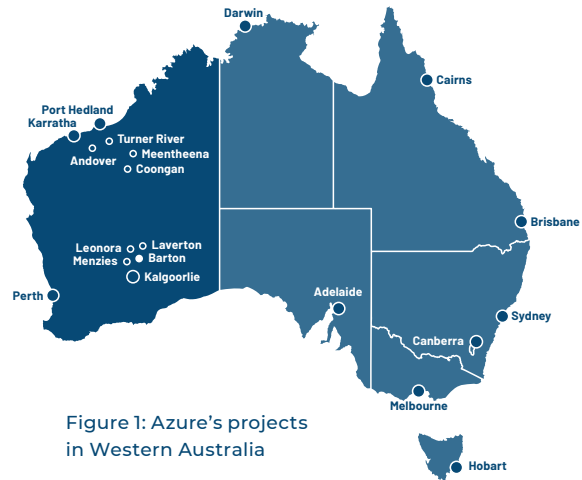


Figure 1: Azure's projects in Western Australia

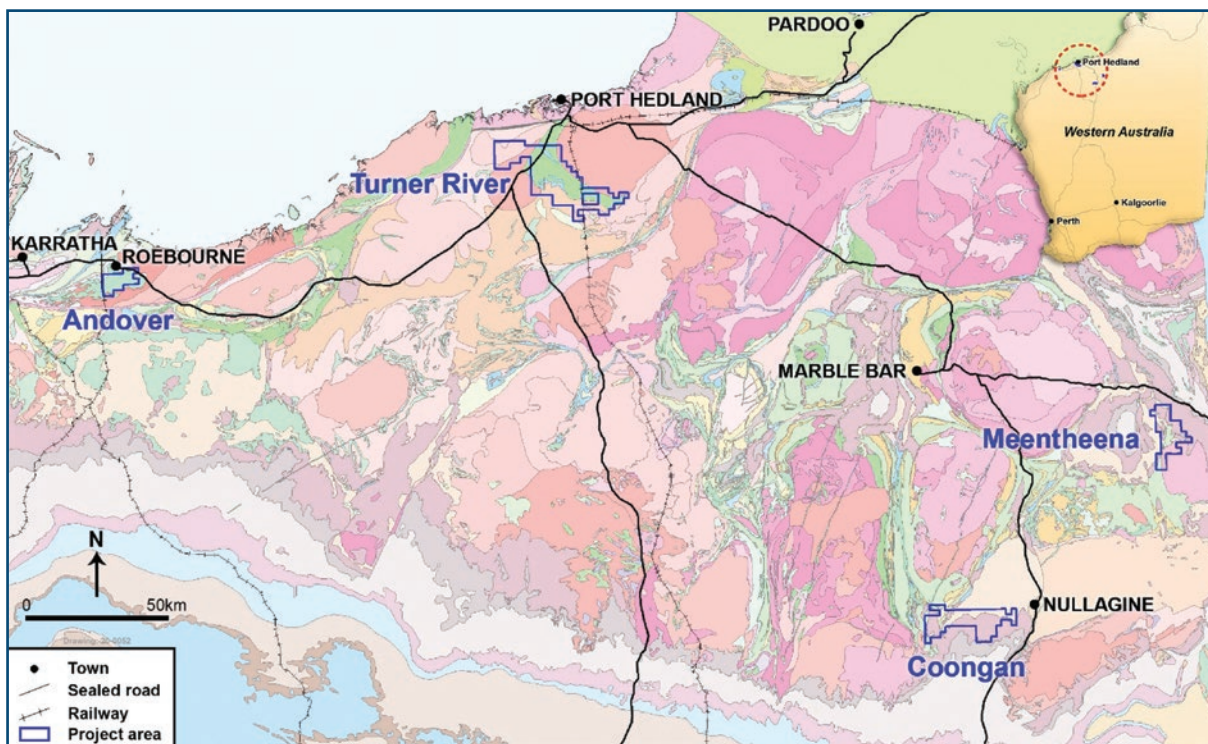


Figure 2: Locations of Azure's Pilbara projects overlying geology

Azure also holds 100%-ownership of the Barton Gold Project, which consists of two granted Exploration Licences and seven Exploration Licence Applications that in total cover 888km<sup>2</sup> (see Figure 3). The Project is situated adjacent to the historical gold mining town of Kookynie, located approximately 40km south of Leonora in the Eastern Goldfields region of Western Australia.

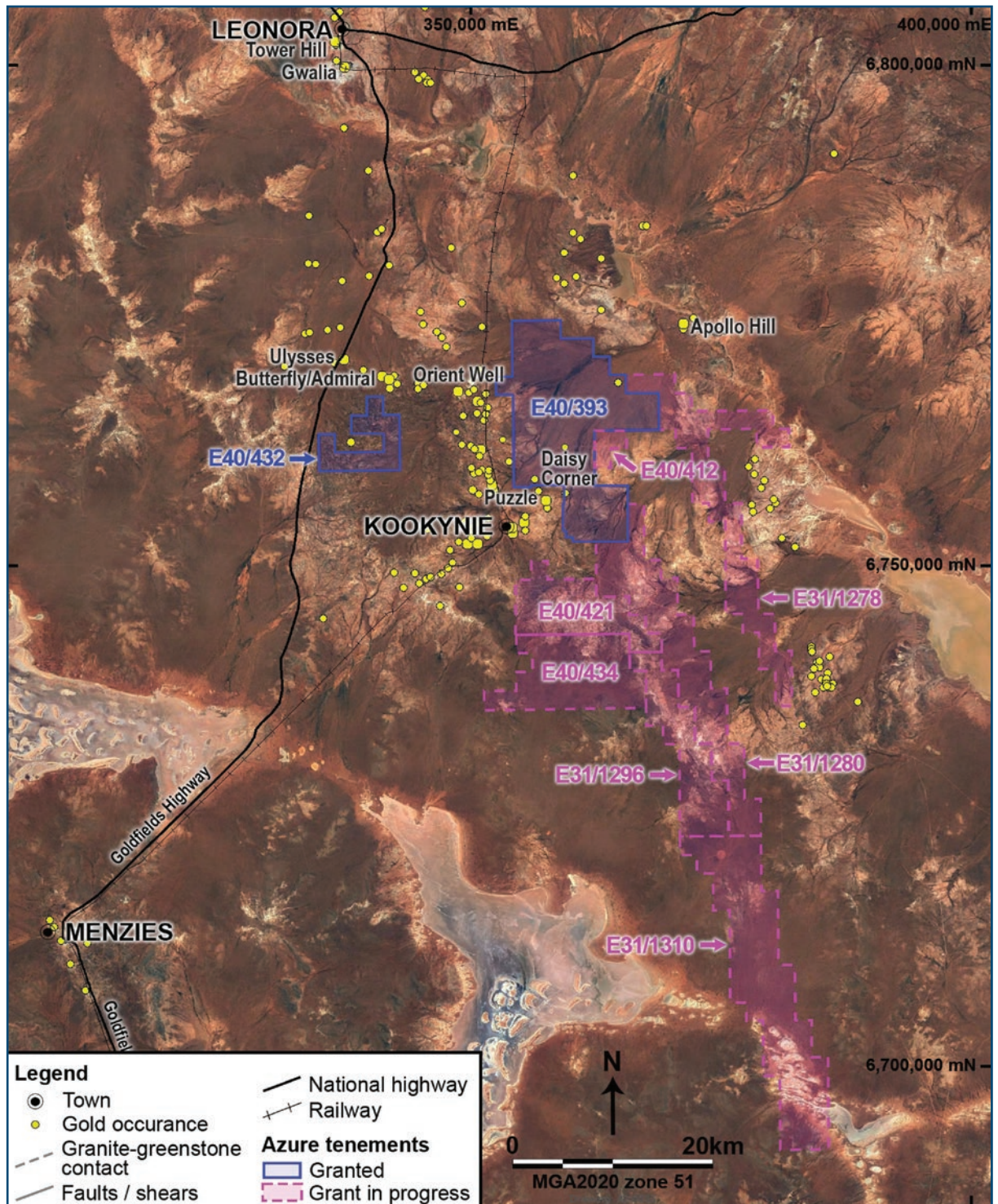


Figure 3: Location of Azure's Barton Gold Project overlying Google Earth image



## ANDOVER NICKEL-COPPER-COBALT (Ni-Cu-Co) PROJECT (AZURE 60% / CREASY GROUP 40%)

Azure has enjoyed a transformative 12 months at its flagship Andover Ni-Cu-Co Project through the successful execution of the Company's dual pathway strategy, focused on combining exploration success and resource growth together with advancing studies into developing a stand-alone nickel, copper and cobalt mining and processing operation.

Covering 70km<sup>2</sup>, the Andover Project is located 35km southeast of Karratha and immediately south of the town of Roebourne (see Figure 4). Excellent infrastructure, including airport, seaport, gas and water supply, grid electrical power, sealed highway and support services and labour are available in the local district.

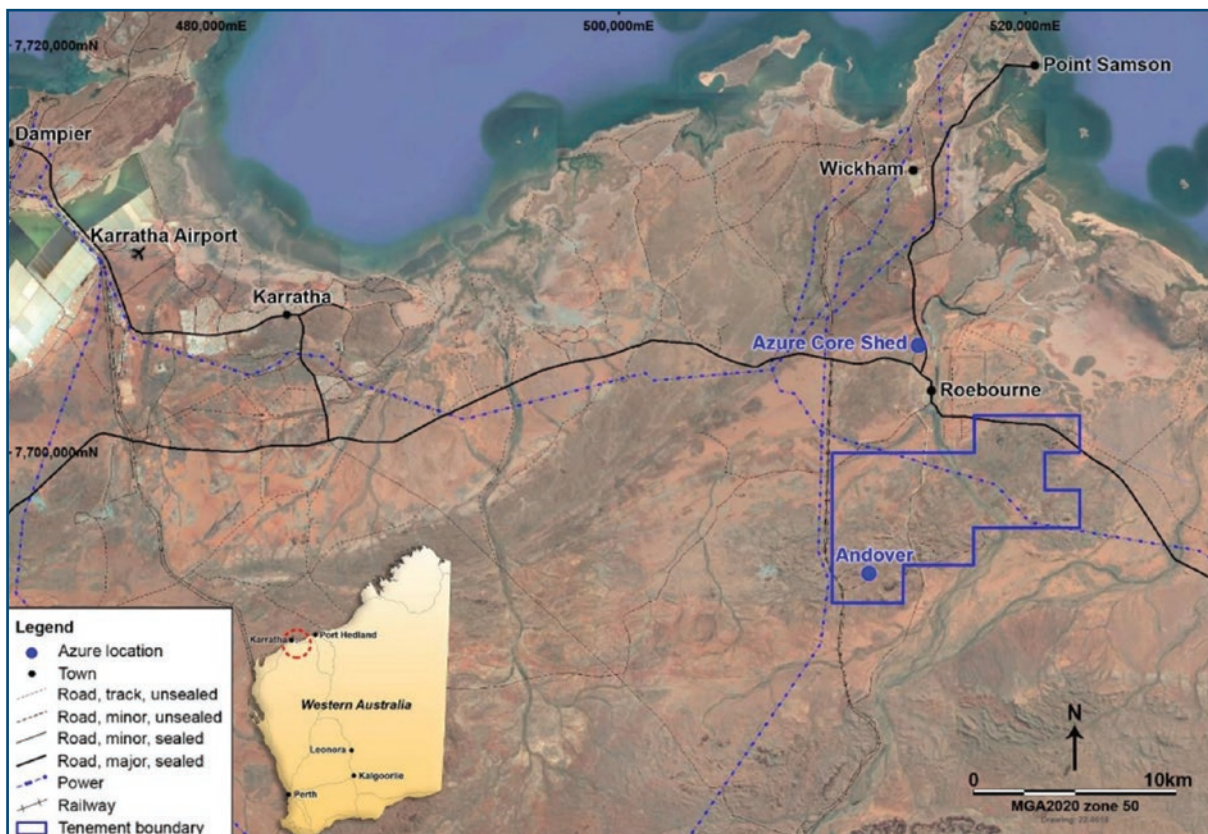


Figure 4: Andover Project location map

Since acquiring Andover in July 2020, Azure has undertaken a continuous intensive exploration program on the Project, with more than 180 diamond drill holes for approximately 81,000m delivering excellent results. Four nickel-copper sulphide discoveries have been made to date – the Andover and Ridgeline Deposits and the Seaview and Skyline prospects.

The Andover Deposit is the most advanced of the four discoveries, with Azure completing a Maiden Mineral Resource Estimate ("MRE") comprising **4.6Mt @ 1.11% Ni, 0.47% Cu and 0.05% Co (1.41% NiEq)** for more than 75,000 tonnes of combined contained metal, with more than 80% of the total resource classified in the higher confidence Indicated category.

The total Andover Project resource base is expected to continue growing with strong drilling results from Ridgeline leading towards an MRE for this deposit. Meanwhile drilling continues to return positive mineralised intersections from Seaview and Skyline.

Importantly, Azure also has an exciting pipeline of undrilled targets defined by the regional exploration program of geological mapping, geochemical sampling and geophysical surveying. This provides a strong platform for further exploration success and expansion in the size and scale of the Andover Project.

Development studies on the closely located Andover and Ridgeline Deposits are progressing well with positive outcomes being delivered in all study components.

Azure has a clear focus and strategy tailored to defining a new nickel-producing province in the Pilbara. The results and growth delivered over the past 12 months place the Company in a strong position for further success in FY2023 and beyond.





## ANDOVER DEPOSIT – MAIDEN MINERAL RESOURCE ESTIMATE

Azure completed a major milestone in FY2022 with the release of a maiden MRE for the Andover Deposit, the first prospect drilled within the greater Andover Project.

The MRE (JORC 2012) is **4.6Mt @ 1.11% Ni, 0.47% Cu and 0.05% Co (1.41% NiEq) for 51,700t of contained Nickel, 21,700t of contained Copper and 2,290t of contained Cobalt** at a cut-off grade of 0.5% Ni (see Table 1) (refer ASX: 30 March 2022 for full details).

This includes a high-grade resource component of **2.0Mt @ 1.41% Ni, 0.49% Cu and 0.06% Co (1.78% NiEq)** at a cut-off grade of 0.9% Ni.

The MRE was completed by CSA Global Pty Ltd ("CSA Global") based on 104 holes, consisting of 102 diamond (DD) and two reverse circulation (RC) holes for 44,267m (see Figure 5,) and is reported by classification in Table 1.

