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Azure Minerals Limited

ABN 46 106 946 918

Interim Financial Statements

For the Half-Year Ended 31 December 2023

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 2023 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 St. 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

ASX Code

Shares AZS

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CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	2
Statement of Financial Position	11
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	24
Auditor's Review Report	25
Auditor's Independence Declaration	27

Competent Person Statements:

Information in this report that relates to previously reported Exploration Results has been crossed-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.

Information in this report that relates to the Exploration Target for the Andover Lithium Project, as originally reported to the ASX on 7 August 2023, is based on information compiled by Mr Graham Leaver and Dr Joshua Combs. Mr Leaver is a Member of The Australian Institute of Geoscientists and Dr Combs is a Member of The Australasian Institute of Mining and Metallurgy. Mr Leaver and Dr Combs each have 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 and Dr Combs are full-time employees of Azure Minerals Limited and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

AZURE MINERALS LIMITED

DIRECTORS' REPORT

Your directors present their report on the entity consisting of Azure Minerals Limited (“AZS” or “Azure” or “the Company”) at the end of, or during, the half-year ended 31 December 2023.

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

Corporate

In December 2023, 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 2023¹.

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”)².

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.³

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

¹ Refer to ASX announcement dated 19 December 2023

² Refer to ASX announcement dated 26 October 2023

³ 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.

AZURE MINERALS LIMITED

required to proceed with the takeover offer component⁴ of the Original SQM Transaction of A\$3.50 per Azure share as announced on 26 October 2023.

Post end of period, a draft copy of the Transaction Booklet was lodged with the Australian Securities & Investments Commission (ASIC) in February.⁵

The Transaction Booklet, which contains 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 early March 2024.

Following this, a meeting of Azure shareholders to approve the Transaction is expected to be held in April 2024. If approved by Azure shareholders and the Court, the Scheme Proposal would be implemented shortly thereafter.⁶

Andover Lithium Project (Azure 60% / Creasy Group 40%)

The Andover Project, which lies in the west Pilbara region of Western Australia, contains a pegmatite swarm extending over an area of 9km (east-west) and up to 5km (north-south) (see Figure 1). The swarm comprises hundreds of outcropping pegmatites with many containing high lithium grades identified from extensive surface sampling.

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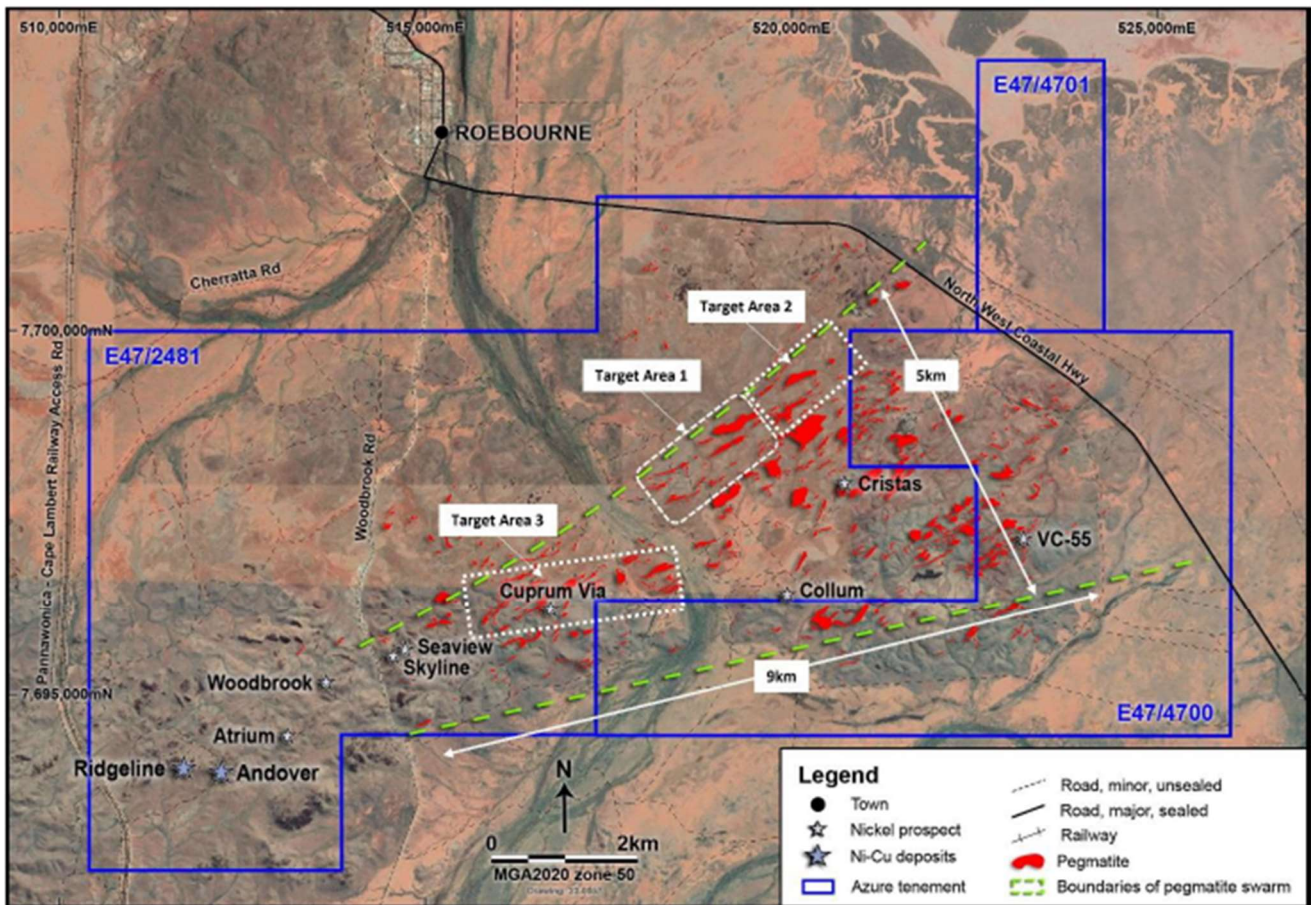


