AZURE MINERALS LIMITED

ANNUAL REPORT 2023

Building a bright future in the Pilbara

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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West Perth WA 6005
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Solicitors

K & L Gates
Level 32
44 St Georges Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited

Share Register

Computershare Investor Services Pty Ltd
Level 17
221 St Georges Terrace
Perth WA 6000
Telephone: 1300 787 272

Auditors

BDO Audit (WA) Pty Ltd
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Perth WA 6000

Internet Address

www.azureminerals.com.au

ASX Code

Shares AZS

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CHAIRMAN'S LETTER

Dear Shareholders,

It is with a great deal of pleasure that on behalf of the team at Azure Minerals we deliver the Annual Report for Financial Year 2023.

It has been a momentous year in which your company was able to achieve outstanding value for shareholders, courtesy of the relatively recent lithium exploration success at the Andover project.

The discovery of numerous broad, high-grade lithium intersections, such as 209.4m @ 1.42% Li_2O in hole ANRD0017 (post period-end), have firmly entrenched Andover amongst the most significant lithium exploration projects, globally. These expansive drill hits position Azure to meet the strategic objective of defining a +100Mt lithium resource at Andover.

Whilst much has been made of Azure's success, it is important to note that the story of discovery at Andover is still very young. The maiden lithium pegmatite mapping and sampling campaign first returned results in October 2022 and drilling only commenced in March 2023, well inside the 12-month reporting period.

The relatively short lithium exploration timeframe demonstrates that, despite a large-scale campaign with multiple rigs on site, Andover remains underexplored. Indeed, the Company has a host of exciting targets which are yet to be drilled.

It is hard to quantify the extent of the value which has been created, however one yardstick which all companies measure themselves by, is share price performance. Azure commenced the financial year with shares in the Company valued at roughly $0.18 per share, rising by more than 730% over the 12-month period to close 30 June 2023, at ~$1.50 per share. I am pleased to see that, following year-end, considerably more value has continued to be added on top of this already impressive growth.

The benefits created by Azure's discovery extend well beyond returns to investors. Azure has always been conscious of our social licence to operate and has endeavoured to deliver ongoing value to the local communities within which we operate. Wherever possible, we employ local staff and actively encourage our contractors to do the same. The discovery at Andover has real potential to return long-lasting benefits to the community of Roebourne and the West Pilbara region. Azure would like to specifically mention the support from the Ngarluma people, the traditional owners of the land on which we are exploring, and the Ngarluma Aboriginal Corporation, for without their cooperation, exploration would not be possible.

Finally, I would like to extend my thanks on behalf of all shareholders once again to our Managing Director Tony Rovira and the exploration and development team who have been able to successfully identify the potential for lithium at the Andover Project, which was, and continues to be, a highly attractive nickel project.

The 2024 Financial Year has already got off to a flying start with the Company well capitalised and considerable exploration activity on the agenda. Management is very excited for the future and I encourage all shareholders to share in this excitement.

Thank you again for your support for Azure Minerals.

Yours sincerely,

Brian Thomas
Chairman

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Azure commenced the financial year with shares in the Company valued at roughly $0.18 per share, rising by more than 730% over the 12-month period to close 30 June 2023, at ~$1.50 per share.

Figure 1: Locations of Azure Minerals' Projects

REVIEW OF OPERATIONS

AUSTRALIA

Azure holds interests in four projects targeting commodities including lithium, nickel and gold located in the Pilbara and Eastern Goldfields regions of Western Australia (see Figure 1).

The Company's flagship asset is its 60%-owned Andover joint venture, with prominent mining entrepreneur Mr Mark Creasy ("Creasy Group") owning the remaining 40% of the project. Andover is a globally significant lithium exploration project and is also host to two nickel-copper-cobalt deposits.

Azure also holds 70% interests in the Turner River and Coongan Lithium and Gold Projects in the northern and eastern Pilbara (see Figure 2 next page), with the Creasy Group holding the balance, and 100%-ownership of the Barton Gold Project.

Barton comprises four granted Exploration Licences and four Exploration Licence Applications that in total cover 888km^2. 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.

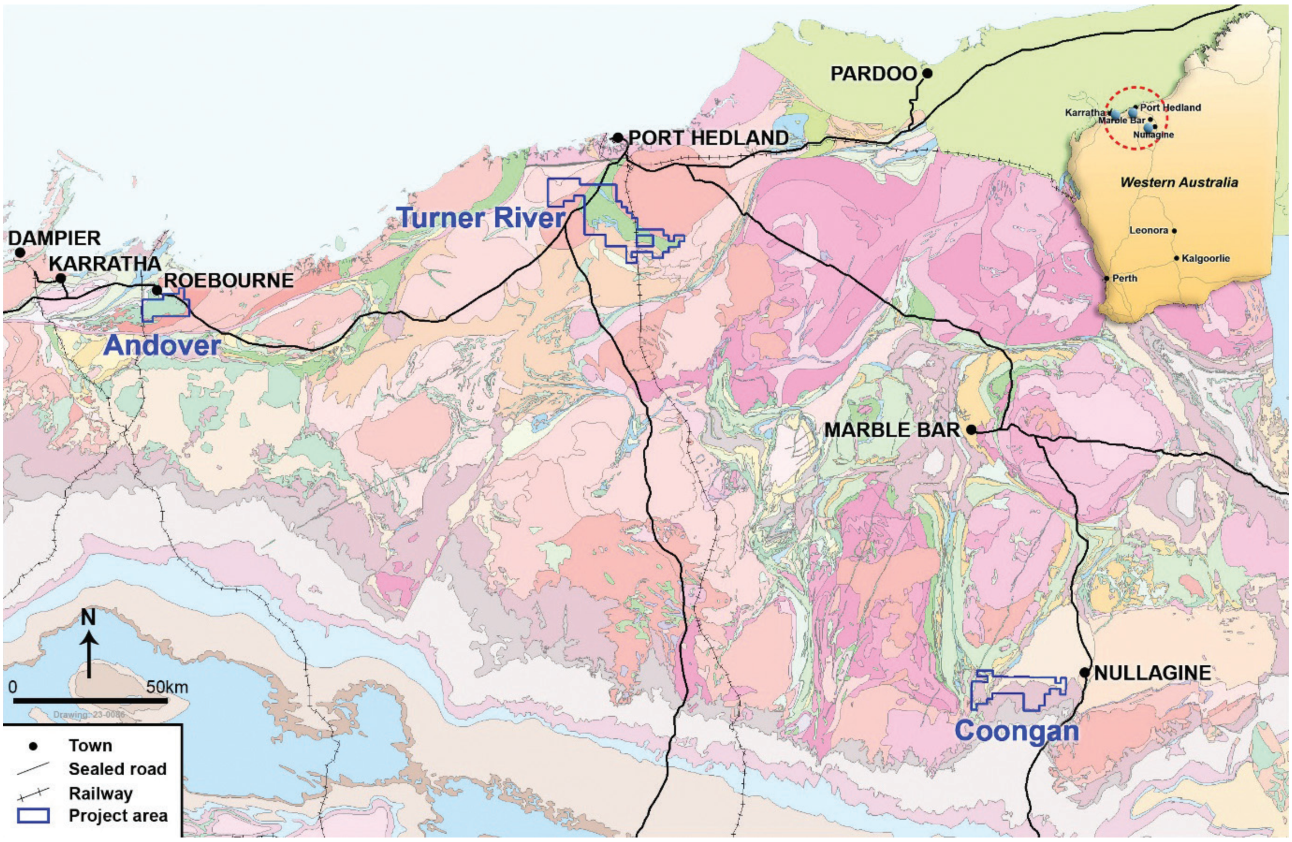


Figure 2: Locations of the Company's Pilbara-based projects and underlying geology

REVIEW OF OPERATIONS

ANDOVER PROJECT (AZURE 60% / CREASY GROUP 40%)

OVERVIEW

Azure Minerals has delivered company-making results at its flagship Andover Lithium Project throughout the financial year, driven by the identification of lithium-rich pegmatites with an Exploration Target which places Andover amongst the world's top lithium exploration projects.

The Exploration Target for the Andover Lithium Project encompasses an estimated range of potential mineralisation of: **100 - 240 million tonnes grading at 1.0 - 1.5% Li_2O* (see Table 1 for details)**

** The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

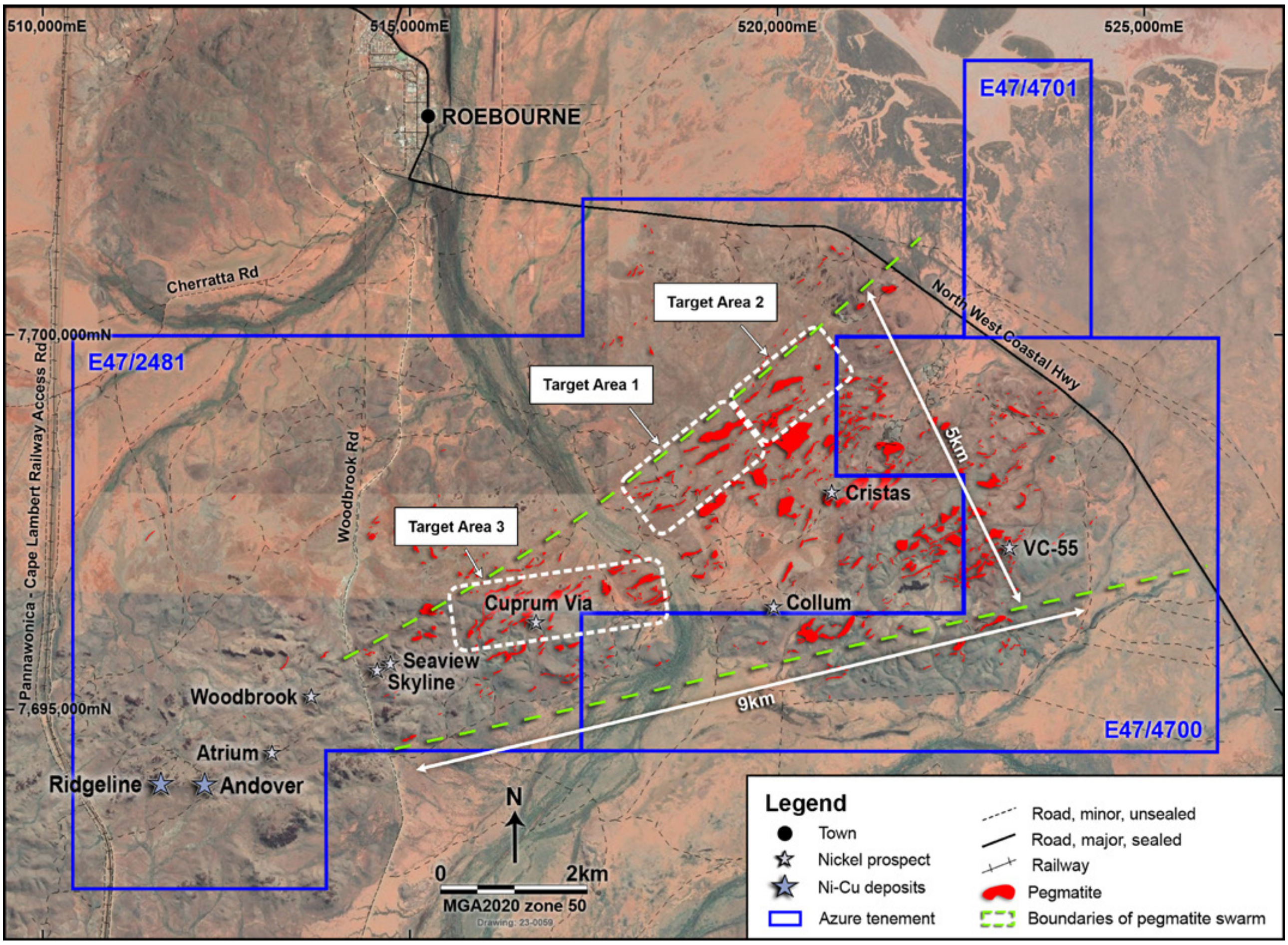


Figure 3: Mapping of a large-scale pegmatite swarm located within the Andover Project

LITHIUM-FOCUSED EXPLORATION ACTIVITIES ACCELERATING

The identification of pegmatite-hosted lithium mineralisation at Andover was first announced in October 2022, following the completion of a six month on-ground mapping and sampling program[1].