<b>Table 1: Andover Deposit Mineral Resource Estimate by classification</b> (current at 30 March 2022)(reported above a 0.5% Ni cut-off)									
<b>Classification</b>	<b>Tonnes</b>	<b>Ni</b>	<b>Cu</b>	<b>Co</b>	<b>S</b>	<b>NiEq</b>	<b>Ni Metal</b>	<b>Cu Metal</b>	<b>Co Metal</b>
	<b>Mt</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>kt</b>	<b>kt</b>	<b>kt</b>
Indicated	3.8	1.16	0.47	0.05	8.23	1.51	44.0	17.9	2.06
Inferred	0.9	0.89	0.44	0.04	6.33	1.20	7.7	3.8	0.37
Total	4.6	1.11	0.47	0.05	7.87	1.41	51.7	21.7	2.29
High-grade resource component reported above a 0.9% Ni cut-off									
High Grade	2.0	1.41	0.49	0.06	9.85	1.78	28.8	10.0	1.28

### Notes:

- Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code –JORC 2012 Edition).
- Data is reported to significant figures and differences may occur due to rounding.
- Mineral Resources have been reported above a cut-off grade of 0.5 % nickel.
- The NiEq calculation represents total metal value for each metal summed and expressed in equivalent nickel grade and tonnes. Commodity prices assumed in the calculation are US\$: nickel \$19,366.6/t; copper \$9,089.8/t; cobalt \$63,107.9/t. The following metallurgical recovery assumptions are based on metallurgical test work and Azure considers they have a reasonable prospect to be achieved: 79% nickel recovery; 70% copper recovery; 68% cobalt recovery.
- NiEq equation =  $Ni (\%) + (Cu (\%) \times ((Cu \$/t \times Cu \text{ recovery} \times 0.01) / (Ni \$/t \times Ni \text{ recovery})) + (Co (\%) \times ((Co \$/t \times Co \text{ recovery} \times 0.01) / (Ni \$/t \times Ni \text{ recovery})))$



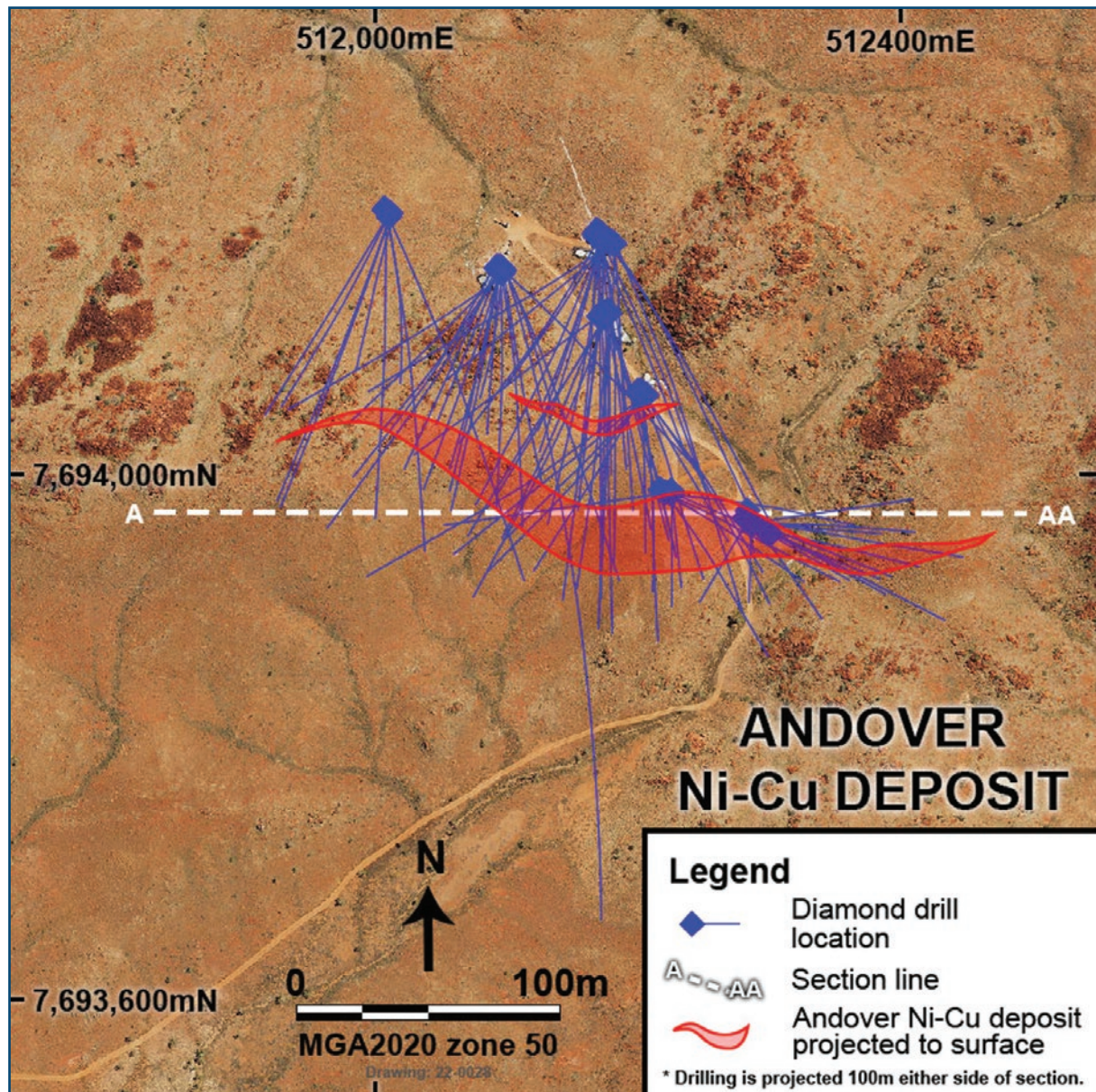


Figure 5: Andover Deposit surface expression

The Andover Deposit demonstrates excellent internal continuity of mineralised widths and grades within well-defined geological constraints. Drill holes were located at a nominal spacing of 50m by 50m, which is sufficient to allow the geology and mineralisation zones to be modelled into coherent wireframed domains (see Figures 6 and 7).



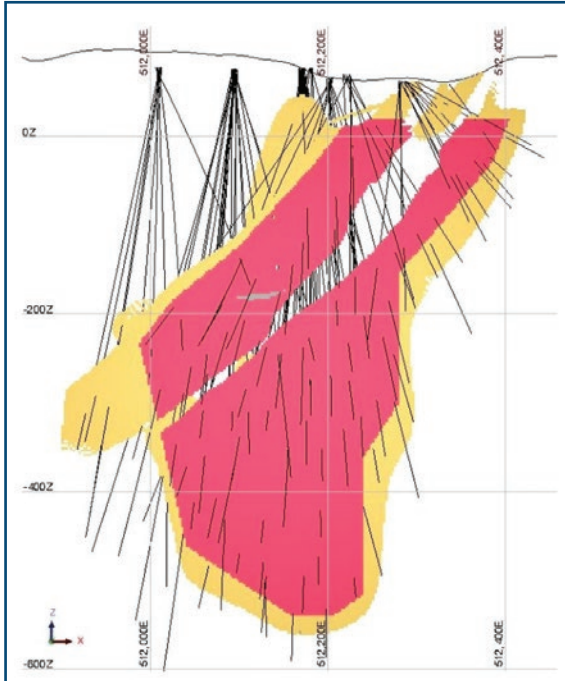


Figure 6: Andover Resource Classification – Long Section A-AA looking North (Indicated shown as red blocks and Inferred shown as orange blocks)

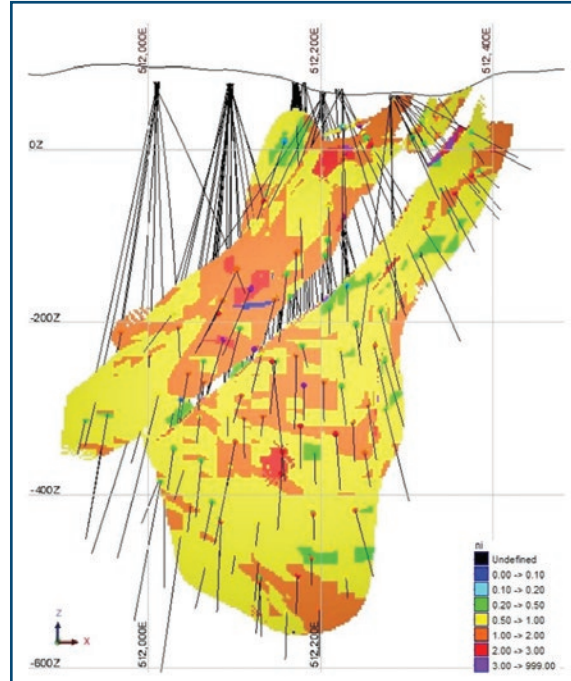


Figure 7: Andover Block Model – Long Section A-AA looking North showing nickel grade distribution



Grade tonnage tables were generated for the Andover Deposit according to resource classification. The grade tonnage table for the Mineral Resource is shown in Table 2 and the grade tonnage curves are shown in Figure 8.

**Table 2: Andover Deposit – Grade Tonnage Table**

	Total Resources				Indicated Resources				Inferred Resources			
Ni cut-off %	Tonnes	Ni	Cu	Co	Tonnes	Ni	Cu	Co	Tonnes	Ni	Cu	Co
%	000't	%	%	%	000't	%	%	%	000't	%	%	%
0	4,846	1.08	0.46	0.05	3,891	1.14	0.47	0.05	954	0.85	0.43	0.04
0.1	4,846	1.08	0.46	0.05	3,907	1.14	0.47	0.05	954	0.85	0.43	0.04
0.2	4,846	1.08	0.46	0.05	3,907	1.14	0.47	0.05	954	0.85	0.43	0.04
0.3	4,846	1.08	0.46	0.05	3,907	1.14	0.47	0.05	954	0.85	0.43	0.04
0.4	4,814	1.09	0.46	0.05	3,880	1.14	0.47	0.05	932	0.86	0.43	0.04
0.5	4,647	1.11	0.47	0.05	3,787	1.16	0.47	0.05	859	0.89	0.44	0.04
0.6	4,309	1.16	0.47	0.05	3,523	1.21	0.48	0.06	784	0.92	0.45	0.04
0.7	3,739	1.23	0.49	0.05	3,053	1.29	0.49	0.06	685	0.96	0.46	0.05
0.8	3,084	1.34	0.50	0.06	2,579	1.39	0.51	0.06	503	1.04	0.46	0.05
0.9	2,401	1.48	0.52	0.06	2,054	1.53	0.52	0.07	346	1.13	0.48	0.05
1	1,739	1.68	0.53	0.07	1,538	1.73	0.53	0.08	198	1.28	0.51	0.06

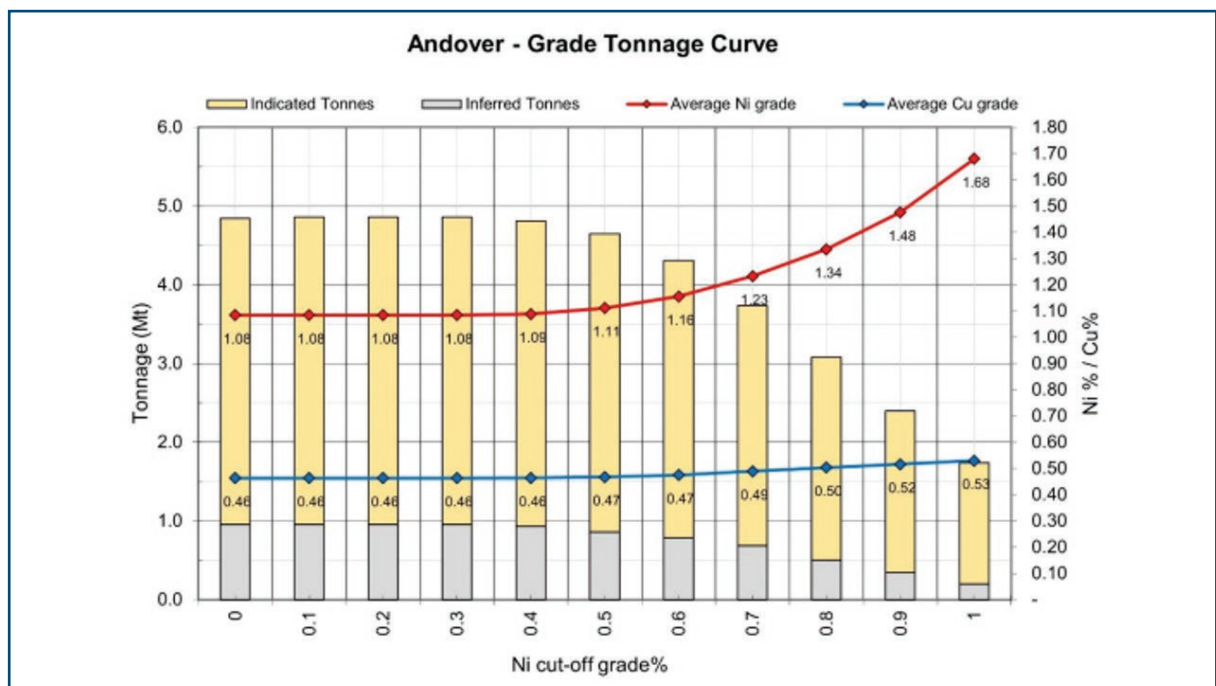


Figure 8: Andover Deposit – Grade Tonnage Curve



## PROJECT DEVELOPMENT – SCOPING STUDY

As part of the Company's dual-pathway strategy, Azure has successfully advanced key development workstreams for a stand-alone mining and processing operation at Andover. The following subsections provide a summary of the technical areas which are being progressed.

### Mineral Resources

CSA Global completed the maiden Mineral Resource Estimate (MRE) for the Andover Ni-Cu-Co Deposit with results being released to the ASX on 30 March 2022 (see Table 1).

### Geotechnical

The geotechnical assessment of the Andover Deposit has been completed to a Scoping Study level and has demonstrated that the deposit sits within a competent host rock.

### Mining

Mine engineering studies for the Andover Deposit comprise the following components:

- Review of potential surface infrastructure locations, portal locations and other support infrastructure.
- Preliminary underground infrastructure designs have been completed.
- Preliminary Mineable Slope Optimisation completed and will continue to be refined as final parameters are received for processing and off-take arrangements.

### Processing

Studies into evaluating processing options include the following components:

- Metallurgical variability testwork program on the three ore types defined within the Andover Deposit completed.
- Process Design Criteria (including mass balance), Process Flow Diagrams, and Process Description progressing.

The Tailings Storage Facility (TSF) scope of work includes the following modules:

- Site selection for a TSF(s).
- Tailings deposition methodology.
- Construction design and methodology.
- Water balance and proposed operating protocol.

## ENVIRONMENTAL MONITORING AND ASSESSMENT

Key environmental consultants are undertaking a broad evaluation of the Andover Project area to assist Azure with selection of disturbance areas for major infrastructure and provide a baseline for the design of the environmental monitoring program, which will be undertaken as part of the Environmental Assessment to support an application to mine. This currently includes the following monitoring programs:

- Terrestrial flora and vegetation;
- Vertebrate terrestrial fauna and habitat;
- Aquatic fauna and habitat;
- Invertebrate terrestrial fauna; and
- Subterranean fauna.

## RIDGELINE DEPOSIT

Located 200m from the Andover Deposit, Ridgeline consists of two mineralised horizons (see Figure 9) that have been intersected by drilling over an east-west strike length of more than 500m and to depths between 200m and 500m below surface.

Azure has completed an initial drill-out of the Ridgeline Deposit and the estimation of a mineral resource will commence upon receipt of final assays.

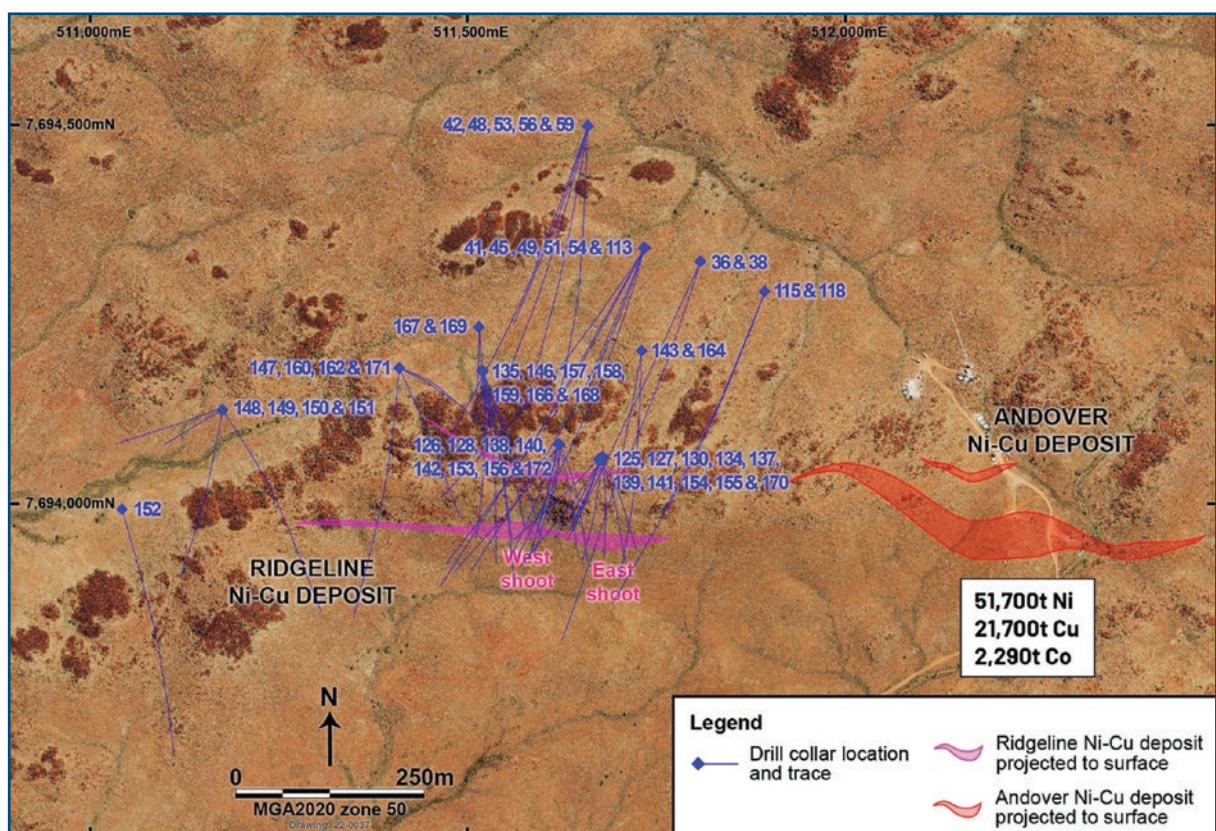


Figure 9: Andover and Ridgeline Ni-Cu-Co deposits and Ridgeline drill holes

Drilling has identified two northwest-plunging shoots of semi-massive to massive sulphides containing high grade nickel mineralisation in the southern horizon and a third mineralised shoot has been intersected in the northern horizon. These shoots host thick central cores of sulphide mineralisation that represent structurally controlled depositional sites.

