

ASX ANNOUNCEMENT

ASX:AZS



Date: 4 March 2024

Court approves convening of Scheme Meeting and release of Transaction Booklet

Azure Minerals Limited (ASX: AZS) ("**Azure**") is pleased to provide this update in relation to the proposed acquisition of 100% of the shares in Azure by SH Mining Pty Ltd ("**SH Mining**"), a bid vehicle jointly owned by Sociedad Química y Minera de Chile S.A. (through its subsidiary SQM Australia Pty Ltd) and Hancock Prospecting Pty Ltd (through its subsidiary Hanrine Future Metals Pty Ltd) (together, the "**Joint Bidders**"), by way of a scheme of arrangement ("**Scheme**") for cash consideration of \$3.70 per Azure share and a fall-back conditional off-market takeover offer ("**Takeover Offer**") for cash consideration of \$3.65 per Azure share should the Scheme not be successful (together, the "**Transaction**").

Court Orders

On 1 March 2024, the Supreme Court of Western Australia made the following orders in relation to the Scheme:

- that a meeting of the shareholders of Azure be convened to consider and vote on the Scheme ("**Scheme Meeting**"); and
- that an explanatory statement which includes information about the Scheme ("**Transaction Booklet**") be despatched to Azure shareholders.

EGM and Scheme Meeting

In addition to the Scheme Meeting, an extraordinary general meeting ("**EGM**") is being convened to seek Azure shareholder approval of the joint bidding arrangements between the Joint Bidders ("**EGM Resolution**").

The Transaction can only proceed if the EGM Resolution, being a resolution for the purposes of section 611 item 7 of the *Corporations Act 2001* (Cth) ("**Corporations Act**"), is passed by the required voting majority of Azure shareholders at the EGM.

The EGM will be held at 10.00am (Perth time) on Monday, 8 April 2024 at the Celtic Club, 48 Ord Street, West Perth WA 6005.

The Scheme Meeting will be held at 10.30am (Perth time) or immediately after the EGM (whichever is later) on Monday, 8 April 2024 at the same location.

ASX ANNOUNCEMENT

ASX:AZS



If you are registered on the Azure share registry as at 4.00pm (Perth time) on Saturday, 6 April 2024, you will be entitled to vote at the EGM and the Scheme Meeting.

All Azure shareholders are encouraged to vote either by attending and voting at the EGM and the Scheme Meeting, or by lodging a proxy vote ahead of the EGM and the Scheme Meeting. Further details on how to vote are set out in the Transaction Booklet.

Transaction Booklet

The Transaction Booklet has today been registered with the Australian Securities & Investments Commission. A copy of the Transaction Booklet is attached to this announcement, including for the purposes of section 633 of the Corporations Act in respect of the bidder's statement¹ and target's statement in relation to the Takeover Offer. SH Mining, being the entity making the Takeover Offer, has authorised Azure to send the attached Transaction Booklet, which includes the bidder's statement in relation to the Takeover Offer and an offer dated 4 March 2024, to the ASX for the purposes of item 5 of section 633(1) of the Corporations Act and section 633(1C) of the Corporations Act (inserted by ASIC Corporations (Takeover Bids) Instrument 2023/683).

The Transaction Booklet provides Azure shareholders with important information relating to the Transaction and also includes a copy of the Independent Expert's Report, notice of the Scheme Meeting, notice of the EGM, a copy of the proxy form for the Scheme Meeting, a copy of the proxy form for the EGM and information on how to accept the Takeover Offer. The Transaction Booklet also contains the bidder's statement and target's statement in relation to the Takeover Offer.

Azure shareholders who have elected to receive:

- electronic communications are expected to receive an email today containing instructions about how to view and download a copy of the Transaction Booklet, as well as instructions on how to lodge their vote by proxy for the EGM and Scheme Meeting online, and how to accept the Takeover Offer; or
- communications via post will receive a printed copy of the Transaction Booklet, together with personalised proxy forms for the EGM and Scheme Meeting, and a takeover acceptance form.

¹ For the purposes of the Takeover Offer, SH Mining has given notice under section 633(4) of the Corporations Act that it has set 4.00pm (Perth time) on 28 February 2024 as the time and date for the purposes of determining persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act.

ASX ANNOUNCEMENT

ASX:AZS



All other Azure shareholders will receive a letter, together with personalised proxy forms for the EGM and the Scheme Meeting, and a takeover acceptance form, with instructions about how to view or download a copy of the Transaction Booklet.

If Azure shareholders have any questions regarding accessing the Transaction Booklet, they should contact the Azure shareholder information line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside Australia) between 8:30am and 5:00pm (Sydney time), Monday to Friday (excluding public holidays).

Azure shareholders are advised to read the Transaction Booklet in its entirety before making a decision on whether or not to vote in favour of the resolutions to be considered at the EGM and/or the Scheme Meeting, and/or whether to accept the Takeover Offer. Azure shareholders are encouraged to seek independent financial, legal, accounting, taxation and/or other professional advice before making any voting or investment decision in relation to their Azure shares.

Independent Expert's Report

Deloitte Corporate Finance Pty Limited ("**Independent Expert**") has concluded that the Scheme is in the best interests of Azure shareholders, the resolution to be considered at the EGM for the purposes of section 611 item 7 of the Corporations Act (which relates to the joint bidding arrangements) is fair and reasonable to Azure shareholders and that the Takeover Offer is fair and reasonable.

Board Recommendation

The Azure Board continues to unanimously recommend that Azure shareholders support the Transaction by voting in favour of the resolutions to approve the Joint Bidders' joint bidding arrangements and the Scheme, and by accepting the Takeover Offer if the Scheme is not successful, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure shareholders and that the Takeover Offer is fair and reasonable. Subject to those same qualifications, each member of the Azure Board intends to vote all Azure shares held or controlled by them in favour of the resolutions to approve the Joint Bidders' joint bidding arrangements and the Scheme and, in the event that the Scheme is not successful, accept those Azure shares into the Takeover Offer.

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

ENDS

For enquiries, please contact:

www.azureminerals.com.au



Level 1, 34 Colin Street
West Perth WA 6005



PO Box 493
West Perth WA 6872



+61 8 6187 7500



admin@azureminerals.com.au

ABN: 46 106 346 918
ASX: AZS

ASX ANNOUNCEMENT

ASX:AZS



Tony Rovira
Managing Director
Azure Minerals Limited
Ph: +61 8 6187 7500
E: admin@azureminerals.com.au
or visit www.azureminerals.com.au

Media & Investor Relations
David Tasker
Chapter One Advisors
Ph: +61 433 112 936
E: dtasker@chapteroneadvisors.com.au



AZURE
MINERALS LIMITED

Transaction Booklet

In relation to the recommended acquisition of Azure Minerals Limited ACN 106 346 918 (**Azure**) by SH Mining Pty Ltd ACN 673 729 872 (**SH Mining**), a bid vehicle jointly owned by SQM Australia Pty Ltd ACN 621 414 659 (**SQM**) and Hanrine Future Metals Pty Ltd ACN 672 197 723 (**Hancock**), by way of scheme of arrangement and a fall-back takeover offer.

Your Directors unanimously recommend that you:

- ✓ **VOTE IN FAVOUR** of the Section 611 item 7 Resolution;
- ✓ **VOTE IN FAVOUR** of the Scheme of Arrangement; and
- ✓ **ACCEPT** the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied or waived,

subject to the qualifications set out in this Transaction Booklet.

This is an important document and requires your immediate attention. You should read it in its entirety before taking action. If you are in any doubt as to what you should do, you should consult your financial, legal or other professional adviser immediately.

If you have any questions, please contact the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays). Further information can also be obtained from Azure's website at www.azureminerals.com.au.

Financial adviser to Azure:

Barrenjoey*

Partnering with  **BARCLAYS**

Legal adviser to Azure:

**CORRS
CHAMBERS
WESTGARTH**



Important Notices

Date of this Transaction Booklet

This Transaction Booklet is dated 4 March 2024.

Nature and purpose of this Transaction Booklet

This Transaction Booklet is the:

- explanatory statement required to be sent to Azure Shareholders in relation to the Section 611 item 7 Resolution;
- explanatory statement for the Scheme as required by section 412(1) of the Corporations Act;
- bidder's statement (issued by SH Mining) for the Takeover Offer under Part 6.5 Division 2 of the Corporations Act; and
- target's statement (issued by Azure) for the Takeover Offer under Part 6.5 Division 3 of the Corporations Act.

The purposes of this Transaction Booklet are to:

- explain the terms and effect of the Scheme;
- explain the manner in which the Section 611 item 7 Resolution will be considered;
- explain the manner in which the Scheme will be considered and implemented (if approved);
- explain the terms and effect of the Takeover Offer;
- explain the manner in which the Takeover Offer will be considered and, if accepted, implemented;
- provide you with certain information required by law and all other information known to the Azure Board which is material to your decision to vote in favour of, or against, the Section 611 item 7 Resolution detailed in the Notice of EGM;
- provide you with certain information required by law and all other information known to the Azure Board which is material to your decision to vote in favour of, or against, the Scheme Resolution detailed in the Notice of Scheme Meeting; and
- provide you with certain information required by law and all other information known to the Azure Board which is material to your decision to accept or reject the Takeover Offer.

Azure Shareholder Information Line

If you have any questions, please contact the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays). Further information can also be obtained from Azure's website at www.azureminerals.com.au.

General

This Transaction Booklet is important and requires your immediate attention. If you have sold all of your Azure Shares, please ignore this Transaction Booklet. If you are an Azure Shareholder, you should read this Transaction Booklet in full, and consider its contents carefully, before deciding how to vote on the Section 611 item 7 Resolution and/or the Scheme Resolution or deciding whether to accept or reject the Takeover Offer.

In particular, it is important that you consider the reasons to vote in favour of the Section 611 item 7 Resolution and/or the Scheme and the reasons why you may not want to vote in favour of the Section 611 item 7 Resolution and/or the Scheme, which are set out in Sections 3.5, 3.6 and 3.7. It is also important that you consider the reasons to accept the Takeover Offer and the reasons why you may want to reject the Takeover Offer, which are set out in Sections 3.9 and 3.10.

If you are in doubt about what you should do, you should consult an independent and appropriately licensed professional adviser without delay.

Defined terms and interpretation

Capitalised terms used in this Transaction Booklet (other than in the Independent Expert's Report (including the Independent Technical Specialist's Report) contained in Annexure 1) are either defined in brackets when first used or are defined in the Glossary in Section 14. The Glossary also sets out some rules of interpretation which apply to this Transaction Booklet. The Independent Expert's Report and the Independent Technical Specialist's Report each contain their own defined terms which may be different from those set out in the Glossary in Section 14.

No investment advice

This Transaction Booklet does not constitute financial product advice and has been prepared without reference to the individual investment objectives, financial situation, taxation position or particular needs of any Azure Shareholder or any other person. It is important you read this Transaction Booklet in its entirety before making any investment decision and any decision as to whether or not to vote in favour of the Scheme and/or accept the Takeover Offer. This Transaction Booklet should not be relied upon as the sole basis for any investment decision. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Each Azure Shareholder's tax position is different. Therefore, Azure Shareholders are urged to seek their own independent tax advice regarding the specific tax consequences of the Scheme and Takeover Offer, including the application and effect of income tax and other tax laws to their particular circumstances.

A summary of the Australian income tax, stamp duty and GST consequences for Azure Shareholders is set out in Section 9. However, Azure Shareholders should not solely rely on the summary in Section 9 in substitution for specific advice on their own affairs from a registered tax agent.

Not an offer

This Transaction Booklet does not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Responsibility statement

The Azure Information has been prepared by Azure and is the sole responsibility of Azure. To the maximum extent permitted by law, no member of the Joint Bidder Group, nor any of their respective directors, officers or advisors are responsible for the accuracy or completeness of the Azure Information contained in this Transaction Booklet and disclaim any liability in this regard.

SQM has prepared, and is responsible for, the Joint Bidders' Information to the extent such information relates to the SQM Group (**SQM Information**). Hancock has prepared, and is responsible for, the Joint Bidders' Information to the extent such information relates to the Hancock Group (**Hancock Information**). SH Mining is responsible for any Joint Bidders' Information not referred to above. To the maximum extent permitted by law, neither Azure nor any of its Related Bodies Corporate, nor any of their respective directors, officers or advisors are responsible for the accuracy or completeness of any Joint Bidders' Information contained in this Transaction Booklet and disclaim any liability in this regard.

Deloitte has prepared, and is responsible for, the Independent Expert's Report contained in Annexure 1 of this Transaction Booklet. To the maximum extent permitted by law, none of Azure, the Joint Bidders, SH Mining, or any of their respective Related Bodies Corporate or the directors, officers, employees or advisers of any of those entities assume any responsibility for the accuracy or completeness of the Independent Expert's Report, or any other report or letter issued by a third party, and disclaim any liability in this regard.

Behre Dolbear has prepared, and is responsible for, the Independent Technical Specialist's Report contained in Annexure 1 of this Transaction Booklet. To the maximum extent permitted by law, none of Azure, the Joint Bidders, SH Mining, or any of their respective Related Bodies Corporate or the directors, officers, employees or advisers of any of those entities assume any responsibility for the accuracy or completeness of the Independent Technical Specialist's Report, or any other report or letter issued by a third party, and disclaim any liability in this regard.

Computershare has had no involvement in the preparation of any part of this Transaction Booklet other than being named as the Share Registry. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Transaction Booklet.

Regulatory information

A copy of this Transaction Booklet (including the Independent Expert's Report and Independent Technical Specialist's Report) was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement,

it will be produced to the Court at the time of the Court hearing to approve the Scheme.

A copy of this Transaction Booklet has been lodged with ASIC for the purposes of section 633(1), item 2 of the Corporations Act. A copy of this Transaction Booklet (including the Independent Expert's Report and the Independent Technical Specialist's Report) has been lodged with ASIC for the purposes of section 633(1), item 13 of the Corporations Act.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Transaction Booklet.

Role of ASX

A copy of this Transaction Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Transaction Booklet.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered a meeting be convened and has approved the Explanatory Statement required to accompany the Notice of Scheme Meeting does not mean the Court:

- has formed any view as to the merits of the proposed Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- has prepared, or is responsible for the content of, this Transaction Booklet.

Foreign jurisdictions

The release, publication and distribution of this Transaction Booklet is subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. Persons outside of Australia who come into possession of this Transaction Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Transaction Booklet has been prepared in accordance with Australian law and the information contained in this Transaction Booklet may not be the same as that which would have been disclosed if this Transaction Booklet had been prepared in accordance with the laws and regulations outside Australia.

Forward-looking statements

This Transaction Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Transaction Booklet generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe Azure or a Joint Bidder Group Member's objectives, plans, goals or expectations are or may be forward-looking statements.

Any statements contained in this Transaction Booklet about the impact that the Transaction may have on the results of Azure's operations, and the advantages and disadvantages anticipated to result from the Scheme or Takeover Offer, are also forward-looking statements.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by those forward-looking statements.

The operations and financial performance of Azure are subject to various risks, including those summarised in this Transaction Booklet, which may be beyond the control of Azure and/or the Joint Bidder Group. Azure Shareholders should note that the historical financial performance of Azure provides no assurance of the future financial performance of Azure. Those risks and uncertainties include factors and risks specific to the industry in which Azure operates such as commodity price volatility, discrepancies between actual or estimated costs of production and developing tenements, mining operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, mineral exploration and production, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets. As a result, the actual results of operations and earnings of Azure following implementation of the Scheme or completion of the Takeover Offer, as well as the actual advantages of the Scheme or Takeover Offer, may differ significantly from those that are anticipated and may never be achieved.

The forward-looking statements included in this Transaction Booklet are made only as of the date of this Transaction Booklet. Although Azure believes that the views reflected in any forward-looking statements included in the Azure Information (contained in Section 6) have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct. Although the Joint Bidder Group believes that the views reflected in any forward-looking statements included in the Joint Bidders' Information (contained in Section 7) have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct. None of the Azure Group, the Joint Bidder Group, Azure Group's officers, Joint Bidder Group's officers, any persons named in this Transaction Booklet with their consent or any person involved in the preparation of this Transaction Booklet makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking

statement. All subsequent written and oral forward-looking statements attributable to any member of the Azure Group or any member of the Joint Bidder Group or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under law or the ASX Listing Rules, the Azure Group and the Joint Bidder Group do not give any undertaking to update or revise any such statements after the date of this Transaction Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

ASX Listing Rules Chapter 5 disclosures

The information in this Transaction Booklet that relates to Mineral Resource estimates for the Andover Project is extracted from the announcement entitled 'Azure Delivers Maiden Mineral Resource for Andover' released to ASX on 30 March 2022, which is available on Azure's website (www.azureminerals.com.au/asx-announcements). Azure confirms that it is not aware of any new information or data that materially affects the information in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. Azure confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

The information in this Transaction Booklet that relates to Mineral Resource estimates for the Ridgeline Deposit is extracted from the ASX announcement entitled 'Azure Delivers Maiden Resource for Ridgeline Nickel Deposit' released to the ASX on 8 February 2023, which is available on Azure's website (www.azureminerals.com.au/asx-announcements). Azure confirms that it is not aware of any new information or data that materially affects the information in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. Azure confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

The information in this Transaction Booklet that relates to the exploration target for the Andover Project, as originally reported to the ASX on 7 August 2023 in an announcement entitled 'Exploration Target Andover Lithium Project', 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

Important Notices

as defined in the JORC Code. Mr Leaver and Dr Combs are full-time employees of Azure and take responsibility for the form and context in which the exploration target appears in this Transaction Booklet.

The information in this Transaction Booklet that relates to exploration results at the Andover Project is extracted from ASX announcements entitled 'Exceptional Lithium Drill Intersections from Andover' dated 13 June 2023, 'Broad High-Grade Lithium Intersections Continue at Andover' dated 20 June 2023, 'More Broad High-Grade Lithium Intersections at Andover' dated 30 June 2023, 'More Very Broad Lithium Intersections Returned at Andover' dated 14 July 2023, '209m High-Grade Lithium Intersection at Andover' dated 4 August 2023, 'Substantial Lithium Intersections Continue at Andover' dated 21 August 2023, 'Andover Delivers More Outstanding Lithium Results' dated 18 September 2023, 'Outstanding Metallurgical Testwork Results from Andover Lithium' dated 9 October 2023, 'Spodumene-Rich Pegmatites Drilled at Andover Target Area 3' dated 10 October 2023, 'Extensive High-Grade Lithium Confirmed at Target Area 3' dated 15 November 2023 and 'World-Class Lithium Intersections Continue at Andover' dated 22 December 2023 which are available on Azure's website (www.azureminerals.com.au/asx-announcements). Azure confirms that it is not aware of any new information or data that materially affects the information included in these original market announcements. Azure confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcements.

Notice of Second Court Hearing

On the Second Court Date, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Azure Shareholder may appear at the Court on the Second Court Date. Any Azure Shareholder who wishes to oppose the approval of the Scheme by the Court on the Second Court Date may do so by filing with the Court, and serving on Azure, a notice of appearance in the prescribed form together with any affidavit on which the Azure Shareholder proposes to rely.

Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Transaction Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the date of this Transaction Booklet.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Transaction Booklet, are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures

set out in this Transaction Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

No website is part of this Transaction Booklet

Azure, Hancock Parent and SQM Parent each maintain websites. Any references in this Transaction Booklet to those or other internet sites are for information purposes only and do not form part of this Transaction Booklet.

Currency

All references in this Transaction Booklet to "\$", "A\$", "AUD" and "Australian dollars" are to the lawful currency of Australia. All references in this Transaction Booklet to "US\$" and "USD" are to the lawful currency of the United States of America.

Financial data

The financial information in this Transaction Booklet is presented in an abbreviated form and does not contain all the disclosures that are usually provided for in an annual report prepared in accordance with the Corporations Act.

Privacy and personal information

Azure and their respective agents and representatives have collected your personal information from the Azure Share Register for the purposes of providing you with this Transaction Booklet. Azure, SH Mining and the Joint Bidders may need to collect personal information to implement the Transaction. The personal information may include the names, contact details and details of shareholdings of Azure Shareholders together with contact details of individuals appointed by Azure Shareholders as proxies, body corporate representatives or attorneys. The collection of some of this information is required or authorised by the Corporations Act.

Azure Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact the Share Registry if they wish to exercise those rights.

Personal information may be disclosed on a confidential basis to print and mail service providers, to Azure, SH Mining, the Joint Bidders and their respective advisers and agents, and to regulators such as ASIC. If the information outlined above is not collected, Azure may be hindered in, or prevented from, conducting or effecting the Transaction.

Azure Shareholders who appoint an individual as their proxy, attorney or body corporate representative should inform that individual of the matters outlined above.

Persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Azure Share Register. The Azure Share Register contains personal information about Azure Shareholders.

Contents

Important Notices	i
Overview of the Transaction	1
Azure Chairperson Letter	4
Letter from the Joint Bidders	9
Key Dates	11
1. Frequently Asked Questions	12
2. Action required	28
3. Key considerations in relation to the Transaction	33
4. Key features of the Scheme	44
5. Key features of the Takeover Offer	50
6. Azure Information	61
7. Information about the Joint Bidder Group	76
8. Risk factors	91
9. Australian Taxation Considerations	100
10. Summary of Transaction Implementation Deed	103
11. Additional Information	107
12. SH Mining approval	111
13. Azure approval	112
14. Glossary	113
Annexure 1 – Independent Expert’s Report	125
Annexure 2 – Scheme	227
Annexure 3 – Deed Poll	245
Annexure 4 – Notice of EGM	276
Annexure 5 – Notice of Scheme Meeting	279
Corporate Directory	282

Overview of the Transaction

Azure has entered into a transaction implementation deed with SQM Parent and Hancock Parent under which it is proposed that those two entities (via SH Mining, a joint bid vehicle) will seek to acquire 100% of the shares in Azure that the Joint Bidder Group does not already own (**Transaction**). SQM and Hancock (among others) have entered into a joint bidding deed which governs how the Transaction will be managed as between them.

The Transaction replaces the previous proposal by SQM announced on 26 October 2023, which has now been terminated.



The Transaction involves a scheme of arrangement and a fall-back takeover offer. They are each subject to certain conditions summarised in detail in this Transaction Booklet.

The consideration offered under the Scheme is \$3.70 per Azure Share and the consideration offered under the Takeover Offer is \$3.65 per Azure Share. There is a difference in the consideration because, amongst other reasons, under the Takeover Offer SQM and Hancock might not obtain 100% control of Azure (whereas, under the Scheme, if implemented, they would).

Both the Scheme and Takeover Offer are conditional on Azure shareholders approving a resolution for the purposes of item 7 of section 611 of the Corporations Act. This approval is required because the joint bidding arrangements between SQM and Hancock technically result in SQM, Hancock and SH Mining acquiring a Relevant Interest in each other's Azure Shares and exceeding the 20% takeover threshold under the Corporations Act.

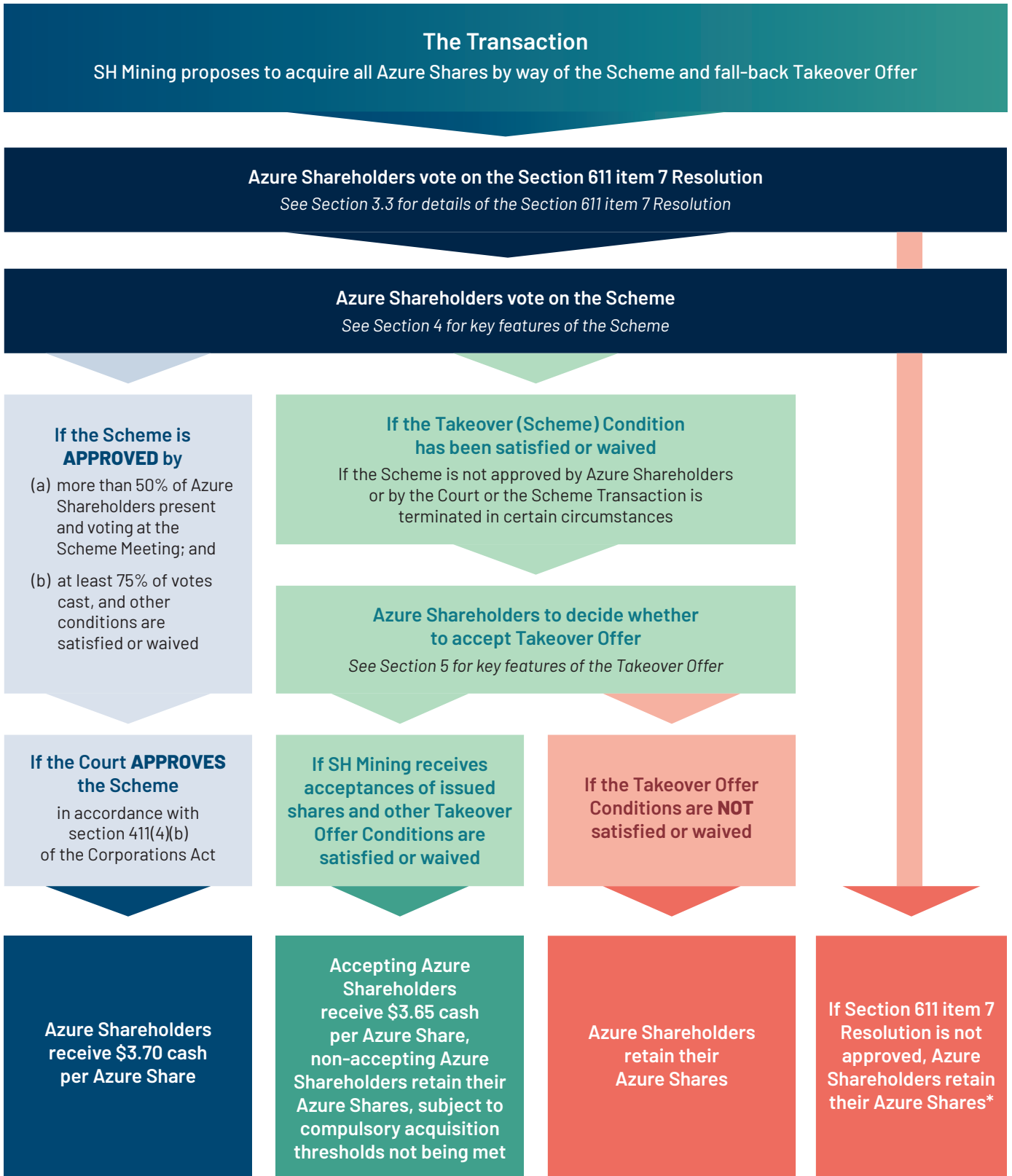
The Takeover Offer is conditional on the Takeover (Scheme) Condition being satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme is terminated in certain circumstances) or waived.

Transaction specifics

Item	Scheme	Takeover Offer
Consideration per Azure Share	\$3.70	\$3.65
Key conditions	<p>≥ 75% of votes cast and >50% of Azure Shareholders (other than Excluded Shareholders) voting in favour of the Scheme Resolution</p> <p>FIRB approval</p> <p>Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Azure Shareholders</p> <p>Section 611 item 7 Resolution approval</p> <p>No Azure Prescribed Occurrence</p> <p>No Azure Material Adverse Change</p> <p>No Azure Regulated Event</p> <p>No restraint on the Scheme is in effect</p> <p>Azure Options exercised or cancelled</p> <p>Azure Representations and Warranties being true and correct</p> <p>Court approval</p> <p>No person acquiring more than 15% of Azure Shares (other than SH Mining, the Joint Bidders and their Associates)</p>	<p>Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances¹</p> <p>FIRB approval</p> <p>Section 611 item 7 Resolution approval</p> <p>No Azure Prescribed Occurrence</p> <p>No Azure Material Adverse Change</p> <p>No restraint on the Takeover Offer is in effect</p> <p>Azure Representations and Warranties being true and correct</p>
Timing	Scheme Meeting on Monday, 8 April 2024	Takeover Offer opens on Monday, 4 March 2024 and closes on Wednesday, 8 May 2024 (unless extended or withdrawn)
When relevant	If the Scheme is approved by Azure Shareholders and the Court	If the Takeover (Scheme) Condition has been satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived
Azure Board recommendation	<p> VOTE IN FAVOUR of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders</p>	<p> ACCEPT the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied or waived, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable</p>

¹ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

This diagram shows the key features of the Scheme and the fall-back Takeover Offer (together, the **Transaction**). You should read this Transaction Booklet in its entirety before making any decision in relation to the Transaction.



* The condition relating to the Section 611 item 7 Resolution could be waived with the consent of all parties to the Transaction Implementation Deed. However, to do so the Joint Bidders would need to obtain ASIC relief to enable them to proceed with the Scheme and Takeover Offer. There is no guarantee that this will occur or that any relief would be ultimately granted on terms acceptable to the Joint Bidders.

Azure Chairperson Letter

 **VOTE IN FAVOUR** OF THE SECTION 611 ITEM 7 RESOLUTION AND THE SCHEME

 **ACCEPT** THE TAKEOVER OFFER BUT NOT UNTIL THE TAKEOVER (SCHEME) CONDITION IS SATISFIED OR WAIVED

Dear Azure Shareholder

On behalf of the Azure Directors, I am pleased to provide you with this Transaction Booklet, which contains important information about the proposed acquisition of Azure by SH Mining, a joint bid vehicle owned by SQM and Hancock.

This Transaction Booklet contains detailed information about the Transaction including the reasons to vote for the Scheme and the Section 611 item 7 Resolution and reasons to accept the Takeover Offer.

The structure of the Transaction involves a scheme of arrangement and a fall-back takeover offer, under which Azure Shareholders will be entitled to receive:

- cash consideration of \$3.70 per Azure Share if the Scheme is successful; or
- cash consideration of \$3.65 per Azure Share accepted into the Takeover Offer if the Takeover (Scheme) Condition has been satisfied or waived, and the Takeover Offer is declared or becomes unconditional.

Immediately prior to the Scheme Meeting, there will be an extraordinary general meeting of Azure Shareholders to approve the Section 611 item 7 Resolution.²

Importantly, the Transaction can only proceed if the Section 611 item 7 Resolution is passed by the required voting majority of Azure Shareholders.

The Transaction replaces the initial proposal by SQM announced to ASX on 26 October 2023 (**SQM Transaction**) and offers a higher price than that initial proposal. Accordingly, the transaction implementation deed for the SQM Transaction has been terminated, although it is noted that if the Transaction does not proceed, in certain circumstances detailed in this Transaction Booklet, SQM will still be required to proceed with the takeover offer component of the original SQM Transaction (which is an offer at \$3.50 per Azure Share).

Azure Board recommendation

The Azure Directors have carefully considered the Transaction and, while conducting an extensive review of the alternatives available to Azure, have concluded that the Transaction will realise significant value for Azure Shareholders.

The Azure Directors unanimously recommend that you:

1. **VOTE IN FAVOUR** of the Section 611 item 7 Resolution; and
2. **VOTE IN FAVOUR** of the Scheme,

in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders; and

3. **ACCEPT** the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied or waived, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.^{3,4}

² SH Mining, SQM, Hancock and their respective Associates may not cast any votes in favour of the Section 611 item 7 Resolution at the EGM.

³ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all other Azure Shareholders) and connections with substantial shareholders of Azure.

⁴ Please refer to Annexure 1, which contains the Independent Expert's Report.

Subject to those same qualifications, each Azure Director intends to:

1. vote (or procure the voting of) all the Azure Shares held or controlled by them in favour of the Section 611 item 7 Resolution and the Scheme; and
2. accept the Takeover Offer for all the Azure Shares held or controlled by them, but not until the Takeover (Scheme) Condition has been satisfied or waived.

The key reasons for the Azure Board recommendation include:

- the Independent Expert has concluded that the Scheme is in the best interests of Azure Shareholders, the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders and that the Takeover Offer is fair and reasonable. The Azure Board has made some important observations in relation to the Independent Expert's Report, specifically the lithium pricing used as part of the valuation and how it may impact the value range of the Azure Shares. Azure Shareholders attention is drawn to Section 3.5(b) of this Transaction Booklet and the Azure Board recommends that Azure Shareholders read that Section in its entirety;
- the cash consideration of \$3.70 per Azure Share under the Scheme represents a significant premium of:⁵
 - 63.9% to the 10-day VWAP of \$2.26 per Azure Share up to and including Friday, 20 October 2023, being the last trading date prior to the announcement of the SQM Transaction;
 - 60.2% to SQM's initial proposal to acquire Azure for \$2.31 per Azure Share as announced to ASX on 15 August 2023;
 - 54.2% to the offer price of \$2.40 per Azure Share from Azure's most recent equity raising announced to ASX on 21 August 2023; and
 - 5.1% to the scheme component of the SQM Transaction of \$3.52 per Azure Share;
- the consideration of \$3.65 per Azure Share under the Takeover Offer represents a significant premium of:⁶
 - 61.6% to the 10-day VWAP of \$2.26 per Azure Share up to and including Friday, 20 October 2023, being the last trading date prior to the announcement of the SQM Transaction;
 - 58.0% to SQM's initial proposal to acquire Azure for \$2.31 per Azure Share as announced to ASX on 15 August 2023;
 - 52.1% to the offer price of \$2.40 per Azure Share from Azure's most recent equity raising announced to ASX on 21 August 2023; and
 - 4.3% to the takeover offer component of the SQM Transaction of \$3.50 per Azure Share;
- the all-cash consideration being offered under the Transaction delivers certain and immediate value for your Azure Shares;
- every vote in favour of the Scheme will increase the likelihood of Azure Shareholders receiving the additional \$0.05 of value per Azure Share available under the Scheme as compared to the Takeover Offer;
- the transaction structure provides Azure Shareholders with the opportunity to consider accepting the Takeover Offer in the event the Scheme does not proceed thereby providing a liquidity event for those Azure Shareholders not wanting to remain as a minority shareholder of Azure in what is expected to be a very tightly held share register;
- no Superior Proposal has emerged at the date of this Transaction Booklet;
- whilst it is acknowledged that the market price of Azure Shares has traded above the value of the consideration offered under the Transaction (albeit in limited volume and for a short period of time), the future market value of your Azure Shares is uncertain and Azure Shares might trade at a lower price if the Scheme is not implemented, the Takeover Offer is withdrawn or lapses and no Superior Proposal emerges;
- as a result of various parties obtaining meaningful shareholdings in Azure, Azure Shares are now relatively illiquid. If the Scheme does not proceed and the Takeover Offer is not accepted, Azure Shareholders risk becoming a small minority in a publicly listed company with low liquidity; and
- there are a number of risks associated with remaining an Azure Shareholder.

⁵ Source: IRESS as at 27 February 2024. This data has been produced without permission.

⁶ Source: IRESS as at 27 February 2024. This data has been produced without permission.

There are also reasons why you may choose to vote against the Section 611 item 7 Resolution and the Scheme and reject the Takeover Offer, including:

- you may disagree with the Azure Directors' unanimous recommendation or the Independent Expert's conclusion;
- you may believe it is in your best interests to maintain your current investment and risk profile;
- you may prefer to realise the potential value of Azure over the long term, and may consider that the Transaction does not capture Azure's long-term potential;
- you may want to sell your Azure Shares on-market if you expect the net proceeds to be higher or that you will be paid sooner;
- you may believe a Superior Proposal for Azure may materialise in the future; and
- the potential tax consequences of the Transaction may not suit your current financial position or tax circumstances.

You may also choose to vote in favour of the Section 611 item 7 Resolution, but against the Scheme if you want the Takeover Offer to proceed (but not the Scheme).

Further details of the advantages and disadvantages of the Transaction, including the reasons to vote for/against the Section 611 item 7 Resolution and the Scheme and reasons to accept/reject the Takeover Offer, are set out in Sections 3.5 to 3.10 of this Transaction Booklet.

Major shareholder support

The Creasy Group, which currently holds, and/or can control the votes in relation to, 58,883,978 Azure Shares (representing approximately 12.84% of the Azure Shares) and the Delphi Group, which currently holds, and/or can control the votes in relation to, 46,557,924 Azure Shares (representing approximately 10.15% of the Azure Shares) have each confirmed that they intend to vote those shares (and any shares they acquire in the future) in favour of the Section 611 item 7 Resolution, and in favour of the Scheme, subject to no superior proposal to acquire 100% of the issued capital of Azure emerging beforehand. Each of those shareholders have also confirmed that if the Scheme is unsuccessful, they intend to accept the Takeover Offer upon it becoming unconditional and subject to no superior proposal to acquire 100% of the issued capital of Azure emerging beforehand.

In addition, each Azure Director intends to:

- vote (or procure the voting of) all the Azure Shares held or controlled by them in favour of the Section 611 item 7 Resolution and the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders; and
- accept the Takeover Offer for all the Azure Shares held or controlled by them, but not until the Takeover (Scheme) Condition has been satisfied or waived, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.^{7,8}

Accordingly, as at the Last Practicable Date, Azure Shareholders holding or controlling approximately 25.19% of the Azure Shares have confirmed their intention to support the Transaction.

Implementation of the Transaction

In order to be passed, the Section 611 item 7 Resolution requires more than 50% of the total votes cast in favour of the Section 611 item 7 Resolution, without any votes being cast in favour of the resolution by SH Mining, the Joint Bidders and their respective Associates.

In order to be passed, the Scheme requires at least 75% of the total votes cast and more than 50% of the Azure Shareholders (other than Excluded Shareholders) by number present and voting to be cast in favour of the Scheme Resolution. The Scheme is also subject to satisfaction of other conditions, including no person acquiring a Relevant Interest in Azure Shares of more than 15% before the Scheme Meeting, Court approval, approval of the Section 611 item 7 Resolution and other conditions summarised in Section 4.3.

⁷ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all other Azure Shareholders) and connections with substantial shareholders of Azure.

⁸ Please refer to Annexure 1, which contains the Independent Expert's Report.

The Azure Board **strongly encourages** every Azure Shareholder to vote in favour of the Section 611 item 7 Resolution at the EGM **and** in favour of the Scheme at the Scheme Meeting because every vote in favour of the Scheme will increase the likelihood of all Azure Shareholders (other than the Excluded Shareholders) receiving the additional \$0.05 of value per Azure Share available under the Scheme as compared to the Takeover Offer.

If the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances,⁹ the proposal will then turn to the Takeover Offer.

Details of risks in relation to the Transaction, risks if the Transaction does not proceed and general risks relating to Azure can be found in Section 8.

Action required

Your vote is important and will determine the future ownership of Azure as well as the availability of the additional \$0.05 of value per Azure Share available under the Scheme as compared to the Takeover Offer. In considering your vote, the Azure Board urges you to read this Transaction Booklet (including the Independent Expert's Report) carefully in full and, if required, to seek your own legal, financial, taxation or other professional advice.

1. VOTE IN FAVOUR of the Section 611 item 7 Resolution

Both the Scheme and the Takeover Offer are conditional on the Joint Bidding Arrangements being approved by the Azure Shareholders excluding SH Mining, the Joint Bidders and their respective Associates for the purposes of section 611 item 7 of the Corporations Act. This approval will be sought from the Azure Shareholders at the EGM which is scheduled for 10.00am (Perth time) on Monday, 8 April 2024. Please refer to Section 2 (Step 2) and the Notice of EGM for information setting out how to participate in and vote at the EGM.

2. VOTE IN FAVOUR of the Scheme

The Scheme can only be implemented if approved by the Azure Shareholders (other than Excluded Shareholders) at the Scheme Meeting which is scheduled for 10.30am (Perth time) on Monday, 8 April 2024 or immediately following the conclusion of the EGM (whichever is later). Please refer to Section 2 (Step 3) and Section 4.4 for information setting out how to participate in and vote at the Scheme Meeting. The Scheme Meeting is being arranged to ensure all Azure Shareholders (other than Excluded Shareholders) can participate, question the Azure Board and have their voices heard on this important decision for Azure Shareholders.

3. ACCEPT the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied or waived

The Takeover Offer is currently scheduled to close on Wednesday, 8 May 2024, unless extended or withdrawn. While you may accept the Takeover Offer from Monday, 4 March 2024, you may choose to wait until the outcome of the Scheme is known on Monday, 8 April 2024 before deciding whether to accept the Takeover Offer. The Azure Board strongly encourages Azure Shareholders who support the Transaction to vote in favour of the Section 611 item 7 Resolution and the Scheme (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders) and to only accept the Takeover Offer if, and when, the outcome of the Scheme is known and if it is either **not** approved by Azure Shareholders or the Court or if the Scheme Transaction is terminated in certain circumstances (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable).¹⁰

As the terms of the Transaction determine whether the Scheme will be implemented or whether the Takeover Offer will proceed, you should be aware that, unless withdrawal rights are available or the Takeover Offer lapses, Azure Shareholders will give up their rights to sell their Azure Shares on the ASX or otherwise deal with their Azure Shares (including to accept an offer from a competing bidder) from the time they accept the Takeover Offer. This is why the Azure Directors have recommended you wait to accept the Takeover Offer until a time when the outcome of the Scheme is known. However, even where you accept the Takeover Offer, please make sure you also vote on the Section 611 item 7 Resolution and the Scheme Resolution.

⁹ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

¹⁰ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

Further information

This Transaction Booklet will be dispatched to Azure Shareholders shortly after its release to ASX. Azure Shareholders who have elected to receive:

- electronic communications will receive an email containing instructions about how to view and download a copy of the Transaction Booklet, as well as instructions on how to lodge their vote by proxy for the EGM and Scheme Meeting online, and how to accept the Takeover Offer; or
- communications via post will receive a printed copy of the Transaction Booklet, together with personalised Proxy Forms for the EGM and Scheme Meeting, and an Acceptance Form.

All other Azure Shareholders will receive a letter, together with personalised Proxy Forms for the EGM and the Scheme Meeting, and an Acceptance Form, with instructions about how to view or download a copy of the Transaction Booklet.

This Transaction Booklet will also be available for download from www.azureminerals.com.au/asx-announcements.

If you have any questions in relation to the Transaction, please contact the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays), or consult your legal, investment, taxation, financial or other professional adviser.

On behalf of the Azure Board, I would like to thank you for your ongoing support of Azure and I look forward to your participation.

Yours sincerely

Brian David Thomas
Non-Executive Chairperson
Azure Minerals Limited

Letter from the Joint Bidders

Dear Azure Shareholder

A compelling offer for Azure Shareholders

Hancock Prospecting Pty Ltd (**Hancock Parent**) and Sociedad Química y Minera de Chile S.A. (**SQM Parent**) are delighted to partner as joint bidders for Azure through their jointly owned acquisition vehicle, SH Mining Pty Ltd, and present you with this compelling opportunity to realise substantial value for your Azure Shares of:

- \$3.70 cash per share, if the Scheme is successful; or
- \$3.65 cash per share, if the Scheme is unsuccessful and the Takeover Offer Conditions are satisfied or waived.

Hancock Parent and SQM Parent are Azure's two largest shareholders, collectively holding approximately 37.8% of Azure. This partnership combines SQM Parent's experience as one of the world's leading lithium producers with Hancock Parent's demonstrated track record as one of Australia's most successful private companies with proven exploration, development and operational expertise in Western Australia. SH Mining is uniquely placed to manage the substantial challenges associated with progressing Azure's early stage Andover project.

This opportunity enables Azure Shareholders to realise immediate value and avoid further exposure to the risks, uncertainties and future costs associated with the Andover project. There remains significant capital spend, time, drilling and approvals required to proceed to develop the Andover project, which are not without risk and require technical expertise. Given the current composition of the Azure share register, Azure Shares are now relatively illiquid. SH Mining considers that, in the context of ongoing softness in lithium markets and pricing, the offer provides certainty to realise value for your Azure Shares.

We welcome the support of the Creasy Group and Delphi Group (collectively holding approximately 23% of Azure), who have each confirmed to Azure that they intend to accept this compelling opportunity, in the absence of a superior proposal for Azure emerging.¹¹

Simple steps to take

We strongly encourage you to accept this compelling opportunity by taking the following steps.

1. Approve this joint bid being made

Azure Shareholders should vote in favour of the Section 611 item 7 Resolution, which is required by law to approve the joint bidding arrangements entered into between Hancock and SQM. Neither the Scheme nor the Takeover Offer will proceed unless the Section 611 item 7 Resolution is passed by a majority of Azure Shareholders (excluding SH Mining, the Joint Bidders and their respective Associates).

2. Vote in favour of the Scheme, and accept the Takeover Offer

Azure Shareholders should vote in favour of the Scheme to receive \$3.70 cash for each of their Azure Shares (and likely avoid brokerage costs) if the Scheme is approved by at least 75% of all votes cast by Azure Shareholders and a majority by number of all Azure Shareholders present and voting (in person or by proxy) at the Scheme Meeting (excluding SH Mining, the Joint Bidders and their respective Associates) and by the Court. This consideration represents a 51.6% premium to the last closing price prior to announcement of the original SQM Transaction of \$2.44 per Azure Share on 20 October 2023.

If the Scheme is unsuccessful and the Takeover Offer Conditions are satisfied or waived, Azure Shareholders who accept the Takeover Offer will receive \$3.65 cash for each of their Azure Shares (and likely avoid brokerage costs). This consideration represents a 49.6% premium to the last closing price prior to announcement of the original SQM Transaction of \$2.44 per Azure Share on 20 October 2023.

As described further in this Transaction Booklet, you should vote in favour of the Scheme and accept the Takeover Offer. You will receive \$3.70 per Azure Share if the Scheme is successful, or \$3.65 per Azure Share if the Scheme is unsuccessful and the Takeover Offer Conditions are satisfied or waived. You can accept the Takeover Offer before or at the same time as you vote in favour of the Scheme if you prefer, and you will still receive the higher consideration of \$3.70 per Azure Share under the Scheme if it is successful.

¹¹ Please refer to Section 3.5(c) for further details of major shareholder support for the Transaction.

Supported by the Independent Expert

The Independent Expert has concluded that the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders, that the Scheme is in the best interests of Azure Shareholders and that the Takeover Offer is fair and reasonable. The Joint Bidders note that the Azure Board has made some important observations in relation to the Independent Expert's Report, specifically the lithium pricing used as part of the valuation and how it may impact the value range of the Azure Shares, and have drawn Azure Shareholders attention to Section 3.5(b) of this Transaction Booklet.

Specifically, the Azure Board notes that lithium asset valuations are highly sensitive to the lithium price used for the purposes of calculating the NF. To provide Azure Shareholders with an indication of the sensitivity, the Azure Board prepared its own calculation of the expected value range on the same basis as used by BDA but calculating the NF using a long-term LCE price of US\$20,000/t¹² rather than the 90-day average spot price to 5 February 2024. On that basis Azure's calculations indicate that the value of the Andover Lithium Project would be expected to be approximately A\$956-1,434 million resulting in a valuation range for Azure of approximately A\$2.40-3.50 per share.

Unanimously recommended by the Azure Board

The Azure Board unanimously recommends that you approve the joint bid, vote in favour of the Scheme and accept the Takeover Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to hold the same conclusions.

If you do nothing, you may not be able to take advantage of this opportunity

If you do nothing and the Scheme is unsuccessful and the Takeover Offer Conditions are not satisfied or waived, you will retain your Azure Shares. As further highlighted in this Transaction Booklet, you cannot be certain about the future value of your Azure Shares if the Transaction is unsuccessful and no Superior Proposal emerges.

We therefore encourage you to take the steps outlined in this letter as soon as possible.

Yours sincerely,

Mark Fones
Director
SH Mining Pty Ltd

Tad Watroba
Director
SH Mining Pty Ltd

¹² Being the long-term LCE price applied by the independent expert in their discounted cash flow analysis in the recent merger between Allkem and Livent (for further details, see Allkem's ASX announcement "Scheme Booklet Registered by ASIC" on 9 November 2023).

Key Dates

Event	Date
Court approval for dispatch of this Transaction Booklet	Friday, 1 March 2024
Takeover Offer Period commences	Monday, 4 March 2024
Deadline for receipt of completed Proxy Forms (including proxies lodged online) and powers of attorney for:	
1. the EGM	10.00am (Perth time) on Saturday, 6 April 2024
2. the Scheme Meeting	10.30am (Perth time) on Saturday, 6 April 2024
Eligibility of Azure Shareholders to vote at the EGM and the Scheme Meeting	4.00pm (Perth time) on Saturday, 6 April 2024
EGM	10.00am (Perth time) on Monday, 8 April 2024
Scheme Meeting	10.30am (Perth time) on Monday, 8 April 2024 ¹³

If the Scheme is approved by eligible Azure Shareholders at the Scheme Meeting

Second Court Date – for approval of the Scheme	Wednesday, 10 April 2024
Effective Date of the Scheme – date on which the Scheme becomes Effective and is binding on the Azure Shareholders	Thursday, 11 April 2024

If the Scheme is approved by the Court and becomes Effective

Last trading of Azure Shares on ASX	Thursday, 11 April 2024
Scheme Record Date – all Azure Shareholders (other than Excluded Shareholders) who hold Azure Shares on this date will be entitled to receive the Scheme Consideration	5.00pm (Perth time) on Monday, 15 April 2024
Implementation Date – all Scheme Shareholders will be paid the Scheme Consideration to which they are entitled and the Scheme Shares will be transferred to SH Mining	Thursday, 18 April 2024

If the Takeover (Scheme) Condition is satisfied or waived

Takeover Offer Period closes (unless extended or withdrawn)	5.00pm (Perth time) on Wednesday, 8 May 2024
---	--

All stated dates and times are indicative only. The actual timetable will depend on many factors outside the control of Azure and the Joint Bidder Group, including the Court approval process, other regulatory authority approvals and the satisfaction or waiver of the conditions precedent to the completion of the Scheme. Any changes to the above timetable will be announced to ASX and available under Azure's profile at www.asx.com.au.

All references to time in this Transaction Booklet are references to AWST, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

¹³ Or immediately following the conclusion of the EGM (whichever is later).

1. Frequently Asked Questions

The following table provides brief answers to questions you may have in relation to the Transaction but must be read in conjunction with the more detailed information included in this Transaction Booklet. You are urged to read this Transaction Booklet in its entirety.

Question	Answer	Further information
Overview of the Transaction and the Joint Bidding Deed		
Why have I received this Transaction Booklet?	This Transaction Booklet has been sent to you because you are an Azure Shareholder. This Transaction Booklet is intended to help you to decide how to vote on the Section 611 item 7 Resolution and how to vote on the Scheme Resolution. This Transaction Booklet is also intended to help you to decide whether to accept or reject the Takeover Offer. You should read this Transaction Booklet carefully and, if necessary, consult your legal, tax, financial or other independent professional adviser before making a decision in respect of the Transaction.	N/A
What is the Transaction?	The Transaction is a proposal from SH Mining to acquire all of your Azure Shares by way of the Scheme at a price of \$3.70 cash per Azure Share and a fall-back proposal to acquire all of your Azure Shares under the Takeover Offer at a price of \$3.65 cash per Azure Share.	Sections 4 and 5
Why is there a Scheme and a fall-back Takeover Offer?	<p>The Scheme can only proceed if, subject to satisfaction of the other Scheme Conditions, the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) (being more than 50% in number present and voting and at least 75% of votes cast) vote in favour of the Scheme.</p> <p>The fall-back Takeover Offer can proceed without a minimum acceptance threshold, which is a lower threshold than the Scheme, but is conditional upon (among other things) the Section 611 item 7 Resolution being approved and the Scheme not being approved by Azure Shareholders or the Court, or the Scheme Transaction being terminated in certain circumstances.¹⁴ The Takeover Offer allows Azure Shareholders to sell their shares to SH Mining even if the Scheme is not successful.</p>	N/A
What is the Joint Bidding Deed?	<p>The Joint Bidding Deed is the deed entered between SH Mining, SQM, SQM Parent, Hancock and Hancock Parent which sets out the terms and conditions on which the parties will jointly pursue the Transaction.</p> <p>A description of the Joint Bidding Deed is set out in Section 7.10.</p>	Section 7.10
What is the purpose of the EGM?	<p>An extraordinary general meeting of Azure Shareholders will be held immediately prior to the Scheme Meeting to vote on the Section 611 item 7 Resolution.</p> <p>The purpose of the EGM is to seek approval of the Azure Shareholders to the Joint Bidding Arrangements. The Scheme and Takeover Offer can only proceed if the Section 611 item 7 Resolution, being a resolution in accordance with section 611 item 7 of the Corporations Act, to approve the Joint Bidding Arrangements, is passed by the required voting majority of the Azure Shareholders at the EGM.</p>	Section 3.3, Step 2 of Section 2 and Notice of EGM contained in Annexure 4

¹⁴ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

Question	Answer	Further information
Overview of the Transaction and the Joint Bidding Deed		
Who is SH Mining?	<p>SH Mining is the company that is offering to acquire your Azure Shares under the Transaction.</p> <p>SH Mining is a newly incorporated company and is 50% owned by SQM and 50% owned by Hancock.</p>	Section 7
Who are SQM and SQM Parent?	<p>SQM Parent is a globally diversified chemical and mining company with operations in Western Australia, Chile and China. SQM Parent has a strong focus on the production and distribution of specialty plant nutrients, iodine and lithium. SQM Parent's products reach more than 100 countries, and SQM Parent directly employs more than 7,000 people globally.</p> <p>SQM Parent is one of the world's largest lithium producers. In Western Australia, SQM and Wesfarmers Limited are joint venture partners in the Mt Holland lithium project, which will be a unique, fully-integrated operation producing battery-quality lithium hydroxide. The joint venture comprises a mine and concentrator at Mt Holland and a refinery at Kwinana capable of producing approximately 50,000 tonnes of lithium hydroxide per year.</p> <p>SQM is a subsidiary of SQM Parent.</p> <p>See Section 7.2 for further information on SQM.</p>	Section 7.2
Who are Hancock and Hancock Parent?	<p>Hancock Parent is a privately held Australian company that has a long and important association with Australia's mining sector. It is one of Australia's most successful private companies with diversified interests across iron ore, gas, lithium, coal, beef and dairy, as well as mineral exploration and development.</p> <p>The Hancock Group has interests in various Australian and international resource projects across Canada, Ecuador and the United Kingdom.</p> <p>Hancock is a proprietary company limited by shares that was incorporated in Australia on 16 October 2023.</p> <p>Hancock is a wholly-owned subsidiary of Hancock Parent.</p> <p>See Section 7.4 for further information on Hancock.</p>	Section 7.4
How are the Joint Bidders funding the Scheme Consideration and the Takeover Offer Consideration?	<p>The Joint Bidders will jointly provide funding to SH Mining for the Scheme Consideration and Takeover Offer Consideration.</p> <p>Hancock intends to use Hancock Parent's existing cash reserves to fund the Scheme Consideration and the Takeover Offer Consideration while SQM intends to use a combination of cash reserves and short-term deposits for this purpose.</p> <p>As at the Last Practicable Date, the Hancock Group has cash and cash equivalents of approximately \$19.5 billion.</p> <p>At 31 December 2023, SQM Parent had cash and cash equivalents of approximately US\$1.041 billion and short-term deposits of approximately US\$1.326 billion.</p> <p>See Section 7.9 for further information on the funding of the Scheme Consideration and the Takeover Offer Consideration.</p>	Section 7

Question	Answer	Further information
Overview of the Transaction and the Joint Bidding Deed		
<p>What is the Independent Expert's conclusion?</p>	<p>The Independent Expert has concluded:</p> <ul style="list-style-type: none"> ▪ the Scheme is fair and reasonable and in the best interests of Azure Shareholders; ▪ the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders; and ▪ the Takeover Offer is fair and reasonable, <p>in the absence of a Superior Proposal.</p> <p>The Independent Expert's Report is set out in Annexure 1.</p>	Annexure 1
<p>What is the Azure Directors' recommendation and how do the Azure Directors intend to vote?</p>	<p>Your Directors have carefully considered the advantages and disadvantages of the Transaction and unanimously recommend you:¹⁵</p> <ol style="list-style-type: none"> 1. vote in favour of the Section 611 item 7 Resolution; and 2. vote in favour of the Scheme, <p>in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Scheme is in the best interests of Azure Shareholders, and</p> <ol style="list-style-type: none"> 3. accept the Takeover Offer but not until the Takeover (Scheme) Condition is satisfied or waived, <p>in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.</p> <p>Subject to those same qualifications, each Azure Director intends to vote (or procure the voting of) all the Azure Shares held or controlled by them in favour of the Section 611 item 7 Resolution and the Scheme and accept the Takeover Offer for their Azure Shares, but not until the Takeover (Scheme) Condition has been satisfied or waived.</p>	Azure Chairperson's Letter and Section 3.5(a)
<p>Are there any major Azure Shareholders who support the Transaction?</p>	<p>The Creasy Group, which currently holds, and/or can control the votes in relation to, 58,883,978 Azure Shares (representing approximately 12.84% of the Azure Shares) and the Delphi Group, which currently holds, and/or can control the votes in relation to, 46,557,924 Azure Shares (representing approximately 10.15% of the Azure Shares) have each confirmed that they intend to vote those shares (and any shares they acquire in the future) in favour of the Section 611 item 7 Resolution, and in favour of the Scheme, subject to no superior proposal to acquire 100% of the issued capital of Azure emerging beforehand. Each of those shareholders have also confirmed that if the Scheme is unsuccessful, they intend to accept the Takeover Offer upon it becoming unconditional and subject to no superior proposal to acquire 100% of the issued capital of Azure emerging beforehand.</p>	Azure Chairperson's Letter and Section 3.5(c)

¹⁵ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Question	Answer	Further information
Overview of the Transaction and the Joint Bidding Deed		
What happens if a Competing Proposal is received?	<p>Under the Transaction Implementation Deed, Azure is bound by certain exclusivity obligations, including in relation to a Competing Proposal. Subject to Azure’s exclusivity obligations under the Transaction Implementation Deed, the Azure Board will carefully consider a Competing Proposal and advise you of their recommendation.</p> <p>If a Competing Proposal emerges, under certain circumstances the Joint Bidders may be required under the Joint Bidding Deed to match (either jointly or by one party proceeding with a sole matching bid) or accept a higher rival takeover offer (and must not vote against a higher rival scheme).</p> <p>A description of the Joint Bidding Deed is set out in Section 7.10.</p>	Sections 7.10 and 10.2
Is there a reimbursement fee or reverse reimbursement fee payable?	<p>Azure must pay SH Mining the Azure Reimbursement Fee, being \$16,900,000 (excluding GST) in certain circumstances. The Azure Reimbursement Fee will not be payable as a result of the Scheme not receiving approval by the Requisite Majority.</p> <p>SH Mining must pay Azure the SH Mining Reimbursement Fee of \$16,900,000 (excluding GST) in certain circumstances.</p>	Sections 10.7 and 10.8
Is a Superior Proposal likely? What happens if a Superior Proposal emerges?	<p>At the date of this Transaction Booklet, no Superior Proposal for Azure has emerged.</p> <p>Until the Scheme becomes Effective, there is nothing preventing third parties from making unsolicited Competing Proposals for Azure.</p> <p>The Transaction Implementation Deed contains certain exclusivity arrangements. For example, it restricts certain Azure actions, obliges Azure to disclose certain information to SH Mining in the event a Competing Proposal emerges and also gives SH Mining a right to match a Superior Proposal in certain circumstances.</p> <p>Subject to Azure’s exclusivity obligations under the Transaction Implementation Deed, the Azure Board will carefully consider any Competing Proposals and advise Azure Shareholders of their recommendation.</p> <p>It is possible that, if Azure were to continue as an independent company, a Superior Proposal for Azure may materialise in the future.</p> <p>If a Superior Proposal emerges, under certain circumstances the Joint Bidders may be required under the Joint Bidding Deed to match (either jointly or by one party proceeding with a sole matching bid) or accept a higher rival takeover offer (and must not vote against a higher rival scheme).</p> <p>A description of the Joint Bidding Deed is set out in Section 7.10.</p>	Sections 3.5(f), 7.10 and 10.2

Question	Answer	Further information
Overview of the Transaction and the Joint Bidding Deed		
Can I sell my Azure Shares now?	Provided you have not already accepted the Takeover Offer, you can sell your Azure Shares on-market at any time before the close of trading on ASX on the Effective Date (assuming the Scheme is approved by Azure Shareholders at the Scheme Meeting and approved by the Court) at the prevailing on-market price at that time (which may vary from the Scheme Consideration and the Takeover Offer Consideration). If you do so, you will not receive the Scheme Consideration or the Takeover Offer Consideration (and you may incur brokerage costs).	N/A
Overview of the Scheme and the EGM		
What is the Scheme?	<p>A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company.</p> <p>The Scheme is a proposed acquisition by SH Mining of Azure to be implemented by way of a scheme of arrangement under Part 5.1 of the Corporations Act between Azure and Azure Shareholders (other than Excluded Shareholders) under which all of the Azure Shares held by Scheme Shareholders will be transferred to SH Mining in consideration for the payment by SH Mining of the Scheme Consideration.</p> <p>The Scheme requires the approval of both the Requisite Majority of Azure Shareholders at the Scheme Meeting and the Court.</p> <p>The terms of the Scheme are set out in full in Annexure 2.</p>	Section 4 and Annexure 2
What is the Scheme Consideration?	The Scheme Consideration is \$3.70 cash per Azure Share.	Section 4.2
What are the Joint Bidders' intentions if the Scheme proceeds?	<p>If the Scheme is implemented, the Joint Bidders intend to:</p> <ul style="list-style-type: none"> ▪ arrange for Azure to be removed from the official list of ASX; ▪ nominate persons to be appointed to, and to resign from, the Azure Board; and ▪ continue to operate the Azure business in substantially the same manner as it is currently being operated. <p>See Section 7.8(a) for further details of the Joint Bidders' intentions in relation to Azure if the Scheme is implemented.</p>	Section 7.8(a)
What will be the effect of the Scheme?	<p>If the Scheme is approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) and the Court, and the other conditions to the Scheme are satisfied or waived (where applicable):</p> <ul style="list-style-type: none"> ▪ all your Azure Shares will be transferred to SH Mining; and ▪ in exchange, you will receive the Scheme Consideration. 	Section 4.4
If the Scheme is implemented, when will Azure Shares cease trading on ASX?	Azure intends to apply to ASX for Azure Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date. Following the Implementation Date, Azure will apply for termination of the official quotation of Azure Shares on ASX and for Azure to be removed from the official list of ASX.	Section 4.11

Question	Answer	Further information
Overview of the Scheme and the EGM		
<p>Are there conditions that need to be satisfied before the Scheme can proceed?</p>	<p>Implementation of the Scheme is subject to satisfaction or waiver (where applicable) of a number of conditions contained in the Transaction Implementation Deed.</p> <p>As at the date of this Transaction Booklet, the conditions that must be satisfied or waived (as applicable) before the Scheme can be implemented are set out in Section 4.3, including:</p> <ul style="list-style-type: none"> ▪ FIRB approval and no other governmental restraints being in place; ▪ approval by Azure Shareholders (other than SH Mining, the Joint Bidders and their respective Associates) of the Section 611 item 7 Resolution; ▪ all Azure Optionholders exercising, or agreeing to cancel, all their Azure Options before 5.00pm on the Business Day before the Second Court Date; ▪ Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act; ▪ no person acquiring a Relevant Interest in more than 15% of Azure Shares (other than SH Mining, the Joint Bidders and their respective Associates) before the date of the Scheme Meeting; ▪ approval of the Scheme by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders); ▪ the Independent Expert continuing to conclude the Scheme is in the best interests of the Azure Shareholders; ▪ no Azure Prescribed Occurrence, Azure Regulated Event or Azure Material Adverse Change occurring; ▪ Azure Representations and Warranties being true and correct; and ▪ there being no restraints that would prohibit or adversely affect the Scheme. <p>The Scheme was subject to certain competition law approvals being obtained. This condition has been satisfied.</p>	<p>Section 4.3</p>
<p>Is voting compulsory for the Section 611 item 7 Resolution and the Scheme Resolution?</p>	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the EGM or the Scheme Meeting scheduled to be held on Monday, 8 April 2024 you should appoint a proxy to vote on your behalf.</p>	<p>Steps 2 and 3 of Section 2, Notice of EGM contained in Annexure 4 and Notice of Scheme Meeting contained in Annexure 5</p>

Question	Answer	Further information
Overview of the Scheme and the EGM		
Who can vote on the Section 611 item 7 Resolution and the Scheme Resolution?	<p>If you are registered as an Azure Shareholder at 4.00pm (Perth time) on Saturday, 6 April 2024 you will be entitled to vote on:</p> <ul style="list-style-type: none"> the Section 611 item 7 Resolution to be proposed at the EGM; and the Scheme Resolution to be proposed at the Scheme Meeting. <p>SH Mining, the Joint Bidders and their respective Associates will be excluded from voting on these resolutions.</p>	Steps 2 and 3 of Section 2, Notice of EGM contained in Annexure 4 and Notice of Scheme Meeting contained in Annexure 5
Why should I vote on the Section 611 item 7 Resolution and Scheme Resolution?	<p>Your vote on the Section 611 item 7 Resolution and Scheme Resolution will be important in determining whether the Scheme will proceed. Every vote in favour of the Scheme will increase the likelihood of Azure Shareholders receiving the additional \$0.05 of value per Azure Share available under the Scheme as compared to the Takeover Offer.</p> <p>Your Directors unanimously recommend you vote in favour of the Section 611 item 7 Resolution and the Scheme,¹⁶ in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Scheme is in the best interests of Azure Shareholders.</p>	Overview of the Transaction and Section 2
What are my options in respect of the Section 611 item 7 Resolution?	<p>You may:</p> <ul style="list-style-type: none"> vote in favour of the Section 611 item 7 Resolution at the EGM; vote against the Section 611 item 7 Resolution at the EGM; sell your Azure Shares on market at any time while Azure Shares remain tradeable on the ASX; or do nothing. <p>You should note that you have the option of voting in favour of the Section 611 item 7 Resolution but against the Scheme. See Section 3.7 for further details.</p>	Step 2 of Section 2 and Section 3.7
What vote is required to approve the Section 611 item 7 Resolution?	<p>The Section 611 item 7 Resolution must be passed as an ordinary resolution. That is, a majority (more than 50%) of votes cast in favour of the resolution is required, without any votes being cast in favour of that resolution by SH Mining, the Joint Bidders and their respective Associates.</p>	Step 2 of Section 2

¹⁶ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Question	Answer	Further information
Overview of the Scheme and the EGM		
What are my options in respect of the Scheme Resolution?	<p>You may:</p> <ul style="list-style-type: none"> ▪ vote in favour of the Scheme at the Scheme Meeting; ▪ vote against the Scheme at the Scheme Meeting; ▪ sell your Azure Shares on market at any time before the close of trading on ASX on the Effective Date; or ▪ do nothing. <p>You should note that you have the option of voting in favour of the Section 611 item 7 Resolution but against the Scheme. See Section 3.7 for further details.</p>	Step 3 of Section 2
What happens if I do not vote on the Section 611 item 7 Resolution or on the Scheme?	<p>If you do not vote on the Section 611 item 7 Resolution and the Section 611 item 7 Resolution is passed, then you will have the option to vote on the Scheme Resolution and/or accept your Azure Shares into the Takeover Offer. If you do not vote on the Section 611 item 7 Resolution and the Section 611 item 7 Resolution is not passed, then neither the Scheme nor the Takeover Offer will proceed.</p> <p>If you do not vote on the Scheme Resolution and the Scheme is approved by a Requisite Majority of Azure Shareholders (other than Excluded Shareholders) and the Court and becomes Effective, your Azure Shares will be transferred to SH Mining in consideration for SH Mining paying you the Scheme Consideration for your Azure Shares. If the Scheme is not successful, Azure will remain an independent company and you will remain an Azure Shareholder, subject to the Takeover Offer.</p>	Steps 2 and 3 of Section 2 and Section 4
What are the risks for me if the Scheme is not implemented?	Azure Shareholders may be subject to certain risks if the Scheme is not implemented, which are set out in Section 8.	Section 8
If I wish to support the Scheme, what should I do?	<p>Your Azure Directors unanimously recommend you vote in favour of the Section 611 item 7 Resolution at the EGM and the Scheme Resolution at the Scheme Meeting,¹⁷ in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Scheme is in the best interests of Azure Shareholders. If you are a registered Azure Shareholder you can vote at the EGM and Scheme Meeting or, if you are unable to attend the EGM or Scheme Meeting, you may be entitled to vote by proxy, corporate representative or attorney.</p> <p>See Steps 2 and 3 of Section 2, the Notice of EGM contained in Annexure 4 and the Notice of Scheme Meeting contained in Annexure 5 for directions on how to vote and important voting information generally.</p>	Steps 2 and 3 of Section 2, the Notice of EGM contained in Annexure 4 and Notice of Scheme Meeting contained in Annexure 5

