

31 JANUARY 2024

# QUARTERLY ACTIVITIES REPORT

## FOR PERIOD ENDED 31 DECEMBER 2023

### CORPORATE

- **Azure entered a binding Transaction Implementation Deed with Sociedad Química y Minera de Chile S.A. ("SQM") and Hancock Prospecting Pty Ltd ("Hancock") (together the "Joint Bidders") under which it is proposed that the Joint Bidders (via SH Mining Pty Ltd ("BidCo")) will acquire 100% of the shares in Azure by way of a scheme of arrangement for a cash amount of A\$3.70 per Azure share ("Scheme Proposal"), or if the Scheme Proposal is not successful, by way of an off-market takeover offer for a cash amount of A\$3.65 per Azure share ("Takeover Offer") (together, the "Transaction"). For further details regarding the Transaction, refer to Azure's ASX announcement dated 19 December 2023.**
- **Transaction replaces the earlier SQM transaction (refer Azure's ASX announcement dated 26 October 2023) which comprised a scheme proposal of A\$3.52 cash per Azure share and a fall-back takeover offer of A\$3.50 cash per Azure share ("Original SQM Transaction").**

### ANDOVER PROJECT

- **Further broad zones of high-grade mineralisation intersected in Target Area 1 ("TA1") with world-class results from the AP0011 pegmatite, including:**
  - **165.2m @ 1.33% Li<sub>2</sub>O from 306.6m in ANDD0295 (True Width ("TW"): ~141.8m); and**
  - **135.2m @ 1.12% Li<sub>2</sub>O from 288.9m in ANDD0276 (TW: ~117.0m).**
- **Assays from drilling at Target Area 3 ("TA3") confirmed consistently thick, high-grade lithium mineralisation in the AP0003/AP0004 pegmatite:**
  - **37.0m @ 1.22% Li<sub>2</sub>O from 22.8m in ANDD0285 (TW: ~35.8m);**
  - **66.9m @ 1.18% Li<sub>2</sub>O from 41.0m in ANDD0289 (TW: ~35.7m); and**
  - **36.6m @ 1.16% Li<sub>2</sub>O from 15.5m in ANDD0292 (TW: ~36.5m).**
- **Whole of ore flotation produced marketable spodumene concentrate with a grade of 5.59% Li<sub>2</sub>O at a recovery of 82.37% with spodumene the dominant Li bearing mineral, containing approximately 95% of the total Lithium content. Mineralisation is well suited to industry standard flotation processing.**
- **Drilling recommenced in early January 2024 with eight diamond rigs on site.**
- **Post period-end further assay results and visual observations of spodumene mineralisation<sup>1</sup> received from AP0003/AP0004 pegmatites in TA3 extend strike to 1,700m and 700m down-dip. Highlights include:**

<sup>1</sup> The Company advises that visual observations of spodumene contained in this announcement should not be considered a proxy or substitute for laboratory analysis which is required to confirm the widths and grade of any mineralisation identified in primary geological logging. The presence of spodumene does not necessarily equate to lithium mineralisation until confirmed by chemical analysis. Furthermore, it is not possible to visually estimate the percentage of lithium mineralisation, and this will be determined by laboratory results reported in full once received, expected in the next four weeks.



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- 90.8m @ 1.54% Li<sub>2</sub>O from 82.5m in ANDD0303 (TW: ~34.0m);
- 58.6m @ 1.57% Li<sub>2</sub>O from 57.7m in ANDD0306 (TW: ~33.1m); and
- 51.6m @ 1.04% Li<sub>2</sub>O from 255.1m in ANDD0322 (TW: ~36.9m).
- Lithium mineralisation in the footwall AP0005 pegmatite is confirmed over a strike length of more than 800m, with drill intersections including:
  - 26.5m @ 1.07%Li<sub>2</sub>O from 4.2m in ANDD0300 (TW: ~23.1m).
- Further high-grade drill intercepts from the hanging wall AP0001 pegmatite include:
  - 6.4m @ 2.54% Li<sub>2</sub>O from 55.4m in ANDD0316 (TW: ~6.3m).
- Pegmatites at TA3 remain open at depth and along strike to the northeast and southwest and exploration and resource definition drilling is continuing.

**Azure Minerals Limited** (ASX: AZS) (“Azure” or “the Company”) is pleased to provide its activities report for the December quarter, a period dominated by the Company entering into binding Transaction Implementation Deeds whilst significant exploration success continued at its Andover lithium project (Azure 60% / Creasy Group 40%), located in the West Pilbara region of Western Australia.

Commenting on the December quarter, Azure’s Managing Director Tony Rovira said:

*“The December 2023 quarter was certainly a defining period in the history of Azure Minerals and for our shareholders, both on corporate and exploration fronts.*

*“The proposed Transaction with SQM and Hancock, valuing Azure at ~A\$1.7 billion on a fully diluted equity basis, represents a very positive outcome for Azure shareholders and provides a significant uplift in value from the Original SQM Transaction. Azure’s Board unanimously recommends the proposed Transaction in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme Proposal is in the best interests of Azure shareholders and that the Takeover Offer is fair and reasonable.*

*“Our ongoing exploration drilling of TA1 and TA3 delivered strong results during the period, with numerous broad, high-grade lithium intersections returned from pegmatites extending over hundreds of metres of strike length. Encouragingly, the early visual identification of substantial quantities of spodumene in the drill core has been validated by corresponding high grade lithium assays returned from those same intervals.*

*“The continual delivery of the substantial assay results we have seen over the past six months from both TA1 and TA3 strongly supports our Exploration Target (ASX: 7 August 2023) with the drilling campaign transitioning from exploration to resource definition.”*