The program comprised an extensive review assessing historical data, aerial photos and airborne radiometric surveying, followed by wide-ranging reconnaissance geological mapping, and surface geochemical sampling.

Several hundred outcropping pegmatites that form a large-scale swarm were identified within an area that extends over 9km (east-west) and up to 5km (north-south) (see Figure 3). The pegmatites typically trend in a southwest to northeast orientation with a moderate dip to the northwest. Surface exposures range in size up to 200 metres across and two kilometres in length.

The orientation of the pegmatites is generally parallel with Azure's richly endowed Nickel-Copper-Cobalt (Ni-Cu-Co) Southern Mineralised Corridor, with most pegmatites lying within or adjacent to this mineralised horizon. It is interpreted that at the time of their emplacement, the pegmatites were likely utilising pre-existing structures that also controlled the earlier mineralising event responsible for the formation of the Andover Ni-Cu-Co sulphide deposits.

Assays from the reconnaissance pegmatite outcrop sampling program delivered numerous highly encouraging results, with multiple samples returning lithium grades in the range of 2% Li_2O up to 5% Li_2O[2] (see Figure 4).

The highly anomalous surface sampling results were further validated through the intersection of a pegmatite containing lithium mineralisation in diamond drill hole ANDD0199[3]. The hole returned a strong lithium-rich intersection of 1.51% Li_2O over 7.2m, including an internal high-grade zone of 1.87% Li_2O over 3.1m (see Figure 5).

This provided the Company with confirmation that spodumene-rich pegmatites observed at surface had the potential to host significant lithium mineralisation and provided the impetus for Azure to accelerate its lithium-focused exploration efforts by implementing a maiden drill campaign.

[1] *See ASX announcement dated: 12 October 2022*

[2] *See ASX announcements dated: 19 October 2022, 14 November 2022, 20 January 2023 & 21 March 2023*

[3] *See ASX announcement dated: 13 February 2023*

REVIEW OF OPERATIONS

RC AND DIAMOND DRILLING INTERSECTS ABUNDANT LITHIUM MINERALISATION

The maiden drilling program utilised four diamond core and two Reverse Circulation (RC) drill rigs and focused on testing Target Area 1 (refer to Figures 3 and 7), which contains the AP0009, AP0010, AP0011 and AP0012 pegmatites. By financial year-end, the Company had completed 33 diamond holes for 11,395m and 34 RC holes for 6,363m at this prospect.

Drilling has confirmed that these pegmatites contain very broad zones of impressively high-grade lithium mineralisation (see Figure 6), many in excess of 100m width, placing Andover as one of the world's top lithium exploration projects. Excellent continuity of mineralisation, both laterally along strike and up- and down-dip, has been demonstrated in the pegmatites, particularly in AP0011 which is the largest of the pegmatites.

Figure 4: Spodumene-rich pegmatite associated with samples APRK00867 (4.39% Li_2O), APRK00870 (4.31% Li_2O), APRK00872 (4.28% Li_2O) and APRK00874 (4.41% Li_2O)

Figure 5: Coarse-bladed spodumene in quartz in hole ANDD0199. This sample returned 1.0m @ 1.52% Li_2O between 317m-318m

Figure 6: High-grade lithium samples from hole ANDD0208 within 22.8m @ 3.57% Li_2O

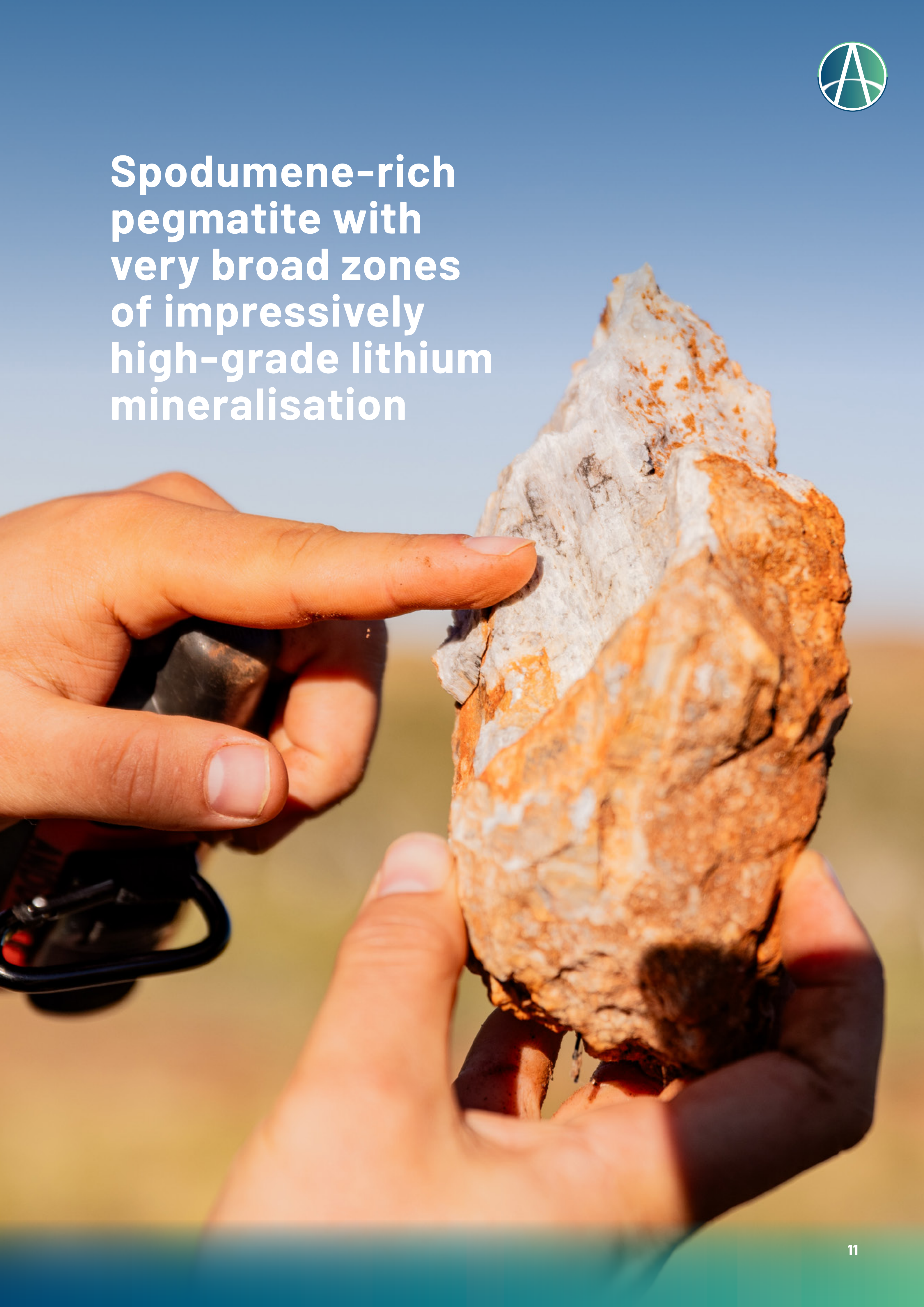
REVIEW OF OPERATIONS

Broadest mineralised intersections returned from initial drill holes include[4][5][6]:

- 54.4m @ 1.07% Li_2O from 310.5m in ANDD0206 (~44.6m True Width); including:
  - 7.4m @ 1.93% Li_2O from 357.5m (~6.1m True Width)
- 52.1m @ 0.91% Li_2O from 22.3m in ANDD0208 (~46.0m True Width); including:
  - 14.4m @ 1.59% Li_2O from 22.3m (~12.7m True Width); and
  - 8.6m @ 1.56% Li_2O from 65.8m (~7.6m True Width)
- 105.0m @ 1.26% Li_2O from 256.3m in ANDD0208 (~89.0m True Width); including:w
  - 22.8m @ 3.57% Li_2O (~19.3m True Width)
- 52.5m @ 1.36% Li_2O from 14.1m in ANDD0210 (~49.9m True Width); including:
  - 28.3m @ 1.83% Li_2O from 14.8m (~26.9m True Width)
- 63.7m @ 1.15% Li_2O from 218.8m in ANDD0210 (~53.4m True Width); including:
  - 34.7m @ 1.59% Li_2O from 220.2m (~29.1m True Width)
- 90.2m @ 1.23% Li_2O from 172.1m in ANDD0214(~77.4m True Width); including:
  - 25.8m @ 1.53% Li_2O from 210.4m (~22.1m True Width)
- 112.4m @ 1.05% Li_2O from 263.3m in ANDD0215 (~110.7m True Width); including:
  - 13.5m @ 1.55% Li_2O from 280.1m (~13.3m True Width); and
  - 59.0m @ 1.24% Li_2O from 316.7m(~58.2m True Width)
- 28.0m @ 1.12% Li_2O from 224.6m in ANDD0216 (~27.6m True Width); including:
  - 11.9m @ 1.57% Li_2O from 240.7m (~11.7m True Width)
- 32.7m @ 1.32% Li_2O from 255.6m in ANDD0217 (~32.3m True Width) including:
- 20.7m @ 1.67% Li_2O from 256.0m (~20.5m True Width)