¹⁷ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Question	Answer	Further information
Overview of the Scheme and the EGM		
What happens if I vote against the Scheme?	<p>If, despite your Azure Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) and by the Court, and all other conditions to the Scheme are satisfied or waived (where applicable), your Azure Shares will be transferred to SH Mining in consideration for the Scheme Consideration. This will occur even if you voted against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is not approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) or the Court, Azure will remain an independent company and you will remain an Azure Shareholder, subject to the Takeover Offer.</p>	Sections 3.7 and 4.4
When and where will the EGM and the Scheme Meeting be held?	<p>The EGM to approve the Section 611 item 7 Resolution is scheduled to be held on Monday, 8 April 2024 at the Celtic Club, 48 Ord Street, West Perth WA 6005 commencing at 10.00am (Perth time).</p> <p>The Scheme Meeting to approve the Scheme is scheduled to be held on Monday, 8 April 2024 at the Celtic Club, 48 Ord Street, West Perth WA 6005 commencing at 10.30am (Perth time) or immediately after the EGM (whichever is later).</p> <p>Azure strongly encourages Azure Shareholders to consider lodging a directed proxy in the event they are not be able to participate in the EGM or Scheme Meeting.</p> <p>Further details of the EGM and the Scheme Meeting, including how to vote are contained in Section 2. The Notice of EGM is contained in Annexure 4 and the Notice of Scheme Meeting is contained in Annexure 5.</p>	Steps 2 and 3 of Section 2, Section 4.4, Notice of EGM contained in Annexure 4 and Notice of Scheme Meeting contained in Annexure 5
What if I cannot, or do not wish to, attend the EGM and/or Scheme Meeting?	<p>If you cannot, or do not wish to, attend the EGM and/or Scheme Meeting, you may appoint a proxy, corporate representative or attorney to vote on your behalf. For further details regarding voting and appointing proxies, see Steps 2 and 3 of Section 2, the Notice of EGM contained in Annexure 4 and the Notice of Scheme Meeting contained in Annexure 5.</p>	Steps 2 and 3 of Section 2, Notice of EGM contained in Annexure 4 and Notice of Scheme Meeting contained in Annexure 5

Question	Answer	Further information
Overview of the Scheme and the EGM		
What vote is required to approve the Scheme?	<p>The Scheme needs to be approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders), which is:</p> <ul style="list-style-type: none"> ▪ unless the Court orders otherwise, a majority in number (more than 50%) of Azure Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and ▪ at least 75% of the total number of votes cast on the resolution at the Scheme Meeting. 	Section 4.4
When will the results of the EGM and the Scheme Meeting be known?	The results of the EGM and the Scheme Meeting will be available as soon as possible after the conclusion of the EGM and the Scheme Meeting and will be announced to ASX (www.asx.com.au) once available.	Section 4.4
How will the Scheme be implemented?	If the Scheme becomes Effective, no further action is required on the part of the Scheme Shareholders in order to implement the Scheme. Under the Scheme, Azure is given authority to effect a valid transfer of all Scheme Shares to SH Mining and to enter the name of SH Mining in the Azure Share Register as holder of all Scheme Shares. If the Scheme becomes Effective, each Azure Shareholder will receive the Scheme Consideration.	Sections 4.4 and 4.6
What happens if the Scheme does not proceed?	<p>If the Scheme does not become Effective:</p> <ul style="list-style-type: none"> ▪ you will not be issued the Scheme Consideration; ▪ the Takeover Offer will become the relevant offer available to all Azure Shareholders from SH Mining; ▪ you will continue to hold Azure Shares and you will continue to be exposed to the risks associated with your investment in Azure Shares (see Section 8), unless you accept the Takeover Offer and the Takeover Offer is declared or becomes unconditional; and ▪ in the absence of a party acquiring control of Azure and seeking its de-listing, Azure will continue as an ASX-listed entity and the Azure Board and management will continue to operate Azure's business. 	Sections 4 and 8
What are the tax implications of the Scheme?	<p>If the Scheme becomes Effective, there will be tax consequences for Azure Shareholders which may include tax being payable on any gain on disposal of their Azure Shares.</p> <p>Section 9 provides a general description of the Australian tax consequences of the Scheme. The tax consequences of the Scheme may vary depending on the nature and characteristics of each Azure Shareholder and their individual circumstances.</p> <p>It is recommended you seek professional tax advice in regard to the potential tax implications associated with the Scheme.</p>	Section 9
Who is entitled to participate in the Scheme?	Each person who is an Azure Shareholder (other than Excluded Shareholders) on the Scheme Record Date (currently expected to be 5.00pm (Perth time) on Monday, 15 April 2024) will be entitled to participate in the Scheme.	Section 4.4

Question	Answer	Further information
Overview of the Scheme and the EGM		
What warranties do I give?	<p>Under the Scheme, each Scheme Shareholder is deemed to have warranted to SH Mining that:</p> <ul style="list-style-type: none"> ▪ all their Azure Shares (including any rights and entitlements attaching to those Azure Shares) will, at the date they are transferred to SH Mining, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and ▪ they have the power and capacity to sell and to transfer their Azure Shares, and all rights and entitlements attaching to those Azure Shares to SH Mining. 	Section 4.5
When and how will I be issued the Scheme Consideration?	<p>If the Scheme becomes Effective, the Scheme Consideration will be paid on the Implementation Date (currently expected to be Thursday, 18 April 2024).</p> <p>If you have validly registered your bank account details with the Share Registry by the Scheme Record Date, the Scheme Consideration will be sent directly to your bank account by electronic funds transfer. If you have not registered your bank account details with the Share Registry, the Scheme Consideration will be sent by cheque to your address as shown on the Share Register as at the Scheme Record Date (as applicable), unless you are a Scheme Shareholder with a registered address in New Zealand in which case payment will be held until a valid bank account has been nominated.</p> <p>You are encouraged to verify and update your bank account details online at www.computershare.com.au/easyupdate/AZS prior to the Scheme Record Date.</p>	Section 4.2 and 4.6
Will I have to pay brokerage fees on the disposal of my Azure Shares?	Scheme Shareholders will not pay brokerage fees on the disposal of their Azure Shares as part of the Scheme.	Section 4.9
When will the Scheme become Effective and be implemented?	Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, the Scheme will become Effective on the Effective Date (currently expected to be Thursday, 11 April 2024) and will be implemented on the Implementation Date (currently expected to be Thursday, 18 April 2024).	Section 4.4 and Key Dates
What is required for the Scheme to become Effective?	<p>The Scheme will only become Effective if:</p> <ul style="list-style-type: none"> ▪ the Section 611 item 7 Resolution is passed; ▪ the Scheme is approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) at the Scheme Meeting; ▪ the Court approves the Scheme at the Second Court Hearing; and ▪ all other Scheme Conditions are satisfied or waived (as applicable). 	Section 4.4

Question	Answer	Further information
Overview of the Scheme and the EGM		
Can I attend the Court and oppose the Court approval of the Scheme?	If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on Azure, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Azure at least one Business Day before the Second Court Date.	Section 4.4 and Notice of Scheme Meeting contained in Annexure 5
The Takeover Offer		
What is the Takeover Offer?	SH Mining is offering \$3.65 cash for each Azure Share if the Takeover Offer Conditions are satisfied or waived. The Takeover Offer is not subject to a minimum acceptance condition, meaning that the Takeover Offer is not conditional upon SH Mining obtaining a minimum number of acceptances under the Takeover Offer. SH Mining is making the Takeover Offer simultaneously with the Scheme so that you have the opportunity to sell your Azure Shares to SH Mining if the Takeover (Scheme) Condition has been satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived.	Section 5
What is the Takeover Offer Consideration?	You will be entitled to receive \$3.65 cash per Azure Share held by you if you accept the Takeover Offer and the Takeover Offer Conditions are satisfied or waived.	Section 5.2
Why is the Takeover Offer Consideration less than the Scheme Consideration?	The Takeover Offer Consideration is less than the Scheme Consideration because under the Takeover Offer, SH Mining may not acquire all of the shares in Azure so may not obtain control.	N/A
What choice do I have as an Azure Shareholder in respect of the Takeover Offer?	As an Azure Shareholder, you have the following choices in relation to your Azure Shares in respect of the Takeover Offer: <ul style="list-style-type: none"> ▪ accept the Takeover Offer (but noting that the Azure Directors recommend that you wait until the Takeover (Scheme) Condition is satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, and that you only accept the Takeover Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable;¹⁸ ▪ sell your shares on ASX (unless you have previously accepted the Takeover Offer and you have not validly withdrawn your acceptance); or ▪ do nothing. <p>There are several implications in relation to each of these choices.</p>	Section 5

¹⁸ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Question	Answer	Further information
The Takeover Offer		
Can I accept the Takeover Offer now?	<p>The Azure Board recommends that you accept the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied (for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable. However, you may accept the Takeover Offer at any time during the Takeover Offer Period, including before the Scheme Meeting.</p> <p>While you may vote in favour of the Scheme and accept the Takeover Offer at the same time, as the terms of the Transaction determine whether the Scheme will be implemented or whether the Takeover Offer will proceed, you should be aware that accepting the Takeover Offer now will restrict your ability to sell or transfer your Azure Shares to another person, or otherwise deal with your Azure Shares, unless you are entitled to withdraw your acceptance.</p> <p>However, even if you accept the Takeover Offer, please make sure you also vote in favour of the Section 611 item 7 Resolution and the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.</p>	N/A
How do I accept the Takeover Offer?	<p>You may accept the Takeover Offer in one of the following ways:</p> <ul style="list-style-type: none"> ▪ by submitting your acceptance online via www.shminingoffer.com.au by following the instructions at that website; ▪ depending on whether you hold your Azure Shares in a CHES Holding or on the issuer sponsored sub-register, by completing the enclosed Acceptance Form that is relevant to you in accordance with Section 5.3 of this Transaction Booklet, and the instructions set out there and on the Acceptance Form and return it by email to corpactprocessing@computershare.com.au with the subject line "Takeover Offer of Azure Acceptance" or post the hardcopy form to the address specified in the Acceptance Form using the enclosed pre-addressed envelope; or ▪ if you hold your Azure Shares in a CHES Holding, by instructing your Controlling Participant (usually your stockbroker) to initiate acceptance of the Takeover Offer on your behalf directly. <p>Your Acceptance Form must be received before the end of the Takeover Offer Period, or if you hold your Azure Shares in a CHES Holding, then it must be received in sufficient time for the Share Registry to give instructions to your Controlling Participant and for your Controlling Participant to carry out those instructions before the end of the Takeover Offer Period.</p>	Section 5.3
Can I accept the Takeover Offer for part of my Shareholding?	<p>No. You can only accept the Takeover Offer for all of your Azure Shares. However, where you have satisfied the requirements for acceptance in respect of only some of your Azure Shares, SH Mining may, in its sole discretion, regard the Takeover Offer to be accepted in respect of those Azure Shares to which your acceptance relates but not the remainder.</p>	Section 5.3

Question	Answer	Further information
The Takeover Offer		
What are the consequences of accepting the Takeover Offer?	<p>If you have accepted the Takeover Offer and the Takeover Offer becomes or is declared unconditional, you will be entitled to payment of the Takeover Offer Consideration.</p> <p>Azure Shareholders will be notified when this occurs via an announcement to ASX. Unless withdrawal rights are available (see below), you will give up your right to sell your Azure Shares on ASX or otherwise deal with your Azure Shares.</p>	Sections 5.5 and 5.6
If I accept the Takeover Offer, can I withdraw my acceptance?	<p>You may only withdraw your acceptance if the Takeover Offer remains subject to:</p> <ul style="list-style-type: none"> ▪ the FIRB Takeover Condition or the Section 611 item 7 Resolution Takeover Condition; or ▪ other Takeover Offer Conditions and SH Mining varies the Takeover Offer in a way that postpones the time when SH Mining is required to satisfy its obligations under the Takeover Offer by more than one month. 	Section 5.5
When does the Takeover Offer Period Close?	<p>The Takeover Offer Period is currently scheduled to close at 5.00pm (Perth time) on Wednesday, 8 May 2024, but can be extended in certain circumstances.</p> <p>The Takeover Offer Period must not expire prior to the date that is 20 Business Days after the date of the Scheme Meeting. SH Mining cannot extend the Takeover Offer Period beyond 3 months after the date of the Scheme Meeting without Azure's consent.</p>	Section 5.2
What are the conditions to the Takeover Offer?	<p>The Takeover Offer Conditions are:</p> <ul style="list-style-type: none"> ▪ FIRB approval is obtained before the end of the Takeover Offer Period; ▪ approval by Azure Shareholders (other than SH Mining, the Joint Bidders and their respective Associates) of the Section 611 item 7 Resolution; ▪ no Azure Prescribed Occurrence occurs in relation to Azure; ▪ the Scheme is not approved by Azure Shareholders or the Court, or the Scheme Transaction is terminated in certain circumstances;¹⁹ ▪ no restraint that would prevent or hinder the Takeover Offer is in effect; ▪ an Azure Material Adverse Change does not occur in relation to Azure; and ▪ Azure Representations and Warranties are accurate and not misleading. <p>The Takeover Offer was proposed to be subject to certain competition law approvals being obtained. That proposed condition has been satisfied.</p>	Section 5.7

¹⁹ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

Question	Answer	Further information
The Takeover Offer		
What happens if Takeover Offer Conditions are not satisfied or waived?	<p>If the Takeover Offer Conditions are not satisfied or waived before the end of the Takeover Offer Period, the Takeover Offer will lapse and any acceptances into the Takeover Offer will be void. In those circumstances, Azure Shareholders who have accepted the Takeover Offer will not receive the Takeover Offer Consideration and will continue to hold their Azure Shares and be free to deal with them as if the Takeover Offer had not been made.</p> <p>The Takeover (Scheme) Condition may only be waived by SH Mining with the prior written consent of Azure (acting reasonably). Subject to this and the Corporations Act, SH Mining may declare the Takeover Offer to be free from any Takeover Offer Condition.</p>	Section 5.8
When will I receive payment under the Takeover Offer?	<p>Subject to the Corporations Act and the terms of the Takeover Offer, if you accept your Azure Shares into the Takeover Offer, you will be sent the Takeover Offer Consideration from SH Mining on or before the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the date of your acceptance or, if the Takeover Offer is subject to a condition when you accept the Takeover Offer, within one month after the Takeover Offer is declared or becomes unconditional; and ▪ if the Takeover Offer is declared or becomes unconditional, 21 days after the end of the Takeover Offer Period. 	Section 5.6
What if the Scheme does not become Effective and I accept the Takeover Offer?	<p>If the Scheme does not become Effective and the Takeover Offer is declared or becomes unconditional, you will receive the Takeover Offer Consideration for each Azure Share that you accept into the Takeover Offer.</p>	N/A
What if the Scheme does not become Effective and I do not accept the Takeover Offer?	<p>You will continue to hold your Azure Shares, unless they are compulsorily acquired (see below) or you sell them. Depending on the level of acceptances received this may result in you remaining a shareholder in an unlisted company. The implications of this position are discussed in Section 8.</p>	N/A
What happens if the Scheme does not become Effective and the Takeover Offer is withdrawn or lapses?	<p>The Joint Bidding Deed will be immediately terminated and SQM will be required to proceed with the takeover offer component of the SQM Transaction if the Scheme does not become Effective and the Takeover Offer is withdrawn or lapses, and Azure has agreed to enter into a new implementation agreement in the same or substantially the same form as entered into with SQM at the time of announcement of the SQM Transaction.</p>	Sections 3.1 and 10.1
What happens if SH Mining and its Associates become the holders under the Takeover Offer of 90% or more of Azure Shares?	<p>If SH Mining and its Associates become the holders of 90% or more of Azure Shares, SH Mining intends to compulsorily acquire the remaining Azure Shares and, if you did not accept the Takeover Offer, you will be forced to receive consideration for your Azure Shares under the compulsory acquisition provisions of the Corporations Act equal to the Takeover Offer Consideration, although you will receive the consideration later than if you had accepted the Takeover Offer.</p>	Section 7.8(a) and 8.5(d)

Question	Answer	Further information
The Takeover Offer		
What happens if SH Mining and its Associates become the holders under the Takeover Offer of greater than 50% but less than 90% of Azure Shares?	<p>If SH Mining and its Associates become the holders of at least 50.1% but less than 90% of the Azure Shares pursuant to the Takeover Offer, SH Mining will acquire a majority shareholding in Azure but will not be able to compulsorily acquire the Azure Shares which have not been accepted into the Takeover Offer.</p> <p>In these circumstances (and assuming the Takeover Offer is declared or becomes unconditional), the Joint Bidders will nominate persons to be appointed to the Azure Board such that a majority of the directors of Azure are directors nominated by the Joint Bidders. The Joint Bidders intend to also implement the other intentions in Section 7.8 to the extent possible and consistent with Azure being a controlled entity of SH Mining but not a wholly-owned Subsidiary.</p> <p>Any such implementation of the Joint Bidders' intentions would be subject to the Corporations Act and may rely on the cooperation of other Azure Shareholders or Azure Directors who have not been appointed by the Joint Bidders.</p>	Section 7.8(b), Section 8.5(b) and 8.5(c)
What happens if SH Mining and its Associates become the holders under the Takeover Offer of less than 50% of Azure Shares?	<p>If SH Mining and its Associates become the holders of less than 50% of Azure Shares, then the Joint Bidders do not expect that they will be in a position to give effect to all of the intentions referred to in Section 7.8.</p> <p>Depending on the circumstances at the relevant time, the Joint Bidders intend to implement the other intentions in Section 7.8(c) such as seeking representation on the Azure Board.</p> <p>Any such implementation of the Joint Bidders' intentions would be subject to the Corporations Act and may rely on the cooperation of other Azure Shareholders or Azure Directors who have not been appointed by the Joint Bidders.</p>	Section 7.8(c) and Section 8.5(a)
What are the taxation implications of the Takeover Offer?	<p>A general outline of the Australian tax implications of the Takeover Offer is set out in Section 9.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Takeover Offer.</p>	Section 9
General questions		
What other information is available?	<p>You should read the detailed information in relation to the Transaction provided in this Transaction Booklet.</p> <p>Further information in relation to Azure can be obtained from ASX on its website at www.asx.com.au.</p>	N/A
Who can help answer my questions about the Transaction?	<p>If you require further information or have questions in relation to the Transaction, please contact the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays), or consult your legal, investment, taxation, financial or other professional adviser.</p>	N/A

2. Action required

Summary of the Transaction

The Transaction involves two alternative transaction structures that will run concurrently. The key features of the Transaction are summarised below.

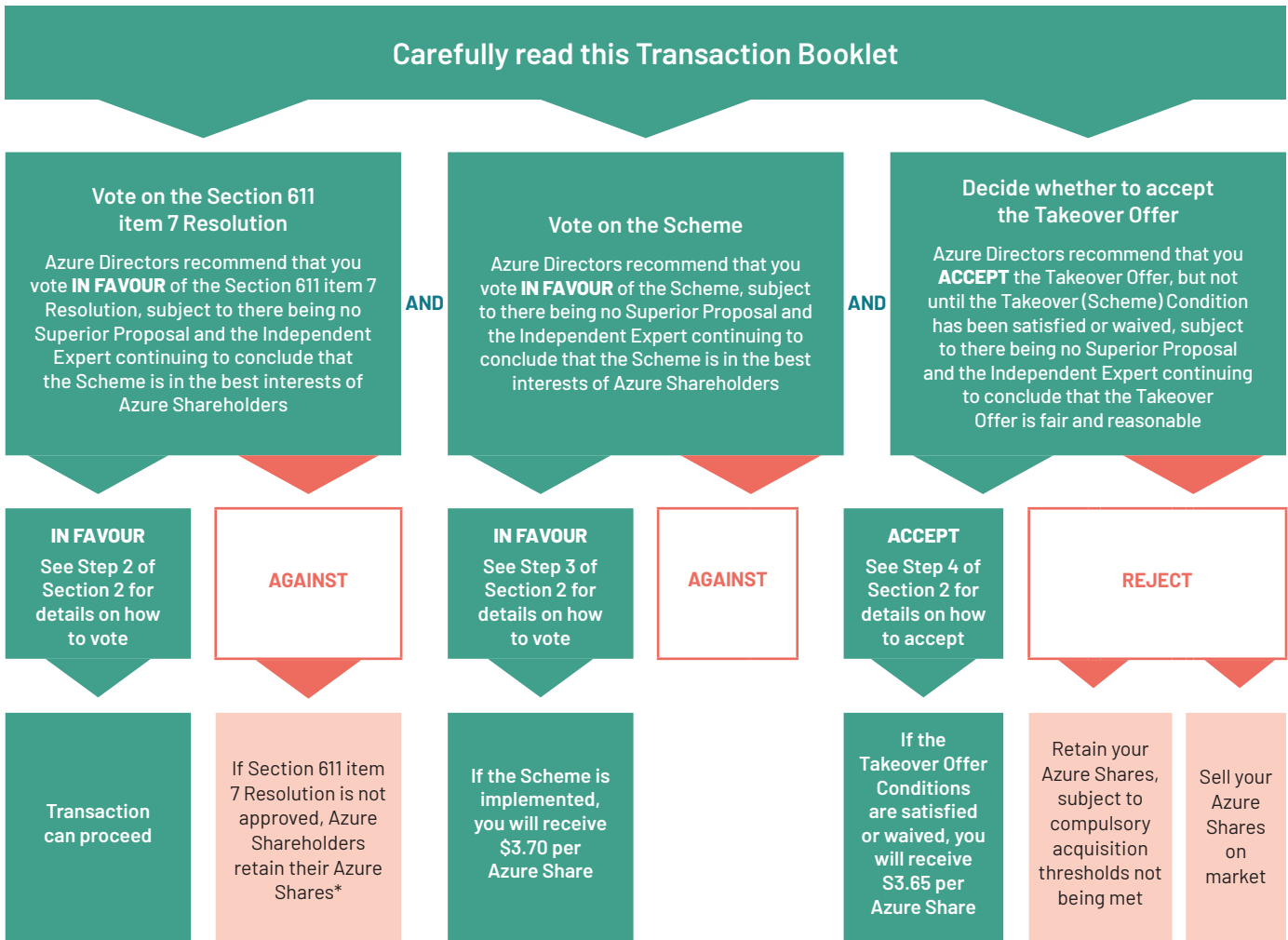
Transaction	Total cash received per Azure Share	Key Features	Azure Board Recommendation
Scheme	\$3.70	<p>Azure Shareholders receive \$3.70 cash per Azure Share.</p> <p>The Scheme Conditions are set out in Section 4.3 and include that the Scheme is approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders), being a vote in favour of the Scheme by:</p> <ul style="list-style-type: none"> at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting (in person or by proxy or corporate representative); and over 50% of the Azure Shareholders by number who vote (in person or by proxy or corporate representative) on the Scheme Resolution (unless the Court orders otherwise). <p>The Scheme is also conditional on approval by the Azure Shareholders of the Section 611 item 7 Resolution.</p> <p>If the Scheme Resolution is approved by the Requisite Majority, the Scheme is approved by the Court, and all other Scheme Conditions are satisfied or waived, SH Mining will acquire all the Scheme Shares.</p>	<p>The Azure Board unanimously recommends that you vote IN FAVOUR of the Scheme Resolution, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.²⁰</p>
Takeover Offer	\$3.65	<p>Accepting Azure Shareholders receive \$3.65 cash per Azure Share.</p> <p>The Takeover Offer Conditions are set out in Section 5.7. The Takeover Offer is not subject to any minimum acceptance condition but is conditional on approval by the Azure Shareholders of the Section 611 item 7 Resolution.</p> <p>Accordingly, the percentage of Azure Shares acquired by SH Mining depends on the percentage of accepting Azure Shareholders. To achieve 100% ownership under the Takeover Offer, SH Mining and its Associates would need to become the holders of at least 90% of the Azure Shares on issue so that SH Mining could compulsorily acquire all the remaining Azure Shares (other than those held by the Excluded Shareholders).</p>	<p>The Azure Board unanimously recommends that you ACCEPT the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.²¹</p>

²⁰ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

²¹ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Your key decisions

As an Azure Shareholder you have a number of decisions to make in relation to the Transaction. The key decisions for you to make are outlined in the diagram below. The Azure Board unanimously recommends that you follow the **green boxes** in this diagram when making your decisions in relation to the Transaction. You should carefully read this Transaction Booklet in its entirety before making any decision in relation to the Section 611 item 7 Resolution, the Scheme or the Takeover Offer.



* The condition relating to the Section 611 item 7 Resolution could be waived with the consent of all parties to the Transaction Implementation Deed. However, to do so the Joint Bidders would need to obtain ASIC relief to enable them to proceed with the Scheme and Takeover Offer. There is no guarantee that this will occur or that any relief would be ultimately granted on terms acceptable to the Joint Bidders.

Next steps

Step 1: Read this Transaction Booklet and its Annexures

You should carefully read this Transaction Booklet in its entirety before making any decision on how to vote on the Section 611 item 7 Resolution and the Scheme and whether to accept the Takeover Offer. The frequently asked questions in Section 1 may help answer some of your questions and direct you to further relevant information in this Transaction Booklet. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser.

Step 2: Vote on the Section 611 item 7 Resolution

Your vote is important

An extraordinary general meeting of Azure Shareholders will be held immediately prior to the Scheme Meeting to vote on the Section 611 item 7 Resolution. The purpose of the Section 611 item 7 Resolution is to seek the approval of eligible Azure Shareholders for the Joint Bidding Arrangements, which are required to be approved in connection with the Transaction.

For this reason, the Azure Directors unanimously recommend that you vote in favour of the Section 611 item 7 Resolution,²² subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.

The EGM will be held at 10.00am (Perth time) on Monday, 8 April 2024, and can be attended in person. Azure Shareholders (or their proxies, attorneys or corporate representative) will be able to attend and (other than SH Mining, the Joint Bidders and their respective Associates) vote at the EGM in person at the Celtic Club, 48 Ord Street, West Perth WA 6005.

If you are unable to attend the EGM, or even if you plan on attending the EGM, the Azure Board urges you to do the following (as applicable):

- if you have elected to receive communications from Azure electronically, access your personalised link to lodge your online proxy votes by following instructions which the Share Registry will email to you; or
- if you have elected to receive communications from Azure by pre-paid post (or have not made a communication election), consider and complete the personalised Proxy Form which you will receive via post, and use the enclosed envelope which you will receive from Azure to return the completed Proxy Form.

Who is entitled to vote on the EGM?

If you are registered on the Azure Share Register as an Azure Shareholder at 4.00pm (Perth time) on Saturday, 6 April 2024, then you will be entitled to attend and vote at the EGM. Voting is not compulsory, but you are encouraged to vote as approval is required for the purposes of the Transaction.

In the case of Azure Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one Azure Shareholder votes in respect of jointly held Azure Shares, only the vote of the Azure Shareholder whose name appears first in the Azure Share Register will be counted.

EGM

A copy of the Notice of EGM is set out in Annexure 4 to this Transaction Booklet. Section 3.3 provides details of the Section 611 item 7 Resolution.

How to Vote?

You can vote:

- **in person**, by attending and voting at the EGM in person;
- **by proxy**, by lodging a proxy online at www.investorvote.com.au or by completing, signing and lodging a Proxy Form for the EGM in accordance with the instructions set out in Annexure 4 and on the form. To be valid, your online proxy or Proxy Form must be received by the Share Registry by no later than 10.00am (Perth time) on Saturday, 6 April 2024;
- **by attorney**, by appointing an attorney to attend and vote at the EGM in person on your behalf and providing a duly executed power of attorney to the Share Registry by no later than 10.00am (Perth time) on Saturday, 6 April 2024; or
- **by corporate representative**, in the case of a body corporate which is an Azure Shareholder, by appointing a corporate representative to attend and vote at the EGM in person on your behalf and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the EGM.

Further details on how to vote are contained in the Notice of EGM in Annexure 4.

²² In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Step 3: Vote on the Scheme Resolution

Your vote is important

Your vote is important and the Azure Directors urge you to vote at the Scheme Meeting. In order for the Scheme to be implemented and for you to receive an additional \$0.05 per Azure Share (as compared to the value offered under the Takeover Offer), the Scheme Resolution must be approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) at the Scheme Meeting.

For this reason, the Azure Directors unanimously recommend that you vote in favour of the Scheme,²³ subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.

The Scheme Meeting will be held on Monday, 8 April 2024 at 10.30am (Perth time), or immediately following the conclusion of the EGM (whichever is later), and can be attended in person. Azure Shareholders (or their proxies, attorneys or corporate representative) will be able to attend and (other than Excluded Shareholders) vote at the Scheme Meeting in person at the Celtic Club, 48 Ord Street, West Perth WA 6005.

If you are unable to attend the Scheme Meeting, or even if you plan on attending the Azure Meeting, the Azure Board urges you to do the following (as applicable):

- if you have elected to receive communications from Azure electronically, access your personalised link to lodge your online proxy votes by following instructions which the Share Registry will email to you; or
- if you have elected to receive communications from Azure by pre-paid post (or have not made a communication election), consider and complete the personalised Proxy Form which you will receive via post, and use the enclosed envelope which you will receive from Azure to return the completed Proxy Form.

Who is entitled to vote on the Scheme Meeting?

If you are registered on the Azure Share Register as an Azure Shareholder at 4.00pm (Perth time) on Saturday, 6 April 2024, then you will be entitled to attend and vote at the Scheme Meeting. Voting is not compulsory, but you are encouraged to vote as every vote in favour of the Scheme will increase the likelihood of all Azure Shareholders (other than Excluded Shareholders) receiving the additional \$0.05 of value per Azure Share available under the Scheme as compared to the Takeover Offer.

In the case of Azure Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one Azure Shareholder votes in respect of jointly held Azure Shares, only the vote of the Azure Shareholder whose name appears first in the Azure Share Register will be counted.

Scheme Meeting

A copy of the Notice of Scheme Meeting is set out in Annexure 5 to this Transaction Booklet. Section 4 provides details of the Scheme Resolution and the Requisite Majority that is required to pass the Scheme Resolution.

How to Vote?

You can vote:

- **in person**, by attending and voting at the Scheme Meeting in person;
- **by proxy**, by lodging a proxy online at www.investorvote.com.au or by completing, signing and lodging a Proxy Form for the Scheme Meeting in accordance with the instructions set out in Annexure 5 and on the form. To be valid, your online proxy or Proxy Form must be received by the Share Registry by no later than 10.30am (Perth time) on Saturday, 6 April 2024;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting in person on your behalf and providing a duly executed power of attorney to the Share Registry by no later than 10.30am (Perth time) on Saturday, 6 April 2024; or
- **by corporate representative**, in the case of a body corporate which is an Azure Shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting in person on your behalf and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

Further details on how to vote are contained in the Notice of Scheme Meeting in Annexure 5.

²³ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Step 4: Decide whether to accept the Takeover Offer

The Azure Board unanimously recommends that you accept the Takeover Offer, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable, but not until the Takeover (Scheme) Condition is satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived.

You should be aware that accepting the Takeover Offer will restrict your ability to sell your Azure Shares to another person unless you are entitled to withdraw your acceptance, or the Takeover Offer lapses or is withdrawn. Further details of the effect of your acceptance of the Takeover Offer are set out in Section 5.5.

In relation to the Takeover Offer, you have three choices currently available to you:

- **Accept the Takeover Offer (but not until the Takeover (Scheme) Condition is satisfied or waived):** To accept the Takeover Offer, submit your acceptance in accordance with the instructions set out in Section 5.3;
- **Sell your Azure Shares on market:** If you have not accepted the Takeover Offer, you can sell your Azure Shares on market. You may be able to obtain a higher price by selling your Azure Shares on-market as compared to the consideration under the Scheme or Takeover Offer. The latest price for Azure Shares may be obtained from ASX's website (www.asx.com.au); or
- **Reject the Takeover Offer:** If you do not wish to accept the Takeover Offer or sell your Azure Shares on-market, you should do nothing. There are a number of risks associated with retaining your Azure Shares, as set out in Section 8. If the Takeover Offer is declared or becomes unconditional and Control passes to SH Mining, there will be additional risks as set out in Section 8.5.

Step 5: Further information

If you have any questions in relation to the Transaction, please contact the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays). If you have any doubts as to the actions you should take or you have further questions, you should consult with your legal, investment, taxation, financial or other professional adviser.

3. Key considerations in relation to the Transaction

3.1 Background

On 26 October 2023, Azure entered into a transaction implementation deed with SQM and SQM Parent in relation to the SQM Transaction, under which SQM proposed to acquire 100% of Azure Shares by way of a scheme of arrangement and a fall-back off-market takeover offer. Under the SQM Transaction, SQM proposed to acquire 100% of the Azure Shares for \$3.52 per Azure Share by way of a scheme and, if the scheme was not approved by Azure Shareholders or the Court, or if the scheme was terminated in certain circumstances,²⁴ SQM proposed to acquire Azure Shares for \$3.50 by way of a takeover offer.

Subsequent to the announcement of the SQM Transaction, Azure's Share Register changed significantly such that five substantial shareholders held approximately 75% of the Azure Shares. At the time, given the tightly held register and, in particular, the addition of new substantial shareholders who had not expressed any public position as to whether they would support the SQM Transaction, it became unclear whether the scheme under the SQM Transaction would be successful.

On 5 December 2023, Azure received a non-binding joint proposal from SQM Parent and Hancock Parent for the joint acquisition of all of the shares of Azure not already owned by the SQM Group and the Hancock Group by way of a joint scheme of arrangement for consideration of \$3.70 cash per Azure Share and a fall-back joint takeover offer for consideration of \$3.65 per Azure Share.

On 19 December 2023, Azure entered into the Transaction Implementation Deed with SH Mining, SQM Parent and Hancock Parent to facilitate the Transaction. As a result of entering into the Transaction Implementation Deed to give effect to the Transaction, Azure and SQM agreed to terminate the existing transaction implementation deed in respect of the SQM Transaction. However, in certain circumstances described below, SQM will be required to proceed with the takeover offer component of the SQM Transaction at \$3.50 per Azure Share.

To facilitate the Transaction, SQM and Hancock have entered into the Joint Bidding Deed. The Transaction is conditional upon Azure Shareholders approving the Joint Bidding Arrangements and the resultant combined interests of approximately 37.80% of Azure Shares for the purposes of item 7 of section 611 of the Corporations Act. This will require greater than 50% of votes cast in favour of the Section 611 item 7 Resolution. SH Mining, the Joint Bidders and their respective Associates are excluded from voting on the Section 611 item 7 Resolution.

To ensure the Joint Bidding Deed is consistent with ASIC policy, the Joint Bidding Deed contains provisions designed to reflect the conditions imposed in ASIC's customary joint bid relief including that the Joint Bidders must:

- in certain circumstances, match (either jointly, or by one party proceeding with a sole matching bid) or accept a higher rival bid (and must not vote against a higher rival scheme); and
- immediately terminate the Joint Bidding Deed (including the Scheme and Takeover Offer) if the Scheme has not, or will not, become Effective by the End Date and the Takeover Offer is withdrawn or lapses for any reason (including non-satisfaction of a defeating condition).

ASIC has granted relief to SQM from any obligation which it may have under section 631 of the Corporations Act to make the takeover offer for Azure as part of the SQM Transaction within 2 months of the announcement of the SQM Transaction, on the basis that the SQM Transaction is being replaced by the Transaction.

Under the terms of the ASIC relief, SQM will be required to proceed with the takeover offer component of the SQM Transaction if the Transaction is terminated for any reason or the Joint Bidders seek to make an unauthorised material variation to the terms of the Joint Bidding Deed or the Transaction Implementation Deed without ASIC's consent and the Takeover Offer is withdrawn or lapses, and Azure has agreed to enter into a new implementation agreement in the same or substantially the same form as entered into with SQM at the time of announcement of the SQM Transaction.

The purpose of this Transaction Booklet is to explain the terms of the Transaction and provide you, as an Azure Shareholder, with information on the Transaction to assist you in your voting decisions in respect of the Section 611 item 7 Resolution and Scheme Resolution, and your decision as to whether to accept the Takeover Offer.

²⁴ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

Voting will take place at the EGM and Scheme Meeting, which will be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on Monday, 8 April 2024 commencing at 10.00am for the EGM and 10.30am for the Scheme Meeting (or immediately after the EGM (whichever is later)). If you would like to vote but cannot attend the EGM or Scheme Meeting in person, you can vote by appointing a proxy, attorney or corporate representative (if applicable) to attend in person and vote on your behalf, including by lodging your proxy online at www.investorvote.com.au.

You should read this Transaction Booklet in full. The Transaction has several advantages, disadvantages and risks, which may affect Azure Shareholders in different ways depending on their individual circumstances. Azure Shareholders should seek professional advice on their particular circumstances, as appropriate.

3.2 Consideration under the Transaction

Under the Transaction Implementation Deed:

- Azure has agreed to propose the Scheme, under which SH Mining would acquire all of the Azure Shares (other than those held by the Excluded Shareholders) for \$3.70 cash per Azure Share. This means that Azure Shareholders on the Azure Share Register on the Scheme Record Date will receive \$3.70 cash per Azure Share they hold if the Scheme proceeds to implementation.
- The Scheme is subject to the conditions set out in Section 4.3. SH Mining may waive each Scheme Condition (in some cases, only by agreement with Azure), other than the conditions that:
 - FIRB approval be obtained before 5.00pm on the Business Day before the Second Court Date;
 - Azure Shareholders (other than Excluded Shareholders) approve the Scheme by the Requisite Majority;
 - the Court approves the Scheme; and
 - the Independent Expert continues to conclude that the Scheme is in the best interests of Azure Shareholders (which condition can only be waived by Azure).
- SH Mining has agreed to make the Takeover Offer at \$3.65 cash per Azure Share, meaning that Azure Shareholders on the Azure Share Register who accept the Takeover Offer will receive \$3.65 cash per Azure Share they hold if the Takeover Offer is declared or becomes unconditional.
- The Takeover Offer is **not** subject to a minimum acceptance condition, but is subject to several other conditions set out in Section 5.7, and is proposed in parallel with but not in substitution of the Scheme (it is a fall-back proposal). SH Mining retains the discretion to waive each of the Takeover Offer Conditions (in its absolute discretion) other than the Takeover (Scheme) Condition, which may only be waived with the prior written consent of Azure (acting reasonably).²⁵

3.3 Section 611 item 7 Resolution

To facilitate the Transaction, SQM and Hancock (amongst others) have entered into the Joint Bidding Deed.

It is a condition of the Transaction that the Section 611 item 7 Resolution is passed as an ordinary resolution. That is, that a majority (more than 50%) of votes are cast in favour of the resolution, without any votes being cast in favour of that resolution by SH Mining, the Joint Bidders and their respective Associates. The purpose of the Section 611 item 7 Resolution is to approve the Joint Bidding Arrangements. This approval is required because the entry into the Joint Bidding Arrangements technically results in SQM and Hancock acquiring a Relevant Interest in each other's Azure Shares and exceeding the 20% takeover threshold under the Corporations Act. The Section 611 item 7 Resolution will be proposed at the EGM.

Sections 7.7 and 7.10 provide a summary, prepared by SH Mining, of the Term Sheet and Joint Bidding Deed respectively.

Under the Joint Bidding Arrangements, Hancock and SQM will each acquire a Relevant Interest in the other's Azure Shares and SH Mining will also acquire a Relevant Interest in those shares, if the Section 611 item 7 Resolution is passed.

Section 611 item 7 and subsection 609(7) of the Corporations Act allow the acquisition of a Relevant Interest in Azure Shares in the manner referred to above to take place without being in breach of the Corporations Act provided:

- eligible Azure Shareholders approve that acquisition; and
- such approval is given by not later than 3 months after the date of the Joint Bidding Arrangements.²⁶

²⁵ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

²⁶ Please refer to Section 11.5(b) for details of the relief that ASIC has provided in relation to subsection 609(7) of the Corporations Act.

Section 3 | Key considerations in relation to the Transaction

If the Section 611 item 7 Resolution is passed, then SH Mining, Hancock and SQM and their respective Associates will have a Relevant Interest in, and Voting Power over, 37.80% of all Azure Shares.

As the Transaction is conditional on the Section 611 item 7 Resolution being passed and given the Azure Directors unanimous recommendation in respect of the Transaction, the Azure Directors unanimously recommend that the Azure Shareholders (not including SH Mining, SQM or Hancock or their respective Associates) vote in favour of the Section 611 item 7 Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.

3.4 Overview of Azure Board's recommendations

Transaction	Recommendation ²⁷	Context of recommendation	Independent Expert's opinion	Qualifications of recommendation
Section 611 item 7 Resolution	<p>The Azure Board unanimously recommends that you vote IN FAVOUR of the Section 611 item 7 Resolution at the EGM.</p> <p>The Azure Board believes the reasons for Azure Shareholders to vote in favour of the Section 611 item 7 Resolution outweigh the reasons to vote against the resolution or not vote at all. The reasons and other relevant considerations are substantially the same as the reasons and considerations for the Scheme, as set out in Sections 3.5 to 3.7.</p>	<p>The Transaction is conditional on the Section 611 item 7 Resolution being approved by Azure Shareholders.</p>	<p>The Independent Expert has concluded that the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders.</p> <p>The Independent Expert has also concluded that the Scheme is in the best interests of Azure Shareholders and the Takeover Offer is fair and reasonable.</p>	<p>The Azure Board's unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.</p>
Scheme	<p>The Azure Board unanimously recommends that you vote IN FAVOUR of the Scheme Resolution at the Scheme Meeting.</p> <p>The Azure Board believes the reasons for Azure Shareholders to vote in favour of the Scheme outweigh the reasons to vote against the Scheme or not vote at all. The reasons and other relevant considerations are set out in Sections 3.5 to 3.7.</p>	<p>If the Scheme is successful, the Scheme will be implemented and the Takeover Offer will lapse.</p>	<p>The Independent Expert has concluded that the Scheme is in the best interests of Azure Shareholders.</p>	<p>The Azure Board's unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.</p>

²⁷ In relation to the recommendation of the Azure Directors in respect of the Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Transaction	Recommendation ²⁷	Context of recommendation	Independent Expert's opinion	Qualifications of recommendation
Takeover Offer	<p>The Azure Board unanimously recommends that you ACCEPT the Takeover Offer, but not until the Takeover (Scheme) Condition is satisfied or waived.</p> <p>The Azure Board believes the reasons for Azure Shareholders to accept the Takeover Offer outweigh the reasons to not accept the Takeover Offer. The reasons and other relevant considerations are set out in Sections 3.9 and 3.10.</p>	<p>The Takeover Offer will lapse if the Scheme is successful.</p> <p>You should be aware that accepting the Takeover Offer will restrict your ability to sell or transfer your Azure Shares to another person unless you are entitled to withdraw your acceptance or the Takeover Offer lapses or is withdrawn.</p>	<p>The Independent Expert has concluded that the Takeover Offer is fair and reasonable.</p>	<p>The Azure Board's unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.</p>

3.5 Reasons to vote in favour of the Section 611 item 7 Resolution and the Scheme

(a) The Azure Board unanimously recommends that you vote in favour of the Section 611 item 7 Resolution and the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders

In reaching this recommendation, the Azure Board has assessed the Scheme having regard to the reasons to vote in favour of, and against the Section 611 item 7 Resolution and the Scheme, as set out in this Transaction Booklet.

The Azure Directors consider that the Scheme Consideration appropriately recognises the value and growth potential of Azure, when balanced against the prevailing macroeconomic conditions and execution risks in achieving these future growth plans.

The Azure Board has carefully considered key factors to reach its recommendation, with the assistance of financial and legal advisers. This included an evaluation of Azure's strategic plan as an independent company and the various operational and execution risks inherent in achieving this strategic plan.

The Azure Directors unanimously recommend that you vote in favour of the Section 611 item 7 Resolution and the Scheme²⁸ and each Azure Director intends to vote in favour of the Section 611 item 7 Resolution and the Scheme with respect to the Azure Shares he or she holds or controls (being in aggregate 2.20% of Azure Shares), in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders. The Relevant Interests of Azure Directors in Azure Shares as at the date of this Transaction Booklet are set out in Section 6.7.

(b) The Independent Expert has concluded that the Scheme is fair and reasonable to Azure Shareholders and therefore in the best interests of Azure Shareholders, and the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders, in the absence of a Superior Proposal

The Azure Board appointed Deloitte as the Independent Expert to assess the merits of the Transaction, and to provide an opinion as to whether the Scheme is in the best interests of the Azure Shareholders.

The Independent Expert has assessed the value of Azure Shares to be in the range of \$2.03 to \$2.93 per Azure Share on a 100% controlling interest basis and has concluded that the Scheme is fair and reasonable and therefore in the best interests of Azure Shareholders in the absence of a Superior Proposal. The Independent Expert has also concluded that the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders.

²⁸ In relation to the recommendation of the Azure Directors in respect of Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

Section 3 | Key considerations in relation to the Transaction

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is set out in Annexure 1. The Azure Directors encourage you to read this report in its entirety, as well as the further commentary below.

The Azure Board notes that in coming to its independent valuation, the Independent Expert has relied on the services of the Independent Technical Specialist, Behre Dolbear Australia Pty Limited (**BDA**). In conducting its valuation of the Andover Lithium Project, BDA has applied a market-based methodology, with reference to transactions in comparable assets. In doing so, BDA notes that the prevailing commodity price at the time of a transaction is important in determining the envisaged value of an asset and as such, adjusts the transaction multiples to account for variation in commodity price at the time of the precedent transaction to today by applying a normalisation factor (**NF**). The NF-adjusted transaction multiples applied by BDA are the primary reference point used by the Independent Expert to deliver their value range for the Andover Lithium Project.

The Azure Board highlights that there is a degree of subjectivity with any valuation and notes that BDA has used a 90-day average spot lithium carbonate equivalent (**LCE**) price leading up to the 5 February 2024 effective valuation date for the purposes of calculating the NF.

The Azure Board notes that using short term pricing including spot or short dated averages may result in greater fluctuations in valuation than using prices observed over a longer period, for example, a 12-month average or long term commodity price forecasts and note that long term fundamentals typically drive investment decisions on long-life resources projects.

Without in any way derogating from its recommendation to Azure Shareholders or the conclusion of the Independent Expert, the Azure Board recognises the subjectivity in any price valuation and remain of the view that the Andover Lithium Project is a high quality project that is likely to declare a material maiden Mineral Resource during 2024 and therefore is not an early-stage exploration project with little work done on the tenement and thus it could be argued that it should be valued by reference to longer-term commodity prices. For example, the independent expert in the recent merger between Allkem and Livent applied a long-term LCE price of US\$20,000/t²⁹ (22.7% higher than the 90-day average spot price of US\$16,304/t to 5 February 2024); however, Azure notes that the expert applied the long-term LCE price to a discounted cash flow analysis and not to normalising transaction multiples.

The Azure Board also notes that lithium asset valuations are highly sensitive to the lithium price used for the purposes of calculating the NF. To provide Azure shareholders with an indication of the sensitivity, the Azure Board prepared its own calculation of the expected value range on the same basis as used by BDA but calculating the NF using a long-term LCE price of US\$20,000/t³⁰ rather than the 90-day average spot price to 5 February 2024. On that basis Azure's calculations indicate that the value of the Andover Lithium Project would be expected to be approximately A\$956-1,434 million resulting in a valuation range for Azure of approximately A\$2.40-3.50 per share.

In any event, regardless of the commodity price assumed, the Azure Board continues to recommend the Transaction and agrees with the conclusion of the Independent Expert that the Scheme is fair and reasonable to Azure Shareholders and therefore in the best interests of Azure Shareholders, and the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders, in the absence of a Superior Proposal.

(c) Major shareholders are supportive and, in the absence of a superior proposal, will vote in favour of the Section 611 item 7 Resolution and the Scheme

The Creasy Group, which currently holds, and/or can control the votes in relation to, 58,883,978 Azure Shares (representing approximately 12.84% of the Azure Shares) and the Delphi Group, which currently holds, and/or can control the votes in relation to, 46,557,924 Azure Shares (representing approximately 10.15% of the Azure Shares) have each confirmed that they intend to vote those shares (and any shares they acquire in the future) in favour of the Section 611 item 7 Resolution, and in favour of the Scheme, subject to no superior proposal to acquire 100% of the issued capital of Azure emerging beforehand.

²⁹ Expressed in real terms and based on the lithium carbonate price. For further details, see Allkem's ASX announcement "Scheme Booklet registered by ASIC" on 9 November 2023.

³⁰ Being the long-term LCE price applied by the independent expert in their discounted cash flow analysis in the recent merger between Allkem and Livent (for further details, see Allkem's ASX announcement "Scheme Booklet Registered by ASIC" on 9 November 2023).

(d) The consideration under the Scheme represents a significant premium to the trading levels of Azure Shares on ASX prior to announcement of the SQM Transaction

The cash consideration of \$3.70 per Azure Share under the Scheme represents a premium of:

- 63.9% to the 10-day VWAP of \$2.26 per Azure Share up to and including Friday, 20 October 2023, being the last trading date prior to the announcement of the SQM Transaction;
- 60.2% to SQM's initial proposal to acquire Azure for \$2.31 per Azure Share as announced to ASX on 15 August 2023;
- 54.2% to the offer price of \$2.40 per Azure Share from Azure's most recent equity raising announced to ASX on 21 August 2023; and
- 5.1% to the scheme component of the SQM Transaction of \$3.52 per Azure Share.

(e) Immediate, certain value with no associated brokerage costs

The Scheme Consideration of \$3.70 per Azure Share is 100% cash and therefore provides certainty of value for your Azure Shares (subject to the Scheme becoming Effective) and the opportunity for you to realise certain value in the near term which may not be achieved if the Scheme does not proceed and the Takeover Offer does not become unconditional.

The Scheme also provides an opportunity for you to sell all your Azure Shares at once with no associated brokerage costs.

Specifically, if all the Scheme Conditions are satisfied or waived and the Scheme is implemented, you will receive \$3.70 cash per Azure Share held by you on the Scheme Record Date when the Scheme is implemented (implementation is expected to be on or about Thursday, 18 April 2024).

In contrast, if the Scheme does not proceed and only the Takeover Offer is available, you will only have the opportunity to receive consideration under the Takeover Offer if it becomes unconditional. If the Scheme does not proceed and the Takeover Offer does not become unconditional, the price of Azure Shares may fall and you will continue to be exposed to the risks outlined in Section 8.

(f) No Superior Proposal has emerged

There is the potential for a proposal which is superior to the Scheme to emerge. However, as at the date of this Transaction Booklet, no Superior Proposal has been received by the Azure Board and the Azure Board is not aware, as at the date of this Transaction Booklet, of any Superior Proposal that is likely to emerge.

While under the terms of the Transaction Implementation Deed, the Azure Board is able to consider any other Competing Proposal (provided that the Azure Board has determined in good faith, after consultation with its advisers, that the Competing Proposal is a Superior Proposal or could reasonably be expected to become a Superior Proposal, and, after having received written legal advice, that failing to respond to such proposal would constitute or would be reasonably likely to be a breach of the fiduciary or statutory duties of the Azure Directors and subject always to SH Mining's right to match that Superior Proposal), there can be no assurance that any Competing Proposal will emerge at any time or any Competing Proposal that emerges will be a Superior Proposal.

If a Superior Proposal is received, this will be announced to ASX, and the Azure Directors will carefully consider the proposal and advise Azure Shareholders of their recommendation.

If a Competing Proposal emerges and the consideration offered under that proposal is more than 105% of the consideration offered under the Proposed Transaction, the Joint Bidders will in certain circumstances be required under the Joint Bidding Deed to match (either jointly or by one party proceeding with a sole matching bid) or accept a higher rival takeover offer (and must not vote against a higher rival scheme). Refer to Section 7.10 for further information on the Joint Bidding Deed.

(g) If the Scheme does not proceed, outcomes under the Takeover Offer may be less favourable to Azure Shareholders

If the Scheme does not proceed and you accept into the Takeover Offer and it becomes unconditional, you will receive \$0.05 per Azure Share less than the consideration under the Scheme.

If you do not accept the Takeover Offer in circumstances where SH Mining acquires Control of Azure under the Takeover Offer, but is unable to compulsorily acquire your Azure Shares, you will be exposed to the consequences and risks of minority ownership, including those set out in Section 8.

(h) If the Scheme does not proceed and Azure Shareholders do not accept the Takeover Offer, Azure Shareholders risk becoming a small minority in a publicly listed company with low liquidity and free float

The Azure Board considers that, if the Scheme does not proceed, the outcomes for Control of Azure will be uncertain under the Takeover Offer.

As at the Last Practicable Date, four of Azure's largest shareholders own (in aggregate) approximately 60% of the issued share capital in Azure. If the Scheme does not proceed and Azure Shareholders do not accept the Takeover Offer, in circumstances where SH Mining is unable to compulsorily acquire your Azure Shares, there is a risk that you may comprise a small minority of shareholders in a publicly listed company. This could reduce the liquidity of your Azure Shares, making it difficult to sell in the future.

If SH Mining and its Associates become the holders of 50% or less of Azure Shares, Azure will have multiple major but potentially non-controlling shareholders who may have competing priorities and whose interests may not necessarily align with your interests. If SH Mining and its Associates become the holders of more than 50% of Azure Shares, you will be exposed to the consequences and risks of minority ownership.

Refer to Section 8 for further risks if the Scheme does not proceed.

(i) If the Scheme does not proceed and Azure Shareholders do not accept the Takeover Offer, Azure Shareholders will continue to be exposed to risks associated with Azure's business, rather than realising certain value for their Azure Shares in a certain timeframe

If the Scheme is not successful and you do not accept the Takeover Offer, you will continue to be exposed to the risks of being an Azure Shareholder and several other factors which may impact the trading price of Azure Shares in the absence of the Transaction. In particular:

- while significant work has been undertaken, the Andover Project is still a relatively early stage exploration project;
- the Andover Project does not have a published Mineral Resource or Ore Reserve estimate for lithium and so there is still significant uncertainty as to the economics and risk profile of a future mining operation;
- there are a number of risks and challenges associated with funding large-scale capital projects such as the Andover Project, including the state of debt and equity capital markets, global macro-economic conditions and the price of lithium at the time of seeking funding. There is no certainty that Azure will be able to successfully secure capital to fund the development of the Andover Project; and
- the lithium market is a market in which pricing is volatile and long-term supply and demand is uncertain. The lithium price may continue to decline as it has in recent months which could impact the price of Azure Shares if the Scheme does not proceed.

Refer to Section 8 for further risks if the Scheme does not proceed and Azure Shareholders do not accept the Takeover Offer.

The Scheme removes the risks and uncertainties for Azure Shareholders set out above and the Azure Board considers that it allows Azure Shareholders to realise their investment in Azure at a certain price. If the Scheme is successful and implemented, these risks and uncertainties will be assumed by SH Mining.

3.6 Reasons to vote against the Section 611 item 7 Resolution and the Scheme

(a) You may disagree with your Azure Directors' unanimous recommendation or the Independent Expert's conclusion

You may disagree with the unanimous recommendation of your Azure Directors, who have recommended that you vote in favour of the Section 611 item 7 Resolution and the Scheme subject to certain qualifications, and the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable and in the best interests of Azure Shareholders, and the Section 611 item 7 Resolution is fair and reasonable to Azure Shareholders, in the absence of a Superior Proposal. Refer to Annexure 1 for a copy of the Independent Expert's Report.

(b) You may believe it is in your best interests to maintain your current investment and risk profile

You may wish to keep your Azure Shares as you may want to preserve your investment in a publicly listed company that has the specific characteristics of Azure. You may consider that, despite the risks relevant to Azure's potential future operations (including those set out in Section 8), Azure may be able to return greater value from its assets by remaining independent or by seeking alternative commercialisation strategies.

(c) You may prefer to realise the potential value of Azure over the long term, and may consider that the Scheme does not capture Azure's long term potential

If the Scheme is successful and implemented, it is expected to complete on Thursday, 18 April 2024. This timeframe may be inconsistent with your investment objectives.

You may consider that Azure has stronger long-term growth potential and that the Scheme Consideration does not fully reflect your view on long term value. You may therefore prefer to retain your Azure Shares and realise the value of your Azure Shares over the longer term. However, you will continue to be subject to the risks associated with holding Azure Shares, including those set out in Section 8, as well as the risks involved in potentially becoming a minority shareholder in Azure if SH Mining acquires Control of Azure under the Takeover Offer, including those set out in Section 8.5.

(d) You may believe a Superior Proposal for Azure may materialise in the future

You may believe that a Superior Proposal could emerge in the foreseeable future. You should be aware that the Transaction Implementation Deed contains a customary fiduciary out provision, which allows the Azure Board to consider any Competing Proposals that are or may reasonably be expected to lead to a Superior Proposal. In addition, Azure may terminate the Transaction Implementation Deed and not proceed with the Transaction in the event a Superior Proposal is received and not matched by SH Mining (see Section 10.5 for details).

However, since the announcement of the execution of the Transaction Implementation Deed on 19 December 2023 and up to the date of this Transaction Booklet, no Superior Proposal has been received by the Azure Board.

(e) The potential tax consequences of the Scheme may not suit your current financial position or tax circumstances

Implementation of the Scheme may trigger adverse tax consequences for Azure Shareholders. The tax consequences of the Scheme may vary depending on the specific circumstances of each Azure Shareholder. You may consider that the tax consequences of the Scheme would not suit your financial objectives. Please refer to Section 9 for further information on the Australian tax implications of the Scheme. Please note that the tax implications outlined in Section 9 are only general in nature.

All Azure Shareholders are advised to seek professional tax advice about their particular circumstances including, for non-resident Azure Shareholders, any foreign tax consequences.

3.7 Reasons to vote in favour of the Section 611 item 7 Resolution but against the Scheme

Azure Shareholders who do not want to sell their Azure Shares may still wish to support the Section 611 item 7 Resolution to allow other shareholders to sell their Azure Shares, without themselves being obligated to dispose of their investment (which could potentially occur under the Takeover Offer).

Azure Shareholders may also wish to support the offer being made by the Joint Bidders to maintain flexibility to accept the Takeover Offer for their Azure shareholdings, without being obligated to sell their Azure Shares pursuant to the Scheme.

Azure Shareholders can seek to do so by voting in favour of the Section 611 item 7 Resolution but against the Scheme Resolution.

If and when the Section 611 item 7 Resolution is approved, SH Mining, Hancock and SQM and their Associates will have Voting Power over 37.80% of all Azure Shares. Given the statements of intention provided by the Creasy Group and the Delphi Group (refer to Section 3.5(c)), control of Azure will (in the absence of a superior proposal) pass to the Joint Bidders if the Takeover Offer is declared or becomes unconditional. If this occurs but SH Mining is unable to compulsorily acquire your Azure Shares, Azure Shareholders who do not accept the Takeover Offer will become minority shareholders in Azure and will be exposed to the consequences and risks of minority ownership (refer to Section 8.5 for further information).

On this basis, the Azure Board recommends that Azure Shareholders accept the Takeover Offer, but not until the Takeover (Scheme) Condition is satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.

3.8 Other relevant considerations

(a) The Scheme may be implemented even if you do not vote on the Scheme Resolution, or vote against the Scheme

Even if you do not vote on the Scheme Resolution, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majority of Azure Shareholders (other than the Excluded Shareholders) and by the Court. If this occurs and you are a Scheme Shareholder, your Azure Shares will be transferred to SH Mining and you will receive the Scheme Consideration even though you did not vote on the Scheme Resolution, or voted against the Scheme.

(b) Costs of the Transaction

Azure has already incurred, and will incur, significant costs in respect of the proposal to implement the Transaction. These costs are associated with negotiations, retention of advisers, providing information, facilitating due diligence, engaging with regulators, engaging the Independent Expert and Independent Technical Specialist and the preparation of this Transaction Booklet. If the Transaction is not implemented in circumstances where no Superior Proposal emerges and is completed, Azure will not receive any material value for the costs it has incurred in connection with the Scheme.

Under the Transaction Implementation Deed, a reimbursement fee of \$16,900,000 (excluding GST) may become payable by Azure to SH Mining, in certain circumstances.

Failure by Azure Shareholders to approve the Scheme at the Scheme Meeting will not trigger an obligation to pay the Azure Reimbursement Fee. Further details of the circumstances in which the Azure Reimbursement Fee may become payable to SH Mining are set out in Section 10.6.

(c) Warranties by Scheme Shareholders

If the Scheme becomes Effective, each Scheme Shareholder will be deemed to have given certain warranties in favour of SH Mining, including that:

- all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of transfer of them to SH Mining in accordance with the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) to SH Mining under the Scheme.

Refer to Section 4.5 for further information.

(d) The Scheme has a number of conditions

In addition to the need to obtain Azure Shareholder approval and Court approval, the Scheme is subject to a number of other conditions. These conditions are outlined in Section 4.3. All of these conditions need to be satisfied (or alternatively waived, in the case of certain conditions that are capable of being waived) in order for the Scheme to proceed.

The Azure Directors have reviewed the Scheme Conditions and do not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature. As at the date of this Transaction Booklet, the Azure Directors are not aware of any matter that would result in a breach or non-fulfilment of any of those conditions.

3.9 Reasons to accept the Takeover Offer if the Takeover (Scheme) Condition is satisfied or waived

In case the Scheme is not approved by Azure Shareholders or the Court, or the Scheme Transaction is terminated in certain circumstances,³¹ SH Mining is making the fall-back Takeover Offer. The reasons why you should accept the Takeover Offer are similar to the reasons why you should vote in favour of the Scheme, as set out in Section 3.5. In particular:

- the Azure Board unanimously recommends that, in addition to voting in favour of the Scheme, you accept the Takeover Offer but not until the Takeover (Scheme) Condition is satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable;³²
- all Azure Directors intend to accept the Takeover Offer with respect to all the Azure Shares they hold or control, subject to the above qualifications;
- the Independent Expert has concluded that the Takeover Offer is fair and reasonable;
- the Creasy Group, which currently holds, and/or can control the votes in relation to, 58,883,978 Azure Shares (representing approximately 12.84% of the Azure Shares) and the Delphi Group, which currently holds, and/or can control the votes in relation to, 46,557,924 Azure Shares (representing approximately 10.15% of the Azure Shares) have each confirmed that if the Scheme is unsuccessful, they intend to accept the Takeover Offer upon it becoming unconditional and subject to no superior proposal to acquire 100% of the issued capital of Azure emerging beforehand;
- the cash consideration of \$3.65 per Azure Share under the Takeover Offer represents a significant premium of:
 - 61.6% to the 10-day VWAP of \$2.26 per Azure Share up to and including Friday, 20 October 2023, being the last trading date prior to the announcement of the SQM Transaction;
 - 58.0% to SQM's initial proposal to acquire Azure for \$2.31 per Azure Share as announced to ASX on 15 August 2023;
 - 52.1% to the offer price of \$2.40 per Azure Share from Azure's most recent equity raising announced to ASX on 21 August 2023; and
 - 4.3% to the takeover offer component of the SQM Transaction of \$3.50 per Azure Share;
- all cash consideration under the Takeover Offer delivers certainty and immediate value for your Azure Shares with no associated brokerage costs (subject to the Takeover Offer being declared or becoming unconditional);
- no Superior Proposal has emerged as at the date of this Transaction Booklet;
- if and when the Section 611 item 7 Resolution is approved, SH Mining, Hancock and SQM and their Associates will have Voting Power over 37.80% of all Azure Shares. Given the statements of intention provided by the Creasy Group and the Delphi Group (refer to Section 3.5(c)), control of Azure will (in the absence of a superior proposal) pass to the Joint Bidders if the Takeover Offer is declared or becomes unconditional. If this occurs but SH Mining is unable to compulsorily acquire your Azure Shares, Azure Shareholders who do not accept the Takeover Offer will become minority shareholders in Azure and will be exposed to the consequences and risks of minority ownership (refer to Section 8.5 for further information);
- if the Scheme is not implemented and SH Mining does not receive sufficient acceptances under the Takeover Offer to achieve control of Azure, then Azure's share price may fall; and
- accepting the Takeover Offer removes your exposure to:
 - fluctuations in the market price for your Azure Shares;
 - the specific risks associated with Azure's business (refer to Section 8.4 for further information); and
 - the consequences and risks of minority ownership in circumstances where SH Mining acquires Control of Azure under the Takeover Offer but is unable to proceed to compulsorily acquire the remaining Azure Shares (refer to Section 8.5 for further information).

³¹ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

³² In relation to the recommendation of the Azure Directors in respect of Transaction, Azure Shareholders should have regard to the interests of the Azure Directors in the outcome of the Transaction which may differ from those of other Azure Shareholders, as further disclosed in Section 6.7. This includes the Azure Directors' interest in Azure Shares (the Azure Directors do not own any other form of security in Azure and as such will receive consideration for those Azure Shares on the same terms as available to all Shareholders) and connections with substantial shareholders of Azure.

3.10 Reasons why you may choose to reject the Takeover Offer

The reasons why you may consider rejecting the Takeover Offer are similar to the reasons why you may consider voting against the Scheme, as set out in Section 3.6. In particular:

- you may disagree with the Azure Board's unanimous recommendation or with the Independent Expert's conclusion;
- you may believe that there is potential for a Superior Proposal to be made in the future;
- you may wish to remain an Azure Shareholder to be able to participate in the future financial performance of Azure; and
- you may want to sell your Azure Shares on-market if you expect the net proceeds to be higher or that you will be paid sooner. If you sell your Azure Shares on-market, you:
 - will receive the price on market, which may be higher or lower than the Takeover Offer Consideration;
 - will lose the ability to accept the Takeover Offer or any other Superior Proposal which may eventuate;
 - will not be entitled to receive any increased consideration if SH Mining subsequently increases the Takeover Offer Consideration; and
 - may incur brokerage charges.

4. Key features of the Scheme

4.1 Introduction

As part of the Transaction, SH Mining intends to acquire all of the Azure Shares held by Scheme Shareholders by way of a scheme of arrangement pursuant to Part 5.1 of the Corporations Act. If the Scheme becomes Effective and is implemented, Azure will become a Subsidiary of SH Mining.

The Scheme is subject to, among other things, FIRB approval being obtained, approval of the Section 611 item 7 Resolution by the Azure Shareholders (other than SH Mining, the Joint Bidders and their respective Associates), approval by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) at the Scheme Meeting and approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date. For further details of the Scheme Conditions, refer to Section 4.3.

SH Mining, Hancock Parent and SQM Parent have executed the Deed Poll pursuant to which SH Mining has agreed, subject to the Scheme becoming Effective, to acquire the Azure Shares held by Scheme Shareholders for the Scheme Consideration on the Implementation Date.

A copy of the Deed Poll is set out in Annexure 3 to this Transaction Booklet.

4.2 Scheme Consideration

If the Scheme is implemented, each Scheme Shareholder will receive the Scheme Consideration from SH Mining, being \$3.70 cash per Azure Share.

For Azure Shareholders, payments will be made by direct deposit into your nominated bank account, as advised to the Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque (unless you are a Scheme Shareholder with a registered address in New Zealand in which case payment will be held until a valid bank account has been nominated).

You are encouraged to verify and update your bank account details online at www.computershare.com.au/easyupdate/AZS prior to the Scheme Record Date.