*“We believe that Andover is a lithium project of global significance and with the new year holiday period now behind us, drilling has re-commenced with eight diamond rigs operating on site tasked with producing a maiden Mineral Resource Estimate in Q2 of 2024.”*

## CORPORATE

In October, the Company entered into a binding Transaction Implementation Deed with SQM Australia Pty Ltd, a wholly-owned subsidiary of SQM, to acquire 100% of the shares in Azure by way of a scheme of arrangement for a cash amount of \$3.52 per Azure Share and a simultaneous

## ASX ANNOUNCEMENT

ASX:AZS



conditional off-market takeover offer for a cash amount of \$3.50 per Azure Share should the scheme not be successful.<sup>2</sup>

In December, the Company announced it had entered into a new binding Transaction Implementation Deed with SQM and Hancock under which it is proposed that BidCo will acquire 100% of the shares in Azure by way of a scheme of arrangement for a cash amount of A\$3.70 per Azure share, or if the Scheme Proposal is not successful, by way of an off-market takeover offer for a cash amount of A\$3.65 per Azure share.<sup>3</sup>

To facilitate the Transaction, SQM and Hancock entered into a joint bidding agreement governing how the joint bid would be made. The Transaction replaced the Original SQM Transaction announced by Azure in October.

The Transaction is subject to limited conditions, including BidCo obtaining FIRB approval, specific competition law approvals and Azure shareholders approving the joint bid arrangements between SQM and Hancock. Significantly, it is not subject to any financing or due diligence conditions and the Takeover Offer is not subject to any minimum acceptance condition.

The Azure Board unanimously recommends the Transaction in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme Proposal is in the best interests of Azure shareholders and that the Takeover Offer is fair and reasonable.<sup>4</sup>

Two of Azure's major shareholders, Creasy Group and Delphi Group, who hold 12.84% and 10.15% of Azure shares respectively, have confirmed they intend to support the Transaction by voting in favour of the required resolutions and, if the Scheme Proposal is not successful, accepting the Takeover Offer upon it becoming unconditional subject to no superior proposal to acquire 100% of the issued capital of Azure emerging.

In the event the Scheme Proposal has not, or will not, become Effective on or before the End Date and the Takeover Offer is withdrawn or lapses for any reason, SQM will in certain circumstances be required to proceed with the takeover offer component<sup>5</sup> of the Original SQM Transaction of A\$3.50 per Azure share as announced on 26 October 2023.

A Transaction Booklet containing important information in relation to the Transaction, including reasons for the unanimous recommendation of Azure's Board and the Independent Expert's report, is expected to be sent to Azure shareholders in mid-February 2024.

A meeting of Azure shareholders to approve the Transaction is expected to be held in mid to late March 2024. If approved by Azure shareholders and the Court, the Scheme Proposal would be implemented shortly thereafter.<sup>6</sup>

<sup>2</sup> Refer to ASX announcement dated 26 October 2023

<sup>3</sup> Refer to ASX announcement dated 19 December 2023

<sup>4</sup> The Azure Board unanimously recommend that Azure shareholders vote in favour of the Scheme Proposal and accept the Takeover Offer but only if the Scheme Proposal is not successful or is terminated in certain circumstances.

<sup>5</sup> For further details refer to the ASX announcement dated 19 December 2023

<sup>6</sup> Dates are indicative only and may be subject to change.

## ASX ANNOUNCEMENT

ASX:AZS



For further details regarding the Transaction please refer to Azure's ASX announcement dated 19 December 2023.

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

Since lithium-focused exploration drilling commenced at Andover in March 2023 and to the end of the December quarter, 192 diamond core holes have been completed for 57,878.4m, 97 RC holes completed for 19,267m, and 27 holes comprising RC pre-collars and diamond tails completed for 12,070.7m, for a total of 89,216.1m.

This drilling continues to deliver broad, high-grade lithium intersections from its high priority target areas, specifically TA1 and TA3 (see Figure 1).

