

Letter to Shareholders regarding General Meeting

Dear Shareholder

Azure Minerals Limited (ASX:AZS) (**Azure** or the **Company**) advises that it will be holding its Annual General Meeting of shareholders on Tuesday, 15 November 2022 (Meeting) commencing at 3:00pm (WST) at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005.

In accordance with section 110D of the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Notice of Meeting to shareholders who have not previously opted in to receiving electronic copies. Instead, the Notice of Meeting can be viewed and downloaded from the website link:

<https://azureminerals.com.au/investors/asx-announcements/>

The Notice of Meeting is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Computershare Investor Services Pty Limited (**Computershare**), on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia).

Submitting your vote in advance of the meeting

A copy of your personalised proxy form is enclosed for convenience. Please complete and return the attached proxy form to the Company's share registry, Computershare through one of the following options:

Online:

At www.investorvote.com.au

Mail:

Share Registry – Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001, Australia

Mobile:

Scan the QR Code on your proxy form and follow the prompts

Custodian Voting:

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Your proxy voting instruction must be received by 3:00pm (WST) on Sunday, 13 November 2022, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Company will continue to closely monitor guidance from the Federal and State Government for any impact on the proposed arrangements for the Meeting in respect of COVID-19.

If any changes are required, the Company will advise Shareholders by way of announcement on ASX and the details will also be made available on our website at

<https://azureminerals.com.au/investors/asx-announcements/>

The Company will advise Shareholders as soon as practicable, if any of the above circumstances change.

Authorised for release by the Board of Azure Minerals Limited.

For enquiries, contact:

Brett Dickson

Company Secretary

+61 8 6187 7500

admin@azureminerals.com.au



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Azure Minerals Limited
ABN 46 106 346 918
Notice of 2022 Annual General Meeting
and Explanatory Memorandum

Date of Meeting

15 November 2022

Time of Meeting

3:00pm (WST)

Place of Meeting

The Park Business Centre
45 Ventnor Avenue
West Perth WA 6005

A Proxy Form is enclosed

Please read this Notice of Annual General Meeting and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

Azure Minerals Limited

ABN 46 106 346 918

Notice of Annual General Meeting

NOTICE IS GIVEN that an Annual General Meeting of Shareholders of Azure Minerals Limited ABN 46 106 346 918 (**Company**) will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth on 15 November 2022 at 3:00pm (WST) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice. Terms used in the Resolutions contained in this Notice have the meaning given to them in the glossary in the Explanatory Memorandum.

Agenda

Financial Reports

To receive and consider the financial report of the Company, together with the Directors' Report and the Auditor's Report for the year ended 30 June 2022, as set out in the Annual Report.

Resolutions

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding ordinary resolution**:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2022 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution 1.

Voting prohibition statement: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member. However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Election of Mr Hansjörg Plaggemars as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Hansjörg Plaggemars, a Director who was elected on 24 November 2020, retires, and being eligible, is elected as a Director."

3. Resolution 3 – Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of up to that number of Equity Securities equal to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum."

4. Resolution 4 – Approval of Employee Share Option Plan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to adopt the employee incentive scheme titled "Azure Minerals Limited Employee Share Option Plan" (Option Plan) and for the issue of a maximum of 15,536,786 Options under that Plan, on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who is eligible to participate in subject of this Resolution 4 or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

Voting prohibition statement: A vote on Resolution 4 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member. However, a person (the **voter**) described above may cast a vote on Resolution 4 as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (iii) does not specify the way the proxy is to vote on Resolution 4; and

expressly authorises the Chair to exercise the proxy even though Resolution 4 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Other business

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

By order of the Board



Brett Dickson
Company Secretary

Dated: 11 October 2022

How to vote

Voting on all proposed Resolutions at the Meeting will be conducted by poll. Under the Constitution, any poll will be conducted as directed by the Chair.

Shareholders can vote by either:

- ☐ attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- ☐ appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their Proxy Form online, by mobile, by post or by facsimile.

Voting in person or by attorney

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. A certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment (including any authority under which it is signed) must be lodged with, or presented to the Company before the Meeting.