4.3 Scheme Conditions

Implementation of the Scheme is subject to the following conditions precedent:

- **FIRB:** before 5.00pm on the Business Day before the Second Court Date, one of the following has occurred:
 - SH Mining has received written notice under the FATA, by or on behalf of the Treasurer, advising that the Australian Commonwealth Government has no objections to the Scheme either unconditionally or subject only to:
 - 'standard' tax conditions which are in the form, or substantially in the form, of those set out in items 1 to 6 of Part D of FIRB's Guidance Note 12 "Tax Conditions" (in the form last updated on 10 August 2023); and
 - conditions that SQM, SH Mining or their respective Affiliates has had imposed in relation to prior notifications under the FATA and/or conditions which would not reasonably be expected to result in an adverse material financial impact on the value SH Mining could reasonably expect to derive from the Scheme;
 - the Treasurer becomes precluded by the passage of time from making an order or decision under Part 3 of the FATA in relation to the Scheme and the Scheme is not prohibited by section 82 of the FATA; or
 - where an interim order is made under section 68 of the FATA in respect of the Scheme, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision;
- **Section 611 item 7 Resolution:** Azure Shareholders (other than SH Mining, the Joint Bidders and their respective Associates) approve the Section 611 item 7 Resolution at the EGM by the requisite majority under item 7 of section 611 of the Corporations Act;
- **Azure Shareholder approval:** Azure Shareholders (other than Excluded Shareholders) approve the Scheme at the Scheme Meeting by the Requisite Majority;

Section 4 | Key features of the Scheme

- **Azure Options:** before 5.00pm on the Business Day before the Second Court Date, each Azure Optionholder has either:
 - exercised all of the Azure Options held by them in accordance with their terms; or
 - entered into an Option Cancellation Deed in respect of all of the Azure Options held by them on terms acceptable to SH Mining,

and, in respect of any Azure Options which are to be cancelled, ASX has provided a waiver or consent permitting the relevant Azure Options to be cancelled without requiring the approval of Azure Shareholders;

- **Independent Expert:** the Independent Expert issues an Independent Expert's Report, which concludes that the Scheme is in the best interests of Azure Shareholders, and the Independent Expert does not change its conclusion or withdraw the Independent Expert's Report prior to 8.00am on the Second Court Date;
- **Court approval:** the Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act;
- **No competing interest:** no person acquires a Relevant Interest (including through increasing its existing Relevant Interest) in more than 15% of Azure Shares (other than SH Mining, the Joint Bidders or their respective Associates) between (and including) the date of the Transaction Implementation Deed and the date of the Scheme Meeting;
- **Restraints:** between (and including) the date of the Transaction Implementation Deed and 8.00am on the Second Court Date:
 - there is not in effect any temporary, preliminary or final order, injunction, decision or decree issued by any court of competent jurisdiction or other Government Agency, or other material legal restraint or prohibition;
 - no action or investigation is announced, commenced or threatened by any Government Agency; and
 - no application is made to any Government Agency,

in consequence of, or in connection with, the Scheme which:

- restrains, prohibits or otherwise materially adversely affects (or could reasonably be expected to restrain, prohibit or otherwise materially adversely affect) the Scheme, completion of the Scheme or the rights of SH Mining in respect of Azure or the Azure Shares to be acquired under the Scheme; or
- requires the divestiture by SH Mining, Hancock, SQM or their respective Associates of any Azure Shares or the divestiture of any material assets of the SQM Group, Hancock Group or the Azure Group,

unless such order, injunction decision, decree, action, investigation or application has been disposed of to the satisfaction of SH Mining (acting reasonably and in good faith), or is otherwise no longer effective or enforceable, by 8.00am on the Second Court Date;

- **No Azure Prescribed Occurrence:** no Azure Prescribed Occurrence occurs between (and including) the date of the Transaction Implementation Deed and 8.00am on the Second Court Date;
- **No Azure Regulated Event:** no Azure Regulated Event occurs between (and including) the date of the Transaction Implementation Deed and 8.00am on the Second Court Date which has resulted in SH Mining having a right to terminate the Transaction Implementation Deed;
- **No Azure Material Adverse Change:** no Azure Material Adverse Change occurs or is discovered, announced disclosed or otherwise becomes known to SH Mining, between (and including) the date of the Transaction Implementation Deed and 8.00am on the Second Court Date; and
- **Azure Representations and Warranties:** the Azure Representations and Warranties are true and correct in all material respects as at 8.00am on the Second Court Date as though made on and as of that time, except to the extent any such representation or warranty expressly relates to an earlier date and if they are not true and correct, SH Mining has a right to terminate the Transaction Implementation Deed.

As at the date of this Transaction Booklet, the condition precedent that certain competition law approvals be obtained (as set out in clause 3.1(b) of the Transaction Implementation Deed) has been satisfied.

The Scheme will not proceed unless all of the Scheme Conditions are satisfied or waived (as applicable) in accordance with the Transaction Implementation Deed.

As at the date of this Transaction Booklet, neither the Azure Board nor the Joint Bidders are aware of any circumstances which would cause any Scheme Condition to not be satisfied.

Further, as at the date of this Transaction Booklet, the Azure Board is not aware of any Azure Regulated Event, Azure Material Adverse Change or any Azure Prescribed Occurrence having occurred.

4.4 Key steps for implementing the Scheme

Preliminary steps

Azure, SH Mining, Hancock Parent and SQM Parent entered into the Transaction Implementation Deed on 19 December 2023, pursuant to which, among other things, SH Mining agreed to propose the Scheme.

SH Mining, Hancock Parent and SQM Parent have executed the Deed Poll, pursuant to which SH Mining, subject to the Scheme becoming Effective, agrees to provide the Scheme Consideration to which each Scheme Shareholder is entitled under the terms of the Scheme in consideration for the transfer of each Scheme Share on the Implementation Date. Hancock Parent and SQM Parent have guaranteed SH Mining's financial obligations under the Scheme, including to provide the Scheme Consideration under the terms of the Scheme.

A copy of the proposed Scheme is set out in Annexure 2 to this Transaction Booklet.

A copy of the Deed Poll is set out in Annexure 3 to this Transaction Booklet.

Scheme Meeting

The Court has ordered that the Scheme Meeting to approve the Scheme be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on Monday, 8 April 2024 at 10.30am (Perth time) or immediately after the EGM (whichever is later). Further information about the Scheme Meeting, including the Scheme Resolution, can be found in the Notice of Scheme Meeting in Annexure 5.

Each Azure Shareholder who is registered on the Azure Share Register at 4.00pm (Perth time) on Saturday, 6 April 2024 (that is the date which is two days before the Scheme Meeting) is entitled to attend and vote at the Scheme Meeting. Instructions on how to attend and vote at the Scheme Meeting are set out in the Notice of Scheme Meeting in Annexure 5.

Requisite Majority

At the Scheme Meeting, the Scheme Resolution will be proposed to the Scheme Meeting which must be approved by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Azure Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting.

It should be noted that the Court has the power to waive the Headcount Test.

The Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure 5.

Voting is not compulsory.

However, the Azure Board unanimously recommends that Azure Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders. Every vote in favour of the Scheme will increase the likelihood of the Requisite Majority being met and the Scheme becoming Effective.

You should be aware that even if you do not vote on the Scheme Resolution, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) and the Court. If this occurs, your Azure Shares will be transferred to SH Mining and you will receive the Scheme Consideration in respect of the Azure Shares you hold on the Scheme Record Date even though you did not vote on the Scheme Resolution or voted against, the Scheme. The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to ASX (www.asx.com.au) once available.

Regulatory approvals

The Scheme is conditional on receipt by SH Mining of a no objection notification under the FATA in respect of the Scheme.

Second Court Hearing

In the event that:

- the Scheme Resolution is approved by the Requisite Majority of Azure Shareholders (other than Excluded Shareholders) at the Scheme Meeting; and
- all Scheme Conditions have been satisfied or remain capable of being satisfied, or waived (if applicable),

Azure will apply to the Court for orders approving the Scheme at the Second Court Hearing. The Court has a broad discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act. The Second Court Hearing is scheduled to occur on the Second Court Date (currently expected to be 10.00am (Perth time) on Wednesday, 10 April 2024). Each Azure Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. If you wish to oppose in this manner, you must file with the Court and serve on Azure a notice of appearance in the prescribed form together with any affidavit that you propose to rely on.

Effective Date

If the Court makes orders approving the Scheme and all other Scheme Conditions have been satisfied or waived (where capable of waiver), then Azure will lodge with ASIC an office copy of the Court orders given under section 411(4)(b) of the Corporations Act approving the Scheme. As soon as copies of the Court orders approving the Scheme are lodged with ASIC, the Scheme will become Effective. It is anticipated that this will occur on the Business Day immediately following the date which the Court approves the Scheme. Azure will, on the Scheme becoming Effective, give notice of that event to the ASX.

If the Scheme becomes Effective:

- SH Mining will become bound to pay the Scheme Consideration to the Scheme Shareholders on the Implementation Date; and
- subject to payment of the Scheme Consideration by SH Mining, Azure will become bound to take the steps required for SH Mining to become the holder of all Scheme Shares.

Scheme Record Date

If the Scheme becomes Effective, Azure Shareholders on the Azure Share Register on the Scheme Record Date (currently expected to be 5.00pm (Perth time) on Monday, 15 April 2024) will be entitled to receive the Scheme Consideration in respect of the Azure Shares they hold as at the Scheme Record Date.

Dealings on or before the Scheme Record Date

For the purpose of determining which Azure Shareholders are eligible to participate in the Scheme, dealings in Azure Securities will be recognised only if:

- in the case of dealings of the type to be affected using CHESS, the transferee is registered on the Azure Share Register as the holder of the relevant Azure Shares on or before the Scheme Record Date (currently expected to be 5.00pm (Perth time) on Monday, 15 April 2024); and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Share Registry on or before the Scheme Record Date. For the purposes of determining entitlements under the Scheme, Azure will not accept for registration or recognise any transfer or transmission applications in respect of Azure Shares received after the Scheme Record Date or received prior to such time but not in registrable or actionable form, as appropriate.

Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, Azure must maintain the Azure Share Register in its form as at the Scheme Record Date (currently expected to be Monday, 15 April 2024) until the Scheme Consideration has been provided to the Scheme Shareholders. The Azure Share Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration. After the Scheme Record Date:

- all statements of holding for Azure Shares will cease to have effect as documents relating to title in respect of such Azure Shares; and
- each entry on the Azure Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Azure Shares relating to that entry.

4.5 Warranties by Scheme Shareholders

The effect of clause 9.2(b) of the Scheme is that all Scheme Shareholders, including those who vote against the Scheme and those who do not vote on the Scheme Resolution, will be deemed to have warranted to SH Mining that their Azure Shares are fully paid, that their Azure Shares are free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Azure Shares to SH Mining together with any rights and entitlements attaching to those Azure Shares.

4.6 Payment of the Scheme Consideration

On the Implementation Date, the Scheme will be implemented by Azure and SH Mining undertaking the following steps.

Deposit of aggregate Scheme Consideration by SH Mining

By no later than the Business Day before the Implementation Date, SH Mining will deposit (or will procure the deposit of) the aggregate Scheme Consideration payable to all Scheme Shareholders in cleared funds to an account nominated by Azure to be held on trust by Azure for Scheme Shareholders.

Transfer of all Scheme Shares to SH Mining

Subject to payment of the aggregate Scheme Consideration by SH Mining, all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to SH Mining by Azure (on behalf of Scheme Shareholders) and Azure will enter the name of SH Mining in the Azure Share Register in respect of all Scheme Shares.

Payment of Scheme Consideration

Azure will pay the Scheme Consideration to each Scheme Shareholder by either:

- making a payment to the Scheme Shareholder's nominated bank account with the Share Registry as at the Scheme Record Date. You are encouraged to verify and update your bank account details online at www.computershare.com.au/easyupdate/AZS prior to the Scheme Record Date; or
- sending a cheque to the Scheme Shareholder's address as shown in the Azure Share Register as at the Scheme Record Date (unless you are a Scheme Shareholder with a registered address in New Zealand in which case payment will be held until a valid bank account has been nominated).

If a Scheme Shareholder has not nominated a bank account and their whereabouts are unknown as at the Scheme Record Date, the Scheme Consideration will be held by Azure on trust for the Scheme Shareholder until claimed or applied under laws dealing with unclaimed money. If you wish to confirm your current address details with the Share Registry, you may do so by contacting the Share Registry.

Where a cheque is returned to Azure or has not been presented for payment within 6 months after the date on which the cheque was sent, Azure may cancel the cheque. The *Unclaimed Money Act 1990 (WA)* will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in Section 6 of the *Unclaimed Money Act 1990 (WA)*).

If any amount (**Withholding Amount**) is required under any applicable law or by any Government Agency, to be:

- withheld from any consideration otherwise payable to you under the Scheme and paid to a Government Agency; or
- retained by SH Mining out of any consideration otherwise payable to you under the Scheme,

the payment or retention by SH Mining of the Withholding Amount (as applicable) will constitute full discharge of SH Mining obligations to pay the consideration to you to the extent of the Withholding Amount.

4.7 Independent Expert's Report

The Independent Expert has reviewed the terms of the Scheme and concluded that the Scheme is fair and reasonable and in the best interests of Azure Shareholders in the absence of a Superior Proposal.

The Independent Expert's Report is set out in Annexure 1 and should be read in its entirety, including the assumptions on which the conclusions are based.

4.8 Taxation

You should seek your own professional advice regarding the individual tax consequences applicable to you. A general outline of the tax implications for Australian residents is set out in Section 9.

4.9 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares under the Scheme.

4.10 Deed Poll

SH Mining, Hancock Parent and SQM Parent have executed the Deed Poll, pursuant to which SH Mining, subject to the Scheme becoming Effective, agrees to provide the Scheme Consideration to which each Scheme Shareholder is entitled under the terms of the Scheme in consideration for the transfer of each Scheme Share on the Implementation Date. Hancock Parent and SQM Parent have guaranteed SH Mining's financial obligations under the Scheme, including to provide the Scheme Consideration under the terms of the Scheme. A copy of the Deed Poll is contained in Annexure 3 to this Transaction Booklet.

4.11 Delisting of Azure

Following the implementation of the Scheme, Azure will apply for termination of the official quotation of Azure Shares on the ASX, and for Azure to be removed from the official list of ASX.

4.12 End Date

If the Scheme has not become Effective on or before the End Date, the Scheme will not proceed. The Scheme can also be terminated in certain circumstances (see Section 10.6 for further details).

4.13 Further questions

If you have any questions in relation to the Scheme or the Scheme Meeting, please contact the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays), or consult your legal, investment, taxation, financial or other professional adviser.

5. Key features of the Takeover Offer

5.1 Introduction

In addition to the Scheme, SH Mining is making the fall-back Takeover Offer. Under the Takeover Offer (which is conditional on a number of matters, including approval of the Section 611 item 7 Resolution by the Azure Shareholders (other than SH Mining, the Joint Bidders and their respective Associates) and the Takeover (Scheme) Condition being satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived), SH Mining is offering to acquire your Takeover Shares on the terms and conditions set out in this Section 5.

The consideration per Azure Share under the Takeover Offer is the Takeover Offer Consideration, being \$3.65 cash per Azure Share.

By accepting the Takeover Offer, you undertake to transfer to SH Mining not only the Takeover Shares to which the Takeover Offer relates, but also all Rights attached to your Takeover Shares.

The offers under the Takeover Offer are made to each person registered as the holder of Azure Shares in the Azure Share Register at 4.00pm (Perth time) on the Takeover Register Date.

The offers under the Takeover Offer also extend to:

- holders of Azure Securities and derivatives that come to be Azure Shareholders during the period from the Takeover Register Date to the end of the Takeover Offer Period (inclusive) due to the conversion of, or exercise of rights conferred by, such Azure Securities and derivatives and which are on issue as at the Takeover Register Date;
- any person who becomes registered as the holder of Azure Shares during the Takeover Offer Period; and
- any person referred to in Section 5.13.

The Takeover Offer is dated Monday, 4 March 2024.

5.2 Takeover Key Terms

Takeover Offer Consideration

You will be entitled to receive \$3.65 for each Azure Share held by you that you accept into the Takeover Offer if the Takeover Offer Conditions are satisfied or waived. To accept the Takeover Offer you must comply with the procedures set out in Section 5.3.

Takeover Offer Conditions

The Takeover Offer Conditions are set out in full in Section 5.7. The Takeover Offer Conditions include:

- the Scheme not being approved at the Scheme Meeting by the Requisite Majority or the Court not approving the Scheme, or the Scheme Transaction being terminated in certain circumstances;³³
- FIRB approval being obtained before the end of the Takeover Offer Period;
- Azure Shareholders, other than SH Mining, the Joint Bidders and their respective Associates, approving the Section 611 item 7 Resolution;
- no Azure Prescribed Occurrence;
- no restraint that would prevent or hinder the Takeover Offer being in effect;
- no Azure Material Adverse Change; and
- the Azure Representations and Warranties being accurate and not misleading.

The Takeover Offer was proposed to be subject to certain competition law approvals being obtained. That proposed condition has been satisfied.

Payment under Takeover Offer

Subject to the Corporations Act and the terms of the Takeover Offer, if you accept your Azure Shares into the Takeover Offer, you will be sent the Takeover Offer Consideration due to you from SH Mining on or before the earlier of:

- one month after the date of your acceptance or, if the Takeover Offer is subject to a Takeover Offer Condition when you accept into the Takeover Offer, within one month after the Takeover Offer is declared or becomes unconditional; and
- if the Takeover Offer is declared or becomes unconditional, 21 days after the end of the Takeover Offer Period.

³³ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

Takeover Offer Period

Unless withdrawn, the Takeover Offer will remain open for acceptance during the period commencing on the date of the Takeover Offer (Monday, 4 March 2024) and ending at 5.00pm (Perth time) on Wednesday, 8 May 2024.

SH Mining reserves the right, exercisable in its sole discretion, to extend the Takeover Offer Period in accordance with the Corporations Act.

If, within the last 7 days of the Takeover Offer Period, either of the following events occur:

- the Takeover Offer is varied to improve the consideration offered; or
- SH Mining's Voting Power in Azure increases to more than 50%,

the Takeover Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act. SH Mining must give Azure and each Azure Shareholder who has not accepted the Takeover Offer written notice that the extension has occurred within three days after that event.

Despite anything else in this Section 5.2:

- the Takeover Offer Period must not expire prior to the date that is 20 Business Days after the date of the Scheme Meeting; and
- SH Mining must not extend the Takeover Offer Period to a date that is more than 3 months after the date of the Scheme Meeting without the prior written consent of Azure.

5.3 How to accept the Takeover Offer

You may accept the Takeover Offer for all (and not some only) of your Azure Shares. You may accept the Takeover Offer at any time during the Takeover Offer Period.

When accepting the Takeover Offer, you should also forward for inspection:

- if the relevant Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- if the relevant Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Azure Shareholder, the relevant grant of probate or letters of administration. If some of your Takeover Shares are in different holdings, your acceptance of the offers under the Takeover Offer will require action under this Section 5.3 (as applicable) in relation to each of your holdings.

Issuer sponsored holdings – Acceptance Form

To accept the Takeover Offer for the Takeover Shares held in your name on Azure's issuer sponsored sub register (in which case your Shareholder Reference Number (**SRN**) will commence with an 'I'), you must:

- accept online by logging into www.shminingoffer.com.au using your SRN, following the instructions, selecting the 'Accept' option and submitting your acceptance before the end of the Takeover Offer Period; or
- complete and sign the relevant Acceptance Form in accordance with the terms of the Takeover Offer and the instructions on the relevant Acceptance Form; and
- ensure that the relevant Acceptance Form (including any documents required by the terms of the Takeover Offer and the instructions on the Acceptance Form) is sent:
 - if by email, to corpactprocessing@computershare.com.au with the subject line "Takeover Offer of Azure Acceptance" so that it is received before the end of the Takeover Offer Period; and
 - if by post, to the address specified in the relevant Acceptance Form so that it is received before the end of the Takeover Offer Period.

CHESS Holdings – Acceptance Form

If your Takeover Shares are held in a CHESS Holding (in which case your Holder Identification Number (**HIN**) will commence with an "X"), to accept the Takeover Offer you must:

- instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the offers under the Takeover Offer on your behalf, so as to be effective before the end of the Takeover Offer Period; or
- accept online by logging into www.shminingoffer.com.au using your HIN, following the instructions, selecting the "Accept" option and submitting your acceptance before the end of the Takeover Offer Period. For your online acceptance to be an effective acceptance of the Takeover Offer, it must be received in time for the Share Registry to give instructions to your Controlling Participant and for your Controlling Participant to respond to and accept those instructions before the end of the Takeover Offer Period; or

- complete and sign the relevant Acceptance Form in accordance with the instructions on it and return it together with all other documents required by those instructions on it, so that they are:
 - if sent by email, to corpactprocessing@computershare.com.au with the subject line "Takeover Offer of Azure Acceptance"; and
 - if sent by post, to the address specified in the relevant Acceptance Form using the enclosed pre-addressed envelope,

in each case sent and received in sufficient time for the Share Registry to give instructions to your Controlling Participant and for your Controlling Participant to carry out those instructions before the end of the Takeover Offer Period. This will authorise SH Mining to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of the offers under the Takeover Offer on your behalf, so as to be effective before the end of the Takeover Offer Period.

If you return your completed Acceptance Form to the Share Registry instead of your Controlling Participant, the Share Registry will endeavour to contact your Controlling Participant on your behalf and relay your instructions but makes no guarantee that it will be able to do so. It is your Controlling Participant's responsibility to acknowledge and accept these instructions so please ensure you allow sufficient time to do so. Neither SH Mining nor the Share Registry will be responsible should your Controlling Participant not acknowledge and accept your instructions.

However, if you are the Controlling Participant in respect of your Takeover Shares, to accept the Takeover Offer you must initiate acceptance of the offers under the Takeover Offer before the end of the Takeover Offer Period.

Acceptance Forms and other documents

The Acceptance Forms form part of the Takeover Offer. If your Acceptance Form (including any documents required by the terms of the Takeover Offer and the instruction on the Acceptance Form) is returned by email, it will be deemed to be received when the email is sent (unless you receive an automated message confirming that the email has not been sent) or if it is returned by post, it must be received before the end of the Takeover Offer Period.

When using the Acceptance Form to accept the Takeover Offer in respect of Takeover Shares in a CHES Holding, you must ensure that the Acceptance Form (and any documents required by the terms of the Takeover Offer and the instruction on the Acceptance Form) are received (by email or by post) by the recipient specified on that Acceptance Form before the end of the Takeover Offer Period, in sufficient time for SH Mining to give instructions to your Controlling Participant and for your Controlling Participant to carry out those instructions.

The email, postage and transmission of the Acceptance Forms and other documents are at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of SH Mining.

You may accept the Takeover Offer and vote on the Scheme

The Azure Board recommends that you accept the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Offer is fair and reasonable.

However, you may vote in favour of the Scheme and accept the Takeover Offer at the same time, as the Transaction Implementation Deed provides that only the Scheme or the Takeover Offer can proceed.

If you choose to accept the Takeover Offer before the Takeover (Scheme) Condition has been satisfied or waived, please make sure that you also vote on the Section 611 item 7 Resolution and the Scheme Resolution and that you are aware of the effect of accepting the Takeover Offer.

You may only withdraw your acceptance if the Takeover Offer:

- remains subject to the FIRB Takeover Condition or the Section 611 item 7 Resolution Takeover Condition; or
- is subject to other Takeover Offer Conditions and SH Mining varies the Takeover Offer in a way that postpones the time when SH Mining is required to satisfy its obligations under the Takeover Offer by more than one month.

Refer to Section 5.5 for more information on the effect of accepting the Takeover Offer.

5.4 Validity of acceptances

Subject to this Section 5.4, your acceptance of the Takeover Offer will not be valid unless it is made in accordance with the procedures set out in Section 5.3.

SH Mining may determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Takeover Offer and time of receipt of an acceptance of the Takeover Offer. The determination of SH Mining will be final and binding on all parties.

SH Mining may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Takeover Shares, even if a requirement for acceptance has not been complied with but the payment of the Takeover Offer Consideration in accordance with the Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by SH Mining.

Where you have satisfied the requirements for acceptance in respect of only some of your Azure Shares, SH Mining may, in its sole discretion, regard the Takeover Offer to be accepted in respect of those Azure Shares to which your acceptance relates but not the remainder.

5.5 Effect of acceptance

Azure Shareholders who have accepted the Takeover Offer will be able to revoke their acceptance at any time until the FIRB Takeover Condition and the Section 611 item 7 Resolution Takeover Condition have been satisfied or waived (as applicable) in accordance with the Transaction Implementation Deed and the Corporations Act.

If you have accepted the Takeover Offer in respect of your Azure Shares in circumstances where these Takeover Offer Conditions have been satisfied, you will:

- not be able to revoke your acceptance of an offer under the Takeover Offer and the contract resulting from your acceptance will be binding on you; and
- not be able to withdraw your Takeover Shares from the Takeover Offer or otherwise dispose of your Takeover Shares, except as permitted under the Corporations Act as follows:
 - in circumstances where the Takeover Offer is deemed automatically void or acceptances under the Takeover Offer are rescinded as contemplated by Section 5.9; or
 - if the Takeover Offer is subject to one or more of the Takeover Offer Conditions in Section 5.7 and SH Mining varies the Takeover Offer in a way that postpones for more than one month the time when it is required to meet its obligations under the Takeover Offer, then you may be able to withdraw your acceptance in respect of your Takeover Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

By signing and returning your Acceptance Form, or otherwise accepting the Takeover Offer pursuant to Section 5.3, you will be deemed to have:

- accepted the Takeover Offer (and any variation of it) in respect of and subject to all of the Takeover Offer Conditions in Section 5.7 being satisfied or waived, agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to SH Mining, all your Takeover Shares (even if the number of Takeover Shares specified on the relevant Acceptance Form or online differs from the number of Takeover Shares) and all Rights attached to those Takeover Shares;
- represented and warranted to SH Mining, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Takeover Shares (including any relevant Rights) to SH Mining is registered, that your Takeover Shares are and will be fully paid and free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership in your Takeover Shares (including any relevant Rights) to SH Mining, and that you have paid to Azure all amounts which at the time of acceptance have fallen due for payment to Azure in respect of your Takeover Shares;

- irrevocably authorised SH Mining (or any director, secretary or nominee of SH Mining) to alter the relevant Acceptance Form on your behalf by inserting correct details of your Takeover Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by SH Mining to make it an effective acceptance of the Takeover Offer or to enable registration of your Takeover Shares in the name of SH Mining;
- if you signed the relevant Acceptance Form in respect of Takeover Shares which are held in a CHESS Holding, irrevocably authorised SH Mining (or any director, secretary, nominee or agent of SH Mining) to:
 - initiate, or alternatively instruct your Controlling Participant to initiate, acceptance of the Takeover Offer in respect of your Takeover Shares in accordance with rule 14.14 of ASX Settlement Operating Rules; and
 - give any other instructions in relation to your Takeover Shares to your Controlling Participant, as determined by SH Mining acting in its own interests as a beneficial owner and intended registered holder of those Takeover Shares;
- irrevocably authorised and directed Azure to pay to SH Mining, or to account to SH Mining for, all Rights in respect of your Takeover Shares, subject to, if the Takeover Offer is withdrawn, SH Mining accounting to you for any such Rights received by SH Mining;
- irrevocably authorised SH Mining to notify Azure on your behalf that your place of address for the purpose of serving notices upon you in respect of your Takeover Shares is the address specified by SH Mining in the notification;
- agreed to do all such acts, matters and things that SH Mining may require to give effect to the matters the subject of this Section 5.5, (including the execution of a written form of proxy to the same effect as this Section 5.5, which complies in all respects with the requirements of the Azure Constitution) if requested by SH Mining;
- agreed to indemnify SH Mining in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Takeover Shares to SH Mining being registered by Azure without production of your HIN or your SRN for your Takeover Shares;
- represented and warranted to SH Mining that, unless you have notified it in accordance with Section 5.13, your Takeover Shares do not consist of separate parcels of Takeover Shares;
- irrevocably authorised SH Mining (and any nominee) to transmit a message in accordance with rule 14.17 of ASX Settlement Operating Rules to transfer your Takeover Shares to SH Mining's Takeover Transferee Holding (as defined in ASX Settlement Operating Rules), regardless of whether it has paid the consideration due to you under the Takeover Offer;
- where, at that time, you have a right to be registered as a holder of the Takeover Shares the subject of your acceptance as the result of an on-market purchase (but are not an Azure Shareholder):
 - agreed to use best endeavours to procure the delivery of the Takeover Shares the subject of your acceptance to SH Mining in accordance with your acceptance (including giving SH Mining all documents necessary to vest those Takeover Shares in SH Mining or otherwise to give SH Mining the benefit or value of those Takeover Shares);
 - agreed not to do or omit to do anything which may frustrate your acceptance of the Takeover Offer, or otherwise obstruct registration of the transfer of the Takeover Shares the subject of your acceptance to SH Mining;
 - irrevocably assigned to SH Mining all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights and recourse may arise by reason of that person's failure to complete that trade;
 - agreed to assign to SH Mining (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to SH Mining the right to (at SH Mining's sole discretion) complete that trade on your behalf and agreed that SH Mining may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of the Takeover Offer and the delivery of the Takeover Shares the subject of that acceptance) any amount paid by SH Mining in order to settle that on-market purchase on your behalf. If SH Mining does not, or cannot, make such a deduction, you must pay such amount to SH Mining; and
 - agreed that if you are unable to assign to SH Mining any of the above rights and recourse, you will assign such rights and recourse as soon as you are legally able to; and
- agreed, subject to the Takeover Offer Conditions in Section 5.7, being satisfied or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that SH Mining may consider (acting reasonably) necessary or desirable to convey your Takeover Shares registered in your name and Rights to SH Mining.

The representations, warranties, indemnity, undertakings and authorities referred to in this Section 5.5, will remain in force after you receive the Takeover Offer Consideration in respect of your Takeover Shares and after SH Mining becomes registered as the holder of your Takeover Shares. By accepting the Takeover Offer, you will be deemed to have agreed to the matters set out in this Section 5.5, notwithstanding where the Takeover Offer has been caused to be accepted in accordance with ASX Settlement Operating Rules.

5.6 Payment of consideration

Subject to this Section 5.6 and the Corporations Act, if you have accepted the Takeover Offer, SH Mining will provide the Takeover Offer Consideration due to you for your Takeover Shares on or before the earlier of:

- one month after the date of your acceptance or, if the Takeover Offer is subject to a Takeover Offer Condition when you accept the Takeover Offer, within one month after the Takeover Offer is declared or becomes unconditional; and
- if the Takeover Offer is declared or becomes unconditional, 21 days after the end of the Takeover Offer Period.

Where an additional document is required by your Acceptance Form or otherwise to be delivered with your Acceptance Form (such as a power of attorney):

- if that document is given with your Acceptance Form, SH Mining will provide the Takeover Offer Consideration due to you in accordance with this Section 5.6;
- if that document is given after your Acceptance Form and before the end of the Takeover Offer Period while the Takeover Offer is subject to any Takeover Offer Condition, SH Mining will provide the Takeover Offer Consideration due to you on or before the earlier of:
 - one month after the Takeover Offer is declared or becomes unconditional; and
 - 21 days after the end of the Takeover Offer Period;
- if that document is given after your Acceptance Form and before the end of the Takeover Offer Period while the Takeover Offer is not subject to any Takeover Offer Condition, SH Mining will provide the Takeover Offer Consideration due to you on or before the earlier of:
 - one month after that document is given to SH Mining; and
 - 21 days after the end of the Takeover Offer Period; and
- if that document is given after your Acceptance Form and after the end of the Takeover Offer Period, and the Takeover Offer is not subject to any Takeover Offer Condition, SH Mining will provide the Takeover Offer Consideration due to you within 21 days after that document is given to SH Mining.

Payment of any cash amount to which you are entitled under the Takeover Offer will be made by:

- electronic funds transfer to the bank account validly registered with the Share Registry. If you have not previously nominated bank account details to Azure and you want to be paid electronically, you must provide these details via www.computershare.com.au/easyupdate/AZS prior to accepting the Takeover Offer; or
- cheque in Australian currency (unless you are a Scheme Shareholder with a registered address in New Zealand in which case payment will be held until a valid bank account has been nominated). Cheques will be posted to you at your risk by ordinary mail (or, if you are overseas, by airmail) to the address as shown on SH Mining's copy of the register. For the purpose of compliance with any timing requirement of the Takeover Offer or the Corporations Act, payment of any cash amount to which you are entitled under the Takeover Offer will be deemed to be made once the cheque is posted to the address as shown on SH Mining's copy of the register.

If at the time you accept the Takeover Offer, any consent, authority or clearance is required for you to receive any consideration under the Takeover Offer including, but not limited to consent, authority or clearance of:

- the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made under the above legislation, or otherwise);
- the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise);
- the Australian Taxation Office; or

- any other person required by any other law of Australia or regulation under the Charter of the United Nations that would make it unlawful for SH Mining to provide any consideration for your Takeover Shares,

then acceptance of the Takeover Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration for your Takeover Shares until all requisite authorities, clearances or approvals have been received by SH Mining.

If any Withholding Amount is required under any applicable law or by any Government Agency, to be:

- withheld from any consideration otherwise payable to you under the Takeover Offer and paid to a Government Agency; or
- retained by SH Mining out of any consideration otherwise payable to you under the Takeover Offer,

the payment or retention by SH Mining of the Withholding Amount (as applicable) will constitute full discharge of SH Mining's obligations to pay the consideration to you to the extent of the Withholding Amount.

5.7 Takeover Offer Conditions

Subject to Section 5.8, the completion of the Takeover Offer and any contract that results from the acceptance of the Takeover Offer will be subject to each of the following conditions (and no other defeating conditions):

- **FIRB Takeover Condition:** before the end of the Takeover Offer Period, one of the following has occurred:
 - SH Mining has received written notice under the FATA, by or on behalf of the Treasurer, advising that the Australian Commonwealth Government has no objections to the Takeover Offer, either unconditionally or subject only to:
 - 'standard' tax conditions which are in the form, or substantially in the form, of those set out in items 1 to 6 of Part D of FIRB's Guidance Note 12 "Tax Conditions" (in the form last updated on 10 August 2023); and
 - conditions that SQM, SH Mining or their respective Affiliates have had imposed in relation to prior notifications under the FATA and/or conditions which would not reasonably be expected to result in an adverse material financial impact on the value SH Mining could reasonably expect to derive from the Scheme; or
 - the Treasurer becomes precluded by passage of time from making an order or decision under Part 3 of the FATA in relation to the Takeover Offer and the Takeover Offer is not prohibited by section 82 of the FATA; or
 - where an interim order is made under section 68 of the FATA in respect of the Takeover Offer, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision;
- **Section 611 item 7 Resolution:** Azure Shareholders (other than SH Mining, the Joint Bidders and their respective Associates) approve the Section 611 item 7 Resolution at the EGM by the requisite majority under item 7 of section 611 of the Corporations Act;
- **No Azure Prescribed Occurrence:** no Azure Prescribed Occurrence occurs between (and including) the date of the Transaction Implementation Deed and the end of the Takeover Offer Period;
- **Restraints:** between (and including) the date of the Transaction Implementation Deed and the end of the Takeover Offer Period:
 - there is not in effect any temporary, preliminary or final order, injunction, decision or decree issued by any court of competent jurisdiction or other Government Agency, or other material legal restraint or prohibition;
 - no action or investigation is announced, commenced or threatened by any Government Agency; and
 - no application is made to any Government Agency,

in consequence of, or in connection with, the Takeover Offer which:

- restrains, prohibits or otherwise materially adversely affects (or could reasonably be expected to restrain, prohibit or otherwise materially adversely affect) the Takeover Offer, completion of the Takeover Offer or the rights of SH Mining in respect of Azure or the Azure Shares to be acquired under the Takeover Offer; or
- requires the divestiture by SH Mining, SQM, Hancock or their respective Associates of any Azure Shares or the divestiture of any material assets of the SQM Group, the Hancock Group or the Azure Group,

unless such order, injunction decision, decree, action, investigation or application, has been disposed of to the satisfaction of SH Mining (acting reasonably and in good faith), or is otherwise no longer effective or enforceable, by the end of the Takeover Offer Period;

- **Scheme fails:** either:
 - the Scheme is not approved at the Scheme Meeting by the Requisite Majority;
 - following the approval of the Scheme at the Scheme Meeting by the Requisite Majority, the Court does not approve the Scheme in accordance with section 411(4)(b) of the Corporations Act; or
 - SH Mining has given notice to Azure to terminate the Scheme if SH Mining considers (acting reasonably) that the Scheme Condition relating to approval of the Scheme by the Requisite Majority of Azure Shareholders will not be, or is unlikely to be, satisfied by the required time and date (following a consultation period);
- **No Azure Material Adverse Change:** no Azure Material Adverse Change occurs or is discovered, announced, disclosed or otherwise becomes known to SH Mining between (and including) the date of the Transaction Implementation Deed and the end of the Takeover Offer Period; and
- **Azure Representations and Warranties:** the Azure Representations and Warranties are accurate and not misleading at all times between (and including) the date of the Transaction Implementation Deed and the end of the Takeover Offer Period, and if they are not true and correct SH Mining has a right to terminate the Transaction Implementation Deed.

The Takeover Offer was proposed to be subject to certain competition law approvals being obtained. That proposed condition has been satisfied.

5.8 Nature and waiver of the Takeover Offer Conditions

Each of the Takeover Offer Conditions, apart from the FIRB Takeover Condition and the Section 611 item 7 Resolution Takeover Condition, are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Takeover Offer Period (or in the case of the Takeover Offer Condition relating to Azure Prescribed Occurrences until the end of the third Business Day after the end of the Takeover Offer Period), prevent a contract to sell Takeover Shares from arising, but will entitle SH Mining, by written notice to Azure Shareholders, to rescind the contract resulting from Azure Shareholders' acceptance of the Takeover Offer.

The FIRB Takeover Condition and the Section 611 item 7 Resolution Takeover Condition are conditions precedent to the acquisition of any interest in Azure Shares and will prevent a contract to sell Azure Shares from arising until each is satisfied or waived in accordance with the Transaction Implementation Deed and the Corporations Act. Despite the acceptance into the Takeover Offer by an Azure Shareholder, unless and until these Takeover Offer Conditions are fulfilled:

- no contract for the sale of Azure Shares will come into force or be binding on the Azure Shareholder or on SH Mining;
- SH Mining will have no rights (conditional or otherwise) in relation to the Azure Shares;
- if any of your Azure Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Azure Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the Azure Shares to be released from the sub position, in accordance with rule 14.16 of the ASX Settlement Operating Rules, at any time prior to the fulfilment of those conditions; and
- if any of your Azure Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Azure Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any address specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of those conditions.

Subject to this Transaction Booklet and the Corporations Act, SH Mining may declare the Takeover Offer to be free from any Takeover Offer Condition by giving written notice to Azure declaring the Takeover Offer to be free from the relevant Takeover Offer Condition or Takeover Offer Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:

- in the case of the Takeover Offer Condition relating to Azure Prescribed Occurrences, not later than 3 Business Days after the end of the Takeover Offer Period; and
- in the case of all the other Takeover Offer Conditions, not less than 7 Business Days before the end of the Takeover Offer Period.

The Takeover (Scheme) Condition may only be waived by SH Mining with the prior written consent of Azure (acting reasonably).

If, at the end of the Takeover Offer Period (or in the case of the Takeover Offer Condition, relating to no Azure Prescribed Occurrence, at the end of the third Business Day after the end of the Takeover Offer Period), the Takeover Offer Conditions have not been fulfilled and SH Mining has not declared the Takeover Offer (or it has not become) free from those Takeover Offer Conditions, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.

5.9 Withdrawal of Takeover Offer

SH Mining may withdraw the Takeover Offer with the consent of ASIC, which consent may be subject to conditions. If ASIC gives such consent, SH Mining will give notice of the withdrawal to ASX and to Azure and will comply with any other conditions imposed by ASIC.

If, at the time the Takeover Offer is withdrawn, all the Takeover Offer Conditions have been freed, all contracts arising from acceptance of the Takeover Offer before they were withdrawn will remain enforceable.

If, at the time the Takeover Offer is withdrawn, the Takeover Offer remains subject to one or more of the Takeover Offer Conditions, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

A withdrawal pursuant to this Section 5.9 will be deemed to take effect:

- if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that written consent is given by ASIC; or
- if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

5.10 Notice of status of Conditions

The date for giving the notice of status of the Takeover Offer Conditions as required by section 630(1) of the Corporations Act is Wednesday, 1 May 2024 (subject to extension in accordance with section 630(2) of the Corporations Act if the Takeover Offer Period is extended).

5.11 Variation of Takeover Offer

SH Mining will be entitled to vary the Takeover Offer in accordance with the Corporations Act.

5.12 Power of Attorney

Immediately upon the Takeover Offer being declared or becoming unconditional and until Azure registers SH Mining as the holder of your Takeover Shares in the Azure Share Register, where you have accepted the Takeover Offer, you:

- are deemed to have appointed SH Mining as your attorney and agent (and directed SH Mining in each such capacity) to appoint any director, officer, secretary or agent nominated by SH Mining as your sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to your Takeover Shares registered in your name and sign any shareholders' resolution or document on your behalf;
- must not attend or vote at any of those meetings or sign any resolutions, whether in person, virtually, by proxy, or by corporate representative (other than pursuant to the preceding point);
- must take all other actions in the capacity of the registered holder of your Takeover Shares as SH Mining reasonably directs; and
- acknowledge and agree that in exercising the above powers, SH Mining and any director, officer, secretary or agent nominated by SH Mining may act in the best interests of SH Mining as the intended registered holder of your Takeover Shares.

Section 5 | Key features of the Takeover Offer

Immediately upon SH Mining obtaining a Relevant Interest in at least 50.1% of the Azure Shares (on a fully diluted basis) and until Azure registers SH Mining as the holder of your Takeover Shares in the Azure Share Register, where you have accepted the Takeover Offer, you:

- are deemed to have appointed SH Mining as your attorney and agent (and directed SH Mining in each such capacity) to appoint any director, officer, secretary or agent nominated by SH Mining as its sole proxy in respect of the relevant Azure Shares; and
- acknowledge and agree that in exercising the powers referred to above, SH Mining and any director, officer, secretary or agent nominated by SH Mining under the above point may act in the best interests of SH Mining.

5.13 Offerees

Registered Holders

The offers under the Takeover Offer are being made to those persons referenced in Section 5.1.

Trust and nominees

If you hold Azure Shares in two or more separate parcels (within the meaning of section 653B of the Corporations Act, for example, because a person is a trustee or nominee for several distinct beneficial owners), in accordance with section 653B of the Corporations Act:

- SH Mining will be taken to have made separate offers under the Takeover Offer for each separate parcel of Azure Shares; and
- to validly accept the Takeover Offer made to you for any distinct parcel of Azure Shares you must:
 - give SH Mining notice that the Azure Shares consist of separate parcels (for Azure Shares not in a CHESS Holding, in writing or for Azure Shares in a CHESS Holding, in any form approved by ASX Settlement Operating Rules); and
 - specify in your Acceptance Form the number of Azure Shares in each separate parcel to which the acceptance relates.

5.14 Foreign Laws

SH Mining will not be required to register the Takeover Offer in any jurisdiction outside Australia (unless an applicable law treats it as registered as a result of this Transaction Booklet being lodged with ASIC).

5.15 Stamp Duty or brokerage

SH Mining will pay any stamp duty on the transfer of the Takeover Shares. As long as those Takeover Shares are registered in your name and you deliver them directly to SH Mining, you will not incur any brokerage in connection with your acceptance of the Takeover Offer.

If your Takeover Shares are registered in a CHESS Holding or you hold your Takeover Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Takeover Offer.

5.16 Governing Law

The Takeover Offer, and any contract that results from an acceptance of the Takeover Offer, will be governed by the laws of Western Australia.

5.17 Return of documents

If the Takeover Offer does not become unconditional or any contract arising from the Takeover Offer is rescinded by SH Mining on the grounds of a breach of a condition of that contract, SH Mining will, at its election, either return by post to you any Acceptance Form and any other documents sent with it by you or destroy those documents and notify ASX of this.

5.18 Notice

Service on Azure

SH Mining may give a notice to Azure under the Takeover Offer by leaving it at, or sending it by prepaid ordinary post to, the registered office of Azure or any alternative address nominated to SH Mining by Azure.

Service on SH Mining

You or Azure may give a notice to SH Mining under the Takeover Offer by leaving it at or sending it by prepaid ordinary post to SH Mining at the address set out on your Acceptance Form.

Service on you

SH Mining may give a notice to you under the Takeover Offer by email, by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to SH Mining by Azure under section 641 of the Corporations Act.

6. Azure Information

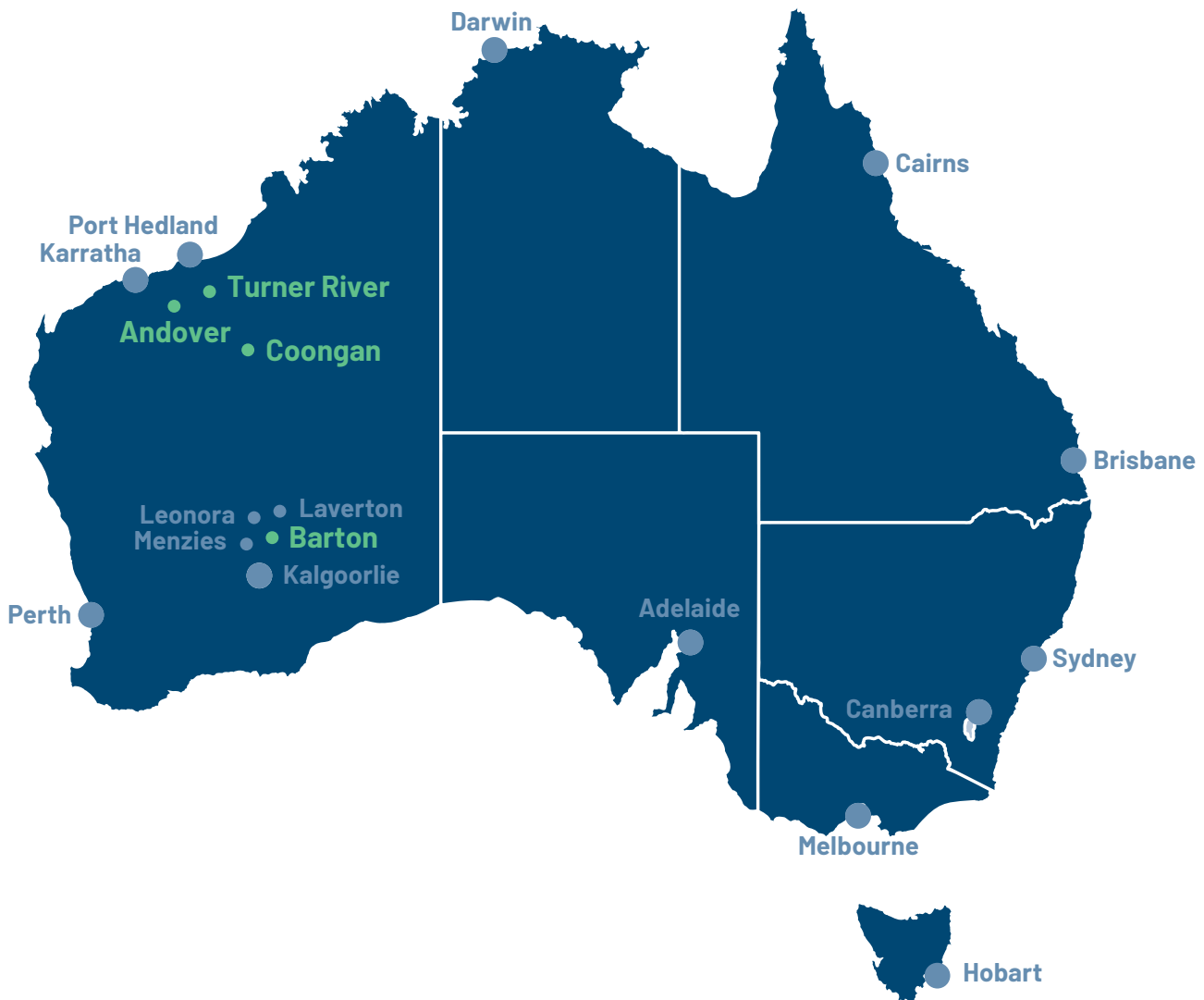
6.1 Introduction

The information contained in this Section 6 has been prepared by Azure. The information concerning Azure, and the intentions, views and opinions contained in this Section 6 are the responsibility of Azure, and has been prepared as at the date of this Transaction Booklet. The Joint Bidder Group does not assume any responsibility for the accuracy or completeness of the information in this Section 6.

6.2 Overview of Azure

(a) Background and Strategy

Azure is an Australian-based mineral exploration company listed on the ASX (ASX: AZS). Azure was incorporated in September 2003 and was listed on the ASX in December 2003. Azure holds interests in four projects targeting commodities including lithium, nickel and gold located in the Pilbara and Eastern Goldfields regions of Western Australia. Its flagship project is the Andover Project in Western Australia.



Azure has embarked on an accelerated growth strategy to rapidly advance the Company's multi-commodity, battery metals-rich Andover Project. The major focus is on building lithium resources through an intensive multi-rig drilling campaign and commencing development studies. Progressing the nearby nickel-copper-cobalt sulphide deposits is continuing through ongoing exploration and development studies.

Azure's corporate strategy is to deliver long-term value for all its stakeholders, by efficiently and effectively progressing its project portfolio through the exploration and development stages, and into production. Azure has always been conscious of its social licence to operate and has endeavoured to deliver ongoing value to the local communities within which it operates. The implementation of this strategy is supported by Azure's highly qualified technical team which is delivering on its successful exploration and development pathways, while positively engaging with traditional owners and community stakeholders.

(b) Key assets and operations

(i) Andover Lithium and Nickel-Copper-Cobalt Project (Azure 60% / Creasy Group 40%)

This is Azure's flagship asset and is a globally significant lithium exploration project and is also host to two nickel-copper-cobalt deposits.

Covering 108km², the Andover Project is located 35km southeast of Karratha and immediately south of the town of Roebourne. Local infrastructure exists throughout the district, with sealed highways, potable water pipeline, gas pipeline, high voltage electrical power lines, airports, and port access, with mining, commercial and residential support services available.

Lithium

The Andover Lithium Project comprises hundreds of outcropping spodumene-bearing, lithium-rich pegmatites within an area of 9km (east-west) and up to 5km (north-south). Surface sampling returned numerous high grade lithium assays between 1% to 5% Li₂O.

Andover is undergoing an intensive exploration and resource delineation drilling program with 8-10 diamond core and reverse circulation rigs operating. Drilling has been very successful, with multiple +100m to +200m mineralized intersections hosting lithium grades of 1.2% Li₂O to 1.5% Li₂O being returned.

Recent success with the drill-bit includes:

- 165.2m @ 1.33% Li₂O (true width of 141.8m) in ANDD0295;
- 209.4m @ 1.42% Li₂O (true width of 134.6m) in ANRD0017;
- 183.1m @ 1.25% Li₂O (true width of 123.3m) in ANDD0228;
- 135.2m @ 1.12% Li₂O (true width of 117.0m) in ANDD0276;
- 167.6m @ 1.31% Li₂O (true width of 112.2m) in ANDD0238;
- 112.4m @ 1.05% Li₂O (true width of 110.7m) in ANDD0215;
- 104.7m @ 1.61% Li₂O (true width of 101.6m) in ANDD0239; and
- 132.3m @ 1.25% Li₂O (true width of 98.3m) in ANDD0244.

An exploration target for the lithium has been published, encompassing an estimated range of potential mineralisation of:

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

* 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. For further information in relation to the exploration target, refer to sections 2.2 and 4.4 of the Independent Technical Specialist's Report (being Appendix 5 to the Independent Expert's Report) and to Azure's ASX announcement on 7 August 2023 entitled 'Exploration Target Andover Lithium Project'.

A maiden Mineral Resource Estimate is expected in Q1 to Q2 of 2024 and a PEA / Scoping Study is expected to be completed by Q4 2024.

Nickel-Copper-Cobalt

In addition to the lithium exploration activities at Andover, Azure has undertaken substantial nickel-copper-cobalt sulphide exploration at the project, with the successful discovery and delineation of the Andover Deposit and the Ridgeline Deposit. These two deposits are only 200m apart and are located in the southwest corner of the project area.

Combined Mineral Resource Estimates for the Andover Deposit (ASX: 30 March 2022) and the Ridgeline Deposit (ASX: 8 February 2023) total 6Mt @ 1.45% NiEq. The total contained metal is 100,000t of nickel, copper and cobalt.

The Andover Deposit has an MRE (JORC 2012) of:

4.6Mt @ 1.11% Ni, 0.47% Cu and 0.05% Co (1.41% NiEq) for 51,700t of contained Nickel, 21,700t of contained Copper and 2,290t of contained Cobalt at a cut-off grade of 0.5% Ni (see Table 1 and refer ASX announcement titled 'Azure Delivers Maiden Mineral Resource Estimate for Andover Ni-Cu Deposit', released 30 March 2022 for full details).

Table 1: Andover Deposit Mineral Resource Estimate by classification
(Reported above a 0.5% Ni cut-off)

Classification	Tonnes Mt	Ni %	Cu %	Co %	S%	NiEq%	Ni Metal Kt	Cu Metal Kt	Co Metal Kt
Indicated	3.8	1.16	0.47	0.05	8.23	1.51	44.0	17.9	2.06
Inferred	0.9	0.89	0.44	0.04	6.33	1.20	7.7	3.8	0.37
Total	4.6	1.11	0.47	0.05	7.87	1.41	51.7	21.7	2.29

Notes:

1. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
2. Data is reported to significant figures and differences may occur due to rounding.
3. Mineral Resources have been reported above a cut-off grade of 0.5 % nickel.
4. The NiEq calculation represents total metal value for each metal summed and expressed in equivalent nickel grade and tonnes. Commodity prices assumed in the calculation are US\$: nickel \$19,366.6/t; copper \$9,089.8/t; cobalt \$63,107.9/t. The following metallurgical recovery assumptions are based on metallurgical test work and Azure considers they have a reasonable prospect to be achieved: 79% nickel recovery; 70% copper recovery; 68% cobalt recovery.
5. $NiEq\ equation = Ni(\%) + (Cu(\%) \times ((Cu\ \$/t \times Cu\ recovery \times 0.01) / (Ni\ \$/t \times Ni\ recovery))) + (Co(\%) \times ((Co\ \$/t \times Co\ recovery \times 0.01) / (Ni\ \$/t \times Ni\ recovery)))$

The Ridgeline Deposit has an MRE (JORC 2012) of:

1.3Mt @ 1.11% Ni, 0.46% Cu and 0.05% Co (1.47% NiEq) for 14,700t of contained Nickel, 6,100t of contained Copper and 640t of contained Cobalt at a cut-off grade of 0.5% Ni (see Table 2 and refer ASX: 8 February 2023 for full details).

Table 2: Ridgeline Deposit Mineral Resource Estimate by classification
(Reported above a 0.5% Ni cut-off)

Classification	Tonnes Mt	Ni %	Cu %	Co %	S%	NiEq%	Ni Metal Kt	Cu Metal Kt	Co Metal Kt
Indicated	0.4	1.13	0.48	0.05	6.63	1.51	4.8	2.0	0.21
Inferred	0.9	1.09	0.45	0.05	6.57	1.45	9.9	4.1	0.43
Total	1.3	1.11	0.46	0.05	6.59	1.47	14.7	6.1	0.64

Notes:

1. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
2. Data is reported to significant figures and differences may occur due to rounding.
3. Mineral Resources have been reported above a cut-off grade of 0.5% Ni.
4. The NiEq calculation represents total metal value for each metal summed and expressed in equivalent nickel grade and ounces. Commodity prices assumed in the calculation are US\$: nickel \$19,366.6/t; copper \$9,089.8/t; cobalt \$63,107.9/t.
5. The following metallurgical recovery assumptions are based on metallurgical testwork, and Azure considers they have a reasonable potential to be recovered and sold: 80% nickel recovery; 77% copper recovery; 77% cobalt recovery.
6. $NiEq\ formula = Ni(\%) + (Cu(\%) \times (Cu\ \$/t \times Curecovery \times 0.01) / (Ni(\%) \times Nirecovery \times 0.01)) + (Co(\%) \times ((Co\ \$/t \times Corecovery \times 0.01) / (Ni\ \$/t \times Nirecovery \times 0.01)))$

(ii) Barton Gold & Base Metals Project (100 % Azure)

The Barton Gold & Base Metals Project lies adjacent to the historical gold mining town of Kookynie, approximately 40km south of Leonora in the Eastern Goldfields region of Western Australia.

Azure holds a large strategically situated portfolio of eight granted tenements totalling 888km². This sizeable land package covers a contiguous 88km of strike length of the prime Kookynie greenstone sequence, which hosts numerous historical gold mines and current gold deposits. Azure's landholding covers multiple, under-explored mineralised trends with greenstone belts, adjacent granite margins and favourable structural settings that are considered prospective for hosting significant gold and base metals mineralisation.

(iii) 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 in Western Australia.

Widespread sand cover conceals basement rocks comprising sedimentary units of the Mallina Formation, granite intrusions and the Loudon Volcanics, an Archean-age greenstone belt. There are no indications of drilling or other historical exploration activities within the project area.

At the closest point, Turner River is situated within 7 kilometres of De Grey Mining's (ASX:DEG) Mallina Gold Project, which contains approximately 12Moz of gold resources hosted in multiple deposits, including the 10Moz Hemi gold deposit.

Given the extensive sand cover and minimal outcrop, little historical exploration, favourable rock types in a fertile structural setting and proximity to De Grey's gold deposits, Azure considers there to be good potential for Turner River to host substantial gold mineralisation.

Preliminary reconnaissance by Azure identified outcropping pegmatites and occasional historical artisanal mine workings that exploited tantalum and other minerals, indicating that Turner River also hosts good potential for lithium mineralisation.

Azure will undertake geophysical surveys and drilling within this unexplored project as soon as the tenements are granted.

(iv) Coongan Project (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).

Azure has undertaken geophysical surveys and surface exploration within this mostly unexplored project.

Azure has a market capitalisation of approximately \$1.62 billion, which is based on the market value of its outstanding shares as at the Last Practicable Date.³⁴

(c) ASX Listing Rule Chapter 5 Disclosures

The information in this Section 6.2 and elsewhere in this Transaction Booklet that relates to Mineral Resource estimates for the Andover Project is extracted from the announcement entitled 'Azure Delivers Maiden Mineral Resource for Andover' released to the ASX on 30 March 2022, which is available on Azure's website (www.azureminerals.com.au). Azure confirms that it is not aware of any new information or data that materially affects the information in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. Azure confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

The information in this Section 6.2 and elsewhere in this Transaction Booklet that relates to Mineral Resource estimates for the Ridgeline Deposit is extracted from the announcement entitled 'Azure Delivers Maiden Resource for Ridgeline Nickel Deposit' released to the ASX on 8 February 2023, which is available on Azure's website (www.azureminerals.com.au). Azure confirms that it is not aware of any new information or data that materially affects the information in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. Azure confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

³⁴ Source: IRESS as at 27 February 2024. This data has been reproduced without permission.

The information in this Section 6.2 and elsewhere in this Transaction Booklet that relates to the exploration target for the Andover Project, as originally reported to the ASX on 7 August 2023 in an announcement entitled 'Exploration Target Andover Lithium Project', 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 JORC Code. Mr Leaver and Dr Combs are full-time employees of Azure and take responsibility for the form and context in which the exploration target appears in this Transaction Booklet.

The information in this Section 6.2 and elsewhere in this Transaction Booklet that relates to exploration results at the Andover Project is extracted from the announcements entitled 'Exceptional Lithium Drill Intersections from Andover' dated 13 June 2023, 'Broad High-Grade Lithium Intersections Continue at Andover' dated 20 June 2023, 'More Broad High-Grade Lithium Intersections at Andover' dated 30 June 2023, 'More Very Broad Lithium Intersections Returned at Andover' dated 14 July 2023, '209m High-Grade Lithium Intersection at Andover' dated 4 August 2023, 'Substantial Lithium Intersections Continue at Andover' dated 21 August 2023, 'Andover Delivers More Outstanding Lithium Results' dated 18 September 2023, 'Outstanding Metallurgical Results from Andover Lithium' dated 9 October 2023, 'Spodumene-Rich Pegmatites Drilled at Andover Target Area 3' dated 10 October 2023, 'Extensive High-Grade Lithium Confirmed at Target Area 3' dated 15 November 2023 and 'World-Class Lithium Intersections Continue at Andover' dated 22 December 2023, which are available on Azure's website (www.azureminerals.com.au/asx-announcements). Azure confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. Azure confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

6.3 Key arrangements with the Joint Bidder Group

On 11 January 2023, as announced to the ASX, SQM and Azure entered into a subscription agreement pursuant to which SQM agreed to invest \$20 million in Azure in consideration for the issue of Azure Shares giving SQM a 19.99% interest in Azure (**Subscription Agreement**). Under the terms of the Subscription Agreement, until SQM no longer holds Voting Power of at least 10% in Azure, SQM has:

- the right to appoint a director to the Azure Board – this has not been exercised by SQM to date;
- the right to form, with Azure, a technical committee to assist and advise on the exploration and development of Azure's lithium projects;
- an offtake right in respect of 25% of all lithium product in which Azure has an interest;
- the right to be given notice of future equity issues, with Azure having to negotiate in good faith to identify whether the terms on which SQM may participate in such equity issues can be agreed; and
- a pre-emptive right to participate in any debt funding transaction or any royalty agreement, streaming agreement or pre-payment agreement proposed to be undertaken or entered into by Azure.

6.4 Historical financial information

(a) Basis of presentation of historical financial information

The selected historical financial information in this Section 6.4 has been extracted from Azure's audited consolidated:

- statement of profit or loss and other comprehensive income for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023;
- statements of financial position as at 30 June 2021, 30 June 2022 and 30 June 2023; and
- statements of cash flows for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023.

(together, the **Azure Historical Financial Information**).

The Azure Historical Financial Information presented in this Section 6.4 is in an abbreviated form and has been prepared solely for inclusion in the Transaction Booklet. As such, it does not contain all disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Azure recommends that the following be read in conjunction with the financial statements of Azure for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.

The Azure Historical Financial Information is extracted from Azure's audited consolidated financial statements for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, which have been (or are taken to have been) lodged with ASIC and are available on Azure's website at www.azureminerals.com.au and the ASX website at www.asx.com.au.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, discrepancies in the tables below between totals and sums of amounts listed in those table or to previously published figures are due to rounding.

It should be noted that past financial performance is not an indicator of future performance.

(b) Historical consolidated statement of profit or loss and other comprehensive income

	2023 \$	2022 \$	2021 \$
CONTINUING OPERATIONS			
Income			
Interest	69,482	1,646	40,871
Expenditure			
Depreciation	(118,478)	(130,821)	(40,020)
Lease Amortisation	(109,534)	(109,534)	(122,422)
Salaries and employment benefits expense	(1,135,324)	(1,130,563)	(695,079)
Director's fees	(155,000)	(155,000)	(156,476)
Exploration expenses	(13,479,782)	(15,112,330)	(8,238,416)
Travel expenses	(213,383)	(62,008)	(20,660)
Promotion expenses	(405,122)	(274,320)	(183,844)
Administration expenses	(1,301,532)	(712,571)	(513,396)
Consulting expenses	(52,857)	(174,209)	(85,153)
Insurance expenses	(93,789)	(86,759)	(53,207)
Lease Interest	(29,900)	(37,419)	(23,323)
Convertible Note Interest	-	-	(120,512)
Fair Value adjustments of convertible notes	-	-	(5,517,242)
Share based payment expense	(4,553,482)	(121,286)	(86,607)
Loss on tenement Sale	(1,502,283)	-	-
Provision for expected credit losses	(6,000,000)	-	-
Other expenses	(488)	(180,195)	(121,197)
Loss before income tax from continuing operations	(29,081,472)	(18,285,369)	(15,936,683)
Income tax expense	-	-	-
Loss for the year from continuing operations	(29,081,472)	(18,285,369)	(15,936,683)
DISCONTINUED OPERATIONS			
Profit/(Loss) after income tax from discontinued operations	7,878,320	(1,737,219)	(963,495)
Loss for the year	(21,203,152)	(20,022,588)	(16,900,178)
Other comprehensive income/(loss)			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	1,553,860	273,789	520,359
Other comprehensive income/(loss) for the year net of tax	1,553,860	273,789	520,359
Total comprehensive loss for the Year	(19,649,292)	(19,748,799)	(16,379,819)

Section 6 | Azure Information

	2023 \$	2022 \$	2021 \$
<i>The loss for the year and total comprehensive loss for the year is fully attributable to the owners of Azure Minerals Limited</i>			
<i>Loss per share from continuing operations attributable to the ordinary equity holders of the company</i>			
Basic loss per share (cents per share)	(8.59)	(5.89)	(5.92)
<i>Loss per share from discontinued operations attributable to the ordinary equity holders of the company</i>			
Basic Profit/(loss) per share (cents per share)	2.33	(0.56)	(0.36)
<i>Loss per share from attributable to the ordinary equity holders of the company</i>			
Basic loss per share (cents per share)	(6.26)	(6.45)	(6.28)

The above Consolidated Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the Notes to the respective Financial Statements.

(c) Historical consolidated statement of financial position

	2023 \$	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	17,494,228	10,600,561	30,267,222
Trade and other receivables	6,579,417	313,544	876,900
Asset of disposal groups classified as held for sale	-	9,264,636	-
Total Current Assets	24,073,645	20,178,741	31,144,122
Non-Current Assets			
Financial assets at fair value through other comprehensive income	4,000,948	948	948
Security Deposit	24,500	4,500	4,500
Office right of use	273,836	383,370	492,904
Plant and equipment	546,509	244,117	369,594
Capitalised exploration expenditure	5,955,899	7,458,182	15,216,335
Total Non-Current Assets	10,801,692	8,091,117	16,084,281
TOTAL ASSETS	34,875,337	28,269,858	47,228,403
LIABILITIES			
Current Liabilities			
Trade and other payables	3,185,634	1,626,303	1,641,257
Lease Liability	110,607	115,490	120,558
Provisions	132,456	245,554	198,983
Liabilities directly associated with assets classified as held for sale	-	51,887	-
Total Current Liabilities	3,428,697	2,039,234	1,960,798
Non-Current Liabilities			
Lease Liability	156,694	267,302	382,791
Provisions	292,078	136,144	121,623
Total Non-Current Liabilities	448,772	403,446	504,414
TOTAL LIABILITIES	3,877,469	2,442,680	2,465,212
NET ASSETS	30,997,868	25,827,178	44,763,191

	2023 \$	2022 \$	2021 \$
EQUITY			
Contributed equity	163,322,985	143,016,012	142,324,512
Reserves	10,323,617	4,256,748	3,861,673
Accumulated losses	(142,648,734)	(121,445,582)	(101,422,994)
TOTAL EQUITY	30,997,868	25,827,178	44,763,191

The above Consolidated Statement of Financial Positions are to be read in conjunction with the Notes to the respective Financial Statements.

(d) Historical consolidated statement of cash flows

	2023 \$	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees	(3,375,750)	(3,483,276)	(1,980,637)
Interest received	69,482	2,447	3,721
Other income	-	-	52,580
Expenditure on mining interests	(12,898,055)	(16,179,962)	(8,249,544)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(16,204,323)	(19,660,791)	(10,173,880)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	(420,901)	(47,239)	(322,934)
Acquisition Payments for projects	-	(330,623)	(228,559)
Security Deposit	(20,000)	-	(4,500)
Proceeds from sale of plant and equipment	-	1,024	-
Proceeds from sale of mineral projects	3,399,847	101,133	104,260
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES	2,958,946	(275,705)	(451,733)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	20,000,000	-	41,000,000
Share issue costs	-	-	(1,511,062)
Proceeds from exercise of options	266,500	392,500	958,000
Interest expense	(29,900)	-	(232,534)
Lease payments	(115,491)	-	(132,858)
NET CASH INFLOW FROM FINANCING ACTIVITIES	20,121,109	392,500	40,081,546
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	6,875,732	(19,543,996)	29,455,933
Cash and cash equivalents at the beginning of the financial year	10,600,561	30,267,222	849,549
Effect of exchange rate changes on cash and cash equivalents	17,935	(122,665)	(38,260)
CASH AND CASH EQUIVALENTS AT END OF YEAR	17,494,228	10,600,561	30,267,222

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

(e) Material changes in Azure’s financial position and financial performance

To the knowledge of your Directors, and except as disclosed in this Section 6.4(e) or elsewhere in this Transaction Booklet, the financial position and financial performance of Azure has not materially changed since 30 June 2023.

On 28 August 2023, Azure completed a placement of 50,006,184 shares at \$2.40 per share to raise approximately \$120,000,000 and on 15 September 2023 Azure completed a Security Purchase Plan and issued 4,166,803 shares at \$2.40 per share to raise approximately \$10,000,000.