[4] *See ASX announcement dated: 13 June 2023*
[5] *See ASX announcement dated: 20 June 2023*
[6] *See ASX announcements dated: 30 June 2023*

Spodumene-rich pegmatite with very broad zones of impressively high-grade lithium mineralisation



REVIEW OF OPERATIONS

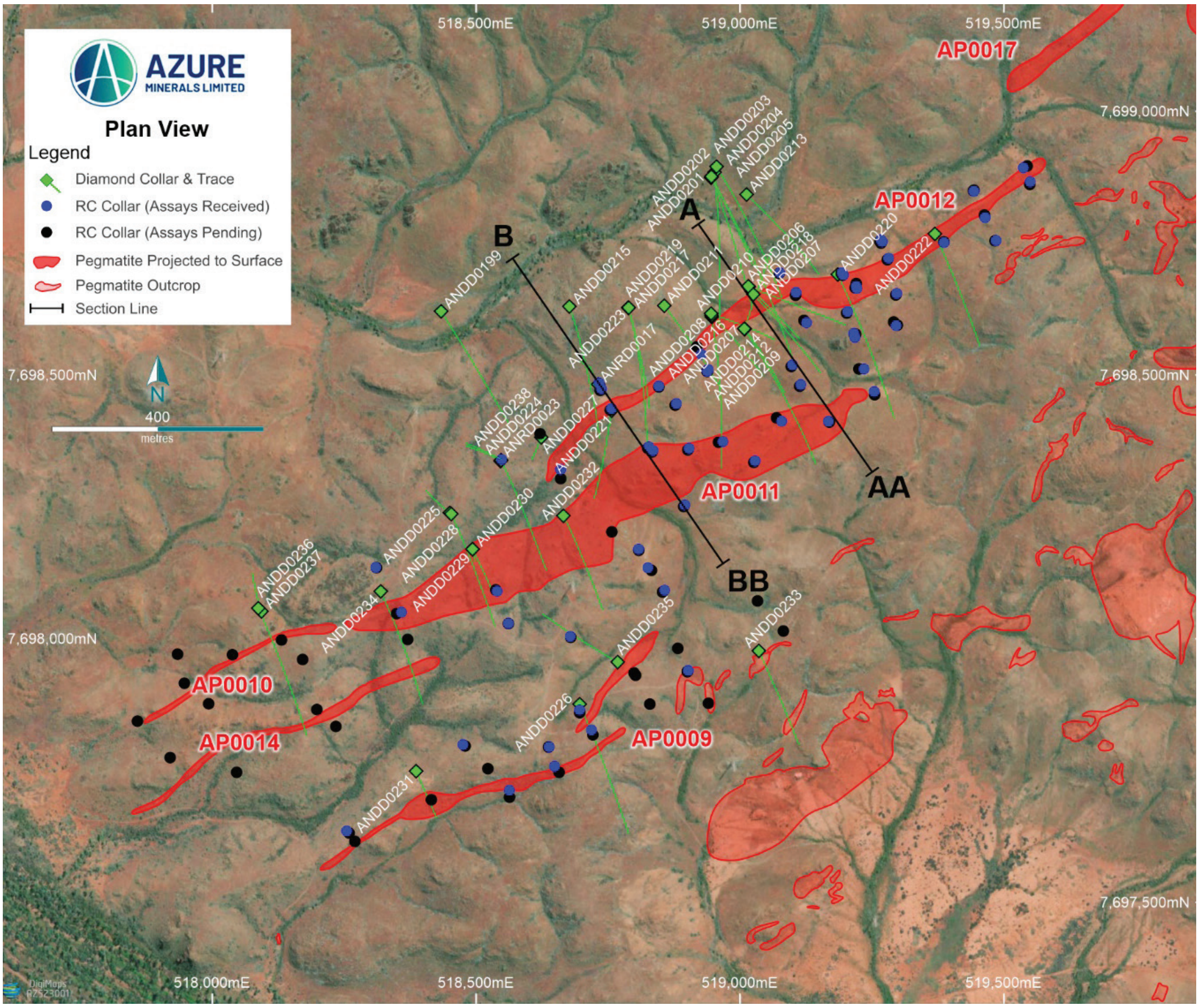


Figure 7: Target Area 1 showing pegmatite outcrops and drill holes

EXPLORATION POST YEAR-END CONFIRMS ANDOVER AS A MAJOR LITHIUM DISCOVERY

Following the end of the Financial Year, Azure has continued to experience outstanding success at the Andover Lithium Project, with the Company reporting numerous more very broad zones of lithium mineralisation, including[7][8][9].

- 209.4m @ 1.42% Li_2O from 219.0m in ANRD0017 (~134.6m True Width), including:
  - 126.2m @ 1.72% Li_2O from 219.0m (~81.1m True Width) which includes:
    - 56.1m @ 2.00% Li_2O from 257.0m (~36.1m True Width); and
  - 19.7m @ 1.54% Li_2O from 401.6m (~12.7m True Width)
- 100.2m @ 1.24% Li_2O from 101.5m in ANDD0221 (~92.0m True Width), including:
  - 28.0m @ 1.86% Li_2O from 126.9m (~26.0m True Width), and
  - 31.7m @ 1.44% Li_2O from 170.0m (~29.0m True Width)
- 101.3m @ 1.21% Li_2O from 264.7m in ANDD0223 (~95.5m True Width), including:
  - 64.1m @ 1.63% Li_2O from 284.8m (~60.4m True Width)
- 183.1m @ 1.25% Li_2O from 170.5m in ANDD0228 (~123.3m True Width), including:
  - 58.9m @ 1.46% Li_2O from 170.5m (~39.7m True Width); and
  - 30.0m @ 1.55% Li_2O from 284.0m (~20.2m True Width); and
  - 11.2m @ 1.85% Li_2O from 332.9m (~7.5m True Width)
- 167.7m @ 1.31% Li_2O from 168.4m in ANDD0238 (~112.2m True Width), including:
  - 89.1m @ 1.55% Li_2O from 168.4m (~59.6m True Width) which includes:
    - 30.5m @ 2.03% Li_2O from 215.3m (~20.4m True Width)
  - 12.5m @ 1.57% Li_2O from 274.5m (~8.3m True Width)
- 100m @ 1.52% Li_2O* from 194m in ANRC0011 (~57.4m True Width), (* hole ended in mineralisation), including:
  - 21m @ 1.67% Li_2O from 210m (~12.0m True Width), and:
  - 46m @ 1.77% Li_2O from 248m (~26.4m True Width)

[7] *See ASX announcement dated: 14 July 2023*
[8] *See ASX announcement dated: 4 August 2023*
[9] *See ASX announcement dated: 21 August 2023*

REVIEW OF OPERATIONS

These latest results confirm that the broad mineralised zones extend for more than 2,000m along strike and down-dip from surface to vertical depths in excess of 400m.

On the basis of the results received by financial year-end, Azure released a maiden Exploration Target for the Andover Lithium Project with an estimated range of potential mineralisation (see Table 1) of:

100 - 240 million tonnes grading at 1.0 - 1.5% Li_2O* (see Table 1 for details)

	Tonnes Range (Mt)		Li_2O Range (%)	
Area	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Target Area 1 (Includes wireframed AP011)	55	105	1.0	1.5
Target Area 2	20	60	1.0	1.5
Target Area 3	25	75	1.0	1.5
Total Exploration Target	**100**	**240**	**1.0**	**1.5**

Table 1: Exploration Target for Target Areas 1, 2 and 3 at the Andover Lithium Project

** The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

[10] See ASX announcement dated: 7 August 2023

CONTINUING NICKEL DEVELOPMENTS

In addition to the lithium exploration activities at Andover, Azure continued to undertake nickel-copper-cobalt exploration at the project, culminating in the successful discovery and delineation of the Ridgeline Deposit.

In February, Azure Minerals announced a maiden Mineral Resource Estimate (MRE) for the Ridgeline Deposit[11] – the second Mineral Resource to be defined at Andover.

Ridgeline contains an MRE of 1.3Mt @ 1.11% Ni, 0.46% Cu and 0.05% Co for 14,700t of contained nickel, 6,100t of contained copper and 640t of contained cobalt at a cut-off grade of 0.5% Ni (JORC 2012) (see Table 2).

Global Mineral Resources for the Project, including both the Andover Deposit[12] and the Ridgeline Deposit, now stand at 6Mt @ 1.11% Ni, 0.47% Cu and 0.05% Co for 66,400t of contained Nickel, 27,800t of contained Copper and 3,100t of contained Cobalt at a cut-off grade of 0.5% Ni (JORC 2012).

The Ridgeline MRE was completed by CSA Global Pty Ltd ("CSA Global") based on 58 Diamond Drill (DD) holes drilled during 2021 and 2022, for a total of 33,065.3m.

Classification	Tonnes Mt	Ni %	Cu %	Co %	S %	NiEq. %	Ni Metal kt	Cu Metal kt	Co Metal kt
Andover Deposit									
Indicated	3.8	1.16	0.47	0.05	8.23	1.51	43.9	17.9	2.1
Inferred	0.9	0.89	0.44	0.04	6.33	1.2	7.7	3.8	0.4
Total	**4.7**	**1.11**	**0.47**	**0.05**	**7.87**	**1.41**	**51.7**	**21.7**	**2.4**
Ridgeline Deposit									
Indicated	0.4	1.13	0.48	0.05	6.63	1.51	4.8	2.0	0.2
Inferred	0.9	1.09	0.45	0.05	6.57	1.45	9.9	4.1	0.4
Total	**1.3**	**1.11**	**0.48**	**0.05**	**6.59**	**1.47**	**14.7**	**6.1**	**0.6**
Global Mineral Resources									
Indicated	4.2	1.16	0.47	0.05	8.06	1.51	48.7	19.9	2.3
Inferred	1.8	0.99	0.45	0.04	6.45	1.33	17.6	7.9	0.8
Total	**6.0**	**1.11**	**0.47**	**0.05**	**7.58**	**1.45**	**66.4**	**27.8**	**3.1**

Table 2: MRE for the Andover nickel project by classification reported above a 0.5% Ni cut-off

[11] *See ASX announcement dated: 8 February 2023*
[12] *See ASX announcement dated: 30 March 2022*

REVIEW OF OPERATIONS

BARTON GOLD PROJECT (AZURE 100%)

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

Azure holds 100% ownership of a large, strategically situated portfolio of tenements covering 888km^2 over a contiguous north-south strike length of approximately 80km. The project comprises four granted Exploration Licences and four Exploration Licence Applications, where Azure is the sole applicant (Figure 8).

