

# Azure Minerals Limited

ABN 46 106 946 918

## Interim Financial Statements

For the Half-Year Ended 31 December 2022

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Azure Minerals Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

# AZURE MINERALS LIMITED

## CORPORATE INFORMATION

**ABN 46 106 346 918**

### **Directors**

Mr. Brian Thomas (Chairman)

Mr. Anthony Rovira (Managing Director)

Mr. Hansjörg Plaggemars (Non-Executive Director)

Ms. Hui (Annie) Guo (Non-Executive Director)

### **Company Secretary**

Mr. Brett Dickson

### **Registered Office**

Level 1, 34 Colin Street

West Perth WA 6005

Telephone: (08) 6187 7500

### **Solicitors**

K&L Gates

Level 32, 44 St George's Terrace

Perth WA 6000

### **Bankers**

Commonwealth Bank of Australia Limited

### **Share Register**

Computershare Investor Services Pty Ltd

Level 2, 45 Street George's Terrace

Perth WA 6000

### **Auditors**

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth WA 6000

### **Website**

[www.azureminerals.com.au](http://www.azureminerals.com.au)

### **ASX Code**

Shares

AZS

# AZURE MINERALS LIMITED

## CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Directors' Report	2
Consolidated Statement of Financial Position	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	21
Auditor's Review Report	22
Auditor's Independence Declaration	24

### **Competent Person Statements:**

*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.*

*The information in this report that relates to Mineral Resources 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](http://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.*

# AZURE MINERALS LIMITED

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Azure Minerals Limited and the entities it controlled ("**AZS**" or "**Azure**" or "**the Group**") at the end of, or during, the half-year ended 31 December 2022.

### General information

#### Directors

The following persons were directors of Azure Minerals Limited during all of the half-year as indicated below, and up to the date of this report:

Mr. Brian Thomas  
Mr. Anthony Rovira  
Mr. Hansjörg Plaggemars  
Ms. Hui (Annie) Guo

### Company Review

#### Cornerstone Investor

In January 2023 Sociedad Quimica y Minera de Chile S.A., via its wholly-owned subsidiary SQM Australia Pty Ltd ("**SQM**"), agreed to a cornerstone investment of up to A\$20 million to acquire a 19.99% interest in Azure through a two-stage Transaction ("**Transaction**").

This strategic investment by SQM is a strong endorsement of the lithium potential of the Andover Project, highlighting its potential to grow into a significant lithium mining and processing operation.

SQM is a global mining and chemical company with operations in Chile and Western Australia. It is a global leader in lithium, potassium nitrate, iodine and thermo-solar salts markets and one of the world's largest lithium producers. In Western Australia, SQM and Wesfarmers Limited (ASX:WES) are joint venture partners in the Mt. Holland lithium project, which will be a unique, fully-integrated operation producing battery-quality lithium hydroxide. The joint venture comprises a mine and concentrator at Mt Holland and a refinery at Kwinana capable of producing approximately 50,000 tonnes of lithium hydroxide per year.

The first tranche of the Transaction has been completed, with SQM subscribing for 16,381,720 ordinary shares in Azure at A\$0.2564 per share, raising \$4.2 million.

Completion of the second tranche of the Transaction was subject to a number of conditions precedent which were met in early March 2023. As a result, following the payment of \$15.8 million by SQM to the Company, Azure issued SQM with a further 61,626,471 shares taking its holding to 78,008,191 shares.

It is the intention of the Company to use the funds raised under the Transaction to accelerate lithium exploration on the Andover Project, with a priority to undertake a substantial Reverse Circulation and diamond drilling program to determine the scale of the mineralisation already mapped and sampled at surface. Early stage metallurgical, heritage, environmental, hydrological, and flora and fauna studies will also commence.

# AZURE MINERALS LIMITED

## *ANDOVER NICKEL AND LITHIUM PROJECT (Azure 60% / Creasy Group 40%)*

### **Increase in Project Area**

Azure and joint venture partner Croydon Gold Pty Ltd ("Croydon Gold": a part of the Creasy Group) made joint applications for two new Exploration Licences, E47/4700 and E47/4701 ("ELAs") (ASX: 6 October 2022). Together, E47/4700 and E47/4701 total 12 graticular blocks covering 38.4km<sup>2</sup>, bringing the total area of the Andover project to 108.8km<sup>2</sup>. The applications are first-in-time and are proceeding to grant.