Voting by proxy

- ☐ A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- ☐ The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- ☐ A proxy need not be a Shareholder. The proxy can be either an individual or a body corporate.
- ☐ If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- ☐ Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- ☐ If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- ☐ A Shareholder who returns their Proxy Form with a direction how to vote, but does not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned with a direction how to vote, but the nominated proxy (who is not Chair of the Meeting) does not attend the Meeting or does not vote on the relevant Resolution(s), the Chair of the Meeting will act in place of the nominated proxy and vote on a poll in accordance with any instructions.
 - ☐ Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice. However, in exceptional circumstances, the Chair of the Meeting may change his voting intention, in which case an ASX announcement will be made.
 - ☐ Proxies must be received by **3.00pm (WST) on 13 November 2022**, being 48 hours prior to the commencement of the meeting. Proxies received after this time will be invalid.
 - ☐ Proxies may be lodged using any of the following methods:
 - ☐ **Online:** www.investorvote.com.au
 - ☐ **By mobile:** Scan the QR Code on your proxy form and follow the prompts.
 - ☐ **By mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
 - ☐ **By Facsimile:**
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
 - ☐ **Custodian voting:** For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions
- For all enquiries call 1300 850 505 (within Australia)
or +61 3 9415 4000 (outside Australia).

Shareholders who are entitled to vote

In accordance with regulation 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Register of Shareholders as at **3.00pm (WST) on 13 November 2022**.

Azure Minerals Limited

ABN 46 106 346 918

Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

Financial Reports

The Board is required to lay before the Meeting the consolidated annual financial report of the Company for the financial year ended 30 June 2022, together with the Directors' report (including the Remuneration Report) and the Auditor's Report on the financial report. No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions, and to make comments on the reports and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to: the conduct of the audit; the preparation and content of the independent Auditor's Report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

A copy of the Company's Annual Report is available on the ASX website or at <http://azureminerals.com.au/financial-reports/>.

Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as set out in the Company's Annual Report be adopted.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

Shareholders are entitled to vote on the question as to whether the Remuneration Report is to be adopted. However, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Meeting.

Under the Corporations Act, if at least 25% of the votes cast are against adoption of the remuneration report at two consecutive annual general meetings, the Company will be required to put a resolution to the second annual general meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second annual general meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than any Managing Director, will cease to hold office immediately before the end of the Spill Meeting and will need to stand for re-election at the Spill Meeting if they wish to continue as Directors. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report for the financial year ended 30 June 2021 did not receive a vote of more than 25% against its adoption at the Company's 2021 annual general meeting held on 23 November 2021. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

Resolution 2 – Election of Mr Hansjörg Plaggemars as a Director

Subject to the Corporations Act, the Constitution allows the Directors to appoint at any time a person to be a Director, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.3 of the Constitution and Listing Rule 14.4, a Director of an entity must not hold office (without re-election) for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election, whichever is longer.

Mr Hansjörg Plaggemars, having been elected at the Annual General Meeting held on 24 November 2020 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Plaggemars is an experienced company director with a deep background in corporate finance, corporate strategy and governance. He has served on the board of directors of many listed and unlisted companies in a variety of industries including mining, agriculture, shipping, construction and investments. This includes the board of Delphi Unternehmensberatung AG, a major Shareholder.

Mr Plaggemars is currently a director of Kin Mining NL, Davenport Resources Limited, Altech Chemicals Limited, Expedeon AG, Ming Le Sports AG, Decheng Technology AG, Youbisheng Green Paper AG, Snowbird AG, Cologne, MARNA Beteiligungen AG and S&O Agrar AG.

Mr Plaggemars has a bachelor's degree in business administration from Otto-Fredrich-Universität Bamberg and a Diplom-Kaufmann (equivalent to a MBA). He is fluent in English and German.

The Board has considered Mr Plaggemars' independence and considers that he is not an independent Director as he is a nominee director of a Shareholder, Delphi Unternehmensberatung AG.

The members of the Board (other than Mr Plaggemars) support the election of Mr Plaggemars and recommend that Shareholders vote in favour of Resolution 2. The Board considers that Mr Plaggemars provides an important contribution to the Board, given his professional background and extensive business experience.

Resolution 3 – Approval of 10% Placement Capacity

Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an Eligible Entity (as defined below) can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this limit by an extra 10% to 25%.

An Eligible Entity means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an Eligible Entity for these purposes.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: AZS).

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval (**10% Placement Capacity**).

Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

The following information is provided to Shareholders in relation to Resolution 3 for the purposes of Listing Rule 7.3A:

(a) **Timing of potential issues**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 10% Placement Capacity must be in an existing quoted class of Equity Securities and be issued at a minimum issue price of 75% of the volume weighted average price for the Company's Equity Securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(c) **Use of funds**

The Company intends to use the funds raised from the issue of Equity Securities under the 10% Placement Capacity for exploration activities at the Company's Andover, Barton and Coongan projects, development studies at the Andover project, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

(d) **Risk of economic and voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 6 October 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the 10% Placement Capacity and dilution effect	Dilution		
		Issue Price at half the current market price \$0.1025	Issue Price at current market price \$0.205	Issue Price at double the current market price \$0.41
Current Variable 'A' 321,735,721 Shares	Shares issued	32,173,572	32,173,572	32,173,572
	Funds raised	\$3,297,791	\$6,595,582	\$13,191,165
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 482,603,581 Shares	Shares issued	48,260,358	48,260,358	48,260,358
	Funds raised	\$4,946,687	\$9,893,373	\$19,786,747
	Dilution	10%	10%	10%
100% increase in current variable 'A' 643,471,442 Shares	Shares issued	64,347,144	63,347,144	63,347,144
	Funds raised	\$6,595,582	\$13,191,165	\$26,382,329
	Dilution	10%	10%	10%

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

Note: The table above assumes:

- There are 321,735,721 Shares on issue.
- The issue price set out above is the closing price of Shares on the ASX on 6 October 2022.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised or Convertible Notes are converted into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy**

The identity of the persons to whom Equity Securities will be issued under the 10% Placement Capacity have not yet been determined as at the date of this Notice, but could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The persons to whom Equity Securities will be issued under the 10% Placement Capacity will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of matters including, but not limited to:

- (i) the purpose of the issue;
 - (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
 - (iii) the effect of the issue of the Equity Securities on the control the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).
- (f) **Previous approvals under Listing Rule 7.1A**
- The Company did not obtain Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 23 November 2021. Accordingly, the Company has issued no Shares in the previous 12 months.
- (g) **Voting exclusion statement**
- As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.
- Accordingly, a voting exclusion statement is not included in respect of this Resolution 3.

Resolution 4 – Approval of Employee Equity Option Plan

Background

Resolution 4 seeks Shareholder approval for the adoption of an employee incentive scheme titled "Azure Minerals Limited Employee Share Option Plan" (**Option Plan**) in accordance with Listing Rule 7.2 (Exception 13).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.2 (Exception 13) sets out an exception to Listing Rule 7.1, which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue securities under the Option Plan to eligible employees over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that 7,400,000 securities have previously been issued under the current Company employee incentive scheme. The maximum number of equity securities proposed to be issued under the Option Plan following approval is 15,536,786.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and the future issue of securities under the Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of securities under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

The Option Plan incorporates recent amendments to the Corporations Act since the current Company employee incentive scheme was adopted on 26 November 2019. A summary of the key terms and conditions of the Option Plan is set out in Annexure A.

In addition, a copy of the Option Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Option Plan can also be sent to Shareholders upon request to the Company Secretary (Brett Dickson). Shareholders are invited to contact the Company if they have any queries or concerns.

A voting exclusion statement is included in Resolution 4 of this Notice.

Resolution 4 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

The members of the Board decline to make a recommendation in relation to Resolution 4 due to their material personal interest in the outcome of the Resolution.

Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to issue Options under the Option Plan to eligible participants over a period of 3 years without impacting on the Company's 15% placement capacity under Listing Rule 7.1 in any 12 month period.

The Company must still seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 4 is not passed, the Company will still be able to proceed with the issue of Options to eligible participants. However, any issues of Options will fall within the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of those securities.

Summary of legislative changes

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee share schemes (**New Rules**). The legislation, which took effect on 1 October 2022, replaces and expands the current ASIC Class Order [CO 14/1000] (together, the **Class Order**).

A summary of the key changes applicable to the Company under the New Rules are set out below.

(a) Expanded eligibility

Class Order regulatory relief was previously only available for issues to directors, full time and part time employees and casual employees or contractors that are 40% or more full time equivalent.

Under the New Rules, an offer may only be made to specified "primary participants" (being directors, employees and service providers, with no minimum requirements of hours of service provided) or certain related persons to a primary participant (such as certain immediate family members, controlled bodies corporate or a related self-managed superannuation fund).