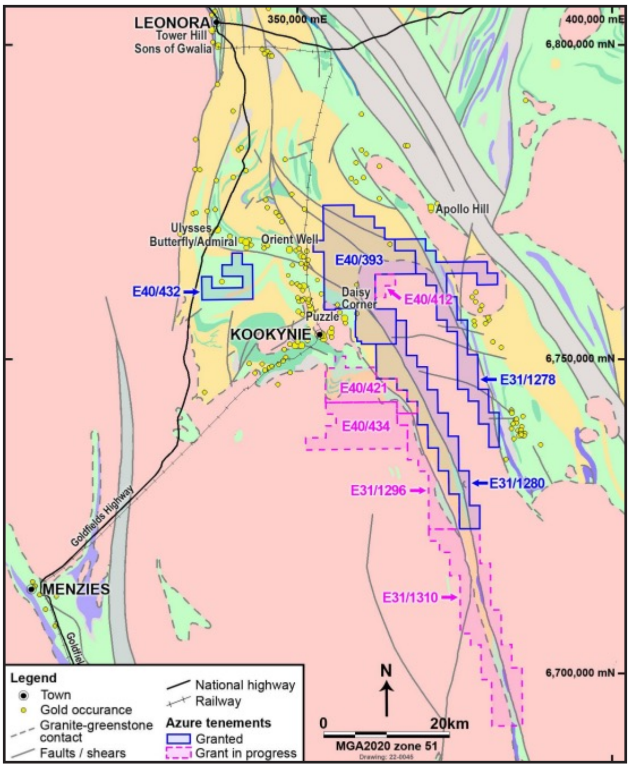


Figure 8: Map of Azure Minerals' Barton Gold Project

Drilling conducted by Azure during the year tested the Company's Daisy Corner and Trevan Well prospects, encountering strongly anomalous gold mineralisation, with better intersections including[13]:

- Trevan Well BTRC0030:
  - 1.0m @ 1.18 g/t Au from 53.0m
  - 1.0m @ 1.05 g/t Au from 57.0m
- Daisy Corner
  - BTRC0034:
    - 26.0m @ 0.63 g/t Au from 16.0m
    - including 10m @1.03 g/t Au from 31m
  - BTRC0037:
    - 16.0m @ 0.54 g/t Au from 32.0m (4m composites)
  - BTRC0039:
    - 20.0m @ 0.41 g/t Au from 20.0m (4m composites)
    - including 8m @ 0.71 g/t Au from 24m
  - BTRC0040:
    - 8.0m @ 1.62g/t Au from 84.0m (4m composites)
  - BTRC0056: 2.0m @ 2.62 g/t Au to EOH (2m composite)
- Daisy West
  - BTRC0050: 4.0m @ 0.53g/t Au from 48.0m (4m composite)

These encouraging results support the prospectivity of the Barton Project to host significant gold mineralisation and further exploration is warranted.

[13] *See ASX announcement dated: 27 April 2023*

CORPORATE

During the year, Azure Minerals' highly successful exploration and drilling activities coincided with a bolstering of the Company's balance sheet, with Azure announcing global lithium company Sociedad Química y Minera de Chile S.A., via its wholly-owned subsidiary SQM Australia Pty Ltd ("SQM"), intended to make a major cornerstone investment of up to A$20 million to acquire a 19.99% interest in Azure[14].

In the first tranche of the Transaction, completed in December 2022, SQM subscribed for 16,381,720 ordinary shares in Azure at a subscription price of A$0.2564 per share, raising A$4,200,00 for Azure and giving SQM a 4.99% shareholding in Azure.

In March 2023, completion of the second tranche of the Transaction was announced with SQM subscribing for an additional 61,626,471 ordinary shares in Azure at the same subscription price of A$0.2564 per share as for the first tranche, raising a further A$15,800,000 for Azure.

In addition to the investment from SQM, Azure's balance sheet was further strengthened by the completion of 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 (the "Transaction").

The key terms and conditions of the Transaction are set out in Azure's announcement of 30 May 2022. 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. 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.

[14] See ASX announcements dated: 11 January 2023 & 13 March 2023

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 2023.

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
Annie Guo
Hansjörg Plaggemars

PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was exploration for precious and base metals in Western Australia.

DIVIDENDS

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

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 Western Australia with the acquisition of a number of gold and base metal projects.

Of those assets acquired, the Andover Lithium and Nickel project has emerged as the most promising with nickel resource estimation completed on the Andover Nickel deposit in March 2022 and the Ridgeline Nickel deposit in January 2023 The discovery of Lithium rich pegmatites during the 2022 was a significant event for the Company and lead to global lithium company Sociedad Química y Minera de Chile S.A.(SQM) to make a significant cornerstone investment of $20 million to acquire a 19.99% interest in Azure.

The investment by SQM has enabled the Company to allocate significant financial resources to the exploration for Lithium at the Andover project and has been the principal focus of activities during 2023.

In July 2022 the Company sold its interests in Mexico and is now solely focussed in Western Australia.

OPERATING RESULTS FOR THE YEAR

The operating loss from continuing operations after income tax of the Group for the year ended 30 June 2023 was $29,081,472 (2022: $18,285,369). Included in this loss figure is $13,479,782 (2022: $15,112,330) of exploration expenditure. While the total exploration expenditure amounts were similar for 2022 and 2023 years, expenditure in 2022 was principally focused towards nickel exploration activities while 2023 expenditure was directed towards Lithium exploration. Refer to notes 1(c) and 5 to the financial statements.

Shareholder Returns	2023	2022
Basic loss per share from continuing operations (cents)	(8.59)	(5.89)
Diluted loss per shares from continuing operations (cents)	(8.59)	(5.89)

INVESTMENTS FOR FUTURE PERFORMANCE

It is the Company's current intention to continue to aggressively explore and develop the Andover Lithium project over the next 12 to 18 months with the future performance of the group largely dependent upon exploration success from those activities. In addition, it will progress development studies for both nickel and lithium. To this end the group has budgeted to continue exploration and development studies on its projects.

DIRECTORS' REPORT

REVIEW OF FINANCIAL CONDITION

Following the investment of $20 million from SQM, together with $110 million received from a share placement and Securities Purchase Plan subsequent to year end, 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 future prospects of the Company is directly related to the results of exploration and development activities. There is no assurance that, exploration and development of the mineral interests currently held by the Company will result in an economic deposit. Exploration and development activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, native title process, changing government regulations and many other factors beyond the control of the Company.

Climate change is a risk the Company has considered. The climate change risks particularly attributable to the Company include the emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences and climate change may cause certain physical risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns which have the potential to delay the Company's projects.

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 79,500,351 fully paid ordinary shares (FPOS) raising a total of $20,306,973, being:

- The issue of 78,008,191 FPOS as consideration for the SQM Subscription; and
- The issue of 1,492,160 FPOS as a result of the exercise of 2,000,000 options;

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 28 August 2023 the Company completed a placement of 41,639,663 shares at $2.40 per share to raise $99,949,381 and on 15 September the Company completed a Security Purchase Plan and issued 4,166,803 shares at $2.40 per share to raise $10,000,327.

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.

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.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

MR. BRIAN THOMAS

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.

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

- 2,000,000 options over ordinary shares in Azure Minerals Limited

MR. ANTHONY PAUL ROVIRA

BSc (Hons) Flinders University,
MAusIMM (Managing Director)

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 lithium, nickel and gold in Western Australia. The company has had significant exploration success at the Andover Project where a vast array of lithium-rich pegmatites have been discovered, as well as defining two nickel-copper-cobalt sulphide deposits.

Other Current Directorships

- Nil

Former Directorships in the last 3 years

- Ionic Rare Earths Limited (resigned 21 December 2020)

Interests in Shares and Options

- 3,209,669 ordinary shares in Azure Minerals Limited, of which 109,669 are held indirectly
- 4,000,000 options over ordinary shares in Azure Minerals Limited

MS. ANNIE GUO

B.ECON, M.FIN
(Appointed 1 March 2021)

Ms. Guo, is 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.

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

- 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, Spartan Resources Limited, GeoPacific Resources Ltd, Kin Mining NL, PNX Metals Limited, Wiluna Mining Corporation, Marna Beteiligungen AG, 2invest AG and Altech Advanced Materials AG

Former Directorships in the last 3 years

- The Grounds Real Estate Development AG, CARUS AG, Biofrontera AG, South Harz Potash Limited and 4basebio AG

Interests in Shares and Options

- 60,000 ordinary shares in Azure Minerals Limited, which are held indirectly
- 1,000,000 options over ordinary shares in Azure Minerals Limited

DIRECTORS' REPORT

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:

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

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.

Exploration Post Year-End Confirms Andover as a Major Lithium Discovery

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional Information

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
Ms Annie Guo	Non-Executive Director	Full financial year
Mr Hansjörg Plaggemars	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 11.0% 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

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*.

Compensation options

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. During the year 10,000,000 options were granted as remuneration and 1,700,000 options were exercised (2022: 1,500,000) with a net value of $85,000 at the date of exercise . During the year nil options lapsed or were forfeited (2022: 250,000).

	Short-Term			Post-Employment	Share-based Payments	Total	Share Based Payment %
Name	**Cash, salary & fees**	**Cash Bonus**	**Non-monetary Benefits**	**Superannuation**	**Options**		
Directors							
Brian Thomas – Chairman							
2023	98,250	–	–	6,827	809,046	914,123	88%
2022	103,720	–	–	6,504	–	110,224	–
Anthony Rovira – Managing Director							
2023	413,000	–	–	27,500	1,618,092	2,058,592	79%
2022	413,000	–	–	27,500	–	440,500	–
Annie Guo –Non Executive							
2023	45,000	–	–	–	404,523	449,523	90%
2022	45,000	–	–	–	–	45,000	–
Hansjörg Plaggemars– Non Executive							
2023	45,000	–	–	–	404,523	449,523	90%
2022	45,000	–	–	–	–	45,000	–
Executives							
Brett Dickson – Company Secretary							
2023	188,600	–	–	–	412,417	601,017	69%
2022	218,900	–	–	–	–	218,900	–
Total							
2023	789,850	–	–	34,327	3,648,601	4,472,778	82%
2022	825,620	–	–	34,004	–	859,624	–

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 (2022: Nil). Performance based remuneration for executives is detailed later in section E of this report.

C. SERVICE AGREEMENTS

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

Anthony Rovira
Managing Director

- Term of agreement – to 31 December 2024.
- Base salary, exclusive of superannuation, of $413,000 to be reviewed annually by the remuneration committee.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination or the equivalent of 12 months remuneration, whichever is the greater.

Brett Dickson
Company Secretary/Chief Financial Officer:

- Term of agreement – to 31 December 2024.
- Fixed fee, $15,300 per month, with additional amounts payable for changes to scope of works.
- 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 12 months remuneration whichever is the greater.

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 10,000,000 options were awarded to or vested with Directors and Executives (2022: nil). Refer to Note 24 of the Notes to the Consolidated Financial Statements for more information.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

1,700,000 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 nil (2022: 250,000) 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.

E. ADDITIONAL INFORMATION

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 2022 and 2023 financial years

No STI payment was awarded for the 2022 and 2023 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.