Figure 1: Andover Lithium Project showing pegmatite outcrops and Target Areas

Since the lithium-focused exploration drilling campaign 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

⁴ For further details refer to the ASX announcement dated 19 December 2023

⁵ Refer to ASX announcement dated 14 February 2024

⁶ Dates are indicative only and may be subject to change.

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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.

Drilling concentrated on three principal Target Areas, being TA1, TA2 and TA3, and returned many impressive mineralised intersections, placing Andover as one of the world's top lithium exploration projects.

Exploration Target

During the period, Azure announced an Exploration Target for the Andover Lithium Project encompassing Target Areas 1, 2, and 3.⁷

The estimated range of potential mineralisation is:

100 - 240 million tonnes grading at 1.0 - 1.5% Li₂O* (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.

The approximate Exploration Target ranges are listed in Table 1 and locations shown in Figure 1.

Area	Tonnes Range (Mt)		Li ₂ O Range (%)	
	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

Further details summarising the relevant exploration data and the formation of the Exploration Target can be found in the relevant ASX Announcement (dated 7 August, 2023).

Target Area 1 (TA1)

During the half year, Azure reported continued drilling success at TA1 with the intersection of numerous exceptionally thick, lithium-rich and spodumene-bearing intervals within the AP0011 pegmatite. Mineralised intersections with true widths (TW) exceeding 100m include:

- 209.4m @ 1.42% Li₂O from 219.0m (~134.6m True Width) in ANRD00171, including:
 - 126.2m @ 1.72% Li₂O from 219.0m (~81.1m True Width) which includes:
 - 56.1m @ 2.00% Li₂O from 257.0m (~36.1m True Width); and
 - 19.7m @ 1.54% Li₂O from 401.6m (~12.7m True Width)
- 183.1m @ 1.25% Li₂O from 170.5m (~123.3m True Width) in ANDD0282, including:
 - 58.9m @ 1.46% Li₂O from 170.5m (~39.7m True Width); and
 - 30.0m @ 1.55% Li₂O from 284.0m (~20.2m True Width); and
 - 11.2m @ 1.85% Li₂O from 332.9m (~7.5m True Width)
- 167.7m @ 1.31% Li₂O from 168.4m (~112.2m True Width) in ANDD0238, including:
 - 89.1m @ 1.55% Li₂O from 168.4m (~59.6m True Width) which includes:
 - 30.5m @ 2.03% Li₂O from 215.3m (~20.4m True Width)
 - 12.5m @ 1.57% Li₂O from 274.5m (~8.3m True Width)
- 165.2m @ 1.33% Li₂O from 306.6m in ANDD0295 (True Width (TW): ~141.8m) including

⁷ Refer to ASX announcement dated 7 August 2023

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- 46.7m @ 2.08% Li₂O from 345.0m (TW: ~40.1m)
- 135.2m @ 1.12% Li₂O from 288.9m in ANDD0276 (TW: ~117.0m)
- 104.7m @ 1.61% Li₂O from 325.8m (~101.6m True Width) in ANDD0239 including:
 - 16.8 @ 2.10% Li₂O from 325.8m (~16.3m True Width); and
 - 31.8m @ 1.95% Li₂O from 363.3m (~30.9m True Width)

Post period end, Azure reported diamond drilling of the AP0011 pegmatite⁸ had returned more broad and high grade mineralised intersections which correlate strongly with previously reported visual spodumene observations⁹ (ASX: 22 December 2023).

Six holes drilled through more than 100m of strong lithium mineralisation with lithium grades exceeding 1.00% Li₂O, three of which have True Widths (TW) exceeding 100m.