Some of the better high grade intersections are listed in Table 3 and Figure 10 shows the consistent nature of the high grade nickel mineralisation in hole ANDD0134. These high grade shoots are hosted within broader zones of disseminated nickel and copper sulphides which remain open both up and down dip and along strike. Additional drilling will be required in the future to define the full extent of the Ridgeline mineralised system.

**Table 3: Significant high-grade nickel drill intersections from the Ridgeline Ni-Cu-Co deposit**

Hole No	Depth (m)		Intercept Length (m)	Ni (%)	Growth	
	From	To			Cu (%)	Co (%)
ANDD0045	486.6	491.1	4.5	3.95	0.08	0.16
ANDD0128	537.0	541.9	4.9	3.50	1.34	0.17
ANDD0134	459.2	465.5	6.3	3.59	0.21	0.17
ANDD0138	418.0	421.3	3.3	2.80	0.55	0.13
ANDD0139	517.0	520.2	3.2	2.53	1.75	0.12
ANDD0159	509.7	517.3	7.6	2.08	0.78	0.08

Mineralised intersections calculated using a 1.0% Ni grade cut-off.

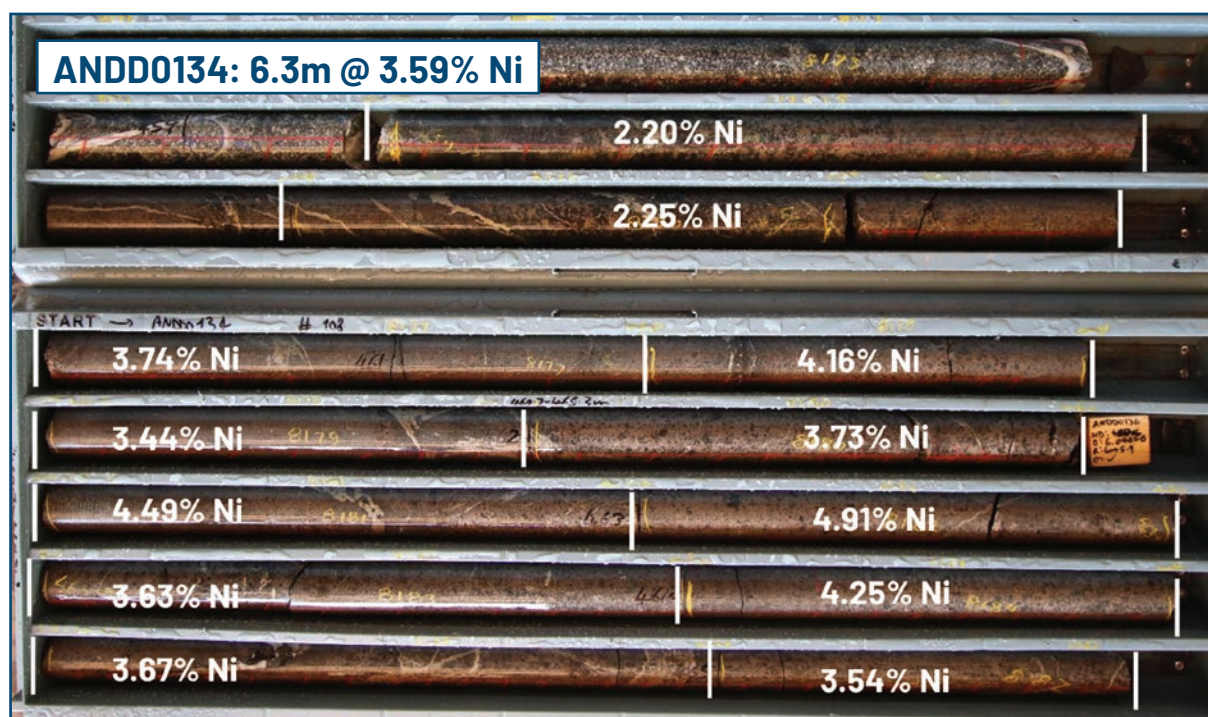


Figure 10: Andover and Ridgeline Ni-Cu-Co deposits and Ridgeline drill holes



## REGIONAL EXPLORATION – SOUTHERN MINERALISED CORRIDOR

Geological mapping, surface geochemical sampling, geophysical surveying and diamond drilling have defined a greater than four kilometre long, strongly mineralised fairway between the Ridgeline Deposit in the west and the Seaview prospect in the east (see Figures 11 and 12). Azure has named this mineralised system, the Southern Mineralised Corridor (“SMC”).

Exploration has already confirmed that the SMC hosts multiple Ni-Cu-Co sulphide deposits with diamond drilling intersecting significant mineralisation at four prospects – the Ridgeline Deposit (resource pending), the Andover Deposit (refer ASX: 30 March 2022 for details of the Mineral Resource), and the Skyline and Seaview prospects.

Geological mapping and sampling have also identified outcropping nickel and copper-rich gossans at Atrium, Woodbrook and several other locations along the SMC which warrant further follow-up exploration. Even though these gossans outcrop prominently at surface, they are mostly undisturbed, indicating that they were not identified and tested by previous explorers.

The SMC demonstrates the large scale of the nickel deposit-forming system within the Andover Project, and there is excellent potential for further resource growth with the discovery of additional deposits.

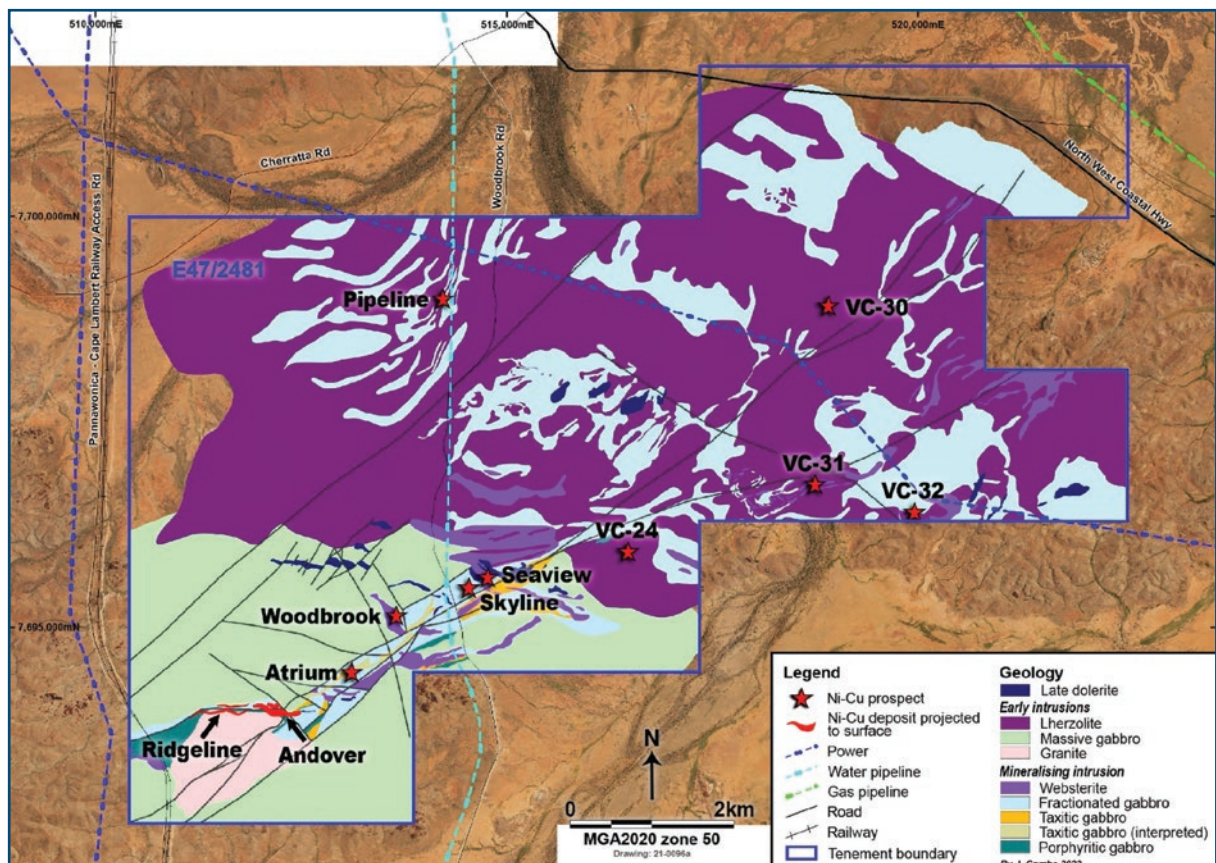


Figure 11: Andover Ni-Cu-Co deposits, prospects and geology

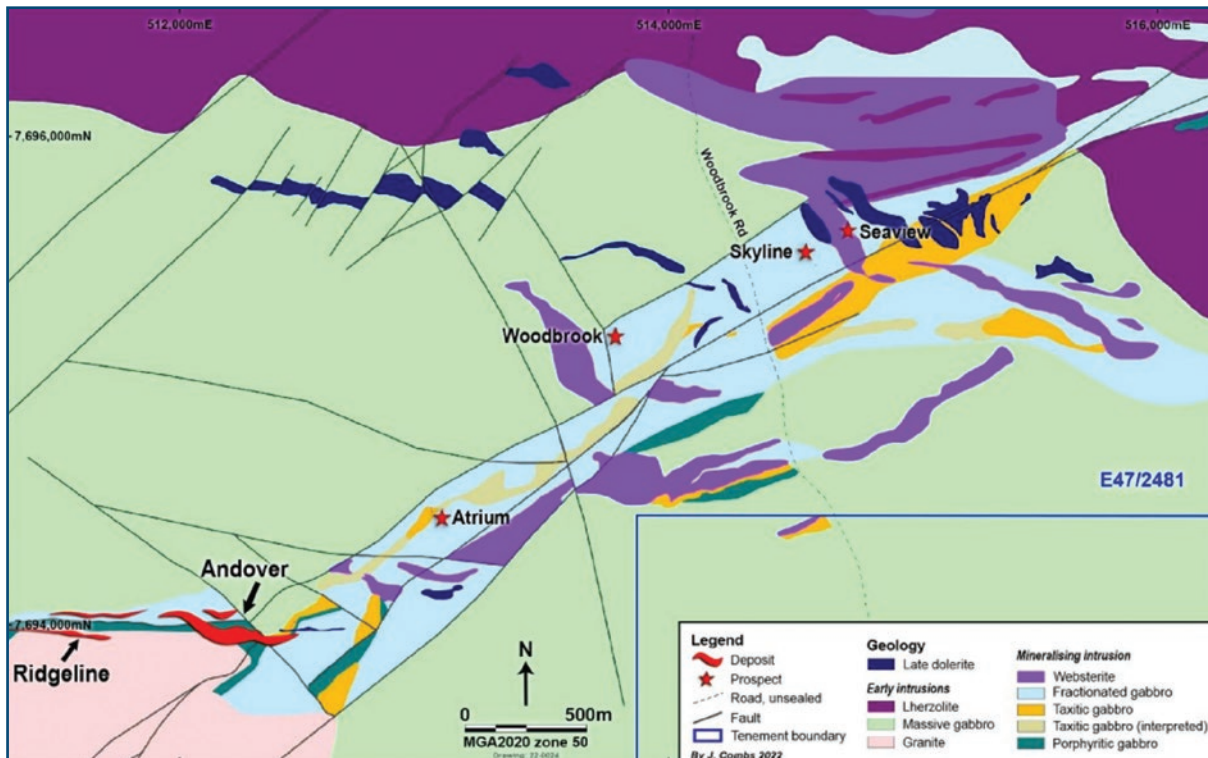


Figure 12: Detailed geological map of the Southern Mineralised Corridor



## **BARTON GOLD PROJECT (AZURE 100%)**

The Barton Project lies adjacent to the historical gold mining town of Kookynie, approximately 40km south of another gold mining town, Leonora, in the Eastern Goldfields region of Western Australia.

Azure holds 100% ownership of a large (888km<sup>2</sup>), strategically situated portfolio of nine tenements. This sizeable land package covers a contiguous north-south strike length of 88km of the highly prospective Kookynie greenstone sequence (see Figure 13).

The landholding comprises:

- Two granted Exploration Licences (totalling 231km<sup>2</sup>); and
- Seven Exploration Licence Applications (totalling 657km<sup>2</sup>) where Azure is the sole applicant, and the tenements are in the granting process.

Within the Kookynie district, many historical gold mines, large and still-growing gold deposits, and significant gold development projects are located close to Azure's tenements, including:

- Genesis Minerals Ltd (ASX: GMD): Leonora Gold Project (2,017,000oz gold resource), including the recently discovered Puzzle North gold deposit (232,000oz gold resource) which adjoins the southern boundary of Azure's granted E40/393;
- Saturn Metals Ltd (ASX: STN): Apollo Hill Gold Project (1,469,000oz gold resource); and
- High-grade gold discoveries by Metalicity Ltd (ASX:MCT) and other companies.

Azure's landholding covers multiple under-explored mineralised trends including greenstone belts, adjacent granite margins and favourable structural settings that are considered prospective for hosting both gold and base metals mineralisation.

### **MAIDEN DRILL PROGRAM**

Azure's first drilling program at Barton comprised 21 Reverse Circulation (RC) holes for 3,473m. The target was Daisy Corner, situated 300m north of Genesis Minerals' Puzzle North gold deposit (maiden mineral resource estimate of 232,000oz Au; ASX: 29 March 2022).

The Company's drilling tested 800m of the prospective granite-greenstone contact to the northwest of the Azure-Genesis tenement boundary, intersecting granite and greenstone rocks with shearing, quartz-veining, iron oxides and disseminated pyrite present in most holes.

Assay results indicate that the mineralised system identified by Genesis at Puzzle North continues into Azure's tenement with anomalous gold mineralisation intersected in most holes, and a best intersection of 24m @ 1.07g/t Au from 35m in hole BTRC0009 (ASX: 17 May 2022).

### **LOOKING AHEAD AT BARTON**

The Company is encouraged by the results of the maiden drill program at Daisy Corner, with most holes intersecting anomalous gold mineralisation.

The significant shearing and quartz-veining observed in both the granites and the greenstones at Daisy Corner indicates the gold mineralisation is likely to be structurally controlled and not limited to just the granite-greenstone contact. This structural complexity is considered likely to enhance the size potential of the mineralising system and allows Azure to broaden the exploration search area.

Surface exploration continues, utilising geological mapping, soil sampling and structural interpretation of the airborne magnetic data to refine the model of the mineralised system and assist planning of the next phase of drilling.