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

1,192,160 shares were issued on exercise of compensation options during the year.

Option holdings of key management personnel

						Vested at 30 June	
2023	**Balance at beginning of year**	**Granted as Remuneration**	**Options Exercised**	**Options Lapsed**	**Balance at end of year**	**Vested & Exercisable**	**Unvested**
Directors							
Brian Thomas	–	2,000,000	–	–	2,000,000	2,000,000	–
Anthony Rovira	1,000,000	4,000,000	(1,000,000)	–	4,000,000	4,000,000	–
Annie Guo	–	1,000,000	–	–	1,000,000	1,000,000	–
Hansjörg Plaggemars	–	1,000,000	–	–	1,000,000	1,000,000	–
Executives							
Brett Dickson	700,000	2,000,000	(700,000)	–	2,000,000	2,000,000	–
Total	**1,700,000**	**10,000,000**	**(1,700,000)**	**–**	**10,000,000**	**10,000,000**	**–**

Shareholdings of key management personnel

2023	**Balance 1 July Ord**	**Granted Ord**	**On Exercise of Options Ord**	**Purchased/ Sold Ord**	**Balance 30 June* Ord**	**Balance Indirectly Held Ord**
Brian Thomas	–	–	–	–	–	–
Anthony Rovira	2,209,669	–	1,000,000		3,209,669	109,669
Annie Guo	–	–	–	–	–	–
Hansjörg Plaggemars	60,000	–	–	–	60,000	60,000
Executives						
Brett Dickson**	375,000	–	192,160	–	567,160	471,080
Total	**2,644,669**	**–**	**1,192,160**	**–**	**3,836,829**	**640,749**

* *Or date of retirement from the board*

** *700,000 options were exercised utilising the Company's cashless exercise facility, resulting in the issue of 192,160 ordinary shares.*

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 $12,000 (2022: $12,721).

Directors and executive options

Set out below are summaries of current Directors & Executives options granted.

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.75 years (2022: 0.42 years)

Total expenses arising from share-based payment transactions recognised during the year were $1,915,993 nil (2022: Nil).

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	Balance at end of the year Number	Vested and exercisable at end of the year Number
2023									
26 Nov '19	30 Nov '22	20.5	5.8	1,700,000	–	(1,700,000)	–	–	–
31 Mar '23	31 Mar '26	45.0		–	2,000,000	–	–	2,000,000	2,000,000
31 Mar '23	31 Mar '26	60.0		–	8,000,000	–	–	8,000,000	8,000,000
				1,700,000	**10,000,000**	**(1,700,000)**	**–**	**10,000,000**	**10,000,000**
Weighted average exercise price				$0.205	$0.570	$0.205		$0.570	$0.570

COMPANY'S PERFORMANCE

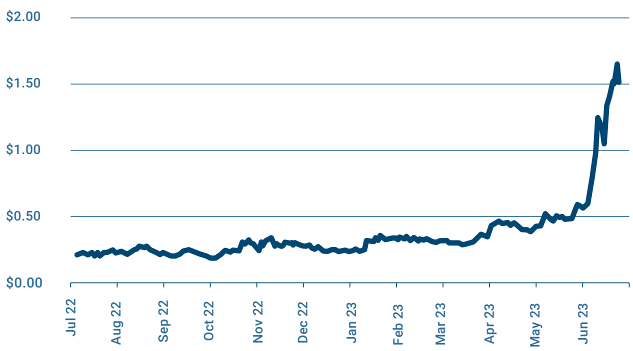
Company's share price performance

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 2023.

Company's Share Price Performance



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 2023.

	2023	2022	2021	2020	2019
Basic loss per share	(6.26)	(6.45)	(6.28)	(3.75)	(8.77)

Voting and comments made at the company's 2022 Annual General Meeting

Azure Minerals Limited received approximately 99.05% of "yes" votes on its remuneration report for the 2022 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

DIRECTORS' REPORT

SHARES UNDER OPTION

At the date of this report there are 16,800,000 unissued ordinary shares in respect of which options are outstanding.

		Total Number of options
Balance at the beginning of the year		5,000,000
Share option movements during the year		
Options Issued	13,800,000	13,800,000
Options Exercised	(2,000,000)	(2,000,000)
Options Lapsed	–	–
Total options issued, exercised and lapsed in the year to 30 June 2023		11,800,000
Total number of options outstanding as at 30 June 2023 and at the date of this report		**16,800,000**

The balance is comprised of the following

Date granted	Expiry date	Exercise price (cents)	Number of options
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
31 Mar 2023	31 Mar 2026	45.0	5,800,000
31 Mar 2023	31 Mar 2026	60.0	8,000,000
Total number of options outstanding at the date of this report			**16,800,000**

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 $55,500 (2022: $44,004) 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*.

DIRECTORS' REPORT

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 principals relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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

	Consolidated	
	2023	**2022**
	$	**$**
1. Audit Services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	65,951	70,561
Total remuneration for audit services	65,951	70,561
2. Non audit Services		
Taxation Services		
BDO Corporate Tax (WA) Pty Ltd		
Tax compliance services	20,445	63,780
Total remuneration for non-audit services	20,445	63,780

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 91.

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, 28 September 2023

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 it 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:

https://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 2022/2023 financial year (Reporting Period). The information in this statement is current at 28 September 2023. This statement was approved by a resolution of the Board on 28 September 2023.

APPROACH TO CORPORATE GOVERNANCE

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, 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)	7 out of 24 (29%)
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 24.

APPROACH TO CORPORATE GOVERNANCE

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 22.

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,

APPROACH TO CORPORATE GOVERNANCE

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 2022 and the full-year ended 30 June 2023, 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***.

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***

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.

APPROACH TO CORPORATE GOVERNANCE

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 processed 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 of part of the Directors' Report and commences at page 26 of the Company's Annual Report for year ended 30 June 2023.

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.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Continuing Operations			
Income			
Interest		**69,482**	1,646
Expenditure			
Depreciation	5	**(118,478)**	(130,821)
Lease Amortisation	5	**(109,534)**	(109,534)
Salaries and employee benefits expense		**(1,135,324)**	(1,130,563)
Director's fees		**(155,000)**	(155,000)
Exploration expenses	5	**(13,479,782)**	(15,112,330)
Travel expenses		**(213,383)**	(62,008)
Promotion expenses		**(405,122)**	(274,320)
Administration expenses		**(1,301,532)**	(712,571)
Consulting expenses		**(52,857)**	(174,209)
Insurance expenses		**(93,789)**	(86,759)
Lease Interest		**(29,900)**	(37,419)
Share based payment expense	24	**(4,553,482)**	(121,286)
Loss on tenement Sale	9	**(1,502,283)**	–
Provision for expected credit losses	8	**(6,000,000)**	–
Other expenses		**(488)**	(180,195)
Loss before income tax from continuing operations		**(29,081,472)**	**(18,285,369)**
Income tax expense	**6**	**–**	**–**
Loss for the year from continuing operations		**(29,081,472)**	**(18,285,369)**
Discontinued Operations			
Profit/(Loss) after income tax from discontinued operations	7	**7,878,320**	(1,737,219)
Loss for the year		**(21,203,152)**	**(20,022,588)**
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**1,553,860**	273,789
Other comprehensive income/(loss) for the year net of tax		**1,553,860**	273,789
Total comprehensive loss for the Year		**(19,649,292)**	**(19,748,799)**

The loss for the year and total comprehensive loss for the year is fully attributable to the owners of Azure Minerals Limited

Loss per share from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share (cents per share)	20	**(8.59)**	(5.89)
Loss per share from discontinued operations attributable to the ordinary equity holders of the company			
Basic Profit/(loss) per share (cents per share)	20	**2.33**	(0.56)
Loss per share from attributable to the ordinary equity holders of the company			
Basic loss per share (cents per share)	20	**(6.26)**	(6.45)

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

AT 30 JUNE 2023

	Notes	2023 $	2022 $
Assets			
Current Assets			
Cash and cash equivalents	16	**17,494,228**	10,600,561
Trade and other receivables	8	**6,579,417**	313,544
Assets of disposal groups classified as held for sale	12	**–**	9,264,636
Total Current Assets		**24,073,645**	**20,178,741**
Non-Current Assets			
Financial assets at fair value through other comprehensive income	25	**4,000,948**	948
Security Deposit		**24,500**	4,500
Office right of use		**273,836**	383,370
Plant and equipment		**546,509**	244,117
Capitalised exploration expenditure	9	**5,955,899**	7,458,182
Total Non-Current Assets		**10,801,692**	**8,091,117**
Total Assets		**34,875,337**	**28,269,858**
Liabilities			
Current Liabilities			
Trade and other payables	11	**3,185,634**	1,626,303
Lease Liability		**110,607**	115,490
Provisions		**132,456**	245,554
Liabilities directly associated with assets classified as held for sale	12	**–**	51,887
Total Current Liabilities		**3,428,697**	**2,039,234**
Non-Current Liabilities			
Lease Liability		**156,694**	267,302
Provisions		**292,078**	136,144
Total Non-Current Liabilities		**448,772**	403,446
Total Liabilities		**3,877,469**	2,442,680
Net Assets		**30,997,868**	25,827,178
Equity			
Contributed equity	13	**163,322,985**	143,016,012
Reserves	14	**10,323,617**	4,256,748
Accumulated losses	14	**(142,648,734)**	(121,445,582)
Total Equity		**30,997,868**	**25,827,178**

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

FOR THE YEAR ENDED 30 JUNE 2023

30 June 2023	Contributed Equity $	Share Option Reserve $	Financial Asset Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2022	143,016,012	5,850,604	(39,996)	(1,553,860)	(121,445,582)	25,827,178
Loss for year	**–**	**–**	**–**	**1,553,860**	**(21,203,152)**	**(19,649,292)**
Other comprehensive loss						
Exchange differences on translation of foreign operations	–	–	–	–	–	–
Total other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**1,553,860**	**(21,203,152)**	**(19,649,292)**
Transactions with owners in their capacity as owners:						
Issue of shares net of transaction costs (Note 13)	20,306,973	–	–	–	–	20,306,973
Share based payments (Note 24)	–	4,513,009	–	–	–	4,513,009
Total transactions with owners	20,306,973	4,513,009	–	–	–	24,819,982
Balance as at 30 June 2023	**163,322,985**	**10,363,613**	**(39,996)**	**–**	**(142,648,734)**	**30,997,868**