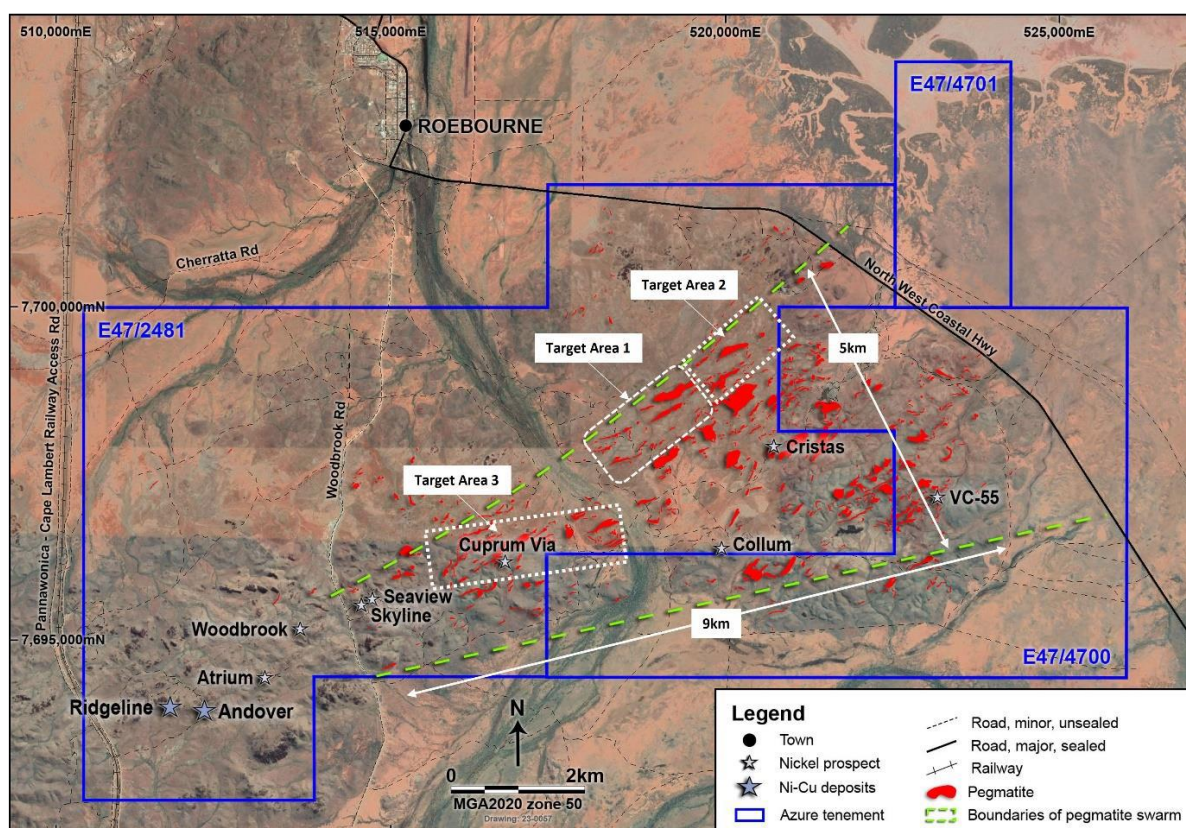


Figure 1: Andover Lithium Project showing pegmatite outcrops and Target Areas

#### Target Area 1

During the quarter, Azure reported continued drilling success at TA1 with the intersection of numerous exceptionally thick, lithium rich and spodumene-bearing pegmatite intervals within AP0011<sup>7</sup>, including:

- 165.2m @ 1.33% Li<sub>2</sub>O from 306.6m in ANDD0295 (True Width (TW): ~141.8m) including
  - 46.7m @ 2.08% Li<sub>2</sub>O from 345.0m (TW: ~40.1m)
- 135.2m @ 1.12% Li<sub>2</sub>O from 288.9m in ANDD0276 (TW: ~117.0m)
- 98.8m @ 1.02% Li<sub>2</sub>O from 303.5m in ANDD0318 (TW: ~89.6m)

<sup>7</sup> Refer to ASX announcement dated 22 December 2023

## ASX ANNOUNCEMENT

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- 97.6m @ 1.19% Li<sub>2</sub>O from 459.4m in ANDD0305 (TW: ~86.3m) including
  - 48.7m @ 1.42% Li<sub>2</sub>O from 508.3m (TW: ~43.0m)
- 80.2m @ 1.37% Li<sub>2</sub>O from 242.3m in ANRD0135 (TW: ~74.1m)
- 69.2m @ 1.16% Li<sub>2</sub>O from 277.4m in ANDD0266 (TW: ~68.3m)
- 54.8m @ 1.42% Li<sub>2</sub>O from 386.7m in ANDD0204ext (TW: ~54.7m)

Additionally, numerous additional very broad (>100m) intervals of visible spodumene mineralisation in AP0011 have been observed<sup>8</sup> with assays pending<sup>8</sup>:

- ANDD0309 intersected 150.6m (TW: ~135.5m) of spodumene mineralisation from 331.6m within a 159.4m-wide pegmatite
- ANDD0386 intersected 143.1m (TW: ~115.8m) of spodumene mineralisation from 220.1m within a 145.2m-wide pegmatite
- ANDD0368 intersected 131.7m (TW: ~114.0m) of spodumene mineralisation from 197.7m within a 158.3m-wide pegmatite
- ANDD0378 intersected 128.7m (TW: ~118.6m) of spodumene mineralisation from 255.7m within a 129.1m-wide pegmatite
- ANDD0385 intersected 125.9m (TW: ~111.1m) of spodumene mineralisation from 189.2m within a 128.4m-wide pegmatite
- ANRD0162 intersected 125.2m (TW: ~116.1m) of spodumene mineralisation from 166.0m within a 125.2m-wide pegmatite
- ANDD0334 intersected 112.0m (TW: ~73.4m) of spodumene mineralisation from 299.2m within a 134.9m-wide pegmatite
- ANRD0154 intersected 111.2m (TW: ~107.6m) of spodumene mineralisation from 408.5m within a 113.3m-wide pegmatite
- ANRD0156 intersected 106.8m (TW: ~103.5m) of spodumene mineralisation from 483.5m within a 109.4m-wide pegmatite

Currently, six diamond rigs are completing infill resource definition drilling on TA1 (see Figure 2).