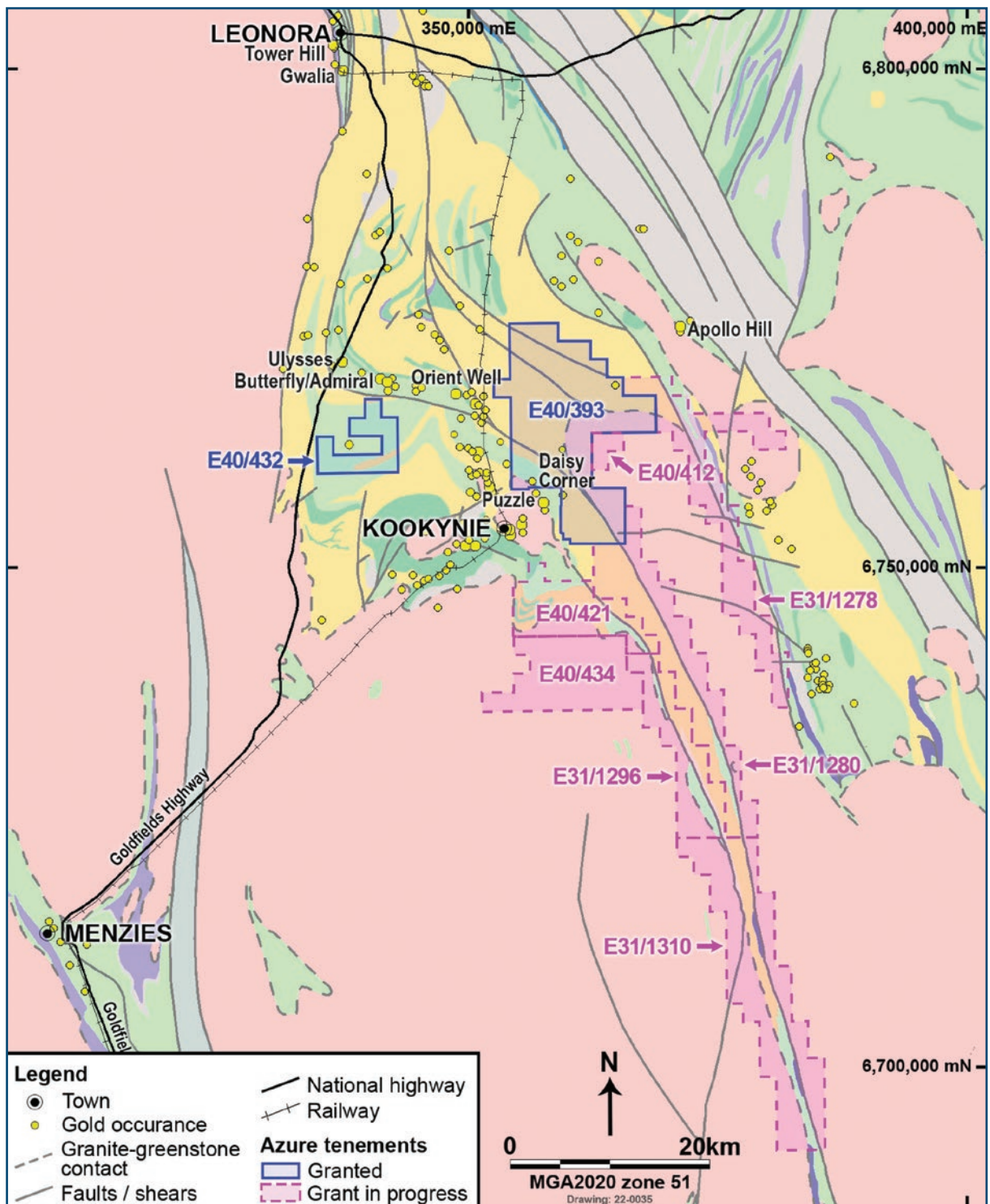


Figure 13: Location of Azure's Barton Gold Project overlying geology



## TURNER RIVER GOLD PROJECT (AZURE 70% / CREASY GROUP 30%)

Turner River comprises two unexplored Exploration Licence applications covering 450km<sup>2</sup> located just south of Port Hedland (see Figure 14) in the northern Pilbara region.

Widespread sand cover conceals basement rocks comprising sedimentary units of the Mallina Formation, granite intrusions and the Loudon Volcanics, an Archean-age greenstone belt. There are no indications of drilling or other historical exploration activities within the project area.

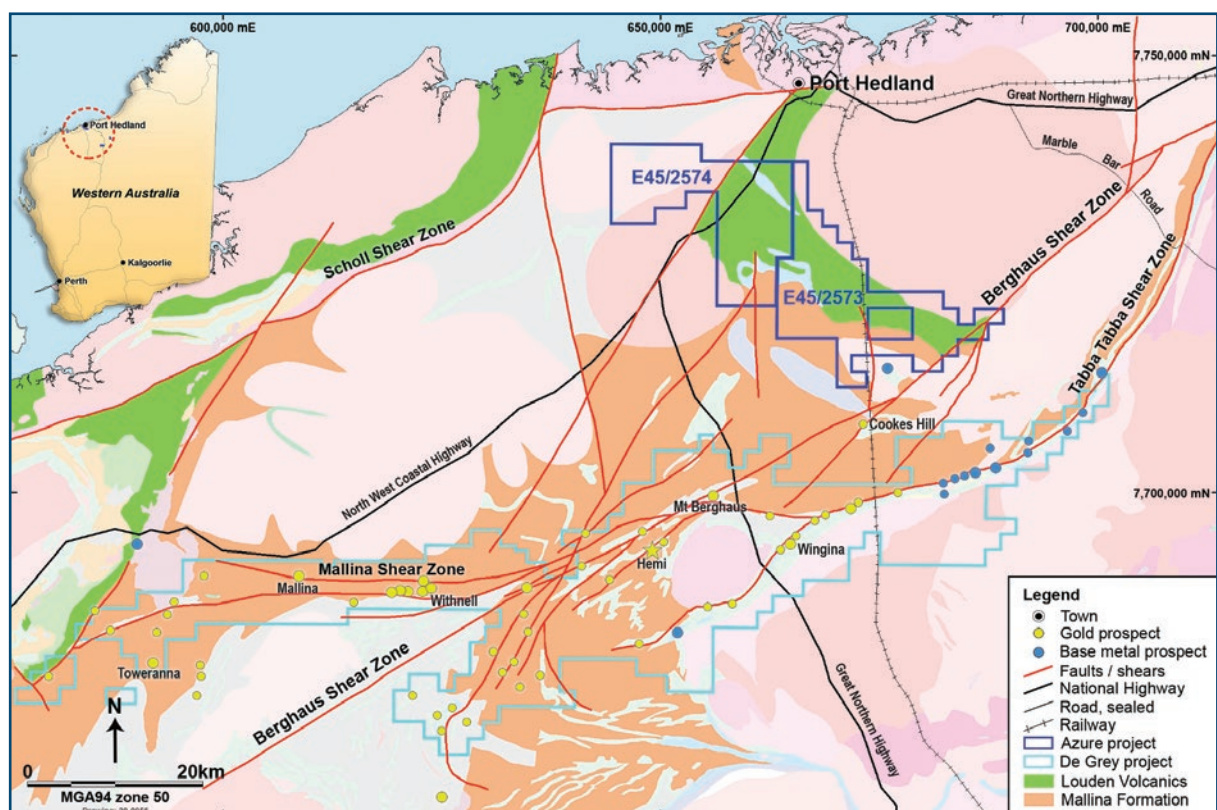


Figure 14: Turner River Gold Project showing geology, structural setting & gold deposits/occurrences

At the closest point, Turner River is situated within seven kilometres of De Grey Mining's (ASX:DEG) Mallina Gold Project, which contains 10.6Moz of gold resources hosted in multiple deposits, including the 8.5Moz Hemi gold deposit. Hemi and the nearby Mt Berghaus and Cookes Hill gold deposits are associated with the regionally extensive Berghaus Shear Zone, demonstrating that substantial gold deposits can form with the confluence of a favourable structural setting together with granites intruding into Mallina Formation sediments.

The Berghaus Shear Zone trends northeast from De Grey's gold deposits and is present for approximately 12 strike kilometres within the south-eastern part of Turner River, where it passes through Mallina sediments and granite intrusions, making this area a high-priority exploration target for intrusion-related gold mineralisation.

Given the extensive sand cover and minimal outcrop, little historical exploration and favourable rock types in a fertile structural setting and proximity to De Grey's gold deposits, Azure considers there is good potential for Turner River to host gold mineralisation. To date, Azure has not undertaken any field work, however surface exploration, geophysical surveys and drilling are being planned for as soon as the tenements are granted.

# MEXICO

## SALE OF MEXICAN ASSETS

Azure completed the sale of its Mexican precious and base metals projects to Bendito Resources Inc ("Bendito") for a combination of cash and shares valued at A\$20 million.

At the closing of the Transaction ("Closing"), Azure received an immediate cash payment of A\$4 million and was issued 11,200,000 Bendito shares (valued at A\$4 million and equivalent to approximately 20% of the issued capital of Bendito at Closing). A second tranche of A\$6 million in cash and A\$6 million worth of Bendito shares is payable to Azure within 18 months of Closing.

Bendito is planning to advance both the Alacrán and Oposura projects through intensive drilling, ahead of its intention to list on the Toronto Stock Exchange within 18 months of completion of the Transaction ("Listing"), with the Alacrán and Oposura projects forming the core assets of the Company. It is anticipated that the issue of the second tranche of shares by Bendito to Azure will result in Azure owning approximately 20% of the issued capital of Bendito post the Listing.

Bendito is a mineral acquisition and development company focused on progressing late-stage exploration and development projects through the feasibility stages to production. The founders and principals of Bendito have experience in both the financing and technical development of projects and have external partners looking to support suitable projects. The Bendito Board is headed by experienced geological engineer Mr John Antwi as President and Chief Executive Officer. Also on the Bendito Board, as Lead Director, is mining engineer Mr Paul Huet, current Chairman and CEO of TSX-listed Australian-focused gold and nickel miner Karora Resources Inc.







# DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as “the Group”) consisting of Azure Minerals Limited (“Azure”) and the entities it controlled at the end of or during the year ended 30 June 2022.



## 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, unless otherwise stated.

Brian Thomas  
Anthony Rovira  
Hansjörg Plaggemars  
Annie Guo

## PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was exploration for precious and base metals principally in Australia with exploration activities in Mexico on care and maintenance.

## 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. Up until early 2020 its principal focus was on exploration for gold, copper, silver and zinc in Mexico, but following the worldwide onset of COVID-19 during 2020 the company transitioned back to Australia with the acquisition of a number of gold and base metal projects in Western Australia.

### OPERATING RESULTS FOR THE YEAR

The operating loss after income tax of the Group for the year ended 30 June 2022 was \$20,022,588 (2021: \$16,900,178). Included in this loss figure is \$15,112,330 (2021: \$8,238,416) of exploration expenditure. Refer to notes 1(c) and 5 to the financial statements.

Shareholder Returns	2022	2021
Basic loss per share from continuing operations (cents)	(5.89)	(5.93)
	(5.89)	(5.93)

### INVESTMENTS FOR FUTURE PERFORMANCE

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

### REVIEW OF FINANCIAL CONDITION

At the date of this report the consolidated entity has a sound capital structure and is in a strong position to progress its mineral properties.

### 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 board has adopted a Risk Management Policy and performs the role of the Audit and Risk Management Committee.

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.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Company issued a total of 2,650,000 fully paid ordinary shares (FPOS) being:

- The issue of 1,150,000 FPOS as consideration for the acquisition of minerals exploration projects in Western Australia; and
- The issue of 1,500,000 FPOS as a result of the exercise of 1,500,000 options raising \$392,500;

There were no other significant changes in the state of affairs of the Group during the financial year.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 30 May 2022 the Group reported that it had reached agreement with Bendito Resources Inc ("Bendito") for the sale of its Mexican base and precious metals projects. This sale closed on 21 July 2022 for a combination of cash and shares valued at A\$20 million (the "Transaction").

In connection with the Transaction, Azure will receive A\$10 million in cash and A\$10 million worth of fully paid ordinary shares in Bendito ("Bendito Shares") in two tranches within an 18 month period. At closing of the Transaction ("Closing"), Azure received an immediate cash payment of A\$4 million and was issued 11,200,000 Bendito Shares (approximately 20% of the issued capital of Bendito and valued at A\$4 million). A second tranche of A\$6 million in cash and A\$6 million worth of Bendito Shares is payable to Azure within 18 months of Closing.

No other 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 OF OPERATIONS

The group expects to maintain the present status and level of operations. The impact of COVID-19 on the company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2023 interim and annual financial statements.

## 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. The directors have assessed that the Company has no current reporting requirement but may be required to report in the future.



## INFORMATION ON DIRECTORS

### **MR. BRIAN THOMAS, CHAIRMAN** *BSC MBA GRAD CERT APP FIN INV MAUSIMM MAICD SAFIN*

Mr Thomas is a very experienced Director and Corporate Executive with significant domestic and international resources management experience. In addition Mr Thomas spent 15 years in the financial services sector with executive roles in corporate stockbroking, investment banking and banking with Morgan Stockbroking, McIntosh Securities, Merrill Lynch Investment Bank and Westpac Institutional Bank.

He has more than 35 years of mining and exploration industry experience covering a broad range of commodities from precious, base and battery metals, bulk and industrial minerals, diamonds plus oil and gas.

Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Mineral Economics, the University of Western Australia Business School with an MBA and the Securities Institute of Australia (now FinSIA) with a Certificate in Applied Finance and Investment.

### **OTHER CURRENT DIRECTORSHIPS**

Non-Executive Chairman Peregrine Gold Limited (Appointed 15 February 2022)

Non-Executive Director Lanthanein Resources Limited (Appointed 22 October 2021)

### **FORMER DIRECTORSHIPS IN THE LAST 3 YEARS**

Non-Executive Director Paterson Resources Ltd (Resigned 11 December 2020)

Non-Executive Director Auris Resources Ltd (Resigned 31 March 2020)

### **INTERESTS IN SHARES AND OPTIONS**

Nil

### **MR. ANTHONY PAUL ROVIRA, MANAGING DIRECTOR** *BSC (HONS) FLINDERS UNIVERSITY, MAUSIMM*

Tony Rovira has over 30 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 Managing Director in December 2003, held the position of Executive Chairman from June 2007 until December 2011, then reverted to his current position of Managing Director. Tony is responsible for the decision in 2020 to change the Company's focus from precious and base metals in Mexico to nickel and gold in Western Australia, leading the company to significant exploration success at the Andover Nickel-Copper Project.

### **OTHER CURRENT DIRECTORSHIPS**

Nil

### **FORMER DIRECTORSHIPS IN THE LAST 3 YEARS**

Ionic Rare Earths Limited (resigned 21 December 2020)

### **INTERESTS IN SHARES AND OPTIONS**

2,209,669 ordinary shares in Azure Minerals Limited, of which 109,669 are held indirectly

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

## MR. HANSJÖRG PLAGGEMARS

Mr Plaggemars was appointed a director on 26 November 2019 and is an experienced company director with a deep background in corporate finance, corporate strategy and governance. He has served on the Board of Directors of many listed and unlisted companies in a variety of industries including mining, agriculture, shipping, construction and investments. This includes the Board of Delphi Unternehmensberatung AG, a major shareholder of Azure.

Mr. Plaggemars has qualifications in Business Administration and is fluent in English and German.

### OTHER CURRENT DIRECTORSHIPS

Altech Chemicals Limited, Gascoyne Resources Limited, GeoPacific Resources Ltd, Kin Mining NL, PNX Metals Limited, South Harz Potash Limited, Wiluna Mining Corporation and 4basebio plc.

### FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

The Grounds Real Estate Development AG, CARUS AG, Biofrontera AG.

### INTERESTS IN SHARES AND OPTIONS

60,000 ordinary shares in Azure Minerals Limited.

## MS. ANNIE GUO *B.ECON, M.FIN (APPOINTED 1 MARCH 2021)*

Ms. Guo, a highly proficient corporate executive with more than 20 years' experience in the mining and resources sector.

During Ms. Guo's earlier career with PricewaterhouseCoopers, she held senior roles in transaction services, with a focus on the mining and resources sector. In addition, she is an experienced public and private company director and executive and has run her own investment platform focused on Australian and international mining and resource projects for the past decade. Ms. Guo brings significant experience across mining project evaluation, mergers and acquisitions, capital markets, project development and corporate finance, and is currently the Managing Director of Zuleika Gold Limited and a Non-Executive Director Azure Minerals Limited.

### OTHER CURRENT DIRECTORSHIPS

Zuleika Gold Limited (since November 2013)  
CZR Resources Limited (since February 2021)

### FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

Nil

### INTERESTS IN SHARES AND OPTIONS

Nil



## 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:

Meetings of Committees						
	Meetings		Audit & Risk Management		Remuneration & Nomination	
Directors'	A	B	A	B	A	B
Mr Brian Thomas	11	11	2	2	–	–
Mr Anthony Rovira	11	11	2	2	–	–
Mr Hansjörg Plaggemars	11	11	2	2	–	–
Ms Annie Guo	10	11	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.









## 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

Key management personnel (KMP) covered in this report		
Name	Position	Term as KMP
Mr Brian Thomas	Non-Executive Chair	Full financial year
Mr Anthony Rovira	Executive Managing Director	Full financial year
Mr Hansjörg Plaggemars	Non-Executive Director	Full financial year
Ms Annie Guo	Non-Executive Director	Full financial year
Mr Brett Dickson	Company Secretary	Full financial year

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 short and long term incentives based on key performance areas affecting the Groups results. Short-term incentives implemented by the Company are detailed later in the report in section E. 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 10.0% 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 \$400,000) as approved at the Annual General Meeting held on 24 November 2020. In line with standard industry practice 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.