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
Loss for year	**–**	**–**	**–**	**–**	**(20,022,588)**	**(20,022,588)**
Other comprehensive loss						
Exchange differences on translation of foreign operations	–	–	–	273,789	–	273,789
Total other comprehensive loss	**–**	**–**	**–**	**273,789**	**–**	**273,789**
Total comprehensive loss for the year	**–**	**–**	**–**	**2739**	**(20,022,588)**	**(19,748,799)**
Transactions with owners in their capacity as owners:						
Issue of shares net of transaction costs (Note 13)	691,500	–	–	–	–	691,500
Share based payments (Note 24)	–	121,286	–	–	–	121,286
Total transactions with owners	691,500	121,286	–	–	–	812,786
Balance as at 30 June 2022	**143,016,012**	**5,850,604**	**(39,996)**	**(1,553,860)**	**(121,445,582)**	**25,827,178**

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 2023

	Notes	2023 $	2022 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(3,375,750)**	(3,483,276)
Interest received		**69,482**	2,447
Expenditure on mining interests		**(12,898,055)**	**(16,179,962)**
Net Cash Outflow from Operating Activities	**16(b)**	**(16,204,323)**	**(19,660,791)**
Cash Flows from Investing Activities			
Payments for plant and equipment		**(420,901)**	(47,239)
Acquisition Payments for projects	8	**–**	(330,623)
Security Deposit		**(20,000)**	–
Proceeds from sale of plant and equipment		**–**	1,024
Proceeds from sale of mineral projects		**3,399,847**	**101,133**
Net Cash Inflow (Outflow) from Investing Activities		**2,958,946**	**(275,705)**
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		**20,000,000**	–
Proceeds from exercise of options		**266,500**	392,500
Interest expense		**(29,900)**	–
Lease payments		**(115,491)**	–
Net Cash Inflow from Financing Activities		**20,121,109**	**392,500**
Net Increase/Decrease in Cash and Cash Equivalents		**6,875,732**	**(19,543,996)**
Cash and cash equivalents at the beginning of the financial year		**10,600,561**	30,267,222
Effect of exchange rate changes on cash and cash equivalents		**17,935**	(122,665)
Cash and Cash Equivalents at End Of Year	**16(a)**	**17,494,228**	10,600,561

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 year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 year.

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 year in which the operation is disposed.

H. RADE 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 year 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 year 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 Managing Director.

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 determined fair value for the remaining financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis.

Expected credit losses (ECL) represents the probability-weighted amount that the company expects to be impaired or not collectible. The measurement of ECL considers both the historical credit loss experience and reasonable and supportable forward-looking information. Debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rates.

V. 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 year. 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.

NOTES TO THE 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	**2023**	**2022**
		$	**$**
Trade and other receivables	8	6,538,441	259,308
Cash and cash equivalents	16	17,494,228	10,600,561

Expected credit losses

None of the Company's other receivables are past due (2022: nil).

Trade and other receivables due of $6,538,442 includes an amount of $12,000,000 due from Bendito Resources Inc ("Bendito") as a result of the sale of the Company's Mexican assets to Bendito. The company completed the sale on 26 July 2022 for a combination of cash and shares valued at $20 million. At that time Azure received an immediate cash payment of $4,000,000 and was issued 11,200,000 Bendito shares valued at $4,000,000. A second tranche of $6,000,000 in cash and $6,000,000 worth of Bendito shares for a total of $12,000,000 is payable to Azure within 18 months of Closing. A provision of $6,000,000 has been made against the cash component.

Other than as stated above 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 2023 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 (2022: $94,475) to secure its office lease. Otherwise, the Group only provides guarantees to wholly owned subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2023							
Trade and other payables	3,185,634	3,185,634	3,185,634	–	–	–	–
Lease Liability	267,301	267,301	55,399	55,208	105,905	50,789	–
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	–

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

With the sale of the Company's interests in Mexico the Group does not carry any significant currency risk. For the 2022 financial year, the Group was exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United Sates Dollar (USD) and Mexican Peso (MxP).

The 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 were 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:

	2023		2022	
	USD	MXD	USD	MXD
Trade receivables	–	–	**240,223**	240,223
Trade payables	–	–	**25,943**	25,943
Gross statement of financial position	**–**	**–**	**266,166**	**266,166**
Net exposure	**–**	**–**	**266,166**	**266,166**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
USD/AUD	–	1.3788	–	1.4510
MXD/AUD	–	0.0679	–	0.07200

Sensitivity analysis

Over the previous reporting year 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 2022.

	Consolidated
30 June 2023	**Profit or loss**
USD	–
30 June 2022	
USD	26,616

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
	2023	**2022**
Variable rate instruments		
Short term cash deposits	17,494,228	10,558,726

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 2023 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 $174,942 higher /lower (2022 – change of 100 basis points $106,005 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:

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.

	2023		2022	
Consolidated	**USD**	**MXD**	**USD**	**MXD**
Trade and other receivables	6,579,417	6,579,417	313,544	313,544
Cash and cash equivalents	17,494,228	17,494,228	10,600,561	10,600,561
Other financial assets	4,000,948	4,000,948	948	948
Trade and other payables	(3,185,634)	(3,185,634)	(1,626,303)	(1,626,303)
Lease liability	(267,301)	(267,301)	(382,792)	(382,792)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Investment in Bendito

The Group have classified the investment as a financial instrument held at fair value through other comprehensive income. Significant influence is the power to participate in financial and operating policy decisions of the investee but is not control or joint control of those policies. As at 31 December 2022, Azure held a 19% interest in Bendito Resources, however, has the rights to a further $6 million in shares to be paid within 18 months from the agreement date, which would result in an interest greater than 20%. As a result, Azure is assumed to have significant influence under AASB 128 unless demonstrated otherwise.

Management have determined Azure do not have a significant influence over Bendito for the following reasons in accordance with AASB 128:

- The Group does not have Board representation on the Bendito Board therefore does not participate in financial or operational decisions made by Bendito
- There are no material transactions between Azure and Bendito
- There are no interchange of managerial personnel between Azure and Bendito
- There are no provision of essential technical information

Fair value of financial assets

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

Quotes prices or rates are used to determine the fair value where an active market exists. If the market for a financial instrument is not active or the instrument is unlisted, the fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date, including recent capital raisings.

The value derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows

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 year 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.

Expected Credit Loss.

The provision for expected credit loss of receivables assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the credit risk of the counterparty and specific knowledge about the individual debtors financial position and forward looking external industry information in line with the expected credit loss model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2023	Australia $	Mexico $	Total $
Revenues	69,482	–	69,482
Gain/(Loss)	(29,081,472)	9,432,180	(19,649,292)
Non-current assets	10,801,692	–	10,801,692
Total assets	34,875,337	–	34,875,337
Total liabilities	3,877,469	–	3,877,469

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
Total assets	19,005,222	9,264,636	28,269,858
Total liabilities	(2,390,793)	(51,887)	(2,442,680)

5. EXPENSES

	30 June 2023 $	30 June 2022 $
Loss before income tax includes the following specific expenses		
Depreciation of plant and equipment	**118,478**	130,821
Amortisation of right to use asset	**109,534**	109,534
Exploration expenditure	**13,479,782**	15,112,330
Provision for doubtful debt	**6,000,000**	–
Superannuation	**234,574**	203,600

6. INCOME TAX

	30 June 2023 $	30 June 2022 $
(a) Income tax expense	**–**	–
Current tax		
Deferred tax	**–**	–
	–	–
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(29,081,472)**	(20,022,588)
Tax at the Australian tax rate of 27.5% (2022: 27.5%)	**(7,997,405)**	(5,506,212)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**1,252,207**	33,354
Provision for doubtful debt	**1,650,000**	–
Sundry items	**109,728**	67,508
	(4,985,470)	(5,405,350)
Movement in unrecognised temporary differences	**(120,545)**	(135,727)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**5,106,015**	5,541,077
Income tax expense	**–**	–
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 27.5%)		
On Income Tax Account		
Prepayments	**11,268**	14,915
Depreciation of plant and equipment	**(10,201)**	(10,201)
Provisions	**116,747**	104,967
Carry forward tax losses	**19,503,905**	16,755,424
Carry forward tax losses – foreign	**–**	10,547,505
Other – tenement	**600,100**	600,100
	20,221,819	28,012,710
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.

There are no franking credits available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. DISCONTINUED OPERATIONS

i Description

During 2021 the Group announced that it was seeking to sell its Mexican based subsidiaries and the assets and liabilities associated with the Mexican subsidiaries were presented as held for sale in the 2022 financial statements. The subsidiaries were sold on 21 July 2022 and are reported in the current year as discontinued operations for the year 1 July 2022 to 21 July 2022. Financial information relating to the discontinued operation for the period to 21 July 2022 (the date of disposal) is set out below.

ii. Financial performance information

The financial performance and cash flow information presented ore for the three week period ending 21 July 2022 and the year ended 30 June 2022.

	30 June 2023 $	30 June 2022 $
Other Income	**–**	**7,229**
Expenditure		
Depreciation	**(642)**	(13,214)
Salaries and employee benefits expense	**–**	(457,303)
Exploration expenses	**(48,333)**	(1,038,651)
Travel expenses	**–**	(3,913)
Administration expenses	**–**	(161,103)
Insurance expenses	**–**	(2,145)
Other expenses	**(46,809)**	(68,119)
Loss before income tax from discontinued operations	**(95,784)**	(1,737,219)
Income tax expense	**–**	–
Loss after income tax from discontinued operations	**(95,784)**	(1,737,219)
Gain on sale of the subsidiaries after income tax (see iii below)	**7,974,104**	**–**
Gain (loss) after income tax from discontinued operations	**7,878,320**	**(1,737,219)**
Exchange differences on translation of discontinued operations	**1,553,860**	**273,789**
Other comprehensive income from discontinued operations	**1,553,860**	**279,789**
Cash flow information		
Net cash (outflow) from operating activities	**(114,336)**	(1,845,112)
Net cash inflow from investing activities includes an inflow from the sale of the subsidiaries	**3,399,847**	236,777
Net cash inflow from financing activities	**–**	–

iii. Details of the sale of the subsidiaries

	30 June 2023 $	30 June 2022 $
Consideration received or receivable		
Cash	10,000,000	–
Fair value of shares in acquirer	10,000,000	–
Total disposal consideration	20,000,000	–
Costs associated with sale	(1,258,143)	
Carrying amount of net assets sold including foreign currency reclassification	(9,213,893)	–
Gain on sale before income tax and reclassification of foreign currency translation reserve	9,527,964	–
Income tax expense on gain	–	–
Reclassification of foreign currency translation reserve	(1,553,860)	
Gain on sale after income tax	7,974,104	–

The carrying amounts of assets and liabilities as at the date of sale (21 July 2022) were:

	30 June 2022 $
Cash	88,828
Trade receivables	481,858
Plant and equipment	29,442
Capitalised exploration expenditure	8,754,195
Total assets	9,354,323
Trade creditors	(140,430)
Total Liabilities	(140,430)
Net assets	9,213,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLE

	2023 $	2022 $
Trade receivables	**538,441**	259,309
Prepayments	**40,976**	54,235
Receivable from Bendito Resources Inc.	**12,000,000**	–
Less provision for expected credit loss	**(6,000,000)**	–
	6,579,417	**313,544**

A. The company completed the sale of its Mexican assets Bendito Resources Inc ("Bendito") on 26 July 2022 for a combination of cash and shares valued at $20 million. At that time Azure received an immediate cash payment of A$4 million and was issued 11,200,000 Bendito shares valued at $4 million. A second tranche of $6 million in cash and $6 million worth of Bendito shares for a total of A$12 million is payable to Azure within 18 months of Closing. A provision of $6,000,000 has been made against the cash component as there is concern that this amount will not be collected by its due date of 26 January 2024.