An electronic copy of the annual financial report of Azure for the year ended 30 June 2023 is available on the ASX’s website www.asx.com.au under ASX code ‘AZS’ or on Azure’s website at www.azureminerals.com.au.

(f) Forecast financial information

Azure has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. Azure has concluded that, as at the date of this Transaction Booklet, it would be misleading to provide forecast financial information, as a reasonable basis does not exist for providing financial forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy or market practice.

6.5 Directors and senior management

(a) Directors of Azure

At the date of this Transaction Booklet, the Azure Directors are:

Directors	
Anthony Paul Rovira	Managing Director
Brian David Thomas	Non-Executive Chairman, Non-Executive Director
Hui (Annie) Guo	Non-Executive Director
Hansjörg Plaggemars	Non-Executive Director

Mr Anthony Paul Rovira, BSc (Hons) Flinders University, MAusIMM (Managing Director) (Appointed 20 October 2003)

Tony Rovira has over 30 years technical and management experience in the mining industry, as an exploration and mining geologist, and as a company executive at board level. Since graduating from Flinders University in South Australia in 1983, Tony has worked for companies both large and small, including BHP, Barrack Mines, Pegasus Gold and Jubilee Mines. From 1997–2003 Tony was the General Manager of Exploration with Jubilee Mines, during which time he led the team that discovered and developed the world class Cosmos and Cosmos Deeps nickel sulphide deposits in Western Australia. In the year 2000, the Association of Mining and Exploration Companies awarded Tony the “Prospector of the Year Award” for these discoveries.

Tony joined Azure Minerals as the inaugural Managing Director in December 2003, held the position of Executive Chairman from June 2007 until December 2011, then reverted to his current position of Managing Director. Tony is responsible for the decision in 2020 to change Azure’s focus from precious and base metals in Mexico to lithium, nickel and gold in Western Australia. Azure has had significant exploration success at the Andover Project where a vast array of lithium-rich pegmatites have been discovered, as well as defining two nickel-copper-cobalt sulphide deposits.

Mr Brian Thomas, BSc MBA Grad Cert App Fin Inv MAusIMM MAICD SAFin (Appointed 1 March 2021)

Mr Thomas is a very experienced director and corporate executive with significant domestic and international resources management experience. In addition, Mr Thomas spent 15 years in the financial services sector with executive roles in corporate stockbroking, investment banking and banking. He has more than 35 years of mining and exploration industry experience covering a broad range of commodities from precious, base and battery metals, bulk and industrial minerals, diamonds plus oil and gas. Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Mineral Economics, the University of Western Australia Business School with an MBA and the Securities Institute of Australia (now FinSIA) with a Certificate in Applied Finance and Investment.

Mr Thomas is also a non-executive chairman of Peregrine Gold Limited and a non-executive director of Lanthanein Resources Limited.

Ms Annie Guo, B.Econ, M.Fin (Appointed 1 March 2021)

Ms Guo is a highly proficient corporate executive with more than 20 years' experience in the mining and resources sector. During Ms. Guo's earlier career with PricewaterhouseCoopers, she held senior roles in transaction services, with a focus on the mining and resources sector. In addition, she is an experienced public and private company director and executive and has run her own investment platform focused on Australian and international mining and resource projects for the past decade. Ms. Guo brings significant experience across mining project evaluation, mergers and acquisitions, capital markets, project development and corporate finance, and is currently the Managing Director of Zuleika Gold Limited and a Non-Executive Director of Azure Minerals Limited.

Ms Guo is also a director of Zuleika Gold Limited and CZR Resources Limited.

Mr Hansjörg Plaggemars (Appointed 26 November 2019)

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.

Mr Plaggemars is a member of the management board of Delphi Unternehmensberatung AG, a major shareholder of Azure. Mr Plaggemars has qualifications in Business Administration and is fluent in English and German.

Mr Plaggemars is also a director of the following listed companies: 4basebio plc, Altech Chemicals Limited, Spartan Resources Limited, GeoPacific Resources Ltd, Heidelberger Beteiligungsholding AG, Kin Mining NL, PNX Metals Limited, Wiluna Mining Corporation, Marna Beteiligungen AG, 2invest AG and Altech Advanced Materials AG.

(b) Azure Senior Management

At the date of this Transaction Booklet, the senior management personnel of Azure are:

Person	Position
Brett Dickson	Chief Financial Officer and Company Secretary
Graham Leaver	Exploration Manager
James Dornan	Project Development Manager

If the Transaction is implemented, the Azure Board and senior management team will be reconstituted as described in Section 7.8.

(c) Azure Directors' interests in the Joint Bidder Group

No Azure Director holds any interest in the Joint Bidder Group. No Azure Director acquired or disposed of a Relevant Interest in any shares in a member of the Joint Bidder Group in the 4-month period ending on the date of this Transaction Booklet.

6.6 Azure issued capital**(a) Azure issued securities**

As at the Last Practicable Date, the total securities of Azure on issue were as follows:

- 458,679,575 fully paid ordinary shares; and
- 1,500,000 options.

See Section 11.1 for details regarding the treatment of Azure Options in connection with the Transaction.

(b) Recent Azure Share price history

The following chart shows the closing price and corresponding daily volume traded over the last 12 months up to and including the Last Practicable Date:



Source: IRESS as at 27 February 2024. This data has been reproduced without permission.

(c) Last 12 months trading history of Azure Shares

Azure Shares are listed on the ASX under the ASX Code 'AZS'. As at the Last Practicable Date:

- the last recorded trading price of Azure Shares was \$3.54;
- the 30 day VWAP of Azure Shares was \$3.49;
- the 60 day VWAP of Azure Shares was \$3.55;
- the 90 day VWAP of Azure Shares was \$3.58;
- the highest recorded trading price of Azure Shares in the previous three months was \$3.99 on 27 November 2023; and
- the lowest recorded trading price of Azure Shares in the previous three months was \$3.48 on 22 February 2024.

The last recorded trading price of Azure Shares immediately before public announcement of the SQM Transaction on 26 October 2023 was \$2.44 on 20 October 2023. The latest recorded trading price of Azure Shares immediately before public announcement of the Transaction on 19 December 2023 was \$3.63 on 15 December 2023.

The current price of Azure Shares on ASX can be obtained from the ASX website (www.asx.com.au) or www.azureminerals.com.au.

(d) Substantial holders

As at the Last Practicable Date, so far as known to Azure, there are no substantial holders of Azure Shares, except as set out below:

Substantial Holder ³⁵	Azure Shares	Voting Power
SQM and its associates	89,108,300	19.43%
Hancock and its associates	84,249,468	18.37%
Creasy Group and its associates	58,883,978	12.84%
Delphi Group and its associates	46,557,924	10.15%

SH Mining, Hancock and SQM and their Associates will have a Relevant Interest in 173,357,768 Azure Shares, and Voting Power over 37.80% of all Azure Shares, if and when the Section 611 item 7 Resolution is approved.

6.7 Key Interests of Azure Directors**(a) Interests in Azure Securities**

The number, description and amount of Azure marketable securities controlled or held by, or on behalf of, each Azure Director as at the date of this Transaction Booklet are:

Director	Azure Shares	Azure Options
Brian Thomas	1,657,510	Nil
Anthony Paul Rovira	6,531,310	Nil
Annie Guo	1,000,000	Nil
Hansjörg Plaggemars	888,755*	Nil

* See disclosure below.

Mr Plaggemars was appointed as a director of Azure on 26 November 2019. Mr Plaggemars was appointed as a member of the management board of Delphi Unternehmensberatung AG (**Delphi**), a major shareholder of Azure, on 21 December 2023 and was nominated as an Azure Director by Delphi pursuant to a right contained in a now terminated convertible note announced to ASX on 5 June 2019. As set out in the Appendix 3Y for Mr Plaggemars released to ASX on 28 December 2023, by virtue of his position with Delphi, Mr Plaggemars has disclosed an interest in Delphi's holding of 20,859,907 Azure Shares (which are in addition to the Azure Shares referenced in the table above).

Ms Guo was appointed as a director of Azure on 1 March 2021. Ms Guo is the spouse of Mr Mark Creasy. Mr Creasy is the sole shareholder and director of Yandal Investments Pty Ltd, a major shareholder of Azure and Azure's joint venture partner in the Andover Nickel-Copper Project (Azure 60% / Creasy Group 40%). Ms Guo does not consider she has a Relevant Interest in any of the securities owned and controlled by Yandal Investments Pty Ltd.

³⁵ This table has been prepared on the basis of the Azure Share Register as at 27 February 2024, the substantial shareholder notice filings to ASX and statements of support from the Delphi Group and the Creasy Group.

(b) Recent dealings in Azure Securities

Other than as set out below, no Azure Director has acquired or disposed of a Relevant Interest in Azure Securities in the 4-month period ending on the date immediately before this Transaction Booklet:

- Mr Thomas acquired 1,657,510 Azure Shares by exercising his 2,000,000 Azure Options (at an exercise price of \$0.60) on a cashless basis on 2 November 2023;
- Mr Plaggemars acquired 828,755 Azure Shares by exercising his 1,000,000 Azure Options (at an exercise price of \$0.60) on a cashless basis on 2 November 2023;
- Mr Rovira acquired 3,315,021 Azure Shares by exercising his 4,000,000 Azure Options (at an exercise price of \$0.60) on a cashless basis on 2 November 2023; and
- Ms Guo acquired 1,000,000 Azure Shares by exercising her 1,000,000 Azure Options (at an exercise price of \$0.60) on 6 November 2023.

(c) Agreements or arrangements connected with or conditional on the Transaction

Except as set out elsewhere in this Transaction Booklet, there are no agreements or arrangements that are or will be made between any Azure Director and the Joint Bidder Group, or any other person in connection with, or conditional on, the outcome of the Transaction.

(d) Interests in contracts with the Joint Bidder Group

Except as set out elsewhere in this Transaction Booklet, none of the Azure Directors have any interest in any contract entered into by a member of the Joint Bidder Group.

(e) Other termination benefits

Except as set out in this Section 6.7(e) or elsewhere in this Transaction Booklet, there are no payments or other benefits that are proposed to:

- be made or given to any director, secretary or executive officer of Azure as compensation for loss of, or as consideration for or in connection with his or her retirement from, office in Azure or in a Related Body Corporate of Azure; or
- be made or given to any director, secretary or officer of any Related Body Corporate of Azure as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that body corporate or in Azure.

Mr Anthony Rovira and Mr Brett Dickson have formalised service agreements pursuant to which Mr Rovira and Mr Dickson are respectively entitled to an early termination payment equal to the greater of:

- the remuneration that would have been payable to each employee had their employment contract not been terminated before the end of its term (being 31 December 2024 for each of Mr Rovira and Mr Dickson); and
- the equivalent of 12 months' remuneration.

(f) Deeds of indemnity, access and insurance

Azure has entered into deeds of indemnity, insurance and access with its Directors and various executive officers, on customary terms.

Azure pays premiums in respect of a directors and officers insurance policy for the benefit of the Azure Directors and executive officers. Azure may, prior to the Implementation Date, enter into arrangements to secure directors and officers' run-off insurance for any and all directors and executive officers of each member of the Azure Group for up to a 7-year period from the Implementation Date. Clause 7.4 of the Transaction Implementation Deed provides various SH Mining undertakings in support of that insurance.

Clause 9 of the Transaction Implementation Deed also provides for certain releases of each director, officer or employee of any member of the Azure Group as is customary for transactions such as the Transaction.

(g) Other interests of Azure Directors

Except as set out in this Section 6.7 and elsewhere in this Transaction Booklet, no Azure Director has any other interest, whether as a director, member, or creditor of Azure or otherwise, which is material to the Transaction, other than in their capacity as a holder of Azure Shares.

6.8 Interests of certain persons in the Transaction

Except as otherwise disclosed in this Transaction Booklet, no Azure Director or Azure executive officer, nor any Associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in the Transaction, except for any interest arising from the direct or indirect ownership of Azure Shares or Azure Options held by such Azure Directors, Azure executive officers, Associates or affiliates.

6.9 Azure Directors' intentions regarding the business, assets and employees of Azure

If the Scheme is implemented, the existing Azure Board will be reconstituted in accordance with the instructions of SH Mining. If the Takeover Offer becomes unconditional, SH Mining may be entitled to appoint members to the Azure Board. Accordingly, it is not possible for the Azure Directors to provide a statement of their intentions regarding:

- the continuation of the business of Azure or how Azure's existing business will be conducted;
- any major changes to be made to the business of Azure, including any redeployment of the fixed assets of Azure; or
- the future employment of the present employees of Azure,

in each case, after the Scheme is implemented or the Takeover Offer becomes unconditional.

If the Scheme is implemented, the Joint Bidder Group will have 100% ownership of Azure's issued shares and will control Azure. See Section 7.8 for further information. If the Takeover Offer is declared or becomes unconditional, SH Mining will acquire Azure Shares and its intentions are set out in Section 7.8.

If the Transaction does not proceed, Azure Directors intend to govern Azure in the ordinary course of business of Azure.

6.10 Effect of Transaction on Azure's material contracts

Azure is not, after due inquiry, aware of any financing arrangement or other contract that has been entered into by Azure or any of its subsidiaries, that Azure considers to be material in the context of Azure or the Azure Group taken as a whole, that contains a change of control provision that may be triggered if SH Mining acquires Azure Shares as a result of the Transaction.

6.11 Publicly available information

As an ASX-listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act, Azure is subject to regular reporting and disclosure requirements of the Corporations Act and ASX Listing Rules. Broadly, these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Copies of these announcements can be obtained free of charge from Azure's website at www.azureminerals.com.au or by visiting the ASX website at www.asx.com.au. Further announcements concerning developments at Azure may be made and placed on these websites after the date of this Transaction Booklet.

As required by ASIC Corporations (Takeover Bids) Instrument 2023/683, any Azure Shareholder who would like to receive a copy of any of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting the Azure Shareholder Information Line on 1300 261 960 (within Australia) or +61 3 9415 4228 (outside of Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays).

Additionally, copies of documents lodged with ASIC in relation to Azure may be obtained using services provided by ASIC, information in respect of which can be found on the ASIC website at www.asic.gov.au. Please note, ASIC may charge a fee in respect of such services.

Azure Shareholders may obtain a copy of:

- the annual financial report of Azure for the year ended 30 June 2023 (being the annual financial report most recently lodged with ASIC before lodgement of this Transaction Booklet with ASIC); and
- any continuous disclosure notice given to ASX by Azure since the lodgement with ASIC of the 30 June 2023 annual report for Azure referred to above and before lodgement of this Transaction Booklet with ASIC.

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Transaction Booklet.

A list of announcements made by Azure to ASX from the date of the announcement of the Transaction on 19 December 2023 to the Last Practicable Date, is included below:

Date	Announcement
19 December 2023	Change in substantial holding
19 December 2023	Change in substantial holding
22 December 2023	World-Class Lithium Intersections Continue at Andover
28 December 2023	Change of Director's Interest Notice
15 January 2024	Substantial Lithium Results Continue From Andover
31 January 2024	Quarterly Activities/Appendix 5B Cash Flow Report
13 February 2024	More Very Impressive Lithium Results from Andover
13 February 2024	RIU Explorers Presentation
14 February 2024	Transaction Booklet Lodged with ASIC
16 February 2024	Notice from SH Mining Pty Ltd - ASIC Relief
26 February 2024	Becoming a substantial holder
26 February 2024	Ceasing to be a substantial holder from MIN

Shareholders are advised to monitor Azure's ASX announcements after the Last Practicable Date for any further updates regarding the business of Azure, the Scheme or the Takeover Offer.

6.12 Litigation

As at the Last Practicable Date, the Azure Group is not currently subject to any material legal disputes and is not party to any material litigation proceedings.

6.13 Further information

For a summary of the risks associated with the Transaction, refer to Section 8.

7. Information about the Joint Bidder Group

7.1 Introduction

The information contained in this Section 7 has been prepared by SQM and Hancock. The information in relation to the SQM Group has been prepared as at the date of this Transaction Booklet and is the responsibility of SQM. The information in relation to Hancock Group has been prepared as at the date of this Transaction Booklet and is the responsibility of Hancock. Additional information is included in the Independent Expert's Report attached in Annexure 1. Azure does not assume any responsibility for the accuracy or completeness of the information in this Section 7.

7.2 Overview of SQM Group

SQM Parent is a leading globally diversified chemical and mining company with a market capitalisation of US\$12.68 billion as at the Last Practicable Date and cash and cash equivalents of approximately US\$1.041 billion and short-term deposits of approximately US\$1.326 billion as at 31 December 2023. In FY23, SQM Parent recorded EBITDA of US\$3.226 billion and net income of US\$2.013 billion. SQM Parent has operations across Western Australia and Chile and has established itself as a diversified key player in global markets with a strong focus on the production and distribution of specialty plant nutrients, iodine and lithium. SQM Parent's products reach more than 100 countries and the company directly employs more than 7,000 people globally.

SQM Parent is one of the largest lithium producers globally and in 2022 accounted for approximately 20% of the market. In 2022, SQM Parent's lithium business accounted for approximately 79% of SQM Parent's total gross margin with a lithium chemical capacity of 180 Ktpa lithium carbonate equivalent (**LCE**).

Western Australia operations

SQM owns 50% of the Mt Holland lithium project via an unincorporated joint venture between SQM and Wesfarmers Limited. The Mt Holland lithium project is located in Western Australia and comprises a mine and concentrator producing spodumene concentrate as well as a lithium hydroxide refinery at Kwinana in Western Australia.

Construction was recently completed at the Mt Holland mine and concentrator with first production in late 2023. When fully operational, the mine and concentrator are expected to produce approximately 380,000 tonnes of spodumene concentrate each year. The bulk of spodumene concentrate produced from the mine will be refined at Kwinana where construction of a refinery capable of producing 50,000 tonnes of lithium hydroxide per year is underway and first production is expected in 2025.

SQM and Wesfarmers are currently assessing the feasibility of expanding the capacity of the project.

Chilean operations

SQM Parent operates in northern Chile where it mines and processes caliche ore and brine. The caliche ore is the world's largest commercially exploited source of natural nitrates. The brine deposits of the Salar de Atacama, a salt-encrusted depression in the Antofagasta Region in Chile, contains high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron.

From the caliche ore deposits, SQM Parent produces a wide range of nitrate-based products used for speciality plant nutrients and industrial applications, as well as iodine and iodine derivatives.

At the Salar de Atacama deposit, brines rich in lithium, potassium, sulfate and boron are extracted in order to produce potassium chloride, lithium solutions and bischofite (magnesium chloride).

Solutions are transported from the Salar de Atacama deposit. SQM Parent produces lithium carbonate and lithium hydroxide from its lithium chemical plant located near the city of Antofagasta from solutions brought from the Salar de Atacama.

China operations

SQM Parent has an agreement to acquire a new plant in China, which should allow the company to produce up to 20,000 metric tonnes of lithium hydroxide per year from lithium sulfate coming from Chile.

(a) SQM Parent Directors and senior management

As at the date of this Transaction Booklet, the SQM Parent Directors are:

Directors	
Gonzalo Guerrero Yamamoto	Chairman
Patricio Contesse Fica	Vice Chairman
Hernán Büchi Buc	Director
Ashley Luke Ozols	Director
Antonio Gil Nievas	Director
Gina Ocqueteau Tacchini	Director
Antonio Schneider Chaigneau	Director
Xu Tieying	Director

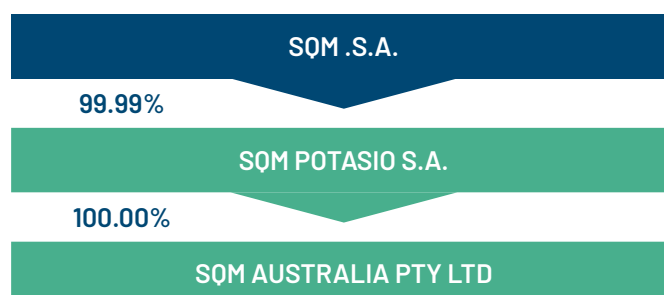
As at the date of this Transaction Booklet, SQM Parent's senior management are as follows:

Name	Position
Ricardo Ramos	Chief Executive Officer
Pablo Altimiras	Executive VP Nitrates & Iodine
Gonzalo Aguirre	General Counsel
José Miguel Berguño	Senior VP Corporate Services
Carlos Díaz	Executive VP Lithium
Gerardo Illanes	Chief Financial Officer

As at the date of this Transaction Booklet, the directors of SQM are:

Name	Position
Mark Fones	Director
Carlos Díaz	Director
Gonzalo Aguirre	Director
Jay Leary	Director

(b) Corporate Structure



7.3 SQM Azure Shares

As at the Last Practicable Date, SQM and its Associates are the registered holders of 89,108,300 Azure Shares (representing approximately 19.43% of the total number of Azure Shares).

7.4 Overview of Hancock Group

Hancock is a proprietary company limited by shares that was incorporated in Australia on 16 October 2023.

Hancock is a wholly-owned subsidiary of Hancock Parent.

Hancock Parent

Hancock Parent, the parent company of Hancock, is an Australian proprietary company limited by shares. Hancock Parent's voting shares are owned by the following shareholders:

- Mrs Georgina Hope Rinehart – 76.55%; and
- Bianca Hope Rinehart, as trustee for The Hope Margaret Hancock Trust (of which Mrs Georgina Hope Rinehart's four children are the beneficiaries) – 23.45%.

Hancock Group's principal activities

Hancock Parent is a privately held Australian company that has a longstanding and important association with Australia's mining sector. It is one of Australia's most successful private companies with diversified interests across iron ore, gas, lithium, coal, beef and dairy, as well as mineral exploration and development.

The Hancock Group holds interests in major iron ore projects in the Pilbara. Specifically, it holds a 50% interest in the 47 million tonnes per annum Hope Downs Project (in a joint venture with Rio Tinto) and a 70% interest in Roy Hill, a substantial integrated iron ore mine, railway and port operation, which for the financial year ended 30 June 2023 produced 63.3 million tonnes of iron ore. The Hancock Group is also the majority shareholder in Atlas Iron Pty Ltd, which currently has two operating iron ore assets at Mt Webber and Sanjiv Ridge with production at a rate of 10 million tonnes per annum of iron ore. In addition, the Hancock Group is conducting exploration activities across a range of wholly and jointly owned tenure, including Mulga Downs and McPhee.

The Hancock Group has a 19.8% holding in Liontown Resources Limited, an ASX-listed battery minerals exploration company.

The Hancock Group holds a 49.9% interest in the share capital of Senex Holdings Pty Ltd, which in turn holds 100% of the share capital in Senex Energy Pty Ltd with current gas production of circa 27 petajoules per annum. The Hancock Group also owns Warrego Energy Pty Ltd, which holds petroleum interests in the Perth Basin in Western Australia.

The Hancock Group also has interests in several international resource projects across Canada, Ecuador and the United Kingdom.

Directors

The profiles of the Hancock Directors (who are also directors of Hancock Parent) as at the date of this Transaction Booklet are as follows:

Directors		
Tadeusz Watroba	Director	Mr Watroba is a Director of Hancock and an Executive Director of Hancock Parent. Mr Watroba has some 50 years' experience in mining, including mining operations, exploration, project evaluation and development, as well as corporate affairs and investments. Mr Watroba has more than 30 years' experience managing the affairs of the Hancock Group, including its mining operations.
Jay Newby	Director	Mr Newby is a Director of Hancock and an Executive Director of Hancock Parent. Mr Newby is a Chartered Accountant with broad experience in corporate finance, accounting and tax and commercial management and has more than 18 years' experience managing the affairs of the Hancock Group.

Latest financial results

Profit from operations

(Amounts in \$million)	2023	2022	2021	2020
Revenue	13,221	14,642	16,614	10,558
Profit before tax from operation	7,082	8,323	10,289	5,620
Income tax expense	(2,043)	(2,510)	(2,958)	(1,550)
Net profit after tax	5,039	5,813	7,331	4,070

Extracts from balance sheet

(Amounts in \$million)	2023	2022	2021	2020
Total assets	38,021	33,885	29,167	21,053
Borrowings	364	413	286	561
Gearing ratio (Debt : Equity)	1.3%	1.7%	1.4%	3.7%

Publicly available information

Further information about the Hancock Group is publicly available and may be accessed at www.hancockprospecting.com.au.

The Hancock Group is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by the Hancock Group may be obtained for a fee from ASIC Connect.

7.5 Hancock Azure Shares

As at the Last Practicable Date, Hancock and its Associates are the registered holders of 84,249,468 Azure Shares (representing approximately 18.37% of the total number of Azure Shares).

7.6 Overview of SH Mining

SH Mining is a proprietary company limited by shares that was incorporated in Australia on 18 December 2023 for the purposes of acquiring Azure Shares not held by the Joint Bidder Group.

Ownership structure

As at the date of this Transaction Booklet, SH Mining is owned 50% by Hancock and 50% by SQM.

As at the Last Practicable Date, SH Mining is the registered holder of nil Azure Shares.

SH Mining directors

As at the date of this Transaction Booklet, all directors of SH Mining are nominees of SQM and Hancock as holders of SH Mining Shares.

The directors of SH Mining as at the date of this Transaction Booklet are Mark Fones, Carlos Díaz, Tadeusz Watroba and Jay Newby. Profiles of Mr Watroba and Mr Newby are set out above at Section 7.4, and those of Mr Fones and Mr Díaz are set out below:

Directors

Mark Fones	Director	Mr. Fones holds a degree in industrial engineering and a MBA from Pontificia Universidad Católica de Chile. He first joined the SQM Group in 2003 and became Corporate Business Development & Planning VP in 2009 and, subsequently, Corporate Finance VP in 2010. In 2017 and after serving as CFO in other industries, Mr. Fones was appointed Chief Executive Officer of Covalent Lithium Pty Ltd, in which position he served until early 2020. Mr. Fones is now Vice President for Strategy and M&A, leading SQM's business development in the lithium sector, including M&A, venture capital, international finance, and strategy.
Carlos Díaz	Director	Mr. Díaz holds a degree in industrial engineering and an MBA from Pontificia Universidad Católica de Chile. He joined the SQM Group in 1996 as a Planning Engineer. In 2002, he became Deputy Finance Manager for the Commercial Offices and four years later was promoted to Logistics Manager. Mr Díaz was appointed Vice President of Nitrates and Iodine Operations in 2012, Senior Vice-President of Potassium and Lithium Operations in March 2019, and Executive Vice-President of Lithium in December 2021.

7.7 Summary of SH Mining shareholding arrangements

Each of SQM, SQM Parent, Hancock, Hancock Parent and SH Mining entered into a term sheet on 20 December 2023 to govern the relationship of SQM and Hancock as shareholders of SH Mining and their operation of the Azure business, in the event the Scheme becomes Effective or the Takeover Offer is declared or becomes unconditional (**Term Sheet**). The key terms of the Term Sheet are summarised below.

Upon the successful completion of the Transaction, it is anticipated that Hancock and SQM will enter into a long-form shareholders agreement to replace the Term Sheet, which is expected to be on terms materially consistent with the Term Sheet.

Effective Date	<p>The operative provisions of the Term Sheet will only become binding if:</p> <ul style="list-style-type: none"> ▪ ASIC has granted joint bid relief pursuant to section 655A of the Corporations Act to facilitate the joint bidding arrangements of the parties for all Azure Shares; or ▪ the Section 611 item 7 Resolution has been passed by the requisite majority of Azure Shareholders, <p>and either:</p> <ul style="list-style-type: none"> ▪ the Scheme has become Effective; or ▪ the Takeover Offer Period closes and the Takeover Offer has been declared or become unconditional.
-----------------------	---

Board composition and meetings	<p>Hancock and SQM each have the right to appoint one director to the SH Mining board for every 25% (or part thereof) of equity in SH Mining held by them.</p> <p>Directors appointed by each of Hancock and SQM present at an SH Mining board meeting will collectively have such number of votes as is equal to their respective nominator's proportion of SH Mining equity.</p> <p>All decisions of the SH Mining board will be decided by simple majority, except for certain matters requiring 70% or more of the total votes cast by directors present and entitled to vote, such as appointing and removing the SH Mining CEO, issuing securities (other than an issue per an approved business plan and budget) and entering into borrowings or other financial accommodation in excess of a certain amount.</p> <p>If the SH Mining board is unable to resolve a matter, then either Hancock or SQM may send the other a notice setting out the matter, its position on the matter and the reasons for its position. The respective CEOs of the Hancock Group and SQM Group must then meet and use all reasonable endeavours in good faith to resolve the matter within 30 days, failing which:</p> <ul style="list-style-type: none"> ▪ if the matter relates to the approval of a new business plan and budget (or amendment to an existing business plan and budget), Azure will continue to be managed under the existing business plan and budget (subject to any amendments required to comply with applicable laws and contractual commitments); and ▪ in any other case, the SH Mining board will be taken to have decided that no action be taken on the matter.
Andover Joint Venture Agreement Management Committee	<p>For so long as a SH Mining shareholder holds at least 50% of the equity in SH Mining, they may appoint one representative to the management committee established under the Andover JVA and each other equivalent governance body under any other joint venture arrangement in respect of any project being undertaken by Azure.</p>
Business plan and dividends	<p>For each financial year, SH Mining must prepare and submit to the board of SH Mining a draft business plan and proposed budget.</p> <p>The profits of SH Mining and Azure must be distributed to the maximum extent, except to ensure that SH Mining remains solvent and is able to meet any expenditure requirements specified in an approved business plan and budget.</p>
Hancock and SQM external activities	<p>Each of Hancock and SQM may generally engage in any opportunity or activity outside the scope of the activities of SH Mining or Azure, including opportunities and activities which are in competition with those of SH Mining, Azure or a shareholder of SH Mining or Azure.</p>
Funding	<p>Hancock and SQM agree to contribute additional capital to SH Mining on a pro-rata basis in proportion to their respective shareholding in SH Mining. If either Hancock or SQM does not contribute their proportionate share of capital then, provided such capital is contemplated by an approved business plan and budget or a definitive feasibility study and the other shareholder makes up the funding shortfall, the non-contributing shareholder's equity in SH Mining will be diluted.</p>
Guarantee	<p>Each of Hancock Parent and SQM Parent has agreed to guarantee the performance of the financial obligations of Hancock and SQM respectively under the Term Sheet.</p>

Disposal of shares
Right of first offer

If a shareholder (**Selling Shareholder**) wishes to sell any of its SH Mining Shares and/or Azure Shares (**Sale Shares**) and the other shareholder has a SH Mining shareholding of at least 20% (**Recipient**), then the Selling Shareholder must issue a notice to that effect to the Recipient. The Recipient may then within 30 days submit an offer (**Offer Notice**) to acquire the Sale Shares on the terms set out in the Offer Notice. The Selling Shareholder must then decide whether to accept the Recipient's offer within 10 days after receipt thereof (**Offer Period**).

If the Selling Shareholder accepts the Recipient's offer then completion of the sale and purchase of the Sale Shares must take place within 90 days after the expiry of the Offer Period (or such longer period required to obtain regulatory approvals).

If the Recipient does not provide an Offer Notice, then the Selling Shareholder may proceed to sell all or any of the Sale Shares to a bona fide third party purchaser (**Purchaser**), subject to the Recipient's right of last refusal and the other requirements that apply in respect of a transfer of any Sale Shares (see below).

Right of last refusal

If a Selling Shareholder wishes to sell any Sale Shares to a Purchaser, it must issue a notice (**Sale Notice**) offering to sell those Sale Shares to the Recipient (on the terms offered to the Purchaser) where such Recipient has a SH Mining shareholding of at least 20%. The Recipient may then elect to accept the offer the subject of the Sale Notice within 15 days (**Sale Offer Period**).

If the Recipient accepts the offer the subject of the Sale Notice, then completion of the sale and purchase of the Sale Shares must take place within 90 days after the expiry of the Sale Offer Period (or such longer period required to obtain regulatory approvals).

If the Recipient does not accept the offer the subject of the Sale Notice, then the Selling Shareholder may proceed to sell all or any of the Sale Shares to the Purchaser, subject to the other requirements that apply in respect of a transfer of any Sale Shares (see below).

Other requirements

The sale or other disposal of any Sale Shares is subject to certain other requirements, including:

- a Selling Shareholder must not dispose of their SH Mining Shares or Azure Shares for non-cash consideration;
- a right for a Recipient with a SH Mining shareholding of at least 20% to veto a transfer to a third party transferee who, in the reasonable opinion of the Recipient, lacks financial or technical capacity, is of poor reputation or fails to meet any other agreed requirement;
- a disposal of any SH Mining Shares must occur contemporaneously with a disposal of a corresponding portion of: (i) any shareholder loans owed to the Selling Shareholder; and (ii) any Azure Shares held by the Selling Shareholder or its affiliates; and
- all regulatory approvals having been obtained in respect of the disposal and the transferee agreeing to be bound by the Term Sheet as if named as a shareholder.

Each of Hancock and SQM must maintain a minimum holding (collectively with its affiliates) of 10% of SH Mining Shares, failing which the other SH Mining shareholder will have an option to purchase all the SH Mining Shares and Azure Shares held by that shareholder and its affiliates at fair market value.

Default	<p>Hancock or SQM will be in default if it:</p> <ul style="list-style-type: none"> ▪ commits a material breach of the Term Sheet which is incapable of remedy or is not remedied within 30 days' written notice; ▪ is subject to an insolvency event; ▪ disposes of any of its SH Mining Shares in breach of the Term Sheet or SH Mining's constitution; or ▪ undergoes a change of control without the other's prior written consent. <p>If an event of default occurs, the non-defaulting shareholder will have a call option to acquire all of the defaulting shareholder's SH Mining Shares and Azure Shares at fair market value, less a 5% discount.</p>
Entitlement to offtake	<p>Each of Hancock and SQM will enter into an offtake agreement with Azure entitling them to Azure's share of production from any project in proportion to their shareholding in SH Mining. Such offtake agreements are intended to replace the existing offtake arrangements between Azure and SQM.</p>
Termination	<p>The Term Sheet may be terminated at any time by written agreement between the parties or if either Hancock or SQM ceases to hold any SH Mining Shares and Azure Shares.</p>

7.8 Joint Bidder Group's intentions in relation to Azure

This Section 7.8 sets out the present intentions of the Joint Bidders in relation to the following:

- the continuation of the business of Azure;
- any major changes to be made to the business of Azure, including any redeployment of fixed assets of Azure; and
- the future employment or engagement of Azure's present employees and contractors.

These intentions have been formed based on facts and information concerning Azure, and the general business and economic environment, which are known to the Joint Bidders at the time of preparing this Transaction Booklet. Final decisions will only be made by the Joint Bidders in light of all material facts and circumstances at the relevant time. Accordingly, statements set out in this Section 7.8 are statements of current intention only and may vary as any new information becomes available or circumstances change.

(a) Joint Bidders' intentions upon the Scheme becoming Effective or SH Mining and its Associates holding a Relevant Interest in 90% or more of Azure Shares under the Takeover Offer

The Joint Bidders' current intentions if the Scheme becomes Effective or if SH Mining and its Associates acquire a Relevant Interest in 90% or more of Azure Shares pursuant to the Takeover Offer and may proceed to compulsory acquisition of the outstanding Azure Shares are set out below.

Compulsory acquisition

The Takeover Offer will only proceed if the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances.³⁶ If the Takeover Offer proceeds and SH Mining becomes entitled to do so under the Corporations Act, it intends to give notices to Azure Shareholders to compulsorily acquire any outstanding Azure Shares (including any new Azure Shares which are issued as a result of the exercise of Azure Options) in accordance with Part 6A.1 of the Corporations Act. If SH Mining compulsorily acquires the remaining Azure Shares under this procedure, the applicable Azure Shareholders will receive the Takeover Offer Consideration later than the time of payment of those Azure Shareholders who accepted the Takeover Offer.

ASX listing

The Joint Bidders' current intention is to arrange for Azure to be removed from the official list of ASX and for Azure to be subsequently converted to a proprietary company limited by shares.

³⁶ Please refer to Section 5.7 for further details on the Takeover (Scheme) Condition.

Azure Board composition

If Azure becomes a wholly-owned controlled entity of SH Mining then the Joint Bidders intend to conduct a review of the members of the Azure Board and may replace some or all of the existing members with their nominees. Replacement board members have not yet been identified by the Joint Bidders and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement board members will be nominees of a member of the Joint Bidder Group.

The Joint Bidders also currently intend to consider whether to retain or replace the existing Managing Director of Azure with an appropriately qualified person elected by SH Mining.

Business, assets and employees

If Azure becomes a wholly-owned controlled entity of SH Mining then the Joint Bidders intend to conduct a review of the drilling data base and geological information for Azure's assets. Following a satisfactory review and absent any matters emanating from the review which would indicate a need to change, the Joint Bidders currently intend to continue to operate the Azure business in substantially the same manner as it is currently being operated. This includes continuing to drill the Andover lithium deposit and progress the resource estimation and progression of feasibility study workstreams.

A decision in respect of downstream processing of lithium products extracted from the Andover Project would be made at the appropriate time in the future. Notwithstanding this, the Joint Bidders' current intention would be to investigate and evaluate the refining of spodumene concentrate produced from the Andover Project to produce battery grade lithium chemicals at a refinery located in Australia. The development of a new refinery in Australia by the Joint Bidders would be subject to, among other factors, the evaluation of alternative jurisdictions as a potential location for downstream processing from a suitability and competitiveness perspective, the completion of positive feasibility studies for the development of the refinery, receipt of required regulatory approvals, board approval, and being able to agree appropriate commercial arrangements for the development of the refinery.

(b) Joint Bidders' intentions upon SH Mining and its Associates becoming the holders of greater than 50%, but less than 90% of Azure Shares under the Takeover Offer

The Joint Bidders' intentions if Azure becomes a controlled entity of SH Mining, but SH Mining is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act are set out below.

In these circumstances, the Joint Bidders intend to implement the intentions outlined in Section 7.8(a) above to the extent possible, and as modified by the current intentions of the Joint Bidders described below. The Joint Bidders intend to continue to deal with their stake in Azure with a view to maximising their returns.

ASX listing

If the Takeover Offer is declared or becomes unconditional and SH Mining and its Associates acquire a Relevant Interest in more than 75%, but less than 90%, of Azure Shares, then the Joint Bidders will not be supportive of Azure's continued listing on ASX. While the decision to apply for removal of Azure from the official list of ASX lies with the Azure Board, the Joint Bidders intend to actively encourage Azure to apply for removal of Azure from the official list of ASX to the extent that it is able to do so consistently with ASX guidance. ASX's guidance in relation to the removal of entities from the official list of ASX is set out in ASX Guidance Note 33.

ASX Guidance Note 33 sets out ASX's policy in relation to a request for removal from the official list of ASX and indicates that Azure Shareholder approval would not be required for the removal of Azure from the official list of ASX if the following factors are satisfied:

- SH Mining and its related bodies corporate own or control at least 75% of Azure Shares but do not meet the conditions for compulsory acquisition under the Corporations Act;
- excluding SH Mining and its related bodies corporate, the number of Azure Shareholders having holdings with a value of at least \$500 (being a marketable parcel) is fewer than 150;
- the Joint Bidders have foreshadowed in this Transaction Booklet that they intend, if SH Mining secures control of Azure, to cause Azure to apply for removal from the official list of ASX;
- the Takeover Offer remains open for at least two weeks following SH Mining and its related bodies corporate having attained ownership or control of at least 75% of Azure Shares; and
- Azure applies for removal no later than one month after the end of the Takeover Offer Period.

If these factors are satisfied and shareholder approval for the delisting of Azure is not required, the Joint Bidders intend to send a written or electronic communication to all remaining Azure Shareholders advising them of the nominated time and date at which Azure would be removed from the official list of ASX, being a date not earlier than three months after the date the notice was given (**Removal Date**). The notice to the remaining Azure Shareholders would also state that:

- if they wish to sell their shares on ASX, they will need to do so before the Removal Date; and
- if they do not sell their shares before the Removal Date, thereafter, they will only be able to sell their shares off market.

Those remaining Azure Shareholders who do not sell their Azure Shares on ASX before the Removal Date would face risks associated with the potential reduced liquidity of an unlisted Azure Share.

If the factors in ASX Guidance Note 33 are not satisfied, SH Mining may still request that ASX remove Azure from the official list of ASX. ASX's guidance indicates that ASX's decision to act on SH Mining's request may be subject to the satisfaction of certain conditions. ASX imposes conditions to ensure that the interests of the remaining Azure Shareholders are not unduly prejudiced by the removal and that trading in Azure Shares takes place in an orderly manner up to the date of its removal from the official list.

ASX's guidance indicates that (in some cases), these conditions may include, if Azure Shareholder approval is sought within 12 months after the end of the Takeover Offer Period, the approval of Azure Shareholders to the proposed removal with such approval to be by way of ordinary resolution on which SH Mining and its associates may be excluded from voting. Where more than 12 months have lapsed since the Takeover Offer Period, ASX has indicated in ASX Guidance Note 33 that it would generally permit SH Mining and its associates to vote on a resolution approving Azure's removal from the official list. Any decision by Azure to apply to ASX for removal from the official list would need to be made by the Azure Board, not SH Mining. The Azure Board, including any of SH Mining's nominees on the Azure Board, could decide to seek a delisting if it is in the interest of Azure to do so at the relevant time.

Board composition

If Azure becomes a part owned controlled entity of SH Mining after the end of the Takeover Offer Period then SH Mining intends (subject to the Corporations Act and the constitution of Azure) to conduct a review of the members of the Azure Board and may seek to replace some or all of the existing members with nominees of SH Mining, so that the proportion of such nominees is broadly similar to the voting power of SH Mining. SH Mining would consider the recommendations in the ASX Corporate Governance Guidelines when determining the composition of the board. Replacement board members have not yet been finally decided by SH Mining and their identity will depend on the circumstances at the relevant time.

Further acquisitions of Azure Shares

It is possible that, even if SH Mining is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Takeover Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act. For example, as a result of acquisitions of Azure Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, it reserves the right to exercise those rights.

Business, assets and employees

To the extent possible and consistent with Azure being a controlled entity of SH Mining but not a wholly-owned Subsidiary, the Joint Bidders would intend to implement the intentions set out in Section 7.8(a).

(c) Joint Bidders' intentions upon SH Mining and its Associates becoming the holders of less than 50% of Azure Shares under the Takeover Offer

The Takeover Offer is not subject to any minimum acceptance condition. Accordingly, the Takeover Offer may close in circumstances where SH Mining does not control Azure. In such circumstances:

- the Joint Bidders do not expect to be in a position to give effect to the intentions set out in Sections 7.8(a) and 7.8(b) of this Transaction Booklet (other than the Joint Bidders' intention to request appointment of nominees as Azure Directors, as noted below);
- subject to the size of SH Mining's interest in Azure Shares following close of the Takeover Offer, the Joint Bidders intend to seek representation on the Azure Board that is proportionate to SH Mining's interest in Azure; and
- the Joint Bidders' current intention is to continue to hold any stake in Azure with a view to maximising returns for their shareholders (this may result in SH Mining acquiring additional Azure Shares in the future, to the extent permitted by law).

(d) Limitations in giving effect to intentions

The ability of the Joint Bidders to implement the intentions set out in this Section 7.8 will be subject to the legal obligations of Azure Directors to have regard to the interests of Azure and all Azure Shareholders, and applicable law (including the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties and which may limit or modify the implementation of the intentions outlined above). The Joint Bidders would only decide on the abovementioned courses of action following legal and financial advice in relation to those requirements. In addition, as a result of those requirements, the approval of minority Azure Shareholders may be required for the implementation of some of the intentions outlined above.

7.9 Funding of the Scheme Consideration and the Takeover Offer Consideration

If the Scheme is implemented, the maximum amount of the Scheme Consideration that SH Mining may be required to pay to Scheme Shareholders under the Scheme is approximately \$1.061 billion. This figure includes the Scheme Consideration payable in respect of all Azure Shares which are converted as a result of the exercise of Azure Options prior to the Scheme Record Date.

The maximum amount of the Takeover Offer Consideration that SH Mining may be required to pay under the Takeover Offer is approximately \$1.047 billion (assuming all Azure Options are exercised into Azure Shares and accepted into the Takeover Offer, and that Azure Shares which the Joint Bidders and their respective Associates are the registered holders are not accepted into the Takeover Offer).

The Joint Bidders will jointly provide funding to SH Mining for the Scheme Consideration and Takeover Offer Consideration. Further details regarding the Joint Bidders' funding arrangements to SH Mining are set out in the Joint Bidding Deed, which is summarised in Section 7.10. Hancock intends to use Hancock Parent's existing cash reserves and SQM intends to use a combination of cash reserves and short-term deposits for this purpose.

As at the Last Practicable Date, the Hancock Group has cash and cash equivalents of approximately \$19.5 billion.

At 31 December 2023, SQM Parent had cash and cash equivalents of approximately US\$1.326 billion and short-term deposits of approximately US\$1.041 billion. SQM is yet to determine the exact mix between existing cash and short-term deposits, however, maintains sufficient liquidity to fund its proportion of the Scheme Consideration and Takeover Offer Consideration.

7.10 Joint Bidding Deed

SH Mining, SQM, SQM Parent, Hancock and Hancock Parent entered into the Joint Bidding Deed on 19 December 2023 which sets out the terms and conditions on which the parties will jointly pursue the Transaction. The Joint Bidding Deed was released to the market on 19 December 2023 as part of SQM's and Hancock Parent's respective 'Form 604 - Notice of change of interests of substantial holder' announcements in relation to Azure.

The key terms of the Joint Bidding Deed are summarised below.

Conduct of the Transaction	<p>SQM and Hancock have agreed to cooperate to implement the Transaction.</p> <p>Except to the extent otherwise contemplated in the Joint Bidding Deed, all decisions in relation to the Transaction which must be made by:</p> <ul style="list-style-type: none"> ▪ SQM and Hancock, must be made by joint agreement; and ▪ SH Mining, must be made by unanimous resolution of the SH Mining Directors.
Disclosure documents	<p>SQM and Hancock have agreed to respectively provide, and take responsibility for, the SQM Information and the Hancock Information included in this Transaction Booklet.</p>

Responding to a Competing Proposal	<p>The parties have agreed to cooperate in responding to a Competing Proposal. The Joint Bidding Deed also contains the following requirements designed to reflect ASIC's customary joint bid relief with respect to a higher rival bid or scheme (as stated in ASIC Regulatory Guide 9) whereby the Joint Bidders must:</p> <ul style="list-style-type: none"> ▪ in certain circumstances, match (either jointly, or by one party proceeding with a sole matching bid) or accept a higher rival bid (and must not vote against a higher rival scheme); and ▪ immediately terminate the Joint Bidding Deed (including the Scheme and Takeover Offer) if the Scheme has not, or will not, become Effective by the End Date and the Takeover Offer is withdrawn or lapses for any reason (including non-satisfaction of a defeating condition). <p>The circumstances in which the Joint Bidders are required to match or accept a higher rival bid (or must not vote against a higher rival scheme) are described in further detail below.</p> <p>If the rival bid or scheme is valued at 105% or less of the Transaction</p> <p>If a rival bid or scheme is announced which provides consideration to Azure Shareholders is valued at 105% or less of the value of the consideration offered under the Transaction, then the Joint Bidders may decide not to increase the highest consideration under the Transaction to a value that is equal to, or higher than, the value of the consideration under the rival bid or scheme (as applicable) in which case the parties will continue to pursue the Transaction.</p> <p>If the rival bid or scheme is valued at more than 105% of the Transaction</p> <p>If a rival bid or scheme is announced, and, amongst other conditions, the consideration is valued at more than 105% of the value of the consideration offered under the Transaction, then the Joint Bidders must decide whether to increase the highest consideration under the Transaction to a value that is equal to, or higher than, the value of the consideration under the rival bid or scheme (Matching Offer).</p> <p>If a Joint Bidder decides to make a Matching Offer (Participating Joint Bidder) but the other Joint Bidder decides not to fund the increase in consideration under the Matching Offer (Non-Participating Joint Bidder), then the Participating Joint Bidder will be solely responsible for funding the additional consideration under the Matching Offer and the Joint Bidders' respective interests in SH Mining will be adjusted accordingly.</p> <p>If a Participating Joint Bidder decides to make a Matching Offer and the Non-Participating Joint Bidder elects to terminate the Joint Bidding Deed or otherwise defaults in certain circumstances, the Non-Participating Joint Bidder must provide the Participating Joint Bidder with full control of SH Mining and the conduct of the Transaction. Subject to certain exceptions, the Non-Participating Joint Bidder must not dispose of their Azure Shares and is required to vote in favour of, or accept, the Matching Offer (as the case may be).</p>
Funding arrangements	<p>If either the Scheme becomes Effective or the Takeover Offer is declared or becomes unconditional, payment of the Scheme Consideration or the Takeover Offer Consideration (as applicable) will be made by SH Mining. The Joint Bidders will contribute capital to SH Mining on a pro rata basis in proportion to their percentage interest in SH Mining to fund the Scheme Consideration or the Takeover Offer Consideration (as applicable).</p>
Exclusivity	<p>Each party is subject to exclusivity arrangements in favour of the other parties to the Joint Bidding Deed during the JBD Exclusivity Period, including no-shop and no-talk restrictions and a notification obligation requiring a party to notify the other parties of any communications in respect of a Competing Proposal.</p>

Standstill	Neither party may acquire, sell or enter into any arrangement that confers rights which are equivalent to acquiring or disposing of any securities or assets of Azure or any of its Related Bodies Corporate. Certain exceptions apply for, among other actions, acquisitions of Azure Shares permitted by law, any actions taken to implement the Transaction and actions taken with the prior written consent of the other parties.
Termination	<p>The Joint Bidding Deed may be terminated immediately upon notice by Hancock or SQM if Azure Shareholders (other than Excluded Shareholders) do not approve the Section 611 item 7 Resolution by the requisite majority under item 7 of section 611 of the Corporations Act.</p> <p>The Joint Bidding Deed will automatically terminate immediately if:</p> <ul style="list-style-type: none"> ▪ the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date; and ▪ the parties withdraw the Takeover Offer or the Takeover Offer lapses for any reason, including non-satisfaction of a Takeover Offer Condition. <p>A party may also terminate the Joint Bidding Deed if the other is in material breach of the Joint Bidding Deed.</p>
SH Mining Reimbursement Fee	<p>If the SH Mining Reimbursement Fee becomes payable to Azure under the Transaction Implementation Deed:</p> <ul style="list-style-type: none"> ▪ as a consequence of a Joint Bidder having materially breached the Joint Bidding Deed or causing SH Mining to materially breach the Transaction Implementation Deed (Defaulting Joint Bidder) and such breach is not remedied within a prescribed timeframe, then the Defaulting Joint Bidder must pay (or procure SH Mining to pay) the SH Mining Reimbursement Fee to Azure in accordance with the Transaction Implementation Deed and without recourse to the non-defaulting Joint Bidder; or ▪ in all other circumstances, the Joint Bidders will provide funding to SH Mining for the payment of the SH Mining Reimbursement Fee (if any) in accordance with their percentage interests in SH Mining.
Parent Guarantees	Each of SQM Parent and Hancock Parent has agreed to guarantee the performance of the financial obligations of SQM and Hancock respectively under the Joint Bidding Deed.

7.11 Additional disclosures (including for the purposes of item 7 of section 611)

The following information is required to be provided to Azure Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for item 7 of section 611 of the Corporations Act, and other mandatory disclosures under section 636 of the Corporations Act. Azure Shareholders are also referred to the Independent Expert's Report attached in Annexure 1.

Voting prohibition

No votes can be cast in favour of the Section 611 item 7 Resolution by:

- the person proposing to make the acquisition and their Associates; or
- the persons (if any) from whom the acquisition is to be made and their Associates.

Accordingly, SH Mining, the Joint Bidders and their Associates will be excluded from voting on the Section 611 item 7 Resolution.

Identity of the Joint Bidder Group

SH Mining is a bid vehicle jointly owned by SQM and Hancock. SQM is a Subsidiary of SQM Parent, a leading globally diversified chemical and mining company and is one of the largest lithium producers globally. Hancock is a wholly-owned Subsidiary of Hancock Parent, one of Australia's most successful private companies with diversified interests across iron ore, gas, lithium, coal, beef and dairy, as well as mineral exploration and development.

Further information in relation to the Joint Bidder Group is set out in Sections 7.1 to 7.9.

Relevant Interest

The Relevant Interests of SH Mining, Hancock and SQM in voting shares in the capital of Azure (both as at the Last Practicable Date and following the approval of the Section 611 item 7 Resolution) are set out in the following table:

Party	Relevant Interest in Azure Shares as at the Last Practicable Date	Relevant Interest in Azure Shares on approval of section 611 item 7 Resolution
SH Mining	Nil	173,357,768
Hancock Group	84,249,468	173,357,768
SQM Group	89,108,300	173,357,768

Voting Power

The Voting Power of SH Mining, Hancock and SQM (both as at the Last Practicable Date and following the approval of the Section 611 item 7 Resolution) is set out in the following table:

Party	Voting Power as at the Last Practicable Date	Voting Power on approval of section 611 item 7 Resolution
SH Mining	Nil	37.80%
Hancock Group	18.37%	37.80%
SQM Group	19.43%	37.80%

Summary of increases

The maximum Voting Power that SH Mining and its Associates will hold after the approval of the Section 611 item 7 Resolution is 37.80%, being an increase in Voting Power of:

- 37.80%, in respect of SH Mining;
- 19.43%, in respect of the Hancock Group; and
- 18.37% in respect of the SQM Group.

The effect of the Section 611 item 7 Resolution and the Transaction on the control of Azure is set out in this Transaction Booklet, principally in Sections 7.8 and 8.5.

Dealings in Azure Shares in previous four months

None of SH Mining nor its Associates has provided, or agreed to provide, consideration for Azure Shares under a purchase or agreement during the period of four months before the date of this Transaction Booklet except for the consideration to be provided under the Scheme and Takeover Offer.

No inducing benefits given in previous four months

During the four months before the date of this Transaction Booklet, none of SH Mining nor any of its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate to:

- vote in favour of the Scheme;
- accept the Takeover Offer; or
- dispose of Azure Shares,

and which benefit was not offered to all Azure Shareholders under the Scheme or the Takeover Offer (as applicable).

Reasons for the proposed acquisition

The reasons for the Section 611 item 7 Resolution and the Transaction, including the reasons to vote for/against the Section 611 item 7 Resolution and the Scheme, and the reasons to accept/reject the Takeover Offer, are set out in Section 3.

Material terms of the proposed acquisition

The material terms of the Term Sheet and Joint Bidding Deed in relation to the Section 611 item 7 Resolution are set out in Sections 7.7 and 7.10 respectively.

When the proposed acquisition is to occur

An indicative timetable setting out the dates and times for the implementation of the Transaction is included in the "Key Dates" Section.

Details of the terms of any other relevant agreement between the acquirer and the target entity (or any of their Associates) that is conditional on (or which directly or indirectly depends on) Azure Shareholder approval of the proposed acquisition

The material terms of the Scheme and the Takeover Offer, which are conditional on the approval of the Section 611 item 7 Resolution, are set out in this Transaction Booklet, principally in Sections 4 and 5.

An overview of the Transaction Implementation Deed is set out in Section 10.

Intentions of the Joint Bidder Group

The Joint Bidders' intentions in relation to Azure are set out in Section 7.8.

Interests of Azure Directors

The interests of the Azure Directors are set out in Section 6.7.

Details about persons who are intended to become Azure Directors

The Joint Bidders' intentions in relation to the Azure Board composition are set out in Section 7.8.

Azure Directors' recommendations

An overview of the Azure Directors' recommendations in relation to the Section 611 item 7 Resolution, the Scheme and the Takeover Offer is set out in Section 3.4.

Independent Expert's Report

An analysis of the proposed acquisition by the Independent Expert is set out in Annexure 1.

8. Risk factors

8.1 Introduction

There are a number of potential risks that Azure Shareholders should be aware of when considering the Transaction and deciding how to vote on the Scheme and whether to accept the Takeover Offer.

This Section outlines:

- the general risks as well as the specific risks related to Azure, each of which could have a materially adverse effect on the future business and operational performance of Azure; and
- risks related to the Takeover Offer becoming unconditional.

The risks outlined in this Section 8 will only continue to be relevant to you if you retain your Azure Shares, because one of the following occurs:

- the Scheme is NOT implemented and the Takeover Offer DOES NOT become unconditional; or
- the Scheme is NOT implemented and you have NOT ACCEPTED the Takeover Offer and SH Mining is unable to compulsorily acquire your Azure Shares; or
- you choose not to sell your Azure Shares.

The risk factors presented in this Section 8 are not an exhaustive list of all risks and risk factors related to an investment in Azure or the Transaction. Additional risks and uncertainties not currently known to the Joint Bidder Group or Azure may also have an adverse impact on Azure Shareholders.

This Section does not consider the investment objectives, financial situation, position or particular needs of Azure Shareholders. Each Azure Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

You should carefully consider the risks mentioned in this Section 8, as well as the other information contained in this Transaction Booklet before voting on the Scheme or deciding to accept the Takeover Offer. You should also consult a licenced financial adviser or other suitable professional adviser if you are uncertain about any matters in this Transaction Booklet.

8.2 General investment risks

Azure Shares carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. If you retain your Azure Shares, the market price of Azure Shares (assuming Azure remains listed on ASX) and future distributions made to Azure Shareholders will be influenced by a number of factors beyond the control of the Azure Board and management, including:

- changes in investor sentiment and overall performance of the Australian and international stock markets;
- changes in general economic conditions (both domestically and internationally) including inflation (including wage inflation), interest rates, exchange rates and consumer demand;
- failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
- changes in government and to fiscal, monetary and regulatory policies;
- changes in accounting standards which affect the financial performance and position reported by Azure;
- changes in taxation laws (or their interpretation by relevant courts or authorities);
- geopolitical events such as an outbreak or exacerbation of hostilities, acts of terrorism, conflict and declaration of war (including the current war in Ukraine); and
- natural disasters such as fires, floods and catastrophes, whether on a global, regional or local scale.

8.3 Risks related to Transaction

(a) Azure Shareholders will not receive the consideration if the Transaction is not implemented

If the Transaction is not implemented, Azure Shareholders will retain their Azure Shares and will not receive the Scheme Consideration or Takeover Offer Consideration. If the Transaction is not implemented, Azure would remain listed on ASX and would continue to operate its business. In those circumstances, Azure Shareholders will continue to be exposed to the risks and benefits of owning Azure Shares.

(b) If the Transaction does not proceed, the price of an Azure Share may fall below its recent trading price, in the absence of a Superior Proposal

The market price of a company's publicly traded securities is affected by many variables, some of which are not directly related to the company. Price fluctuations in Azure's Share price could result from national and global economic and financial conditions, the market's response to the Transaction, changes to commodity prices, market perceptions of Azure, regulatory changes affecting Azure's operations, variations in Azure's operating results and liquidity of financial markets. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Azure Shares in the future if the Scheme and/or the Takeover Offer does not proceed.

(c) Transaction costs will be incurred

If the Transaction is not implemented, Azure's transactions costs will be borne by Azure alone, subject to any offset by way of reverse reimbursement fee payment from SH Mining. Azure may also be required to pay the Azure Reimbursement Fee to SH Mining, depending on the circumstances in which the Transaction does not proceed.

Azure estimates that it will have incurred or committed transaction costs of approximately \$1.45 million (excluding GST) prior to the Scheme Meeting. These costs will be payable regardless of whether or not the Transaction is implemented.

8.4 Specific risks related to your current investment in Azure

A number of the risks specifically relevant to Azure and which could result in a materially adverse effect on Azure's future operating and financial performance have been listed below. You will only continue to be exposed to these risks if the Scheme is not implemented and either the Takeover Offer does not become unconditional, or you do not accept the Takeover Offer and you retain your Azure Shares and SH Mining is unable to compulsorily acquire your Azure Shares.

(a) Financing risk

In the future, Azure will need to raise additional funds (by way of debt and/or equity) to:

- complete feasibility studies on its projects;
- undertake the future development of a mining operation subject to the results of the feasibility studies;
- meet exploration expenditure commitments on projects that are not yet at the development stage; and
- fund corporate, administrative and working capital needs.

The ability of Azure to meet these future funding requirements, should they arise, will depend upon its continued capacity to access funding sources and/or credit facilities. Funding via additional equity issues may be dilutive to Azure's existing shareholders and, if available, debt financing may be subject to Azure agreeing to certain debt covenants. If Azure is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, delay, suspend and/or scale back its exploration programmes and business strategies, as the case may be. There is no guarantee that Azure will be able to secure any additional funding as and when required or be able to secure funding on terms favourable to Azure.

(b) Exploration, evaluation and development risks

Exploration, project development and production involves significant risk and is speculative. There is no assurance that, exploration and development of the mineral interests currently held by Azure or any other projects that may be acquired by Azure in the future, will result in an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that these can be profitably exploited.

Development and mining activities will be subject to numerous operational risks, many of which are beyond Azure's control. Operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such as energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

Hazards incidental to the development and mining of mineral properties such as unusual or unexpected geological formations may be encountered, seismic activity, wall failure, cave-ins or slides, burst dam banks, flooding, fires, interruption to, or the increase in costs of, services (such as water, fuel or transport), sabotage, community, government or other interference and interruption due to inclement or hazardous weather conditions. Industrial and environmental accidents could lead to substantial claims against Azure for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

Azure will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on Azure Group's performance and the value of its assets.

(c) Mineral Resources and Ore reserve estimates

There are no current Ore Reserves identified by Azure on the projects. Whilst Azure intends to undertake further exploration activities with the aim of defining further Mineral Resources, no assurance can be given that the exploration will result in the determination of further Mineral Resources. Even if further Mineral Resources are identified, no assurance can be provided that this can be economically extracted. Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when originally calculated may change significantly when new information or techniques become available. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

(d) Metallurgical risk

Metal and/or mineral recoveries are dependent upon the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk such as:

- identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- developing an economic process route to produce a metal and/or concentrate; and
- changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(e) Andover Project development risk

The future value of Azure is materially dependent on the success or otherwise of the activities directed towards the development of its projects, particularly the Andover Project. New mining operations can often experience a range of issues during planning, development, construction and mine start-up, which could delay the commencement of production. Risks include uncertainties associated with projected continuity of mineralisation, fluctuations in grades and value of lithium being mined, and a range of potential unforeseen operational and technical problems.

Developments may also be adversely affected or hampered by a variety of non-technical issues such as limitations on activities due to land access, power and water infrastructure and supply, seasonal changes, indigenous, heritage and environmental legislation, supply chain issues, mining legislation and many other factors, including capital cost increases, beyond the control of Azure.

There can be no guarantee that any definitive feasibility study proposed in the future will be completed on time, on budget, or support an economic development of the project.

No assurance can be given that Azure will achieve commercial viability through the development or mining of its projects.

(f) Lithium market

The Andover Project is seeking to produce a lithium spodumene concentrate. Demand for, and pricing of, spodumene concentrate is sensitive to a variety of external factors, most of which are beyond Azure's control.

Changes in battery technology and emerging technologies can impact the demand for lithium and other battery metals. For example, development of new cathode chemistries could reduce the reliance on traditional lithium-ion batteries, research into alternative materials could shift demand away from lithium and impact other battery metal markets, advances in technology might lead to the substitution of certain metals with more abundant or cost-effective alternatives, the development of alternative energy storage solutions could impact the overall demand for lithium-ion batteries and associated metals. Changes in battery technology may require adjustments to mining, processing, and supply chain infrastructure, which could impact metal availability and pricing.

(g) Changes in commodity price

Azure's possible future revenues, based on its existing assets, will be from sale of lithium spodumene concentrate, gold, copper, cobalt, nickel and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, Azure's performance will be dependent on the prevailing commodity prices.

Fluctuations in the market price of lithium concentrate, gold, copper, cobalt and nickel could have a material impact on both the value of Azure's assets and Azure Shares.

The market price for lithium products, including spodumene concentrate has historically been highly volatile and may continue to fluctuate significantly over time. Most lithium spodumene concentrate is currently sold into China with mature supply chains yet to develop in other jurisdictions, which may contribute to the significant volatility observed in lithium market prices.

(h) Reliance on key personnel

The ability of Azure to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise. If Azure cannot secure technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to Azure, this may affect Azure's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect Azure's performance. There are also risks associated with staff acting out of their permitted authority and with contractors not acting in accordance with Azure's policies.

(i) Access to contractors and service providers

Given the high levels of activity in the resources industry currently, it may be difficult for Azure to procure access to the necessary services to undertake further exploration, feasibility and mine development related activities at its key projects.

(j) Joint venture risk

Azure is currently and may in the future become a party to joint venture agreements governing the exploration and development of its projects, including the Andover Project, Turner River Project and Coongan Project. There is a risk that one of Azure's joint venture partners or other contractors may default in their joint venture obligations or not act in the best interests of the joint venture. There is also a risk of legal or other disputes between Azure and co-venturers or contractors or other suppliers. This may have an adverse effect on the interests and prospects of Azure. The risk of a potential dispute with Azure's co-venturer Creasy Group is currently mitigated to an extent by the fact that Creasy Group is a major shareholder of Azure.

There is a risk of insolvency or managerial failure by any of the contractors or other suppliers used by Azure in any of its activities, or that any of those agreements are terminated in accordance with their terms.

(k) Environmental risk

Azure's operations are subject to Western Australian and Commonwealth laws and regulations regarding the environment including hazards and discharge of hazardous waste and materials. As with most exploration projects and mining operations, Azure's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is Azure's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The social and legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making Azure's operations more expensive or cause delays. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure costs.

Significant liabilities could also be imposed on Azure for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations.

(l) Land tenure and other regulatory risks

Securing and maintaining tenure over mining tenements is critical to the future development of Azure's projects. Azure's interests in tenements are governed by the *Mining Act 1978 (WA)* and regulations that are current in Western Australia and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions. Azure could lose title to or its interest in the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Alternatively, applications, transfers, conversions or renewals may be refused or may not be approved with favourable terms. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to Azure by government bodies, or if they are, that they will be renewed. Any of these events could have a materially adverse effect on Azure's prospects and the value of its assets.

Azure is also subject to other laws and regulations, including relating to exploration, mining, processing, development, tax, labour, subsidies, royalties, environmental impact and land access. Any materially adverse changes to government application, policy or legislation in relevant areas, or community or government attitudes could impact the assets, profitability or viability of the projects. Any changes may also require increased capital or operating expenditures and could prevent or delay development of the projects.

Azure is not aware of any current reviews or changes that would affect its interests in tenements.

(m) Native title and Aboriginal heritage

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both native title holders and landowners / occupiers are generally required before gaining access to land for exploration and mining activities. Inability or delays in gaining such access may adversely impact Azure's ability to undertake its proposed activities. Azure may need to enter into compensation and access agreements before gaining access to land.

It is also possible that, in relation to tenements which Azure has an interest in or will in the future acquire such an interest, there may be areas over which legitimate rights of traditional owners or surface rights holders exist. In this case, the ability of Azure to gain access to tenements (through obtaining consent of any relevant traditional owner, body, Azure or landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. Azure's mineral titles may also be subject to access by third parties including, but not limited to, the areas traditional owners. This access could potentially impact Azure's activities and may involve payment of compensation to parties whose existing access to the land may be affected by Azure's activities.

While Azure has conducted heritage surveys in conjunction with the Ngarluma Aboriginal Corporation who represent the Ngarluma people (Claim WCD2005/001) there may be other areas or objects of Aboriginal heritage. If further Aboriginal heritage sites or objects exist, Azure may need to enter into agreements with the traditional owners of the sites. The ability of Azure to implement its work programme may be adversely affected in both time and cost.

(n) Occupational health and safety

Exploration and mining activities have inherent risks. Azure is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. Azure provides appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders. If any of Azure's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. While Azure has also taken out and maintains what it considers to be an adequate level of workers compensation insurance. These liabilities may not be covered by Azure's insurance policies or, if they are covered, may exceed Azure's policy limits or be subject to significant deductibles. Also, any claim under Azure's insurance policies could increase Azure's future costs of insurance. Such an incident may also result in significant interruptions and delays in the projects and also have an adverse effect on Azure's business (including financial position) and reputation.

