

ASX ANNOUNCEMENT

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Date: 21 August 2023

Azure Launches \$120 Million Two-Tranche Placement and \$10 Million SPP

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HIGHLIGHTS

- Azure launches underwritten \$120 million two-tranche institutional Placement. Tranche 1 of the Placement is set to raise approximately \$100 million and Tranche 2 of the Placement, which includes shares subject to shareholder approval, is set to raise approximately \$20 million.
- Strong support received from Azure's major shareholders, SQM and Creasy Group, who have each committed to participate pro-rata in the Placement (SQM currently has a 19.98% shareholding but intends to top-up to 19.99% post completion of the SPP).
- The Placement follows recent exploration success from maiden lithium drilling results at Andover, including intersections of 209.4m @ 1.42% Li₂O and 183.1m @ 1.25% Li₂O¹, and the announcement of an Exploration Target of 100 – 240Mt @ 1.0 – 1.5% Li₂O.² *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.*
- Upon settlement of the Placement, Azure will be well-capitalised with a pro forma 30 June 2023 cash balance of ~\$137 million (before costs) and in a strong position to accelerate exploration and resource drilling at Andover as the Company advances towards announcing a maiden lithium Mineral Resource targeted in Q1 2024.
- Opportunity for eligible existing shareholders to participate via a non-underwritten SPP to raise up to a further \$10 million at the same price as the Placement (\$2.40 per share).

Azure Minerals Limited (ASX: AZS) ("Azure" or the "Company") is pleased to announce that it has launched an underwritten \$120 million two-tranche institutional placement for the issue of 50 million new fully-paid ordinary shares ("New Shares") at an offer price of \$2.40 per New Share ("Offer Price") ("Placement"). Tranche 1 of the Placement (defined below) is set to raise approximately \$100 million

¹ Pages 1-2, ASX 4 August 2023, '209m High-Grade Lithium Intersection at Andover'.

² Page 1, ASX 7 August 2023; 'Exploration Target Andover Lithium Project'.



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(before costs) and Tranche 2 of the Placement (defined below), which includes the issue of New Shares subject to shareholder approval, is set to raise approximately \$20 million (before costs). In addition to the Placement, the Company will also be undertaking a non-underwritten Share Purchase Plan (“SPP”) at the same price as the Placement, to raise up to \$10 million. The Placement and SPP will raise total gross proceeds of up to \$130 million (“Offer”).

Azure’s major shareholders, SQM Australia Pty Ltd (“SQM”) (19.98% shareholding) and Yandal Investments Pty Ltd (“Creasy Group”) (13.37% shareholding), have each signed pre-commitment letters to participate pro-rata in the Placement (SQM intends to top-up its shareholding to 19.99% post completion of the SPP via Tranche 2 in the Placement). Given Annie Guo is a related party of Azure as a Non-Executive Director of Azure and an associate of the Creasy Group, the Creasy Group’s participation will be in Tranche 2 and subject to shareholder approval for the purposes of Listing Rule 10.11. SQM will also subscribe for a portion of its New Shares in Tranche 2, to top-up to a 19.99% shareholding post completion of the SPP which would result in additional funds being raised under the Placement. SQM have indicated that they intend to vote in favour of the Creasy Group’s participation in Tranche 2.

The Placement marks a critical step in the exploration and development of the Andover Lithium Project (“Andover”) and follows the announcement of multiple broad, high-grade intersections which have confirmed Andover’s potential to be a globally significant hard-rock lithium discovery.

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

“Azure is delighted to announce the underwritten institutional Placement, which provides a strong capital base to accelerate exploration and resource drilling at Andover as we advance towards announcing a maiden lithium Mineral Resources targeted in Q1 2024. Additionally, the Placement provides sufficient funding to progress various studies at Andover, including a Scoping Study which is expected be finalised in 2024.

The Placement provides a strong endorsement for Andover as one of the best lithium exploration projects globally, with abundant outcropping mineralised pegmatites and substantial widths of high-grade mineralisation intersected from limited drilling to date. The Company remains incredibly optimistic about the potential scale of Andover and looks forward to realising the full potential of this exciting discovery.

In addition to the Placement, we are also pleased to offer our existing eligible shareholders the opportunity to participate in the equity raising via the SPP. On behalf of the Azure Board and management, I wish a warm welcome to our new shareholders and thank all our existing shareholders for their continued support.”