9. CAPITALISED EXPLORATION EXPENDITURE (NON-CURRENT)

	2023 $	2022 $
At Cost	**5,955,899**	7,458,182
Movement in the carrying amounts of capitalised exploration expenditure between the beginning and end of the current financial year		
Opening net book amount	**7,458,182**	15,216,335
Additions(a)	**–**	**772,443**
Disposals	**(1,502,283)**	**–**
Transfer to assets of disposal group classified as held for sale	**–**	**(8,643,892)**
Foreign exchange translation adjustment	**–**	**113,296**
Closing net book amount	**5,955,899**	**7,458,182**

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.

10. 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* 2023	2022
Azure Mexico Pty Ltd	Australia	Ordinary	–	100%
Minera Piedra Azul, S.A. de C.V.	Mexico	Ordinary	–	100%
Minera Capitana S.A. de C.V.	Mexico	Ordinary	–	100%
Azu-Perth S.A. de C.V.	Mexico	Ordinary	–	100%
Minera Azure, S.A. de C.V.	Mexico	Ordinary	–	100%
Minera Tlali SAPI. de C.V.	Mexico	Ordinary	–	100%

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

11. TRADE AND OTHER PAYABLES (CURRENT)

	2023 $	2022 $
Trade payables	(3,185,634)	1,626,303
	(3,185,634)	**1,626,303**

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.

12. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	2023 $	2022 $
Assets		
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 19 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. CONTRIBUTED EQUITY

a. Share capital

	2023		2022	
	Number of shares	**$**	**Number of shares**	**$**
Ordinary shares fully paid				
Total consolidated contributed equity	**390,236,072**	**163,322,985**	**310,735,721**	**143,016,102**

b. Movements in ordinary share capital

	2023		2022	
	Number of shares	**$**	**Number of shares**	**$**
1 July opening balance	310,735,721	143,016,012	308,085,721	142,324,512
Issue at $0.2564 per share	78,008,191	20,000,000	–	–
Exercise of options at $0.205	1,492,160	306,973	–	–
Issue for projects (Note 9 and 16)	–	–	1,150,000	299,000
Exercise of options at $0.205	–	–	500,000	102,500
Exercise of options at $0.29	–	–	1,000,000	290,000
Share issue expenses	–	–	–	–
30 June closing balance	**390,236,072**	**163,322,985**	**310,735,721**	**143,016,012**

c. Movements in unlisted options on issue

2023						
Exercise Price (cents)	**Expiry**	**Opening Balance**	**Issued**	**Exercised**	**Lapsed**	**Closing Balance**
20.5	30 November 2022	2,000,000	–	(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
45	31 March 2026	–	5,800,000	–	–	5,800,000
60	31 March 2026	–	8,000,000	–	–	8,000,000
		5,000,000	**13,800,000**	**(2,000,000)**	**–**	**16,800,000**

2022						
Exercise Price (cents)	**Expiry**	**Opening Balance**	**Issued**	**Exercised**	**Lapsed**	**Closing Balance**
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	1,000000	–	–	–	1,000,000
65	30 June 2024	1,500,000	–	–	–	1,500,000
		6,750,000	**–**	**(1,500,000)**	**(250,000)**	**5,000,000**

Further information on options issued is set out in Note 24

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. RESERVES AND ACCUMULATED LOSSES

	2023 $	2022 $
Accumulated losses		
Balance at beginning of year	**(121,445,582)**	(101,422,994)
Loss for the year	**(21,203,152)**	(20,022,588)
Balance at end of year	**(142,648,734)**	**(121,445,582)**
Share-based payments reserve		
Balance at beginning of year	**5,850,604**	5,729,318
Movement during the year	**4,513,009**	121,286
Balance at end of year	**10,363,613**	5,850,604
Financial asset reserve		
Balance at beginning of year	**(39,996)**	(39,996)
Revaluation	**–**	–
Balance at end of year	**(39,996)**	(39,996)
Foreign currency translation reserve		
Balance at beginning of year	**(1,553,860)**	(1,827,649)
Movement during the year	**1,553,860**	273,789
Balance at end of year	**–**	(1,553,860)
Total Reserves	**10,323,617**	**4,256,748**

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.

15. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

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

16. STATEMENT OF CASH FLOWS

a. Cash and cash equivalents

	2023 $	2022 $
Cash and cash equivalents comprise:		
cash at bank and in hand	**92,643**	41,835
short-term deposits	**17,404,585**	10,558,726
Closing cash and cash equivalents balance	**17,494,228**	**10,600,561**

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

	2023 $	2022 $
Net loss	**(29,081,472)**	(20,022,588)
Depreciation of non current assets	**119,120**	144,035
Amortisation on right to use asset	**109,534**	
Provision for doubtful debt	**6,000,000**	–
Share based payment expense	**4,553,482**	121,286
Interest on right to use asset	**29,900**	–
Profit on sale of plant and equipment	**–**	35,119
Profit on sale of mineral concession	**1,502,283**	–
Re-classify right to use asset	**–**	(11,023)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(291,840)**	7,823
(Increase)/decrease in prepayments	**13,396**	(2,248)
Increase/(decrease) in trade and other payables	**788,439**	5,712
Increase/(decrease) in provisions	**52,835**	61,093
Net cash outflow from operating activities	**(16,204,323)**	**(19,660,791)**

c. Non-cash financing and investing activities

There have been no non-cash financing and investing activities during the 2023 year (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. 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:

	2023 $	2022 $
Not later than one year	**332,000**	286,000

18. CONTINGENCIES

There are no other material contingent liabilities or contingent assets of the company at reporting date (2022: Nil).

19. EVENTS OCCURING AFTER REPORTING DATE

On 28 August 2023 the Company completed a placement of 41,639,663 shares at $2.40 per share to raise $99,949,381 and on 15 September the Company completed a Security Purchase Plan and issued 4,166,803 shares at $2.40 per share to raise $10,000,327.

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.

20. LOSS PER SHARE

a. Reconciliation of earnings to profit or loss

	2023 $	2022 $
Loss used in calculating basic loss per share from continuing operations	**(29,081,472)**	(18,285,369)
Basic loss per share (cents per share)	**(8.59)**	(5.89)
Profit/(Loss) used in calculating basic loss per share from discontinued operations	**7,878,320**	(1,737,219)
Basic loss per share (cents per share)	**2.33**	(0.56)
Loss used in calculating basic loss per share attributable to owners of Azure Minerals Limited	**(21,203,152)**	(20,022,588)
Basic loss per share (cents per share)	**(6.26)**	(6.45)

b. Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share

		Number Of Shares
	2023	2022
Weighted average number of ordinary shares used in calculating basic loss per share	**338,486,820**	310,204,899

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.

21. AUDITOR'S REMUNERATION

	2023 $	2022 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd or associated entities for:		
Tax compliance services	**20,445**	63,780
An audit or review of the financial report of the entity	**65,951**	70,561
	86,396	**134,341**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Compensation of key management personnel by compensation

	2023 $	2022 $
Short-term	**789,850**	825,620
Post-employment	**34,327**	34,004
Share-based payment	**3,648,601**	–
	4,472,778	**859,624**

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

23. RELATED PARTY DISCLOSURE

a. Parent entity

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

b. Subsidiaries

All subsidiaries were disposed of effective 21 July 2022. 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* 2023	Equity Holding* 2022
Azure Mexico Pty Ltd	Australia	Ordinary	–	100
Minera Piedra Azul, S.A. de C.V.	Mexico	Ordinary	–	100
Minera Capitana, S.A. de C.V.	Mexico	Ordinary	–	100
Servicios AzuPerth, S.A. de C.V.	Mexico	Ordinary	–	100
Mineral Azure S.A. de C.V.	Mexico	Ordinary	–	100
Mineral Tlali SAPI. de C.V.	Mexico	Ordinary	–	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 $12,000 (2022: $12,721).

24. 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 15 November 2022. 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 5,800,000 options were issued pursuant to the plan (2022: Nil).

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

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	Balance at end of the year Number	Vested and exercisable at end of the year Number
2023									
8 Jun '21	30 Jun '24	49	15.9	500,000	–	–	–	500,000	500,000
8 Jun '21	30 Jun '24	57	15.2	1,000,000	–	–	–	1,000,000	500,000
8 Jun '21	30 Jun '24	65	14.6	1,500,000	–	–	–	1,500,000	–
31 Mar '23	31 Mar '26	45	20.62	–	5,800,000	–	–	5,800,000	5,800,000
				3,000,000	**5,800,000**	**–**	**–**	**8,800,000**	**6,800,000**
Weighted average exercise price				$0.60	$0.45	–	–	$0.50	$0.46
2022									
8 Jun '21	30 Jun '24	49	15.9	500,000	–	–	–	500,000	500,000
8 Jun '21	30 Jun '24	57	15.2	1,000,000	–	–	–	1,000,000	–
8 Jun '21	30 Jun '24	65	14.6	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 year was 2.15 years (2022).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a. Employee and consultants option plan (Cont'd)

Fair value of options granted.

During the 2023 financial year the weighted average fair value of the options granted was 20.62 cents (2022: Nil). The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2023
Weighted average exercise price (cents)	45.0
Weighted average life of the option (years)	3.0
Weighted average underlying share price (cents)	34.0
Expected share price volatility (%)	106
Risk free interest rate (%)	2.94

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
	2023	2022
	$	$
Options issued pursuant to the Plan	**1,317,298**	**121,286**

b. Director, executive and employee options

Set out below are summaries of current directors, executives & employees 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	Balance at end of the year Number	Vested and exercisable at end of the year Number
2023									
26 Nov '19	30 Nov '22	20.5	5.8	2,000,000	–	(2,000,000)	–	–	–
31 Mar '23	31 Mar '26	60.0	40.45	–	8,000,000	–	–	8,000,000	8,000,000
				2,000,000	**8,000,000**	**(2,000,000)**	**–**	**8,000,000**	**8,000,000**
Weighted average exercise price				$0.205	$0.60	$0.605		$0.60	$0.60
2022									
19 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

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.75 years (2022: 0.42 years).

Fair value of options granted.