In addition, it is not possible to anticipate the effect on Azure's business of any changes to workplace health and safety legislation or directions necessitated by concern for the health of the workforce. Such changes may have an adverse impact on the financial performance and/or financial position of Azure.

(o) Weather risk

Azure's principal projects are located in the Pilbara region of Western Australia which is an area prone to seasonal cyclones. Cyclones can cause widespread damage to buildings, infrastructure, and equipment. High winds, heavy rainfall, and storm surges can lead to structural damage, flooding, and the destruction of property, which can result in financial losses and operational disruptions.

(p) Climate change risk

Climate change is a risk Azure has considered. The climate change risks particularly attributable to Azure include:

- the emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. Azure may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. While Azure will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Azure will not be impacted by these occurrences; and
- climate change may cause certain physical risks that cannot be predicted by Azure, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns which have the potential to delay Azure's projects.

(q) Force majeure

Azure's projects now or in the future may be adversely affected by risks outside the control of Azure, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

(r) Input and operating cost risks

These prices along with other inputs to capital and operating costs can fluctuate rapidly and widely, and are affected by numerous factors beyond the control of Azure including, among others, expectations regarding inflation, the financial impact of movements in interest rates, global economic trends and confidence and conditions, each of which are currently experiencing material changes. The mining industry has seen numerous recent examples of material capital and operating cost increases driven by input cost escalation and global supply chain pressures.

(s) Economic risks

Adverse changes in macroeconomic conditions, including global and country-by-country economic growth, the cost and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of Azure and may result in material adverse impacts on Azure's business and its operating results.

Each of the above and below factors listed may have an adverse effect on Azure's exploration activities and the potential for future development and production activities, as well as the ability to source adequate staff and fund those activities. In particular, if activities cannot be funded, there is a risk that tenements may have to be surrendered or not renewed.

(t) Competition risk

The industry in which Azure will be involved is subject to domestic and global competition, including major mineral exploration and production companies. Azure will have no influence or control over the activities or actions of its competitors, such activities or actions may, positively or negatively, affect the operating and financial performance of Azure's tenements and business. Some of Azure's competitors have greater financial and other resources than Azure and, as a result, may be in a better position to compete for future business opportunities or technical staff. Many of Azure's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that Azure can compete effectively with these companies.

(u) Off-take risk

Lithium concentrates are commonly sold to customers under offtake contracts. Azure has secured one lithium concentrate offtake contract for 25% of all lithium products with SQM. Azure's ability to generate sufficient revenue or to secure financing for the Andover Project could be dependent upon its ability to secure further offtakes covering future production at prices and on terms which support the economics and funding of Azure's projects.

(v) Foreign exchange risk

Lithium spodumene concentrate prices and potential future capital equipment purchases, operating inputs and services relating to the Andover Project may be denominated in US dollars. Azure's income and expenditure are and will be taken into account in Australian dollars. This exposes Azure to the fluctuations and volatility of the rate of exchange between these currencies as determined by international currency markets.

(w) Product risk

Azure's possible future products, particularly lithium spodumene concentrate, must meet the existing and future customer specifications. These may pertain to mineralogy, fraction sizing, deleterious elements, ESG standards including carbon footprint, quantities and timing.

Failure to meet potential customer specifications may result in deliveries being rejected, punitive penalties or discounts deducted from the sale price and/or the customer seeking compensation due to the effects of the non-delivery of in-specification lithium concentrate.

(x) Industrial risk

Industrial disruptions, work stoppages and accidents in the course of Azure's operations could result in losses and delays, which may adversely affect profitability.

(y) Insurance arrangements

Azure intends to ensure that insurance is maintained within ranges of coverage that Azure believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that Azure will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Insurance of risks associated with minerals exploration is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Azure considers it unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. Azure will use reasonable endeavours to insure against the risks it considers appropriate for Azure's needs and circumstances. However, no assurance can be given that Azure will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

(z) Litigation risks

All industries, including the mining industry, may be subject to legal claims whether or not they have merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Azure is or may become subject could have a material effect on its financial position, results of operations or Azure's activities. As at the Last Practicable Date, Azure is not aware of any litigation or disputes being undertaken which is material in the context of Azure and its subsidiaries taken as a whole.

(aa) Unknown risks

Additional risks and uncertainties not currently known to Azure may also have a material adverse effect on Azure's financial and operational performance. The information set out in this Section 8 does not purport to be, nor should it be construed as, an exhaustive overview of the risks which may affect Azure.

8.5 Risks to Azure Shareholders associated with the Takeover Offer becoming unconditional

This Section 8.5 outlines some of the risks to Azure Shareholders associated with the Takeover Offer being or becoming unconditional. The Takeover Offer will only become unconditional if the Scheme is not implemented and the other Takeover Offer Conditions have been satisfied or waived.

(a) SH Mining and its Associates become the holders of 50% or less of Azure Shares

If SH Mining and its Associates become the holders of 50% or less of Azure Shares, then Azure Shareholders who do not accept the Takeover Offer will retain their Azure Shares and the extent of the Joint Bidder Group's control or influence over Azure will depend on a number of factors, including the percentage of Azure Shares held by SH Mining and the composition of the remaining Azure Shareholders. This has a number of possible implications, including:

- for example, if the substantial Azure Shareholders, as set out in Section 6.6(d), do not accept the Takeover Offer, or if there are other substantial Azure Shareholders in addition to SH Mining, then Azure will have multiple major but potentially non-controlling shareholders who may have competing priorities or may simply disagree regarding matters relating to Azure, including the future operation of Azure and its projects. This may result in less effective governance such as slower decision making or in Azure being unable to most effectively pursue its business activities, which may have a material adverse effect on Azure's business and the value of its Shares; and
- all of the risks outlined in Section 8.5(b) will apply, except that Azure Shareholders will not necessarily become minority shareholders in Azure and the risk relating to SH Mining being in a position to cast the majority of votes at a general meeting of Azure may not apply depending on the percentage of Shares held by SH Mining and the composition of the remaining Azure Shareholders and the extent to which Azure Shareholders exercise their votes at a general meeting.

(b) SH Mining and its Associates become the holders of at least 50.1% but less than 90% of Azure Shares

If SH Mining and its Associates become the holders of at least 50.1% but less than 90% of Azure Shares then SH Mining will acquire a majority shareholding in Azure but will not be able to compulsorily acquire the remaining Azure Shares. In this situation, Azure Shareholders who do not accept the Takeover Offer will become minority shareholders in Azure. This has a number of possible implications, including:

- Azure Shareholders who do not accept the Takeover Offer will continue to hold Azure Shares, unless sold on-market (provided Azure remains an ASX-listed entity), and will remain exposed to the general risks set out in Sections 8.2 and 8.3 and the specific risks relating to Azure's business and operations set out in Section 8.4;
- SH Mining will be in a position to cast the majority of votes at a general meeting of Azure. This will enable it to control the composition of the Azure Board and senior management, which would allow its nominees on the Azure Board to determine the strategic direction of the business and capital management;
- Azure's share price is likely to fall immediately following the end of the Takeover Offer Period in the absence of a further takeover offer from the Joint Bidder Group or a third party and it is unlikely that the price of Azure Shares will retain any takeover premium;
- the Azure business will remain subject to a number of listing and other compliance costs associated with Azure remaining an ASX-listed company, assuming that Azure remains an ASX-listed entity;
- Azure may be required to raise capital to sustain its business operations and to fund the one-off transaction costs that may be incurred;
- liquidity of Azure Shares may be lower than at present and there is a risk that Azure could be fully or partially removed from certain S&P/ASX market indices due to a lack of free float and/or liquidity; and
- if the number of Azure Shareholders is less than that required by ASX Listing Rules to maintain an ASX listing then the Joint Bidder Group has stated that it intends to seek to have Azure removed from the official list of ASX. If this occurs, Azure Shares will not be able to be bought or sold on ASX.

(c) SH Mining and its Associates become the holders of at least 75% but less than 90% of Azure Shares

If SH Mining and its Associates become the holders of at least 75% but less than 90% of Azure Shares, then all of the risks outlined in Section 8.5(b) will apply. In addition, if SH Mining and its Associates become the holders of at least 75% of the Azure Shares, then it will be able to pass a special resolution of Azure. This will enable SH Mining to, among other things, change the Azure Constitution. Azure may also be removed from the official list of ASX.

(d) If SH Mining and its Associates become the holders of at least 90% of Azure Shares

If SH Mining and its Associates become the holders of at least 90% of Azure Shares, then SH Mining will be able to compulsorily acquire any Azure Shares in respect of which it has not received an acceptance of its Takeover Offer on the same terms as the Takeover Offer. In this situation, regardless of whether Azure Shareholders have accepted the Takeover Offer, it is possible that their Azure Shares may be compulsorily acquired in accordance with the Corporations Act and they will be forced to receive the Takeover Offer Consideration.

9. Australian Taxation Considerations

9.1 Overview

This is a summary of the general Australian income tax, GST and stamp duty considerations for Azure Shareholders in relation to the Scheme and the Takeover Offer and should be considered in conjunction with the rest of this Transaction Booklet.

The types of Azure Shareholders considered in this summary are limited to Australian resident and non-resident Azure Shareholders that hold their Azure Shares on capital account for Australian income purposes. These comments are not applicable to all Azure Shareholders and are not intended to cover Azure Shareholders who:

- acquired their Azure Shares under or in connection with an employee share plan of Azure;
- hold their Azure Shares as revenue assets, as trading stock, or are subject to the Taxation of Financial Arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997*(Cth) or other special taxation rules;
- are under a legal disability;
- are temporary residents of Australia for taxation purposes;
- are financial institutions, insurance companies, partnerships, tax exempt organisations or dealers in securities;
- are shareholders who changed their tax residency while holding their Azure Shares; or
- are foreign shareholders who own their Azure Shares through a permanent establishment in Australia.

This summary has been prepared based on the Australian tax law, and the understanding of the practice of the tax authorities, at the date of this Transaction Booklet. The laws are complex and are subject to change periodically as is their interpretation by the Courts and the tax authorities.

The information contained in this summary is general in nature only, and is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of any Azure Shareholder and should not be relied upon by Azure Shareholders as tax advice. Therefore, it is recommended that Azure Shareholders obtain their own professional advice with respect to the tax implications of the Scheme and Takeover Offer relevant to their circumstances. Further, the comments below do not address any taxation implications which may arise in countries other than Australia, and as such Azure Shareholders who may be subject to tax consequences outside of Australia are strongly advised to consider the taxation implications which may arise in those jurisdictions.

9.2 Australian income tax implications of the Scheme

(a) Australian capital gains tax

Under the Scheme, Azure Shareholders will dispose of their Azure Shares, which should trigger the occurrence of CGT event A1 for Australian income tax purposes. CGT rollover relief should not be available to Azure Shareholders, given the Scheme involves a disposal of Azure Shares for cash consideration.

The CGT event should occur on the date on which the transfer of Azure Shares occurs, that is, the Implementation Date. The disposal of Azure Shares could result in either of the following outcomes for the Azure Shareholders:

- capital gain – a capital gain should arise to the extent that the capital proceeds received on the disposal of the Azure Shares exceeds their cost base; or
- capital loss – a capital loss should arise to the extent that the capital proceeds received on the disposal of the Azure Shares are less than their reduced cost base.

Capital proceeds

The capital proceeds from a CGT event are the total of the monies and the market value of any other property a taxpayer received, or is entitled to receive, in respect of the event happening.

The capital proceeds received by the Azure Shareholders for the disposal of their Azure Shares under the Scheme should be the Scheme Consideration, being \$3.70 per share.

Cost base

The cost base of Azure Shares will generally include the amount paid, or the value of any property given, in order to acquire the Azure Shares, plus certain incidental costs in relation to the acquisition or disposal of the Azure Shares (for example, brokerage fees). The reduced cost base of the Azure Shares is determined in a similar manner, but requires certain adjustments to be made.

The cost base and reduced cost base of an Azure Shareholder's shares will depend on their own specific circumstances. Azure Shareholders should consult their own independent tax advisors.

CGT discount

Generally, Australian resident Azure Shareholders who are individuals, trusts, or complying superannuation entities that have held their Azure Shares for at least 12 months (excluding the dates of acquisition and disposal) at the time of their CGT event should be entitled to the CGT discount in calculating the resulting capital gain on disposal of their Azure Shares.

The CGT discount is applied after available capital losses have been utilised to reduce the capital gain.

The applicable CGT discount percentage for individuals and trusts is 50% and for complying superannuation entities is one-third.

There is no CGT discount available for Australian resident Azure Shareholders who are companies or Azure Shareholders who have held their Azure Shares for less than 12 months.

Where a trust has utilised the CGT discount, the availability of the discount ultimately depends on the tax profile of the entity to whom the income of the trust estate is distributed.

The rules relating to the CGT discount are complex and the outcomes can vary depending on the circumstances of the individual. As such, Azure Shareholders should ensure they obtain their own tax advice.

(b) CGT implications for Australian Azure Shareholders

Australian resident Azure Shareholders who make a capital gain on disposal of their Azure Shares will be required to aggregate the capital gain with any other capital gains the Azure Shareholder may have in that income year. Any resulting net capital gain (after applying any available capital losses from the current income year or brought forward from prior income years) should be reduced by any applicable CGT discount and any remaining discounted net capital gain for the income year should be included in the Azure Shareholder's assessable income and should be subject to tax at the Azure Shareholder's applicable rate of tax.

Australian resident Azure Shareholders who make a capital loss on the disposal of their Azure Shares can only apply the capital loss to reduce capital gains realised in the same income year. Any resulting net capital loss may be carried forward and offset against taxable capital gains in subsequent income years, subject to satisfaction of the loss recoupment tests.

(c) CGT implications for non-resident Azure Shareholders

Generally, for Australian income tax purposes, non-Australian tax resident Azure Shareholders who have not used their Azure Shares at any time in carrying on a business through a permanent establishment should only be subject to Australian CGT if:

- the Azure Shareholder (together with their associates) holds an interest of at least 10% of the shares in Azure at the time of the disposal, or for a 12 month period in the 24 months preceding the disposal (**'Non-portfolio Interest Test'**); and
- more than 50% of the market value of the Azure Group's assets is comprised of Australian 'real property' interests (that is, land). Broadly, real property includes direct and indirect interests in Australian land, including mining and exploration leases and licences (**'Principal Asset Test'**).

If SH Mining knows or reasonably believes that an Azure Shareholder is a non-Australian resident for tax purposes or SH Mining does not reasonably believe that an Azure Shareholder is an Australian resident for tax purposes and:

- the Azure Shareholder has an address outside Australia; or
- SH Mining is authorised to pay the Scheme Consideration to a place outside of Australia (whether to the Azure Shareholder or anyone else),

then a FRCGW liability, payable by SH Mining to the Australian Taxation Office, will arise if the Non-portfolio Interest Test and the Principal Asset Test are both satisfied.

If SH Mining reasonably believes that a FRCGW liability may arise in respect of the disposal of Azure Shares by a particular Azure Shareholder, then SH Mining will be entitled to withhold an amount, on account and in satisfaction of this liability, from the payment of that particular Azure Shareholder's Scheme Consideration. The Azure Shareholder will only receive the net proceeds after deduction of this amount.

An Azure Shareholder who believes the disposal of their Azure Shares may trigger a FRCGW liability should obtain independent advice and consider contacting SH Mining.

Non-Australian tax resident Azure Shareholders should seek independent tax advice as to the taxation implications of the Scheme being implemented in their own country of residence and in Australia.

9.3 Australian income tax implications of the disposal of Azure Shares under the Takeover Offer

The disposal of Azure Shares by an Azure Shareholder under the Takeover Offer will trigger the occurrence of CGT event A1 for Australian income tax purposes.

The CGT event should occur:

- for an Azure Shareholder who has agreed to sell their Azure Shares by accepting the Takeover Offer prior to the Takeover Offer becoming unconditional – when the Takeover Offer becomes or is declared unconditional;
- for an Azure Shareholder who subsequently sells their Azure Shares as part of the Takeover Offer upon the Takeover Offer being or becoming unconditional – when the Azure Shareholder accepts the Takeover Offer from SH Mining to acquire their Azure Shares; or
- for an Azure Shareholder whose Azure Shares are compulsorily acquired – when the Azure Shareholder ceases to be the registered shareholder of those Azure Shares.

The capital proceeds received by the Azure Shareholders for the disposal of their Azure Shares under the Takeover Offer should be the Takeover Offer Consideration, being \$3.65 per share.

Other than the above distinction in the timing of the CGT event, the general Australian income tax implications described in Section 9.2 concerning the Scheme should apply equally to the Takeover.

9.4 GST

Azure Shareholders should not be liable for GST in respect of the disposal of their Azure Shares.

GST may be imposed on taxable supplies (if any) obtained by Azure Shareholders from third party suppliers (such as advisor costs) in connection with the Scheme. The entitlement to Azure Shareholders of input tax credits in relation to these acquisitions (if any) may be restricted. Azure Shareholders who are GST registered should seek their own professional tax advice in relation to this matter.

9.5 Stamp duty

Azure Shareholders should not be liable for Australian stamp duty in any jurisdiction on the disposal of their Azure Shares under the Scheme or Takeover Offer.

10. Summary of Transaction Implementation Deed

10.1 Overview

Azure, SH Mining, Hancock Parent and SQM Parent have entered into the Transaction Implementation Deed in connection with the proposed Transaction. The Transaction Implementation Deed sets out the obligations of Azure, SH Mining, Hancock Parent and SQM Parent in relation to the Transaction.

A copy of the Transaction Implementation Deed is disclosed as an annexure to Azure's ASX announcement dated 19 December 2023 titled "Azure Enters Joint Bid TID with SQM and Hancock" (available at azureminerals.com.au/asx-announcements).

As a result of entering into the Transaction Implementation Deed to give effect to the Transaction, Azure and SQM agreed to terminate the existing transaction implementation deed between those parties in respect of the SQM Transaction and to release each other from all claims, and waive all rights, under that deed (other than rights accrued up to the date of termination). However, in certain circumstances described below, SQM will be required to proceed with the takeover offer component of the SQM Transaction at \$3.50 per Azure Share.

ASIC has granted relief to SQM from any obligation to which it may have under section 631 of the Corporations Act to make the takeover offer for Azure as part of the SQM Transaction within 2 months of the announcement of the SQM Transaction, on the basis that the SQM Transaction is being replaced by the Transaction.

Under the terms of the ASIC relief, SQM will be required to proceed with the takeover offer component of the SQM Transaction if the Transaction is terminated for any reason or the Joint Bidders seek to make an unauthorised material variation to the terms of the Joint Bidding Deed or the Transaction Implementation Deed without ASIC's consent and the Takeover Offer is withdrawn or lapses, and Azure has agreed to enter into a new implementation agreement in the same or substantially the same form as entered into with SQM at the time of announcement of the SQM Transaction.

10.2 Exclusivity arrangements

Under the Transaction Implementation Deed, Azure is subject to exclusivity arrangements in favour of SH Mining, which include:

- a no-shop restriction preventing Azure from directly or indirectly soliciting, inviting, encouraging or initiating discussions or other communications which may be reasonably expected to encourage or lead to a Competing Proposal;
- a no-talk restriction, subject to a fiduciary carve out, preventing Azure from participating in negotiations, discussions or other communications with any person in relation to a Competing Proposal (including a prohibition on providing material non-public information for the purposes of that person conducting due diligence investigations in relation to a Competing Proposal);
- a notification obligation requiring Azure to notify SH Mining of any communications in respect of a Competing Proposal and to pass on details of the Competing Proposal received (including the identity of the person making the proposal, all material terms and conditions of the proposal and any material developments in the proposal); and
- a 5 Business Day right for SH Mining to match any Competing Proposal that the Azure Board considers is a Superior Proposal before the Azure Board undertakes to give effect to the alternative proposal or to recommend that proposal and terminate the Transaction Implementation Deed.

At the date of this Transaction Booklet, Azure has not received any Competing Proposals.

For further information refer to clause 12 of the Transaction Implementation Deed.

10.3 Azure Board recommendation

The Azure Board unanimously recommends that Azure Shareholders vote in favour of the Section 611 item 7 Resolution and the Scheme, subject to there being no Superior Proposal and the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Azure Shareholders. The Azure Board also unanimously recommends that Azure Shareholders accept the Takeover Offer but not until the Takeover (Scheme) Condition has been satisfied (which will happen if, for example, the Scheme is not approved by Azure Shareholders or the Court, or if the Scheme Transaction is terminated in certain circumstances) or waived, subject to there being no Superior Proposal and the Independent Expert concluding and continuing to conclude that the Takeover Offer is fair and reasonable.

10.4 Representations and warranties

Each of Azure, SH Mining, Hancock Parent and SQM Parent have given representations and warranties which are customary for an agreement of this kind. These representations and warranties are set out in Schedule 3 (in respect of SH Mining, Hancock and SQM) and Schedule 4 (in respect of Azure) of the Transaction Implementation Deed.

10.5 Termination of the Transaction Implementation Deed

Either party may terminate the Transaction Implementation Deed in certain circumstances, including if:

- the other party has materially breached the deed (other than a breach of a representation or warranty, which is dealt with below) at any time before the end of the Takeover Offer Period, and the party entitled to terminate has given written notice of such breach, and the relevant circumstances are not remedied within 5 Business Days from the time the non-breaching party's notice is given (or at any shorter period ending at 5.00pm on the Business Day before the Second Court Date);
- the other party has materially breached a representation and warranty at any time before the end of the Takeover Offer Period, and the party entitled to terminate has given written notice of its intention to terminate, and the relevant breach continues to exist for 5 Business Days from the time the non-breaching party's notice of intention to terminate is given (or at any shorter period ending at 5.00pm on the Business Day before the Second Court Date);
- a Takeover Offer Condition (other than the Section 611 item 7 Resolution Takeover Condition) is prevented from being satisfied by the time specified for satisfaction of that condition and the parties are unable to reach an agreement within a specified timeframe to:
 - proceed with the Transaction by alternative means; or
 - extend the time and date specified for satisfaction of that Takeover Offer Condition or the End Date;
- both of the following occur:
 - the Effective Date for the Scheme has not, or will not occur, on or before the End Date; and
 - SH Mining withdraws the Takeover Offer or the Takeover Offer lapses for any reason, including non-satisfaction of a Takeover Offer Condition; or
- the Court or a Government Agency (including any other court) has, before the end of the Takeover Offer Period, taken action to permanently restrain or prevent, or refuses to permit, the Transaction to be implemented by the End Date and the action or refusal is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of an appeal or review succeeding by the End Date.

SH Mining may terminate the Transaction Implementation Deed at any time before the end of the Takeover Offer Period if:

- any Azure Director fails to recommend to vote in favour of the Section 611 item 7 Resolution and the Scheme and accept the Takeover Offer (or makes a public statement indicating that they no longer support the Section 611 item 7 Resolution, the Scheme Transaction, the Takeover Offer or any of them), or withdraws or adversely modifies their recommendation other than because of a requirement or request by a court or Government agency that an Azure Director abstain or withdraw from making a recommendation;
- if there is a failure to obtain the majority required for the Section 611 item 7 Resolution; or
- Azure enters into a legally binding agreement, arrangement or understanding to give effect to any actual, proposed or potential Competing Proposal.

Azure may terminate the Transaction Implementation Deed at any time before the close of the Takeover Offer Period if:

- the Azure Board or a majority of the Azure Board changes or withdraws its recommendation that the Azure Shareholders vote in favour of the Section 611 item 7 Resolution and the Scheme and accept the Takeover Offer and, if required to do so, Azure pays the Azure Reimbursement Fee to SH Mining; or
- if there is a failure to obtain the majority required for the Section 611 item 7 Resolution and SH Mining has not within 7 days filed an application with ASIC for joint bid relief or that application is rejected by ASIC.

10.6 Termination of the Scheme Transaction

Either party may terminate the Scheme Transaction if a Scheme Condition (other than the Scheme Conditions relating to approval of the Scheme by the Requisite Majority of Azure Shareholders, approval of the Scheme by the Court at the Second Court Hearing, approval of the Section 611 item 7 Resolution and no third party acquiring a competing interest (being a Relevant Interest in more than 15% of Azure Shares)) is prevented from being satisfied by the time specified for satisfaction of that Scheme Condition and the parties are unable to reach an agreement within a specified timeframe to:

- proceed with the Scheme Transaction by alternative means;
- change the date for applying to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable); or
- extend the time and date for satisfaction of the Scheme Condition or the End Date.

SH Mining may terminate the Scheme Transaction if SH Mining considers (acting reasonably) that the Scheme Condition relating to approval of the Scheme by the Requisite Majority of Azure Shareholders will not be satisfied or is unlikely to be satisfied, subject to SH Mining having first consulted with Azure in good faith.

10.7 Azure Reimbursement Fee

Azure has agreed to pay to SH Mining the Azure Reimbursement Fee, being \$16,900,000, if:

- during the Exclusivity Period, one or more members of the Azure Board withdraw or adversely change their recommendation of the Transaction unless:
 - the Independent Expert concludes the Scheme is not in the best interests of the Azure Shareholders and the Takeover Offer is not fair and not reasonable (except where the conclusion is due to the announcement of a Competing Proposal);
 - the withdrawal or change of the recommendation to vote in favour of the Section 611 item 7 Resolution and the Scheme, and to accept the Takeover Offer, is because of a requirement by a Court or Government Agency that a Director withdraw or abstain from making their recommendation;
 - Azure gives written notice to terminate the Transaction Implementation Deed due to a material breach by SH Mining; or
 - Azure gives written notice to terminate the Transaction Implementation Deed where a Takeover Offer Condition (other than the Section 611 item 7 Resolution Takeover Condition) is, or the Scheme Transaction where a relevant Scheme Condition is, prevented from being satisfied and the parties are unable to reach an agreement to proceed with the Transaction by alternative means,

provided that a statement that the Azure Shareholders not take action pending the assessment of a Competing Proposal or the completion of the matching right process will not require payment;

- a Competing Proposal is announced during the Exclusivity Period and, within 12 months of that announcement a person:
 - completes a Competing Proposal which results in that person:
 - acquiring Control of Azure or any material Subsidiary of Azure;
 - acquiring, becoming the holder of, acquiring an interest in, or controlling, all or a material part of the business or assets of Azure or the Azure Group; or
 - acquiring, merging or being involved in an amalgamation or reconstruction with Azure or a material Subsidiary of Azure;
 - enters into an agreement, arrangement or understanding requiring Azure to abandon, or fail to proceed with, the Transaction; or
 - acquires a Relevant Interest in more than 50% of the Azure Shares under a transaction that is or has become wholly unconditional, or otherwise acquires Control of Azure;

- SH Mining terminates the Transaction Implementation Deed due to a material breach by Azure and the Transaction does not complete; or
- an Azure Material Adverse Change, Azure Regulated Event or Azure Prescribed Occurrence occurs within the control of Azure and that change, event or occurrence (as applicable) continues for 5 Business Days after SH Mining gives notice that it intends to claim the Azure Reimbursement Fee if the change, event or occurrence (as applicable) is not remedied.

Failure by Azure Shareholders to approve the Scheme at the Scheme Meeting will not trigger an obligation to pay the Azure Reimbursement Fee.

10.8 SH Mining Reimbursement Fee

SH Mining has agreed to pay to Azure the SH Mining Reimbursement Fee, being \$16,900,000, if Azure terminates the Transaction Implementation Deed due to a material breach by SH Mining (other than due to a breach of the representations and warranties of SH Mining set out in Schedule 3 of the Transaction Implementation Deed).

11. Additional Information

11.1 Azure Options

At the date of this Transaction Booklet, the following Azure Options are on issue:

Exercise Price	Azure Options	Issue Date	Expiry Date	Scheme – Cancellation Consideration per Azure Option	Takeover Offer – Consideration per Azure Option
\$0.65	1,500,000	22 June 2021	30 June 2024	\$3.05	\$3.00
Total	1,500,000				

Azure and SH Mining are proposing to enter into Option Cancellation Deeds with each of the Azure Optionholders pursuant to which each Azure Optionholder agrees to the cancellation of their Azure Options in consideration for a cash payment equal to the amount set out above. The consideration is equal to the amount payable per Azure Share under the Scheme or Takeover Offer (as applicable) minus the exercise price of the Azure Option.

Azure has obtained a waiver from ASX of the requirements of ASX Listing Rule 6.23.2 to permit the Azure Options to be cancelled for consideration without requiring Azure Shareholder approval to be obtained. Refer to Section 11.5(a) for further details.

11.2 No unacceptable circumstances

The Azure Directors believe that the Transaction does not involve any circumstances in relation to the affairs of any Azure Shareholder that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

11.3 Third party consents

(a) Role of advisers and experts

The persons named in this Transaction Booklet as performing a function in a professional, advisory or other capacity in connection with the Transaction or the preparation or distribution of this Transaction Booklet are:

Name	Role
Deloitte Corporate Finance Pty Limited	Independent Expert
Behre Dolbear Australia Pty Ltd	Independent Technical Specialist
Corrs Chambers Westgarth	Legal adviser to Azure
Barrenjoey Advisory Pty Limited	Financial adviser to Azure
Computershare Investor Services Pty Limited	Share Registry
BDO Corporate Tax (WA) Pty Ltd	Tax adviser to Azure

(b) Consents

Each of SH Mining, Hancock Parent and SQM Parent has given, and before the time of registration of this Transaction Booklet with ASIC, has not withdrawn, their consent to the inclusion of the Joint Bidders’ Information in this Transaction Booklet in the form and context in which that information appears.

The Independent Expert has given its consent to the inclusion of its Independent Expert’s Report and the references to its Independent Expert’s Report in this Transaction Booklet in the form and context in which they appear and has not withdrawn that consent before the date of this Transaction Booklet.

The Independent Technical Specialist has given its consent to the inclusion of its Technical Specialist's Report and the references to its Technical Specialist's Report in this Transaction Booklet in the form and context in which they appear and has not withdrawn that consent before the date of this Transaction Booklet.

Each person named in Section 11.3(a) has given, and before the time of registration of this Transaction Booklet with ASIC, has not withdrawn, their consent to being named in this Transaction Booklet in the capacity indicated next to their name.

(c) Disclaimer

SH Mining, Hancock Parent and SQM Parent and each person named in Section 11.3(a):

- has not authorised or caused the issue of this Transaction Booklet;
- does not make, or purport to make, any statement in this Transaction Booklet or any statement on which a statement in this Transaction Booklet is based other than as specified in this Section 11.3; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Transaction Booklet other than a reference to its name and any statement or report which has been included in this Transaction Booklet with the consent of that person,

except that this disclaimer does not apply to SH Mining, Hancock Parent or SQM Parent to the extent this Transaction Booklet comprises a bidder's statement and offer document.

(d) Fees

Each of the persons named in Section 11.3(a) as performing a function in a professional, advisory or other capacity in connection with the Transaction and the preparation of this Transaction Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, costs of approximately \$21.08 million (excluding GST) are expected to be paid by Azure. This includes advisory fees for Azure's financial, legal, accounting and tax advisers, the Independent Expert's fees, governance support and proxy advisor engagement support fees, general administrative fees, printing and distribution costs, expenses associated with convening and holding the Scheme Meeting and other expenses.

If the Scheme is not implemented but the Takeover Offer is declared or becomes unconditional, costs of approximately \$20.14 million (excluding GST) are expected to be paid by Azure.

Azure estimates that it will have incurred or committed transaction costs of approximately \$1.45 million (excluding GST) prior to the Scheme Meeting. These costs will be payable regardless of whether or not the Transaction is implemented.

11.4 Suspension of trading of Azure Shares

If the Court approves the Scheme, Azure will immediately notify ASX. It is expected that suspension of trading in Azure Shares on ASX will occur at the close of business on the Effective Date.

11.5 Regulatory conditions and relief

(a) ASX waivers and confirmations

ASX Listing Rule 6.23.2 provides that the cancellation of options for consideration requires the approval of shareholders. Azure has obtained a waiver of ASX Listing Rule 6.23.2 to permit the Azure Options to be cancelled under the Transaction for consideration without requiring the approval of Azure Shareholders, on the following conditions:

- in respect of the Scheme:
 - full details of the cancellation of the options and the consideration payable being set out, to ASX's satisfaction, in this Transaction Booklet;
 - the Scheme being approved by the Requisite Majority of Azure Shareholders and the Court; and
 - the Scheme becoming Effective; and

- in respect of the Takeover Offer:
 - full details of the cancellation of the options and the consideration payable being set out, to ASX's satisfaction, in the target's statement (which forms part of this Transaction Booklet);
 - the Scheme not becoming Effective;
 - the Takeover Offer being declared unconditional or being declared by SH Mining to be free from conditions; and
 - SH Mining acquiring Voting Power in Azure of at least 50.1%.

Refer to Section 11.1 for further information on the proposed treatment of Azure Options.

(b) ASIC relief

Relief in relation to the SQM Transaction

Section 631 of the Corporations Act requires a takeover offer to open within 2 months of the public proposal of a takeover bid. ASIC has granted relief to SQM from its obligation to make the takeover bid for Azure as part of the SQM Transaction within 2 months of the announcement of the SQM Transaction, on the basis that the SQM Transaction is being replaced by the Transaction.

Under the terms of the ASIC relief, SQM will be required to proceed with the takeover offer component of the original SQM Transaction if the Transaction is terminated for any reason or the Joint Bidders seek to make an unauthorised material variation to the terms of the Joint Bidding Deed or the Transaction Implementation Deed without ASIC's consent and the Takeover Offer is withdrawn or lapses, and Azure has agreed to enter into a new implementation agreement in the same or substantially the same form as entered into with SQM at the time of announcement of the original SQM Transaction.

Relief in relation to the Transaction

As a result of the time required to prepare the Transaction Booklet, ASIC has granted relief to:

- SH Mining from the requirement under section 631 of the Corporations Act to make offers under the Takeover Offer within 2 months of the announcement of the Transaction. As this Transaction Booklet contains the bidder's statement for the Takeover Offer, ASIC has granted SH Mining relief from this requirement so that this Transaction Booklet can be despatched and the Takeover Offer can open within 2 months and 21 days of the Takeover Offer being announced. The relief obtained by SH Mining in respect of section 631 of the Corporations Act does not amend or vary the relief granted to SQM in relation to the SQM Transaction; and
- SH Mining and the Joint Bidders from section 609(7) of the Corporations Act, which would otherwise require Azure Shareholders to approve the Joint Bidding Arrangements for the purposes of item 7, section 611 of the Corporations Act within 3 months of entry into the Joint Bidding Arrangements. Section 609(7) provides that a person does not have a Relevant Interest in securities merely because of an agreement, if the agreement is conditional on a resolution under item 7 in section 611 of the Corporations Act being passed and the agreement does not restrict disposal of the securities for more than 3 months from the date when the agreement is entered into (among other things). The relief granted by ASIC in respect of section 609(7) allows the Joint Bidding Arrangements to operate on terms that restrict the parties' disposal of the relevant Azure Shares for a period of 3 months and 25 days without obtaining a Relevant Interest in each other's Azure Shares, effectively providing 3 months and 25 days for Azure Shareholders to approve the Joint Bidding Arrangements under the Section 611 item 7 Resolution. This ensures the disposal restrictions can remain in place from the date of entry into the Joint Bidding Deed (on 19 December 2023) until the EGM (scheduled for 8 April 2024) without contravening section 609(7) of the Corporations Act.

(c) FIRB approval

SH Mining is a "foreign person" for the purposes of the FATA.

Accordingly, the Scheme and Takeover Offer and any contract formed on acceptance of the Takeover Offer are conditional on receipt of FIRB approval. Approval will not be given for the Transaction if the Treasurer, acting on advice from FIRB, considers that the result of the Transaction will be contrary to Australia's national interest.

SH Mining has given notification of the Transaction to FIRB under the FATA and has provided FIRB with a detailed submission.

As at the Last Practicable Date, SH Mining is not aware of any reason why FIRB approval will not be obtained.

11.6 Registration of Transaction Booklet

This Transaction Booklet was registered with ASIC on 4 March 2024 in accordance with sections 412(6), 633(1) item 2 and 633(1) item 13 of the Corporations Act.

11.7 Foreign jurisdictions

SH Mining will not be required to register the Takeover Offer in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of this Transaction Booklet being lodged with ASIC).

It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Takeover Offer.

11.8 Deed Poll

SH Mining, Hancock Parent and SQM Parent have executed the Deed Poll, pursuant to which SH Mining, subject to the Scheme becoming Effective, agrees to provide the Scheme Consideration to which each Scheme Shareholder is entitled under the terms of the Scheme in consideration for the transfer of each Scheme Share on the Implementation Date. Hancock Parent and SQM Parent have guaranteed SH Mining's financial obligations under the Scheme, including to provide the Scheme Consideration under the terms of the Scheme. A copy of the Deed Poll is contained in Annexure 3 to this Transaction Booklet.

11.9 Documents available

An electronic version of this Transaction Booklet including the Independent Expert's Report and the Transaction Implementation Deed are available for viewing and downloading online at Azure's website at www.azureminerals.com.au/asx-announcements.

11.10 Supplementary information

If, between the date of lodgement of this Transaction Booklet for registration by ASIC and the Effective Date, Azure becomes aware of any of the following:

- a material statement in this Transaction Booklet is false or misleading or deceptive;
- a material omission from this Transaction Booklet;
- a significant change affecting a matter included in this Transaction Booklet; or
- a significant new matter that has arisen and that would have been required to be included in this Transaction Booklet if it had arisen before the date of lodgement of this Transaction Booklet for registration by ASIC,

Azure will make available supplementary material to Azure Shareholders. Azure intends to make available any supplementary material by releasing that material to ASX (www.asx.com.au) and posting the supplementary document to Azure's website. Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Azure may also send such supplementary materials to Azure Shareholders.

11.11 Other material information

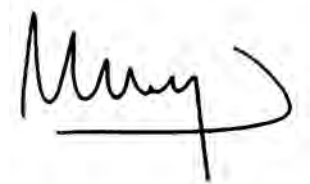
Except as set out in this Transaction Booklet (including the Independent Expert's Report and Independent Technical Specialist's Report), there is no other information material to the making of a decision by an Azure Shareholder:

- in relation to the Section 611 item 7 Resolution, including how to vote on the Section 611 item 7 Resolution, being information that is within the knowledge of Azure, SH Mining, SQM, Hancock or any of their respective Associates;
- in relation to the Scheme, including whether or not to vote in favour of the Scheme Resolution, being information that is within the knowledge of any Azure Director or a related company of Azure which has not previously been disclosed to Azure Shareholders; and
- in relation to the Takeover Offer, including whether or not to accept the Takeover Offer, being information which is reasonable for investors and their professional advisers to expect to find in this Transaction Booklet which is known to any of the Azure Directors or SH Mining.

12. SH Mining approval

The Joint Bidders' Information in this Transaction Booklet has been approved by a resolution of the SH Mining Directors. All SH Mining Directors voted in favour of the resolution.

This Transaction Booklet (to the extent it comprises a bidder's statement) has been approved by a resolution of the SH Mining Directors in accordance with section 637(1)(a)(i) of the Corporations Act.

A handwritten signature in black ink, appearing to read 'Mark Fones', with a horizontal line underneath the name.

Mark Fones

Director

On behalf of SH Mining Pty Ltd ACN 673 729 872

Dated: 4 March 2024

13. Azure approval

The Azure Information in this Transaction Booklet has been approved by a resolution of the Azure Directors. All Azure Directors voted in favour of the resolution.

This Transaction Booklet (to the extent it comprises a target's statement) has been approved by a resolution of the Azure Directors in accordance with section 639(1)(a) of the Corporations Act.

A handwritten signature in black ink, appearing to read 'BT', with a long horizontal flourish extending to the right.

Brian Thomas

Chairperson

On behalf of Azure Minerals Limited ACN 106 346 918

Dated: 4 March 2024

14. Glossary

14.1 Definitions

\$ means the lawful currency of Australia.

Acceptance Form means the relevant acceptance form enclosed with this Transaction Booklet.

Affiliates means in respect of a person (Primary Person), a person:

1. Controlled directly or indirectly by the Primary Person;
 2. Controlling directly or indirectly the Primary Person;
 3. who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or directly or indirectly under the common Control of the Primary Person and another person or persons.
-

Andover JVA means the Andover Tenement Sale and Exploration Joint Venture Agreement dated 13 July 2020 between Croydon Gold Pty Ltd, Mark Gareth Creasy, Yandal Investments Pty Ltd and Azure.

Annexure means an annexure to this Transaction Booklet.

Announcement Date means the date on which Azure announced to ASX that it had entered into the Transaction Implementation Deed, being 19 December 2023.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12(2) of the Corporations Act as if in subsection 12(1) of the Corporations Act, Azure was the designated body.

ASX means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of ASX, as modified, amended or varied from time to time.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to or replacement of, ASX Settlement.

AWST or **Perth time** means Australian Western Standard Time.

Azure or **Company** means Azure Minerals Limited ACN 106 346 918.

Azure Board means the board of directors of Azure from time to time.

Azure Constitution means the constitution of Azure, as amended from time to time.

Azure Director means a director of Azure.

Azure Group means Azure and its Subsidiaries.

Azure Information means all information included in this Transaction Booklet other than the Joint Bidders' Information, the Independent Expert's Report and the Independent Technical Specialist's Report.

Azure Material Adverse Change means an event, change, condition, matter, circumstance or thing occurring before, on or after the date of the Transaction Implementation Deed (each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

1. a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Azure Group taken as a whole; or
 2. without limiting the generality of paragraph 1 above:
 - (a) a material adverse effect on the Azure Group's interest in E47/2481, E47/4700 or E47/4701 (**Tenements**) or the ability of the Azure Group to exploit its interest in the Tenements as currently held at the date of the Transaction Implementation Deed; or
 - (b) the effect of a diminution in the value of the consolidated net assets of the Azure Group, taken as a whole, by at least \$20,000,000 against what it would reasonably have been expected to have been but for such Specified Event,
- other than those events, changes, conditions, matters, circumstances or things:
3. required or permitted by the Transaction Implementation Deed, the Scheme, the Takeover Offer or the transactions contemplated by any of these;
 4. that are Fairly Disclosed in the Disclosure Materials;
 5. that were actually known to SH Mining or any of its Related Persons prior to the date of the Transaction Implementation Deed (which does not include knowledge of the generic risk of the relevant event, change, condition, matter, circumstance or thing occurring, but does include knowledge of a specific risk of the relevant event, change, condition, matter, circumstance or thing occurring);
 6. agreed to in writing by SH Mining;
 7. arising as a result of any generally applicable change in law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or governmental policy;
 8. arising from changes in economic or business conditions that impact on Azure and its competitors in a similar manner including interest rates, general economic, political or business conditions, including changes or major disruptions to, or fluctuations in, domestic or international financial markets; or
 9. that Azure Fairly Disclosed in an announcement made by Azure to ASX, or a publicly available document lodged by it with ASIC, in the 2 year period prior to the date of the Transaction Implementation Deed.

Azure Optionholder means a holder of an Azure Option.

Azure Option means an option to acquire an unissued Azure Share.

Azure Prescribed Occurrence means, other than as:

1. required or permitted by the Transaction Implementation Deed, the Scheme, the Takeover Offer or the transactions contemplated by any of these;
2. Fairly Disclosed in the Disclosure Materials;
3. agreed to in writing by SH Mining; or
4. Fairly Disclosed by Azure in an announcement made by Azure to ASX, or a publicly available document lodged by it with ASIC, in the 2 year period prior to the date of this deed,

the occurrence of any of the following:

5. Azure converting all or any of its shares into a larger or smaller number of shares;
6. a member of the Azure Group resolving to reduce its share capital in any way;
7. a member of the Azure Group: entering into a buy-back agreement; or resolving to approve the terms of a buy-back agreement under the Corporations Act;

8. a member of the Azure Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than:
 - (a) to a directly or indirectly wholly-owned Subsidiary of Azure;
 - (b) the issue of shares upon the exercise of Azure Options; or
 - (c) the issue of Azure Options under the Azure Option Plan;
9. a member of the Azure Group issuing or agreeing to issue securities convertible into shares;
10. a member of the Azure Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
11. a member of the Azure Group granting a Security Interest (as that term is defined in section 51A of the Corporations Act), or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or
12. any of the following occurs in relation to a member of the Azure Group:
 - (a) the member resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days);
 - (b) a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the member or in relation to the whole, or a substantial part, of its assets;
 - (c) the entity executing a deed of company arrangement;
 - (d) the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed;
 - (e) the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; or
 - (f) the entity being deregistered as a company or otherwise dissolved.

Azure Regulated Event means, other than as:

1. required or permitted by the Transaction Implementation Deed, the Scheme, the Takeover Offer or the transactions contemplated by any of these;
2. Fairly Disclosed in the Disclosure Materials;
3. agreed to in writing by SH Mining; or
4. Fairly Disclosed by Azure in an announcement made by Azure to ASX, or a publicly available document lodged by it with ASIC, in the 2 year period prior to the date of this deed,

the occurrence of any of the following:

5. a member of the Azure Group reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
6. a member of the Azure Group acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of, any asset or business, or entering into any corporate transaction, which would or would reasonably be likely to involve a material change in:
 - (a) the manner in which the Azure Group conducts its business;
 - (b) the nature (including balance sheet classification), extent or value of the assets of the Azure Group;
 - (c) the nature (including balance sheet classification), extent or value of the liabilities of the Azure Group;
7. a member of the Azure Group entering into any offtake, mine-gate sale, take or pay, pay or take, tolling, distribution or marketing agreement or similar arrangement (whether binding or not) in relation to any lithium bearing minerals, concentrates, compounds from the Andover Project;
8. SH Mining becoming aware that the Azure Representation and Warranty in clause 1.15(l) of Schedule 4 of the Transaction Implementation Deed is materially inaccurate;

9. Azure announcing, making, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (whether in cash or in specie);
10. Azure amending the terms of the option plan pursuant to which the Azure Options were issued;
11. a member of the Azure Group making any changes to its constitution;
12. a member of the Azure Group commencing business activities not already carried out as at the date of the Transaction Implementation Deed, whether by way of acquisition or otherwise;
13. a member of the Azure Group:
 - (a) acquiring, leasing or disposing of;
 - (b) agreeing, offering or proposing to acquire, lease or dispose of; or
 - (c) announcing or proposing a bid, or tendering, for,

any business, assets, entity or undertaking, the value of which exceeds \$1,000,000 (individually or in aggregate);
14. a member of the Azure Group entering into a contract or commitment restraining a member of the Azure Group from competing with any person or conducting activities in any market;
15. a member of the Azure Group:
 - (a) entering into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Azure Group in excess of \$2,000,000 (individually or in aggregate) other than any payment required by law;
 - (b) without limiting the foregoing:
 - (i) agreeing to incur or incurring capital expenditure of more than \$2,000,000 (individually or in aggregate); or
 - (ii) incurring any financial indebtedness of an amount in excess of \$2,000,000 (individually or in aggregate);
 - (c) waiving any material third party default where the financial impact on the Azure Group will be in excess of \$2,000,000 (individually or in aggregate); or
 - (d) accepting as a compromise of a matter less than the full compensation due to a member of the Azure Group where the financial impact of the compromise on the Azure Group is more than \$2,000,000 (individually or in aggregate);
16. a member of the Azure Group providing financial accommodation other than to members of the Azure Group (irrespective of what form of financial indebtedness that accommodation takes) in excess of \$2,000,000 (individually or in aggregate);
17. a member of the Azure Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
18. a member of the Azure Group being party to, bound by or subject to a Relevant Material Contract (as that term is defined in the Transaction Implementation Deed), unless before 8.00am on the Second Court Date:
 - (a) each relevant party to the Relevant Material Contract provides Azure in writing a binding, irrevocable and unconditional waiver or release of its rights under the Material Contract that makes that contract a Relevant Material Contract (**Relevant Release**); and
 - (b) the Relevant Release is not varied, revoked or qualified,

and between the date of this deed and the 8.00am on the Second Court Date no party to any Material Contract (as that term is defined in the Transaction Implementation Deed) (other than a member of the SQM Group or Hancock Group), or a Related Body Corporate, Associate or affiliate of such a party, makes a statement to the effect that a Relevant Material Contract exists, unless the two foregoing bullets are satisfied before 8.00am on the Second Court Date;
19. a member of the Azure Group entering into, or resolving to enter into, a transaction with any related party of Azure (other than a related party which is a member of the Azure Group), as defined in section 228 of the Corporations Act;

20. a member of the Azure Group entering into or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:
- (a) contractual arrangements in effect on the date of this deed and which have been disclosed in writing to SH Mining prior to the date of this deed; or
 - (b) Azure deed and which have been disclosed in writing to SH Mining prior to the date of this deed,
- provided that the aggregate of all increases in compensation or benefits is no greater than \$2,000,000;
21. a member of the Azure Group paying any of its officers, directors, other executives or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on the date of this deed and which have been disclosed in writing to SH Mining prior to the date of this deed;
22. a member of the Azure Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this deed and which have been disclosed in writing to SH Mining prior to the date of this deed;
23. a member of the Azure Group amending in any material respect any arrangement with its financial adviser, or entering into arrangements with a new financial adviser, in respect of the Transaction or a Competing Proposal;
24. a member of the Azure Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards;
25. a member of the Azure Group doing anything that would result in a change in the Azure Consolidated Tax Group; or
26. notice of any material investigation, prosecution, arbitration, litigation or dispute threatened against a member of the Azure Group which could reasonably be expected to give rise to a liability for the Azure Group in excess of \$5,000,000 (**Material Proceedings**) and for the avoidance of doubt which is not frivolous or vexatious, or circumstances arising which could reasonably be expected to give rise to any Material Proceedings. For the avoidance of doubt, Material Proceedings do not include any liability relating to an investigation, prosecution, arbitration, litigation or dispute to the extent that an insurer has agreed to cover the liability under an insurance policy maintained by a member of the Azure Group.

Azure Reimbursement Fee means \$16,900,000 (exclusive of GST).

Azure Representations and Warranties has the meaning given in the Transaction Implementation Deed.

Azure Securities means the Azure Shares and Azure Options.

Azure Share means a fully paid ordinary share issued in the capital of Azure.

Azure Share Register means the share register of Azure Shareholders maintained in accordance with the Corporations Act.

Azure Shareholder means a person who is registered in the Azure Share Register as the holder of one or more Azure Shares, from time to time.

Behre Dolbear means Behre Dolbear Australia Pty Ltd ACN 065 713 724.

Business Day means, in the context of obligations to be fulfilled under the Transaction Implementation Deed, a day that is not a Saturday, Sunday or a public holiday in Perth, Western Australia or Santiago, Chile.

CGT means capital gains tax.

CHESS means the clearing house electronic sub-register system of security transfers operated by ASX Settlement.

CHESS Holding means a holding of Azure Shares on the CHESS Sub-register System, which provides for electronic security transfer in Australia.

Competing Proposal means any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would result in a party (other than a Joint Bidder, its Related Bodies Corporate and its other Associates), either alone or together with any Associate:

1. directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Azure Shares or of the share capital of any material Subsidiary of Azure;
2. acquiring Control of Azure or any material Subsidiary of Azure;
3. directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Azure's business or assets or the business or assets of the Azure Group;
4. otherwise directly or indirectly acquiring or merging, or being involved in an amalgamation or reconstruction (as those terms are used in section 413(1) of the Corporations Act), with Azure or a material Subsidiary of Azure; or
5. requiring Azure to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement.

Computershare means Computershare Investor Services Pty Limited ACN 078 279 277.

Control has the meaning given to that term in section 50AA of the Corporations Act and the terms **Controlling** and **Controlled** have a corresponding meaning.

Controlling Participant means, in relation to your Azure Shares, the same meaning as in the ASX Settlement Operating Rules. Usually, your Controlling Participant is a person, such as a stockbroker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).

Corporations Act means the *Corporations Act 2001* (Cth), as modified or varied by any applicable ASIC instrument.

Court means the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act as agreed in writing between Azure and SH Mining.

Creasy Group means Yandal Investments Pty Ltd ACN 070 684 810.

Deed Poll means the deed poll executed by SH Mining, SQM Parent and Hancock Parent and set out in Annexure 3 of this Transaction Booklet.

Defaulting Joint Bidder has the meaning given to that term in Section 7.10.

Deloitte means Deloitte Corporate Finance Pty Limited ACN 003 833 127.

Delphi Group means Deutsch Balaton Aktiengesellschaft and Delphi Unternehmensberatung Aktiengesellschaft.

Disclosure Materials has the meaning given to that term in the Transaction Implementation Deed.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Effective means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date the Scheme becomes Effective.

EGM means the extraordinary general meeting of Azure Shareholders for the purposes of considering the Section 611 item 7 Resolution and includes any adjournment or postponement of that meeting.

End Date means 19 June 2024 or such later date as SH Mining and Azure agree in writing.

Exclusivity Period means the period commencing on the date of the Transaction Implementation Deed and ending on the earlier of the date the Transaction Implementation Deed is terminated, the Effective Date and the End Date.

Excluded Shareholder means SH Mining, any Azure Shareholder who is a member of the Joint Bidder Group or any Azure Shareholder who holds any Azure Shares on behalf of, or for the benefit of, any member of the Joint Bidder Group and does not hold Azure Shares on behalf of, or for the benefit of any other person.

Explanatory Statement means the statement pursuant to section 412 of the Corporations Act, registered by ASIC in relation to the Scheme, which is included in this Transaction Booklet.

Fairly Disclosed has the meaning given to that term in the Transaction Implementation Deed.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB means the Australian Foreign Investment Review Board.

FIRB Takeover Condition means the Takeover Offer Condition in relation to FIRB approval as set out in Section 5.7.

FRCGW means foreign resident capital gains withholding.

FY means financial year.

Glossary means the glossary set out in this Section 14.

Government Agency means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere and includes any minister, ASIC, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

GST means a goods and services tax or similar value added tax levied or imposed in Australia under the GST Law.

GST Law has the meaning given in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Hancock means Hanrine Future Metals Pty Ltd ACN 672 197 723.

Hancock Directors means the directors of Hancock.

Hancock Group means Hancock and each of its Related Bodies Corporate (other than SH Mining).

Hancock Information means the Joint Bidders' Information to the extent such information relates to the Hancock Group.

Hancock Parent means Hancock Prospecting Pty Limited ACN 008 676 417.

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the Scheme Resolution is passed at the Scheme Meeting by a majority in number of Azure Shareholders present and voting, either in person or by proxy.

Implementation Date means the date that is three Business Days after the Scheme Record Date, or such other date (after the Scheme Record Date) as Azure and SH Mining agree in writing.

Independent Expert means Deloitte Corporate Finance Pty Limited ACN 003 833 127.

Independent Expert's Report means the report of the Independent Expert in Annexure 1 as amended or updated from time to time and including any supplementary or replacement report.

Independent Technical Specialist means Behre Dolbear Australia Pty Ltd ACN 065 712 724.

Independent Technical Specialist's Report means the report of the Independent Technical Specialist in Appendix 5 of the Independent Expert's Report.

JBD Exclusivity Period means the period commencing on the date of the Joint Bidding Deed and ending on the earlier of the date the Joint Bidding Deed is terminated, the Effective Date and the End Date.

Joint Bidder means each of Hancock and SQM.

Joint Bidder Group means the Joint Bidders, each of their respective Related Bodies Corporate and SH Mining, and a reference to **Joint Bidder Group Member** or a **member of the Joint Bidder Group** is to either of the Joint Bidders, SH Mining or any Related Body Corporate of either of the Joint Bidders or of SH Mining.

Joint Bidders' Information means information regarding the Joint Bidder Group provided by or on behalf of the Joint Bidder Group to Azure in writing for inclusion in this Transaction Booklet, being the information in the sections or parts of those sections described below:

- the Important Notices section, including the second paragraph under the heading "Responsibility statement" and the fifth, sixth and seventh paragraphs under the heading "Forward-looking statements" to the extent they relate to a member of the Joint Bidder Group;
- the Letter from the Joint Bidders;
- Section 1 to the extent relating to the Joint Bidder Group including the following questions:
 - 'Who is SH Mining?';
 - 'Who are SQM and SQM Parent?';
 - 'Who are Hancock and Hancock Parent?';
 - 'What is the Joint Bidding Deed?';
 - 'How are the Joint Bidders funding the Scheme Consideration and the Takeover Offer Consideration?';
 - 'What are the Joint Bidders' intentions if the Scheme proceeds?';
 - 'Why is the Takeover Offer Consideration less than the Scheme Consideration?';
 - 'How do I accept the Takeover Offer?';
 - 'What are the consequences of accepting the Takeover Offer?';
 - 'What happens if SH Mining and its Associates become the holder under the Takeover Offer of 90% or more of Azure Shares?';
 - 'What happens if SH Mining and its Associates become the holder under the Takeover Offer of greater than 50% but less than 90% of Azure Shares?'; and
 - 'What happens if SH Mining and its Associates become the holder under the Takeover Offer of less than 50% of Azure Shares?';
- Section 5;
- Section 7;
- Section 11.5(b) to 11.5(c);
- Section 11.11 (to the extent relating to the Joint Bidder Group); and
- Section 12,

except in each case to the extent that information is based on information provided or prepared by or on behalf of Azure.

Joint Bidding Arrangements means the joint bidding arrangements contemplated by the Joint Bidding Deed and Term Sheet between SQM and Hancock.

Joint Bidding Deed means the Joint Bidding Deed between SQM, SQM Parent, Hancock, Hancock Parent and SH Mining dated 19 December 2023 which would result in SH Mining, Hancock and SQM acquiring a Relevant Interest in each other's Azure Shares.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as updated from time to time.

Kt means kilotonnes.

Ktpa means kilotonnes per annum.

Last Practicable Date means 27 February 2024, being the last practicable date before the finalisation of this Transaction Booklet.

LCE means lithium carbonate equivalent.

Matching Offer has the meaning given to that term in Section 7.10.

Mineral Resource has the meaning given to that term in the JORC Code.

Non-Participating Joint Bidder has the meaning given to that term in Section 7.10.

Notice of EGM means the notice convening the EGM as set out in Annexure 4.

Notice of Scheme Meeting means the notice convening the Scheme Meeting as set out in Annexure 5.

Offer Notice has the meaning given to that term in Section 7.7.

Offer Period has the meaning given to that term in Section 7.7.

Option Cancellation Deed means a deed (on terms approved by SH Mining, acting reasonably) between Azure and a holder of Azure Options under which, subject to the Scheme becoming effective, or the Offer being declared or becoming unconditional and SH Mining becoming entitled to proceed with compulsory acquisition, the relevant Azure Options are cancelled for the Option Consideration.

Option Consideration means, for each Azure Option, the amount which is equal to the Scheme Consideration or Takeover Offer Consideration (as applicable) less the exercise price of that Azure Option, which (unless otherwise agreed by the parties) will be paid, or funded, by SH Mining.

Ore Reserve has the meaning given to that term in the JORC Code.

Participating Joint Bidder has the meaning given to that term in Section 7.10.

Proxy Form means the proxy form that is dispatched to Azure Shareholders for the EGM or the Scheme Meeting (as applicable).

Purchaser has the meaning given to that term in Section 7.7.

Recipient has the meaning given to that term in Section 7.7.

Related Body Corporate has the meaning given to that term in section 50 of the Corporations Act.

Related Person means:

- in respect of Azure or a member of the Joint Bidder Group, its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and
- in respect of SH Mining, without limiting the above, SQM and Hancock and each director, officer, employee, adviser, agent or representative of SQM and Hancock.

Relevant Interest has the meaning given to that term in Section 9 of the Corporations Act.

Removal Date has the meaning given to that term in Section 7.8(b).

Requisite Majority means in relation to the Scheme Resolution, a resolution passed by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Azure Shareholders (as the case may be), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
 - at least 75% of the votes cast on the resolution.
-

Rights means all rights or benefits attaching or arising from Azure Shares directly or indirectly after the date of the Transaction Implementation Deed, including but not limited to, all dividends or other distributions, other than voting rights attaching to Azure Shares during the period expiring at the later of the end of the Scheme Meeting and on the day after the date on which all of the Takeover Offer Conditions have been satisfied or waived.

Sale Notice has the meaning given to that term in Section 7.7.

Sale Offer Period has the meaning given to that term in Section 7.7.

Sale Shares has the meaning given to that term in Section 7.7.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Azure and Scheme Shareholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by SH Mining and Azure.

Scheme Conditions means the conditions to the Scheme as set out in Section 4.3.

Scheme Consideration means \$3.70 cash for every one Scheme Share held by a Scheme Shareholder.

Scheme Meeting means the meeting of Azure Shareholders ordered by the Court for the purposes of considering the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment or postponement of that meeting.

Scheme Record Date means 5.00pm (Perth time) on Monday, 15 April 2024, or such other date (after the Effective Date) as Azure and SH Mining agree in writing.

Scheme Resolution means the resolution to be proposed to Azure Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting.

Scheme Share means an Azure Share held by a Scheme Shareholder as at the Scheme Record Date.

Scheme Shareholder means a holder of Azure Shares recorded in the Azure Share Register as at the Scheme Record Date (other than an Excluded Shareholder).

Scheme Transaction means the acquisition of the Scheme Shares by SH Mining through implementation of the Scheme in accordance with the terms of the Transaction Implementation Deed.

Second Court Date means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Section means a section of this Transaction Booklet.

Section 611 item 7 Resolution means the resolution set out in the Notice of EGM as contained in Annexure 4.

Section 611 item 7 Resolution Takeover Condition means the Takeover Offer Condition in relation to the Section 611 item 7 Resolution as set out in Section 5.7.

Selling Shareholder has the meaning given to that term in Section 7.7.

Share Registry means Computershare.

SH Mining means SH Mining Pty Ltd ACN 673 729 872.

SH Mining Reimbursement Fee means \$16,900,000 (exclusive of GST).

SH Mining Share has the meaning given to that term in Section 7.6.

SQM means SQM Australia Pty Ltd ACN 621 414 659.

SQM Group means SQM and each of its Related Bodies Corporate.

SQM Information means the Joint Bidders' Information to the extent such information relates to the SQM Group.

SQM Parent means Sociedad Quimica y Minera de Chile S.A.

SQM Transaction means the binding transaction between SQM, SQM Parent and Azure announced to ASX on 26 October 2023.

Subscription Agreement has the meaning given in Section 6.3.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal:

- of the kind referred to in any of paragraphs 2, 3, 4 or 5 of the definition of Competing Proposal; and
- not resulting from a breach by Azure of any of its obligations under clause 12 (exclusivity) of the Transaction Implementation Deed (it being understood that any actions by the Related Persons of Azure not permitted by clause 12 will be deemed to be a breach by Azure for the purposes hereof),

that the Azure Board, acting in good faith, and after receiving written legal advice from its external legal advisers and written financial advice, determines:

- is reasonably capable of being valued and completed in a reasonable timeframe; and
- would, if completed substantially in accordance with its terms, be more favourable to Azure Shareholders (as a whole) than the Transaction (and, if applicable, than the Transaction as amended or varied following application of the matching right set out in clause 12.5 of the Transaction Implementation Deed),

in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent, the identity of the proponent or other matters affecting the probability of the Competing Proposal being completed) and of the Transaction.

Takeover Offer means the off-market takeover offer under Chapter 6 of the Corporations Act.

Takeover Offer Conditions means the conditions of the Takeover Offer set out in Section 5.7.

Takeover Offer Consideration means \$3.65 per Takeover Share.

Takeover Offer Period means the period within which the Takeover Offer is open for acceptance in accordance with this Transaction Booklet and the Corporations Act.

Takeover Register Date means the date set by SH Mining under section 633(2) of the Corporations Act, being 4.00pm (Perth time) on Wednesday, 28 February 2024.

Takeover (Scheme) Condition means the Takeover Offer Condition relating to the Scheme failing as set out in Section 5.7.

Takeover Shares means Azure Shares:

- held by an Azure Shareholder as at the Takeover Register Date; and
 - held by a person who is able to give good title at the time of acceptance by the Takeover Offer under the Takeover Offer Period.
-

Term Sheet has the meaning given in Section 7.7.

Transaction means the Scheme and the Takeover Offer, and either the Scheme or the Takeover Offer (as the context requires).

Transaction Booklet means this Transaction Booklet to be despatched to all Azure Shareholders in connection with the Section 611 item 7 Resolution, the Scheme and Takeover Offer, which will contain (among other things) the Independent Expert's Report, the Notice of EGM and the Notice of Scheme Meeting.

Transaction Implementation Deed means the Transaction Implementation Deed dated 19 December 2023 between Azure, SH Mining, Hancock Parent and SQM Parent.

Treasurer means the Treasurer of the Commonwealth of Australia.

Voting Power has the meaning given to it in the Corporations Act.

VWAP means volume weighted average price.

Withholding Amount has the meaning given in Section 4.6.

14.2 Interpretation

In this Transaction Booklet (other than in Annexures 1 to 5):

- words and phrases not otherwise defined in this Transaction Booklet have the same meaning (if any) as is given to them by the Corporations Act;
- the singular includes the plural and vice versa;
- headings are for ease of reference only and do not affect the interpretation of this Transaction Booklet;
- a reference to a Section is to a section in this Transaction Booklet unless stated otherwise;
- any reference, express or implied, to any legislation in any jurisdiction includes:
 - that legislation as amended, extended or applied by or under any other legislation made before or after the Announcement Date;
 - any legislation which that legislation re-enacts with or without modification; and
 - any subordinate legislation made before or after the Announcement Date under that legislation, including (where applicable) that legislation as amended, extended or applied as described above, or under any legislation which it re-enacts as described above;
- references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- references to an individual or a natural person include their estate and personal representatives, successors or assigns;
- a reference to any instrument or document includes any variation or replacement of it;
- a reference to you is to an Azure Shareholder, and your has a corresponding meaning;
- unless otherwise indicated, a reference to any time is a reference to that time in AWST;
- a word of any gender includes the corresponding words of any other gender;
- if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning; and
- general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words.

Annexure 1 – Independent Expert’s Report

Deloitte.

Azure Minerals Limited

Independent expert’s report and Financial Services Guide

29 February 2024

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you because Deloitte Corporate Finance has been engaged by Azure Minerals Limited (Azure) to prepare an independent expert’s report (our Report) in connection with the proposal by Sociedad Quimica y Minera de Chile S.A. (SQM Parent) and Hancock Prospecting Pty Ltd (Hancock Parent), via SH Mining Pty Ltd, a joint bid vehicle (SH Mining), to acquire 100% of the fully diluted issued capital in Azure by way of either a scheme of arrangement or an off-market takeover (the Proposed Transaction). Azure will provide our Report to you.

The person who provides the financial service to you is our Authorised Representative (AR) and Deloitte Corporate Finance authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice to wholesale clients in relation to derivatives, government debentures, stocks or bonds, interests in managed investment schemes, securities, and regulated emissions units (i.e. Australian carbon credit units and eligible international emissions units). We can also provide general financial product advice to retail clients in relation to the above financial products except for regulated emissions units.

We are also authorised to arrange for another person to deal in financial products in relation to:

- securities, interests in managed investment schemes, government debentures, stocks or bonds, and regulated emissions units and related derivatives to wholesale clients; and
- derivatives to retail and wholesale clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid

by, those who engage us. You are not responsible for our fees.

We will receive a fee of approximately Australian dollars (A\$) 150,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction.

Apart from these fees, Deloitte Corporate Finance, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls Deloitte Corporate Finance. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you wish to make a complaint, please refer to the relevant complaints policy available at: https://www.deloitte.com/au/en/contact/contact-us.html?cid=bn_contact-us

or contact the Complaints Officer:

Online: www.deloitte.com.au via the Contact Us page

Email: complaints@deloitte.com.au

Phone: +61 (02) 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au

1800 931 678 (free call)

Australian Financial Complaints Authority Limited

GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.



The Directors
Azure Minerals Limited
Level 1, 34 Colin Street
West Perth WA 6005
Australia

29 February 2024

Dear Directors

Re: Independent expert’s report – proposed acquisition of 100% of Azure Minerals Limited by way of scheme or takeover

Introduction

On 26 October 2023, Azure Minerals Limited (Azure or the Company) announced that it had entered into a binding implementation deed with SQM Australia Pty Limited (SQM), a subsidiary of Sociedad Quimica y Minera de Chile S.A. (SQM Parent), and SQM Parent pursuant to which SQM proposed to acquire 100% of the fully diluted issued capital in Azure by way of either a scheme of arrangement or an off-market takeover (the Original SQM Transaction). The Original SQM Transaction contemplated cash consideration of Australian dollars (A\$) 3.52 per share under the scheme and A\$3.50 per share under the takeover.