- 152.3m @ 1.15% Li₂O from 330.7m (~137.1m True Width) in ANDD0309 including
 - 34.7m @ 1.73% Li₂O from 331.6m (~31.2m True Width)
- 112.9m @ 1.63% Li₂O from 408.5m (~107.0m True Width) in ANRD0154 including
 - 24.6m @ 2.17% Li₂O from 424.7m (~23.3m True Width)
- 125.2m @ 1.00% Li₂O from 166.0m (~116.1m True Width) in ANRD0162 including
 - 28.5m @ 1.63% Li₂O from 166.0m (~26.4m True Width)

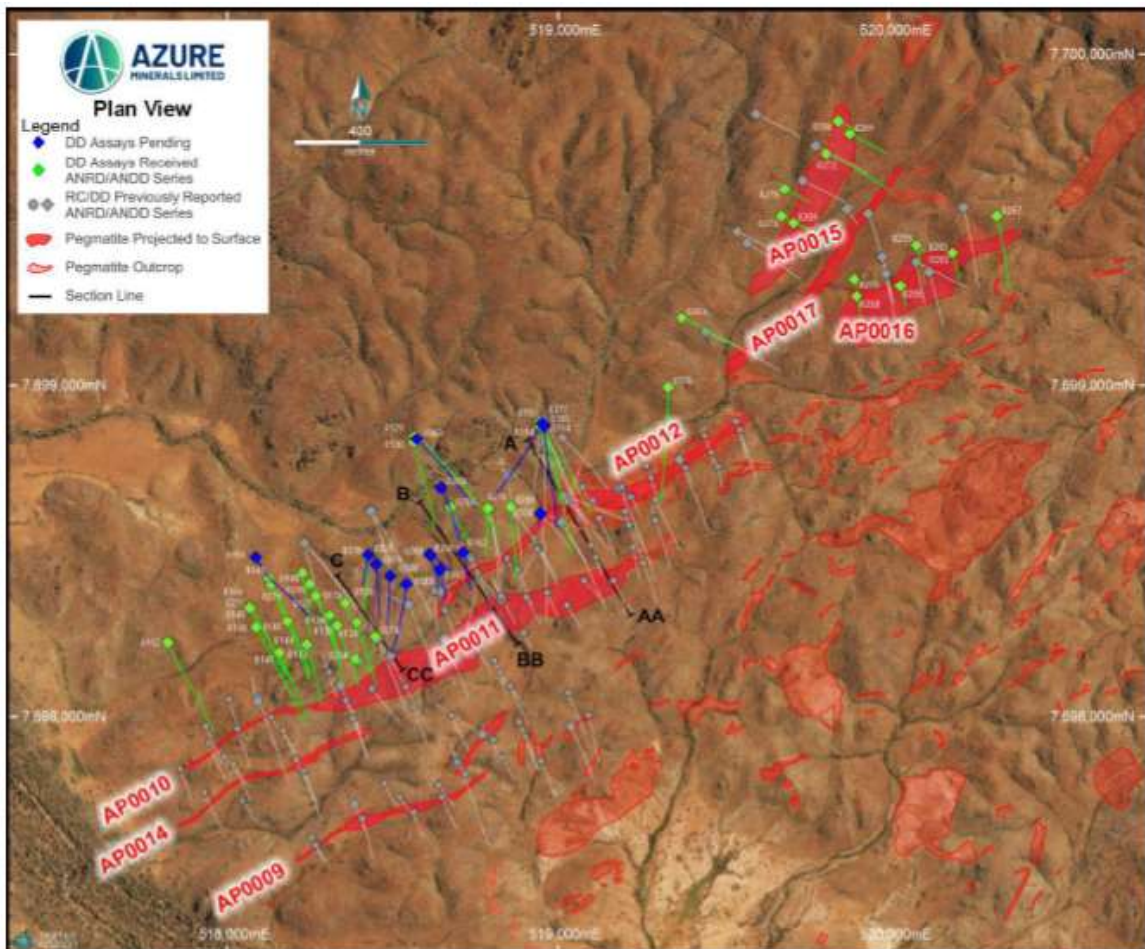


Figure 2: Pegmatite outcrops and drill hole locations at TA1 and TA2

⁸ Refer to ASX announcement dated 13 February 2024

⁹ Refer to ASX announcement dated 22 December 2023

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Target Area 2 (TA2)

During the period, Azure received positive results from diamond drilling of the AP0015 and AP0016 pegmatites, with broad zones of lithium mineralisation¹⁰ highlighting the prospectivity of TA2, including:

- 23.7m @ 1.51% Li₂O from 76.2m in ANDD0253 (~19.8m True Width)
- 20.8m @ 1.70% Li₂O from 114.3m in ANDD0262 (~20.3m True Width)

Target Area 3 (TA3)

During the half year, Azure identified the presence of numerous outcropping mineralised pegmatites at TA3, designated as AP0001 through to AP0006¹¹ see Figure 3. In the AP0003/AP0004/AP0005 pegmatites, assays confirmed the presence of consistently thick, high-grade lithium mineralisation. Better mineralised intersections include:

- 37.0m @ 1.22% Li₂O from 22.8m in ANDD0285 (TW: ~35.8m)
- 66.9m @ 1.18% Li₂O from 41.0m in ANDD0289 (TW: ~35.7m)
- 36.6m @ 1.16% Li₂O from 15.5m in ANDD0292 (TW: ~36.5m)
- 65.4m @ 1.11% Li₂O from 29.0m in ANDD0293 (TW: ~35.8m)
- 34.9m @ 1.57% Li₂O from 41.1m in ANDD0294 (TW: ~34.2m)

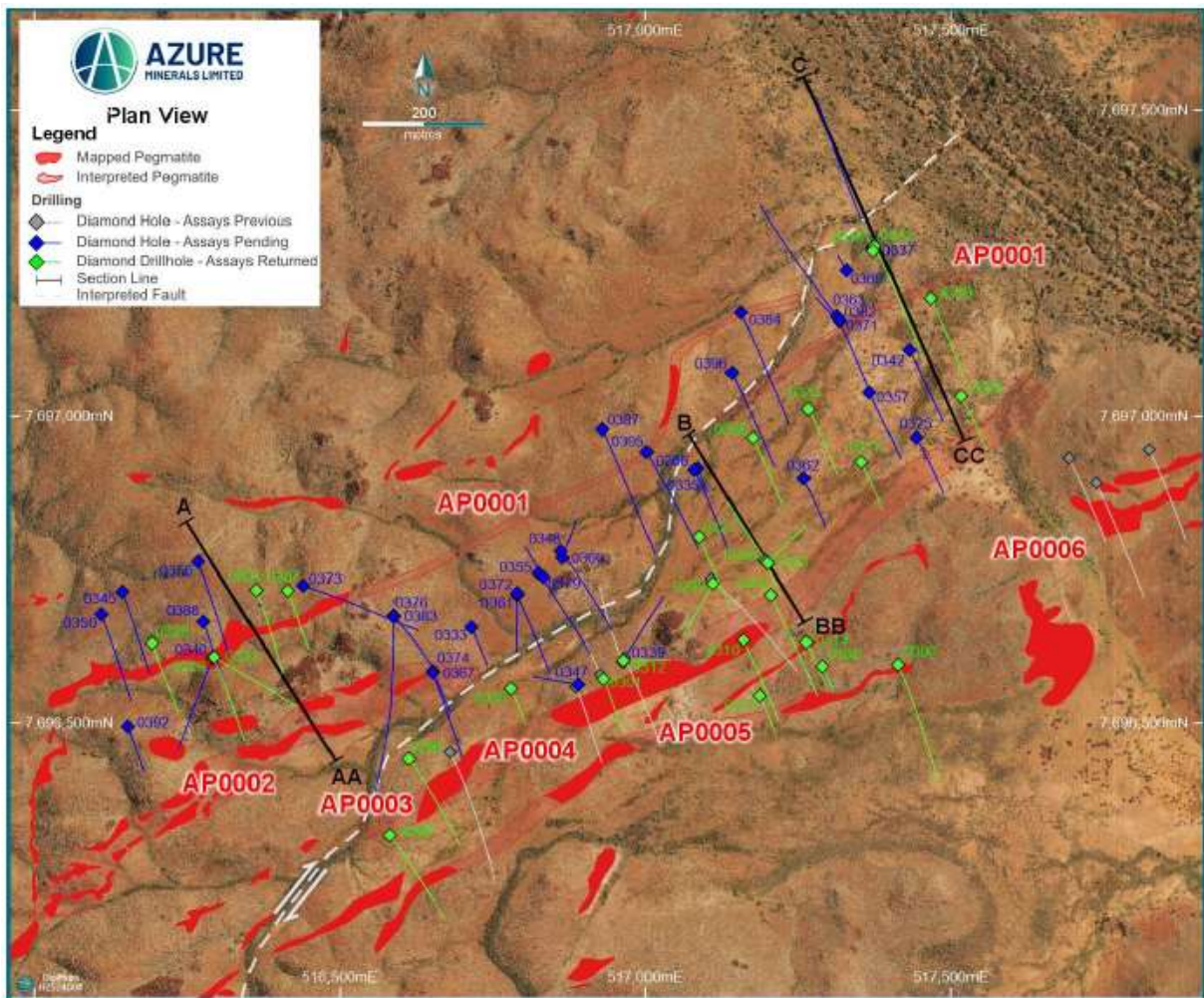


Figure 3: TA3 showing mapped and interpreted spodumene-bearing pegmatites with locations of drill holes

¹⁰ Refer to ASX announcement dated 10 October 2023

¹¹ Refer to ASX announcement dated 15 November 2023

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Post end of period, Azure reported latest drilling and assays had confirmed the presence of a major mineralised system at TA3 with mineralised pegmatites continuous over extensive strike lengths and to substantial depths¹².