The full board acts as the Remuneration Committee under the Remuneration Committee Charter. It is primarily responsible for making recommendations to the board on:

- Non-executive director's fees
- Remuneration levels of executive directors and other key management personnel
- Key performance indicators and performance hurdles of the executive team

Its objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group. The Corporate Governance Statement provides further information on the role of this committee.

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board can reduce, cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

Remuneration consultants were not engaged during the year.

There is no Retirement Benefit Policy for directors, other than the payment of statutory superannuation.



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

Key management personnel of the Group							
Name	Cash, salary & fees	Short-Term Cash Bonus	Non-monetary Benefits	Post-Employment Superannuation	Share-based Payments Options	Total	Share Based Payment %
<b>Directors</b>							
<b>Brian Thomas – Chairman (appointed 1 March 2021)</b>							
2022	103,720	–	–	6,504	–	110,224	–
2021	21,666	–	–	2,058	–	23,724	–
<b>Anthony Rovira – Managing Director</b>							
2022	413,000	–	–	27,500	–	440,500	–
2021	384,750	–	–	25,000	–	409,750	–
<b>Hansjörg Plaggemars –Non Executive</b>							
2022	45,000	–	–	–	–	45,000	–
2021	48,750	–	–	–	–	48,750	–
<b>Annie Guo – Non Executive (appointed 1 March 2021)</b>							
2022	45,000	–	–	–	–	–	–
2021	15,000	–	–	356	–	–	–
<b>Peter Ingram – Non Executive (resigned 30 June 2021)</b>							
2022	–	–	–	–	–	–	–
2021	52,500	–	–	4,988	–	57,488	–
<b>Wolf Martinick – Non Executive (resigned 27 November 2020)</b>							
2022	–	–	–	–	–	–	–
2021	21,726	–	–	2,064	–	23,790	–
<b>Wayne Bramwell - Non Executive (appointed 14 October 2020, resigned 18 February 2021)</b>							
2022	–	–	–	–	–	–	–
2021	17,160	–	–	1,274	–	18,434	–
<b>Executives</b>							
<b>Brett Dickson – Company Secretary</b>							
2022	218,900	–	–	–	–	218,900	–
2021	172,125	–	–	–	–	172,125	–
<b>Total</b>							
2022	825,620	–	–	34,004	–	859,624	–
2021	733,677	–	–	35,740	–	769,417	–



## COMPENSATION OPTIONS

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. During the year no options were granted as remuneration and 1,500,000 options were exercised (2021: 2,100,000). During the year 250,000 options lapsed or were forfeited (2021: nil).

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

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 non-executive director remuneration (2021: Nil). Performance based remuneration for executives is detailed later in section E of this report.

### C Service Agreement

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:

<b>Anthony Rovira</b> <i>Managing Director</i>	<b>Brett Dickson</b> <i>Company Secretary/Chief Financial Officer</i>
<ul style="list-style-type: none"><li>• Term of agreement – to 31 December 2022.</li><li>• Base salary, exclusive of superannuation, of \$413,000 to be reviewed annually by the remuneration committee.</li><li>• 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 or the equivalent of 6 months remuneration, whichever is the greater.</li></ul>	<ul style="list-style-type: none"><li>• Term of agreement – to 31 December 2022.</li><li>• Fixed fee, \$15,300 per month, with additional amounts payable for changes to scope of works.</li><li>• 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 or the equivalent of 6 months remuneration whichever is the greater.</li></ul>

## 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. 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.

During the year no options were awarded to or vested with Directors and Executives (2021: nil). Refer to Note 23 of the Notes to the Consolidated Financial Statements for more information.

1,350,000 options held by directors or executives were exercised during the financial year and no options have been exercised since the end of the financial year. During the year 250,000 (2021: Nil) options lapsed.

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

## **PERFORMANCE BASED REMUNERATION**

### **Variable Remuneration – Short Term Incentive (“STI”)**

#### *Objective*

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve those operational targets and such that the cost to the Company is reasonable in the circumstances.

#### *Structure*

Actual STI payments granted to executives depend on the extent to which specific targets set at the beginning of the review period, being a fiscal year, are met. The targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to exploration success, share price appreciation, risk management and cash flow sustainability. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The Board has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPI's, the Remuneration Committee, determines the amount, if any, of the STI to be paid to each executive. This process usually occurs in the last quarter of the fiscal year. Payments made are delivered as a cash bonus in the fourth quarter of the fiscal year.

#### *STI bonus for 2021 and 2022 financial years*

No STI payment was awarded for the 2021 and 2022 financial years.

### **Variable Remuneration – Long Term Incentive (“LTI”)**

#### *Objective*

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth.

#### *Structure*

LTI grants to executives are delivered in the form of options.

The options, when issued to executives, will not be exercisable for a price less than the then current market price of the Company's shares.

The grant of LTI's is reviewed annually, though LTI's may not be granted each year. Exercise price and performance hurdles, if any, are determined at the time of grant of the LTI.

To date no performance hurdles have been set on options issued to executives. The Company believes that as options are issued at not less than the current market price of the Company's shares there is an inherent performance hurdle on those options as the share price of the Company's shares must increase significantly before there is any reward to the executive.

#### *Shares issued on exercise of compensation options*

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

Option holdings of key management personnel							
2022	Balance at beginning of year	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at end of year	Vested at 30 June Vested & Exercisable	Unvested
<b>Directors</b>							
Brian Thomas	–	–	–	–	–	–	–
Anthony Rovira	1,500,000	–	(500,000)	–	1,000,000	1,000,000	–
Hansjörg Plaggemars	–	–	–	–	–	–	–
Annie Guo	–	–	–	–	–	–	–
Peter Ingram <sup>1</sup>	750,000	–	(500,000)	(250,000)	–	–	–
<b>Executives</b>							
Brett Dickson	1,050,000	–	(350,000)	–	700,000	700,000	–
<b>Total</b>	<b>3,300,000</b>	<b>–</b>	<b>(1,350,000)</b>	<b>(250,000)</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>–</b>

Shareholdings of key management personnel						
2022	Balance 1 July	Granted	On Exercise of Options	Purchased / Sold	Balance 30 June*	Balance Indirectly Held
	Ord	Ord	Ord	Ord	Ord	Ord
<b>Directors</b>						
Brian Thomas	–	–	–	–	–	–
Anthony Rovira	1,506,002	–	500,000	203,667	2,209,669	109,669
Hansjörg Plaggemars	60,000	–	–	–	60,000	60,000
Annie Guo	–	–	–	–	–	–
Peter Ingram <sup>1</sup>	1,000,055	–	500,000	–	1,500,055	1,500,055
Wolf Martinick <sup>2</sup>	1,265,000	–	–	–	1,265,000	215,000
<b>Executives</b>						
Brett Dickson	375,000	–	350,000	(350,000)	375,000	375,000
<b>Total</b>	<b>4,206,057</b>	<b>–</b>	<b>1,350,000</b>	<b>(146,333)</b>	<b>5,409,724</b>	<b>2,259,724</b>

\* Or date of retirement from the board.

1. Peter Ingram resigned on 30 June 2021 and exercised 500,000 options on 24 September 2021, in accordance with the rules of the Company's Employee Share Option Plan.
2. Wolf Martinick retired from the board on 24 November 2020.

## OTHER RELATED PARTY TRANSACTIONS

The Company has entered into a sub-lease agreement on normal commercial terms with Ionic Rare Earths Limited (IonicRE), a company of which Brett Dickson is an officer. During the year IonicRE paid sub-lease fees totalling \$12,721 (2021: \$9,255).



## DIRECTORS AND EXECUTIVE OPTIONS

Set out below are summaries of current Directors & Executives 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	Lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>2022</b>									
19 Dec '18	30 Nov '21	29	10.3	1,100,000	–	(850,000)	(250,000)	–	–
26 Nov '19	30 Nov '22	20.5	5.8	2,200,000	–	(500,000)	–	1,700,000	1,700,000
				<b>3,300,000</b>	<b>–</b>	<b>(1,350,000)</b>	<b>(250,000)</b>	<b>1,700,000</b>	<b>1,700,000</b>
Weighted average exercise price				\$0.23	–	\$0.26	–	\$0.205	\$0.205

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.42 years (2021: 1.7 years)

Total expenses arising from share-based payment transactions recognised during the year were nil (2021: Nil).



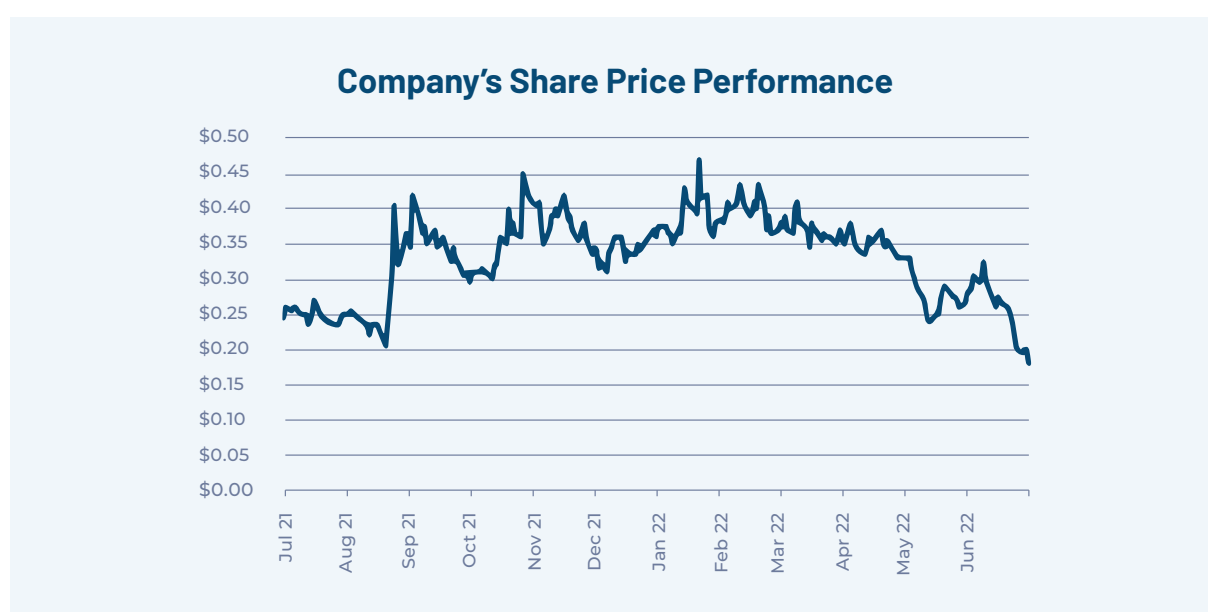
## COMPANY'S PERFORMANCE

### *Company's share price performance*

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the year and of general market conditions.

The variable components of the executives' remuneration including short-term and long-term incentives are indirectly linked to the Company's share price performance.

The graph below shows the Company's share price performance during the financial year ended 30 June 2022.



### *Loss per share*

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2022.

	2022	2021	2020	2019	2018
Basic loss per share	(6.45)	(6.28)	(3.75)	(8.77)	(10.06) *

\* After 1:20 share consolidation

## VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING

Azure Minerals Limited received approximately 97.25% of "yes" votes on its remuneration report for the 2021 financial year. Remuneration consultants were not engaged during the year and the company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## LOANS TO DIRECTORS AND EXECUTIVES

No loans have been provided to directors or executives.

## END OF AUDITED REMUNERATION REPORT

## SHARES UNDER OPTION

At the date of this report there are 5,000,000 unissued ordinary shares in respect of which options are outstanding.

			Total number of options
Balance at the beginning of the year			6,750,000
Share option movements during the year			
	Issued	Other	
Options Exercised	–	(1,500,000)	(1,500,000)
Options Lapsed	–	(250,000)	(250,000)
Total options issued, exercised and lapsed in the year to 30 June 2022			(1,750,000)
Total number of options outstanding as at 30 June 2022 and at the date of this report			5,000,000

The balance is comprised of the following:

Date granted	Expiry date	Exercise price (cents)	Number of options
26 Nov 2019	30 Nov 2022	20.5	2,000,000
22 Jun 2021	30 Jun 2024	49.0	500,000
22 Jun 2021	30 Jun 2024	57.0	1,000,000
22 Jun 2021	30 Jun 2024	65.0	1,500,000
Total number of options outstanding at the date of this report			5,000,000

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.

During the financial year no options were exercised by parties unrelated to the Company. 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 \$44,004 (2021: \$39,051) to insure the directors and secretary of the company and its Australian based controlled entities.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may 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.

## 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 Audit (WA) Pty Ltd) 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 undermine the general principles 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	
	2022 \$	2021 \$
<b>1. Audit Services</b>		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	70,561	44,545
BDO Castillo Miranda y Campania, S.C. (BDO México)		
Audit and review of financial reports of Mexican subsidiaries	–	42,887
<b>Total remuneration for audit services</b>	<b>70,561</b>	<b>87,432</b>
<b>2. Non audit Services</b>		
Taxation Services		
BDO Corporate Tax (WA) Pty Ltd		
Tax compliance services	63,780	17,252
<b>Total remuneration for non-audit services</b>	<b>63,780</b>	<b>17,252</b>

## AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 86.

## AUDITOR

BDO Audit (WA) Pty Ltd 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.



**Brian Thomas**  
Chairman

Perth, 29 September 2022

# APPROACH TO CORPORATE GOVERNANCE

Azure Minerals Limited ABN 46 106 346 918 (Company) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition. 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. In compliance with the "if not, why not" reporting regime where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at:

<http://www.azureminerals.com.au/corporate/corporate-governance/>

## CHARTERS

- Board
- Audit and Risk Committee
- Nomination and Remuneration Committee

## POLICIES AND PROCEDURES

- Anti-Bribery and Corruption Policy
- Code of Conduct (summary)
- Compliance Procedures (summary)
- Diversity Policy (summary)
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Policy on Assessing the Independence of Directors
- Policy on Continuous Disclosure (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Process for Performance Evaluations
- Risk Management Policy (summary)
- Securities Trading Policy
- Shareholder Communication and Investor Relations Policy
- Whistle Blower Policy

The Company reports below on whether it has followed each of the recommendations during the 2021/2022 financial year (Reporting Period). The information in this statement is current at 28 September 2022. This statement was approved by a resolution of the Board on 28 September 2022.

## PRINCIPLE 1

### LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### RECOMMENDATION 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company's website.

#### RECOMMENDATION 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The checks which are undertaken, and the information to be provided to shareholders are set out in the Company's Policy and Procedure for the Selection and (Re)Appointment of Directors, which is disclosed on the Company's website.

#### RECOMMENDATION 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

#### RECOMMENDATION 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's Board Charter. The Company Secretary's role is also outlined in the consultancy agreement between the Company Secretary and the Company.

#### RECOMMENDATION 1.5

The Company has a Diversity Policy. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company, the number of employees in Australia and the nature of the labour market in Mexico, the Board considers that it is not practical to set measurable objectives for achieving gender diversity.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to significantly affect the company's financial standing. For the Reporting Period, this included the Managing Director and the Company Secretary.

	Proportion of women
Whole organisation (including Board members)	6 out of 17 (35%)
Senior executive positions	0 out of 4 (0%)
Board	1 out of 4 (25%)



## **RECOMMENDATION 1.6**

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The evaluations are undertaken in accordance with the Company's Process for Performance Evaluations, which is disclosed on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

## **RECOMMENDATION 1.7**

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period an evaluation of the Company Secretary & Chief Financial Officer (the Company's sole senior executive, other than the Managing Director) took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chairman is responsible for evaluating the Managing Director.

During the Reporting Period, an evaluation of the Managing Director took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

## **PRINCIPLE 2**

### **STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE**

#### **RECOMMENDATION 2.1**

The Board had not established a separate Nomination and Remuneration Committee. The Board believed that there would be no efficiencies or other benefits gained by maintaining or establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Although the Board has not established a separate Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Nomination Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Nomination Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when nomination related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at Nomination and Remuneration Committee meetings held during the Reporting Period are set out in a table in the Directors' Report on page 27.

#### **RECOMMENDATION 2.2**

Significant geological experience, environmental management experience and professional skills including leadership, governance and strategy are the skills and diversity which the Board is looking to achieve in its membership, and these are collectively held by current members of the Board.

While the Company is at exploration stage, it does not wish to increase the size of the Board and considers that the current Board has the appropriate skills and knowledge and is appropriate at this stage of the Company's development. The Board may bring in external consultants with specialist knowledge as and when required to address any areas where the Board does not collectively possess the relevant attribute.