The two new ELAs adjoin the eastern boundary of the Andover Joint Venture's existing tenement E47/2481 and cover the eastern extensions of the Andover Mafic-Ultramafic Intrusive Complex. They are considered prospective for hosting nickel-copper-cobalt sulphide mineralisation similar to the Andover and Ridgeline Deposits that Azure discovered on E47/2481 as well as being prospective for pegmatite-hosted lithium mineralisation.

### **Nickel Exploration**

Azure continued its exploration and resource definition diamond drilling on E47/2481 through the period, completing 31 holes for 11,113.0m.

The Mineral Resource definition drilling at the Ridgeline Deposit was completed. High grade shoots of massive and semi-massive sulphides hosted within broad halos of lower grade disseminated sulphide mineralisation have been defined and form the basis for the Mineral Resource. The final and deepest hole at Ridgeline, ANDD0177, returned the highest grade mineralised intersection in the deposit. This confirms that the Ridgeline Deposit has potential to continue to grow with the shoots of massive and semi-massive nickel sulphides remaining open both up- and down-plunge, allowing for future increases in mineral resources with additional drilling.

Drilling was also undertaken at the Seaview and Skyline prospects with several holes intersecting strongly mineralised nickel sulphide mineralisation. Further exploration drilling will be carried out to better define these mineralised systems.

The Pipeline, Woodbrook and Atrium prospects were drill tested with several holes each. Assays from Woodbrook and Atrium returned only weakly anomalous nickel grades, downgrading these two prospects, while assays from Pipeline are still pending.

### **Lithium Exploration**

The Andover pegmatite swarm comprises more than 700 outcropping pegmatites occurring in a zone approximately 9km long and up to 4km wide in the central and eastern parts of the Andover project area. The pegmatites typically trend in a southwest to northeast orientation and are generally horizontal to shallow north-dipping. Surface exposures range in size up to several hundred metres across and up to a kilometre in length.

Azure's lithium-focused exploration program accelerated during the period with a total of 794 surface samples collected from outcropping pegmatites. To date, assay results have been received for 194 of these samples with 92 samples grading over 1% Li<sub>2</sub>O, 75 samples grading over 2% Li<sub>2</sub>O, 48 samples grading over 3% Li<sub>2</sub>O and 9 samples grading over 4% Li<sub>2</sub>O (ASX: 20 January 2023).

Spodumene, the preferred lithium mineral, was identified in many of the pegmatites, with distinctive, coarse-bladed spodumene crystals visually obvious on the surfaces of outcrops. As would be expected, there is a strong association between the presence of significant spodumene and higher lithium grades.

## AZURE MINERALS LIMITED

The lithium exploration is being fast-tracked with a team of geologists and technicians dedicated to the operation. An initial drilling program of 30,000m of Reverse Circulation and 10,000m of diamond core drilling will be undertaken to determine the scale and depth potential of the lithium mineralisation already mapped and sampled at surface. Highest priority drill targets are pegmatite outcrops containing high lithium grades at surface and which demonstrate potential for significant volumes of mineralisation.

With analytical results from 600 pegmatite samples still pending, it is very likely that many more attractive targets will be identified over the coming months for priority drill testing. Additionally, project-wide geological mapping and rock chip sampling of the, as yet unsampled pegmatites will continue in 2023 and are expected to define further drill targets.

Early stage metallurgical, heritage, environmental, hydrological, and flora and fauna studies will also be undertaken.

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

Azure completed the next stage of gold exploration at its 888km<sup>2</sup> Barton Gold Project, located in the world-class Kookynie-Leonora-Laverton gold province of Western Australia's Eastern Goldfields.