On 19 December 2023, Azure announced that it had entered into a new binding Transaction Implementation Deed (TID) with SQM Parent, Hancock Prospecting Pty Ltd (Hancock Parent) and SH Mining Pty Ltd¹ (SH Mining), under which it is proposed that SH Mining will acquire 100% of the fully diluted issued capital in Azure by way of either a scheme of arrangement or an off-market takeover (the Proposed Transaction).

Under the Proposed Transaction, the scheme of arrangement provides for SH Mining to pay A\$3.70 per share in cash consideration to Azure shareholders (the Scheme). If the Scheme is not successful, SH Mining will pursue an off-market takeover for cash consideration of A\$3.65 per share (the Takeover).

The Board of Azure has prepared a transaction booklet containing the detailed terms of the Scheme and Takeover (the Transaction Booklet). An overview of the Proposed Transaction is provided in Section 1 of our report.

Purpose of the report

The directors of Azure (the Directors) have appointed Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) to provide an opinion in respect of the Scheme and, separately, an opinion in respect of the Takeover, for the shareholders of Azure not associated with SH Mining (the Non-Associated Shareholders). We have also been asked to provide an opinion on the ‘Section 611 item 7 Resolution’² to be voted on by Non-Associated Shareholders as a condition to the Scheme and Takeover.

¹ An entity owned by SQM and Hanrine Future Metals Pty Ltd (a subsidiary of Hancock Parent)

² As defined on the next page

Deloitte.

The Directors of Azure have unanimously recommended Non-Associated Shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to Deloitte Corporate Finance concluding (and continuing to conclude) that the Scheme is in the best interests of Non-Associated Shareholders.

The Directors have also unanimously recommended Non-Associated Shareholders accept the Takeover if the Scheme is not successful, in the absence of a superior proposal and subject to Deloitte Corporate Finance concluding (and continuing to conclude) that the Takeover is fair and reasonable to Non-Associated Shareholders. The Scheme and Takeover are subject to several conditions, which are set out in sections 3.3, 4.3 and 5.7 of the Transaction Booklet. The key conditions to the Scheme and the Takeover are set out in Section 1.2 of this report. One of the key conditions is that Non-Associated Shareholders approve the Joint Bidding Agreement³ (Section 611 item 7 Resolution). The approval is required under item 7 of Section 611 of the Corporations Act 2001 because entry into the Joint Bidding Agreement technically results in SQM and Hancock exceeding the 20% takeover threshold. The directors have also unanimously recommended that Non-Associated Shareholders vote in favour of the Section 611 item 7 Resolution, subject to similar qualifications as above.

Section 411 of the Corporations Act 2001 (Section 411) regulates schemes of arrangement between companies and their shareholders. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cw/1th) (Part 3) prescribes the information to be provided to shareholders in relation to schemes of arrangement.

This report has been prepared in a manner consistent with Part 3 and Section 640 to assist Non-Associated Shareholders in their consideration of the Proposed Transaction (whether executed by way of the Scheme or the Takeover). We have prepared this report having regard to Part 3, Section 640 and Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 and ASIC Regulatory Guide 112.

This report is to be included in the Transaction Booklet to be sent to shareholders and has been prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Shareholders and Azure, in respect of this report, including any errors or omissions however caused.

Basis of evaluation

In preparing this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert's reports and ASIC Regulatory Guide 112 in respect of the independence of experts. ASIC Regulatory Guide 111 prescribes standards of best practice in the preparation of independent expert's reports.

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid or to effect a merger of entities of equivalent value. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions. ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

To assess whether the Scheme is in the best interests of Non-Associated Shareholders, we have adopted the test of whether the Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

We have also applied the fair and reasonable test to assess the Takeover.

Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. In a control transaction, this comparison is typically made assuming 100% ownership of the target company.

³ As defined in Section 1.2



Reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, the Non-Associated Shareholders should accept the offer in the absence of any higher bid before the close of the offer.

Definition of value

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the shares would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

Summary and conclusion

In our opinion:

- the Scheme is fair and reasonable and therefore in the best interests of the Non-Associated Shareholders; and
- the Takeover is fair and reasonable to the Non-Associated Shareholders.

Non-Associated Shareholders must pass the Section 611 item 7 Resolution for the Scheme or Takeover to proceed. In our opinion the Section 611 item 7 Resolution is fair and reasonable on the basis that both the Scheme and the Takeover are fair and reasonable.

In arriving at these opinions, we have had regard to the key factors set out below.

The consideration offered under both the Scheme and the Takeover is fair

We have assessed whether the consideration offered under both the Scheme and the Takeover is fair by comparing the fair market value of a share in Azure on a control basis with the consideration offered by SH Mining.

Set out in the table below is a comparison of our assessment of the fair market value of Azure with the consideration offered by SH Mining.

Table 1: Comparison of an Azure share to consideration offered by SH Mining

	Low (A\$)	High (A\$)
Estimated fair market value of an Azure share (Section 4)	2.03	2.93
Consideration offered (Section 1)		
Scheme		3.70
Takeover (if the Scheme is not successful)		3.65

Source: Deloitte Corporate Finance analysis

The consideration offered by SH Mining under both the Scheme and the Takeover is above the range of our estimate of the fair market value of an Azure share. Accordingly, it is our opinion that the Scheme and the Takeover are both fair.

SH Mining may have formed a different view to ours on the value of Azure's Andover Project due to specific synergies it may be expecting to achieve.



Valuation of Azure

We have estimated the fair market value of Azure by applying the sum-of-the-parts methodology. Behre Dolbear Australia Pty Limited (BDA) was engaged to provide an independent valuation of Azure’s assets, given their early stage of exploration. The most significant asset is the Andover Project which, while hosting JORC Code-compliant nickel Mineral Resources, is primarily valued by the market for its significant lithium prospectivity.

BDA used a market-based methodology, with reference to transactions in comparable assets, to value the Andover Project. This approach requires the determination of an appropriate multiple to apply to the attributable resources of the subject asset. Although a JORC Code-compliant lithium Mineral Resource is yet to be reported for the Andover Project, BDA considers a willing and knowledgeable buyer would incorporate the Company’s lithium exploration target in its assessment of value, given the work completed to date on the Andover lithium prospect (referred to as the Andover Lithium Project to distinguish from the nickel component of the project). BDA has assessed the work done by the Company and considers 240 million tonnes (Mt), reflecting the high end of the Company’s exploration target range, to be an acceptable basis for valuation. BDA considers the midpoint of the exploration target grade, being 1.25%, is appropriate to apply to this resource base assumption, based on recent drilling results.

We also considered the value of the Andover Lithium Project in the context of recent share trading in comparable listed companies. The use of share trading evidence can provide a more current benchmark of value compared to historical transactions that formed the basis of BDA’s work. However, while trading in listed companies’ shares may reflect the market’s current expectations of the medium to long-term demand and supply for lithium, there continue to be significantly divergent views on the point at which lithium supply will outstrip demand. This uncertainty can create speculative share trading behaviour, including short-selling, and share price volatility. As a result, we have relied on BDA’s technical valuation of Azure’s portfolio of exploration assets. BDA’s valuation incorporates the change in lithium prices between the date of the announcement of the underlying transactions included in their benchmarking peer set and the period leading up to the date of this report.

Our sum-of-the-parts valuation of a share in Azure is set out in the table below.

Table 2: Azure valuation summary

	Unit	Low	High
Andover Lithium Project (60% interest)	A\$ million	783.7	1,175.6
Andover Nickel-Copper Project (60% interest)	A\$ million	28.0	41.3
Turner River Project (70% interest)	A\$ million	0.1	0.1
Coongan Project (70% interest)	A\$ million	0.5	0.6
Barton Gold Project (100% interest)	A\$ million	3.4	4.4
Bendito investment	A\$ million	9.1	15.1
Enterprise value	A\$ million	824.8	1,237.2
Net cash	A\$ million	110.4	110.4
Equity value	A\$ million	935.1	1,347.6
Shares outstanding	million	460.2	460.2
Value per share	A\$ per share	2.03	2.93

Source: Deloitte Corporate Finance analysis

Note:

1. Table subject to rounding

Our valuation range for Azure’s shares is wide (approximately 40%), which we consider appropriate given the early-stage nature of the Andover Lithium Project and the wide range of possible outcomes that may eventuate as it progresses through the mining cycle from discovery to steady-state production. This progression is expected to take at least six years and will likely take longer, exposing the asset to cyclical and/or long-term structural price volatility.

We observe that exploration companies can experience a surge in the traded share price as the market reacts to announcements of resource discoveries. This can lead to a wide variety of investors on the share register, including unsophisticated investors and/or speculators, whose primary aim is to maximise returns in the short-term rather than build a long-term position in a commodity. The share prices of



these companies can then experience a downward correction as they move beyond the discovery phase into the feasibility phase, i.e. the phase in which they tend to generate more information on the underlying economics of the mineral discovery through completion of various studies.

Azure is in the discovery phase and has made nearly 20 public announcements relating to exploration results during 2023. It is currently targeting a maiden JORC Code-compliant lithium Mineral Resource in the first quarter of 2024. This, together with media speculation of a potential control transaction with SQM Parent following its initial investment in Azure in January 2023, has contributed to the strong share price momentum during the past 12 months. This further supports a wide range of possible values for Azure’s shares.

We have also cross-checked our valuation in Section 4.3 with reference to trading in Azure’s shares leading up to the announcement of the Original SQM Transaction.

In the 30 days leading up to the Original SQM Transaction, Azure’s shares traded in the range of A\$2.05 to A\$2.84 per share. Azure also completed a capital raising with institutional investors for A\$120 million, together with a share purchase plan (SPP) of A\$10 million, in August 2023. The fully subscribed placements were priced at A\$2.40 per share, at a discount of 5.3% to the 30-day volume weighted average price (VWAP) prior to the announcement of the capital raising. All of these prices effectively include the market’s expectation of a control transaction.

Our valuation is therefore consistent with recent trading prior to the announcement of the Original SQM Transaction in Azure’s shares as well as the price at which the capital raisings were undertaken in August 2023.

The Scheme and the Takeover are both reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Scheme and the Takeover are both reasonable. The following additional factors may also be relevant for Non-Associated Shareholders:

The Proposed Transaction provides Non-Associated Shareholders with the certainty of cash consideration

The Andover Project is an early-stage project and no JORC Code-compliant lithium Mineral Resource has been defined yet. Despite highly favourable drilling results to date, like all early-stage exploration projects, it requires external funding to progress further exploration activities, feasibility studies, construction and ultimately production, all of which will impact the value of the project.

Recent developments in the lithium industry emphasise the challenges that pre-production lithium projects face amidst volatile lithium prices and the uncertain global outlook for electric vehicle demand. The Proposed Transaction provides Non-Associated Shareholders with the certainty of immediate cash consideration at a significant premium to the underlying value of Azure’s portfolio of assets.

On the other hand, if the Non-Associated Shareholders accept SH Mining’s offer, they will forgo the potential upside associated with the Andover Lithium Project, albeit they can reinvest the cash consideration received into alternative lithium-focused companies. Non-Associated Shareholders now have the added benefit that alternative lithium-focussed companies are trading at significantly lower prices than they were at the time of the announcement of the Original SQM Transaction

Non-Associated Shareholders may not be able to sell their shares at current prices due to low trading liquidity⁴

The top five shareholders in Azure collectively hold c.75% of the total shares outstanding in the Company. Two of these shareholders, Hancock Parent and Mineral Resources Limited (MinRes), increased or acquired their stakes in the Company subsequent to the announcement of the Original SQM Transaction. This buying activity at one stage drove the price of Azure shares to over A\$4.00 per share, which is greater than the consideration offered by SH Mining of up to A\$3.70 per share. There is no guarantee that major shareholders will continue to buy at these prices, particularly given Hancock Parent is a party to the Proposed Transaction.

The remaining free float in Azure is relatively small. In light of this, and the recent decline in lithium prices, Non-Associated Shareholders may not have the ability to sell their shares at current prices unless another formal offer transpires, which appears increasingly unlikely as at the date of this report.

⁴ The volume of shares traded between 15 November and 5 February (i.e. after MinRes reported it had accumulated a substantial shareholding in the Company) is c.44% versus c.195% (on an annualised basis) for the equivalent period leading up to the announcement of the Original SQM Transaction

Deloitte.

If SH Mining does not acquire at least 90% of outstanding shares, Azure shares are likely to trade below current levels

If SH Mining does not acquire 90% of the shares in Azure under the Takeover (enabling it to compulsorily acquire remaining shares it does not already own), shares in Azure are likely to trade below the prices observed since the announcement of the Original SQM Transaction. The limited free float may also result in reduced broker coverage and further downward pressure on the traded share price.

A recent example of this is the effect of Albemarle Corporation (Albemarle) rescinding its revised offer to acquire Liontown Resources Limited (Liontown) in October 2023 after Hancock Parent accumulated a blocking stake of 19.9% in Liontown between April and October 2023. Liontown’s shares are now trading at around A\$0.90⁵, well below Albemarle’s offer of A\$3.00 per share. The company also has to find alternative sources of funding to support development of the Kathleen Valley Project after a syndicate of lenders recently terminated their commitment letter to provide a A\$760 million project debt funding package. Liontown is now also reviewing options to defer certain capital expenditure and implement cost optimisation programmes to reduce the near-term funding requirements of the project.

Opinion

In the absence of a superior proposal, in our opinion:

- the Scheme is fair and reasonable and therefore in the best interests of the Non-Associated Shareholders; and
- the Takeover is fair and reasonable to the Non-Associated Shareholders.

Non-Associated Shareholders must pass the Section 611 item 7 Resolution for the Scheme or Takeover to proceed. In our opinion the Section 611 item 7 Resolution is fair and reasonable on the basis that both the Scheme and the Takeover are fair and reasonable for the reasons outlined above.

An individual shareholder’s decision in relation to the Scheme and/or the Takeover may be influenced by his or her particular circumstances. If in doubt, shareholders should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



Nicki Ivory

Authorised Representative (Number 461005)
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)



Stephen Reid

Authorised Representative (Number 461011)
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)

⁵ As at 5 February 2023

Glossary

Reference	Definition
A\$	Australian dollars
Albemarle	Albemarle Corporation
Andover JVA, (the)	The joint venture agreement between the Creasy Group and Azure Minerals Limited
Andover Project, (the)	Andover Lithium and Nickel-Copper Projects
ASIC	The Australian Securities and Investment Commission
ASX	Australian Securities Exchange
Atlantic	Atlantic Lithium Limited
AUASB	Auditing and Assurance Standards Board
Azure or The Company	Azure Minerals Limited
BDA	Behre Dolbear Australia Pty Limited
Bendito	Bendito Resources Inc.
BFS	Bankable Feasibility Study
Co	Cobalt
Creasy Group, (the)	The Creasy Group of Companies
Cu	Copper
CY	Calendar year
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
DFS	Definitive-feasibility Study
Directors, (the)	The Directors of Azure
DLE	Direct lithium extraction
dmt	Dry metric tonnes
ESS	Energy storage system
EU	European Union
EVs	Electric vehicles
FIRB	Foreign Investment Review Board
FY	Financial year
Ganfeng	Ganfeng Lithium Group Co Ltd
Global	Global Lithium Resources Limited
Hancock	Hanrine Future Metals Pty Ltd
Hancock Parent	Hancock Prospecting Pty Ltd
ICE	Internal combustion engine
IEA	International Energy Agency
IRA	Inflation Reduction Act
Joint Bidding Agreement	The agreement dated 19 December 2023 between SQM, SQM Parent, Hancock, Hancock Parent and SH Mining
JORC Code, (the)	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition)
km	kilometre
km ²	kilometre squared
LCE	Lithium carbonate equivalent
LFP	Lithium iron phosphate
Li ₂ CO ₃	Lithium carbonate
Li ₂ O	Lithium oxide
LiOH	Lithium hydroxide



Reference	Definition
Liontown	Liontown Resources Limited
LME	London Metals Exchange
LOM	Life of Mine
Mt	Million tonnes
Mtpa	Million tonnes per annum
MinRes	Mineral Resources Limited
Ni	Nickel
NMC	Nickel manganese cobalt
Non-Associated Shareholders	Shareholders of Azure that are not associated with SH Mining Pty Ltd
OEM	Original Equipment Manufacturer
Original SQM Transaction	The transaction between SQM and Azure announced on 26 October 2023
Part 3	Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwltth)
Patriot	Patriot Battery Metals Inc.
PFS	Pre-feasibility study
Proposed Transaction, (the)	SH Mining Pty Ltd acquiring Azure Minerals Ltd via scheme of arrangement or an off-market takeover
Scheme, (the)	The scheme pursuant to which SH Mining will seek to acquire Azure for cash consideration of A\$3.70 per Azure share
Section 411	Section 411 of the Corporation Act 2001
Section 611 item 7 Resolution	The resolution to be passed by Non-Associated Shareholders to approve the Joint Bidding Agreement.
Section 640	Section 640 of the Corporations Act 2001
SH Mining	SH Mining Pty Ltd
SPP	Share purchase plan
SQM Parent	Sociedad Quimica y Minera de Chile S.A.
SQM	SQM Australia Pty Limited
SS	Scoping study
Takeover, (the)	The off-market takeover to be pursued by SH Mining, if the Scheme fails, for cash consideration of A\$3.65 per Azure share
Tianqi	Tianqi Lithium Corporation
TID	Transaction Implementation Deed
Transaction Booklet, (the)	The transaction booklet containing the detailed terms of the scheme and takeover offer
TSX	Toronto Stock Exchange
USGS	United States Geological Survey
Valmin Code, (the)	The code for Technical Assessment and Valuation of Minerals and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume weighted average price



Contents

1	Overview of the Proposed Transaction	11
2	Profile of Azure	13
3	Valuation approach	23
4	Valuation of Azure	25
	Appendix 1: Context to the Report	30
	Appendix 2: Valuation methodologies	32
	Appendix 3: Lithium industry overview	33
	Appendix 4: Comparable companies	42
	Appendix 5: Technical expert’s report	43



1 Overview of the Proposed Transaction

1.1 Original SQM Transaction

SQM acquired 19.9% of the outstanding shares in Azure through a series of agreed transactions executed over January to March 2023. Refer to Section 2.1.2 for further details on SQM's existing investment in Azure.

On 26 October 2023, Azure announced that it had entered into a binding TID with SQM and SQM Parent, pursuant to which SQM sought to acquire the remaining shares in Azure that it did not already own, either via a scheme of arrangement or a takeover offer.

On 31 October 2023, Hancock Parent announced it held a c.18.3% interest in the Company and on 14 November 2023, MinRes announced it held a c.13.6% interest in the Company.

1.2 Proposed Transaction

On 19 December 2023, Azure announced that it had entered into a new binding TID under which it is proposed that SH Mining will acquire 100% of the fully diluted issued capital in Azure that it does not already own either via the Scheme or the Takeover. This resulted in the Original SQM Transaction being terminated on that date.

To facilitate the Proposed Transaction, a joint bidding arrangement (Joint Bidding Agreement) was agreed between:

- SQM Parent
- SQM
- Hancock Parent
- Hanrine Future Metals Pty Ltd (Hancock), a 100% subsidiary of Hancock Parent; and
- SH Mining (an entity owned by SQM and Hancock).

SH Mining proposes to pay A\$3.70 in cash consideration per Azure share under the terms of the Scheme. The Scheme is subject to the following key conditions:

- at least 75% of votes cast and greater than 50% of Non-Associated Shareholders voting in favour of the Scheme
- Non-Associated Shareholders approving the Section 611 item 7 Resolution. This approval is required because entering into the Joint Bidding Agreement technically results in SQM and Hancock exceeding the 20% takeover threshold
- no shareholder (other than SH Mining, SQM and Hancock and their respective associates) acquiring an interest greater than 15% in Azure
- the independent expert, Deloitte Corporate Finance, concluding (and continuing to conclude) that the Scheme is in the best interests of the Non-Associated Shareholders
- approval by the requisite Court of Australia and the Foreign Investment Review Board (FIRB), and competition law approvals.

If the Scheme is not successful, for example because the Non-Associated Shareholders or the Court do not approve the Scheme, SH Mining will pursue the Takeover at reduced consideration of A\$3.65 per Azure share.

We understand the following:

- Delphi Group and Creasy Group, shareholders holding c.10.3% and c. 12.8% respectively of Azure, have confirmed they intend to support the Proposed Transaction, subject to no superior proposal to acquire 100% of Azure emerging beforehand
- the Directors have unanimously recommended the Non-Associated Shareholders approve the Proposed Transaction in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of the Non-Associated Shareholders and that the Takeover is fair and reasonable
- SH Mining will be required under certain circumstances to match any superior proposal that is more than 105% of the value of the consideration offered under the Proposed Transaction, or alternatively



accept the rival takeover offer and must not vote against a higher rival scheme. Refer to section 7.10 of the Transaction Booklet for further details

- should the Proposed Transaction fail, SQM will in certain circumstances be required to proceed with the takeover offer proposed under the Original SQM Transaction at A\$3.50 per Azure share (refer to section 10.5 of Transaction Booklet for further details).

Refer to sections 3.3, 4.3 and 5.7 of the Transaction Booklet for further detail on the conditions precedent to the Scheme and the Takeover.

2 Profile of Azure

2.1 Overview

Azure is an advanced-stage lithium and base metals exploration company primarily focussed on the development of the Andover Lithium and Andover Nickel-Copper Projects (collectively, the Andover Project) located in the West Pilbara region of Western Australia. The Company is headquartered in West Perth, Western Australia, and has been listed on the Australian Securities Exchange (ASX) since 2003.

Azure has been working on resource development of the Andover Project since August 2020. It has completed extensive drilling programs across the project, resulting in Mineral Resources being defined for nickel, and is working towards a maiden Mineral Resource for the lithium project in Q1 to Q2 2024. Azure has experienced significant share price appreciation over this period and has attracted interest from SQM Parent, Hancock Parent, and MinRes.

2.1.1 Joint venture agreement (JVA) with Mark Creasy

On 13 July 2020, Azure entered into an agreement with Mr Mark Creasy to acquire a 60% interest in the Andover Project in exchange for 24 million shares in Azure (the Andover JVA). The Andover JVA was amended on 16 September 2022 to include further exploration licence applications in exchange for additional consideration of A\$100,000 or a 1% net smelter return.

On the same day, Azure entered into a separate JVA to acquire a significant interest in the Turner River, Meentheena and Coongan projects from entities controlled by the Creasy Group of Companies (the Creasy Group) in exchange for 16 million shares in Azure. The consideration paid for each asset is summarised as follows:

- Azure issued 1.6 million Azure shares to the Creasy Group in exchange for a 70% interest in the Turner River exploration licence application (the Creasy Group retained a 30% interest)
- Azure issued 8.8 million Azure shares to the Creasy Group in exchange for a 70% interest in the Meentheena exploration licence⁶ (the Creasy Group retained a 30% interest)
- Azure issued 5.6 million Azure shares to the Creasy Group in exchange for a 70% interest in the Coongan exploration licence (the Creasy Group retained a 30% interest).

The combined consideration from the above transactions resulted in the Creasy Group holding c.19% of the issued equity in the Company.

Under the Andover JVA, Azure will solely fund the exploration costs of each of the projects and free carry the Creasy Group's position to the point of execution of a mining venture agreement, including completion of a Bankable Feasibility Study (BFS) (to be funded by Azure). After the completion of a mining venture agreement, each party will be required to contribute their proportion of costs or risk dilution of their interest.

The Andover JVA provides that the Creasy Group's interest will be converted to a net smelter royalty of between 1% and 2% if the Creasy Group elects not to participate in the mining venture agreement.⁷

2.1.2 SQM investment and offtake

In January 2023, SQM Parent (through SQM) began the process of acquiring c.19.9% of Azure for a cash consideration of c.A\$20 million. The transaction was executed via a subscription agreement that was structured in two tranches. During the first tranche of the transaction, SQM subscribed for 16.4 million ordinary shares in Azure, at a subscription price of A\$0.2564 per share, raising A\$4.2 million for Azure. At the time this gave SQM a 4.99% shareholding in Azure.

During the second tranche of the transaction, SQM subscribed for an additional 61.6 million ordinary shares in Azure at a subscription price of A\$0.2564 raising a further A\$15.8 million for Azure. As part of the subscription agreement, the second tranche was subject to a number of conditions. One of the conditions was SQM and Azure having entered into a binding offtake agreement.

On 9 March 2023, SQM and Azure finalised the terms of the offtake agreement for the supply of up to 25% of all lithium product from mining projects in which Azure has an interest (in proportion to Azure's interest in each project) at spodumene prices based on customary market indices adjusted for lithium content. The agreement and finalisation of the binding offtake agreement allowed the second tranche of

⁶ Azure's share in the Meentheena exploration licence was transferred to the Creasy Group in Q4 2022

⁷ Based on the area covered by the mining venture agreement. There are other areas within the Andover Project that are not covered by the mining venture agreement and where Creasy Group continues to carry a free carried interest.



the transaction to be completed. At the conclusion of the transaction, SQM held a c.19.9% holding in Azure.

Under the terms of the subscription agreement and until SQM no longer holds voting power of at least 10% in Azure, SQM has:

- the ability to direct a member to the Azure Board
- the ability to form a technical committee to assist and advise on the exploration and development at the Andover Project
- first rights in relation to future equity raises
- the ability to participate in any funding arrangements, royalty agreements, streaming agreements or prepayment agreements.

On 15 August 2023, Azure responded to media speculation to confirm that it had received multiple expressions of interest from SQM Parent, and that it had rejected a recent non-binding and highly conditional A\$2.31 per share cash takeover bid from SQM on 12 July 2023.

On 26 October 2023, Azure announced that it had entered into a binding transaction implementation deed with SQM and SQM Parent, pursuant to which SQM sought to acquire the remaining shares in Azure that it did not already own, either via a scheme of arrangement for a cash amount of \$3.52 per share or a takeover offer for a cash amount of \$3.50 per share.

2.2 Summary of Azure’s assets

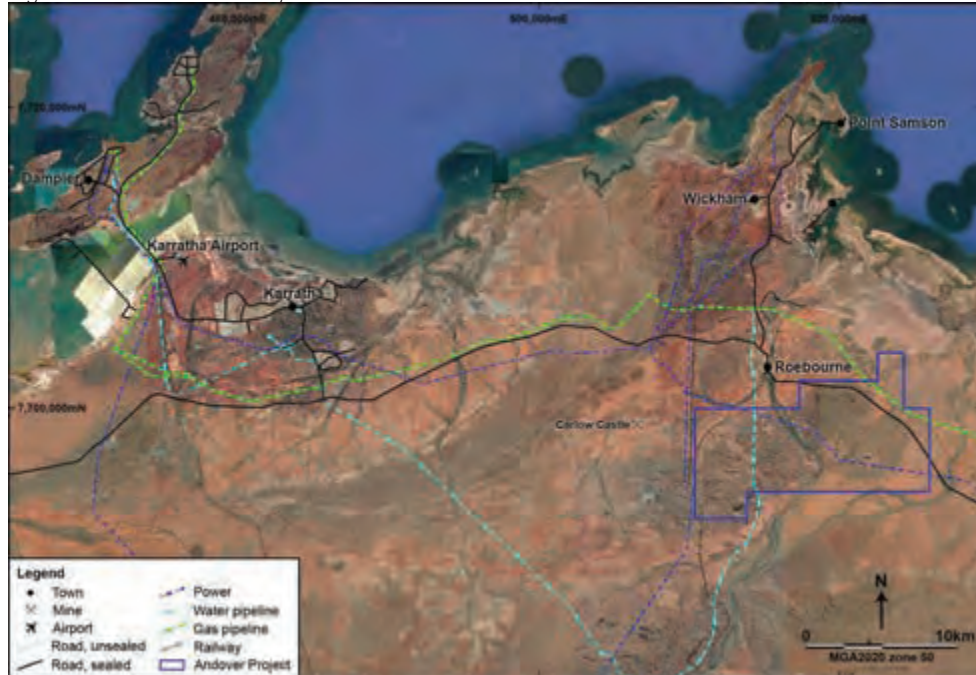
2.2.1 The Andover Project (60% interest)

The Andover Project is a lithium and nickel-focussed exploration prospect that covers three granted exploration licences, three pending exploration licence applications (which are a protective measure to the three granted exploration licenses, as per Table 3) and four miscellaneous licences (for the purpose of searching for groundwater). The project is located c.35 kilometres (km) southeast of Karratha, Western Australia, and covers 109 kilometres squared (km²). Figure 1 shows the location of Azure’s exploration tenements at the Andover Project.

Refer to the Independent Technical Specialist’s prepared by BDA in Appendix 5 for further details on exploration activity at the Andover Project.

Deloitte.

Figure 1: The Andover Project



Source: Azure management

The project is accessible by road from Karratha which allows for the transportation of construction equipment to the site, and it is also near the Port of Dampier and Port Hedland.

The tenements included within the Andover Project area are summarised below.

Table 3: Andover Project tenement schedule

Mineral	Tenement	Status
All Minerals	E47/2481	Granted
All Minerals	E47/4700	Granted
All Minerals	E47/4701	Granted
All Minerals	E47/4761 ¹	Application (protective)
All Minerals	E47/4763 ¹	Application (protective)
All Minerals	E47/4892 ¹	Application (protective)
Search for Groundwater	L47/1066	Application
Search for Groundwater	L47/1067	Granted
Search for Groundwater	L47/1068	Granted
Search for Groundwater	L47/1096	Application
Ground Disturbance	L47/1138	Application

Source: Azure Quarterly Activities Report (period ending 30 September 2023)

Note:

- Azure lodged a second round of exploration applications for three of the Company’s Andover Project tenements as an insurance measure following a precedent Warden’s Court case (True Fella Pty Ltd v Pantoro South Pty Ltd {2022} WAMW 19). The case highlighted the importance of including detailed information for the full five-year term in exploration licence applications, potentially invalidating numerous licences in Western Australia.

Azure began exploration at the Andover Project in August 2020 with a view to expanding the nickel-copper-cobalt discovery made by the Creasy Group in 2018. Azure’s initial drilling and field work resulted in the discovery of multiple large intersections of nickel-copper-cobalt sulphide mineralisation resulting in Azure reporting a maiden Indicated and Inferred Mineral Resource of 4.65 Mt @ 1.11% nickel (Ni), 0.47% Copper (Cu) and 0.05% Cobalt (Co)⁸ in March 2022.

The Andover Project also encompasses the Ridgeline deposit situated 200 metres to the west of the Andover deposit. In February 2023 Azure reported a maiden Indicated and Inferred Mineral Resource for the Ridgeline deposit of 1.3 Mt at 1.11% Ni, 0.46% Cu and 0.05% Co.

⁸ Measured in accordance with the JORC Code



After an extensive ground mapping and sampling programme conducted between March 2022 and October 2022, the Company identified lithium bearing pegmatites at the Andover Project. In August 2023, it announced a lithium exploration target for the Andover Lithium Project of 100 to 240 Mt @ 1.0-1.5% Lithia (or lithium oxide, Li₂O, resources quoted on a 100% basis). At the midpoint of this exploration target, the Andover Lithium Project would sit within at least the top 10 hard rock lithium assets globally by Mineral Resource base, according to Azure management estimates.⁹

Azure expects to announce a maiden lithium Mineral Resource estimate for the Andover Lithium Project in Q1 to Q2 2024 to support its scoping study. As part of this, Azure is undertaking a 100,000 metre drilling programme and undertaking initial metallurgical testwork, which is returning positive results. This drilling programme and the metallurgical results will form the basis of the scoping study which is expected to be completed in Q4 2024. Through discussions with Azure management, we understand they are aggressively targeting first production at the Andover Lithium Project by the end of calendar year (CY) 2029.

The following table summarises the current Mineral Resources for the Andover and Ridgeline nickel deposits (estimated in accordance with the JORC Code) (shown on a 100% basis).

Table 4: Azure Mineral Resource summary (100% basis)^{1,2,3,4}

Resource category	Tonnes (Mt)	Grade Ni%	Grade Cu%	Grade Co%	Grade S%	NiEq% ³	Ni Metal kt	Cu Metal kt	Co Metal kt
Andover Deposit, Resource Estimate above 0.5% Ni% cut-off									
Indicated	3.8	1.16	0.47	0.05	8.23	1.51	43.9	17.9	2.1
Inferred	0.9	0.89	0.44	0.04	6.33	1.2	7.7	3.8	0.4
Total	4.7	1.11	0.47	0.05	7.87	1.41	51.7	21.7	2.4
Ridgeline Deposit, Resource Estimate above 0.5% Ni% cut-off									
Indicated	0.4	1.13	0.48	0.05	6.63	1.51	4.8	2.0	0.2
Inferred	0.9	1.09	0.45	0.05	6.57	1.45	9.9	4.1	0.4
Total	1.3	1.11	0.46	0.05	6.59	1.47	14.7	6.1	0.6
Global Mineral Resource									
Indicated	4.2	1.16	0.47	0.05	8.06	1.51	48.7	19.9	2.3
Inferred	1.8	0.99	0.45	0.04	6.45	1.33	17.6	7.9	0.8
Total	6.0	1.11	0.47	0.05	7.58	1.45	66.4	27.8	3.1

Source: Azure 2023 Annual Report

Notes:

1. Table above subject to rounding
2. Mineral Resources are stated on a gross (100%) basis
3. The Ni-equivalent (NiEq%) formula adopted by Azure management uses two-year average forecast metal prices.
4. Commodity price assumptions assumed include: nickel US\$19,366.6/t; copper US\$9,089.8/t; and cobalt US\$63,107.9/t

2.2.2 The Turner River Project (70% interest)

The Turner River Project is located approximately 35km south of Port Hedland, Western Australia, and consists of two relatively unexplored exploration licence applications covering c.449km². At its closest point, the project is located within 7km of De Grey Mining Limited’s Mallina Gold Project which hosts approximately 12.7 million ounces of gold Mineral Resources (on a 100% basis).¹⁰

To date, Azure has undertaken a data review which identified several historical artisanal mine workings that exploited tantalum, and other minerals and an initial site visit which noted outcropping pegmatites, indicating that Turner River has the potential to host lithium mineralisation. The Company is planning to undertake geophysical surveys, surface exploration and drilling as soon as the tenements are granted, which is expected to be in 2024.

⁹ Equity Raising ASX presentation dated 21 August 2023

¹⁰ Hemi Gold Project ASX announcement dated 21 November 2023



Table 5: Turner River Project tenement schedule

Mineral	Tenement	Status
All Minerals	E45/2573	Application
All Minerals	E45/2574	Application
All Minerals	E45/6295 ¹	Application (protective)
All Minerals	E45/6296 ¹	Application (protective)
All Minerals	E45/6297 ¹	Application (protective)

Source: Azure Quarterly Activities Report (period ending 30 September 2023)

Note:

- Azure lodged a second round of exploration applications for two of the Company’s Turner River project tenements as an insurance measure following a precedent Warden’s Court case (True Fella Pty Ltd v Pantoro South Pty Ltd {2022} WAMW 19). The case highlighted the importance of including detailed information for the full five-year term in exploration licence applications, potentially invalidating numerous licences in Western Australia.

2.2.3 The Coongan Project (70% interest)

The Coongan Project comprises an early-stage exploration tenement (E46/1156) focused on gold, base metals, iron ore and lithium. The project is located 8km west of Nullagine in the Pilbara region and covers an area of 223km². Management has advised that minimal work has been undertaken at this site besides some preliminary surveying and surface geochemical sampling.

2.2.4 Bendito Resources Inc. (18% interest)

Azure holds a c.18% interest in Bendito Resources Inc. (Bendito), a private company with various early-stage mining projects located in Mexico. Bendito’s flagship asset is the Alacran silver, gold and copper project which hosts 27.4 million ounces of silver (Measured and Indicated category).

In May 2022, Azure announced that it had sold 100% of its shares in Azure Mexico Pty Ltd and associated subsidiaries to Bendito in exchange for cash and shares in Bendito, with payment to be made across two instalments as follows:

- the first instalment comprised A\$4 million paid in cash on 27 May 2022 and 11.2 million ordinary shares, approximately a 20%¹¹ equity interest in Bendito (valued at A\$4 million at the time of the transaction)
- the second instalment comprises A\$6 million in cash payable across three equal instalments by 30 September 2024, 30 September 2025 and 30 September 2026, respectively (as per the Second Amending Agreement agreed on 4 October 2023). The Company may also receive additional shares in Bendito to the value of A\$6 million, subject to Bendito successfully listing on the Toronto Stock Exchange (TSX) at some stage between 2024 and 2026.

2.2.5 The Barton Gold Project (100% interest)

In September 2020, Azure acquired a 100% interest in the Barton Gold Project from 30 Well Pty Limited for consideration comprising 1.15 million shares in Azure and A\$20,000 in cash. The Barton Gold Project is in the Kookynie District in Western Australia, within the Leonora-Laverton province. This region has experienced significant gold project consolidation in recent years. The initial Barton Gold Project covered 201km² of the Kookynie Gold District and adjoins several emerging gold deposits.

In the September 2022 quarter, a further two exploration licences (E31/1280 and E40/432) were granted to increase the total exploration area to 359km². Another exploration licence (E31/1278) was granted in the June 2023 quarter, increasing the total exploration area to 472km². In the September 2023 quarter, another two exploration licences were granted (E40/437 and E40/438) and then a further two exploration licenses (E31/1337 and E31/1338) in October 2023. The total project area is now c.887km² comprising of eight granted exploration licences and one pending application, which is protective.

The project is currently in the early-stage exploration phase. In April 2023, Azure reported the results of drilling activities which indicated that promising gold anomalies and gold mineralisation were intersected in first pass drilling. The Company expects to undertake further exploration over the coming years.

¹¹ This was diluted to c.18% following the August 2023 Bendito capital raising at US\$ 0.25 per share

Table 6: Barton Gold Project tenement schedule

Mineral	Tenement	Status
All Minerals	E31/1278	Granted
All Minerals	E31/1280	Granted
All Minerals	E31/1337	Granted
All Minerals	E31/1338	Granted
All Minerals	E40/393	Granted
All Minerals	E40/432	Granted
All Minerals	E40/436 ¹	Application (protective)
All Minerals	E40/437	Granted
All Minerals	E40/438	Granted

Source: Azure tenements register (dated 20 November 2023)

Note:

- Azure lodged a second round of exploration applications for one of the Company’s Barton Gold project tenements as an insurance measure following a precedent Warden’s Court case (True Fella Pty Ltd v Pantoro South Pty Ltd {2022} WAMW 19). The case highlighted the importance of including detailed information for the full five-year term in exploration licence applications, potentially invalidating numerous licences in Western Australia.

2.3 Capital structure

Azure currently has 458.67 million ordinary shares on issue. In addition, there are 1.5 million options outstanding as at 5 February 2024, as summarised below.

Table 7: Options outstanding as at 5 February 2024

Expiry date	Exercise price (cents)	Number of options
30-Jun-2024	0.65	1,500,000

Source: Azure Management

Azure’s substantial shareholders (with holdings greater than 5%) as at 11 January 2024 are summarised in the table below.

Table 8: Azure’s substantial shareholders

No	Shareholder	No ordinary shares held (millions)	Percentage of common shares outstanding (%)
1	SOM Australia	89.1	19.4
2	Hancock Prospecting Pty Ltd	84.2	18.4
3	Mineral Resources Limited	66.6	14.5
4	Yandal Investments Pty Ltd ¹	58.9	12.8
5	Delphi Group	47.4	10.3
	Total substantial shareholders	346.3	75.5
	Other shareholders	112.4	24.5
	Total shares outstanding	458.7	100.0

Source: Azure Management, Azure share registry (dated 11 January 2024)

Note:

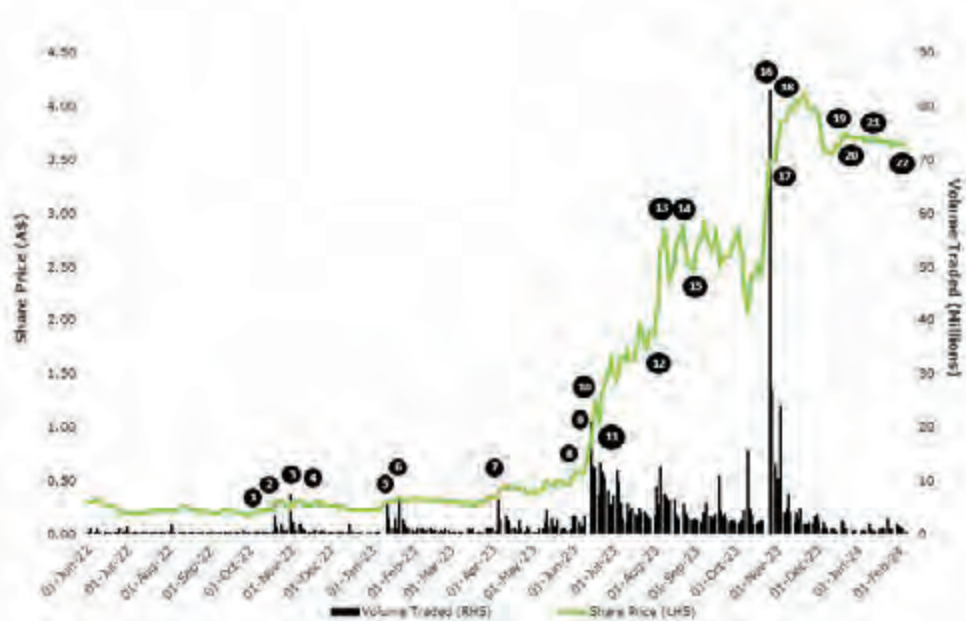
- Vehicle through which the Creasy Group holds its interest in the Company.

Shortly after rejecting the A\$2.31 per share takeover bid from SOM Parent in July 2023 (as discussed in Section 2.1.2), on 28 August 2023 the Company completed a two-tranche equity placement to institutional and sophisticated investors. The first tranche consisted of c.41.6 million shares at A\$2.40 per share to raise c.A\$100 million. The second tranche, following shareholder approval, consisted of c.9.5 million shares at A\$2.40 per share to raise c.A\$22.7 million.

Azure also raised c.A\$10 million via a SPP on 15 September 2023 at the same price of A\$2.40 per share.

2.4 Share price performance

The figure below sets out trading activity in the Company’s shares since 1 June 2022.

Figure 2: Azure – recent share price performance¹

Source: S&P CapitalIQ, Company announcements

Note:

1. RHS – right hand side; LHS – left hand side.

Over the 12 months ended 5 February 2024, 823.6 million Azure shares were traded on the ASX, representing 198% of the average shares outstanding for the period. Key market activity and announcements from the figure above are summarised in the following table.

Table 9: Key ASX announcements

Ref	Date	Commentary
1	5-Oct-22	Azure presents metallurgic results from the Andover Project at the Australian Nickel Conference. The focus of the presentation was the results of the Ridgeline deposit metallurgic work which showed separate high-grade nickel and copper mineralisation.
2	19-Oct-22	Azure announces the discovery of high-grade lithium potential at the Andover Project. The announcement outlines that the spodumene-rich pegmatites that were sampled returned grades up to 3.32% Li ₂ O.
3	1-Nov-22	Azure seeks a trading halt pending announcements on the drilling results from the Andover Project. The announcement noted that the Ridgeline deposit continued to show strong nickel mineralisation.
4	17-Nov-22	Managing Director, Anthony Rovira, announces Azure is fast-tracking lithium exploration at the Andover Project via diamond drilling at newly identified target zones.
5	11-Jan-23	Azure announces that SQM will receive a 19.99% interest in Azure for A\$20 million via an initial A\$4.2 million investment in Azure and, subject to the satisfaction of certain conditions, a further A\$15.8 million investment.
6	20-Jan-23	Azure announces that further sampling exploration at the Andover Project continues to return high grades of lithium. These results show grades of up to 4.87% Li ₂ O in the spodumene-rich pegmatites that were sampled.
7	5-Apr-23	Azure releases an announcement detailing that further drilling continues to intersect spodumene-rich pegmatites.
8	31-May-23	Azure announces it is accelerating drilling activities at the Andover Lithium Project via the drilling of 40,000 metres using two diamond drill rigs.
9	9-Jun-23	Azure highlights to shareholders its lithium objective of identifying potential for +100Mt of lithium resources and identifying potential for multiple nickel mines feeding a centrally located processing plant.
10	13-Jun-23	Azure releases an announcement outlining exceptional lithium drill intersections at the Andover Lithium Project. The announcement highlighted the broad intersections of high-grade lithium mineralisation identified at the Andover Project.
11	21-Jun-23	Azure announces publicly that the lithium potential at the Andover Lithium Project is "enormous". The announcement also states Azure will be increasing the number of operational drill rigs to six to ensure rapid testing and delineation of potential lithium resources.



Ref	Date	Commentary
12	1-Aug-23	The Company releases its quarterly activities report for the period ending 30 June 2023, which highlighted the successful lithium exploration activities at the Andover Lithium Project, specifically multiple >100 metre-wide zones of lithium mineralisation.
13	4-Aug-23	Azure releases an ASX announcement stating there is a 209 metre high-grade lithium intersection at the Andover Project at 1.42% Li ₂ O. A second large intersection at 183 metres at 1.25% Li ₂ O is also announced.
14	15-Aug-23	Azure rejects a A\$901.4 million takeover bid from SQM.
15	21-Aug-23	Azure launches a two tranche A\$120 million institutional placement.
16	26-Oct-23	Azure announces a binding TID with SQM and SQM Parent. It is proposed that SQM will acquire 100% of the shares in Azure by way of a scheme of arrangement for a cash amount of A\$3.52 per Azure share, or for A\$3.50 per share via an off-market takeover if the scheme is not expected to be successful.
17	27-Oct-23	Hancock Parent lodged a substantial shareholder notice stating it held 18.3% of the outstanding shares in the Company.
18	3-Nov-23	MinRes lodged a substantial shareholder notice stating it held 12.1% of the outstanding shares in the Company.
19	19-Dec-23	Azure announces a new binding TID with SH Mining, SQM Parent and Hancock Parent. Under the new TID, SH Mining will acquire 100% of the shares in Azure by way of a scheme of arrangement for a cash amount of \$3.70 per Azure share or via an off-market takeover offer for a cash amount of \$3.65 per Azure share.
20	22-Dec-23	Azure announces further drilling success with continued high grade mineralisation intersections at Target Area 1 within their Andover project.
21	15-Jan-24	Azure announces that the latest assays from Target Area 3 have confirmed consistently broad mineralised widths, expanding this particular strike to 1,700m.
22	31-Jan-24	Azure announced its quarterly results to 31 December 2023 noting previously reported drilling results and the recommencement of drilling in early January 2024 at Andover.

Source: S&P Capital IQ, Refinitiv, Company announcements



2.5 Financial performance

We have summarised in the table below the profit and loss statements of Azure for the financial years (FY) ended 30 June 2022 and 30 June 2023.

Table 10: Historical financial performance

A\$'000	Audited Actual FY2022	Audited Actual FY2023
Interest and other income	2	69
Income	2	69
Depreciation and amortisation expenses	(240)	(228)
Salaries, directors' fees & employee benefits expense	(1,286)	(1,290)
Exploration expenses	(15,112)	(13,480)
Share based payment expense	(121)	(4,553)
Loss on tenement sale	-	(1,502)
Provision for expected credit losses	-	(6,000)
Lease interest	(37)	(30)
Other operating expenses	(1,490)	(2,067)
Profit/(Loss) for the year after income tax from continuing operations	(18,285)	(29,081)
Profit/(Loss) after income tax from discontinued operations	(1,737)	7,878
Profit/(Loss) for the year	(20,023)	(21,203)
Other comprehensive income/(loss)	274	1,554
Total comprehensive loss for the year	(19,749)	(19,649)

Source: Azure Annual Reports

Key observations on recent financial performance are as follows:

- share-based payment expenses relate to the issue of options and performance rights to employees under the Company's incentive plan policies. The establishment of the Company's 'Employees and Contractors Option Incentive Plan' was approved by shareholders at the Annual General Meeting held on 15 November 2022
- the A\$1.5 million loss on tenement sale in FY23 related to the relinquishment of the Meentheena tenements
- the provision for expected credit losses of A\$6 million in FY23 relates to the second cash instalment due from Bendito (refer to Section 2.2.4). This provision has been made against the cash component as there was concern that the amount would not be collected by its original due date of 26 January 2024. The due date was later amended on 4 October 2023 to 30 September 2024, 30 September 2025 and 30 September 2026
- the profit/(loss) in FY22 and FY23 from discontinued operations relates to the Mexican assets sold to Bendito. Similarly, other comprehensive income relates to exchange differences recorded on translation of the Mexican operations into Australian dollars.



2.6 Financial position

We have summarised in the table below the financial position of Azure for the FY ending 30 June 2022 and 30 June 2023.

Table 11: Historical financial position

A\$'000	Audited Actual 30-Jun-2022	Audited Actual 30-Jun-2023
Assets		
Current assets		
Cash and cash equivalents	10,601	17,494
Receivables	314	6,579
Assets held for sale	9,265	-
Total current assets	20,179	24,074
Non-current assets		
Derivative financial instruments at fair value	1	4,001
Security deposits	5	25
Right-of-use assets	383	274
Property, plant and equipment	244	547
Capitalised exploration expenditure	7,458	5,956
Total non-current assets	8,091	10,802
Total assets	28,270	34,875
Liabilities		
Current liabilities		
Payables	1,626	3,186
Lease liabilities	115	111
Provisions	246	132
Liabilities directly associated with assets held for sale	51.9	-
Total current liabilities	2,039	3,429
Non-current liabilities		
Lease liabilities	267	157
Provisions	136	292
Total non-current liabilities	403	449
Total liabilities	2,443	3,877
Net assets	25,827	30,998

Source: Azure Annual Reports

We note the following in relation to the financial position of Azure:

- cash on hand increased over FY23 driven by the cash raised from the issue of shares to SQM on 11 January and 13 March 2023, and the sale of Azure's Mexican assets to Bendito. As outlined in Section 2.3 the Company has raised an additional c. A\$110 million via two separate capital raisings since 30 June 2023
- assets held for sale of A\$9.3 million as at 30 June 2022 relate to Azure's Mexican assets. The derivative financial instruments of A\$4 million as at 30 June 2023 relate to the Company's 11.2 million unlisted shares in Bendito which were valued at US\$0.25 per share. Receivables predominantly relate to the second instalment owing to the Company by Bendito (discussed in Section 2.2.4).



3 Valuation approach

3.1 Overview

We have estimated the fair market value of Azure on a sum-of-the-parts basis by aggregating the estimated fair market value of each of its assets, before adding the latest available net cash position as at 5 February 2024. Shareholdings have been fully diluted for 1.5 million in cashless options currently outstanding.

The approach adopted to value the various assets of Azure is summarised below.

Andover Lithium Project

The lithium and nickel-copper prospectivity of the Andover Project have been valued separately on the assumption that any mined nickel and lithium will be processed on site into intermediary products via largely independent infrastructure.

Drilling for lithium at the Andover Lithium Project has been underway since October 2022, with the Company releasing a resource exploration target of 100 to 240 Mt @ 1.0-1.5% Li₂O in August 2023. Azure plans to spend c.A\$32 million on exploration at the Andover Lithium Project during CY24, with management targeting a JORC Code-compliant maiden Mineral Resource estimate in Q1 24. Management is also in the process of undertaking a scoping study for the project, due to be completed towards the end of CY24.

BDA was engaged to assess the value of the Andover Lithium Project and has used a market-based approach with reference to historical transactions in comparable assets.

We also considered the value of the Andover Lithium Project in the context of recent share trading in comparable listed companies. However, while trading in listed companies' shares may reflect the market's current expectations of the medium to long-term demand and supply for lithium, there continue to be significantly divergent views on the point at which lithium supply will outstrip demand. This uncertainty can create speculative share trading behaviour, including short-selling, and share price volatility. As a result, we have relied on BDA's technical valuation of the Andover Lithium Project.

Andover Nickel-Copper Project

BDA used a combination of the multiples of past expenditure method and a market approach based on transactions in comparable projects to assess the value of the Andover Nickel-Copper Project.

Early-stage development and exploration assets

BDA also assessed the value of Azure's other early-stage development and exploration assets, which comprise the Turner River Project, Coongan Project and Barton Gold Project, with reference to a combination of the multiples of past expenditure method and a market approach based on transactions in comparable projects.

Bendito interest and outstanding consideration

We have valued Azure's 18% interest in Bendito based on the price implied by the transaction through which Azure acquired its interest in May 2022. We have also separately estimated the present value of the remaining transaction consideration payable by Bendito. Further explanation of Bendito and the related transaction with Azure can be found at Section 2.2.4.

Other assets and liabilities

We adopted the following approach for the non-operating assets/liabilities of Azure:

- corporate overheads: as the Andover Project (Azure's primary asset) has been valued with reference to a market-based approach, we consider the corporate overheads associated with developing a project in a listed company are inherent in the observed multiples utilised in the valuation
- net cash: net cash was based on the latest available balance as at 5 February 2024.

We have diluted the share capital of Azure for the remaining outstanding (cashless) options (1.5 million).

To cross-check our valuation, we have considered trading in Azure's shares prior to the announcement of the Original SQM Transaction.



3.2 Appointment and role of the technical expert

BDA was engaged to provide an assessment of the value of Azure’s exploration projects as noted above.

BDA undertook its work having regard to the code for the Technical Assessment and Valuation of Minerals and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN code). The scope of BDA’s work was controlled by Deloitte Corporate Finance. A copy of BDA’s report is provided in Appendix 5.

3.3 Definition of fair market value

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the shares the subject of the valuation would be expected to change hands in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller acting at arm’s length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.



4 Valuation of Azure

4.1 Valuation of Azure

Our valuation methodology is described in Section 3.1.

Our sum-of-the-parts valuation analysis is set out in Section 4.2.

We have analysed market trading activity in Azure’s shares prior to the announcement of the Original SQM Transaction to cross-check our sum-of-the-parts valuation of Azure. This analysis is set out in Section 4.3.1.

4.2 The sum-of-the-parts method

4.2.1 The Andover Lithium Project

The value of Azure’s 60% interest in the Andover Lithium Project has been estimated by BDA using a resource multiple methodology. The following table sets out the fair market value of Azure’s 60% interest in the Andover Lithium Project using this approach.

Table 12: Andover Lithium Project Valuation (60% interest)

		Low	High
Enterprise value (60% interest)	A\$ million	783.7	1 175.6
Azure interest	%	60%	60%
Enterprise value	A\$ million	1,306.2	1,959.3
Estimated resources	Mt Li ₂ O	3.0	3.0
Enterprise value / Resources ¹	A\$ per tonne of Li ₂ O	435	653

Source: BDA Technical Expert Report

Note:

1. Table subject to rounding

Resource base

While the project has yet to report a JORC Code-compliant lithium Mineral Resource, BDA considers a willing and knowledgeable buyer would incorporate the exploration target in its assessment of value, given the work completed to date by Azure.

BDA considers the high end of the exploration target tonnage range (100 to 240 Mt) to be a reasonable estimate of the resource base of the project, recognising that surface mapping has indicated the presence of multiple pegmatite bodies, which have yet to be drilled and imply further potential upside.

BDA considers the midpoint of the exploration target grade (1.0-1.5% Li₂O) appropriate to apply to this resource base assumption, based on recent drilling results.

Resource multiple

BDA’s selected resource multiples reflect their professional judgement having regard to a broad range of factors including:

- BDA considered the technical value implied by transactions involving development and operating assets on an A\$ per Li₂O basis (as the subject projects had reported JORC Code-compliant Mineral Resources at the time of the transaction)
- BDA notes that the implied value of the Andover Lithium Project (at the 100% level) varies significantly with reference to transactions in development-stage projects (A\$266 million) or operating assets (up to A\$2.6 billion). BDA’s selected resource multiple (A\$435 to A\$653 per tonne of Li₂O) is weighted towards multiples observed from two transactions in development-stage projects and three transactions observed in operating assets
- BDA’s selected resource multiple also considers the passage of time since completion of the referenced transactions and considers there is clear evidence that the market is paying more for lithium assets in recent years, even after adjusting for movements in lithium prices



We have also considered multiples implied by share trading in listed companies with projects comparable to the Andover Lithium Project. In assessing these multiples, we have primarily focused on listed exploration companies with flagship hard rock lithium projects at various stages of feasibility.

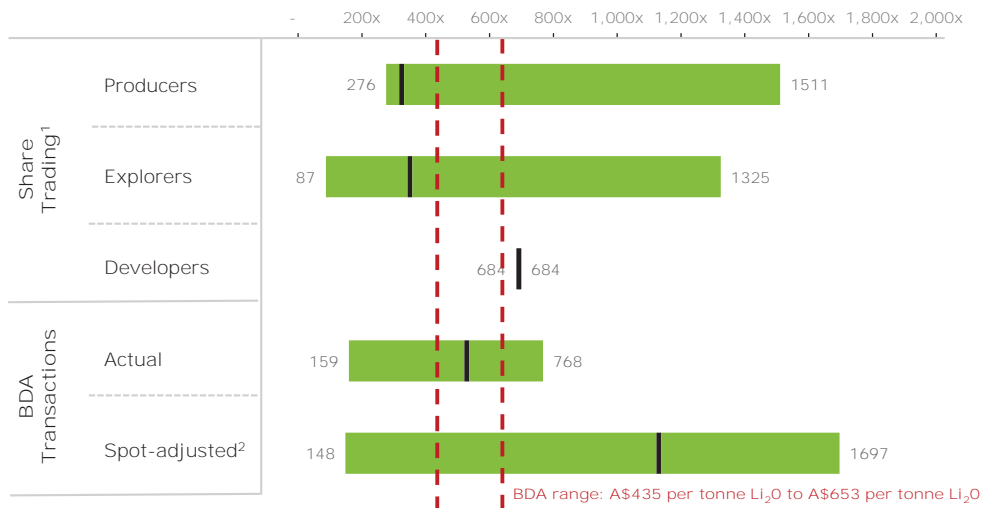
We note the following in relation to these companies:

- the observed resource multiples for the exploration companies range from A\$87 per tonne to A\$1,325 per tonne (Li₂O basis), with a median of A\$351 per tonne
- of the observed exploration companies Delta Lithium Limited (A\$247 per tonne) is the most aggressive in reaching first production from its Mt Ida Lithium Project, potentially via the export of Direct Shipping Ore (DSO) in 2024. Atlantic Lithium Limited (Atlantic) (A\$1,325 per tonne) have completed definitive feasibility study (DFS) and Global Lithium Resources Limited (Global) (A\$87 per tonne) have commenced a DFS, while Patriot Battery Metals Inc. (Patriot) (A\$454 per tonne) has commenced a pre-feasibility study (PFS)
- based on the Andover Lithium Project’s resource base adopted by BDA (240 Mt at 1.25% Li₂O), the project is at a significantly larger scale than the observed comparable companies (Patriot’s attributable resource is the second largest at 109 Mt) and compares favourably in terms of grade (Patriot’s attributable resource base is estimated to have a grade of 1.42% Li₂O; Atlantic’s attributable resource base has a grade of 1.25% but is located in Ghana and is therefore subject to higher sovereign risk).

There are, however, significant limitations with basing a valuation of the Andover Lithium Project on resource multiples implied by current trading in comparable companies. Recent trading in ASX-listed companies is marked by pronounced volatility, with extensive short-selling and speculative trading behaviour potentially clouding the true underlying value of the companies’ lithium assets

The resource multiple adopted by BDA versus the multiples implied by current trading in comparable companies is summarised below.

Figure 3: Summary of selected resource multiple range versus alternative benchmarks



Source: S&P Capital IQ, Company announcements, Deloitte Corporate Finance analysis

Notes:

1. Resource multiples implied by observed transactions and comparable listed companies have been calculated with reference to JORC Code-compliant Measured, Indicated and Inferred resources.
2. As the observed transactions occurred between 2017 and 2020 in different lithium price environments, BDA has adjusted the observed resource multiples based on the difference between the spot lithium 90 trading day average price to 5 February 2024 and as at the date of each transaction.
3. Black lines within the observed ranges reflect the median observed.



Other approaches considered by BDA

In assessing the value of the Andover Lithium Project, BDA also considered a multiple of past expenditure approach as well as an acreage multiples (or yardstick) approach. However, BDA is of the view that these approaches materially understate the value of the Andover Lithium Project. The significance of the results obtained from the substantial and accelerated exploration programme conducted by Azure since March 2022 makes it difficult to quantify an appropriate premium (or prospectivity multiplier) to bring the value of the Andover Lithium Project into a reasonable range under these approaches.

Further detail on BDA's valuation analysis for the Andover Lithium Project is set out in Section 8 of BDA's report (see Appendix 5).

4.2.2 The Andover Nickel-Copper Project

The value of Azure's 60% interest in the Andover Nickel-Copper Project has been estimated using a resource multiple approach. The following table sets out BDA's estimated fair market value of the Andover Nickel-Copper Project using this approach.

Table 13: Andover Nickel-Copper Project Valuation (60% interest)

A\$ million	Low	High
Enterprise value	28.0	41.3

Source: BDA Technical Expert Report

Further detail on BDA's valuation of the Andover Nickel-Copper Project is set out in Section 8 of BDA's report (see Appendix 5).

4.2.3 Exploration assets

BDA also provided an assessment of the value of Azure's early-stage development and exploration assets not associated with the Andover Project, as set out in the following table.

Table 14: Exploration and early-stage development assets

A\$ million	Low	High
Turner River Project	0.07	0.11
Coongan Project	0.45	0.62
Barton Gold Project	3.40	4.40
Total	3.9	5.1

Source: BDA Technical Expert's Report

Further detail on BDA's valuation of the exploration and early-stage assets is set out in Section 8 of BDA's report (see Appendix 5).

4.2.4 Bendito investment

We have valued Azure's 18% interest in Bendito based on the price implied by the transaction when Azure acquired the interest in May 2022. We have separately estimated the present value of the remaining transaction consideration payable by Bendito. The final payment (A\$6 million in Bendito shares) is uncertain as it is contingent on Bendito successfully listing on the TSX between 2024 and 2026. We therefore adopted a range of between nil and A\$6 million for this component.

Table 15: Bendito investment

A\$ million	Low	High
18% interest in Bendito	4.0	4.0
Remaining cash consideration	5.1	5.1
Contingent share consideration	nil	6.0
Total	9.1	15.1

Source: Deloitte Corporate Finance analysis



4.2.5 Net cash

Azure’s pro forma net cash position as at 5 February 2024 is A\$110.4 million which incorporates estimated and unavoidable transaction costs of A\$1.1 million.

4.2.6 Valuation: sum-of-the-parts method

The value of an Azure share using the sum-of-the-parts methodology is summarised below.

Table 16: Azure valuation summary

	Unit	Low	High
Andover Lithium Project (60% interest)	A\$ million	783.7	1,175.6
Andover Nickel-Copper Project (60% interest)	A\$ million	28.0	41.3
Turner River Project (70% interest)	A\$ million	0.1	0.1
Coongan Project (70% interest)	A\$ million	0.5	0.6
Barton Gold Project (100% interest)	A\$ million	3.4	4.4
Bendito investment	A\$ million	9.1	15.1
Enterprise value	A\$ million	824.8	1,237.2
Net cash	A\$ million	110.4	110.4
Equity value	A\$ million	935.1	1,347.6
Fully diluted shares outstanding (including 1.5m options)	million	460.2	460.2
Value per share	A\$ per share	2.03	2.93

Source: Deloitte Corporate Finance analysis

1. Table subject to rounding

4.3 Valuation cross-checks

4.3.1 Analysis of pre-announcement date trading in Azure shares

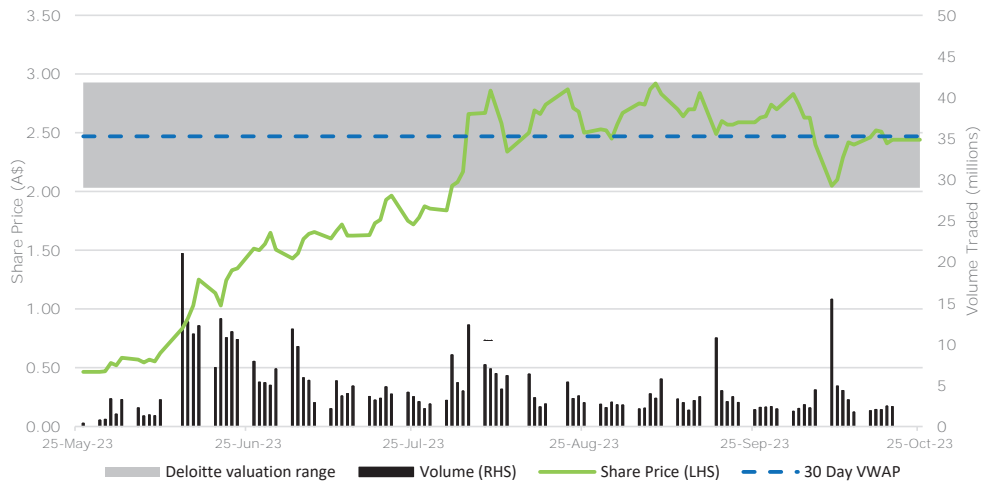
We have analysed share trading activity in Azure prior to the announcement of the Original SQM Transaction to cross-check our fundamental valuation of the Company.

Figure 4 compares the daily share price and 30-day VWAP prior to the announcement of the Original SQM Transaction on 26 October 2023 and our selected valuation range for an Azure share.

Azure also completed a capital raising with institutional investors for A\$120 million and the SPP of A\$10 million in August 2023 at a price of A\$2.40 per share. The placements were priced at a discount of 5.3% to the 30-day VWAP prior to the announcement of the capital raising and were fully subscribed.



Figure 4: Share trading analysis



Source: S&P Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

Given SQM Parent’s initial investment in Azure in January 2023, there had been ongoing media speculation that it may seek to take over the Company. Later, on 15 August 2023, Azure announced that SQM Parent had made an indicative offer of A\$2.31 per share in July 2023. As a result, in our opinion, trading in Azure’s shares in the lead up to the announcement of the Original SQM Transaction effectively includes the market’s expectation of a control transaction.



Appendix 1: Context to the Report

Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Shareholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable and therefore in the best interests of Non-Associated Shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Directors of Azure and is to be included in the Transaction Booklet to be given to shareholders in connection with the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Transaction Booklet to support them in their assessment of the Proposed Transaction and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the shareholders and Azure, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents the expression by Deloitte Corporate Finance of its opinion as to whether:

- the Scheme is in the best interests of the Non-Associated Shareholders as a whole in relation to Section 411
- the Takeover is fair and reasonable to the Non-Associated Shareholders
- the Section 611 item 7 Resolution is fair and reasonable to the Non-Associated Shareholders.

Deloitte Corporate Finance consents to this report being included in the Transaction Booklet in the form and context in which it is to be included.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Azure and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Azure management for confirmation of factual accuracy.

Our opinion is based on the prevailing economic, market and other conditions as at the date of this report. Such conditions can change significantly over relatively short periods of time.

In recognition that Deloitte Corporate Finance may rely on information provided by Azure and its officers, employees, agents or advisors, Azure has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Azure may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Azure and its officers, employees, agents or advisors or the failure by Azure and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction.

Deloitte Corporate Finance also relied on the Independent Technical Specialist's Report prepared by BDA. Deloitte Corporate Finance assessed the professional competence and objectivity of BDA and believe the work performed is appropriate and reasonable. Deloitte Corporate Finance has received consent from BDA for our reliance on and inclusion of their opinion in the preparation of this report.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of Azure personnel and the appointment of the technical expert, BDA, to provide valuation advice on the exploration assets of Azure. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board



(AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

In relation to the prospective financial information, actual results may be different from the prospective financial information of Azure referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Nicki Ivory, B.Com., FCA, CFA and Stephen Reid, MApp.Fin.Inv, B.Ec, FCA. Each have many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, WA 6000, acknowledges that:

- Azure proposes to issue a Transaction Booklet to be provided to Azure shareholders in relation to the Proposed Transaction
- the Transaction Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the Transaction Booklet for review
- it is named in the Transaction Booklet as the 'independent expert' and the Transaction Booklet includes its independent expert's report as an annexure.