### **RECOMMENDATION 2.3**

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The independent director of the Company is Mr Brian Thomas, Chairman.

The length of service of each director is set out in the Directors' Report on page 25.

### **RECOMMENDATION 2.4**

The Board does not have a majority of directors who are independent. The Board does not wish to increase its size at present and considers that the current composition of the Board is adequate for the Company's current size and operations and includes an appropriate mix of skills and expertise relevant to the Company's business.

### **RECOMMENDATION 2.5**

The independent Chair of the Board is Brian Thomas, who is not also Managing Director of the Company.

### **RECOMMENDATION 2.6**

The Company has an induction program, coordinated by the Company Secretary. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. All directors participated in the induction program.

The full board in its capacity as the Nomination Committee, regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the full board in its capacity as the Nomination Committee, considers what training or development should be undertaken to fill those gaps. In particular, the Board ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements.

## **PRINCIPLE 3**

### **INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

#### **RECOMMENDATION 3.1**

The Company expects that its board and senior executives will conduct themselves with integrity and honesty in accordance with the Code of Conduct. Directors, executives and employees shall deal with the Company's customers, suppliers, competitors, shareholders and each other with honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates.

The Company aims to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community and to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

The Company is to comply with all legislative and common law requirements which affect its business wherever it operates. Where the Company has operations overseas, it shall comply with the relevant local laws as well as any applicable Australian laws. Any transgression from the applicable legal rules is to be reported to the Managing Director as soon as a person becomes aware of such a transgression.

#### **RECOMMENDATION 3.2**

The Company has established a Code of Conduct for its directors, senior executives and employees, a summary of which is disclosed on the Company's website. Any breach of that code is reported to the board at the next board meeting.

### **RECOMMENDATION 3.3**

The Company has adopted a Whistle blower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct (or any potential breach of law or any other legal or ethical concern) without the fear of intimidation or reprisal.

### **RECOMMENDATION 3.4**

The Company has established an anti-bribery and corruption policy which is disclosed on the Company's website. Any breach of that policy is immediately reported to the Managing Director and Chairman of the board of directors.

## **PRINCIPLE 4**

### **SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

#### **RECOMMENDATION 4.1**

The Board has not established a separate Audit and Risk Committee. The Board believed that there would be no efficiencies or other benefits gained by establishing a separate Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit and Risk Committee. The Company's Audit and Risk Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Audit and Risk Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when audit or risk related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is an appendix to its Audit and Risk Committee Charter disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. 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 and Risk Committee (or its equivalent) and any recommendations are made to the Board.

#### **RECOMMENDATION 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2021 and the full-year ended 30 June 2022, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (Declaration).

#### **RECOMMENDATION 4.3**

Processes are in place to verify the integrity of the Company's periodic corporate reports released to the market and not audited or reviewed by the external auditor. Examples of periodic corporate reports released by the company include quarterly cash flow reports. Azure has adopted a Continuous Disclosure Policy which sets out how market announcements are prepared and released and has appointed the Company Secretary as the Continuous Disclosure officer who oversees the drafting of and approves the final release of announcements. The Company Secretary is responsible for satisfying him/herself that the content of any announcement is accurate and not misleading and is supported by appropriate verification.



## **PRINCIPLE 5**

### **MAKE TIMELY AND BALANCED DISCLOSURE**

#### **RECOMMENDATION 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

#### **RECOMMENDATION 5.2**

The Company secretary circulates all material market announcements to the board prior to release to ASX.

#### **RECOMMENDATION 5.3**

All new presentations are released to ASX Markets Platform ahead of any presentation to investors.

## **PRINCIPLE 6**

### **RESPECT THE RIGHTS OF SECURITY HOLDERS**

#### **RECOMMENDATION 6.1**

The Company provides information about itself and its governance to investors via its website at [www.azureminerals.com.au](http://www.azureminerals.com.au).

#### **RECOMMENDATION 6.2**

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication and Investor Relations Policy.

#### **RECOMMENDATION 6.3**

The Company has in place a Shareholder Communication and Investor Relations Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

#### **RECOMMENDATION 6.4**

All resolutions put to the AGM are decided by way of a poll.

#### **RECOMMENDATION 6.5**

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd at [www.computershare.com.au](http://www.computershare.com.au)

## **PRINCIPLE 7**

### **RECOGNISE AND MANAGE RISK**

#### **RECOMMENDATION 7.1**

As noted above, the Board has not established a combined Audit and Risk Committee. Please refer to the disclosure above under Recommendation 4.1 in relation to the Audit and Risk Committee.

#### **RECOMMENDATION 7.2**

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

#### **RECOMMENDATION 7.3**

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy, a summary of which is disclosed on the Company's website.

#### **RECOMMENDATION 7.4**

As the Company is not in production, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

- Market risk – movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions, and making decisions based on industry experience; and
- Future capital risk – cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Board has adopted a Risk Management Policy and Risk Management Procedures. Under the Risk Management Policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least annually by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least annually to the Board.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

## **PRINCIPLE 8**

### **REMUNERATE FAIRLY AND RESPONSIBLY**

#### **RECOMMENDATION 8.1**

As noted above, the Board has not established a Nomination or Remuneration Committee. Please refer to the disclosure above under Recommendation 2.1 in relation to the Nomination and Remuneration Committee.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website. As noted above, the Board has combined the Nomination and Remuneration committees.

#### **RECOMMENDATION 8.2**

Details of remuneration, including the Company's policy on remuneration and "clawback policy" regarding the lapsing of performance-based remuneration in the event of fraud or serious misconduct and the clawback of the performance-based remuneration in the event of a material misstatement in the Company's financial statements, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 29 of the Company's Annual Report for year ended 30 June 2022.

#### **RECOMMENDATION 8.3**

The Company has an Employee Share Option Plan. The Company's Securities Trading Policy includes a statement on the Board's policy that participations in the Company's equity based remuneration schemes are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.



An aerial photograph of an oil drilling site in a hilly, scrubby landscape. The sun is low in the sky, creating a warm, golden glow. A dirt road winds through the terrain, leading to a drilling rig and a white SUV. The rig is positioned on a small patch of cleared land, and its lights are on. The surrounding hills are covered in dense, low-lying vegetation.

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2022

	Notes	Consolidated 2022 \$	2021 (Restated) \$
<b>Continuing Operations</b>			
Other Income		1,646	40,871
<b>Expenditure</b>			
Depreciation	5	(130,821)	(40,020)
Lease Amortisation	5	(109,534)	(122,422)
Salaries and employee benefits expense		(1,130,563)	(695,079)
Director's fees		(155,000)	(156,476)
Exploration expenses	5	(15,112,330)	(8,238,416)
Travel expenses		(62,008)	(20,660)
Promotion expenses		(274,320)	(183,844)
Administration expenses		(712,571)	(513,396)
Consulting expenses		(174,209)	(85,153)
Insurance expenses		(86,759)	(53,207)
Lease Interest		(37,419)	(23,323)
Convertible Note Interest		–	(120,512)
Fair Value adjustments of convertible notes		–	(5,517,242)
Share based payment expense	23	(121,286)	(86,607)
Other expenses		(180,195)	(121,197)
<b>Loss before income tax from continuing operations</b>		<b>(18,285,369)</b>	<b>(15,936,683)</b>
<b>Income tax expense</b>	<b>6</b>	<b>–</b>	<b>–</b>
<b>Loss for the year from continuing operations</b>		<b>(18,285,369)</b>	<b>(15,936,683)</b>
<b>Discontinued Operations</b>			
Loss after income tax from discontinued operations	7	(1,737,219)	(963,495)
<b>Loss for the year</b>		<b>(20,022,588)</b>	<b>(16,900,178)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		273,789	520,359
Other comprehensive income/(loss) for the year net of tax		273,789	520,359
<b>Total comprehensive loss for the Year</b>		<b>(19,748,799)</b>	<b>(16,379,819)</b>
<i>The loss for the year and total comprehensive loss for the year is fully attributable to the owners of Azure Minerals Limited</i>			
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic loss per share (cents per share)		(5.89)	(5.92)
<b>Loss per share from discontinued operations attributable to the ordinary equity holders of the company</b>			
Basic loss per share (cents per share)	19	(0.56)	(0.36)
<b>Loss per share from attributable to the ordinary equity holders of the company</b>			
Basic loss per share (cents per share)	19	(6.45)	(6.28)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	Consolidated 2022 \$	2021 \$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	15	10,600,561	30,267,222
Trade and other receivables		313,544	876,900
Assets of disposal groups classified as held for sale	11	9,264,636	–
<b>Total Current Assets</b>		<b>20,178,741</b>	<b>31,144,122</b>
<b>Non-Current Assets</b>			
Investments		948	948
Security Deposit		4,500	4,500
Office right of use		383,370	492,904
Plant and equipment		244,117	369,594
Capitalised exploration expenditure	8	7,458,182	15,216,335
<b>Total Non-Current Assets</b>		<b>8,091,117</b>	<b>16,084,281</b>
<b>Total Assets</b>		<b>28,269,858</b>	<b>47,228,403</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	10	1,626,303	1,641,257
Lease Liability		115,490	120,558
Provisions		245,554	198,983
Liabilities directly associated with assets classified as held for sale	11	51,887	–
<b>Total Current Liabilities</b>		<b>2,039,234</b>	<b>1,960,798</b>
<b>Non-Current Liabilities</b>			
Lease Liability		267,302	382,791
Provisions		136,144	121,623
<b>Total Non-Current Liabilities</b>		<b>403,446</b>	<b>504,414</b>
<b>Total Liabilities</b>		<b>2,442,680</b>	<b>2,465,212</b>
<b>Net Assets</b>		<b>25,827,178</b>	<b>44,763,191</b>
<b>Equity</b>			
Contributed equity	12	143,016,012	142,324,512
Reserves	13	4,256,748	3,861,673
Accumulated losses	13	(121,445,582)	(101,422,994)
<b>Total Equity</b>		<b>25,827,178</b>	<b>44,763,191</b>

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

30 June 2022						
	Contributed Equity	Share Option Reserve	Financial Asset Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	142,324,512	5,729,318	(39,996)	(1,827,649)	(101,422,994)	44,763,191
<b>Loss for period</b>	–	–	–	–	<b>(20,022,588)</b>	<b>(20,022,588)</b>
Other comprehensive loss						
Exchange differences on translation of foreign operations	–	–	–	273,789	–	273,789
<b>Total other comprehensive loss</b>	–	–	–	<b>273,789</b>	–	<b>273,789</b>
<b>Total comprehensive loss for the period</b>	–	–	–	<b>273,789</b>	<b>(20,022,588)</b>	<b>(19,748,799)</b>
<b>Transactions with owners in their capacity as owners:</b>						
<b>Issue of shares net of transaction costs (Note 12)</b>	691,500	–	–	–	–	691,500
<b>Share based payments (Note 23)</b>	–	121,286	–	–	–	121,286
<b>Total transactions with owners</b>	691,500	121,286	–	–	–	812,786
<b>Balance as at 30 June 2022</b>	<b>143,016,012</b>	<b>5,850,604</b>	<b>(39,996)</b>	<b>(1,553,860)</b>	<b>(121,445,582)</b>	<b>25,827,178</b>

30 June 2021						
	Contributed Equity	Share Option Reserve	Financial Asset Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	87,760,331	5,642,711	(39,996)	(2,348,008)	(84,522,816)	6,492,222
<b>Loss for period</b>	–	–	–	–	<b>(16,900,178)</b>	<b>(16,900,178)</b>
Other comprehensive loss						
Exchange differences on translation of foreign operations	–	–	–	520,359	–	520,359
<b>Total other comprehensive loss</b>	–	–	–	<b>520,359</b>	–	<b>520,359</b>
<b>Total comprehensive loss for the period</b>	–	–	–	<b>520,359</b>	<b>(16,900,178)</b>	<b>(16,379,819)</b>
<b>Transactions with owners in their capacity as owners:</b>						
<b>Issue of shares net of transaction costs</b>	54,564,181	–	–	–	–	54,564,181
<b>Share based payments (Note 23)</b>	–	86,607	–	–	–	86,607
<b>Total transactions with owners</b>	54,564,181	86,607	–	–	–	54,650,788
<b>Balance as at 30 June 2021</b>	<b>142,324,512</b>	<b>5,729,318</b>	<b>(39,996)</b>	<b>(1,827,649)</b>	<b>(101,422,994)</b>	<b>44,763,191</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

For the Year Ended 30 June 2022	Notes	Consolidated	
		2022	2021
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(3,483,276)	(1,980,637)
Interest received		2,447	3,721
Other income		–	52,580
Expenditure on mining interests		(16,179,962)	(8,249,544)
<b>Net Cash Outflow from Operating Activities</b>	15(b)	<b>(19,660,791)</b>	<b>(10,173,880)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for plant and equipment		(47,239)	(322,934)
Acquisition Payments for projects	8	(330,623)	(228,559)
Security Deposit		–	(4,500)
Proceeds from sale of plant and equipment		1,024	–
Proceeds from sale of mineral projects		101,133	104,260
<b>Net Cash Outflow from Investing Activities</b>		<b>(275,705)</b>	<b>(451,733)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of ordinary shares		–	41,000,000
Share issue costs		–	(1,511,062)
Proceeds from exercise of options		392,500	958,000
Interest expense		–	(232,534)
Lease payments		–	(132,858)
<b>Net Cash Inflow from Financing Activities</b>		<b>392,500</b>	<b>40,081,546</b>
Net Increase/Decrease in Cash and Cash Equivalents		<b>(19,543,996)</b>	29,455,933
Cash and cash equivalents at the beginning of the financial year		<b>30,267,222</b>	849,549
Effect of exchange rate changes on cash and cash equivalents		<b>(122,665)</b>	(38,260)
<b>Cash and Cash Equivalents at End of Year</b>	15(a)	<b>10,600,561</b>	<b>30,267,222</b>

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

## NOTES TO THE CONSOLIDATED 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, and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Azure Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

#### *Compliance with IFRSs*

The consolidated financial statements of Azure Minerals Limited and the separate financial statements of Azure Minerals Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through other comprehensive income or P&L.

#### *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

#### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisitions method of accounting is used to account for business combinations by the Group.

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.



## **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 reporting 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. 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.

## **d. Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease

liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Group's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

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

#### **e. 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 statement of financial position 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.

#### **f. 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 statement of financial position 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.

#### **g. 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 subsidiaries (Minera Piedra Azul CV de SA, Minera Azure CV de SA, Minera Capitana CV de SA and Servicios AzuPerth 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 profit or loss, 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 statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

### **h. 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.

### **i. 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 wholly 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 Black Scholes or 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 reporting 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.

#### **j. Revenue recognition**

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

#### **k. 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.

#### **l. 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.

#### **m. 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 statement of financial position.

#### **n. Comparative figures**

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

#### **o. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chairman.

#### **p. 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 financial assets at fair value through other comprehensive income or P&L) is based on quoted market prices at the reporting 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 reporting 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 determine 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 reporting 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.

#### **q. Convertible loans**

Convertible notes were issued by the Group which include embedded derivatives (options to convert to a variable number of shares). Convertible notes are initially recognised as financial liabilities at fair value.

On initial recognition the fair value of the convertible notes equates the proceeds received and subsequently the convertible note is measured at fair value. The movements are recognised in profit or loss as a finance cost, except if the movement is attributable to changes in the Group's own credit risk status in which case it is recognised in other comprehensive income.

#### **r. Asset acquisition**

Acquisition costs for mineral projects are capitalised to Exploration Expenditure at cost, or fair value if not acquired for cash consideration, and 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.

#### **s. Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

#### **t. Discontinued operations**

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

#### **u. Adoption of new and amended accounting standards**

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

##### ***Other standards not yet applicable***

A number of other standards, amendments to standards and interpretations issued by the AASB which are not materially applicable to the Group have not been applied in preparing these consolidated financial statements.



## 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
- Currency 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 cash and cash equivalents. For the Company it arises from receivables due from subsidiaries.

### CASH AND CASH EQUIVALENTS

The Group manages its credit risk on cash and cash equivalents by only dealing with banks licensed to operate in Australia or Mexico.

#### *Trade and other receivables*

As the Group operates in the mining exploration sector, it generally 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 in Australia and Mexico. At the reporting 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	2022 \$	2021 \$
Trade and other receivables		259,308	332,445
Cash and cash equivalents	15	10,600,561	30,267,222

### Expected credit losses

None of the Company's other receivables are past due (2021: 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 expected credit 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. At 30 June 2022 the Group does not have any collective expected credit on its other receivables.

The Group places its cash deposits with institutions with a credit rating of -AA or better and only with major banks.