Consistent lithium mineralisation has now confirmed over a cumulative strike length of 1,300m and over 450m of down-dip extent, with highlights including:

- 90.8m @ 1.54% Li₂O from 82.5m in ANDD0303 (TW: ~34.0m) (AP0004)
- 58.6m @ 1.57% Li₂O from 57.7m in ANDD0306 (TW: ~33.1m) (AP0004) including:
 - 15.9m @ 2.31% Li₂O from 92.9m (TW: ~9.0m)
- 51.6m @ 1.04% Li₂O from 255.1m in ANDD0322 (TW: ~36.9m) (AP0004)
- 40.1m @ 1.57% Li₂O from 106.1m in ANDD0330 (TW: ~38.2m) (AP0004) including:
 - 23.6m @ 1.74% Li₂O from 106.1m (TW: ~22.5m)
 - 9.3m @ 2.26% Li₂O from 136.9m (TW: ~8.9m)
- 39.6m @ 1.14% Li₂O from 159.4m in ANDD0304 (TW: ~38.7m) (AP0002)
- 38.2m @ 1.43% Li₂O from 124.3m in ANDD0332 (TW: ~37.3m) (AP0002) including:
 - 10.1m @ 2.04% Li₂O from 149.0m (TW ~9.9m)
- 35.9m @ 1.19% Li₂O from 180.5m in ANDD0326 (TW: ~33.9m) (AP0002)
- 34.5m @ 1.57% Li₂O from 182.1m in ANDD0316 (TW: ~33.0m) (AP0004) including:
 - 3.6m @ 2.99% Li₂O from 194.3m (TW: ~3.4m)

Several of the pegmatites that were originally considered to be separate bodies have now been confirmed by drilling to join together. This was the case with AP0003 and AP0004 now confirmed to be the same continuous pegmatite.

Furthermore, the thickness, grade, mineralogy and geometry of AP0002 indicated that it was likely to be the western continuation of the AP0003/AP0004 pegmatite separated by a northeast-southwest striking, moderately northwest-dipping fault, with AP0002 being on the western, hanging wall side of the dextral offset (see Figure 4).

The pegmatites at TA3 remain open at depth and along strike to the northeast and southwest. Eight drill rigs are continuing to undertake extensional drilling at TA3 to define the extents of the mineralised pegmatites and infill drilling to provide sufficient density to support the maiden MRE.

Metallurgical Testwork Results

In October, Azure reported¹³ 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.

¹² Refer to ASX announcement dated 15 January 2024

¹³ Refer to ASX announcement dated 9 October 2023

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Elemental assays for each composite sample are shown in Table 2.

Table 2: Head Assay - Metallurgical Samples by Drill Hole

Element Name	Element Symbol	Units	Composite 1	Composite 2	Composite 3
Lithium oxide	Li ₂ 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 ¹	<50 ¹	<50 ¹
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 ¹	<0.2 ¹	<0.2 ¹
Niobium	Nb	ppm	75	116	59
Phosphorus	P	%	0.01	<0.01 ¹	<0.01 ¹
Rubidium	Rb	%	0.22	0.18	0.21
Sulphur	S	%	<0.05 ¹	<0.05 ¹	<0.05 ¹
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
1. Results 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% Li₂O with a recovery of 82.37%.

Analysis for deleterious elements in the concentrate is provided in Table 3. 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 3: Spodumene Concentrate - Deleterious Elements

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

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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;
2. hosts approximately 95% of the total lithium content in each sample; and
3. has low iron content of 0.13% Fe (LA-ISP-MS).

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

Andover Tenements

Azure was granted two new Exploration Licences (EL’s), E47/4700 and E47/4701 at Andover, adding an extra 32km² of ground that is highly prospective for both lithium-rich pegmatites and nickel-copper-cobalt sulphide mineralisation. The Andover Project now comprises three granted ELs covering 108km².

In addition to the ELs, four applications have been submitted for Miscellaneous Licences for the purposes of searching for groundwater. One Miscellaneous Licence (L47/1068) was granted and the remainder are expected to be granted in the second half of CY2023.

Barton Gold & Base Metals Project (Azure 100%)

The Barton Gold and Base Metals Project covers 888km² adjacent to the historical gold mining town of Kookynie, approximately 40km south of Leonora in the Eastern Goldfields region of Western Australia. With the Company’s primary focus on exploration drilling and development of the Andover Project, no activity was conducted at Barton during the period.

Turner River Project (Azure 70% / Creasy Group 30%)

The Turner River Project comprises two unexplored Exploration Licence applications covering 450km² located just south of Port Hedland. These two Exploration Licence applications are awaiting grant. With the Company’s primary focus on exploration drilling and development of the Andover Project, no activity was conducted at the Turner River project during the period.