<sup>8</sup> Refer to ASX announcement dated 22 December 2023

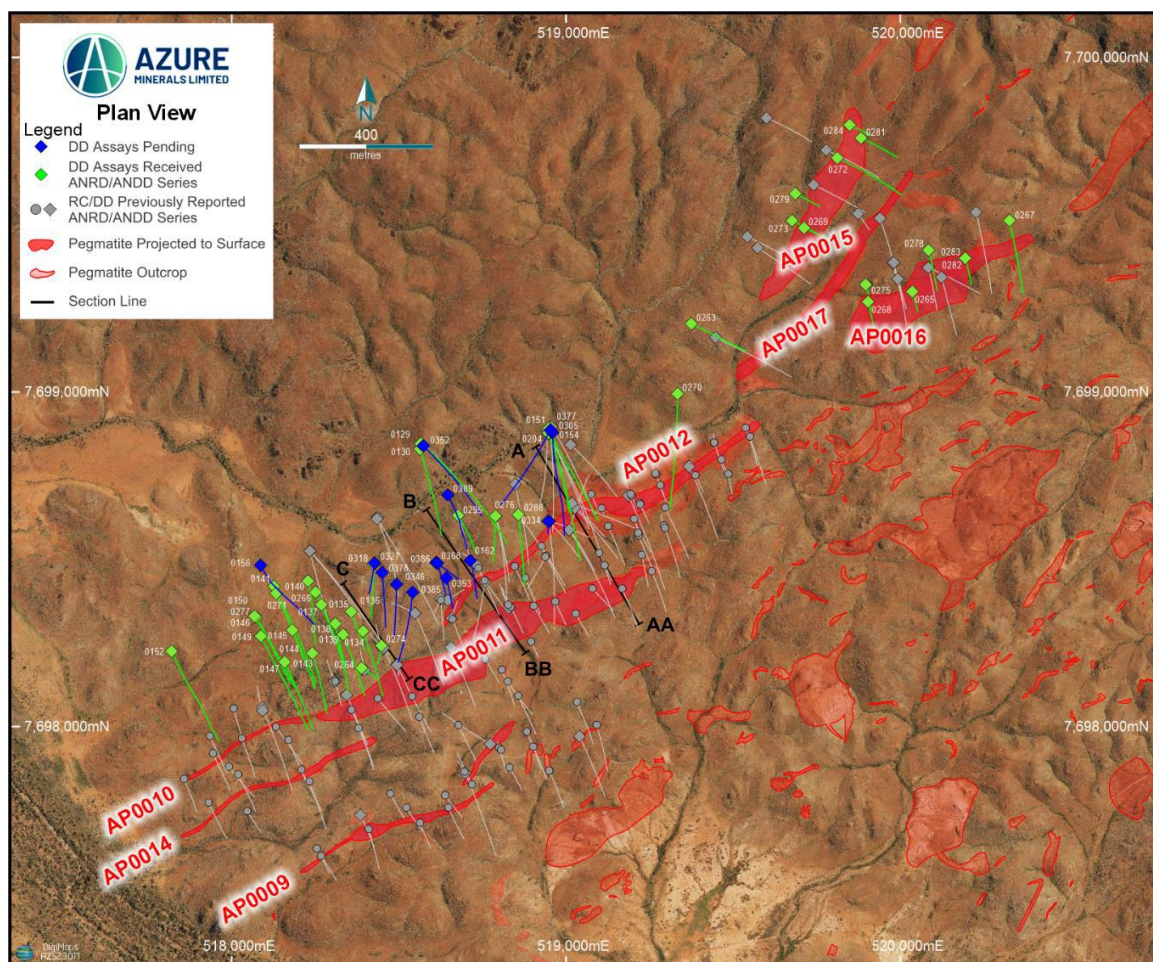


Figure 2: Pegmatite outcrops and drill hole locations at TA1 and TA2

### Target Area 2

Assays were received during the quarter from drilling at Target Area 2 (“TA2”) confirming more broad intersections of lithium mineralisation<sup>9</sup>. Early results from TA2 highlight the prospectivity with two thick, high-grade zones intersected in the AP0016 pegmatite:

- 23.7m @ 1.51% Li<sub>2</sub>O from 76.2m in ANDD0253 (~19.8m True Width)
- 20.8m @ 1.70% Li<sub>2</sub>O from 114.3m in ANDD0262 (~20.3m True Width)

Interpretation of drill results from AP0016 and other pegmatites in TA2 is ongoing.

### Target Area 3

During the quarter, Azure reported assay results from early diamond drilling at TA3 which confirmed extensive high-grade Li<sub>2</sub>O mineralisation was present in multiple pegmatites<sup>10</sup>.

In the AP0003/AP0004/AP0005 pegmatites, assays confirmed the presence of consistently thick, high-grade lithium mineralisation. These mineralised intersections correlate strongly

<sup>9</sup> Refer to ASX announcement dated 10 October 2023

<sup>10</sup> Refer to ASX announcement dated 15 November 2023

## ASX ANNOUNCEMENT

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with previously reported<sup>11</sup> visually significant quantities of fine to coarse-grained crystalline spodumene mineralisation at shallow depths. Best intersections include:

- 37.0m @ 1.22% Li<sub>2</sub>O from 22.8m in ANDD0285 (TW: ~35.8m)
- 66.9m @ 1.18% Li<sub>2</sub>O from 41.0m in ANDD0289 (TW: ~35.7m)
- 36.6m @ 1.16% Li<sub>2</sub>O from 15.5m in ANDD0292 (TW: ~36.5m)
- 65.4m @ 1.11% Li<sub>2</sub>O from 29.0m in ANDD0293 (TW: ~35.8m)
- 34.9m @ 1.57% Li<sub>2</sub>O from 41.1m in ANDD0294 (TW: ~34.2m)

Significant visual spodumene mineralisation<sup>3</sup> was also observed<sup>12</sup> in the AP0003/AP0004 pegmatite over more than 1,000m of strike and 450m of down-dip extent:

- ANDD0303 intersected 91.6m (TW: ~42.9m) of spodumene mineralisation from 82.5m within a 93.0m-wide pegmatite
- ANDD0306 intersected 59.0m (TW: ~34.9m) of spodumene mineralisation from 57.3m within a 62.9m-wide pegmatite
- ANDD0316 intersected 36.0m (TW: ~35.8m) of spodumene mineralisation from 181.3m within a 38.8m-wide pegmatite
- ANDD0322 intersected 49.9m (TW: ~34.8m) of spodumene mineralisation from 256.8m within a 65.8m-wide pegmatite
- ANDD0312 intersected 47.2m (TW: ~34.2m) of spodumene mineralisation from 35.4m within a 54.0m-wide pegmatite

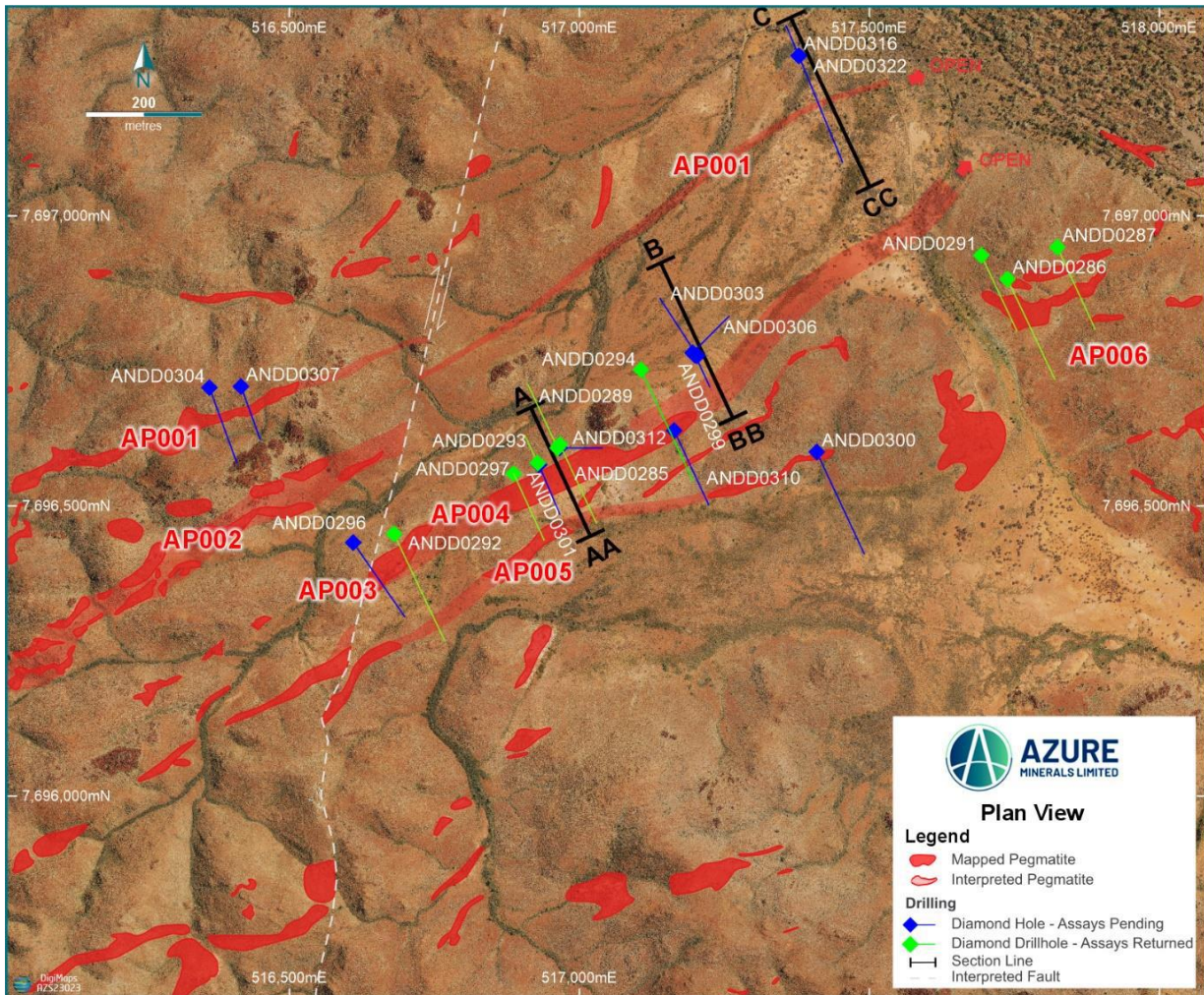
In the AP0005 pegmatite, lithium mineralisation was also confirmed over a strike of more than 300m with mineralised intersections including:

- 14.2m @ 1.03% Li<sub>2</sub>O from 144.1m in ANDD0285 (TW: ~13.2m)
- 6.9m @ 1.48% Li<sub>2</sub>O from 102.4m in ANDD0292 (TW: ~6.0m)

Two diamond drill rigs are currently drilling at TA3, focusing on expanding the down-dip and along strike extents of the mineralisation of the AP0002/AP0003/AP0004/AP0005/AP0006 pegmatites (see Figure 3).

<sup>11</sup> Refer to ASX announcement dated 15 November 2023

<sup>12</sup> Refer to ASX announcement dated 15 November 2023



**Figure 3: TA3 showing mapped and interpreted spodumene-bearing pegmatites with locations of drill holes**

### Metallurgical Testwork Results

In October, Azure reported<sup>13</sup> positive results from the maiden metallurgical testwork program undertaken on composite samples of diamond core from the AP0011 pegmatite at Andover.

Azure engaged Independent Metallurgical Operations Pty Ltd to undertake a sighter metallurgical testwork program on three composite samples of diamond drill core from the AP0011 lithium mineralised pegmatite. The samples were collected from three drill holes (ANDD0214, ANDD0217 and ANDD0221) spaced over a 400m strike length of the AP011 pegmatite.