(b) Issue cap

No monetary consideration

Under the Class Order, issue caps of 5% of a listed entity's fully paid shares apply over a rolling period of 3 years (irrespective of whether monetary consideration is required) when relying on Class Order relief.

Under the New Rules, there is no cap on issues made for no monetary consideration. Caps only apply to issues made for monetary consideration (being 5% for listed entities unless a higher cap is specified in the Constitution).

Further, offers of eligible interests to participants under an employee securities incentive plan which would not ordinarily require disclosure, such as offers to senior managers or small-scale offerings are not required to comply with the issue cap.

Monetary consideration

As noted above, under the Class Order, issue caps of 5% of a listed entity's fully paid shares apply over a rolling period of 3 years (irrespective of whether monetary consideration is required) when relying on Class Order relief.

Under the New Rules, the number of ESS interests issued over a three-year period must not exceed 5% of the issued share capital unless the entity's constitution specifies a different issue cap.

(c) Disclosure requirements

The Class Order does not distinguish between offers for monetary consideration and those without, with the same disclosure requirements for both offers.

Under the New Rules, offers made for no monetary consideration do not have any specific requirements, other than the need for a statement that the offer is made pursuant to Division 1A of Part 7.12 of the Corporations Act.

In the case of offers made for monetary consideration, an offer document is required (with specific disclosure requirements) and participants cannot acquire their interests until 14 days after receiving the necessary disclosure from the entity.

(d) Quotation and suspension requirements

Class Order relief is only available where an entity meets the minimum quotation period of 3 months prior to making an offer of eligible interests. In addition, relief is prohibited if an entity is suspended from quotation for over 5 days in the preceding 12-month period.

Under the New Rules, listed entities can offer eligible interests without first meeting any minimum quotation period, and regardless of any suspensions to the trading of securities.

(e) On-sale relief

The Class Order provides relief from the on-sale provisions for securities issued under the Class Order.

Pursuant to the New Rules, listed entities must issue a cleansing notice to ensure that any Shares issued (including following the exercise of any options and performance rights) may be on-sold within 12 months of issue.

(f) Criminal offences

A number of new offences created under the New Rules, including misleading and deceptive statement offences and offences relating to holding participants' money. In addition, regulatory relief can be revoked if any of the below are breached:

- (i) compliance with the monetary cap;
- (ii) compliance with the issue cap; and
- (iii) providing disclosure documents at the required time.

Glossary

\$ means Australian dollars.

10% Placement Capacity has the meaning set out on page 5 of the Explanatory Memorandum.

Accounting Standards has the meaning given to that term in the Corporations Act.

Annexure A means the annexure to the Explanatory Memorandum marked A.

Annual Report means the annual report of the Company for the year ended 30 June 2022.

Associate has the meaning given in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company's auditor from time to time.

Auditor's Report means the report of the Auditor contained in the Annual Report.

Board means current board of Directors.

Chair means the individual elected to chair any meeting of the Company from time to time.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Azure Minerals Limited ABN 46 106 346 918.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Directors' Report means the directors' report set out in the Annual Report.

Equity Securities has the meaning set out in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listing Rules means the ASX Listing Rules.

Material Investor means, in relation to the Company:

- (a) a related party;
- (b) a member of the Key Management Personnel;
- (c) a substantial Shareholder;
- (d) an advisor; or
- (e) an associate of a person referred to in (a)-(d) of this definition.

Meeting means the Annual General Meeting convened by the Notice.

Notice means this Notice of Annual General Meeting.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Remuneration Report means the remuneration report set out in the Annual Report.

Resolution means a resolution contained in the Notice.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page 4 of the Explanatory Memorandum.

Spill Resolution the meaning set out on page 4 of the Explanatory Memorandum.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

WST means Australian Western Standard Time

Annexure A - Terms and Conditions of Option Plan

A summary of the key terms and conditions of the Option Plan is set out below:

- (a) **(Eligibility)** Participants in the Option Plan may be:
- (i) a full-time or part-time employee;
 - (ii) an executive or non-executive director;
 - (iii) an individual who provides consultancy services (either directly or via a services company);
 - (iv) a casual employee;
 - (v) a prospective participant, being a person to whom an invitation is made but who can only accept that invitation if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (a) to (d) above; and
 - (vi) a Related Person of any Eligible Persons covered by one of paragraphs (i) to (v) above.