Coongan (Azure 70% / Creasy Group 30%)

The Coongan Project is located in the eastern Pilbara about 8km to the west of the town of Nullagine and covers an area of 223km². It adjoins the western boundary of Novo Resources’ Beatons Creek Gold Mine (current resources of 276,000oz @ 2.49g/t in conglomerate, alluvial and reef gold). The Coongan tenement is considered prospective for gold, base metals, iron ore and lithium.

Azure has undertaken geophysical surveys and surface exploration within this mostly unexplored project, with an airborne gravity survey flown over the western half of the property in late 2023.

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Capital

During the half year, the Company significantly strengthened its balance sheet with Azure completing a fully underwritten \$120m Placement and \$10m Share Purchase Plan (SPP)¹⁴.

The institutional placement for 50 million new fully-paid ordinary shares at an offer price of \$2.40 per New Share received exceptionally strong support, with the offer receiving firm commitments from major institutions and investment funds¹⁵. The Placement was structured in two tranches, with Tranche 1 of the Placement raising approximately \$100 million and Tranche 2 of the Placement, which included the issue of shares subject to shareholder approval, raising approximately \$22 million.

Strong support was received from Azure's major shareholders, SQM and Creasy Group, which each committed to participate pro-rata in the Placement.

The \$10m SPP, which was undertaken at the same price as the Placement, closed early following strong demand.¹⁶

The combined Placement and SPP ensured that Azure was well capitalised to continue exploring and developing its large scale and high-grade Andover lithium project.

Review of Operations and Results

The operating loss for the period was \$29,902,653 (2022: profit \$346,285). Included in this loss figure is \$26,681,153 (2022: \$5,920,566) of exploration expenditure.

Net cash outflows from operating activities for the period were \$28,783,358 (2022: \$8,685,419).

Other items

Significant Changes in State of Affairs

During the period 1,000,000 options were exercised for cash at \$0.60 per option resulting in the issue of 1,000,000 fully paid ordinary shares; 250,000 options were exercised for cash at \$0.45 per option resulting in the issue of 250,000 fully paid ordinary shares; and 13,150,000 options were exercised utilising a cashless exercise facility resulting in the issue of 11,915,192 fully paid ordinary shares.

Other than as set out elsewhere in this report, no other significant change in the Company's state of affairs occurred during the reporting period.

Events after the reporting date

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

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 27.

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



Anthony Rovira - Managing Director

West Perth

13 March 2024

¹⁴ Refer to ASX announcement dated 21 August 2023

¹⁵ Refer to ASX announcement dated 22 August 2023

¹⁶ Refer to ASX announcement dated 6 September 2023

AZURE MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	117,496,818	17,494,228
Trade and other receivables	5	1,863,476	6,579,417
Total Current Assets		119,360,294	24,073,645
Non-Current Assets			
Financial assets at fair value through other comprehensive income	6	4,000,948	4,000,948
Security deposit		15,781	24,500
Office right of use		219,068	273,836
Trade and other receivables	5	6,000,000	-
Plant and equipment		1,047,441	546,509
Capitalised exploration expenditure	7	5,955,899	5,955,899
Total Non-Current Assets		17,239,137	10,801,692
TOTAL ASSETS		136,599,431	34,875,337
LIABILITIES			
Current Liabilities			
Trade and other payables		5,139,411	3,185,634
Lease Liability		108,259	110,607
Provisions		199,925	132,456
Total Current Liabilities		5,447,595	3,428,697
Non-Current Liabilities			
Lease Liability		103,642	156,694
Provisions		420,515	292,078
Total Non-Current Liabilities		524,157	448,772
TOTAL LIABILITIES		5,971,752	3,877,469
NET ASSETS		130,627,679	30,997,868
Equity			
Contributed equity	8	296,976,830	163,322,985
Reserves		6,202,236	10,323,617
Accumulated losses		(172,551,387)	(142,648,734)
TOTAL EQUITY		130,627,679	30,997,868

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

AZURE MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Continuing Operations			
Interest income		1,508,762	6,865
Depreciation and amortisation		(173,759)	(54,669)
Exploration expenditure		(26,681,153)	(5,920,566)
Salaries and wages		(1,329,292)	(512,284)
Consultants		(73,358)	(11,329)
Director fees		(653,750)	(77,500)
Travel and accommodation		(79,577)	(104,093)
Promotion		(221,438)	(186,482)
Insurance		(129,748)	(46,388)
Lease interest		(11,813)	(15,950)
Lease amortisation		(54,767)	(54,767)
Other administration expenses		(1,162,038)	(544,820)
Share Based Payment		(36,145)	(61,141)
Exploration Tenement Write Off	7	-	(1,502,283)
Takeover expenses		(803,657)	
Other expenses		(920)	(488)
Loss from continuing operations before income tax		(29,902,653)	(9,085,895)
Income tax expense		-	-
Loss from continuing operations after income tax		(29,902,653)	(9,085,895)
Discontinued Operations			
Profit after income tax from discontinued operations	11	-	9,432,180
Profit/(Loss) for the period		(29,902,653)	346,285
Other comprehensive income			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations		-	-
Other comprehensive income for the period net of tax		-	-
TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD		(29,902,653)	346,285
Loss per share from continuing operations attributable to the ordinary equity holders of the company			
Basic and diluted loss per share from continuing operations (cents)		(6.96)	(2.92)
Basic and diluted profit per share from discontinued operations (cents)		-	3.03