On the basis that the Transaction Booklet is consistent in all material respects with the draft Transaction Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Transaction Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report as an annexure to the Transaction Booklet and to all references to its independent expert's report in the form and context in which they are included, whether the Transaction Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Transaction Booklet and takes no responsibility for any part of the Transaction Booklet, other than any references to its name and the independent expert's report as included as an annexure.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- various transaction documents including the TID and the draft Transaction Booklet
- annual reports for Azure for the years ended 30 June 2022 and 30 June 2023
- Azure company website and ASX announcements
- the Independent Technical Specialist's Report prepared by BDA
- publicly available information on comparable companies and market transactions published by ASIC, S&P CapitalIQ, Thomson Research and Mergermarket
- other publicly available information, media releases and brokers reports on Azure and the lithium industry.

In addition, we have had discussions and correspondence with certain directors and executives in relation to the above information and to current operations and prospects, including the following:

- Brian Thomas – Chairman, Azure
- Tony Rovira – Managing Director, Azure
- James Dornan – Project Development Manager, Azure
- Graham Leaver – Exploration Manager, Azure
- Brett Dickson – Company Secretary and Chief Financial Officer, Azure.

Appendix 2: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses can be categorised under one of the following three approaches.

Market approach

The market approach involves the determination of fair value having regard to pricing and other metrics implied by market trading or transactions of comparable assets. Valuation methods commonly adopted under the market approach include:

- earnings multiples
- analysis of an entity’s recent share trading history
- industry specific methods.

The earnings multiple method estimates fair value as the product of an entity’s earnings and appropriate earnings multiple. An appropriate earnings multiple is derived from market trading and/or transactions involving comparable companies. The earnings multiple method is appropriate where the entity’s earnings are relatively stable.

Reserve and resource multiples estimate fair market value as the product of an entity’s reserves or resources and an appropriate multiple. An appropriate reserve or resource multiple is derived from market trading and/or transactions involving comparable companies. This method is appropriate for mining companies with certified reserve and resource statements and if the income approach is not feasible.

The most recent share trading history provides evidence of the fair value of the shares in an entity where they are publicly traded in an informed and liquid market.

Income approach

The income approach involves the determination of fair value based on the present value of future amounts. The discounted cash flow method estimates fair value by discounting an entity’s future cash flows using an appropriate cost of capital to reflect the risks of the cash flows, to a net present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. It is commonly used to value early-stage companies or projects with a finite life.

Other methods under the income approach include option pricing models (such as Black Scholes-Merton formula or a binomial model) and the multi-period excess earnings method in the case of valuing intangible assets.

Cost approach

The cost approach involves the determination of fair value based on the cost of replacement. Valuation methods under the cost approach estimate the fair value of an entity’s shares based on the realisable value of its identifiable net assets, and typically comprise:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method, except that it assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair value of the net assets of an entity, after deduction for the costs of operating the net assets of the business, but it does not take account of realisation costs.

These methods ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill which may not be recognised on the balance sheet. Asset based methods are appropriate when companies are not profitable, or a significant proportion of an entity’s assets are liquid, or for asset holding companies.



Appendix 3: Lithium industry overview

Overview

Lithium is a soft, silver-white metal and is the lightest metal under standard conditions with several of its alloys and compounds produced and used on an industrial scale. Historically, it has been used in heavy greases, additives for metal production and glasses/ceramics. Today, the main use of lithium is in lithium-ion batteries due to the rise of consumer electronics, Electric Vehicles (EVs) and energy storage systems (ESS).

Lithium does not occur naturally as a pure substance but exists as a chemical compound in hard rock (pegmatite) or lithium-rich brine. These substances are processed further into lithium hydroxide (LiOH) or lithium carbonate (Li₂CO₃) to be used in batteries for EVs. The lithium industry often measures lithium and lithium compounds in terms of Lithium carbonate equivalent (LCE).

Hard rock mining and brine-based operations

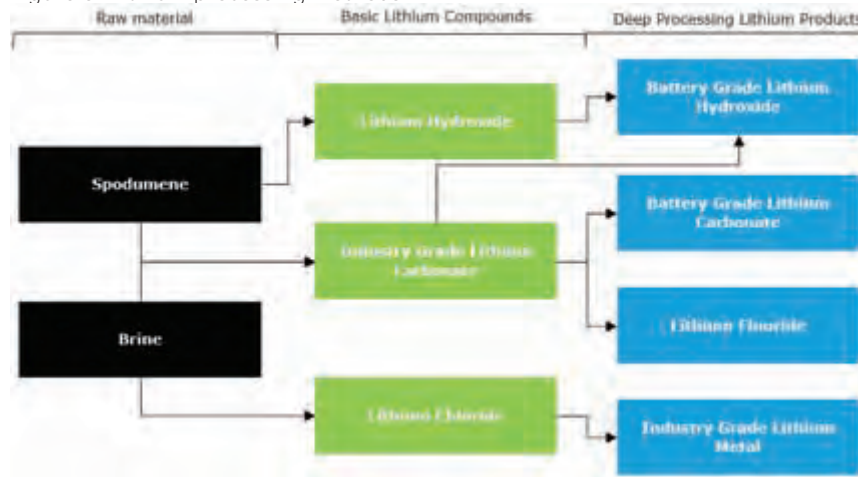
The four largest lithium producing countries are Australia, Argentina, Chile and China. Australia is exclusively a hard rock producer and Argentina and Chile are exclusively brine producers, while China produces from both hard rock and brine deposits.

To produce spodumene concentrate, the rock is crushed and goes through a concentration or beneficiation process to produce a product which can then be used directly for glass and ceramics but must be refined further into Li₂CO₃ or LiOH to be used in batteries. Hard rock mining is less affected by weather conditions compared to lithium brine operations.

Lithium brine bodies are formed in basins where water has leached lithium from surrounding rock. Lithium brine is extracted from these basins and pumped into an evaporation pond. Once evaporated, the residual lithium product is processed into Li₂CO₃. Although brine can be processed into LiOH, it is typically first processed into Li₂CO₃ and then refined further into LiOH.

The figure below shows the different processing methods for spodumene and brine.

Figure 5: Lithium processing methods



Source: Various broker reports

LiOH and Li₂CO₃ usage

LiOH and Li₂CO₃ are key materials in the production of battery cathodes, being the positive end of the battery. The negative end of a battery is the anode that is typically made with a graphite mixture. The cathode plays a critical role in determining the characteristics of the battery. The more lithium that is used, the larger the capacity and the higher the voltage of the battery.

Factors affecting demand

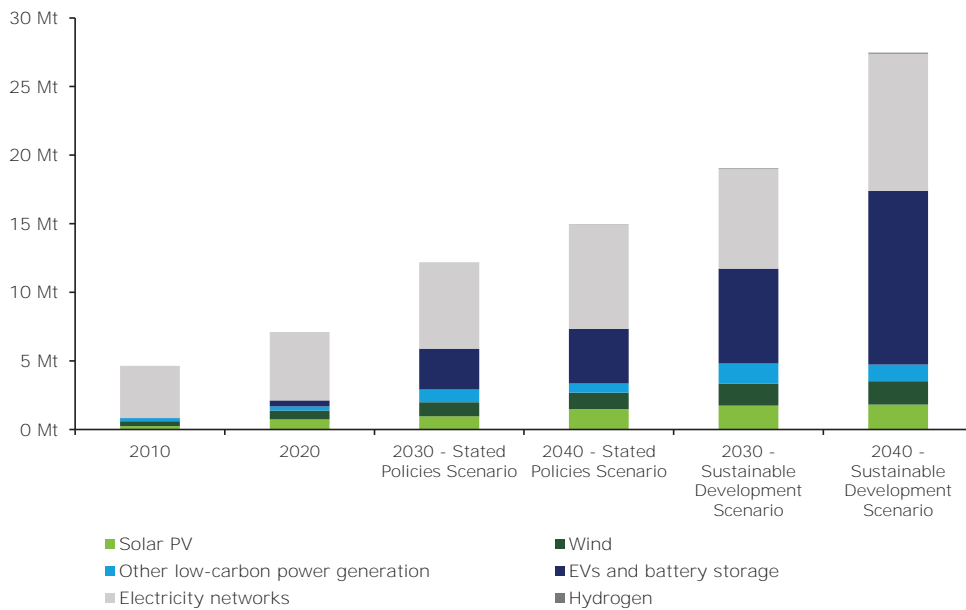
The International Energy Agency (IEA) forecasts the global clean energy transition will create significant demand for minerals over the next 20 years. EVs and ESS account for about half the mineral demand for



renewable sources of energy. Lithium, nickel, cobalt, manganese, and graphite are crucial to battery performance and energy density. To reach the targets of the Paris Agreement (namely to hold the increase in the global average temperature to well below 2°C above pre-industrial levels), would mean quadrupling the mineral requirements for clean energy technology by 2040. An even faster transition to hit net-zero by 2050 would require six times more mineral inputs in 2040 than today.¹²

In this climate driven scenario, mineral demand for use in EVs and battery storage is a major driver of demand, which the IEA projects will grow at least 30 times to 2040. Lithium is expected to generate the fastest growth, with demand growing by 40 times by 2040¹³ as shown in the figure below.

Figure 6: Minerals demand for clean energy technology



Source: IEA

Historically, batteries comprised of lithium nickel manganese cobalt (NMC) oxide, which utilises LiOH, have been the battery of choice for EV manufacturers. In more recent times, lithium iron phosphate (LFP) batteries, which utilises Li₂CO₃, have become more prevalent, and are gradually being used in a higher share of EVs throughout the industry.

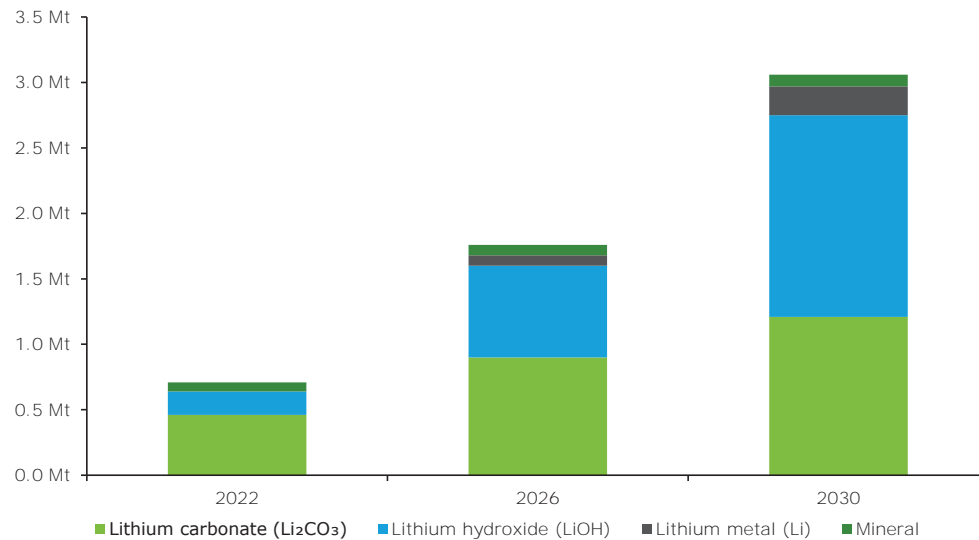
LFP batteries, made from iron and phosphorus, offer a cheaper alternative to the NMC batteries. Although they are cheaper to manufacture, they have a lower energy density. As a result, EVs with this type of battery have a shorter driving range compared to EVs using NMC batteries. In countries with compact city designs, such as China, the limited driving range of LFPs is less of an issue. This contrasts with countries such as Australia and the US, here cities are further apart.

¹² The Role of Critical Minerals in Clean Energy Transitions, International Energy Agency, March 2022
¹³ The Role of Critical Minerals in Clean Energy Transitions, International Energy Agency, March 2022



The diagram below outlines McKinsey & Company’s forecast demand for lithium by product.

Figure 7: Refined lithium demand by product (Mt LCE)



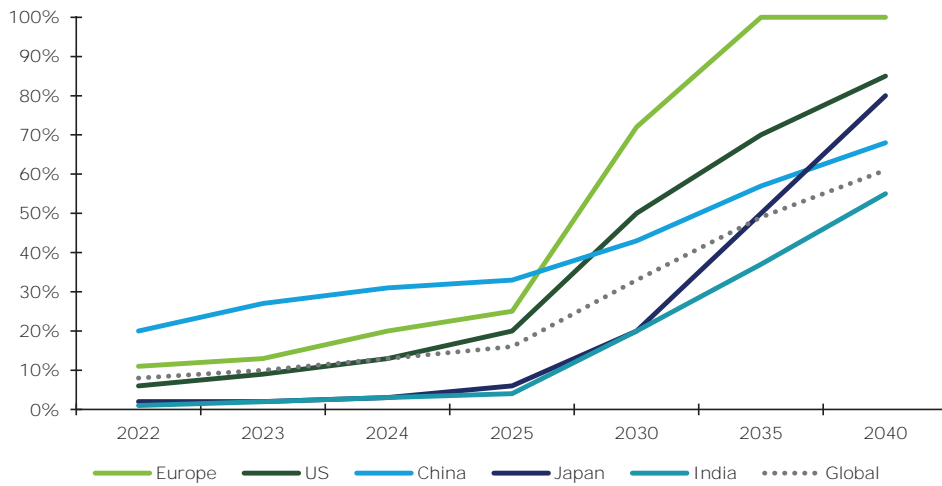
Source: McKinsey & Company

The rise in EVs and the shift away from internal combustion engine (ICE) vehicles can be partly attributed to the following factors:

- legislative changes such as the introduction of tighter emissions standards globally. In October 2022, The European Union (EU) reached an agreement to prohibit the sale of new non-electric cars beginning in 2035
- on 26 July 2023, Connecticut became the ninth US state to announce a ban on ICE-powered cars by 2035. It is expected that further states will implement these bans. In addition, the Inflation Reduction Act (IRA) 2022 will extend consumer tax credits for EVs and establish new tax credits for used and commercial EVs in the US
- increased consumer choice as new models are launched by pure-play EV manufacturers (e.g., Tesla, Polestar, Lucid), legacy manufacturers (e.g., Ford, GM, Volkswagen) and Chinese manufacturers (e.g., BYD, Chery and NIO), as well as increased EV-charging infrastructure
- lower cost of EVs due to falling battery prices and government incentives compared to increased prices of fossil fuels.



Figure 8: EV sales ratio by region



Source: Goldman Sachs

The increase in EV demand recently, was largely driven by consumers in Europe. Future EV sales are expected to come mainly from Europe, China, and the US, mostly due to strategic government action in these countries to reduce emissions. China has the largest share of global EV sales and has already exceeded its own target of a 20% share of ‘new energy vehicles’ sales by 2025. The country’s next milestone, which is set out by the national action plan, is a 40% share of ‘new energy vehicle’ sales by 2030.¹⁴

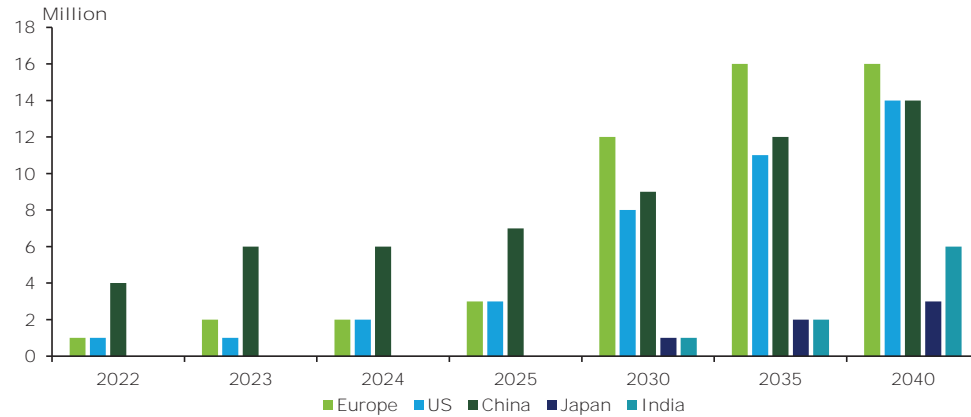
Europe is the second largest EV market. The EU will reward EV manufacturers that reach a 25% share of ‘zero to low emission cars’ between the years of 2025 and 2029. From 2035, the EU will require new car sales to have zero CO₂ emissions as part of the ‘Fit for 55’ legislation.

Europe and China are expected to continue to see steady EV growth, while the US, which has had a relatively low level of EV uptake to date, is forecast to experience higher levels of relative growth. As the US adopts the IRA, the country is expected to see significant increases in EV unit sales post 2025. The US is targeting a c.50% market share for ‘clean energy vehicles’ in terms of total vehicle sales by 2030.¹⁵

14 Australian Government: Resources and Energy Quarterly June 2023
 15 Australian Government: Resources and Energy Quarterly June 2023



Figure 9: EV unit sales by region



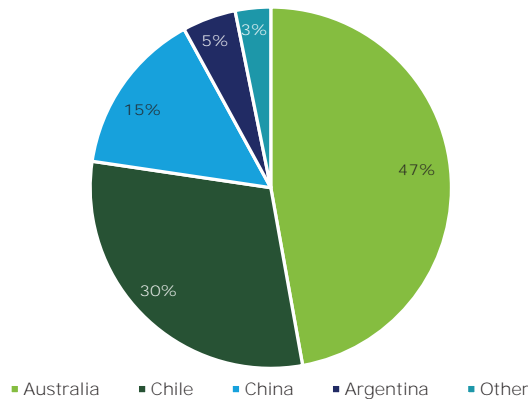
Source: Goldman Sachs

In August 2022, the US introduced the IRA 2022, which extended tax credits for EVs and established new tax credits for used and commercial EVs. The IRA aims to accelerate the shift of battery production to the US and nations which have free trade agreements with the US by establishing battery sourcing requirements for EVs to qualify for tax credits. To qualify for tax incentives under the IRA, vehicles cannot have any battery components or critical minerals sourced from a ‘foreign entity of concern’ from 2025¹⁶, which includes China and Russia. This is expected to benefit Australia, Canada, and Chile, all of which hold free trade agreements with the US.

Factors affecting supply

Lithium supply is oligopolistic in nature with only eight producing countries. Of those, Australia, Chile and China accounted for approximately 92% of global production in 2022. According to the United States Geological Survey (USGS), six mineral operations in Australia, one mineral tailings operation in Brazil, two brine operations each in Argentina and Chile, and three mineral and two brine operations in China, accounted for most of the world lithium production. In addition, smaller-scale operations in Brazil, Canada, China, Portugal, the United States and Zimbabwe also made contributions to global lithium production.¹⁷ It is expected that the smaller lithium mining countries will see notable increases in operations, and it is forecast that Argentina, Canada and Zimbabwe may account for a combined 19% share of global lithium extraction by 2025.¹⁸

Figure 10: Lithium production by country 2022



Source: United States Geological Survey – Mineral Commodity Summaries 2023 – Lithium

16 As defined by the Infrastructure Investment and Jobs Act, (42 USC, § 18741(a)(5))
 17 United States Geological Survey – Mineral Commodity Summaries 2022 – Lithium
 18 Australian Government: Resources and Energy Quarterly September 2023



Currently, investments have accelerated to grow supply, albeit there is a time lag between investment and first production. While there are several projects at varying stages of development, certain market dynamics (described below) are subject to vulnerabilities that may increase the uncertainty of lithium supply and greater price volatility:

- high concentration of production, with approximately 75% of the mines, projects and production located in three countries
- long project development lead times with an average lead time of 16 years to move from exploration to first production
- declining resource quality with concerns about quality rather than quantity
- growing scrutiny of environmental and social performance as production and processing of mineral resources gives rise to a variety of environmental and social issues that can harm local communities if poorly managed
- higher exposure to climate risks such as water requirements.

In 2022, the global lithium market continues to be led by four major companies, namely SQM Parent, Albemarle, Ganfeng Lithium Group Co Ltd (Ganfeng) and Tianqi Lithium Corporation (Tianqi). An outline of some of the key lithium projects across the world is provided below.

Table 17: Key lithium projects

Owner	Location	Asset	Production Capacity (tonnes)	Product
Albemarle, IGO, Tianqi	Western Australia	Greenbushes	1,491,000	Spodumene concentrate
Pilbara Minerals Limited	Western Australia	Pilgangoora	360,000 – 380,000	Spodumene concentrate
Allkem Limited	Western Australia	Mt Catlin	131,000	Spodumene concentrate
Advance Metallurgic Group	Brazil	Mibra	90,000	Spodumene concentrate
Mineral Resources, Ganfeng	Western Australia	Mt Marion	450,000 – 600,000	Spodumene concentrate
SQM	Chile	Salar de Atacama	180,000	Lithium carbonate

Source: Various company websites, Reuters

Australia and Chile currently lead the world in lithium reserves and supply. Based on the Australian Government’s Resources and Energy Quarterly Report for September, Australia is expected to see spodumene production growth of 244kt LCE over the 2022-2025 period, while Chile is anticipated to grow by 67kt LCE for the same period.¹⁹ Outlined below are some key recent lithium project developments.

Table 18: Key lithium project developments

Owner	Asset	Comment
Albemarle, IGO, Tianqi	Greenbushes	Increasing the production of spodumene concentrate with 6% lithium oxide concentrate from 1.4Mt in 2023 to approximately 2.5Mt by the year 2027.
Mineral Resources, Ganfeng	Mt Marion	Expanding concentrate production capacity to achieve 900ktpa mixed-grade concentrate by 2023, a significant increase from the previously guided range of 300-330kt for FY23.
Pilbara Minerals Limited	Pilgangoora	Spodumene concentrate to grow from 360-380kt in 2022 to approximately 1 million tonnes per annum (Mtpa) by 2026.
Liontown Resources	Kathleen Valley Project	First production is being targeted for mid-2024. Estimated production of 500ktpa of spodumene concentrate.

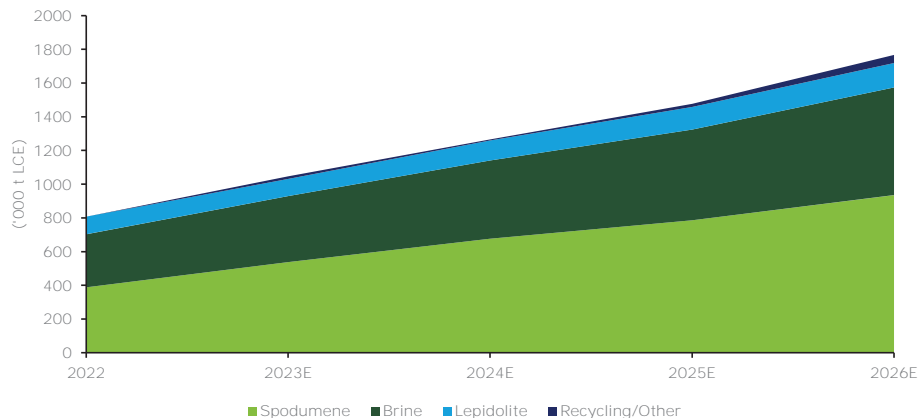
Source: Deloitte Corporate Finance analysis, various broker reports, various company websites

Spodumene and brine are expected to remain the primary sources of supply, while the level of recycling is expected to increase over the long term. However, inherent difficulties remain in spodumene mining and brine precipitation and purification, which may result in project delays and projects falling short of production expansion goals in the future, as has already been experienced in some cases.²⁰

¹⁹ Australian Government: Resources and Energy Quarterly September 2023
²⁰ Macquarie Equity Research (11 September 2023): Global Lithium Miners



Figure 11: Lithium supply by type



Source: Macquarie presentation, May 2023

Direct Lithium Extraction (DLE) is a new method of extracting lithium from brine. This method, although in the early stages of testing, has potential to increase the lithium supply from brine projects. South America, specifically Chile and Argentina, hold large lithium brine deposits. It is estimated by some brokers that DLE has the potential to nearly double lithium production yields by enhancing recovery rates from 40%-60% to 70%-90%.²¹ This method also has environmental benefits, notably a reduction in land usage and improved water efficiency. There are mixed views as to when this technology may be deployed at a larger scale.

Lithium and battery material supply chain

As the global energy market shifts towards renewable sources with a focus on reducing carbon emissions, the EV market has expanded rapidly. Initially pioneered by Tesla, the production of EVs has expanded globally with the emergence of leading Chinese EV producers (e.g. BYD, Chery and NIO) as well as legacy ICE vehicle manufacturers (e.g. Ford, GM and, Volkswagen).

Rising production has increased competition for key battery materials such as lithium, and market participants are increasingly looking to shore up their future supply, as evidenced by recent activity in the industry. Few car makers have disclosed direct stakes in mines, but many have struck agreements with producers to source lithium:

- Ford has signed a long-term supply agreement with three large lithium companies, Albemarle, SQM and Namska Lithium. Ford sees the offtake agreements as de-risking its supply chain and providing stability to its production. In June 2023, Ford signed an offtake agreement with Lontown for the supply of up to 150,000 dry metric tonnes (dmt) per annum of spodumene concentrate, for a period of five years. Ford also entered into a separate funding facility with Lontown to provide A\$300 million to fund the development of Kathleen Valley
- BMW signed an offtake agreement with European Lithium Ltd in 2022 to secure supply of lithium hydroxide from 2026 to 2031. The period can be extended. The offtake is for approximately 50,000 metric tonnes of battery grade lithium hydroxide at an average price of US\$49,000 per tonne over the life of mine (LOM). BMW will make an advance payment of US\$15 million which will be repaid through equal setoffs against lithium delivered to BMW. BMW is also backing Lilac Solutions to mine lithium in Bolivia
- General Motors Co will invest US\$650 million in Lithium Americas Corp and help develop its Thacker Pass lithium project located in Nevada, which has the potential to produce 1 million EVs annually. General Motors Co also entered into an agreement with Livent Corp, a lithium producer. General Motors Co is prepaying Livent Corp US\$198 million for a guaranteed 6-years supply of lithium.

For early-stage lithium companies, such agreements are a source of funding enabling them to advance their exploration and development efforts. Some EV manufacturers are also investing directly in mining companies to get projects off the ground and provide some level of de-risking, and ultimately to ensure a reliable supply chain for their production of EVs. Recent examples include:

- NIO Inc. purchased a c.14% stake in Greenwing Resources Limited

²¹ Goldman Sachs: Direct Lithium Extraction: A potential game changing technology



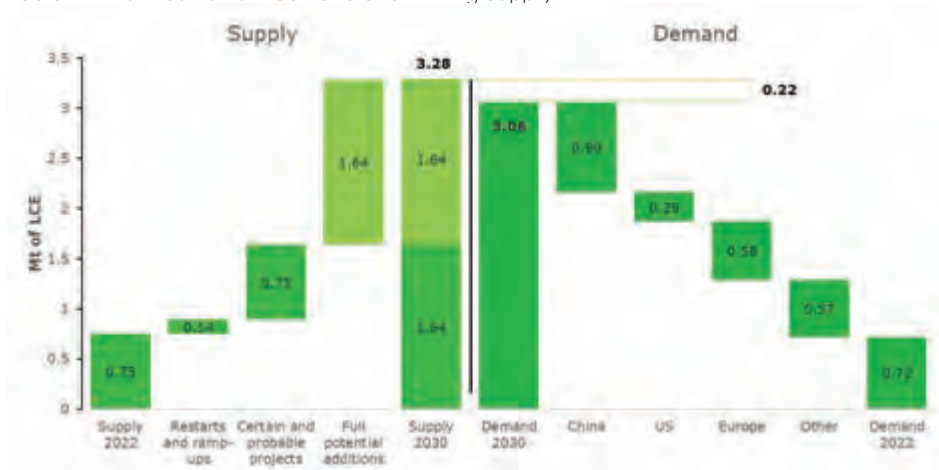
- BYD purchased a 5.1% stake in Chengxin Lithium, which is China’s third largest lithium supplier
- Great Wall purchased a 3.5% stake in Australian lithium miner, Pilbara Minerals Limited.

Governments worldwide are responding to the changing dynamics of global supply chains by imposing stricter regulations to enhance supply chain transparency. For instance, from 1 January 2023, Germany has ordered that Original Equipment Manufacturers (OEMs) adhere to comprehensive due diligence requirements to minimise risks and human rights violations within their supply chains through the German Supply Chain Act. As a result, OEMs are increasingly inclined to localise their supply chains to mitigate geopolitical risks.

Lithium market balance

Current supply from producing projects is inadequate to meet future demand resulting from the energy transition. The IEA’s analysis of the near-term outlook for supply of lithium presents a mixed picture. Mined lithium is expected to be in surplus in the short-term, while lithium chemical products and battery grade elements might face tight supply. As the transition to renewable energy continues, the consensus amongst analysts is that there will be a deficit in the medium term as the global demand for lithium starts to outpace supply. Currently, supply from existing mines and projects under construction are expected to meet approximately half of the projected lithium requirement by 2030.²² The anticipated duration of any deficit will depend upon the timing of additional projects coming onstream, in addition to the projects that are currently under construction. While there is the possibility of constrained lithium supply from 2025 to 2030, if all prospective projects are successfully implemented, there is potential for supply surplus by 2030. The table below shows the refined lithium demand and mining supply balance.

Table 19: Refined lithium demand and mining supply



Source: McKinsey & Company

Lithium pricing

The price of spodumene concentrate is directly related to the price of Li₂CO₃ and LiOH, which is related to the supply and demand factors of cathode production, EVs and battery storage technologies.

Unlike many other commodities, lithium compounds do not have an exchange traded market. Prices for lithium compounds are typically set through negotiation between producers and consumers through private agreements. The terms of these agreements remain confidential and, even if the terms are known, differences in the pricing structures (agreed formulas, annual volume flexibility, price floors and ceilings) can make comparison difficult.

Spot prices are becoming more widely quoted, particularly in China, the largest consumer of lithium compounds in the world. Although lithium compounds are not traded on an exchange, the London Metals Exchange (LME) has partnered with price reporting agency Fastmarkets to try to provide greater transparency in lithium prices. LME provides LiOH price quotes on a weekly basis.

²² The Role of Critical Minerals in Clean Energy Transitions, International Energy Agency, March 2022



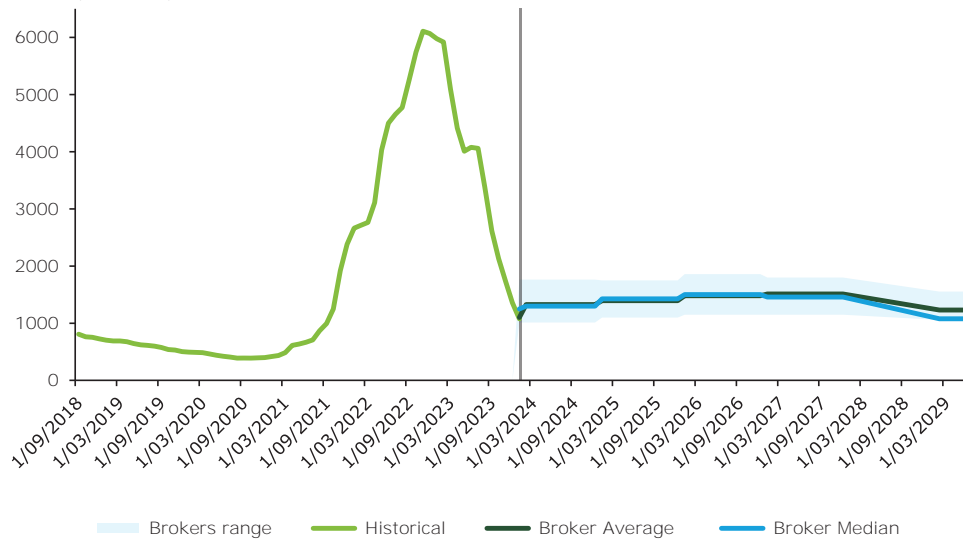
As demand for EVs dramatically increased, manufacturers started to stockpile lithium, which pushed prices higher in 2022 and 2023 to reach a peak of US\$ 6,110 per tonne in October and November 2022, supported by typical quarterly, seasonal trends.²³

In 2023, demand for lithium eased in the fourth quarter. The weaker than expected demand for EVs can be partially explained by the Chinese government no longer providing subsidies to buyers of EVs. This softer demand in EVs caused manufacturers to hold back on replenishing stocks.

This weaker demand for EVs is depressing forecast long term lithium prices. While prices have declined from their peak, they remain somewhat elevated compared to historical levels, but are forecast to decrease over the next five years from 2023 to 2027.

Broker forecasts provide a guide on the pricing of lithium compounds given the lack of an exchange traded market, as shown in the figure below. The prices below are on a US\$ nominal per tonne CIF China basis.

Figure 12: Historical and consensus estimated forecast lithium prices USD/t (6% Li2O)



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

²³ Demand for lithium typically picks up in the fourth quarter in China because of strong battery cell production and installation, with manufacturers replenishing their stock ahead of the peak



Appendix 4: Comparable companies

Table 20: Comparable listed companies

Company name	Country	Flagship asset	Enterprise value (A\$m)	Attributable Resource (Mt Li2O)	EV / Resources (A\$ /t Li2O)
Producing companies					
Pilbara Minerals Limited	Australia	Pilgangoora	7,456	4.93	1,511x
Core Lithium Ltd	Australia	Finniss	265	0.82	325x
Sayona Mining Limited	Canada	North American Lithium	318	1.15	276x
Developing companies					
Liontown Resources Limited	Australia	Kathleen Valley	1,985	2.90	684x
Exploration companies					
Delta Lithium Limited	Australia	Mt Ida	114	0.46	247x
Atlantic Lithium Limited	Ghana	Ewoyaa	236	0.18	1,325x
Patriot Battery Metals Inc.	Canada	Corvette	737	1.62	454x
Global Lithium Resources Limited	Australia	Manna	52	0.60	87x

Source: S&P Capital IQ, Company announcements, Deloitte Corporate Finance analysis

Note:

Resource multiples have been calculated with reference to JORC compliant Measured, Indicated and Inferred resources. We have adjusted comparable listed company enterprise values for net debt. Market data as at 5 February 2024



Appendix 5: Technical expert's report



ACN No. 065 713 724

ABN 62 065 713 724

Minerals Industry Consultants

Level 9, 80 Mount Street
North Sydney, NSW 2060
AustraliaTel: 612 9954 4988
Fax: 612 9929 2549
Email: bdaus@bigpond.com

8 February 2024

Ms Nicki Ivory
Partner, Deloitte Corporate Finance Pty Limited
Tower 2, Brookfield Place
123 St Georges Terrace
Perth, WA 6000

Dear Nicki

**INDEPENDENT TECHNICAL SPECIALIST REPORT
FOR DELOITTE CORPORATE FINANCE PTY LIMITED
AZURE MINERALS LIMITED - WESTERN AUSTRALIA
BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

1.0 INTRODUCTION

Deloitte Corporate Finance Pty Limited (“Deloitte”) has been engaged by Azure Minerals Limited (“Azure”) to prepare an Independent Expert Report (“IER”) in relation to the proposed transaction pursuant to which SH Mining Pty Ltd (“SH Mining”) will seek to acquire 100% of the fully diluted issued capital of Azure by way of a scheme of arrangement or an off-market takeover (“the Proposed Transaction”). SH Mining is an entity owned by SQM Australia Pty Ltd (“SQM Australia”), a wholly owned subsidiary of Sociedad Quimica y Minera de Chile S.A. (“SQM”) and Hanrine Future Metals Pty Ltd, a wholly owned subsidiary of Hancock Prospecting Pty Ltd.

Given the nature of Azure’s mineral assets and operations, Azure has engaged Behre Dolbear Australia Pty Limited (“BDA”) as Independent Technical Specialist to assist Deloitte with a technical due diligence review and assessment of the exploration assets of Azure in the context of the Proposed Transaction and to prepare an Independent Technical Specialist Report (“ITSR”).

Azure’s exploration assets are located in Western Australia (“WA”) as shown in Figure 1. Azure’s principal project is the Andover lithium project located in the West Pilbara region of WA, immediately south of the town of Roebourne, which it holds in joint venture with the Creasy Group (“Creasy”), with Azure holding a 60% interest and Creasy 40%. The Andover project tenements comprise three Exploration Licences (“ELs”) covering an area of 109 square kilometres (“km²”). No lithium resource has yet been defined within the Andover ELs, but Azure has announced numerous drill intersections of lithium-bearing pegmatites and has announced an Exploration Target (“ET”) of 100-240 million tonnes (“Mt”) grading 1.0-1.5% Li₂O. It should be noted that “an Exploration Target is conceptual in nature, insufficient exploration has been carried out to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource” (Joint Ore Reserve Committee - JORC Code 2012). Azure has continued exploration drilling of the target mineralisation and a maiden Mineral Resource estimate (“MRE”) is expected to be announced in Quarter 1 (“Q1”) to Quarter 2 (“Q2”) 2024.

The Andover tenements also host nickel-copper-cobalt (“Ni-Cu-Co”) mineralisation with Mineral Resources defined at two deposits, Andover and Ridgeline in the southwest of the licence area.

Azure also holds interests in other WA tenements prospective for gold, lithium and base metals:

- *Turner River project (Azure 70%, Creasy 30%)* - two unexplored exploration licence applications (“ELA”) covering 449km² south of Port Hedland, with potential for gold and lithium exploration
- *Coongan project (Azure 70%, Creasy 30%)* - one EL covering an area of 223km² in the Eastern Pilbara eight kilometres (“km”) west of Nullagine; early-stage gold, base metals, iron ore and lithium exploration
- *Barton gold and base metals project (100% Azure)* - eight ELs covering 887km² near Kookynie, 40km south of Leonora in the Eastern Goldfields; early-stage exploration.

Denver

New York

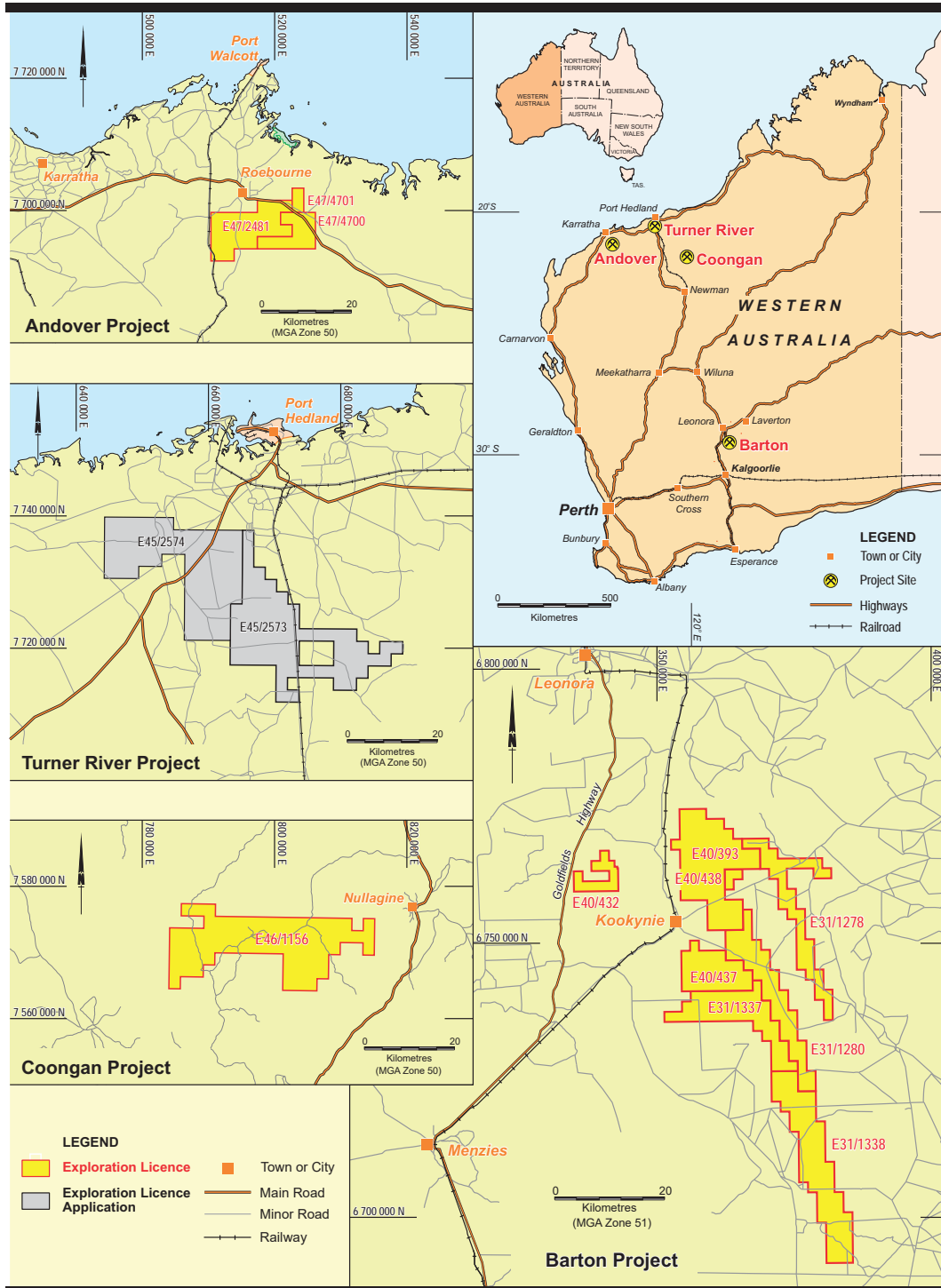
Toronto

London

Guadalajara

Santiago

Sydney



Azure Minerals Limited

Exploration Assets

Figure 1

PROJECTS AND TENEMENTS LOCATION MAPS

BDA - 0246 (01 - November 2023)

Behre Dolbear Australia Pty Ltd

In addition, Azure retains an interest (approximately 20%) in a base and precious metals exploration company, Bendito Resources Inc., with mineral assets in Mexico.

Azure and Deloitte have advised that BDA’s scope of work should cover the following areas, subject to availability of data:

- *Site Visit* - to the most material asset being the Andover lithium project in the West Pilbara region of WA
- *Geology and Geological Data* - review drilling, sampling, assaying and quality assurance/quality control (“QA/QC”) protocols
- *Resource Estimates and Exploration Targets* - review methodology, classification and compliance with the Joint Ore Reserves Committee (“JORC”) Code
- *Mining* - consider any preliminary pit plans and optimisation, geotechnical and hydrological factors and preliminary production schedules
- *Mineral Processing* - review any metallurgical testwork, proposed process flowsheet, process recoveries, concentrate grades and quality
- *Production Plan* - consider any preliminary life of mine plan, throughput, grades and recoveries and product transport
- *Infrastructure* - review power, water, transport, accommodation and communications
- *Environmental and Community* - review any environmental assessment studies, community and heritage aspects, water management, waste management and conformance with relevant standards
- *Tenements, Permits, Approvals* - assess status and regulatory compliance
- *Capital Costs* - consider any preliminary estimates if available
- *Operating Costs* - consider any preliminary estimates if available.

Azure and Deloitte have commissioned BDA to provide an opinion as to the fair market value of the mineral assets owned by Azure using appropriate technologies given their exploration stage. BDA has prepared the ITSR which will form part of the IER prepared by Deloitte and may be provided in part or in full to Azure and its shareholders. Deloitte has requested that BDA use an effective date of 5 February 2024 for the valuation of Azure’s mineral assets.

BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously worldwide since 1911, with offices or agencies in Denver, New York, Toronto, Vancouver, Hong Kong, London and Sydney. Behre Dolbear specialises in mineral evaluations, due diligence studies, independent expert reports, independent engineer certification, valuations, and technical audits of resources, reserves, mining and processing operations and project feasibility studies.

BDA has been involved in numerous such studies and Independent Engineer assignments in recent years and has extensive experience of both hard rock lithium projects and lithium brine projects. BDA has worked as Independent Engineer on the Talison (Tianqi-IGO-Albermarle) Greenbushes project from the early 2000s during the transition of the project from primarily a tantalum operation to becoming Australia’s major hard rock lithium producer. BDA was engaged to prepare a Competent Persons Technical Specialist Report for Tianqi for a US\$2 billion IPO on the Hong Kong Stock Exchange.

BDA was the Independent Technical Expert on the merger between Orocobre and Galaxy in 2021 to form Allkem, involving technical review of hard rock spodumene concentrate operations in Australia (Mt Cattlin) and Canada (James Bay) and lithium brine operations in Argentina. BDA is currently engaged as the Independent Technical Specialist on the proposed merger between Allkem and Livent, reviewing hard rock lithium operations in Australia and Canada, lithium brine operations in Argentina, and lithium chemical plants in the USA, the UK, Japan and China.

BDA has undertaken project reviews of the Mt Holland lithium project and proposed refinery in WA, the Bald Hill lithium project in WA, and is currently undertaking a review for the financiers to Lepidico Limited of its proposed lithium mining and concentrator project in Namibia and lithium hydroxide plant in Abu Dhabi. BDA is also working for the financiers of a lithium converter to be constructed in Germany by RockTech Lithium Inc.

All of BDA’s specialist consultants have many years of technical, operating and management experience and are respected experts in their field. This expertise covers geology, mining, hydrology, geotechnics, processing, infrastructure, project construction, commissioning, ramp-up and operations, and environmental, community and social aspects including alignment with Equator Principles and IFC Performance Standards.

BDA consultants have reviewed the Azure mineral project documentation, visited the Andover project site with Azure technical managers in early November 2023 and have had discussions with Azure management, project engineers and consultants.

BDA has reviewed the available resource documentation, exploration reports, drill data, plans and sections and geological, drilling, sampling and assaying processes and procedures. Resource estimates have been reviewed in accordance with Australian industry standards and for compliance with the Code and Guidelines for Reporting of Identified Mineral Resources and Ore Reserves - Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 (the JORC Code). The report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. This report is based on, and fairly reflects, the information and supporting documentation provided by Azure and associated competent persons as referenced in this report and additional publicly available information.

The information in this report that relates to Mineral Resource estimates for the Andover-Ridgeline Ni-Cu-Co deposits is extracted from the announcement entitled ‘Azure Delivers Maiden Mineral Resource Estimate for Andover Ni-Cu Deposit’ released to the ASX on 30 March 2022, which is available on Azure’s website (www.azureminerals.com.au). Azure confirms that it is not aware of any new information or data that materially affects the information in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. Azure confirms that the form and context in which the competent person’s findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the Exploration Target at the Andover lithium project is extracted from the announcement entitled ‘Exploration Target Andover Lithium Project’ released to the ASX on 7 August 2023, which is available on Azure’s website (www.azureminerals.com.au). Azure confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. Azure confirms that the form and context in which the competent person’s findings are presented have not been materially modified from the original market announcement. The potential quantity and grade of an exploration target is conceptual in nature with insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The information in this report that relates to exploration results at the Andover lithium project is extracted from the announcements entitled ‘Exceptional Lithium Drill Intersections from Andover’ dated 13 June 2023, ‘Broad High-Grade Lithium Intersections Continue at Andover’ dated 20 June 2023, ‘More Broad High-Grade Lithium Intersections at Andover’ dated 30 June 2023, ‘More Very Broad Lithium Intersections Returned at Andover’ dated 14 July 2023, ‘209m High-Grade Lithium Intersection at Andover’ dated 4 August 2023, ‘Substantial Lithium Intersections Continue at Andover’ dated 21 August 2023, ‘Additional Thick, High-Grade Lithium Intersections at Andover’ dated 18 September 2023, ‘Outstanding Andover Metallurgical Testwork Results’ dated 9 October 2023, ‘Substantial Spodumene-rich Pegmatites Drilled at Target Area 3’ dated 10 October 2023 and ‘Extensive High-Grade Lithium Confirmed at Target Area 3’ dated 15 November 2023, which are available on Azure’s website (www.azureminerals.com.au). Azure confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. Azure confirms that the form and context in which the competent person’s findings are presented have not been materially modified from the original market announcement.

This report provides an independent assessment of the technical aspects of the Azure prospects and projects, exploration potential and the potential risks. The report is provided to Deloitte for the purpose of assisting Deloitte in assessing the technical issues, associated risks and valuation of the project in the context of the Proposed Transaction and should not be used or relied upon for any other purpose. BDA will be paid a fee based on its normal consulting rates; payment is not dependent on the outcome of the BDA review, or the valuations ascribed to the various assets. The report does not constitute a technical or legal audit. Neither the whole nor any part of this report nor any reference thereto may be included in, or with, or attached to any document or used for any purpose without BDA’s written consent to the form and context in which it appears.

The report contains forecasts and projections based on the information provided by Azure. BDA’s assessment of the prospects and project potential is based on technical reviews of project data and discussions with Azure technical personnel. BDA has reviewed the relevant data to assess the reasonableness of future projections. However, these forecasts and projections cannot be assured and factors both within and beyond the control of Azure could cause the actual results to be materially different from BDA’s assessments and any projections contained in this report.

2.0 OVERVIEW

2.1 Report Scope

This Independent Technical Specialist Report (ITSR) provides a description of the mineral assets of Azure including the various resource and exploration components, any technical mining or processing studies undertaken, infrastructure facilities and environmental and community aspects, permits and approvals. Azure and Deloitte have advised BDA of the tenements and assets to be included and valued (Figure 1).

BDA has reviewed the current status of Azure’s exploration tenements, exploration programmes and results to date, Azure’s published nickel-copper-cobalt resources and lithium Exploration Target (ET) and the progress towards defining a lithium Mineral Resource estimate (MRE) within the Andover tenements.

The ITSR describes Azure’s principal project, the Andover lithium project located in the West Pilbara region of WA, immediately south of the town of Roebourne, together with the nickel-copper-cobalt project with its Mineral Resource contained within two deposits in the southwest of the Andover licence area (Figure 2).

The ITSR also discusses Azure’s Turner River, Coongan and Barton projects, all in WA.

BDA has considered, and advised Deloitte, on the exploration value of the tenements based on exploration valuation methodologies. A summary of project valuations is given in Section 2.7 below.

2.2 Andover Lithium Project

Azure formed a joint venture with the Creasy Group (Creasy) in mid-2020 and assumed management of the base metal exploration previously conducted by Creasy’s subsidiary, Croydon Gold Pty Limited (“Croydon Gold”), on the Andover tenements.

The Andover tenements includes both pegmatite-hosted lithium mineralisation and nickel-copper-cobalt sulphide mineralisation which in essence can be treated as two separate projects. Azure has placed the nickel-copper-sulphide project, including the scoping study based on the defined Andover and Ridgeline Ni-Cu-Co deposits, on hold while it focuses on evaluation of the lithium project.

BDA has completed separate technical reviews and valuations of the Andover lithium project and the nickel-copper-cobalt assets in this ITSR.

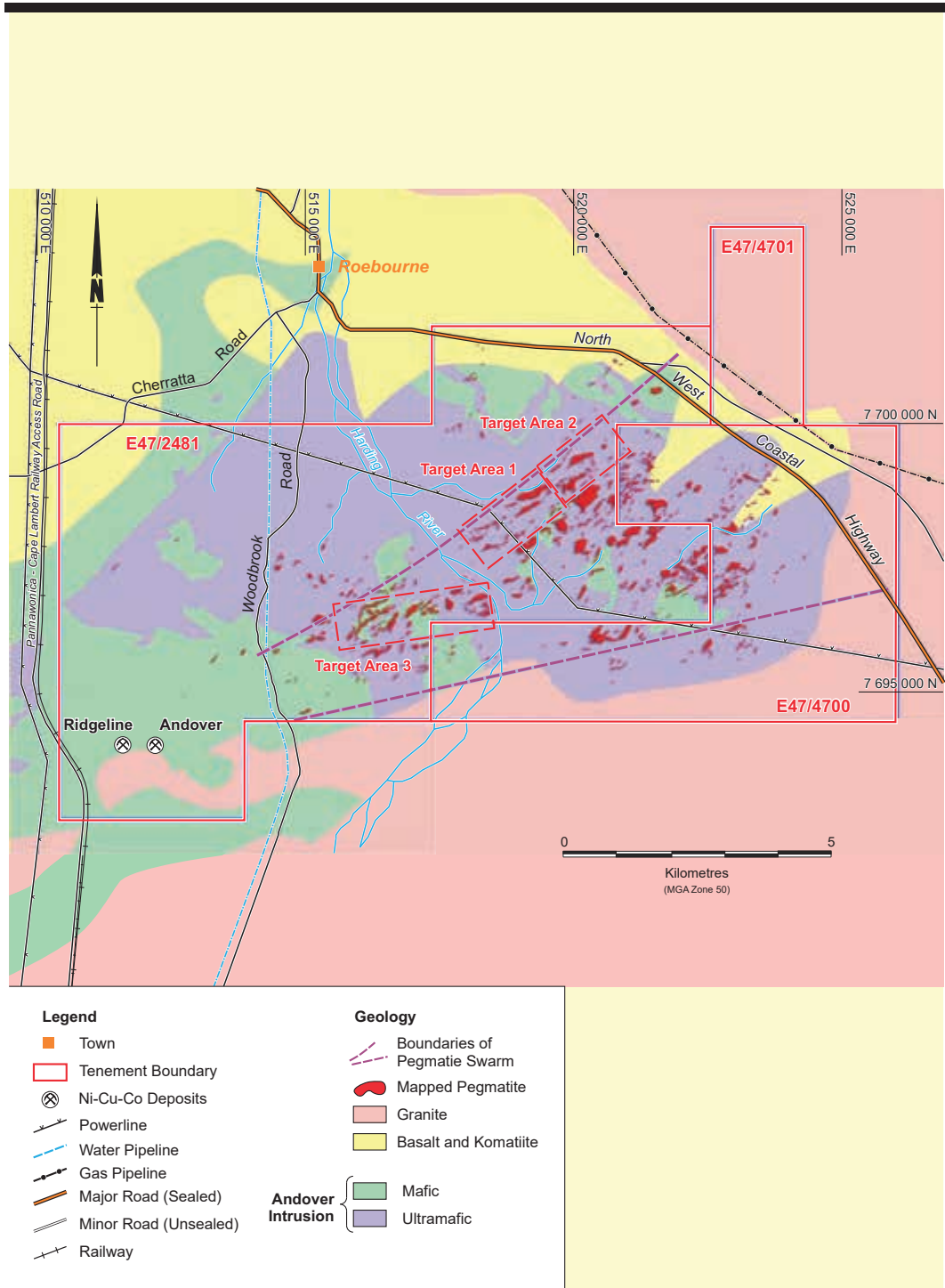
Azure’s Andover tenements consist of three granted exploration licences covering an area of 109km². Lithium-bearing pegmatite intrusions from a late-stage event within a mafic-ultramafic layered intrusion complex (Andover Complex) outcrop and sub-outcrop over a significant area of the tenements. The area containing the pegmatite swarm extends for around 9km and widens in a northeasterly direction to a width of around 5km (Figure 2). The northern and southern boundaries of the pegmatite swarm are considered by Azure to be structurally controlled.

Azure commenced systematic exploration of the pegmatite mineralisation in 2022, initially carrying out an extensive programme of surface mapping and sampling of pegmatite outcrops. Exploration drilling commenced in March 2023, consisting of a mix of diamond drilling (“DD”), reverse circulation drilling (“RC”) and RC pre-collared diamond drilling (“RD”). Azure steadily increased the rate of drilling through 2023 and at the time of BDA’s site visit in early November 2023, six DD drill rigs and one RC rig were operating on site. As of the beginning of November 2023, Azure had completed 245 drill holes totalling approximately 66,500m (120 DD holes for 36,655m, 91 RC holes for 17,565m and 34 RD holes for 12,276m).

Azure has focussed exploration in three Target Areas which at this stage appear to contain the most prospective areas with respect to extent and tenor of the pegmatite bodies, as indicated by the surface mapping and sampling programmes (Figure 2).

In August 2023, Azure announced an Exploration Target of 100-240Mt at 1.0-1.5% Li₂O contained within Target Areas 1-3; the ET was based on the results of the lithium-focussed drilling completed in March-July 2023, and on extrapolation of surface exploration and sampling data obtained in 2022-2023.

Azure has engaged the mining consultant Mining Plus Pty Limited (“Mining Plus”) to undertake estimation of a maiden MRE in Q1 to Q2 2024, utilising all drilling data obtained up to the cut-off date, likely to be December 2023 or January 2024. Resource infill and step-out drilling is planned to commence in January 2024 and continue until July 2024; thereafter a Scoping Study on the lithium project will be completed.



Azure Minerals Limited

Andover Lithium Project

Figure 2

GEOLOGY LAYOUT PLAN

BDA - 0246 (01 - November 2023)

Behre Dolbear Australia Pty Ltd

Location and Access

The Andover lithium project is located immediately south of the town of Roebourne and 35km east-southeast of Karratha in the West Pilbara region of WA. The project site has excellent logistics including road access, potable water, gas pipeline, electrical power, airports, port access and local accommodation and mine services.

The industrial ports of Dampier and Cape Lambert are 48km to the northwest and 25km to the north, respectively, and have commercial multi-user port facilities. Port Hedland is 200km to the northeast.

Karratha airport provides access from Perth with multiple commercial flights each day.

Project History

Limited base metal exploration directed at the potential for nickel-copper mineralisation within the mafic-ultramafic Andover Complex was completed by a number of companies prior to Creasy subsidiary, Croydon Gold, obtaining grant of an exploration licence (EL) in July 2012. Croydon Gold carried out systematic exploration for nickel-copper mineralisation in the period 2012-2018. Exploration carried out included geophysical electromagnetic surveys, surface geochemical sampling and drilling of a limited number of RC holes. Significant Ni-Cu-Co mineralisation was intersected in two locations.

The Azure-Creasy 60%-40% joint venture was established in July 2020 at which time Azure assumed management of the project.

The transition of the project from a nickel-copper-cobalt project to a lithium-focused project is summarised below:

- *2020-2022* – during this period, Azure continued with nickel-copper exploration; 102 DD holes were drilled at the Andover Ni-Cu-Co deposit and 61 DD holes at the Ridgeline deposit (Figure 2); maiden MREs were reported for the Andover and Ridgeline deposits in March 2022 and February 2023 respectively
- *Q2 2022* – Azure recognised the presence of substantial outcrops of pegmatite intrusions during surface mapping of the Andover tenements; in April 2022, Azure implemented a dedicated field evaluation of the pegmatite occurrences including surface mapping, a helicopter supported reconnaissance sampling programme to collect float and rock chip samples for whole-rock analysis for lithium, and remote sensing (radiometric and airborne magnetics) and drone imagery in order to assist with defining the areal extent of the pegmatite bodies
- *Q4 2022* - In October 2022, Azure made its first announcement of the results of the six-month field evaluation programme which had established that significant potential for lithium-bearing pegmatites, containing predominantly the lithium mineral species spodumene, existed within the Andover tenements. Azure also reported that a number of surface samples had returned lithium oxide grades in the range 2-5% Li₂O, and that planning was under way for an initial lithium-focused drilling programme
- *Q1 2023* - Azure continued the surface sampling and mapping programme, and in February 2023 announced the first lithium drill intercepts from a number of drill holes originally targeting nickel-copper mineralisation which had intercepted pegmatite at depth; after securing Programme of Works (“POW”) approval in March 2023, Azure commenced the first targeted drilling of the lithium-bearing pegmatites.

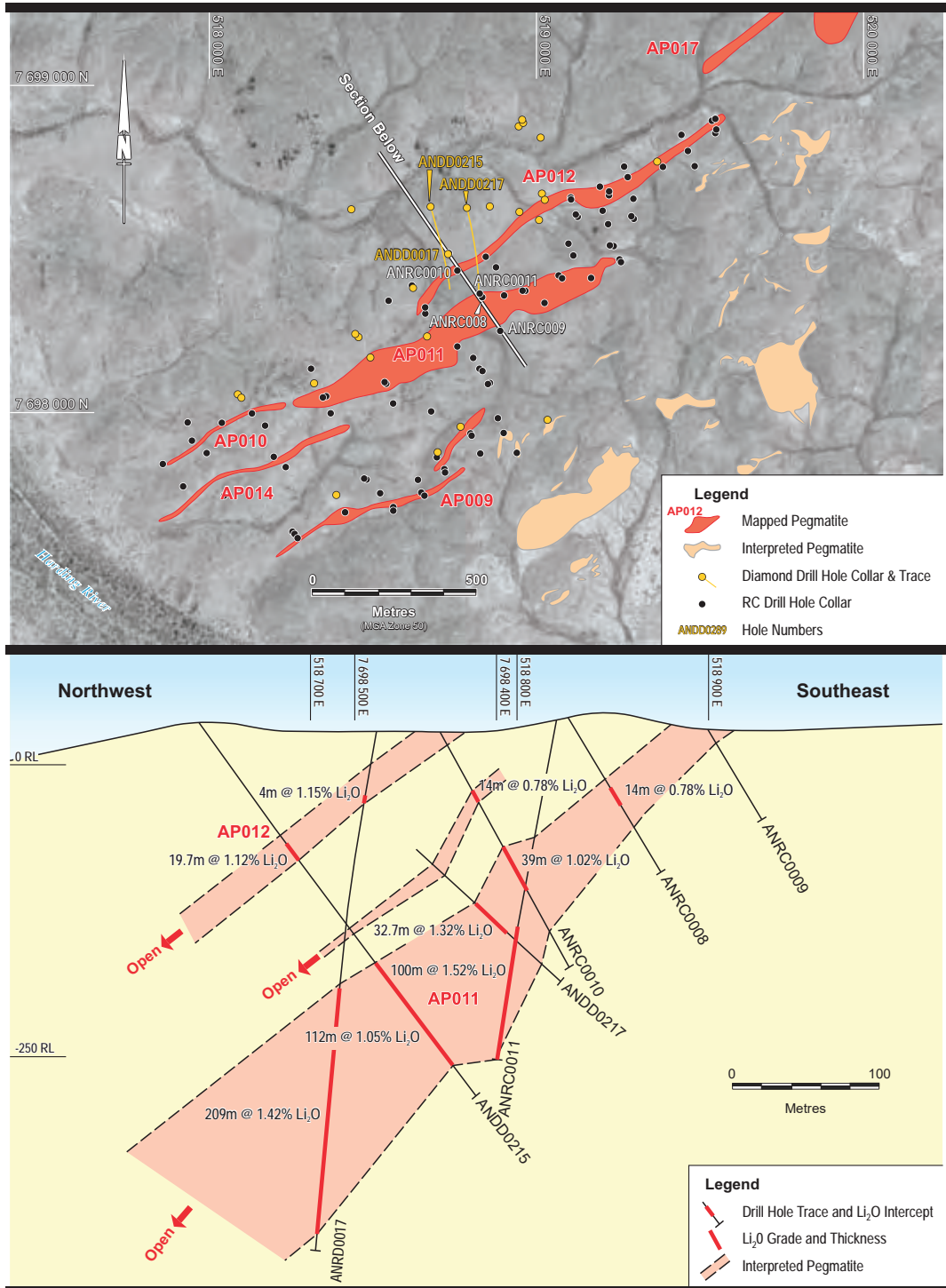
Current Status

BDA visited the Andover lithium project site in early November 2023. BDA reviewed the lithium-bearing pegmatite deposit area and drilling activities, and reviewed drill core, core logging and core sampling processes and procedures at Azure’s Andover Coreshed facility located in Roebourne.

Drilling

Exploration drilling is continuing, utilising six diamond drill rigs and one RC rig, with drilling currently focussed in Target Area 1 (“T1”) (Figure 3) and Target Area 3 (“T3”) (Figure 4). Drilling is being carried out on 100m spacing in the strike direction and 50m spacing in the cross strike or dip direction. Azure regards this 100 x 50m drilling grid adequate to define Inferred resources in areas where continuity of mineralised pegmatite bodies is demonstrated by the drill holes. Typical drill sections in T1 and T3 with drill hole intercept Li₂O grades and thicknesses are shown in Figure 3 and Figure 4 respectively.

Drilling in T1 currently extends over a strike distance of around 2,200m. Drilling indicates that the main pegmatite body in T1, named AP011, is continuous over a strike length of approximately 1,500m. Drilling in T3 commenced in October 2023 and to date a strike length of over 1,000m has been drill tested.



Azure Minerals Limited

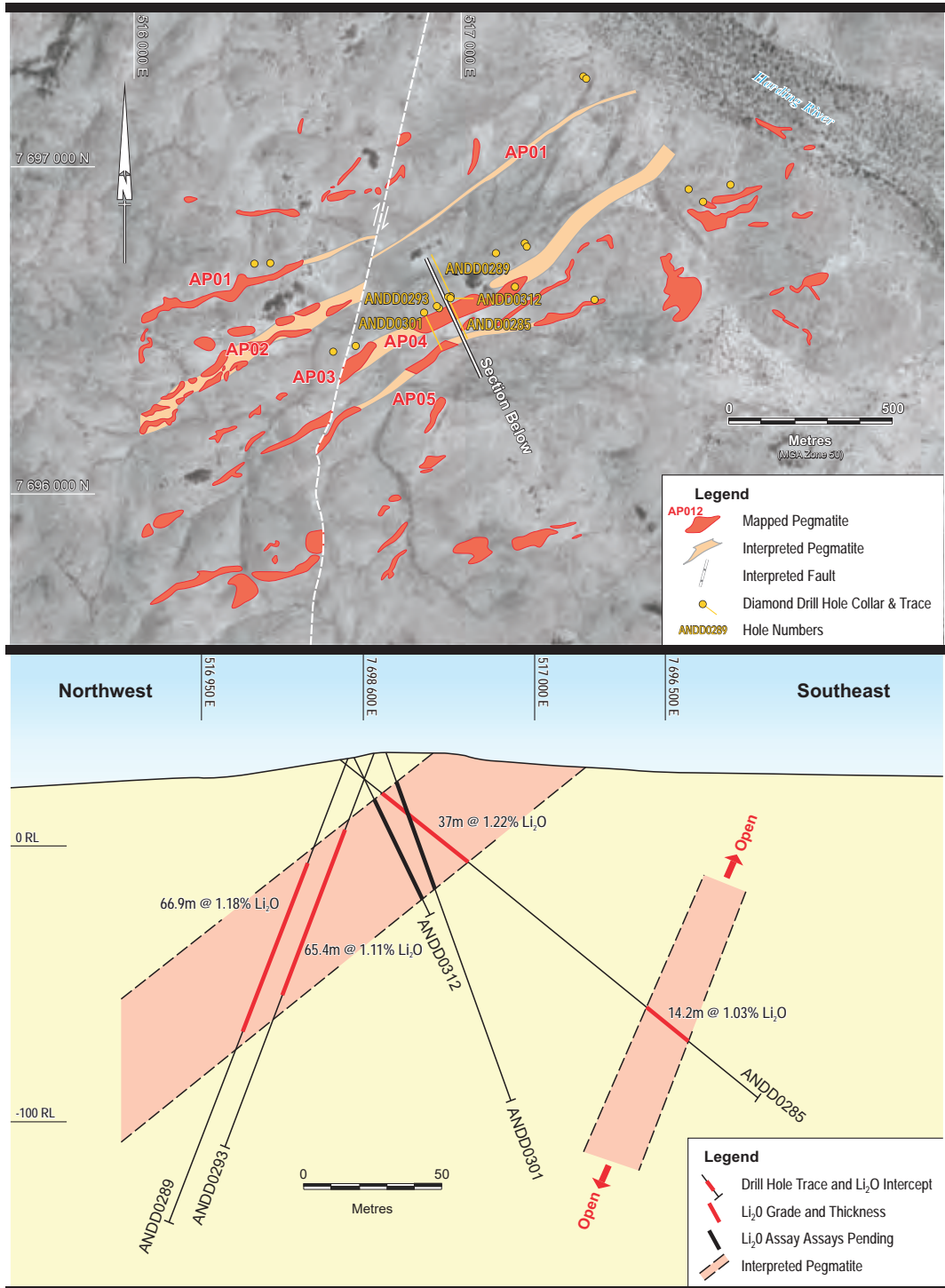
Andover Lithium Project

Figure 3

DRILLING - TARGET AREA 1

BDA - 0246 (01 - November 2023)

Behre Dolbear Australia Pty Ltd



Azure Minerals Limited

Andover Lithium Project

Figure 4

DRILLING TARGET AREA 3

BDA - 0246 (01 - November 2023)

Behre Dolbear Australia Pty Ltd

Drilling in Target Area 2 (“T2”) has indicated a degree of structural complexity of the pegmatite bodies due to suspected cross-cutting structures. Rather than attempting to resolve the structural issues in T2 at this stage, Azure has put further drilling in T2 on hold in order to focus on increasing the drill coverage in T1 and T3 and thereby maximising the drilling data that will be available for use in the upcoming resource estimation.