A 35 hole, 4,039m Reverse Circulation (RC) drilling program targeted three areas considered prospective for hosting gold mineralisation, being:

- **Daisy Corner:** 16 holes drilled for 1,827m, where previous RC drilling by Azure in early 2022 returned several anomalous gold intersections, including 24m @ 1.07g/t Au from 35m in hole BTRC0009 (ASX: 17 May 2022). Daisy Corner covers potential northern extensions of gold mineralisation drilled by Genesis Minerals Ltd (ASX:GMD) at Puzzle North (current Mineral Resource Estimate of 232,000oz gold) which adjoins the southern tenement boundary of Azure's E40/393.
- **Daisy West:** 8 holes drilled for 1,086m, where a soil-covered, conceptual structural target of crosscutting shear zones associated with a granite-greenstone contact is located approximately 1km west of Daisy Corner. No previous drilling has been undertaken in this area.
- **Trevan Well:** 11 holes drilled for 1,126m, where a surface sampling program by Azure identified gold anomalism associated with altered and quartz-veined weathered rock and where several small historical gold mine workings are present.

Final assays for all holes are pending.

### **COONGAN (Azure 70% / Creasy Group 30%)**

The Coongan Project is located in the eastern Pilbara, approximately 8km to the west of Nullagine and covers an area of 141km<sup>2</sup>. It adjoins the western boundary of Novo Resources' Beatons Creek Gold Project (current resources of 903,000oz @ 2.53g/t Au in conglomerate, alluvial and reef gold). The Coongan tenement is prospective for gold, base metals, iron ore and lithium.

During the second half of H2 2022, Azure undertook reconnaissance mapping and geochemical sampling in the western portion of the tenement. A total of 115 rock chip samples were collected and assayed with 14 samples returning anomalous gold assays associated with hydrothermal quartz breccias in a major regional contact structure identified in the western part of the tenement.

## AZURE MINERALS LIMITED

Additionally, two iron ore anomalies were identified and sampled:

1. a 5km-long iron-rich zone that returned several samples containing over 50% Fe; and
2. a second 800m-long iron-rich zone that also returned several samples over 50% Fe.

Planned exploration for the 2023 field season will focus on the areas prospective for gold and iron ore, with detailed mapping and sampling to be undertaken.

### **TURNER RIVER PROJECT (Azure 70% / Creasy Group 30%)**

No activity - two Exploration Licence applications are awaiting grant.

### **MEENTHEENA (Azure 70% / Creasy Group 30%)**

No activity. Azure has withdrawn from this joint venture project and Azure's 70% ownership will be transferred back to the Creasy Group.

### **MEXICO**

As announced (ASX: 30 May 2022) and following shareholder approval received at a General Meeting held on 29 June 2022, Azure completed the sale of its Mexican precious and base metals projects to Bendito Resources Inc ("Bendito") for a combination of cash and shares valued at A\$20 million (the "Transaction") (ASX: 27 July 2022).

At the closing of the Transaction ("Closing"), Azure received an immediate cash payment of A\$4 million and was issued 11,200,000 Bendito shares (valued at A\$4 million and equivalent to approximately 20% of the issued capital of Bendito at Closing).

A second tranche of A\$6 million in cash and A\$6 million worth of Bendito shares is payable to Azure within 18 months of Closing.

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

Bendito is a mineral acquisition and development company focused on progressing late-stage exploration and development projects through the feasibility stages to production. The founders and principals of Bendito have experience in both the financing and technical development of projects and have external partners looking to support suitable projects.

The Bendito Board is headed by experienced geological engineer Mr John Antwi as President and Chief Executive Officer. Also on the Bendito Board as Lead Director is mining engineer Mr Paul Huet, current Chairman and CEO of TSX-listed Australian-focused gold and nickel miner Karora Resources Inc.

### **Review of Operations and Results**

The operating loss after income tax of the Group for the period was \$1,207,575 (2021: \$11,029,690). Included in this loss figure is \$5,920,566 (2021: \$9,369,221) of exploration expenditure.

Net cash outflows from operating activities for the period were \$8,779,545 (2021: \$11,508,173).

# AZURE MINERALS LIMITED

## Other items

### *Significant Changes in State of Affairs*

No other significant change in the Group's state of affairs occurred during the reporting period.