During the 2023 financial year the weighted average fair value of the options granted was 18.79 cents (2022: Nil). The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2023
Weighted average exercise price (cents)	60.0
Weighted average life of the option (years)	3.0
Weighted average underlying share price (cents)	62.5
Expected share price volatility (%)	106
Risk free interest rate (%)	3.82

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
	2023	**2022**
	$	**$**
Options issued pursuant to the Plan	**3,236,184**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPOREHENSIVE INCOME

i. Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading in which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved by both collecting contractual cash flows and selling financial assets

ii. equity investments through other comprehensive income

Equity investments at FVOCI comprise the following individual investments

	2023 $	2022 $
Listed Security – Lexagene Holdings Limited	**948**	948
Unlisted Security – Bendito Resources Inc.[a]	**4,000,000**	–
	4,000,948	**948**

a. Represents 11,2000 fully paid shares valued at US$0.25 being the share price of the most recent capital raising event held by Bendito resources Inc.

26. FAIR VALUE MEASUREMENT

This note provides an update on the judgments and estimates made by the Group in determining the fair values of the financial instruments since the last annual report.

Fair value hierarchy

To provide an indication about the reliability of inputs used in determining fair value, the Group classifieds its financial instruments into three levels prescribed under the accounting standards. An explanation of each level follows underneath the following table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 on a recurring basis (30 June 2022: $948):

As at 30 June 2023	Level 1 $	Level 2 $	Level 3 $
10,000 shares in Lexagen Holdings Limited (TSX-V: LXG.V)	948	–	–
11,200,000 shares in Bendito Resources Inc.	–	–	4,000,000

There were no transactions between levels during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at balance date.

The fair value of financial assets and liabilities held by the group must be estimated for recognition, measurement and/or disclosure purposes. The group measures fair value by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where the carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

Financial assets at fair value through other comprehensive income-equity securities

The fair value of the equity holdings held in TSX-V listed companies are based on the quoted market prices from the TSX-V on 30 June 2023, being the last traded price prior to year end.

The fair value of the equity holdings held in unlisted companies are based on the last transacted prices of that company's equity securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARENT ENTITY FINANCIAL INFORMATION

a. Summary financial information

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

	2023 $	2022 $
Statement of Financial Position		
Current assets	**24,073,645**	10,914,105
Total assets	**34,875,337**	34,992,689
Current liabilities	**(3,428,697)**	1,987,347
Total liabilities	**(3,877,469)**	(2,390,793)
Net assets	**30,997,868**	**32,601,896**
Shareholder's equity		
Issued capital	**163,322,985**	143,016,012
Reserves	**10,323,617**	5,810,608
Accumulated loses	**(142,648,734)**	(116,224,724)
	30,997,868	**32,601,896**

b. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities or guarantees as at 30 June 2023 or 30 June 2022.

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 2023 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:

Brian Thomas
Chairman

Perth, 28 September 2023

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S 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 2023, 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 2023 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.

BDO

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. we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Capitalised Exploration Expenditure

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2023 the carrying value of capitalised exploration expenditure was disclosed in Note 9. 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. 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.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of the areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 1 and Note 9 to the financial report.

INDEPENDENT AUDITOR'S REPORT

BDO

Disposal of Mexican Subsidiaries

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 7, during the year the Group disposed of it's Mexican subsidiaries to Bendito Resources Inc ("Bendito"). The Group received consideration in the form of both cash and shares in Bendito, with part of the consideration deferred, resulting in a receivable from Bendito at year end. This was determined to be a key audit matter due to: • The significance of the disposal to the Group, including consideration around whether the disposal should be accounted for as a Discontinued Operation in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations ("AASB 5"); • The judgement required in determining the classification of the investment at either fair value through other comprehensive income ("FVTOCI") in accordance with AASB 9 Financial instruments or Investment in Associate as per AASB 128 Investment in Associate and Joint Ventures ("AASB 128"); • The judgment required to determine the fair value of the investment in Bendito at year end; and • The judgement to determine whether any expected credit loss was required in relation to the deferred consideration.	Our procedures included, but were not limited to: • Evaluating whether the classification of the disposal as a Discontinued Operation is appropriate and in line with the criteria of AASB 5; • Considering the appropriateness of management's assessment of the classification of the investment in line with the criteria of AASB128; • Reviewing the appropriateness of the fair value of the investment in Bendito at year end; • Considering management's assessment of the recoverability of the receivable at year end, including the appropriateness of the provision for expected credit loss recorded; and • Assessing the adequacy of the related disclosures in Note 3 and Note 7.

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 2023, 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 at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Azure Minerals Limited, for the year ended 30 June 2023, 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

JPrue

Jarrad Prue

Director

Perth,

28 September 2023

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 2023, 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.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

28 September 2023

ASX ADDITIONAL INFORMATION

The number of shareholders, by size of holding, in each class of share as at 1 September 2023 are:

	Ordinary shares	
	Number of holders	**Number of shares**
1 – 1,000	1,998	955,280
1,001 – 5,000	2,435	6,722,973
5,001 – 10,000	1,083	8,493,571
10,001 – 100,000	1,880	61,594,346
100,001 and over	265	354,359,565
Total	**7,661**	**432,125,735**
The number of shareholders holding less than a marketable parcel of shares are:	381	16,464

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	SQM AUSTRALIA PTY LTD	86,320,433	19.98
2	YANDAL INVESTMENTS PTY LTD	52,200,000	12.08
3	CITICORP NOMINEES PTY LIMITED	21,766,048	5.04
4	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	20,426,181	4.73
5	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	19,959,970	4.62
6	DEUTSCHE BALATON AKTIENGESELLSCHAFT	19,698,017	4.56
7	BNP PARIBAS NOMS PTY LTD <DRP>	15,643,007	3.62
8	NATIONAL NOMINEES LIMITED	6,917,261	1.60
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,493,172	1.27
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,453,295	1.03
12	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	3,600,000	0.83
11	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,589,939	0.83
13	MR ANTHONY PAUL ROVIRA	3,100,000	0.72
14	MRS REBECCA SHALALA	3,008,813	0.70
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,777,000	0.64
16	MR WILLIAM BAMBLING + MRS JOYCE BAMBLING	2,700,000	0.62
17	MR YAOSHENG ZHANG	2,028,000	0.47
18	HARMANIS HOLDINGS PTY LTD <HARMAN FAMILY A/C>	2,000,000	0.46
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	1,978,104	0.46
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,867,694	0.43
Totals:	**Top 20 holders of ORDINARY FULLY PAID SHARES (Total)**	**279,526,934**	**64.69**
Total Remaining Holders Balance		**152,598,801**	**25.31**

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 + Deutsche Balaton Aktiengesellschaft	46,710,817
SQM Australia Pty Ltd	78,008,191

d. Voting rights

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

e. Schedule of interests in mining tenements

Project	Mineral	Tenement	Status	Percentage Held
Barton	All Minerals	E31/1278	Granted	100
Barton	All Minerals	E31/1280	Granted	100
Barton	All Minerals	E31/1337	Application	100
Barton	All Minerals	E31/1338	Application	100
Barton	All Minerals	E40/393	Granted	100
Barton	All Minerals	E40/432	Granted	100
Barton	All Minerals	E40/436	Application	100
Barton	All Minerals	E40/437	Application	100
Barton	All Minerals	E40/438	Application	100
Turner River	All Minerals	E45/2573	Application	70
Turner River	All Minerals	E45/2574	Application	70
Turner River	All Minerals	E45/6295	Application	70
Turner River	All Minerals	E45/6296	Application	70
Turner River	All Minerals	E45/6297	Application	70
Coongan	All Minerals	E46/1156	Granted	70
Andover	All Minerals	E47/2481	Granted	60
Andover	All Minerals	E47/4700	Granted	60
Andover	All Minerals	E47/4701	Granted	60
Andover	All Minerals	E47/4761	Application	60
Andover	All Minerals	E47/4763	Application	60
Andover	All Minerals	E47/4892	Application	60
Andover	Search for Groundwater	L47/1066	Application	100
Andover	Search for Groundwater	L47/1067	Application	100
Andover	Search for Groundwater	L47/1068	Application	100
Andover	Search for Groundwater	L47/1096	Application	100

ASX ADDITIONAL INFORMATION

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 (ASX: 30 March 2022)

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

Ridgeline Mineral Resource by classification reported above a 0.5% Ni cut-off (ASX: 23 January 2023)

Classification	Tonnes Mt	Ni %	Cu %	Co %	S %	NiEq %	Ni Metal kt	Cu Metal kt	Co Metal kt
Indicated	0.4	1.13	0.48	0.05	6.63	1.51	4.8	2.0	0.21
Inferred	0.9	1.09	0.45	0.05	6.57	1.45	9.9	4.1	0.43
Total	**1.3**	**1.11**	**0.46**	**0.05**	**6.59**	**1.47**	**14.7**	**6.1**	**0.64**

Notes:

- *The NiEq calculation represents total metal value for each metal summed and expressed in equivalent nickel grade and ounces. 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 testwork, and Azure considers they have a reasonable potential to be recovered and sold: 80% nickel recovery; 77% copper recovery; 77% cobalt recovery.*
- *NiEq formula = Ni (%) + (Cu (%) x (Cu $/t x Curecovery x 0.01) / (Ni (%) x Nirecovery x 0.01)) + (Co (%) x ((Co $/t x Corecovery x 0.01) / (Ni $/t x Nirecovery x 0.01)).*

ASX ADDITIONAL INFORMATION

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 3) using two-year average commodity price predictions from Consensus Economics Report, dated 14 February 2022, which are consistent with those used for the Andover Deposit, 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 0.45 + Co (%) x 3.15

Table 1: 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	80%	154.9	$/t	1
Cu	9,089.8	64.0	$/t	77%	70.0	$/t	0.45
Co	63,107.9	427.2	$/t	77%	488.5	$/t	3.15

Notes:

- *The NiEq calculation represents total metal value for each metal summed and expressed in equivalent nickel grade and ounces. 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 testwork, and Azure considers they have a reasonable potential to be recovered and sold: 80% nickel recovery; 77% copper recovery; 77% cobalt recovery.*
- *NiEq formula = Ni (%) + (Cu (%) x (Cu $/t x Curecovery x 0.01) / (Ni (%) x Nirecovery x 0.01)) + (Co (%) x ((Co $/t x Corecovery x 0.01) / (Ni $/t x Nirecovery x 0.01)).*

COMPETENT PERSON STATEMENT

Information in this report that relates to previously reported Exploration Results and Exploration Target has been crossed-referenced in this report to the date that it was originally reported to ASX. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements

The information in this report that relates to Mineral Resource Estimates for the Andover Deposit was first released to the ASX on 30 March 2022 and for the Ridgeline Deposit it was first released to the ASX on 8 February 2023. Both are available to view on www.asx.com.au. Azure Minerals Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.


Building a bright future in the Pilbara

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