A Related Person may be, subject to the Corporations Act, another person who is:

- (i) a spouse, parent, child or sibling of the primary participant;
- (ii) another body corporate controlled by the primary participant or a person mentioned in subparagraph (i);
- (iii) a body corporate that is the trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the primary participant is a director of the body corporate;
- (iv) a person prescribed in relation to the primary participant by the regulations for the purposes of section 1100L of the Corporations Act; or
- (v) any other person defined as a "related person" under section 1100L of the Corporations Act, as updated from time to time.

(Eligible Employee) who has been invited to participate in the Option Plan (and their nominee) and who is determined by the Board to be a 'participant' for the purposes of the Plan (Participant).

- (b) **(Invitation and acceptance)** The Board at its sole discretion may invite any Eligible Employee selected by it to apply for a specified number of Options allocated to that Eligible Employee by the Board. Eligible Employees may nominate for their Options to be granted to a nominee (provided that the disclosure relief in section 708(12) of the Corporations Act would extend to that nominee).
- (c) **(Grant of Options)** Unless otherwise determined by the Board, Options are non-transferable and no payment is required for the grant of Options under the Option Plan. The Company has no obligation to apply for quotation of the Options on the ASX.
- (d) **(Exercise Conditions)** An Option may be made subject to conditions determined by the Board that are required to be satisfied before the Option can be exercised (Exercise Conditions) and as specified in the invitation for the Options.
- (e) **(Exercise)** An Option granted under the Option Plan may only be exercised:
- (i) if all the Exercise Conditions have been met;
 - (ii) if the exercise price has been paid to the Company or as the Company may direct; and
 - (iii) within the exercise period relating to the Option as determined by the Board and specified in the invitation for the Options (**Exercise Period**).

Subject to the Shares of the Company being quoted on the ASX, a Participant may elect to pay the exercise price by setting-off the exercise price against the number of Shares which the Participant is entitled to receive on the exercise of the Participant's Options (Cashless Exercise Facility). By using the Cashless Exercise Facility, the Participant will receive the Shares to the value of the surplus after the exercise price has been set-off. If the difference between the

exercise price otherwise payable for the Options and the then market value of the Shares at the time of exercise is zero or negative, then the Participant will not be entitled to use the Cashless Exercise Facility.

An Option granted under the Option Plan may not be exercised once it has lapsed.

Despite the preceding:

- (i) an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Total Control Event; and
 - (ii) the Board may determine that an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Control Event.
- (f) **(Shares rank equally)** Subject to the satisfaction of any applicable Disposal Restrictions, Shares allotted and issued under the Option Plan must rank equally in all respects with all other Shares from the date of allotment and issue.
- (g) **(Disposal Restrictions)** An Option may be made subject to restrictions determined by the Board that are required to be satisfied before a Share acquired as a result of the exercise of the Option by the Participant can be sold, transferred or otherwise dealt with by a Participant (Disposal Restrictions) and as specified in the invitation for the Options.
- (h) **(Plan limit)** The Company must, at the time of inviting an Eligible Employee to participate in the Option Plan, have reasonable grounds to believe that the Shares that have been or may be issued in any of the circumstances covered by paragraphs (i) and (ii) below will not exceed 5% of the total number of Shares on issue:
- (i) Shares that may be issued under the invitation or offer to participate; and
 - (ii) Shares issued or that may be issued as a result of invitations or offers to participants made at any time during the previous 3 year period under:
 - A. an employee incentive scheme or like scheme of the Company where offers were made in reliance on ASIC Class Order 14/1000 or an individual instrument made by ASIC in terms similar to that class order; or
 - B. an employee incentive scheme or employee share scheme of the Company where the offers were covered by ASIC Class Order CO 03/184 or an individual instrument made by ASIC in terms similar to that class order.
- (i) **(Lapse of an Option)** Options will lapse as follows:
- (i) if a Participant ceases to be appointed as director or employed by any Group Company due to his or her resignation, dismissal for cause or poor performance or in any other circumstances determined by the Board, all Options granted to that Participant will lapse as at the date of cessation unless the Board determines otherwise;
 - (ii) if the Board, in its absolute discretion determines that paragraph (i) will not apply to a Participant:
 - A. all Options granted to that Participant as at the date of cessation which are Vested Options may be exercised by that Participant on the earlier of the expiry date of the Vested Options and the 90 day period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Vested Options will lapse; and
 - B. in respect of all other Options granted to that Participant the Board may:
 - I. accelerate the vesting of the Participant's Options, subject to any Corporations Act and Listing Rules requirements; and/or
 - II. pro rata the Participant's Options at cessation to reflect the portion of the vesting period for which the Participant has been employed,such Options may be exercised by that Participant on the earlier of the end of the original Exercise Period for the Options and the 90 day period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Options will lapse;
 - (iii) on the passing of a resolution for voluntary winding up, or the making of an order for the compulsory winding up of the Company, all unexercised Options will lapse;