### *Events after the reporting date*

On 6 January 2023 the Company entered into an agreement with Sociedad Quimica y Minera de Chile S.A., via its wholly-owned subsidiary SQM Australia Pty Ltd ("SQM"), whereby SQM agreed to a cornerstone investment of up to A\$20 million to acquire a 19.99% interest in Azure through a two-stage Transaction ("Transaction").

The first tranche of the Transaction has been completed, with SQM subscribing for 16,381,720 ordinary shares in Azure at A\$0.2564 per share, raising \$4.2 million.

Completion of the second tranche of the Transaction is subject to the satisfaction of a number of conditions precedent including:

- SQM having notified Azure that it has completed and is satisfied with its due diligence investigations into Azure;
- SQM and Azure having entered into an offtake agreement under which SQM is entitled to an offtake right in respect of 25% of all lithium product in which Azure has an interest ("Offtake Agreement") on arm's length and commercially competitive terms.

The conditions precedent must be satisfied within two months from the date of completion of the first tranche under the Subscription Agreement. Either party may terminate the residual obligations under the Subscription Agreement (being the obligation to proceed with the second tranche) where the conditions are not satisfied on or before that date.

The Subscription Agreement also contains market standard termination rights exercisable by each party, relating to breaches of warranties provided by the other party or the insolvency of the other party.

On completion of the second tranche under the Subscription Agreement, SQM will subscribe for an additional 61,626,471 ordinary shares in Azure at A\$0.2564 per share, raising a further A\$15,800,000. This second tranche was completed on 13 March 2023.

Under the terms of the Subscription Agreement, on and from completion of the second tranche and until such time as SQM no longer holds a voting power of 10% in the issued capital of Azure for three consecutive months, SQM will have:

- the right to appoint a Director to the Board of Azure;
- the right to form, with Azure, a Technical Committee to assist and advise in the exploration and development of Azure's lithium projects;
- the offtake rights under the Offtake Agreement;
- the right to be given notice of proposed future equity issues with Azure having to negotiate in good faith to identify whether the terms on which SQM may participate in such equity issues can be agreed; and
- a pre-emptive right to participate in any debt funding transaction or any royalty agreement, streaming agreement or pre-payment agreement proposed to be undertaken or entered into by Azure.



## AZURE MINERALS LIMITED

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

### *Changes in Controlled Entity*

As set out above, in July 2022 the Company completed the sale of its Mexican precious and base metals projects to Bendito. This sale was completed by selling the Company's interest in all subsidiaries and as a result the Company does not have any controlled entities as 31 December 2022.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 24.

This report is made in accordance with a resolution of the Board of Directors:



**Anthony Rovira**  
**Managing Director**  
West Perth  
15 March 2023

# AZURE MINERALS LIMITED

## STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	5,407,808	10,600,561
Trade and other receivables	5	12,307,611	313,544
Assets of disposal groups classified as held for sale		-	9,264,636
<b>Total Current Assets</b>		<b>17,715,419</b>	<b>20,178,741</b>
<b>Non-Current Assets</b>			
Financial assets at fair value through other comprehensive income		4,000,948	948
Security deposit		4,500	4,500
Office right of use		328,603	383,370
Plant and equipment		268,972	244,117
Capitalised exploration expenditure	7	5,955,900	7,458,182
<b>Total Non-Current Assets</b>		<b>10,558,923</b>	<b>8,091,117</b>
<b>TOTAL ASSETS</b>		<b>28,274,342</b>	<b>28,269,858</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,052,440	1,626,303
Lease Liability		113,052	115,490
Provisions		252,822	245,554
Liabilities directly associated with assets classified as held for sale		-	51,887
<b>Total Current Liabilities</b>		<b>1,418,314</b>	<b>2,039,234</b>
<b>Non-Current Liabilities</b>			
Lease Liability		211,902	267,302
Provisions		143,022	136,144
<b>Total Non-Current Liabilities</b>		<b>354,924</b>	<b>403,446</b>
<b>TOTAL LIABILITIES</b>		<b>1,773,238</b>	<b>2,442,680</b>
<b>NET ASSETS</b>		<b>26,501,104</b>	<b>25,827,178</b>
<b>Equity</b>			
Contributed equity	8	143,322,985	143,016,012
Reserves		5,831,276	4,256,748
Accumulated losses		(122,653,157)	(121,445,582)
<b>TOTAL EQUITY</b>		<b>26,501,104</b>	<b>25,827,178</b>