### Guarantees

The Group has provided a financial guarantee of \$94,475 (2021: \$94,475) to secure its office lease. Otherwise, the Group only provides guarantees to wholly owned subsidiaries.

## 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.

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.

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 2022							
Trade and other payables	1,626,303	1,626,303	1,626,303	–	–	–	–
Lease Liability	382,792	382,792	57,838	57,651	110,608	156,695	–
30 June 2021							
Trade and other payables	1,641,257	1,641,257	1,641,257	–	–	–	–
Lease Liability	503,349	603,954	61,784	64,108	130,610	347,452	–

## 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 States Dollar (USD) and Mexican Peso (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.

The 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 reporting date was as follows, based on notional amounts:

	2022		2021	
	USD	MXD	USD	MXD
Trade receivables	<b>240,223</b>	<b>240,223</b>	246,056	246,056
Trade payables	<b>25,943</b>	<b>25,943</b>	56,878	56,878
Gross statement of financial position	<b>266,166</b>	<b>266,166</b>	302,934	302,934
<b>Net exposure</b>	<b>266,166</b>	<b>266,166</b>	<b>302,934</b>	<b>302,934</b>

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
USD/AUD	1.3788	1.3406	1.4510	1.3321
MXD/AUD	0.0679	0.0646	0.07200	0.0671

### 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 equity and decrease loss, before tax, 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 2021.

Consolidated	
	Profit or loss
30 June 2022	
USD	26,616
30 June 2021	
USD	30,293

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.

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

Consolidated Carrying Amount		
	2022	2021
Variable rate instruments		
Short term cash deposits	10,558,726	30,206,279

### 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.

## GROUP SENSITIVITY

At 30 June 2022 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax profit would have been \$107,097 higher /lower (2021 – change of 100 basis points \$302,672 higher/lower).

## FAIR VALUES

### Fair values versus carrying amounts

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

Consolidated	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	313,544	313,544	876,900	876,900
Cash and cash equivalents	10,600,561	10,600,561	30,267,222	30,267,222
Other financial assets	948	948	948	948
Trade and other payables	(1,626,303)	(1,626,303)	(1,641,257)	(1,641,257)
Lease liability	(382,792)	(382,792)	(503,349)	(503,349)

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

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Other financial assets: The quoted market price

Lease Liability: The carrying amount approximates fair value.



## 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:

#### *Discontinued Operations*

The Mexican subsidiaries of the Group have been reclassified as discontinued operations during the year as the Group have discontinued all operations in the geographical location of Mexico.

#### *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 dependent 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.

#### *Share options*

The Company measures the cost of equity-settled transactions with employees, including directors, by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal formula. No options were issued in this financial year.

#### *Asset acquisition*

The Group has determined that the acquisition of the Andover, Turner River, Meentheena and Coongan projects from the Creasy Group in the 2020/21 financial year together with the acquisition of the Barton and Christmas Well projects in the 2021/22 financial year from other parties are deemed to be an asset acquisition not a business combination. In assessing the requirements of AASB 3 Business Combinations, the Group has determined that the assets acquired do not constitute a business. The assets acquired consists of mineral exploration tenements. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in the purchase transaction and no deferred tax will arise in relation to the acquired asset as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition.

#### 4. Segment Information

The Company currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Based on these criteria, management has determined that the company has one operating segment being mineral exploration, and the segment operations and results are the same as the Group's results. As the company is focused on mineral exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest. These areas of interest meet aggregating criteria and are aggregated into one reporting sector. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

As a result, the operating segment information is as disclosed in the primary statements, and notes to the financial statements, throughout this report.

During the period the Company conducted its activities across two geographic locations, being Australia and Mexico.

2022			
	Australia	Mexico	Total
	\$	\$	\$
Revenues	1,646	-	1,646
Loss	(18,285,369)	(1,737,219)	(20,022,588)
Non-current assets	8,091,117	-	8,091,117
<b>Total assets</b>	<b>19,005,222</b>	<b>9,264,636</b>	<b>28,269,858</b>
<b>Total liabilities</b>	<b>(2,390,793)</b>	<b>(51,887)</b>	<b>(2,442,680)</b>

2022			
	Australia	Mexico	Total
	\$	\$	\$
Revenues	40,871	210,938	251,809
Loss	(15,936,683)	(963,495)	(16,900,178)
Non-current assets	7,656,700	8,427,581	16,084,281
<b>Total assets</b>	<b>38,281,288</b>	<b>8,947,115</b>	<b>47,228,403</b>
<b>Total liabilities</b>	<b>(2,351,457)</b>	<b>(113,755)</b>	<b>(2,465,212)</b>

## 5. Expenses

	2022 \$	2021 (Restated) \$
<b>Loss before income tax includes the following specific expenses</b>		
Depreciation of plant and equipment	130,821	40,020
Amortisation of right to use asset	109,534	122,422
Exploration expenditure	15,112,330	8,238,416
Superannuation	203,600	87,882

## 6. Income Tax

	30 June 2022 \$	30 June 2021 \$
<b>(a) Income tax expense</b>		
Current tax	–	–
Deferred tax	–	–
	–	–

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(20,022,588)	(16,900,179)
Tax at the Australian tax rate of 27.5% (2021: 27.5%)	(5,506,212)	(4,647,549)
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Share-based payments	33,354	23,817
Sundry items	67,508	1,079
	(5,405,350)	(4,622,653)
Movement in unrecognised temporary differences	(135,727)	(113,217)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	5,541,077	4,735,870
<b>Income tax expense</b>	–	–

### (c) Unrecognised temporary differences

Deferred Tax Assets (at 27.5%)		
On Income Tax Account		
Prepayments	14,915	14,324
Depreciation of plant and equipment	(10,201)	(10,201)
Provisions	104,967	87,617
Carry forward tax losses	16,755,424	12,842,410
Carry forward tax losses – foreign	10,547,505	10,261,875
Other – tenement	600,100	600,100
	28,012,710	23,796,125

### Deferred Tax Liabilities (at 27.5%)

–

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.

## 7. Discontinued Operations

On 30 May 2022 the Group reported that it had reached agreement with Bendito Resources Inc ("Bendito") for the sale of its Mexican base and precious metals projects. This sale closed on 21 July 2022, after the reporting period, for a combination of cash and shares valued at A\$20 million (the "Transaction").

Financial performance information		
	30 June 2022	30 June 2021
	\$	\$
Other Income	7,229	210,938
<b>Expenditure</b>		
Depreciation	(13,214)	(16,616)
Salaries and employee benefits expense	(457,303)	–
Exploration expenses	(1,038,651)	(858,082)
Travel expenses	(3,913)	–
Administration expenses	(161,103)	(278,862)
Insurance expenses	(2,145)	–
Other expenses	(68,119)	(20,873)
<b>Loss before income tax from discontinued operations</b>	<b>(1,737,219)</b>	<b>(963,495)</b>
<b>Income tax expense</b>	<b>–</b>	<b>–</b>
<b>Loss for the year from discontinued operations</b>	<b>(1,737,219)</b>	<b>(963,495)</b>
<b>Cash flow information</b>		
<b>Net cash used in operating activities</b>	<b>(1,845,112)</b>	<b>(1,319,043)</b>
<b>Net cash from investing activities</b>	<b>236,777</b>	<b>108,824</b>
<b>Net decrease in cash and cash equivalents from discontinued operations</b>	<b>(1,608,335)</b>	<b>(1,210,219)</b>



## 8. Capitalised Exploration Expenditure (Non-Current)

	30 June 2022	30 June 2021
	\$	\$
At Cost	<b>7,458,182</b>	15,216,335
<b>Reconciliations</b>		
Movement in the carrying amounts of capitalised exploration expenditure between the beginning and end of the current financial year		
Opening net book amount	<b>15,216,335</b>	7,889,184
Additions(a)	<b>772,443</b>	6,828,559
Disposals	–	(43,321)
Transfer to assets of disposal group classified as held for sale	<b>(8,643,892)</b>	–
Foreign exchange translation adjustment	<b>113,296</b>	541,913
<b>Closing net book amount</b>	<b>7,458,182</b>	<b>15,216,335</b>

- a. During the 2022 financial year the company issued 1,150,000 fully paid ordinary shares with a fair value of \$299,000 and \$20,000 cash as consideration to acquire E40/393, part of the Barton exploration project in Western Australia. An additional \$10,623 Western Australian stamp duty was assessed and paid. A further \$300,000 was paid as consideration to acquire applications for E40/414 and E40/425, also part of the Barton exploration project in Western Australia.

During the 2021 financial year the company issued 40,000,000 fully paid ordinary shares with a fair value of \$6,600,000 to acquire the Andover, Turner River, Meentheena and Coongan mineral exploration projects in Western Australia. An additional \$228,559 Western Australian stamp duty was assessed and paid.

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

## 9. 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*	
			2022	2021
Azure Mexico Pty Ltd	100%	Australia	Ordinary	100%
Minera Piedra Azul, S.A. de C.V.	Mexico	Ordinary	100%	100%
Minera Capitana S.A. de C.V.	Mexico	Ordinary	100%	100%
Azu-Perth S.A. de C.V.	Mexico	Ordinary	100%	100%
Minera Azure, S.A. de C.V.	Mexico	Ordinary	100%	100%
Minera Tlali SAPI. de C.V.	Mexico	Ordinary	100%	100%

\*Percentage of voting power is in proportion to ownership.

#### 10. Trade and Other Payables (Current)

	2022	2021
	\$	\$
Trade payables	(1,626,303)	1,641,257
	(1,626,303)	1,641,257

Information about the Group's financial risk management policies is disclosed in Note 2.

The carrying amount of trade and other payables are assumed to approximate their fair values due to their short-term nature.

#### 11. Assets and Liabilities of Disposal Group Classified as Held for Sale

Assets		
	2022	2021
	\$	\$
Cash and cash equivalents	109,093	–
Trade and other receivables	480,851	–
Plant and equipment	30,800	–
Capitalised exploration expenditure	8,643,892	–
	9,264,636	–

Liabilities		
Trade and other payables	51,887	–

The assets and liabilities identified above represents the assets and liabilities of the Group's operations in Mexico which were sold on 21 July 2022 for a combination of cash and shares valued at A\$20 million. Refer to note 18 for further information.

## 12. Contributed Equity

	2022		2021	
	Number of shares	\$	Number of shares	\$
<b>a. Share capital</b>				
Ordinary shares fully paid				
<b>Total consolidated contributed equity</b>	<b>310,735,721</b>	<b>143,016,102</b>	<b>308,085,721</b>	<b>142,324,512</b>
<b>b. Movements in ordinary share capital</b>				
1 July opening balance	<b>308,085,721</b>	<b>142,324,512</b>	162,192,617	87,760,331
Issue at \$0.10 per share	-	-	40,000,000	4,000,000
Issue at \$0.74 per share	-	-	50,000,000	37,000,000
Issue for projects (Note 8 and 15)	<b>1,150,000</b>	<b>299,000</b>	40,000,000	6,600,000
Exercise of options at \$0.205	<b>500,000</b>	<b>102,500</b>	500,000	102,500
Exercise of options at \$0.29	<b>1,000,000</b>	<b>290,000</b>	250,000	72,500
Exercise of options at \$0.58	-	-	1,350,000	783,000
Conversion of convertible note (b)(i)	-	-	13,793,104	7,517,242
Share issue expenses	-	-	-	(1,511,061)
<b>30 June closing balance</b>	<b>310,735,721</b>	<b>143,016,012</b>	<b>308,085,721</b>	<b>142,324,512</b>

Funds raised from the exercise of options during the 2022 year were used to progress the company's exploration activities.

- (i) The convertible notes were issued with a face value of \$2,000,000. Given the notes converted to 13,793,104 shares at a price of \$0.545 per share, \$5,517,241 was recognised as a finance cost in the statement of profit or loss and other comprehensive income, being the difference between the face value and the fair value at the time of conversion.

### c. Movements in unlisted options on issue

Exercise Price (cents)	Expiry	Opening Balance	2022			Closing Balance
			Issued	Exercised	Lapsed	
29	30 November 2021	1,250,000	–	(1,000,000)	(250,000)	–
20.5	30 November 2022	2,500,000	–	(500,000)	–	2,000,000
49	30 June 2024	500,000	–	–	–	500,000
57	30 June 2024	1,000,000	–	–	–	1,000,000
65	30 June 2024	1,500,000	–	–	–	1,500,000
		<b>6,750,000</b>	<b>–</b>	<b>(1,500,000)</b>	<b>(250,000)</b>	<b>5,000,000</b>

Exercise Price (cents)	Expiry	Opening Balance	2022			Closing Balance
			Issued	Exercised	Lapsed	
58	30 November 2020	2,050,000	–	(1,350,000)	(700,000)	–
29	30 November 2021	2,200,000	–	(250,000)	(700,000)	1,250,000
20.5	30 November 2022	4,400,000	–	(500,000)	(1,400,000)	2,500,000
49	30 June 2024	–	500,000	–	–	500,000
57	30 June 2024	–	1,000,000	–	–	1,000,000
65	30 June 2024	–	1,500,000	–	–	1,500,000
		<b>8,650,000</b>	<b>3,000,000</b>	<b>(2,100,000)</b>	<b>(2,800,000)</b>	<b>6,750,000</b>

Further information on options issued is set out in Note 23

### 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. For further information on Capital Management refer to Note 2.



### 13. Reserves and Accumulated Losses

	2022	2021
	\$	\$
<b>Accumulated losses</b>		
Balance at beginning of year	(101,422,994)	(84,522,816)
Loss for the year	(20,022,588)	(16,900,178)
<b>Balance at end of year</b>	<b>(121,445,582)</b>	<b>(101,422,994)</b>
<b>Share-based payments reserve</b>		
Balance at beginning of year	5,729,318	5,642,711
Movement during the year	121,286	86,607
<b>Balance at end of year</b>	<b>5,850,604</b>	<b>5,729,318</b>
<b>Financial asset reserve</b>		
Balance at beginning of year	(39,996)	(39,996)
Revaluation	–	–
<b>Balance at end of year</b>	<b>(39,996)</b>	<b>(39,996)</b>
<b>Foreign currency translation reserve</b>		
Balance at beginning of year	(1,827,649)	(2,348,008)
Movement during the year	273,789	520,359
<b>Balance at end of year</b>	<b>(1,553,860)</b>	<b>(1,827,649)</b>
<b>Total Reserves</b>	<b>4,256,748</b>	<b>3,861,673</b>

#### a. 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.

##### *Financial asset reserve*

This reserve records fair value changes on investments held at Fair Value through Other Comprehensive Income. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

##### *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.

### 13. Reserves and Accumulated Losses

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

## 15. Statement of Cash Flows

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

	2022	2021
	\$	\$
<b>a. Cash and cash equivalents</b>		
Cash and cash equivalents comprise:		
• cash at bank and in hand	41,835	60,944
• short-term deposits	10,558,726	30,206,278
<b>Closing cash and cash equivalents balance</b>	<b>10,600,561</b>	<b>30,267,222</b>

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.

### b. Reconciliation of the net loss after income tax to the net cash outflows from operating activities

Net loss	(20,022,588)	(16,900,178)
Convertible Note Interest	-	232,534
Depreciation of non current assets	144,035	56,636
Share based payment expense	121,286	86,607
Fair Value adjustment on convertible notes	-	5,517,242
Profit on sale of plant and equipment	35,119	649
Profit on sale of mineral concession	-	(83,647)
Re-classify right to use asset	(11,023)	7,050
Operating lease payments	-	132,857
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	7,823	(494,375)
(Increase)/decrease in prepayments	(2,248)	(31,242)
Increase/(decrease) in trade and other payables	5,712	1,240,153
Increase/(decrease) in provisions	61,093	61,834
<b>Net cash outflow from operating activities</b>	<b>(19,660,791)</b>	<b>(10,173,880)</b>

### (c) Non-cash financing and investing activities

During the 2022 period:

- 1,150,000 shares were issued as part consideration to acquire E40/393, part of the Barton exploration project.

During the 2021 period:

- 40,000,000 shares were issued to acquire the Andover, Turner River. Meentheena and Coongan exploration projects in Western Australia.
- 13,793,104 were issued to redeem convertible notes with a face value of \$2,000,000.
- The Company entered into an office lease agreement for a period of five years on commercial terms and conditions, which are confidential.

There have been no other non-cash financing and investing activities during the 2022 year (2021: Nil).

## 16. 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:

	2022	2021
	\$	\$
<b>Not later than one year</b>	<b>286,000</b>	<b>85,957</b>

## 17. Contingencies

There are no other material contingent liabilities or contingent assets of the company at reporting date (2021: Nil).