The primary objective of the program was to produce a spodumene concentrate which meets specifications required for sale. The sighter testwork program included the following:

1. Heavy Liquid Separation (HLS) Testwork;
2. Dense Media Separation (DMS) Testwork; and
3. Flotation Testwork.

<sup>13</sup> Refer to ASX announcement dated 9 October 2023



Elemental assays for each composite sample are shown in Table 1.

**Table 1: Head Assays from Metallurgical Samples**

Element Name	Element Symbol	Units	Composite 1	Composite 2	Composite 3
Lithium oxide	Li <sub>2</sub> O	%	1.29	1.43	1.38
Lithium	Li	%	0.60	0.67	0.64
Aluminium	Al	%	8.29	8.16	8.39
Boron	B	ppm	<50 <sup>1</sup>	<50 <sup>1</sup>	<50 <sup>1</sup>
Barium	Ba	ppm	38	54	49
Beryllium	Be	ppm	131	134	312
Calcium	Ca	%	0.2	0.2	0.2
Cesium	Cs	ppm	56.2	40.7	52.6
Iron	Fe	%	0.33	0.19	0.28
Potassium	K	%	2.6	1.98	1.97
Magnesium	Mg	%	0.08	0.04	0.03
Manganese	Mn	%	<0.2 <sup>1</sup>	<0.2 <sup>1</sup>	<0.2 <sup>1</sup>
Niobium	Nb	ppm	75	116	59
Phosphorus	P	%	0.01	<0.01 <sup>1</sup>	<0.01 <sup>1</sup>
Rubidium	Rb	%	0.22	0.18	0.21
Sulphur	S	%	<0.05 <sup>1</sup>	<0.05 <sup>1</sup>	<0.05 <sup>1</sup>
Tin	Sn	ppm	21	20	25
Strontium	Sr	ppm	23	32	28
Tantalum	Ta	ppm	25.3	55.9	27.7
Tungsten	W	ppm	185	313	236

Note: Results that are prefaced with '<' are less than the detection limit for the assay technique used

### Heavy Liquid Separation Testwork

HLS testwork was completed separately on the three composite samples, producing sub-optimal concentrate grades and lithium recoveries, indicating that the mineralisation may not be amenable to HLS / DMS processing. Given this outcome, future testwork will be focused on flotation processing, which has been shown to be very effective.

### Flotation Testwork

Flotation testwork was carried out on the whole-of-ore sample from Composite 2 at a grind size of P100 212 µm, with no DMS being undertaken prior to flotation. The spodumene concentrate produced returned a grade of 5.59% Li<sub>2</sub>O with a recovery of 82.37%.

## ASX ANNOUNCEMENT

ASX:AZS



Analysis for deleterious elements in the concentrate is provided in Table 2. It is noted that, the iron (III) oxide value is slightly higher than was expected based on the results of the mineralogical analysis. However, no magnetic separation has been completed on either the feed or concentrate samples prior to analysis. Magnetic separation, sulphide pre-flotation and up-current classifier testwork is planned for the next stage of testwork and is expected to significantly reduce the iron present in the spodumene concentrate.

**Table 2: Spodumene Concentrate – Deleterious Elements**

Element	Li <sub>2</sub> O	Fe <sub>2</sub> O <sub>3</sub>	K <sub>2</sub> O	Mg	Al <sub>2</sub> O <sub>3</sub>	CaO	Mn	P <sub>2</sub> O <sub>5</sub>
Unit	%	%	%	%	%	%	%	%
Composite 1	5.59	2.06	0.90	0.08	22.96	0.46	0.67	0.04

### Mineralogical Analysis

For better understanding of the performance of the samples in both the HLS and flotation testwork, mineralogical analysis was completed by ALS Metallurgy using Quantitative Evaluation of Minerals by Scanning Electron Microscopy (“QEMSCAN”) and Laser Ablation Inductively Coupled Plasma Mass Spectrometry (“LA-ICP-MS”) at the University of Tasmania. QEMSCAN was used to quantify the mineral abundance and LA-ICP-MS analysis was used to confirm the Li content of the minerals.

Combined, the data from QEMSCAN and LA-ICP-MS demonstrated that the Andover spodumene:

1. is the dominant Li-bearing mineral detected, making up about 15% by mass of the whole-of-ore samples (see Figure 4);
2. hosts approximately 95% of the total lithium content in each sample (see Figure 5); and
3. has low iron content of 0.13% Fe (LA-ISP-MS).