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

AZURE MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2023

31 December 2023

	Issued Share Capital \$	Share Option Reserve \$	Financial Asset Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2023	163,322,985	10,363,613	(39,996)	-	(142,648,734)	30,997,868
Loss for period	-	-	-	-	(29,902,653)	(29,902,653)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(29,902,653)	(29,902,653)
Transactions with owners in their capacity as owners:						
Issue of share capital net of transaction costs	129,496,320	-	-	-	-	129,496,320
Issue of share capital net of transaction costs	4,157,525	(4,157,525)	-	-	-	-
Share based payments	-	36,144	-	-	-	36,144
Total transaction with owners	133,653,845	(4,121,381)	-	-	-	129,532,464
Balance at 31 December 2023	296,976,830	6,242,232	(39,996)	-	(172,551,387)	130,627,679

31 December 2022

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

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

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AZURE MINERALS LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities		
Payments to suppliers and employees	(4,025,435)	(1,537,720)
Payments for exploration feasibility expenditure	(25,452,027)	(7,154,564)
Expenses associated with takeover	(803,657)	-
Interest received	1,508,762	6,865
Net cash outflow used in operating activities	<u>(28,772,357)</u>	<u>(8,685,419)</u>
Cash flows from investing activities		
Payment for plant and equipment	(674,692)	(79,555)
Security Deposit	8,719	-
Sale of mineral properties	-	3,399,847
Net cash flow from/(used in) investing activities	<u>(665,973)</u>	<u>3,320,292</u>
Cash flows from financing activities		
Proceeds from capital raising (net of costs)	129,496,320	266,500
Repayment of office lease liability	(55,400)	(94,126)
Net cash inflow from financing activities	<u>129,440,920</u>	<u>172,374</u>
Net increase/decrease in cash and cash equivalents	100,002,590	(5,192,753)
Cash and cash equivalents at the beginning of the half-year	17,494,228	10,600,561
Effects of exchange rate changes in cash and cash equivalents	-	-
Cash and cash equivalents at the end of the half-year	<u>117,496,818</u>	<u>5,407,808</u>

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

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AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023 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 Company's annual financial statements for the year ended 30 June 2023 and the corresponding half year interim reporting period, with the exception of those items discussed in Note 1.2 below. Comparative figures reflect consolidated balances based on the group structure during the prior period.

1.2 New or amended Accounting Standards and interpretations adopted

The Company 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 Company have not been applied in preparing these financial statements.

1.3 Significant estimate and judgement

Investment in Bendito

The Company 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 2023, Azure held a 16.4% interest in Bendito Resources, however, has the rights to a further \$6 million in shares to be paid by 30 September 2026, 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 Company 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 Company 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 FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 company 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 Company 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 Company 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 company has transferred substantially all the risk and rewards of ownership.

Measurement

At initial recognition, the Company 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 Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company 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 Company 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 Company applies a simplified approach permitted by a AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivable.

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AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 Company 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 2023	Australia	Mexico	Total
	\$	\$	\$
Other income	1,508,762	-	1,508,762
Loss	(29,902,653)	-	(29,902,653)
Non-current assets	17,239,137	-	17,239,137
Total assets	136,599,431	-	136,599,431
Total liabilities	(5,971,752)	-	(5,971,752)
30 Jun 2023			
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)
31 Dec 2022			
Other income	6,865	-	6,865
Profit/(Loss)	(9,085,895)	9,432,180	346,285

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 2023	30 Jun 2023
	\$	\$
Cash at bank and in hand	36,241,605	92,643
Short term deposits	81,255,213	17,401,585
	117,496,818	17,494,228

AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 5 TRADE AND OTHER RECEIVABLES

	31 Dec 2023	30 Jun 2023
	\$	\$
Current		
Trade receivables	1,530,162	538,441
Prepayments	333,314	40,976
Receivable from Bendito Resources Inc. ^a	2,000,000	12,000,000
Less provision for expected credit loss	(2,000,000)	(6,000,000)
	1,863,476	6,579,417
Non Current		
Receivable from Bendito Resources Inc. ^a	10,000,000	-
Less provision for expected credit loss	(4,000,000)	-
	6,000,000	-

- 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 was 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. On 4 October 2023 the Company entered into an amending Agreement with Bendito that deferred the payment of the \$6 million cash due so that \$2 million becomes due and payable by 30 September 2024, \$2 million becomes due and payable by 30 September 2025 and \$2 million becomes due and payable by 30 September 2026. In addition, the issue of the second tranche of \$6 million in Bendito shares becomes due on 31 July 2026 or its listing on the Toronto Venture Exchange, whichever is the earlier.