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# AZURE MINERALS LIMITED

## STATEMENT OF CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$	Restated <sup>1</sup> 31 Dec 2021 \$
<b>Continuing Operations</b>			
Interest income		6,865	1,230
Depreciation and amortisation		(54,669)	(63,490)
Exploration expenditure		(5,920,566)	(8,927,529)
Salaries and wages		(512,284)	(544,539)
Consultants		(11,329)	(122,378)
Director fees		(77,500)	(77,500)
Travel and accommodation		(104,093)	(7,629)
Promotion		(186,482)	(107,510)
Insurance		(46,388)	(42,731)
Lease interest		(15,950)	(19,587)
Lease amortisation		(54,767)	(54,767)
Other administration expenses		(544,820)	(379,483)
Share Based Payment		(61,141)	-
Exploration Tenement Write Off	7	(1,502,283)	-
Other expenses		(488)	(777)
<b>Loss from continuing operations before income tax</b>		(9,085,895)	(10,346,690)
Income tax expense		-	-
<b>Loss from continuing operations after income tax</b>		(9,085,895)	(10,346,690)
<b>Discontinued Operations</b>			
Profit/(Loss) after income tax from discontinued operations	11	9,432,180	(683,000)
<b>Profit/(Loss) for the period</b>		346,285	(11,029,690)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations		-	34,473
Other comprehensive income for the period net of tax		-	34,473
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>		346,285	(10,995,217)
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic and diluted loss per share from continuing operations (cents)		(2.92)	(3.34)
Basic and diluted profit/(loss) per share from discontinued operations (cents)		3.03	(0.22)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

<sup>1</sup> The prior year comparative figures have been restated to reflect the impact of discontinued operations detailed in note 11

# AZURE MINERALS LIMITED

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

**31 December 2022**

	Issued Share Capital \$	Share Option Reserve \$	Financial Asset Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>At 1 July 2022</b>	<b>143,016,012</b>	<b>5,850,604</b>	<b>(39,996)</b>	<b>(1,553,860)</b>	<b>(121,445,582)</b>	<b>25,827,178</b>
Loss for period	-	-	-	1,553,860	(1,207,575)	346,285
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,553,860</b>	<b>(1,207,575)</b>	<b>346,285</b>
<b>Transactions with owners in their capacity as owners:</b>						
Issue of share capital net of transaction costs	306,973	-	-	-	-	306,973
Share based payments	-	20,668	-	-	-	20,668
<b>Total transaction with owners</b>	<b>306,973</b>	<b>20,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327,641</b>
<b>Balance at 31 December 2022</b>	<b>143,322,985</b>	<b>5,871,272</b>	<b>(39,996)</b>	<b>-</b>	<b>(122,653,157)</b>	<b>26,501,104</b>

**31 December 2021**

	Issued Share Capital \$	Share Option Reserve \$	Financial Asset Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>At 1 July 2021</b>	<b>142,324,512</b>	<b>5,729,318</b>	<b>(39,996)</b>	<b>(1,827,649)</b>	<b>(101,422,994)</b>	<b>44,763,191</b>
Loss for period	-	-	-	-	(11,029,690)	(11,029,690)
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations	-	-	-	34,473	-	34,473
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,473</b>	<b>(11,029,690)</b>	<b>(10,995,217)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Issue of share capital net of transaction costs	691,500	-	-	-	-	691,500
Share based payments	-	-	-	-	-	-
<b>Total transaction with owners</b>	<b>691,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>691,500</b>
<b>Balance at 31 December 2021</b>	<b>143,016,012</b>	<b>5,729,318</b>	<b>(39,996)</b>	<b>(1,793,176)</b>	<b>(112,452,684)</b>	<b>34,459,474</b>