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The Company intends to use the proceeds from the Offer for the following purposes:

1. Exploration at Andover:

- Continue progressing 100,000m lithium drilling program;
- Activities required to advance towards a maiden lithium Mineral Resource;
- Drilling for base metals (nickel, copper and cobalt); and
- Geophysics.

2. Studies at Andover:

- Scoping study;
- Heritage study; and
- Environmental study.

3. Corporate, working capital and Offer costs:

- Corporate overheads;
- Working capital requirements; and
- Costs of the Offer, including Joint Lead Manager (defined below) fees and legal costs.

Placement Details

New Shares under the Placement will be issued in two tranches:

- Tranche one: the Company will issue approximately 41.6 million New Shares at an offer price of \$2.40 per New Share, raising a total of approximately \$100 million (before costs) ("**Tranche 1**"); and
- Tranche two: which includes the issue of New Shares subject to shareholder approval, the Company proposes to issue approximately 8.4 million New Shares at an offer price of \$2.40 per New Share, raising a total of approximately \$20 million (before costs) ("**Tranche 2**").

The Offer Price of \$2.40 per New Share represents a:

- 12.4% discount to the last closing price of \$2.74 per fully paid ordinary share in the Company ("**Share**") on Friday, 18 August 2023, being the last practicable date prior to the date of this announcement; and
- 5.3% discount to the 5-day volume weighted average price of \$2.535 per Share up to and including Friday, 18 August 2023, being the last practicable date prior to the date of this announcement.

New Shares under Tranche 1 will be issued within the Company's existing placement capacity in accordance with ASX Listing Rule 7.1.



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Settlement of Tranche 1 is expected to occur on Monday, 28 August 2023, with New Shares to be allotted on Tuesday, 29 August 2023.

Completion of Tranche 2 includes the issue of New Shares subject to shareholder approval, which will be sought at an Extraordinary General Meeting (“**EGM**”) expected to be held in early October, with settlement to occur shortly thereafter, subject to shareholder approval.

The Placement is expected to result in the issue of 50.0 million New Shares, representing approximately 12.8% of Azure’s existing Shares on issue. New Shares issued under the Placement will rank equally with the Company’s existing Shares.

Barrenjoey Markets Pty Limited and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers and Underwriters to the Placement (“**Joint Lead Managers**”). K&L Gates is acting as legal adviser to the Company.

The Company has entered into an Underwriting Agreement with the Joint Lead Managers, pursuant to which the Joint Lead Managers have agreed to underwrite the Placement (except for the portion of the Placement which Azure’s major shareholders SQM and the Creasy Group have committed to take up). Material terms of the Underwriting Agreement are set out in Annexure A to this announcement,

Further details of the Offer are set out in the Company’s investor presentation lodged with the ASX today. The investor presentation contains important information including key risks of investing in Azure, underwriting risk and foreign selling restrictions with respect to the Placement.

SPP Details

In addition to the Placement, the Company will offer eligible existing shareholders with a registered address in Australia or New Zealand who were holders of Shares at 7:00pm (AEST) on Friday, 18 August 2023 (the “**Record Date**”) (“**Eligible Shareholders**”), the opportunity to apply for New Shares via a non-underwritten SPP, without incurring brokerage fees. The Company may raise up to \$10 million under the SPP at the same price as the Placement (\$2.40 per New Share).

Eligible Shareholders will have the opportunity to apply for up to \$30,000 worth of New Shares. The New Shares issued under the SPP will rank equally with the Company’s existing Shares.

As the SPP is not underwritten, the SPP may raise less than \$10 million. If the Company receives applications for more than \$10 million, the Company may decide in its absolute discretion to accept applications that result in the SPP raising more than \$10 million. The Company also retains the right to scale back applications (in whole or in part) at its absolute discretion, for example because the aggregate amount applied for under the SPP exceeds the Company’s requirements.

Any scale back will be applied to the extent and in the manner Azure sees fit, which may include taking into account a number of factors such as the size of an applicant’s shareholding at the Record Date for

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the SPP, the extent to which the applicant has sold or purchased Shares since the Record Date, whether the applicant may have multiple registered holdings, the date on which the application was made, and the total applications received from Eligible Shareholders.