## 18. Events Occuring After Reporting Date

On 30 May 2022 the Group reported that it had reached agreement with Bendito Resources Inc ("Bendito") for the sale of its Mexican base and precious metals projects. This sale closed on 21 July 2022 for a combination of cash and shares valued at A\$20 million (the "Transaction").

In connection with the Transaction, Azure will receive A\$10 million in cash and A\$10 million worth of fully paid ordinary shares in Bendito ("Bendito Shares") in two tranches within an 18 month period. At closing of the Transaction ("Closing"), Azure received an immediate cash payment of A\$4 million and was issued 11,200,000 Bendito Shares (approximately 20% of the issued capital of Bendito and valued at A\$4 million). A second tranche of A\$6 million in cash and A\$6 million worth of Bendito Shares is payable to Azure within 18 months of Closing.

No other 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.

## 19. Loss Per Share

	2022	2021
	\$	\$
<b>a. Reconciliation of earnings to profit or loss</b>		
Loss used in calculating basic loss per share from continuing operations	<b>(18,285,369)</b>	(15,936,683)
Basic loss per share (cents per share)	<b>(5.89)</b>	(5.92)
Loss used in calculating basic loss per share from discontinued operations	<b>(1,737,219)</b>	(963,495)
Basic loss per share (cents per share)	<b>(0.56)</b>	(0.36)
Loss used in calculating basic loss per share attributable to owners of IonicRE	<b>(20,022,588)</b>	(16,900,178)
Basic loss per share (cents per share)	<b>(6.45)</b>	(6.28)

	Number of shares 2022	Number of shares 2021
<b>b. Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share</b>		
Weighted average number of ordinary shares used in calculating basic loss per share	<b>310,204,899</b>	268,954,233

### (c) Effect of dilutive securities

Options on issue at reporting 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.

## 20. Auditor's Remuneration

	2022	2021
	\$	\$
<b>Amounts received or due and receivable by BDO Audit (WA) Pty Ltd or associated entities for:</b>		
Tax compliance services	<b>63,780</b>	17,252
An audit or review of the financial report of the entity	<b>70,561</b>	44,545
	<b>134,341</b>	61,797
	<b>(0.56)</b>	(0.36)
Remuneration of other auditors of subsidiaries		
Audit or review of financial report of subsidiaries	–	42,887



## 21. Key Management Personnel Disclosures

	2022	2021
	\$	\$
<b>(a) Compensation of key management personnel by compensation</b>		
Short-term	<b>825,620</b>	733,677
Post-employment	<b>34,004</b>	35,740
Share-based payment	–	–
	<b>859,624</b>	769,417

For further information refer to the Remuneration Report included as part of the Directors' Report.

## 22. Related Party Disclosure

### a. Parent entity

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

### b. 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*	
			2022	2021
			%	%
Azure Mexico Pty Ltd	Australia	Ordinary	100	100
Minera Piedra Azul, S.A. de C.V.	Mexico	Ordinary	100	100
Minera Capitana, S.A. de C.V.	Mexico	Ordinary	100	100
Servicios AzuPerth, S.A. de C.V.	Mexico	Ordinary	100	100
Mineral Azure S.A. de C.V.	Mexico	Ordinary	100	100
Mineral Tlali SAPI. de C.V.	Mexico	Ordinary	100	100

\*Percentage of voting power is in proportion to ownership.

No other provision for doubtful debts has 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. Other Related Transactions

The Company has entered into a sub-lease agreement on normal commercial terms with Ionic Rare Earths Limited (**IonicRE**), a company of which Brett Dickson is an officer. During the year IonicRE paid sub-lease fees totalling \$12,721 (2021: \$9,255).

## 23. Share-Based Payments

No options have been issued pursuant to an Employee Share plan.

### 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 Annual General Meeting held on 26 November 2019. 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 Board’s 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. During the year no options were issued pursuant to the plan (2021: 3,000,000).

Set out below are summaries of options issued under the Employee Share Plan.

Grant Date	Expiry Date	Exercise Price	Value per option at grant date	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		(cents)	(cents)	Number	Number	Number	Number	Number	Number
2022									
8 Jun '21	30 Jun '24	49	15.9 <sup>a</sup>	500,000	–	–	–	500,000	500,000
8 Jun '21	30 Jun '24	57	15.2 <sup>b</sup>	1,000,000	–	–	–	1,000,000	–
8 Jun '21	30 Jun '24	65	14.6 <sup>c</sup>	1,500,000	–	–	–	1,500,000	–
				3,000,000	–	–	–	3,000,000	500,000
Weighted average exercise price				\$0.60				\$0.60	\$0.49
2021									
8 Jun '21	30 Jun '24	49	15.9 <sup>a</sup>	–	500,000	–	–	500,000	500,000
8 Jun '21	30 Jun '24	57	15.2 <sup>b</sup>	–	1,000,000	–	–	1,000,000	–
8 Jun '21	30 Jun '24	65	14.6 <sup>c</sup>	–	1,500,000	–	–	1,500,000	–
				–	3,000,000	–	–	3,000,000	500,000
Weighted average exercise price				\$0.60				\$0.60	\$0.49

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.0 years.

### Fair value of options granted.

During the 2021 financial year the weighted average fair value of the options granted was 15.0 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2021 Trench a	2021 Trench b	2021 Trench c
Weighted average exercise price (cents)	49.0	57.0	65.0
Weighted average life of the option (years)	3.0	3.0	3.0
Weighted average underlying share price (cents)	27.0	27.0	27.0
Expected share price volatility (%)	124	124	124
Risk free interest rate (%)	0.21	0.21	0.21

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.

Tranche a options vested immediately; tranche b and tranche c options vest upon certain operational milestones which are expected to be met over the life of the option.

The total expenses arising from the employee and consultants share-based payment transactions recognised during the year were as follows:

Consolidated		
	2022	2021
	\$	\$
Options issued pursuant to the Plan	121,286	86,607

#### b. Director, executive and employee options

Set out below are summaries of current directors, executives & employees options granted.

Grant Date	Expiry Date	Exercise Price	Value per option at grant date	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		(cents)	(cents)	Number	Number	Number	Number	Number	Number
<b>2022</b>									
9 Dec '18	30 Nov '21	29	10.3	1,250,000	–	(1,000,000)	(250,000)	–	–
26 Nov '19	30 Nov '22	20.5	5.8	2,500,000	–	(500,000)	–	2,000,000	2,000,000
				3,750,000	–	(1,500,000)	(250,000)	2,000,000	2,000,000
Weighted average exercise price				\$0.23	\$0.26	\$0.29	\$0.205	\$0.205	\$0.49
<b>2021</b>									
20 Nov '17	30 Nov '20	58	1.6	2,050,000	–	(1,350,000)	(700,000)	–	–
19 Dec '18	30 Nov '21	29	10.3	2,200,000	–	(250,000)	(700,000)	1,250,000	1,250,000
26 Nov '19	30 Nov '22	20.5	5.8	4,400,000	–	(500,000)	(1,400,000)	2,500,000	2,500,000
				8,650,000	–	(2,100,000)	(2,800,000)	3,750,000	3,750,000
Weighted average exercise price				\$0.32	–	\$0.46	\$0.32	\$0.23	\$0.23

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.42 years (2021: 1.09 years).

#### Fair value of options granted

No options were issued to directors and executives during the 2022 or 2021 financial years.

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 total expenses arising from share-based payment transactions recognised during the year were as follows:

Consolidated		
	2022	2021
	\$	\$
Options issued to directors and executives	–	–

## 24. Parent Entity Financial Information

### a. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 \$	2021 \$
<b>Statement of Financial Position</b>		
Current assets	10,914,105	39,988,655
Total assets	34,992,689	47,114,589
Current liabilities	(1,987,347)	(1,847,043)
Total liabilities	(2,390,793)	(2,351,456)
<b>Net assets</b>	<b>32,601,896</b>	<b>44,763,133</b>
<b>Shareholder's equity</b>		
Issued capital	143,016,012	142,324,512
Reserves	5,810,608	6,053,510
<b>Accumulated losses</b>	<b>(116,224,724)</b>	<b>(103,614,889)</b>
	<b>32,601,896</b>	<b>44,763,133</b>

### b. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities or guarantees as at 30 June 2022 or 30 June 2021.

### c. Contracted commitments for the acquisition of property, plants or equipment

The parent entity did not have any commitments for the acquisition of property, plants or equipment.



# DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.
2. 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 directors have been given the declaration by the chief executive officer and chief financial officer as required by section 295A of the Corporations Act 2001.
4. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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:

Yours sincerely,



**Brian Thomas**  
Chairman

Perth, 29 September 2022







# INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITORS REPORT

To the members of Azure Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Azure Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<sup>1</sup>  
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### Recoverability of Capitalised Exploration Expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2022 the carrying value of capitalised exploration expenditure was disclosed in Note 8.</p> <p>As the carrying value of the exploration assets represent a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of these assets may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular, whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the area of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective area of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Note 1 and Note 8 to the financial report.</li> </ul>



## Disposal of Mexican Assets

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 7 and Note 11, in June 2022, the directors of Azure Minerals Limited resolved to sell the Group's Mexican subsidiaries, with a settlement date in July 2022. The associated asset and liabilities have been recognised as 'held for sale' in the 30 June 2022 statement of financial position.</p> <p>This was determined to be a key audit matter because the sale of Mexican Assets represents a significant unique transaction to the Group.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Examining the underlying documentation to support the transaction to consider if the classification as 'held for sale' is appropriate and in line with the criteria in AASB 5 Non-current Assets Held for Sale and Discontinued Operations ("AASB 5");</li> <li>• Evaluating whether the disposal meets the criteria of 'Discontinued Operations' given the disposal represents a separate geographical area of operation;</li> <li>• Considering whether the reclassification indicates impairment testing is required under AASB 5; and</li> <li>• Assessing the adequacy of the related disclosures in Note 7 and Note 11 to the financial report including the restatement of comparatives for the discontinued operations.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.





In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 21 to 25 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Azure Minerals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

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.

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**  
**Director**

Perth, 29 September 2022

# DECLARATION OF INDEPENDENCE



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## DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF AZURE MINERALS LIMITED

As lead auditor of Azure Minerals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.

A handwritten signature in dark ink, appearing to read 'J Prue', is written over a light blue horizontal line.

**Jarrad Prue**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 29 September 2022

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# ASX ADDITIONAL INFORMATION

## The number of shareholders, by size of holding, in each class of share as at 13 September 2022 are:

			Ordinary shares	
			Number of holders	Number of shares
1	–	1,000	1,150	502,880
1,001	–	5,000	1,688	4,784,960
5,001	–	10,000	882	6,897,297
10,001	–	100,000	1,866	64,741,375
100,001	–	and over	283	233,809,209
<b>Total</b>			<b>5,869</b>	<b>310,735,721</b>

The number of shareholders holding less than a marketable parcel of shares are:

2,128 1,538,165

## 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	46,200,000	14.87
2	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	27,169,077	8.74
3	DEUTSCHE BALATON AKTIENGESELLSCHAFT	19,698,017	6.34
4	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	11,698,876	3.76
5	CITICORP NOMINEES PTY LIMITED	9,656,295	3.11
6	NATIONAL NOMINEES LIMITED <DB A/C>	6,000,002	1.93
7	YANDAL INVESTMENTS PTY LTD	6,000,000	1.93
8	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	4,950,000	1.59
9	HARMANIS HOLDINGS PTY LTD <HARMAN FAMILY A/C>	4,803,378	1.55
10	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,228,561	1.36
12	UBS NOMINEES PTY LTD	2,380,479	0.77
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT >	2,339,155	0.75
13	MRS REBECCA SHALALA	2,136,421	0.69
14	MR ANTHONY PAUL ROVIRA	2,100,000	0.68
15	MR WILLIAM BAMBLING + MRS JOYCE BAMBLING	2,040,000	0.66
16	MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	1,750,000	0.56
17	PETER J WOODFORD PTY LTD	1,719,870	0.55
18	J & B SMITH SUPERANNUATION PTY LTD <LOCH M FRASER SF A/C>	1,400,000	0.45
19	MR GLENN LANCE BAUER	1,350,000	0.43
20	KAOS INVESTMENTS PTY LIMITED	1,325,000	0.43
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>		<b>158,945,131</b>	<b>51.15</b>
<b>Total Remaining Holders Balance</b>		<b>151,790,590</b>	<b>48.85</b>

**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	52,200,000
Delphi Unternehmensberatung Aktiengesellschaft	27,169,077
Deutsche Balaton Aktiengesellschaft	19,698,017

**d. Number of Shares**

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

**e. Schedule of interests in mining tenements**

## Annexure 1

## Schedule of Interests in Mining Tenements

Australian Projects	Mineral	Tenement	Percentage held	Status
Andover	All Minerals	E47/2481	60%	Granted
Barton	All Minerals	E40/393	100%	Granted
Coongan	All Minerals	E46/1156	70%	Granted
Meentheena	All Minerals	E45/5036	70%	Granted

**TABLES OF MINERALS RESOURCES****Mineral Resources Estimation Governance Statement**

Governance of Azure's mineral resources is a responsibility of the Executive Management of the Company.

On 21 July 2022 the Company concluded the sale of its Mexican assets, consequently it no longer has an interest in the Oposura, Mesa de Plata, Loma Bonito, Cascada and Promontorio minerals resources.

A new mineral resource estimate has been made for the Andover nickel/copper/cobalt deposit.

Azure has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls. The mineral resources reported have been estimated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, the Company carries out regular internal peer reviews of processes and contractors engaged.

Azure will report its Andover mineral resources on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2012 Edition.

Competent Persons named by Azure are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or of a "Recognised Professional Organisation", as included in a list on the JORC and ASX websites.

**Andover Mineral Resource Estimate by classification reported above a 0.5% Ni cut-off:**

Classification	Tonnes Mt	Ni %	Cu %	Co %	S %	NiEq %	Ni Metal kt	Cu Metal kt	Co Metal kt
Indicated	3.8	1.16	0.47	0.05	8.23	1.51	44.0	17.9	2.06
Inferred	0.9	0.89	0.44	0.04	6.33	1.20	7.7	3.8	0.37
Total	4.6	1.11	0.47	0.05	7.87	1.41	51.7	21.7	2.29

**Notes:**

- Data is reported to significant figures and differences may occur due to rounding.
- The NiEq calculation represents total metal value for each metal summed and expressed in equivalent nickel grade and tonnes. Commodity prices assumed in the calculation are US\$: nickel \$19,366.6/t; copper \$9,089.8/t; cobalt \$63,107.9/t. The following metallurgical recovery assumptions are based on metallurgical test work and Azure considers they have a reasonable prospect to be achieved: 79% nickel recovery; 70% copper recovery; 68% cobalt recovery.

For reporting, a nickel cut-off grade of 0.5% was applied to the block model. The 0.5% Ni cut-off grade was based on assessing global grade-tonnage plots for nickel and copper and based on similar peer underground nickel mines. The tonnage and grade are not very sensitive to the nickel cut-off grade as the classified material is primarily mineralisation that was modelled in domains above 0.5% Ni.

Nickel equivalence (NiEq) is reported for comparison purposes only. NiEq was calculated by a weighted average of the three components of nickel, copper and cobalt (See Table below) using two-year average commodity price predictions from Consensus Economics Report, dated 14 February 2022, and metallurgical recoveries as indicated by testwork. The formula for the NiEq is:

*NiEq equation = Ni (%) + (Cu (%) x ((Cu \$/t x Curecovery x 0.01) / (Ni \$/t x Nirecovery)) + (Co (%) x ((Co \$/t x Corecovery x 0.01) / (Ni \$/t x Nirecovery))*

*Simplifies to: NiEq equation = Ni (%) + Cu (%) x 0.42 + Co (%) x 2.78*

**NiEq Calculation Derivation**

Element	Price (US\$)	Realised price per unit	Unit	Recovery %	In situ unit price	Unit_1	NiEq factor
Ni	19,366.6	153.8	\$/t	0.79	153.8	\$/t	1
Cu	9,089.8	64.0	\$/t	0.70	64.0	\$/t	0.42
Co	63,107.9	427.2	\$/t	0.68	427.2	\$/t	2.78

**Competent Person Statement:**

Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date that it was reported to ASX.

The information in this report that relates to Mineral Resources for the Andover deposit is extracted from the report "Azure Delivers Maiden Mineral Resource for Andover" created and released on the ASX on 30 March 2022 and is available to view on [www.asx.com](http://www.asx.com).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.





**AZURE**  
MINERALS LIMITED