- (iv) if, in the opinion of the Board, a Participant (or, where a Participant is a person nominated by an Eligible Employee, the persons who nominated the Participant) has acted fraudulently or dishonestly, the Board may determine that any Option granted to that Participant should lapse, and the Option will lapse accordingly;
 - (v) unless the Board determines otherwise, an Option will lapse on the occurrence of a condition determined by the Board that will result in the Option lapsing if satisfied (Forfeiture Condition) as specified in the invitation for the Options; and
 - (vi) if an Option has not lapsed earlier in accordance with this paragraph (i), it will lapse at the end of the Exercise Period.
- (j) **(Reconstruction)** In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Options to which each Participant is entitled and/or the exercise price of those Options must be reconstructed in accordance with the Listing Rules. Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on other shareholders of the Company.
- (k) **(Participation in new issues)** Subject to the Listing Rules, a Participant is only entitled to participate (in respect of Options granted under the Option Plan) in a new issue of Shares to existing Shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.
- (l) **(Rights issues)** Subject to the Listing Rules, if there is a pro rata issue (except a bonus issue) to the holders of Shares, the exercise price of an Option will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N+1}$$

where:

- O' = the exercise price immediately following the adjustment;
 - O = the exercise price immediately prior to the adjustment;
 - E = the number of Shares into which one Option is exercisable;
 - P = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
 - S = the subscription price for a Share under the pro rata issue;
 - D = any dividend due but not yet paid on a Share (except any Share to be issued under the pro rata issue); and
 - N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (m) **(Bonus issues)** Subject to the Listing Rules, if there is a bonus issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (n) **(Amendment)** Subject to the Listing Rules, the Option Plan rule may be amended or supplemented by resolution of the Board. Unless the resolution of the Board expressly states otherwise, any amendment or supplement to Option Plan rules will not apply to any Options granted under the Option Plan which have not yet been exercised.
- (o) **(Overseas Eligible Employees)** If the Board, in its discretion, grants Options to Eligible Employees who are resident outside of Australia, the Company may make regulations for the operation of the Plan (which are not inconsistent with the Plan) to apply to those overseas Eligible Employees.
- (p) **(Definitions)** Capitalised terms used above are defined in the Option Plan, including:

Control of an entity means having the right:

- (i) to vote 50% (or more) of the votes that can be cast on the election or removal of the entity's directors;

- (ii) to appoint or remove directors who possess 50% (or more) of the votes exercisable by all directors of the entity; or
- (iii) to 50% (or more) of the profits or distributions of the entity or of its net liquidation proceeds.

For this definition, if the entity does not have a board of directors, 'director' means a member of the entity's governing body with a role similar to a board of directors.

Control Event means any of the following:

- (i) any event that occurs which causes a change in Control of the Company; or
- (ii) any other event which the Board reasonably considers should be regarded as a Control Event; and
- (iii) which does not constitute a Total Control Event.

Total Control of an entity means where a person owns the whole of the issued ordinary share capital of the Company.

Total Control Event means where an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Total Control of the Company.

Vested Option means an Option in respect of which all Exercise Conditions have been met or which are otherwise exercisable (including as contemplated by paragraph (e) above).

Need assistance?



Phone:
1300 135 401 (within Australia)
+61 3 9415 4658 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **3:00pm (AWST) on Sunday, 13 November 2022.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 181613

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Azure Minerals Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Azure Minerals Limited to be held at the Park Business Centre, West Perth, WA 6005 on Tuesday, 15 November 2022 at 3:00pm (AWST) and at any adjournment or postponement of that meeting. **Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. **Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Hansjörg Plaggemars as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /
Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

A Z S

2 9 3 4 9 0 A



Computershare