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

# AZURE MINERALS LIMITED

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022 \$	31 Dec 2021 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,537,720)	(1,561,564)
Payments for exploration feasibility expenditure	(7,154,564)	(9,952,037)
Other income	-	3,397
Interest received	6,865	2,031
<b>Net cash outflow used in operating activities</b>	<b>(8,685,419)</b>	<b>(11,508,173)</b>
<b>Cash flows from investing activities</b>		
Payment for plant and equipment	(79,555)	(22,081)
Sale of mineral properties	3,399,847	99,989
Acquisition of mineral properties	-	(30,623)
<b>Net cash flow from/(used in) investing activities</b>	<b>3,320,292</b>	<b>47,285</b>
<b>Cash flows from financing activities</b>		
Proceeds from capital raising (net of costs)	266,500	392,500
Lease payments	(94,126)	(118,096)
<b>Net cash inflow from financing activities</b>	<b>172,374</b>	<b>274,404</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(5,192,753)</b>	<b>(11,186,484)</b>
Cash and cash equivalents at the beginning of the half-year	10,600,561	30,267,222
Effects of exchange rate changes in cash and cash equivalents	-	2,081
<b>Cash and cash equivalents at the end of the half-year</b>	<b>5,407,808</b>	<b>19,082,819</b>

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

#### 1.1 Basis of Preparation

These general-purpose financial statements for the half-year ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements should be read in conjunction with the Annual Report for the year ended 30 June 2022 and public announcements made by Azure Minerals Limited during the interim reporting period in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The accounting policies and methods of computation in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial statements for the year ended 30 June 2022 and the corresponding half year interim reporting period, with the exception of those items discussed in Note 1.2 below.

#### 1.2 New or amended Accounting Standards and interpretations adopted

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

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

#### 1.3 Significant estimate and judgment

##### *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

#### 1.4 Going Concern

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

#### 1.5 Investments and other financial assets

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised costs

##### *Classification*

The classification depends on the entities business model managing the financial assets and the contractual terms of the cash flows.

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

#### 1.5 Investments and other financial assets (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group Reclassifies instruments when and only when its business model for managing those assets changes.

#### *Recognition and the recognition*

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risk and rewards of ownership.

#### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principle and interest.

#### **Debt Instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments on principle and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains/(losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised costs or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies a simplified approach permitted by a AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivable.

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 2 DIVIDENDS

No dividends have been paid or provided for in the half-year.

### NOTE 3 OPERATING SEGMENTS

#### *Identification of reportable operating segments*

Until the sale of its Mexican operations in July 2022 the Group was organised into two operating segments, being exploration in Mexico and Australia. This is based on the internal reports that are being reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources.

Following the sale of the Mexican operations the Company now operates in one segment, being exploration in Australia

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

#### *Geographical information*

During the period the Company carried out exploration activities across two geographic locations, being Australia and Mexico.

31 Dec 2022	Australia	Mexico	Total
	\$	\$	\$
Other income	6,865	-	6,865
Profit/(Loss)	(9,085,895)	9,432,180	346,285
Non-current assets	10,558,923	-	10,558,923
Total assets	28,274,342	-	28,274,342
Total liabilities	1,773,238	-	1,773,238
<b>30 Jun 2022</b>			
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)
<b>31 Dec 2021</b>			
Other income	1,230	-	1,230
Profit/(Loss)	(10,343,469)	(686,221)	(11,029,690)

### NOTE 4 CASH AND CASH EQUIVALENTS

For the purpose of the interim statement of cash flows, cash and cash equivalents are comprised the following:

	31 Dec 2022	30 Jun 2022
	\$	\$
Cash at bank and in hand	252,667	41,835
Short term deposits	5,155,141	10,558,726
	<u>5,407,808</u>	<u>10,600,561</u>



# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 5 TRADE AND OTHER RECEIVABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
Trade receivables	210,181	259,309
Prepayments	97,430	54,235
Receivable from Bendito Resources Inc. <sup>a</sup>	12,000,000	-
	<u>12,307,611</u>	<u>313,544</u>

- 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.

### NOTE 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE 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

	31 Dec 2022	30 Jun 2022
	\$	\$
Listed Security - Lexagene Holdings Limited	948	948
Unlisted Security - Bendito Resources Inc. <sup>a</sup>	4,000,000	-
	<u>4,000,948</u>	<u>948</u>

- 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.