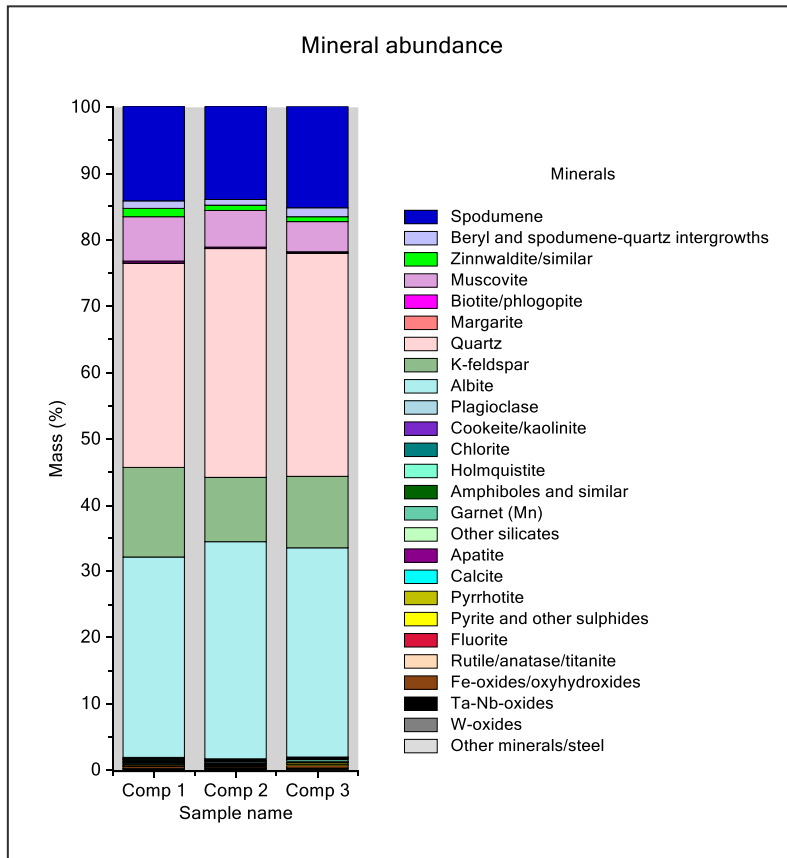
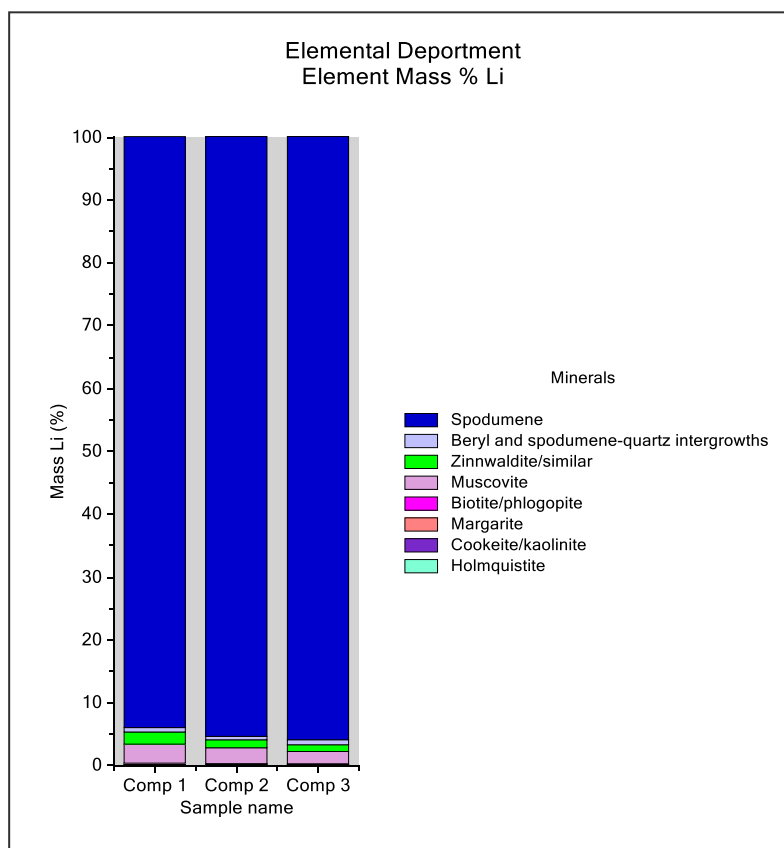


Figure 4: Mineral Abundance (Composite Samples 1, 2 and 3)



**Figure 5: Elemental Department Mass Li (%) (Composite Samples 1, 2 and 3)**

With 95% of the total lithium hosted in spodumene, it is expected that further improvement to recoveries will be obtained with additional flotation testwork and optimisation.

### Post Period-End Results

In January 2024<sup>14</sup>, Azure received substantial positive assay and visual results from diamond drilling at TA3.

Results demonstrated consistently broad mineralised widths and high lithium grades along the combined strike length of the AP0002/AP0003/AP0004 pegmatite. These assayed mineralised intersections confirm previously reported visual estimates of spodumene mineralisation observed in drill core<sup>15</sup>.

Significant mineralised intersections from the AP0003/AP0004 pegmatite include:

- 90.8m @ 1.54% Li<sub>2</sub>O from 82.5m in ANDD0303 (TW: ~34.0m)
- 58.6m @ 1.57% Li<sub>2</sub>O from 57.7m in ANDD0306 (TW: ~33.1m) including:
  - 15.9m @ 2.31% Li<sub>2</sub>O from 92.9m (TW: ~9.0m)
- 51.6m @ 1.04% Li<sub>2</sub>O from 255.1m in ANDD0322 (TW: ~36.9m)
- 40.1m @ 1.57% Li<sub>2</sub>O from 106.1m in ANDD0330 (TW: ~38.2m) including:
  - 23.6m @ 1.74% Li<sub>2</sub>O from 106.1m (TW: ~22.5m)

<sup>14</sup> Refer to ASX announcement dated 15 January 2024

<sup>15</sup> Refer to ASX announcement dated 15 November 2023

## ASX ANNOUNCEMENT

ASX:AZS



- 9.3m @ 2.26% Li<sub>2</sub>O from 136.9m (TW: ~8.9m)
- 39.6m @ 1.14% Li<sub>2</sub>O from 159.4m in ANDD0304 (TW: ~38.7m)(AP0002)
- 38.2m @ 1.43% Li<sub>2</sub>O from 124.3m in ANDD0332 (TW: ~37.3m)(AP0002) including:
  - 10.1m @ 2.04% Li<sub>2</sub>O from 149.0m (TW ~9.9m)
- 35.9m @ 1.19% Li<sub>2</sub>O from 180.5m in ANDD0326 (TW: ~33.9m)(AP0002)
- 34.5m @ 1.57% Li<sub>2</sub>O from 182.1m in ANDD0316 (TW: ~33.0m) including:
  - 3.6m @ 2.99% Li<sub>2</sub>O from 194.3m (TW: ~3.4m)

Additionally, visible spodumene mineralisation was observed over 42.5m (TW: ~32.9m) in ANDD0383 and over 79.9m (TW: ~37.5m) in ANDD0337, indicating the AP0003/AP0004 pegmatite has a strike length of at least 1,200m and extends to more than 700m down-dip from surface.