Further information in relation to the SPP, including the terms and conditions, is expected to be made available to Eligible Shareholders on Wednesday, 30 August 2023, together with the SPP Offer Booklet. Eligible Shareholders should review the SPP terms and conditions in full before deciding whether or not to participate in the SPP.

Under the ASX Listing Rules, Azure directors are entitled to participate in the Placement, subject to shareholder approval, and are permitted to participate fully in the SPP if they are Australian / New Zealand residents.

Indicative Timeline

Event	Date
Record date for eligibility to participate in SPP	7:00pm AEST Friday, 18 August 2023
Trading halt & launch of Offer	Monday, 21 August 2023
Trading halt lifted and announcement of completion of Placement	Tuesday, 22 August 2023
Settlement of New Shares under Tranche 1 of the Placement	Monday, 28 August 2023
Allotment, quotation and trading of New Shares under Tranche 1	Tuesday, 29 August 2023
SPP Offer open date	Wednesday, 30 August 2023
SPP closing date	Wednesday, 13 September 2023
Announcement of SPP Participation Results	Monday, 18 September 2023
Allotment of New Shares under the SPP	Monday, 18 September 2023
EGM to ratify issue of Tranche 1 Shares and approve the issue of certain Tranche 2 Shares	Expected to be Early October
Settlement of New Shares under Tranche 2 of the Placement	Expected to be Early October
Allotment, quotation and trading of New Shares under Tranche 2	Expected to be Early October

The above timetable is indicative only and subject to change. Azure reserves the right to amend these dates at its absolute discretion, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. The quotation of the New Shares including any New Shares to be issued pursuant to the SPP is subject to approval from the ASX. The Company reserves the right to withdraw the Placement (or any part of it) or the SPP without notice to you.

An Appendix 3B for the proposed issue of New Shares will follow this announcement.

All amounts are in Australian dollars unless otherwise specified.

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Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision.

This ASX announcement has been approved by Azure's Board of Directors and authorised for release by Azure's Managing Director, Tony Rovira.

————— ENDS —————

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Not an offer in the United States

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Forward Looking Statements

This announcement may include forward-looking statements and comments about future matters. Forward-looking words such as “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” or other similar expressions generally identify forward-looking statements. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement regardless of whether events, conditions, circumstances, new information or other factors affect the information contained in this announcement.

In addition, this announcement is subject to the same “Important Disclaimer” as appears in the Investor Presentation released on the same date as this announcement, with any necessary contextual changes.

COMPETENT PERSON STATEMENT

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

Information in this report that relates to the Exploration Target for the Andover Lithium Project is based on information compiled by Mr Graham Leaver and Dr Joshua Combs. Mr Leaver is a Member



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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 consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr Leaver assumes responsibility for matters related to sampling techniques and data, while Dr Combs assumes responsibility for matters relating to reporting of exploration results.

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

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Annexure A Material Terms of Underwriting Agreement

The Company has entered into an Underwriting Agreement ('**Underwriting Agreement**') with Barrenjoey Markets Pty Limited ("**Barrenjoey**") and Canaccord Genuity (Australia) Limited ("**Canaccord**") (together the "**Joint Lead Managers**"). Pursuant to the Underwriting Agreement, the Company appointed Canaccord and Barrenjoey as joint lead managers, and Canaccord and Barrenjoey have agreed to underwrite the Placement (except for the portion of the Placement which Azure's major shareholders SQM and the Creasy Group have committed to take up). The Underwriting Agreement is on customary terms for these types of arrangements, including conditions precedent, representations, warranties and indemnities (in favour of the Joint Lead Managers).

A Joint Lead Manager may, by notice to the Company and other Joint Lead Manager, terminate its obligations under the Underwriting Agreement on the occurrence of certain customary termination events for an agreement of this nature, including:

- (***breach of representation or warranty**) a breach of the Agreement, including any representations or warranties made by the Company;
- (**misleading or deceptive statement**) in the Joint Lead Managers' reasonable opinion, a statement in an ASX announcement regarding the Placement is or becomes false, misleading or deceptive;
- (***misleading or deceptive responses**) information supplied by the Company to the Joint Lead Managers in relation to the Company or the Placement is, or becomes, false or misleading or deceptive, or likely to mislead or deceive;
- (**timetable**) unless agreed by the Company and the Joint Lead Managers, any event specified in the Timetable is delayed by more than one business day up to Tranche 1 settlement and by more than two business days after Tranche 2 settlement;
- (***Debt facilities**) the Company breaches or defaults under a debt or financing arrangement or related documentation, or an event of default which gives a financier a right to accelerate or require repayment of a debt or financing arrangement or related documentation occurs, in either case which is not promptly waived by the financier;
- (**issue of shares**) the Company is unable to issue the New Shares for Tranche 1 or Tranche 2 of the Placement in accordance with the relevant allotment dates set out in the Timetable;
- (**capital structure and constitution**) the Company alters its capital structure or constitution without the prior consent of the Joint Lead Managers;
- (***financial adverse change**) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in an ASX announcement regarding the Placement or the Company's financial results for the financial half year ended 31 December 2022 or any other subsequent disclosure made to the ASX before the Underwriting Agreement;



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- (***key management personnel**) a change in the key management personnel or board of directors of the Company occurs or is announced;
- (**fraudulent activity**) the Company or any of its directors or officers is charged in relation to any fraudulent conduct or activity;
- (**insolvency**) the Company is or is likely to become insolvent;
- (**ASIC application**) ASIC issues, or threatens to issue proceedings or commences any inquiry or investigation in relation to the Placement, and such proceedings, inquiry or investigation become public or are not withdrawn within 2 business days after it is made, where it is made less than 2 business days before the Tranche 1 settlement date, is not withdrawn by the Tranche 1 settlement date or where it is made less than 2 business days before the Tranche 2 settlement date, is not withdrawn by the Tranche 2 settlement date;
- (**ASX Listing**) the ASX makes any official statement to any person, or indicates to the Company or the Joint Lead Managers that existing Shares will be suspended from quotation and the Company's Shares are actually suspended for at least 2 consecutive trading days, the Company will be removed from the official list or that quotation of all of the New Shares under the Placement will not be granted by the ASX before the close of business on the last date on which the New Shares may be allotted under the Timetable;
- (***regulatory action against officer**) any regulatory body commences or announces its intention to commence any public action against an officer of the Company, or the officer is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act;
- (**regulatory action against Company**) any government or regulatory body issues, or threatens to issue, proceedings or commences any inquiry or investigation into the Company, the Placement or the SPP;
- (***notices**) any notice or certificate under the Underwriting Agreement is not furnished by the Company when required;
- (***hostilities**) hostilities not presently existing commence or a major escalation in existing hostilities occurs (involving any one or more of Australia, New Zealand, the United States, Japan, South Korea, North Korea, the United Kingdom, any member state of the European Union, Japan, Hong Kong, Iraq, Syria, Ukraine, Russia or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world);
- (**index**) the S&P/ASX 200 Index or S&P/ASX 300 Metals and Mining Index:
 - in the period up to and including Tranche 1 settlement, falls by 10% or more below its level at market close on the ASX trading day immediately prior to the date of the Underwriting Agreement (**Starting Level**); and



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- in the period after Tranche 2 Settlement, closes on three consecutive business days or on the business day immediately preceding Tranche 2 settlement at a level that is 10% or more below the Starting Level;
- (***change in law or policy**) there is introduced or there is a public announcement of a proposal to introduce, a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement) which would make it illegal for the Joint Lead Managers to satisfy a material obligation under the agreement or to market, promote or settle the Placement;
- (***banking moratorium**) a general moratorium on commercial banking activities in Australia, the United States, Hong Kong, the People's Republic of China or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- (***suspension of trading**) trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading; or
- (***political or financial adverse change**) there is any adverse change or disruption to the political conditions or financial markets of Australia, the United States, Hong Kong, the People's Republic of China or the United Kingdom or the international financial markets or any change involving a prospective adverse change in national or international political, economic or financial conditions.

In respect of the termination events with an *, a Joint Lead Manager may only terminate its obligations under the Underwriting Agreement where it has reasonable grounds to believe and does believe that the event will, or is likely to, give rise to a liability of the Joint Lead Manager or give rise to the Joint Lead Manager contravening, or being considered to be involved in, a contravention of any Law, has, or is likely to have, a material adverse effect on the marketing, settlement or outcome of the Placement or on the ability of the Joint Lead Manager to market or promote or settle the Placement, or the likely trading price of Shares, or impacts the willingness of investors to subscribe for the New Shares.