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 7 CAPITALISED EXPLORATION EXPENDITURE

	31 Dec 2022 \$	30 Jun 2022 \$
At Cost	5,955,900	7,458,182
<b>Reconciliations</b>		
Movements in the carrying amounts of capitalised expenditure between the beginning and end of the current financial period.		
Opening net book amount	7,458,182	15,216,335
Foreign exchange adjustment	-	113,296
Additions – acquisition of Western Australia projects (a)	-	772,443
Disposals – withdrawal from joint venture	(1,502,282)	-
Transfer to assets of disposal group classified as held for sale	-	(8,643,892)
Closing net book amount	5,955,900	7,458,182

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

### NOTE 8 ISSUED CAPITAL

	Shares	\$
<b>Balance as at 1 July 2021</b>	308,085,721	142,324,512
Issue for projects	1,150,000	299,000
Options exercised at \$0.205	500,000	102,500
Options exercised at \$0.29	1,000,000	290,000
<b>Balance as at 31 December 2021</b>	<b>310,735,721</b>	<b>143,016,012</b>
<b>Balance as at 1 July 2022</b>	310,735,721	143,016,012
Options exercised at \$0.205	1,300,000	266,500
Options exercised utilising cashless exercise facility	700,000	40,473
Discount on number of shares issued due to cashless exercise	(507,840)	-
<b>Balance as at 31 December 2022</b>	<b>312,227,881</b>	<b>143,322,985</b>

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 8 ISSUED CAPITAL (Continued)

#### Options on Issue

	1 Jul 2021	Exercised	Lapsed	Issued	31 Dec 2021
Exercisable at \$0.29 on or before 30 November 2021	1,250,000	(1,000,000)	(250,000)	-	-
Exercisable at \$0.205 on or before 30 November 2022	2,500,000	(500,000)	-	-	2,000,000
Exercisable at \$0.49 on or before 30 June 2024	500,000	-	-	-	500,000
Exercisable at \$0.57 on or before 30 June 2024	1,000,000	-	-	-	1,000,000
Exercisable at \$0.65 on or before 30 June 2024	1,500,000	-	-	-	1,500,000
	<b>6,750,000</b>	<b>(1,500,000)</b>	<b>(250,000)</b>	<b>-</b>	<b>5,000,000</b>

	1 Jul 2022	Exercised	Lapsed	Issued	31 Dec 2022
Exercisable at \$0.205 on or before 30 November 2022	2,000,000	(2,000,000)	-	-	-
Exercisable at \$0.49 on or before 30 June 2024	500,000	-	-	-	500,000
Exercisable at \$0.57 on or before 30 June 2024	1,000,000	-	-	-	1,000,000
Exercisable at \$0.65 on or before 30 June 2024	1,500,000	-	-	-	1,500,000
	<b>5,000,000</b>	<b>(2,000,000)</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>

### NOTE 9 EARNINGS/ (LOSS) PER SHARE

Weighted average number of ordinary shares used in calculation of basic earnings per share is 311,068,554. Diluted loss per share is not considered dilutive and has therefore not been presented.

### NOTE 10 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 31 December 2022 on a recurring basis (30 June 2022: \$948):

As at 31 December 2022	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 period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at balance date.

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 10 FAIR VALUE MEASUREMENT (continued)

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 31st December 2022, being the last traded price prior to period 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.

### NOTE 11 DISCONTINUED OPERATION

#### 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 period as discontinued operations for the period 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 and cash flow information

The financial performance and cash flow information presented ore for the three week period ending 21 July 2022 and the six months ended 31 December 2021.