Recent drilling and assaying of drill holes into the AP0002 pegmatite has established it as a significant component of the TA3 mineralised system, with results including:

- 38.2m @ 1.43% Li<sub>2</sub>O in ANDD0332 (TW: ~37.3m)
- 35.9m @ 1.19% Li<sub>2</sub>O in ANDD0326 (TW: ~33.9m)
- 39.6m @ 1.14% Li<sub>2</sub>O in ANDD0304 (TW ~38.7m)

Strong visual spodumene mineralisation was also observed in AP0002 in holes ANDD0392 (20.0m of high percentage spodumene bearing pegmatite, TW: ~18.8m) and ANDD0350 (35.5m of spodumene bearing pegmatite, TW: ~33.4m). Approximately 500m to the east, 28.0m of spodumene bearing pegmatite (TW: ~23.0m) was intersected in ANDD0376. The mineralisation remains open along strike and down dip.

AP0001 is the northernmost pegmatite at TA3, and assays have returned very high grade lithium intersections:

- 6.4m @ 2.54% Li<sub>2</sub>O from 55.4m in ANDD0316 (TW: ~6.3m)
- 11.0m @ 2.03% Li<sub>2</sub>O from 99.8m in ANDD0322 (TW: ~5.5m)

Additional intersections of strong visual spodumene mineralisation were encountered to the west of these intersections in ANDD0382, ANDD0396 and ANDD0384. ANDD0337 also intersected 50.1m of high percentage spodumene-bearing pegmatite (TW: ~8.8m) immediately above the AP0004 pegmatite.

At AP0005, assays increased the mineralised strike length to over 800m, with results including:

- 18.8m @ 1.20% Li<sub>2</sub>O from 135.1m in ANDD0296 (TW: ~13.1m)
- 26.5m @ 1.07% Li<sub>2</sub>O from 4.2m in ANDD0300 (TW: ~23.1m).

### CAPITAL

As at 31 December 2023, Azure remains well-funded with a cash position of \$117 million.

During the December quarter, the Company expensed \$14.457 million on exploration and testwork activities described herein.

Payments to related parties of the entity and their associates totalled \$951,000 and consisted of Executive Service fees and bonus of \$317,000, and Non-Executive Director's fees of \$124,000 and Non-Executive Director special exertion payments of \$510,000.

## ASX ANNOUNCEMENT

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**-ENDS-**

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### COMPETENT PERSON STATEMENT

*Information in this report that relates to Exploration Results for the Andover Project is based on information compiled by Mr Graham Leaver, who is a Member of The Australian Institute of Geoscientists. Mr Leaver has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Leaver is a full-time employee of Azure Minerals Limited and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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



## Appendix 5B

# Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

Azure Minerals Limited

**ABN**

46 106 346 918

**Quarter ended ("current quarter")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for	-	-
(a) exploration & evaluation	(14,457)	(25,452)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,580)	(1,983)
(e) administration and corporate costs	(1,694)	(2,834)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1,319	1,509
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	8	8
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(16,416)</b>	<b>(28,764)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(275)	(675)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	(55)	(55)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(330)</b>	<b>(730)</b>

<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	22,431	128,784
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	600	712
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>23,031</b>	<b>129,496</b>

<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	111,211	17,494
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(16,416)	(28,764)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(330)	(730)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	23,031	129,496
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>117,496</b>	<b>117,496</b>



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
<b>5</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	36,300	30,360
5.2	Call deposits	81,196	80,851
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>117,496</b>	<b>111,211</b>

<b>6 Payments to related parties of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	951
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

<b>7 Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		<b>Total facility amount at quarter end \$A'000</b>	<b>Current quarter \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other - Convertible Notes	-	-
7.4	<b>Total financing facilities</b>	<b>-</b>	<b>-</b>
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(16,416)
8.2	(payments for exploration & evaluation classified as investing activities)(item	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(16,416)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	117,496
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	117,496
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>7.16</b>
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: NA	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: Brett Dickson, Company Secretary

## Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

**Annexure 1  
Schedule of Interests in Mining Tenements**

**Current**

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	Granted	100
Barton	All Minerals	E40/438	Granted	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	Granted	100
Andover	Search for Groundwater	L47/1096	Application	100
Andover	Ground Disturbance	L47/1138	Application	100

**Granted during the period 1 July to 30 September 2023**

Project	Mineral	Tenement	Status	Percentage Held
Barton	All Minerals	E40/437	Granted	100
Barton	All Minerals	E40/438	Granted	100
Andover	All Minerals	E47/4701	Granted	60
Andover	Search for Groundwater	L47/1068	Granted	100

**Disposed of during the period 1 July to 30 September 2023**

Project	Mineral	Tenement	Status	Percentage Held
Barton	All Minerals	E31/1336	Withdrawn	100
Barton	All Minerals	E31/1370	Withdrawn	100