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 company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company'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 2023	30 Jun 2023
	\$	\$
Listed Security – Lexagene Holdings Limited	948	948
Unlisted Security – Bendito Resources Inc. ^a	4,000,000	4,000,000
	4,000,948	4,000,948

- 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.

AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 7 CAPITALISED EXPLORATION EXPENDITURE

	31 Dec 2023	30 Jun 2023
	\$	\$
At Cost	5,955,899	5,955,899

Reconciliations

Movements in the carrying amounts of capitalised expenditure between the beginning and end of the current financial period.

Opening net book amount	5,955,899	7,458,182
Disposals - withdrawal from joint venture	-	(1,502,283)
Closing net book amount	5,955,899	5,955,899

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

NOTE 8 ISSUED CAPITAL

	Shares	\$
Balance as at 1 July 2022	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)	-
Balance as at 31 December 2022	312,227,881	143,322,985
Balance as at 1 July 2023	390,236,072	163,322,985
Placement at \$2.40 per share	51,111,508	122,667,602
Share Purchase Plane at \$2.40 per share	4,166,803	10,000,327
Share Issue expenses	-	(3,884,109)
Options exercised at \$0.45 per option	250,000	112,500
Options exercised at \$0.60 per option	1,000,000	600,000
Options exercised utilising cashless exercise facility	14,050,000	4,157,525
Discount on number of shares issued due to cashless exercise	(2,134,808)	-
Balance as at 31 December 2023	458,679,575	296,976,830

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AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 8 ISSUED CAPITAL (Continued)

Options on Issue

	1 Jul 2022	Issued	Exercised	Lapsed	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
	5,000,000	-	(2,000,000)	-	3,000,000

	1 Jul 2023	Issued	Exercised	Lapsed	31 Dec 2023
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
Exercisable at \$0.45 on or before 31 March 2026	5,800,000	-	(5,800,000)	-	-
Exercisable at \$0.60 on or before 31 March 2026	8,000,000	-	(8,000,000)	-	-
	16,800,000	-	(15,300,000)	-	1,500,000

NOTE 9 EARNINGS/ (LOSS) PER SHARE

Weighted average number of ordinary shares used in calculation of basic earnings per share is 429,813,371. 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 Company 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 Company classified 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 Company's financial assets and financial liabilities measured and recognised at fair value at 31 December 2023 on a recurring basis (30 June 2023: \$948):

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

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AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 10 FAIR VALUE MEASUREMENT (continued)

The fair value of financial assets and liabilities held by the company must be estimated for recognition, measurement and/or disclosure purposes. The company 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 Company 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 2023, 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 Company 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 previous 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.

	31 Dec 2023	31 Dec 2022
	\$	\$
Revenue	-	-
Expenses	-	(95,788)
Loss before Income Tax	-	(95,788)
Income tax expense	-	-
Loss after income tax of discontinued operation	-	(95,788)
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
Net cash (outflow) from operating activities	-	(79,054)
Net cash inflow from investing activities (31 Dec 2022) includes an inflow from the sale of the subsidiaries	-	3,399,847
Net cash inflow from financing activities	-	-
Net increase (decrease) in cash generated by the subsidiaries	-	3,320,793

AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 11 DISCONTINUED OPERATION (Continued)

iii. Details of the sale of the subsidiaries

	31 Dec 2023 \$	30 Jun 2023 \$
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:

	21 July 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	(44,646)
Total Liabilities	(44,646)
Net assets	9,309,677

NOTE 12 COMMITMENTS AND CONTINGENCIES

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

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AZURE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 13 RELATED PARTY TRANSACTIONS

For details of related party arrangements refer to 30 June 2023 financial statements.

During the period the following payments were made to key management personnel (“KMP”).

KMP	Position	Nature of Payment	Amount \$
Brian Thomas	Chairman	Special Exertion	130,000
Anthony Rovira	Managing Director	Bonus	165,200
Hui (Annie) Guo	Non-executive Director	Special Exertion	190,000
Hansjoerg Plaggemars	Non-Executive Director	Special Exertion	190,000
Brett Dickson	CFO & Company Secretary	Bonus	73,500

There were no other significant changes to the related party arrangements of the Company during the half-year ended 31 December 2023.

NOTE 14 EVENTS AFTER THE REPORTING DATE

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

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AZURE MINERALS LIMITED

DIRECTOR'S DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2023

In the Director's opinion:

- (a) The financial statements and notes, as set out on pages 11 to 23 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 2023 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
13 March 2024

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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), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2023 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 Company's financial position as at 31 December 2023 and its 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

A handwritten signature in black ink that reads 'J Prue'.

Jarrad Prue

Director

Perth, 13 March 2024

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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 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

13 March 2024