	31 Dec 2022 \$	31 Dec 2021 \$
Revenue	-	-
Expenses	(95,788)	(683,000)
Loss before Income Tax	(95,788)	(683,000)
Income tax expense	-	-
Loss after income tax of discontinued operation	(95,788)	(683,000)
Gain on sale of the subsidiaries after income tax (see iii below)	9,527,968	-
Loss after income tax from discontinued operation	9,432,180	(683,000)
Net cash (outflow) from operating activities	(79,054)	(734,513)
Net cash inflow from investing activities (31 Dec 2022) includes an inflow from the sale of the subsidiaries	3,399,847	101,002
Net cash inflow from financing activities	-	-
Net increase (decrease) in cash generated by the subsidiaries	3,320,793	(633,511)

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 11 DISCONTINUED OPERATION (Continued)

#### iii. Details of the sale of the subsidiaries

	31 Dec 2022 \$	30 Jun 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	(9,309,677)	-
Gain on sale before income tax and reclassification of foreign currency translation reserve	9,432,180	-
Income tax expense on gain	-	-
Gain on sale after income tax	9,432,180	-

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

	21 July 2022 \$
Cash	88,828
Trade receivables	481,858
Plant and equipment	29,442
Capitalised exploration expenditure	8,754,195
<b>Total assets</b>	<b>9,354,323</b>
Trade creditors	(44,646)
<b>Total Liabilities</b>	<b>(44,646)</b>
<b>Net assets</b>	<b>9,309,677</b>

### NOTE 12 COMMITMENTS AND CONTINGENCIES

There has been no significant change in the Group's commitments and contingent liabilities since the end of the last reporting period.

### NOTE 13 RELATED PARTY TRANSACTIONS

For details of related party arrangements refer to 30 June 2022 financial statements.

There were no other significant changes to the related party arrangements of the Group during the half-year ended 31 December 2022.

# AZURE MINERALS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 14 EVENTS AFTER THE REPORTING DATE

On 6 January 2023 the Company entered into an agreement with Sociedad Quimica y Minera de Chile S.A., via its wholly-owned subsidiary SQM Australia Pty Ltd ("SQM"), whereby SQM agreed to a cornerstone investment of up to A\$20 million to acquire a 19.99% interest in Azure through a two-stage Transaction ("Transaction").

The first tranche of the Transaction has been completed, with SQM subscribing for 16,381,720 ordinary shares in Azure at A\$0.2564 per share, raising \$4.2 million.

Completion of the second tranche of the Transaction is subject to the satisfaction of a number of conditions precedent including:

- SQM having notified Azure that it has completed and is satisfied with its due diligence investigations into Azure;
- SQM and Azure having entered into an offtake agreement under which SQM is entitled to an offtake right in respect of 25% of all lithium product in which Azure has an interest ("Offtake Agreement") on arm's length and commercially competitive terms.

The conditions precedent must be satisfied within two months from the date of completion of the first tranche under the Subscription Agreement. Either party may terminate the residual obligations under the Subscription Agreement (being the obligation to proceed with the second tranche) where the conditions are not satisfied on or before that date.

The Subscription Agreement also contains market standard termination rights exercisable by each party, relating to breaches of warranties provided by the other party or the insolvency of the other party.

On completion of the second tranche under the Subscription Agreement, SQM will subscribe for an additional 61,626,471 ordinary shares in Azure at A\$0.2564 per share, raising a further A\$15,800,000. This second tranche was completed on 13 March 2023.

Under the terms of the Subscription Agreement, on and from completion of the second tranche and until such time as SQM no longer holds a voting power of 10% in the issued capital of Azure for three consecutive months, SQM will have:

- the right to appoint a Director to the Board of Azure;
- the right to form, with Azure, a Technical Committee to assist and advise in the exploration and development of Azure's lithium projects;
- the offtake rights under the Offtake Agreement;
- the right to be given notice of proposed future equity issues with Azure having to negotiate in good faith to identify whether the terms on which SQM may participate in such equity issues can be agreed; and
- a pre-emptive right to participate in any debt funding transaction or any royalty agreement, streaming agreement or pre-payment agreement proposed to be undertaken or entered into by Azure.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

# AZURE MINERALS LIMITED

## DIRECTOR'S DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2022

In the Director's opinion:

- (a) The financial statements and notes, as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that Azure Minerals Limited will be able to pay its debts as and when they become due and payable.

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



**Anthony Rovira**  
**Managing Director**  
West Perth  
15 March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Azure Minerals Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Azure Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.





#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO  
*J Prue*

Jarrad Prue

Director

Perth, WA

15 March 2023

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

As lead auditor for the review of Azure Minerals Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, WA  
15 March 2023