Geological Database

Azure has established a comprehensive lithium database containing the surface rock chip sampling data (approximately 900 samples) and the drill hole assay data which currently stands at around 245 drill holes, together with spatial data for the surface pegmatite outcrops and the drill holes.

Procedures implemented by Azure for drilling, surface and downhole surveys, geological logging, sampling, sample preparation, chemical analyses, Quality Assurance and Quality Control (QA/QC) and measurement of bulk density are considered appropriate and consistent with industry standards. Database management is conducted inhouse by a designated Azure geological staff member. Drill holes are sampled at nominal 1m intervals. All samples are being assayed at the Bureau Veritas laboratory at Canning Vale, WA, using a sodium peroxide fusion digestion method for lithium. QA/QC samples include standards, blanks and field and pulp duplicates.

Azure has also completed preliminary mineralogical analysis of the pegmatites in order to identify the lithium-bearing mineral species present in the deposit; initial results indicate that around 95% of the lithium in the deposit is in the form of spodumene, with the remainder made up of minor zinnwaldite and other lithium-bearing micas.

Exploration results are appropriately estimated and reported and follow JORC Code guidelines. Drill intercepts are calculated using a 0.4% Li₂O cut off; reported thicknesses of pegmatite can include up to 10m of internal waste (below cut-off grade material), provided the weighted average grade of the intercept remains above the 0.4% Li₂O cut off.

SRK Consulting Pty Limited (“SRK”) reviewed the Azure database, QA/QC data and exploration procedures in July 2023 as part of a Competent Persons report. SRK’s database and QA/QC review did not indicate any material issues with the Azure database or procedures.

BDA has not carried out an audit of either the database or the QA/QC results, however, from its review, BDA considers the Andover lithium database provides a suitable basis for resource estimation.

Exploration Target

Azure estimated an Exploration Target (ET) which was reported on the ASX on 7 August 2023. The ET is limited to the three target areas T1, T2 and T3 (Figure 2) and is summarised in Table 2.1.

Table 2.1
Andover Lithium Project Exploration Target - August 2023

Target Area	Tonnage (Mt) Range		Li ₂ O% Range	
	Minimum	Maximum	Minimum	Maximum
Target Area 1	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

The estimate was based on results from surface exploration obtained during 2022-2023 and DD and RC drill hole results from drilling completed between March and July 2023 in T1. At that time, Azure had not completed any drilling in T2 and T3.

The ET tonnages were derived from the pegmatite volume estimates which were based on the estimated strike length of each pegmatite body, an average thickness for each pegmatite and an assumed down dip extension from surface of 300m for all pegmatites, regardless of the dip angle of the individual bodies.

The AP011 pegmatite body in T1 was the only pegmatite body that was modelled as a three-dimensional (“3D”) wireframe model, using primarily drilling data from the 100 x 50m drill grid. Other pegmatite volumes in T1 were extrapolated based on a combination of surface outcrop mapping and drilling data. The T2 and T3 pegmatite volume estimates were based on a combination of extrapolation of surface outcrop mapping and comparative data from T1 pegmatites. A bulk density of 2.71 tonnes per cubic metre (“t/m³”) was applied to all pegmatites to convert volumes to tonnes.

ET tonnage ranges were defined by applying ±20% variation on the estimated tonnage of the main T1 AP011 pegmatite, and ±50% variation on all other T1, T2 and T3 pegmatite estimated tonnages.

A factor of 0.7 was applied to the estimated tonnage ranges for all T1, T2 and T3 pegmatites, except for the modelled T1 AP011 pegmatite; this discount was based on the proportion of mineralised pegmatite (70% above a cut off of 0.4% Li₂O) and unmineralised pegmatite (30%) within the AP011 pegmatite wireframe model.

The estimation of the Li₂O grade range applied to the ET used the drill hole intercepts within the AP011 pegmatite wireframe as a guide. The weighted average grades of the AP011 drill intercepts ranged from 1.1-1.4% Li₂O. Azure adopted a slightly broader grade range of 1.0-1.5% Li₂O for the ET to reflect greater uncertainty.

During BDA’s site visit, Azure advised that in its opinion, based on the results of the additional drilling completed since July 2023, vis-à-vis the ET estimate, the extent of T1 mineralisation has increased significantly due to increases in both the strike and down dip directions, T3 has increased moderately due to an increase in strike length, while the estimated T2 tonnage has decreased due to structural complexity.

BDA has reviewed the latest drill plans and sections of the T1, T2 and T3 pegmatites and extrapolations and considers the estimation methodology to be reasonable and appropriate for an initial Exploration Target, allowing for the early stage of exploration existing in July 2023. Although no Mineral Resource estimate is yet available, BDA considers that Azure’s Exploration Target provides a reasonable guide to the likely range of tonnage and grade of lithium mineralisation; this will be more firmly established with the completion of the maiden Mineral Resource estimate due in Q1 to Q2 2024.

Mineral Resource Estimate

Azure plans to report a maiden Mineral Resource estimate for the Andover lithium project in Q1 to Q2 2024. The resource estimation will be undertaken by resource consultant Mining Plus.

Based on Azure’s current drill hole spacing, resources are likely to be predominantly in the Inferred resource category although BDA considers there may be potential for some parts of the deposit to be categorised as an Indicated resource.

The cut-off date for drill hole assay data to be included in the resource estimation is likely to be December 2023 or January 2024. Azure expects that close to 100,000m of drilling will have been completed by the cut-off date.

Metallurgical Testwork

Preliminary mineralogical studies and metallurgical testwork have been completed on drill core samples from the AP011 pegmatite in T1.

The processing testwork is still at an early stage. It has identified that spodumene is generally fine grained and often finely interlocked with other minerals. This has directed the choice of whole-of-ore grinding and flotation, rather than a combination of dense medium separation (“DMS”) and flotation, with DMS testwork to date giving poor recoveries. The flotation test results have improved substantially as knowledge developed, with the most recent tests achieving the target minimum grade product of around 5.5% Li₂O at recoveries ranging from 50% to 82%.

Permitting and Approvals

In 2022 Azure and Croydon Gold entered into a Native Title and Heritage Exploration Agreement with the Ngarluma/Yindjibarndi People to facilitate exploration activities. Approvals obtained to date are limited to exploration authorisations of Programmes of Work (POW). Miscellaneous licences covering two areas prospective for groundwater studies have been granted, with a further two areas under application.

To develop an operation at Andover, a Mining Lease and suitable supporting tenure such as General-Purpose Leases or Miscellaneous Licences will need to be obtained as the current tenure does not allow for the establishment of a mining operation. Aboriginal heritage, water and environmental approvals and a Native Title land agreement will also be required in order to develop the project. Azure has advised that it has applied for a water bore construction licence (26D) and an abstraction licence (5C) to support exploration activities. Additional work will be required to update these licences to support mining operations.

Scoping Study

Azure is in the preparatory stage of a Scoping Study on the lithium project, with the aim of completing the study in Q4 2024.

The study manager has not yet been selected, however a number of consultants have been engaged to work on the Scoping Study, as listed in Table 2.2.

Table 2.2
Andover Lithium Project - Scoping Study Consultants

Consultant	Study Component
Mining Plus Pty Limited	Mineral Resource Estimate, Geometallurgy and Mining Engineering
IMO Pty Limited	Metallurgy
DRA Global (DRA Pacific Pty Limited)	Process Engineering
Advisian Pty Limited	Surface Hydrology
AquaGeo Pty Limited	Hydrogeology
Biologic Pty Limited	Flora, Fauna, Short Range Endemics, Stygofauna, Aquatic Ecology
RPM Global (RPM Advisory Services Pty Limited)	Environmental Approvals
Heritage WA Pty Limited	Cultural Heritage Management
RFF Australia Pty Limited	Traditional Owner and Local Stakeholder Engagement
Corporate Affairs Australia Pty Limited	Government and Stakeholder Engagement
Thomson Geer Lawyers	Environment, Approvals, Tenements and Native Title Legal Advice

It is planned to complete the initial lithium Mineral Resource estimate in Q1 to Q2 2024. Azure envisages a further update of the lithium resource estimate in Q3 2024 as a component of the study. The resource update will incorporate the results of infill drilling on a 50 x 50m drilling grid over parts of the T1 and T3 areas; this drilling has the potential to raise a significant part of the deposit to an Indicated resource category. The infill drilling is planned to commence in January 2024.

2.3 Andover Nickel-Copper-Cobalt Project

The Andover tenements contain nickel-copper-cobalt mineralisation in addition to lithium mineralisation. Exploration by Croydon Gold and later by Azure from 2020 identified Ni-Cu-Co mineralisation over a strike length of 4km referred to by Azure as the Southern Mineralised Corridor (“SMC”) (Figure 5). Two deposits, Andover and Ridgeline, have been defined by diamond drilling and a number of further prospects have been identified including Atrium, Woodbrook, Skyline, Seaview, Cuprum Via, Collum, Crista and VC-55.

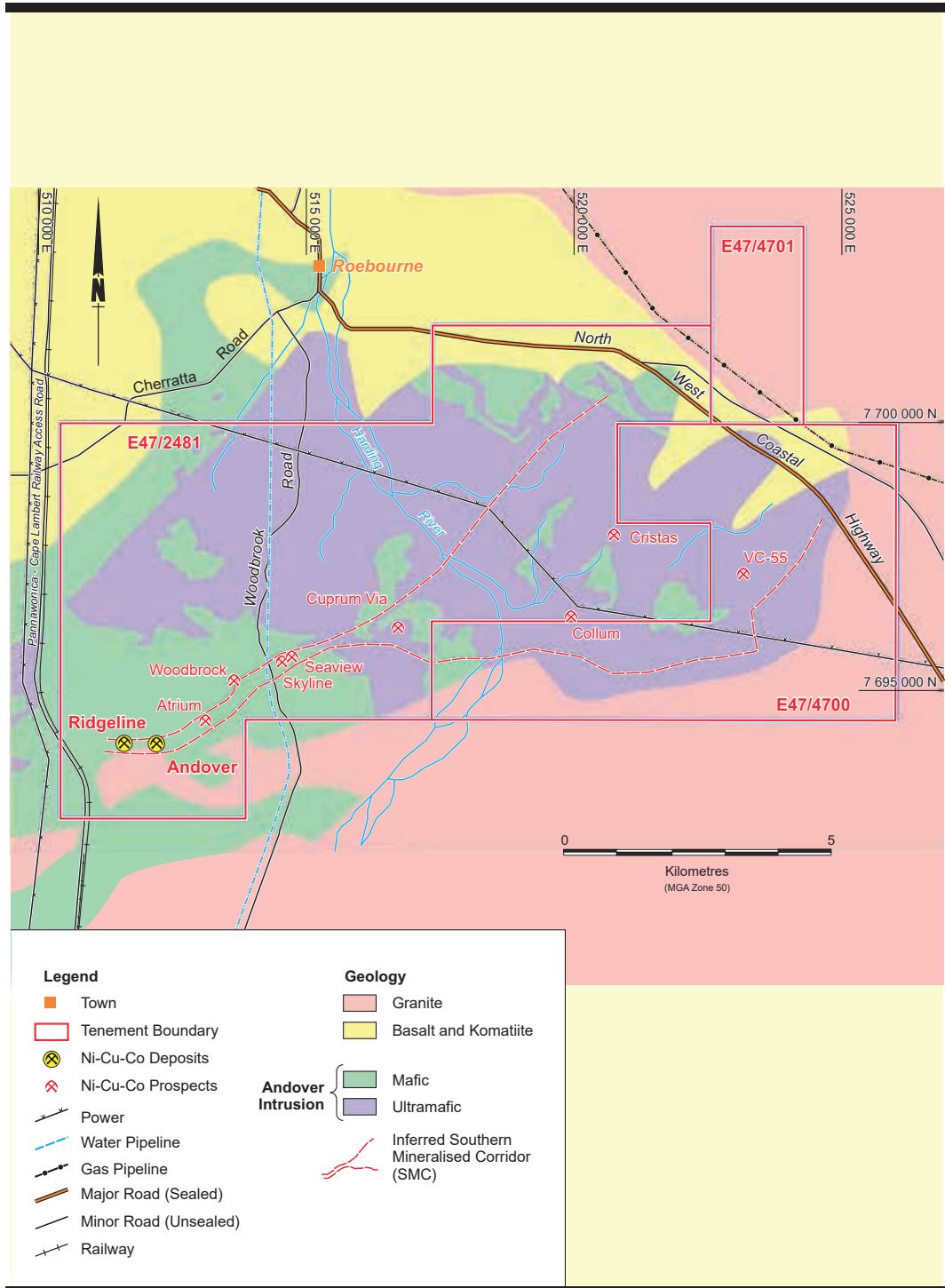
Mineral Resource estimates were completed for the Andover and Ridgeline Ni-Cu-Co deposits in March 2022 and February 2023 respectively by resource consultant CSA Global Pty Limited (“CSA Global”). The combined Mineral Resource at a cut off of 0.5% Ni is 6.0Mt at 1.11% Ni, 0.47% Cu and 0.05% Co, with contained metal of 66.4 thousand tonnes (“kt”) of nickel, 27.8kt of copper and 3.1kt of cobalt. The Andover Ni-Cu-Co resource tonnage is 4.6Mt and 1.3Mt at Ridgeline, with metal grades similar for both deposits.

The Ni-Cu-Co sulphide mineralisation occurs in a taxitic gabbro unit intruded between different types of gabbro or between mafic and ultramafic rocks. The larger Andover deposit is developed over a strike length of 500m extending to a depth of around 600m and averaging 30m in width. The sulphide body has an arcuate shape and dips at 50-70° to the northwest or northeast with an overall plunge to the northwest. Sulphides consist of massive, semi-massive and disseminated pyrrhotite and pentlandite, and lesser chalcopyrite and pyrite.

Azure commenced a Scoping Study in 2021 to assess development options for the Ni-Cu-Co resource, focusing initially on an underground development of the Andover deposit. A number of studies were carried out during 2021-2022, including environment, assessment of underground geotechnical conditions, metallurgy and process and tailings disposal. Mining, geotechnical and hydrological studies were not advanced sufficiently to estimate Ore Reserves.

The metallurgical testwork indicated that the sulphide mineralisation was amenable to a conventional processing circuit with crushing, grinding and sequential flotation of copper and then nickel-cobalt. The testwork produced a nickel concentrate assaying 13% Ni and 0.52% cobalt at 80% nickel recovery and 67% cobalt recovery, and a copper concentrate assaying 25.5% Cu and 0.6% Ni at 77% copper recovery.

Azure placed the Scoping Study on hold in mid-2023 in order to focus on lithium exploration. Azure advises that it plans to re-activate the Ni-Cu-Co Scoping Study in the second half of 2024 as a combined Andover-Ridgeline development. Potential remains within the Andover tenements to expand the Ni-Cu-Co resource. Both the Andover and Ridgeline deposits remain open along strike and at depth. The identified Ni-Cu-Co prospects of Atrium, Woodbrook, Skyline, Seaview, Cuprum Via, Collum, Crista and VC-55 all warrant further exploration.



Azure Minerals Limited

Andover Nickel-Copper-Cobalt Project

Figure 5

GEOLOGY LAYOUT PLAN

BDA - 0246 (01 - November 2023)

Behre Dolbear Australia Pty Ltd

2.4 Turner River Project

The Turner River project is held jointly between Azure (70%) and Creasy (30%). The project is located south of Port Hedland and consists of two exploration licence applications, covering a total area of 449km². The area is considered prospective for gold, with part of the area underlain by similar geology to that associated with the De Grey Mining Limited (“De Grey”) Mallina gold project, located 7km to the south, though much of the underlying geology is obscured by sand cover. Azure also considers the area has some potential for hosting of pegmatites. The project area is extensively soil covered and has been subjected to little historical exploration.

2.5 Coongan Project

The Coongan project (Azure 70%, Creasy 30%) is located 8km east of Nullagine in the eastern Pilbara region and consists of a single granted exploration licence covering approximately 223km². The project area is considered prospective for alluvial and bedrock-hosted gold similar to the Novo Resources Corporation (“NRC”) Beatons Creek gold deposit.

The Coongan tenement is immediately adjacent to the western side of NRC’s project tenements. The host sequence of the Beatons Creek deposit occurs within the Coongan tenement. Azure’s exploration to date also indicates the Coongan project has potential for base metals and channel iron deposits. Azure has completed field reconnaissance during the past two years and is currently undertaking a detailed review to determine which portions of the area can be relinquished in February 2024.

2.6 Barton Project

The Barton project (Azure 100%) is located approximately 40km south of Leonora and close to the gold mining town of Kookynie in the Eastern Goldfields region of WA. The project consists of eight granted exploration licences totalling approximately 887km². The project area contains a significant strike length of greenstone-granite sequence prospective for gold mineralisation including known gold prospects, and other areas of shallow soil-covered terrain subjected to previous largely ineffective exploration. The southern portion of the project is considered prospective for volcanogenic massive sulphides (“VMS”). Exploration carried out by Azure since 2021 has focussed mainly on known gold projects and has included limited RC drilling.

2.7 Summary - Azure Mineral Assets Valuation

BDA’s estimated overall value for Azure’s interest in the Andover lithium project, the Andover-Ridgeline Ni-Cu-Co project and its exploration interests in the Turner River, Coongan and Barton tenements is summarised in Table 2.3. These values are estimated on a technical basis; it is recognised that current market value may be substantially in excess of these values.

Table 2.3
Summary Valuation of Azure’s Exploration Projects and Tenement Interests

Project/Tenements	Azure Interest (%)	Low (ASM)	Preferred ASM	High (ASM)
Andover Lithium project	60	784	980	1,176
Andover-Ridgeline Ni-Cu-Co project	60	28	34	41
<i>Subtotal</i>		<i>812</i>	<i>1,014</i>	<i>1,217</i>
Turner River tenements	70	0.07	0.09	0.11
Coongan tenement	70	0.45	0.53	0.62
Barton tenements	100	3.4	3.9	4.4
Total		816	1,019	1,222

3.0 TENEMENTS, APPROVALS AND PERMITS

3.1 Exploration Tenure

The tenement portfolio held by Azure is a mixture of granted Exploration Licences (ELs) (10), Miscellaneous Licences (“MLs”) (for groundwater exploration) (2) and Exploration Licence Applications (ELAs) (8) and ML applications (2).

Following the Warden’s decision in True Fella Pty Ltd v Pantoro South Pty Ltd (2022) WAMW19 (True Fella), Azure applied for covering ELs over key tenements in order to protect the underlying ground should there be an application to the Warden’s Court to challenge the validity of Azure’s granted ELs and EL applications (ELAs).

Table 3.1 provides a listing of the current Azure exploration tenure.

Table 3.1
Azure Minerals Limited Exploration Tenure as at November 2023

Tenement	AML Interest	Grant Date	Expiry Date	Area	Area Unit	Comment
Andover Project						
E47/2481	60%	02/07/2012	01/07/2024	22	Blocks	
E47/4700	60%	26/06/2023	25/06/2028	10	Blocks	
E47/4701	60%	02/08/2023	01/08/2023	2	Blocks	
E47/4761	60%	Application		10	Blocks	Protective ELA
E47/4763	60%	Application		2	Blocks	Protective ELA
E47/4892	60%	Application		22	Blocks	Protective ELA
L471066	100%	Application		410.74	Hectares	Held for groundwater
L471067	100%	31/10/2023	30/10/2044	3,294.65	Hectares	Held for groundwater
L471068	100%	18/09/2023	17/09/2044	2,546.97	Hectares	Held for groundwater
L471096	100%	Application		465.70	Hectares	Held for groundwater
Turner River Project						
E45/2573	70%	Application		70	Blocks	In the name of Croydon Gold Pty Ltd
E45/2574	70%	Application		70	Blocks	In the name of Croydon Gold Pty Ltd
E45/6295	70%	Application		67	Blocks	Protective ELA
E45/6296	70%	Application		27	Blocks	Protective ELA
E45/6297	70%	Application		23	Blocks	Protective ELA
Coongan Project						
E46/1156	70%	5/02/2018	04/02/2028	70	Blocks	
Barton Project						
E31/1278	100%	23/01/2023	22/01/2028	38	Blocks	
E31/1280	100%	15/09/2022	14/09/2027	43	Blocks	
E31/1337	100%	04/10/2023	03/10/2028	43	Blocks	
E31/1338	100%	04/10/2023	03/10/2028	64	Blocks	
E40/393	100%	01/07/2021	30/06/2026	67	Blocks	
E40/432	100%	25/08/2022	24/08/2027	11	Blocks	
E40/437	100%	22/09/2023	21/09/2028	29	Blocks	
E40/438	100%	22/09/2023	21/09/2028	3	Blocks	
E40/436	100%	Application		67	Blocks	Protective ELA

Note:

- Except for E45/2573 and E45/2574, all tenements are held in the name of Azure Minerals Limited
- Protective ELAs are applications made over existing ELs or ELAs as a protective measure in terms of the Warden’s Court True Fella decision; area subtotals do not include protective ELAs
- L prefixed tenements are Miscellaneous Licences and no mineral exploration is undertaken on these areas
- Azure’s block conversion to km² is variable and depends on the latitude of the project tenements but averages around 3-3.2km²; there are 100 hectares in 1km².

3.2 Andover Lithium and Nickel-Copper-Cobalt Projects

Tenements

The Andover tenements consist of three granted Exploration Licences (E47/2481, E47/4700 and E47/4701), two granted Miscellaneous Licences for groundwater search, and two Miscellaneous Licence applications, also for groundwater search.

A further three Exploration Licence applications have been made that cover existing tenements as protection against the True Fella decision in the Wardens Court.

Project Approvals and Permits

Approvals obtained to date are limited to exploration authorisation Programme of Works (POW). A Licence to Construct or alter a water bore (26D) and a Licence to Abstract Groundwater (5C) have been applied for, these focus currently on water for exploration activities. To develop an operation at Andover, a Mining Lease and suitable supporting tenure such as General-Purpose Leases or Miscellaneous Licences will need to be obtained as the current tenure does not allow for the establishment of a mining operation.

To commence an operation, approvals will also be required under the WA *Aboriginal Heritage Act 1972*, *Environmental Protection Act 1986* (Part IV & Part V), *Mining Act 1978* (Mining Proposal and Mine Closure Plan), and *Rights in Water and Irrigation Act 1914* (Groundwater Licence). Depending on the scale of the operation, approvals may trigger WA Environmental Impact Assessment process under Part IV of *Environmental Protection Act 1986*. Approval may be required under the Commonwealth *Environmental Protection and Biodiversity Act 1999*, if significant impact to Matters of National Environmental Significance (“MNES”) are anticipated. Depending on the scale of the operation and environmental-heritage values, approvals could take 1-3 years to obtain.

The approvals required will be influenced by baseline studies which have commenced and include flora and fauna studies, groundwater and hydrology.

Native Title

The Andover lithium and nickel-copper-cobalt deposits are located within Ngarluma/Yindjibarndi People Determination Area (WCD2005/001), determined in 2005. The Ngarluma Aboriginal Corporation (“NAC”) acts on behalf of the Ngarluma/Yindjibarndi People. In 2022 Azure Minerals Limited and Croydon Gold Pty Ltd entered into a Native Title and Heritage Exploration Agreement to facilitate exploration activities and to protect heritage. This agreement has been revised twice to incorporate additional tenure applied for by Azure.

To date, no Land Agreement has been obtained. Negotiations for an agreement would be triggered by the lodgement by Azure of a Mining Lease and supporting infrastructure tenure applications. Native Title mining agreements can take a significant period of time to complete.

Royalties

As no Land Agreement has been negotiated, no royalty payments have been determined for the Ngarluma/Yindjibarndi People. State royalties will be payable on any production from the Andover tenements.

3.3 Other Projects

Turner River Project

The Turner River project (Azure 70% and Creasy 30%) is located just south of Port Hedland and consists of two ELAs (E45/2573 and E45/2574) held in the name of Croydon Gold Pty Ltd, a Creasy company, covering a total area of approximately 449km². Azure has applied for three ELAs over the Turner River project area (E45/6295, E45/6296 and E/6297) as a protective measure. As at the date of this BDA report, none of the ELAs had been granted.

The Turner River tenements are located mostly within Kariyarra People Determination Area (WCD2018/015). Kariyarra Aboriginal Corporation (“KAC”) represents the Kariyarra People. The eastern end of the project’s tenement is located within Nyamal People Determination Area (WCD2019/010).

As the project tenure is pending, no Exploration & Heritage Agreement has yet been entered into with KAC.

Coongan Project

The Coongan project (Azure 70% and Creasy 30%) consists of a single granted EL (E46/1156), covering 70 blocks (approximately 223km²), and is located 8km west of Nullagine in the eastern Pilbara region of WA.

The project is located within Palyku People Determination Area (WCD2019/002 and WCD2021/006) represented by Palyku-Jartayi Aboriginal Corporation (“PJAC”). No Exploration & Heritage Agreement has been entered into with PJAC.

Barton Project

In September 2020, Azure purchased 100% of the northernmost tenement of the Barton project, E40/393 (then an exploration licence application), covering an area of 200.5km², from a private company for A\$20,000 and the issue of 1,150,000 fully paid Azure shares. The granted area was 198.8km². E40/393 is located adjacent to the historical gold mining town of Kookynie approximately 40km south of Leonora.

Subsequent to this purchase, the company has progressively acquired the current Barton project tenement holding of eight granted ELs totalling approximately 887km² (298 blocks). Azure has also lodged an ELA of 201km² (E40/436) as a protective application covering the granted tenement E40/393. The ELA is over an area where there are no competing applications, but the application will only proceed if the original tenement is found to be invalid. The project tenements are held 100% by Azure.

The project is located within Nyalpa Pirniku People Determination Area (WCD2023/002) represented by Wangkatja Tjungula Aboriginal Corporation (“WTAC”). In May 2021 a Heritage Protection Agreement was signed.

No Land Agreement has yet been obtained; negotiations will be triggered by the lodgement of a Mining Lease and supporting infrastructure tenure applications.

Conclusions

While BDA has not completed a detailed tenement review, it is noted that no granted Mining Leases exist within the Azure minerals assets portfolio, and as such, no operational activities can commence until Mining Lease and relevant supporting tenure (Miscellaneous Licences (infrastructure) or General-Purpose Leases) have been granted.

Currently no approvals or licences have been obtained under the WA Mining Act, Environmental Protection Act and Rights in Water and Irrigation Act for any projects. These need to be obtained before mining operations can be established. Depending on the scale of the operation and environmental-heritage values, approvals could take one to three years to obtain.

No Land Access Agreement has been signed with any Native Title Party; agreements, including compensation or production payments, will be required before key mining tenure can be obtained.

4.0 ANDOVER LITHIUM PROJECT

4.1 Introduction

The Andover lithium project was initially acquired, in conjunction with the Turner River, Coongan and Meentheena projects (the latter has been relinquished), when Azure negotiated tenement sale and joint venture agreements with Mr Mark Creasy of the Creasy Group in mid-2020. The consideration for Azure to acquire a 60% interest in the Andover project and a 70% interest in the Turner River and Coongan projects consisted of the issue of 40 million (“M”) Azure fully paid shares to Creasy and the right for Creasy to participate in a subsequent placement by subscribing to 1.2M Azure shares. Under the agreement, Azure will sole fund exploration and free-carry the Creasy Group’s interests through to the execution of a Mining Venture Agreement including completion of any bankable feasibility studies.

The Andover lithium project is located immediately south of the town of Roebourne and 35km east-southeast of Karratha in the West Pilbara region of WA. The project has excellent logistics including road access, potable water, gas pipeline, electrical power, airports and port access.

The project was initially acquired by Creasy in 2012 to carry out nickel exploration. Exploration, initiated by Creasy and continued by Azure, culminated in the definition of two nickel-copper-cobalt deposits, named Andover and Ridgeline. Mineral Resource estimates were completed for the two deposits in March 2022 and February 2023 respectively (Figure 2).

Azure changed the joint venture’s exploration focus in 2022 to evaluate the lithium potential of pegmatite swarms occurring within the project tenements, commencing with systematic surface mapping and sampling of pegmatite outcrops during 2022. Drilling to assess the extent and tenor of the lithium mineralisation commenced in March 2023. As of early November 2023, Azure had completed 245 drill holes totalling approximately 66,500m.

Azure announced an Exploration Target of 100-240Mt at 1.0-1.5% Li₂O in August 2023 and plans to complete a maiden Mineral Resource estimate in Q1 to Q2 2024. Resource infill and step-out drilling is planned to continue until July 2024, thereafter a Scoping Study on the lithium project will be completed.

4.2 Geology

Regional Geology

The granite–greenstone terrane in the west Pilbara is characterized by east to north-easterly striking greenstone sequences that envelop elongate to ovoid granitoid complexes. Both the greenstones and the granitoid complexes have been intruded by Archaean mafic-ultramafic layered intrusions (The Andover Complex) consisting of a 1.3km thick lower layered ultramafic zone with an overlying 0.8km thick gabbroic layer. The complex has been intruded by late-stage dolerites. The northeastern portion of the intrusion is dominated by serpentinised peridotite and dunite lithologies and the western portion is dominated by norites, anorthosites and leucogabbros with minor dolerites. The whole intrusive complex has been fragmented by the intrusion of granitoids.

The Andover project tenure covers most of the layered Andover Complex, which is considered to have similar geological characteristics to the layered complexes hosting the Panoramic Resources Limited (“Panoramic”) Savannah copper-cobalt deposit in the east Kimberley and the IGO Limited (“IGO”) Nova-Bollinger Ni-Cu-Co deposit in the Fraser Range province.

Local Geology

The Andover lithium deposit consists of a swarm of pegmatite intrusions. The pegmatites encompass a zone approximately 9km long which expands in a northeasterly direction up to a maximum width of around 5km (Figure 2). The pegmatites are intruded into ultramafic rock units and typically strike northeast-southwest and dip moderately (35-60°) to the northwest. Surface exposures range in size, extending over some hundreds of metres in strike length and up to 100m in width, although pegmatite outcrops are commonly discontinuous.

Azure considers that at the time of emplacement, the pegmatite bodies were likely utilising pre-existing structures that also controlled the earlier emplacement of the mineralising intrusion responsible for the formation of the Andover Ni-Cu-Co deposits. The northern and southern bounding structures controlling the pegmatite swarm are possibly fault splays related to the major regional Sholl Shear Zone located to the south of the project area.

The Andover pegmatites belong to the Lithium-Caesium-Tantalum (“LCT”) type of pegmatite deposit. Spodumene is the dominant lithium-bearing mineral, although minor amounts of zinnwaldite and other lithium-bearing mica species are present. The pegmatites comprise a fractionated LCT pegmatite system. There appear to be two phases of pegmatite emplacement comprising an unmineralised portion of the pegmatite which has been subsequently injected by a lithium-rich quartz spodumene melt. The unmineralised pegmatite is composed of

albite, quartz and microcline with minor muscovite, biotite and garnet. This pegmatite is intruded by a mineralised injection comprising roughly 50% spodumene and 50% quartz, with the overall lithium grade of the pegmatite bodies dictated by the proportion of the mineralised injection compared to the unmineralised pegmatite. The spodumene grain size appears to be variable through the deposit.

Drilling in Target Area 1 (T1) currently extends over a strike distance of around 2,200m. Drilling indicates that the main pegmatite body in T1 named AP011 is continuous over a strike length of approximately 1,500m, has an average true thickness of around 40m and dips to the northwest at around 50-60° (Figure 3). To date, AP011 has been drill tested to a maximum down dip extent of 600m and remains open along strike and down dip. Drilling also indicates that the oxidation zone is generally shallow, rarely extending more than 10m from surface.

T1 contains at least four other pegmatite bodies which have been defined by drilling - AP009, AP010, AP012 and AP014. AP010 was initially thought to be a separate body but now appears to be an extension of AP011 in a southwesterly direction.

Drilling in the T3 area commenced in October 2023 and to date a strike length of over 1,000m has been drill tested. This area contains at least four pegmatite bodies - AP001, AP002, AP003/AP004 and AP005 (Figure 4). Recent drilling results suggest AP003 and AP004 are the same pegmatite body which is now shown to extend over a strike length of around 1,000m, with a dip of approximately 35° and true thickness averaging 35m. Recent drilling also suggests that AP002 may be a fault offset of AP003/004. AP005 is stratigraphically lower than AP003/004 and averages 15m true thickness.

Drilling in Target Area 2 (T2) has indicated a degree of structural complexity of the pegmatite bodies due to suspected cross-cutting structures; further drilling in T2 has been put on hold in order to focus on increasing the drill coverage in T1 and T3 in the short term.

Important issues that remain to be resolved through further exploration and studies are the degree of structural complexity in the deposit, with respect to cross-cutting structures and the potential for enclosed rafts of host mafic/ultramafic rocks and barren pegmatites, and their implication with respect to mining of the deposit and likely mining dilution, and the variability of the department of spodumene within the deposit and its implication on the processing and recovery of the contained lithium.

4.3 Geological Database

BDA visited the Andover lithium project site in early November 2023. BDA reviewed the lithium-bearing pegmatite deposit area and drilling activities, and reviewed drill core, core logging and core sampling processes and procedures at Azure’s Andover Coreshed facility located in Roebourne.

Surface mapping and rock chip sampling was carried out in 2022 and the early part of 2023; a total of approximately 900 samples were analysed for lithium. Exploration drilling commenced in March 2023, consisting of a mix of diamond drilling (DD), reverse circulation drilling (RC) and RC pre-collared diamond drilling (RD). As of the beginning of November 2023, Azure had completed 245 drill holes totalling approximately 66,500m (120 DD holes for 36,655m, 91 RC holes for 17,565m and 34 RD holes for 12,276m).

Diamond drill holes were drilled using either HQ or NQ2 size coring equipment, with core sampled at nominal 1m intervals but with a range of 0.3-1.5m in order to honour geological contacts. DD core recovery is generally high with >90% of holes having >98% recovery. RC drilling uses a 140 millimetre (“mm”) face sampling drill bit and holes are sampled using a cone splitter at 1m intervals. RC holes have been drilled to a down hole depth of 250m without any sampling issues with groundwater. All drill hole collars are surveyed by differential GPS equipment and down holes surveys are carried out at 10m intervals for DD holes using an Ez-Gyro North instrument and 20m intervals for RC holes using an Axis Champ gyro instrument.

All DD holes are geologically logged for lithology, alteration, mineralisation, vein type, structure and presence of asbestiform minerals occurring in the host ultramafic rocks. Core is photographed and then sampled using diamond saw equipment. All half core samples are subjected to bulk density measurement, using the water immersion method, prior to dispatch to the laboratory for sample preparation and analysis.

Sample preparation and analysis are carried out at the Bureau Veritas laboratory at Canning Vale, WA. Samples are crushed to 10mm, fine crushed to 3mm and then the whole sample pulverised to 90% passing 75µm. Analytical pulp sub-samples are taken which are subjected to either sodium peroxide fusion or four-acid digestion and analysed for a suite of 55 elements using Induced Coupled Plasma Mass Spectrometry (“ICPMS”) or Induced Coupled Plasma Optical Emission Spectroscopy (“ICPOES”). QA/QC samples include standards, blanks and field and pulp duplicates which are inserted at a frequency of 1:25 samples for each type of QA/QC sample. Additionally, Bureau Veritas inserts its own blanks, pulp duplicates and internal standards.

Azure has also completed preliminary mineralogical analysis of the pegmatites in order to identify the lithium-bearing mineral species present in the deposit; initial results indicate that around 95% of the lithium in the deposit is in the form of spodumene, with the remainder made up of minor zinnwaldite and other lithium-bearing micas.

Exploration results are appropriately estimated and reported and follow JORC Code guidelines. Drill intercepts are calculated using a 0.4% Li₂O cut off; reported thicknesses of pegmatite can include up to 10m of internal waste (below cut-off grade material), provided the weighted average grade of the intercept remains above the 0.4% Li₂O cut off. Database management is conducted inhouse by a designated Azure geological staff member.

SRK Consulting Pty Limited (SRK) reviewed the Azure database, QA/QC data and exploration procedures in July 2023 as part of a Competent Persons report. SRK’s database and QA/QC review did not indicate any material issues with the Azure database or procedures.

BDA has not carried out an audit of either the database or the QA/QC results, however, from its review, BDA considers the Andover lithium database provides a suitable basis for resource estimation.

4.4 Mineral Resources

There are currently no Mineral Resources estimated for the Andover lithium project.

Azure plans to report a maiden Mineral Resource estimate for the project in Q1 to Q2 2024. The resource estimation will be undertaken by resource consultant Mining Plus.

Exploration Target

Azure estimated an Exploration Target (ET) which was reported on the ASX on 7 August 2023. The ET is limited to the three target areas T1, T2 and T3 (Figure 2) and is summarised in Table 4.1.

Table 4.1
Andover Lithium Project Exploration Target - August 2023

Target Area	Tonnage (Mt) Range		Li ₂ O% Range	
	Minimum	Maximum	Minimum	Maximum
Target Area 1	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

The estimate was based on results from surface exploration obtained during 2022-2023 and DD and RC drill hole results from drilling completed between March and July 2023 in T1. At that time, Azure had not completed any drilling in T2 and T3. Total drilling in T1 completed at the time of the ET estimate was 40 DD holes for 13,765m and 83 RC holes for 16,369m; lithium assay results for 2,747 drill samples had been received by Azure.

The ET tonnages were derived from the pegmatite volume estimates which were based on the strike length of each pegmatite body (with a maximum extrapolation between holes of 100m and a maximum of 50m beyond the last drill hole), an average thickness for each pegmatite and a down dip extension from surface of 300m for all pegmatites, regardless of the dip angle of the individual bodies (equating approximately to a vertical depth below surface of 200-250m depending on the dip). At the time of the ET estimation, the maximum down dip distance indicated from drilling for the AP011 pegmatite was 450m consequently Azure’s applied down dip limit of 300m was regarded as reasonably conservative.

The AP011 pegmatite in T1 was the only pegmatite body that was modelled as a three-dimensional (“3D”) wireframe model, based primarily on drilling data from the 100 x 50m drill grid and using Micromine software for modelling. Other pegmatite volumes in T1 were extrapolated based on a combination of surface outcrop mapping and drilling data. The T2 and T3 pegmatite volume estimates were based on a combination of extrapolation of surface outcrop mapping and comparative data from T1 pegmatites.

A bulk density of 2.71t/m³ was applied to all pegmatites to convert volumes to tonnes; this average density value was derived from 2,157 density measurements of sampled drill core.

A factor of 0.7 was applied to the estimated tonnage ranges for all T1 (other than AP011), T2 and T3 pegmatites. Drill hole assay results from AP011 indicated that on average 70% by length of the logged pegmatite drill intercepts were mineralised (i.e. above a cut off of 0.4% Li₂O) and 30% consisted of unmineralised pegmatite, consequently Azure factored the ET pegmatite tonnages by 0.7 to derive estimated tonnages of mineralised pegmatite for each target area. No discount was applied to the AP011 wireframe modelled tonnage.

ET tonnage ranges were defined by applying $\pm 20\%$ variation on the estimated tonnage of the main T1 AP011 pegmatite, and $\pm 50\%$ variation on all other T1, T2 and T3 pegmatite estimated tonnages.

The estimation of the Li_2O grade range applied to the ET used the drill hole intercepts within the AP011 pegmatite wireframe as a guide. The weighted average grades of the AP011 drill intercepts ranged from 1.1-1.4% Li_2O ; as the Li_2O grades from surface sampling of most pegmatites in T1, T2 and T3 were similar to the AP011 surface grades, Azure considered it reasonable to assign the AP011 average drill intercept grade range to all ET pegmatites in T1, T2 and T3, although using a slightly broader grade range of 1.0-1.5% Li_2O to reflect greater uncertainty.

BDA has reviewed plans and cross sections of the T1, T2 and T3 pegmatites and extrapolations and considers the estimation methodology to be reasonable and appropriate for an initial Exploration Target, allowing for the early stage of exploration existing in July 2023.

During BDA’s site visit, Azure advised that in its opinion, based on the results of the additional drilling completed since July 2023, vis-à-vis the ET estimate, the extent of T1 mineralisation has increased significantly due to increases in the strike and down dip directions, T3 has increased moderately due to an increase in strike length, while the estimated T2 tonnage has decreased due to structural complexity which prompted Azure, in the short term, to place drilling in the T2 area on hold and re-direct drill rigs to focus on additional drilling in T1 and T3.

Although no Mineral Resource estimate is yet available, BDA considers that Azure’s Exploration Target provides a reasonable guide to the likely range of tonnage and grade of lithium mineralisation; this will be more firmly established with the completion of the maiden Mineral Resource estimate due in Q1 to Q2 2024.

Resource Estimation

Mining Plus has been engaged to carry out the resource and reserve estimation, geometallurgical modelling and mine planning components of the Scoping Study. Mining Plus will commence database review and resource estimation after the cut-off date for receipt of new assay data from the T1 and T3 drilling, expected to be December 2023 or January 2024. Azure expects that close to 100,000m of drilling will have been completed by the cut-off date.

The maiden Mineral Resource estimate will be reported by Azure during Q1 to Q2 2024. Based on Azure’s current nominal drill hole spacing of 100 x 50m, resources are likely to be predominantly in the Inferred resource category although BDA considers there may be potential for some parts of the deposit to be categorised as an Indicated resource.

Azure envisages a further update of the lithium resource estimate in Q3 2024 as a component of the Scoping Study. The resource update will incorporate the results of infill drilling on a 50 x 50m drilling grid over parts of the T1 and T3 areas; this drilling has the potential to raise a significant part of the deposit to an Indicated resource category. The infill drilling is planned to commence in January 2024.

Exploration Potential

The exploration drilling and evaluation of the lithium deposit is currently focussed on the T1, T2 and T3 areas.

A significant area within the Andover tenements lying to the southeast of T1 and T2 and north of the southern bounding structure of the pegmatite swarm contains further mineralised pegmatite bodies. This area measures approximately 4km in a northeasterly direction with a width ranging from 2-3.5km. A large number of pegmatite outcrops in this area were mapped and sampled during 2022-2023 but remain untested by drilling. Surface assay results indicate that a number of pegmatite outcrops in this area are spodumene-bearing pegmatites similar to the T1-3 areas although continuity of the pegmatite mineralisation and tenor of the lithium mineralisation remains to be established. However, this southeastern area has the potential to add significantly to the resource base that is currently being defined in the T1-3 areas.

4.5 Metallurgy and Processing

Metallurgical investigations and planning for the Andover lithium deposit are still in the early stages. BDA has reviewed mineralogical assessment and testwork results on samples from composites derived from three drill cores ANDD0214M, ANDD0217M and ANDD0221M. The three DD holes were drilled to intercept the main pegmatite body AP011 in T1 and were spaced over an approximate strike length of 600m. The composite samples produced from these cores are labelled Comp 1, Comp 2 and Comp 3, and the following available information relevant to metallurgical processing was available for review:

- a qualitative description of pegmatite and lithium minerals, occurrence and alteration by an exploration geologist with expertise in lithium deposits

- measurement of the deportment of lithium minerals in Comp 1, Comp 2 and Comp 3 by CODES (Centre for Ore Deposits and Earth Sciences) at the University of Tasmania
- measurement of grain size and deportment of lithium minerals and their intergrowth with other minerals in Comp 1, Comp 2 and Comp 3 using quantitative mineralogy techniques, conducted by the industry provider ALS Global limited (“ALS”)
- the results of heavy liquid separation (“HLS”) on the three composite samples by Independent Metallurgical Operations Pty Limited (“IMO”), a metallurgical services group based in Perth
- the test conditions and results from fourteen flotation tests conducted by IMO.

Most of this information is relatively recent, with important flotation results being delivered to Azure in November 2023 during preparation of this report. Flotation results have improved as test conditions have developed in response to preceding results. The most recent results (September to October 2023) have shown the best lithium grade and recovery performance. The testwork programme is still at an early stage, and BDA considers it likely that conditions will be further optimised and results will continue to improve.

Mineralogy

Observations can currently only be made on the mineralogy for the three composite samples, and how that relates to the testwork on those samples. There is no mineralogical or metallurgical testwork to assess whether, or by how much, performance may vary for samples from other areas of the deposit. Further, the composite sample from each drill hole will show the average mineralogy and processing performance for that drill core; it does not show the variation between different areas of each core. This is typical for this stage of a metallurgical programme; future work would be expected to map the variability throughout the deposit. This would be likely to identify different “domains” with different throughput and processing characteristics. This would inform mine planning, ore scheduling and plant design, and would be used to forecast monthly and annual production and quality. Though such detail is not yet available, BDA notes that:

- the mineralogy, lithium deportment and metallurgical performance is relatively consistent for the three composites
- the test results for both heavy liquid separation and flotation are consistent with the various mineralogy reports
- while the conceptual flowsheet chosen - whole-of-ore grinding and flotation – is more expensive than coarse DMS (dense medium separation), it certainly appears to be required for these samples, and is the most powerful technology to respond to variations in mineralogy.

The mineralogical investigations show that the majority of lithium (94-96%) in the composites occurs in the high-grade lithium mineral spodumene. Measurement of individual grains showed an assay consistent with the chemical formula of spodumene, around 3.74% Li (or 8.04% Li₂O). The remainder of the lithium content occurs in zinnwaldite (varying between 0.74% and 1.1% Li, or 1.6% to 2.4% Li₂O), and muscovite mica (between 0.27% and 0.38% Li, or 0.58% to 0.82% Li₂O). Since the minimum target product grade is 5.5% Li₂O, then the only mineral of economic interest is spodumene. Recovering the other lithium-bearing minerals would reduce payment terms and is likely to be uneconomic.

An important finding from the mineralogical investigations is the relatively fine grain size and high degree of intergrowth of spodumene with other minerals. After grinding to a relatively fine size, a significant amount of spodumene is still intergrown or “locked” with other minerals, particularly quartz, albite and feldspar. Even in the finest size fraction measured (particles below 53 microns (“µm”) or 0.053mm), around 30% of the spodumene still appears “locked” with other minerals. This means that even with a relatively fine grind, achieving high lithium recovery will unavoidably recover contaminants and could limit the quality of the final product.

Processing Methods

The first technology tested for spodumene processing is usually dense medium separation (“DMS”). DMS exploits the higher density of spodumene compared with other minerals such as quartz or feldspar. If the spodumene is coarse grained, e.g. with a grain size measured in millimetres rather than microns, then much of it will be “liberated” from other minerals at a relatively coarse crush size of around 15mm. This allows low-cost density separation (DMS) for a significant proportion of product. For amenable ores, DMS can practically process the particles from around 2-15mm. Particles finer than around 2mm are not suitable for DMS and are either sent to tailings, or more commonly directed to a grinding and flotation plant to recover a fine spodumene concentrate to complement the coarse DMS concentrate. Grinding and flotation is higher-cost than DMS due to the need for fine grinding, more expensive chemicals for separation, and the more difficult dewatering of the finer concentrate. However, flotation of fine particles is a more generic process which will be effective for both coarse and fine-

grained minerals, whereas DMS is only effective for coarse-grained minerals, and for particles coarser than 2mm. Grinding and flotation is therefore more robust for a site which will encounter finer and variable grain size.

The diagnostic test for DMS is heavy liquid separation (HLS). Consistent with the fine grain size measured by the mineralogy work, the Andover HLS testwork showed that DMS was not suitable for the three composite samples. Only a very small amount of spodumene was recovered at the minimum product grade of 5.5% Li₂O. Therefore, the test programmes have since focussed on the more powerful technology of whole-of-ore grinding and flotation.

Some sites employ ore sorting to discard some low-grade coarse particles (around 5-12mm) between crushing and grinding. This reduces grinding feed rate and power consumption with only a small loss in recovery. To be applicable, ore sorting firstly requires suitable mineralisation and breakage characteristics to produce some barren particles at a coarse size, and secondly requires a reliable measurement to identify those particles for rejection. The simplest measurement is separation based on colour, but this will not be suitable for the fine-grained Andover lithium mineralisation. Other measurement techniques should be investigated. At this stage ore sorting has not been included in the conceptual plant design but a testwork programme has been commissioned.

Flotation Testwork

To date, the results of fourteen tests employing whole-of-ore grinding and flotation testwork are available. Four of these tests were on Comp 1, six on Comp 2 and four on Comp 3. Of the tests, six were “rougher only”, that is they sought to establish the grind size and flotation conditions for high lithium recovery. The remaining eight tests are “rougher and cleaner” and employ two or three additional flotation stages on the rougher concentrate. Cleaning stages seek to increase the concentrate grade, while minimising the inevitable loss of recovery from doing this. This is standard testwork procedure which mimics full scale processing. Several variables need to be investigated to optimise the flotation circuit:

- flotation of oxide minerals is harmed by the presence of very fine particles, so is usually preceded by “desliming”; these ultrafine particles are lost so the choice of deslime size will impact recovery
- the grind size before rougher flotation must be fine enough to liberate sufficient spodumene from interlocking minerals to achieve a clean concentrate at acceptable recovery; in general, finer grinding will improve performance but is also costly, and it creates more ultrafine particles that will be lost; therefore, the selection of optimum grind size requires significant testwork, mineralogy, engineering and economic studies
- many flotation circuits include a regrinding stage between roughing and cleaning; this allows a coarser grind size on the full plant feed, followed by a finer regrind size on the smaller amount of rougher concentrate, which better directs grinding for best effect at lowest cost
- the types of flotation reagents, the amount added, and the sequence of addition points, in particular “collectors” (to recover spodumene), and “depressants” and “modifiers” to minimise the recovery of unwanted minerals
- initial testwork is usually conducted with laboratory water (in this case Perth tap water), whereas industrial plants use local (usually saline) and recycled (containing residual reagents) water; this can have a significant effect on metallurgy unless managed.

The initial 14 flotation tests have commenced the investigation of these variables. The first 11 tests did not achieve acceptable recovery at the minimum grade target of 5.5% Li₂O. However fundamental changes in grind size, deslime size, the flotation reagent regime, and flotation conditions (including three stages of cleaning) significantly improved the results for tests 12 to 14. The best result was Test 12 on Comp 2, achieving 5.59% Li₂O at 82.4% recovery. The same conditions also improved performance for Comp 1 and Comp 3, both achieving around 5.5% Li₂O product, though at a lower lithium recovery of around 50%.

A single magnetic separation test was conducted on the concentrate from Test 12. It showed some promise by upgrading the concentrate further at a modest recovery loss, presumably by removal of iron released from grinding media and some magnetic iron-bearing minerals. Further mineralogical characterisation and testwork is planned to better understand and assess whether magnetic separation would be practical and add value as an additional processing step.

The performance of any technology will ultimately be limited by the degree of interlocking of the minerals. It is common in sulphide flotation circuits to finely regrind all or part of the flotation rougher concentrate to improve the physical liberation of minerals from each other before the final cleaning separation. The test programme for the Andover lithium project has not yet tested finer regrinding of cleaner feed.

From the limited test programme results so far, BDA observes that:

- whole of ore grinding and flotation appears to be the correct technology choice for this ore
- the recent fundamental change in flotation conditions significantly improved results for all three composites
- it is likely that ongoing development of the circuit and conditions will continue to improve performance
- in particular, the degree of mineral intergrowth suggests that finer regrinding of cleaner feed should be effective
- the fine spodumene grain size and the intergrowth of other minerals means that an operation is likely to target a product grade close to the minimum of 5.5% Li₂O; this mineralogy will cause a relatively high recovery trade-off to increase concentrate grade
- it is likely that spodumene mineralogy will be variable throughout the deposit, however the circuit developed so far is the most robust to deal with variation (although also the most expensive)
- the change from tap water to recycled saline water will require another optimisation programme, but is likely to have some detrimental effect on plant performance compared with laboratory results
- the single test using magnetic separation on flotation concentrate showed some potential, and further work is justified.

Plant Design and Production

The current plant design concept is for a standard crushing and grinding circuit to grind to a relatively fine flotation feed size of 80% finer than 150µm. No grinding characterisation work has yet been conducted. It can reasonably be expected that the grinding energy requirement and abrasion characteristics will be similar to sites processing similar mineralisation, which is typically relatively hard and abrasive.

The grinding product will be deslimed to remove and discard particles finer than around 20µm which are detrimental to spodumene flotation. A conventional flotation circuit is envisaged with roughing, followed by four stages of cleaning of rougher concentrate to produce final concentrate for dewatering and sale.

The concept design does not include ore sorting or magnetic separation; further testwork and economic evaluation is needed to establish if these additions to the circuit are technically and economically viable.

At this early stage of project development, a production forecast is not available. Based on the very limited early testwork, and assuming other ore zones have similar mineralogical characteristics to these three composites, BDA considers that the final circuit design may achieve a product grade of 5.5% Li₂O at around 70-80% recovery. The operating cost of a circuit with whole-of-ore fine grinding, regrinding and flotation will be higher than for spodumene processors employing a mix of DMS and flotation. Until plant design and throughput is finalised, BDA suggests that a reasonable guide to processing costs would be A\$60-70/tonne of ore for this location in Western Australia.

4.6 Infrastructure

The Andover lithium project is located immediately south of the town of Roebourne and 35km east-southeast of Karratha in the West Pilbara region of WA.

The project site is easily accessed, being located immediately south of the main Northwest Coastal Highway. Karratha airport provides access from Perth with multiple commercial flights each day.

The industrial ports of Dampier and Cape Lambert are 48km to the northwest and 25km to the north, respectively, and have commercial multi-user port facilities.

A major infrastructure corridor runs along the western side of the project area (1.5km at its closest point) which contains the 132 kilovolt (“kV”) power line from the Cape Lambert power station to Millstream, the Pannawonica to Cape Lambert railway and the Robe River road.

A second power line which carries electricity to the Rio Tinto iron ore operations runs across the project area and may impact the western end of potential mining operations in the T1 area. It is unclear whether the re-alignment of part of this transmission line is feasible.

A natural gas pipeline, originating from the Karratha gas plant located on the coast north of Dampier, runs eastwards to Port Hedland and crosses the northeast part of the project area, north of the main highway.

Water supply for the project would be supplied from bores. Azure has engaged hydrogeological specialist AquaGeo Pty Limited (“AquaGeo”) to carry out a groundwater search.

Mine services and commercial accommodation facilities exist in the Karratha area which could be utilised by Azure. It is envisaged that the workforce during both feasibility, construction and production phases of the project will be a mix of locally sourced employees and contractors and workers employed on a fly-in fly-out basis from Perth.

4.7 Environment and Social

Environmental Issues

The Andover lithium project is located in the West Pilbara region of WA around 35km east-southeast of Karratha, with most areas located just south of Roebourne's gazetted town boundary. The tenements are accessible through the North West Coastal Highway, Robe River Road or Woodbrook Road. Most of the project tenement is located on the Mt Welcome Pastoral Lease (N049462), while a small part is also within the Warambie Pastoral Lease (N049883).

In 2021 a desktop scoping study was undertaken on E47/2481 (Blueprint, 2021) which determined that:

- over 90% of the area is covered by Priority Ecological Communities (“PEC”), including the Roebourne chenopod association (Priority 1) and Horseflat Land System (Priority 3)
- the project is situated in the Proclaimed Pilbara Surface Water Area and is intersected by the Harding River, a significant watercourse; the Roebourne Water Reserve, which is a Public Drinking Water Source Area (“PDWSA”), also intersects with the project area
- flora and fauna of conservation significance may be present in the area, with rocky habitats potentially providing important refugia for important vertebrate and invertebrate species
- several registered Aboriginal heritage sites are located near the project area, and an Aboriginal Reserve is located within E47/2481.

In 2022, a reconnaissance-level flora and vegetation survey (Biologic, 2022a), a Level 1 fauna survey (Biologic, 2022b) and a desktop/pilot subterranean fauna were undertaken across the tenure E47/2481 and found:

- four priority listed flora taxa: *Euphorbia inappendiculata* var. *inappendiculata* (P2), *Trianthema* sp. Python Pool (G.R. Guerin & M.E. Trudgen GG 1023) (P2), *Vigna triodiophila* (P3) and *Rhynchosia bungarensis* (P4)
- one State listed PEC, Horseflat Land System of the Roebourne Plains PEC (P3), present in the northwest corner of the Study Area
- two significant fauna taxa were recorded: northern quoll (*Dasyurus hallucatus* - EN) and western pebble-mound mouse (*Pseudomys chapmani* - P4)
- one significant species is considered highly likely to occur: the lined soil-crevice skink (*Notoscincus butleri* - P4)
- six fauna species possibly occur within the area: ghost bat (*Macroderma gigas* - VU), Pilbara olive python (*Liasis olivaceus barroni* - VU), grey falcon (*Falco hypoleucos* - VU), northern short-tailed mouse (*Leggadina lakedownensis* - P4), fork-tailed swift (*Apus pacificus* - MI) and peregrine falcon (*Falco peregrinus* - OS)
- the area may be absent of suitable habitat for troglofaunal and stygofauna and there were no records of them from any of the bores sampled.

To date, no other baseline studies have been undertaken; these will need to be completed before approvals can be obtained and will influence the likely approval pathway.

Based on this preliminary information it is likely that the development of the Andover lithium project will trigger the WA EP Act Part IV approval process and potentially trigger EPBC Act Approvals.

Social Issues

The proximity of the E47/2481 project boundary to the town of Roebourne and the Mingullatharndo Community will result in a need to evaluate and understand the potential impacts to public infrastructure, air quality (dust), noise and vibration, visual amenity, traffic, public safety, public water supplies and general community infrastructure such as hospitals and other amenities.

Since 2020, six work area Archaeological and Ethnographic surveys have been undertaken on E47/2481 and E47/4700, along with three targeted clearances. All surveys to date have focussed on proposed exploration activities rather than assessment of potential impacts from future operational activities due to the early stage of the

lithium project. Consultation undertaken to date has identified the Harding River as a place of cultural importance and sensitivity to the Ngarluma people, who actively discourage personnel from crossing the river.

Within the project tenure, 32 sites have been listed on the Aboriginal Heritage Inquiry System, of which 12 are Registered Sites and 20 are lodged sites requiring further assessment. An additional 36 heritage value locations have been recorded.

Due to the Archaeological and Ethnographic values across the project tenure, additional work is required in conjunction with the Ngarluma people to undertake detailed archaeological and ethnographic heritage assessment, and cultural mapping surveys over the project to identify locations that are suitable from the Cultural/Heritage perspective for project infrastructure, including the potential for crossing the Harding River. There is potential that Ngarluma people will not be comfortable with a permanent crossing point on the Harding River. Based on this preliminary information, the project will require 18 land use approvals under the WA *Aboriginal Heritage Act* and a Cultural Heritage Management Plan that outlines the approach that will be adopted to prevent or limit impacts to Cultural Heritage in the project area.

4.8 Scoping Study

Azure is planning to carry out a Scoping Study to assess technical and economic options for the development of the Andover lithium project. The company plans to complete the study by Q4 2024.

Preparatory work has commenced with a number of Perth-based consultants engaged. A list of consultants that Azure plans to use for the study is shown in Table 4.2. Azure has not yet selected the study manager.

Table 4.2
Andover Lithium Project - Scoping Study Consultants

Consultant	Study Component
Mining Plus Pty Limited	Mineral Resource Estimate, Geometallurgy and Mining Engineering
IMO Pty Limited	Metallurgy
DRA Global (DRA Pacific Pty Limited)	Process Engineering
Advisian Pty Limited	Surface Hydrology
AquaGeo Pty Limited	Hydrogeology
Biologic Pty Limited	Flora, Fauna, Short Range Endemics, Stygofauna, Aquatic Ecology
RPM Global (RPM Advisory Services Pty Limited)	Environmental Approvals
Heritage WA Pty Limited	Cultural Heritage Management
RFF Australia Pty Limited	Traditional Owner and Local Stakeholder Engagement
Corporate Affairs Australia Pty Limited	Government and Stakeholder Engagement
Thomson Geer Lawyers	Environment, Approvals, Tenements and Native Title Legal Advice

AquaGeo has completed a desk-top assessment of potential groundwater sources and two Miscellaneous Licences covering areas for groundwater search to the south of the project area have been granted and applications for two additional search areas to the north have been lodged.

IMO will continue with metallurgical testwork as new drill core samples become available.

Other work components will be initiated by Azure during Q1 2024.

Conclusions

Azure’s exploration of the Andover lithium deposit is considered appropriate and well organised. Since March 2023, drilling programmes in the three target areas (T1, T2 and T3) have delineated a number of pegmatite bodies and advanced the understanding of the geology, structure and strike and dip continuity of spodumene-bearing pegmatites.

BDA considers the Andover lithium database provides a suitable basis for the estimation of a maiden Mineral Resource estimate; resource estimation is planned to commence after the assay data cut off of 15 December 2023 designated by Azure; it is expected that Azure will report the maiden Mineral Resource in Q1 to Q2 2024.

Significant potential for increasing the lithium resources presently being defined by drilling in the T1-3 areas exists outside these target areas. Surface mapping and sampling has indicated that lithium-bearing pegmatites exist southeast of T1 and T2 in an area measuring approximately 4km by 2-3.5km. These pegmatites remain untested by drilling and therefore the continuity and tenor of the pegmatite mineralisation in this area remains to be established.

The processing testwork is still at an early stage. It has identified that spodumene is fine grained and often finely interlocked with other minerals. This has directed the choice of whole-of-ore grinding and flotation, rather than

a combination of dense medium separation and flotation. The flotation test results have improved substantially as knowledge developed, with the most recent tests achieving the target minimum product grade of around 5.5% Li₂O at recoveries ranging from 50% to 82%. The development programme is still at a very early stage, and it is likely there will be further improvements. As well as circuit development, future programmes would better define the variability throughout the deposit, and use that information to inform process plant design, mine scheduling, and performance forecasting.

The project site has excellent logistics including road access, potable water, gas pipeline, electrical power, airports, port access and local accommodation and mine services. A review of groundwater availability for processing and mining operations has commenced. The presence of the Harding River and regional power lines crossing the area may result in some constraints on project development, subject to future agreements and negotiations.

Based on the preliminary baseline information obtained over E47/2481, the tenement contains a number of areas that have significant environmental values and has the potential to contain important Aboriginal Heritage Values. Further work is required to understand if areas with significant values can be avoided, or any impacts minimised. Every effort should be made to avoid or minimise impact of Registered and Significant Aboriginal Sites and the Aboriginal Reserve.

Preparations for a Scoping Study to assess the development option for the Andover lithium project are in preparation, with a number of specialist consultants already engaged by Azure. Azure plans to complete the Scoping Study by Q4 2024.

5.0 ANDOVER NICKEL-COPPER-COBALT PROJECT

5.1 Introduction

Limited base metal exploration directed at testing the potential for nickel-copper mineralisation within the mafic-ultramafic Andover Complex was carried out by a number of companies prior to Croydon Gold obtaining grant of an exploration licence in July 2012.

Croydon Gold carried out the first systematic exploration for nickel-copper in the period 2012-2018. After the 60:40 joint venture was formed between Creasy and Azure in July 2020, Azure continued with nickel-copper exploration through 2020-2022 during which time the Andover and Ridgeline Ni-Cu-Co deposits were defined (Figure 5). The Ridgeline deposit is located some 300m to the west of the Andover deposit.

The reported, combined Mineral Resource for the Andover and Ridgeline Ni-Cu-Co deposits totals 5.9Mt at 1.11% Ni, 0.47% Cu and 0.05% Co, with contained metal totalling 66,400t of nickel, 27,800t of copper and 2,890t of cobalt.

Azure commenced a Scoping Study to assess development options for the Andover and Ridgeline deposits in 2021 but placed the project on hold in mid-2023 in order to focus on lithium exploration. Azure advises that it plans to re-activate the Ni-Cu-Co Scoping Study in the second half of 2024.

5.2 Geology

Exploration identified a number of Ni-Cu-Co sulphide prospects over a strike of 4km referred to as the Southern Mineralised Corridor (SMC). The SMC consists of visually distinctive intrusive rocks which host the Ni-Cu-Co sulphide mineralised prospects discovered to date. These sulphide prospects, from the southwest to northeast, are Ridgeline, Andover, Woodbrook, Skyline, Seaview, Cuprum Via, Collum, Cristas and VC-55 (Figure 5). Several other gossanous outcrops, some with visible copper oxide or carbonate mineralisation have been identified.

Ni-Cu-Co sulphide mineralisation occurs at lithological boundaries, either between different types of gabbros or between mafics and ultramafics and it is thought the mineralisation is magmatic in origin.

The largest deposit identified to date is the Andover deposit; mineralisation is hosted in a 10-50m wide mafic-ultramafic body intruded along the contact between a hangingwall gabbro and a distinctive footwall porphyritic gabbro. Mineralisation occurs in a taxitic gabbro unit as semi-continuous layers of disseminated to blebby, veinlet, matrix and massive sulphides over a strike length of approximately 500m and up to 600m in depth, varying from 10-50m in width with an average width of around 30m. The primary zone is arcuate with dips of 50-70° to the northwest and northeast with an overall plunge to the northwest.

Sulphides consist of massive, semi-massive, matrix, disseminated and veinlets of pyrrhotite, pentlandite and lesser chalcopyrite and pyrite. Minor mineralisation occurs outside the primary zone associated with steep structures oblique to the primary mineralised zone and the ultramafic contacts.

5.3 Geological and Geophysical Exploration

An airborne geophysical survey flown in 2008 identified 14 high priority exploration targets considered likely to represent bedrock-hosted conductors; these targets were further defined by follow-up ground electromagnetic (“EM”) survey carried out by Creasy in 2012. Geological mapping of the EM conductor locations identified outcropping gossans and surface sampling returned anomalous values of nickel, copper and cobalt.

Creasy drilled seven RC holes in 2018 to test four targets characterised by coincident airborne and ground EM anomalies with adjacent surface gossans containing anomalous nickel and copper values. Six holes intersected sulphide mineralisation in mafic and ultramafic rocks. Three holes yielded potentially economic disseminated and semi-massive nickel and copper sulphides as follows:

- 7m at 2.62% Ni and 0.65% Cu within 26m at 1.03% Ni and 0.46% Cu from 43m
- 2m at 2.10% Ni and 0.44% Cu from 15m
- 4m at 1.10% Ni and 0.80% Cu from 6m and 2m at 1.77% Ni and 0.53% Cu from 62m.

Azure Exploration

Nickel-focussed exploration consisting of airborne and ground geophysical surveys, geological mapping, surface geochemical sampling and diamond drilling was carried out by Azure during 2020-2022. Resource definition drilling has been completed over the Andover (previously known as prospect VC-07 East) and Ridgeline (previously known as prospect VC-07 West) deposits. Additionally, first stage drill testing was completed at other prospects including Atrium, VC-18 and VC-41.

5.4 Mineral Resources - Andover and Ridgeline Nickel-Copper-Cobalt Deposits

Separate resource estimates for the Andover and Ridgeline Ni-Cu-Co deposits were completed by CSA Global, the former in March 2022 and the latter, in February 2023. The resource estimation parameters for each deposit are summarised in Table 5.1 below.

Table 5.1
Resource Estimation Parameters

Parameter	Andover Ni-Cu-Co Deposit	Ridgeline Ni-Cu-Co Deposit
Dimension	Deposit occurs over a strike length of approximately 500m and to a depth of up to 600m; the primary zone averages 30m in width	Deposit occurs over a strike length of more than 350m and at depths of 200-650m below surface; the mineralised zone varies from 2-15m wide averaging 8m
Drilling	102 HQ and NQ-2 DD holes (43,995m)	61 HQ and NQ-2 DD holes (33,120m)
Hole Spacing	Nominal 50 x 50m over a strike distance of 500m	Nominal 50 x 50m, typically oriented orthogonal to the interpreted dip and strike of the mineralisation; several holes were drilled at less-than-optimal azimuths due to topographic constraints
Core recovery	Over 90% of the drill core had a recovery of over 98%	As for the Andover deposit
Sampling	Drill core was sawn into half or quarters using a core saw	As for the Andover deposit.
Geological logging	Logging recorded weathering, lithology, alteration, veining, mineralisation, structure, mineralogy, rock quality and core recovery; core was photographed prior to sampling	As for the Andover deposit
Sample Preparation	Primary crushing to 10mm followed by crushing to 3mm; samples then riffle split to obtain a sub-fraction which was pulverised.	As for the Andover deposit
Assaying	Holes up to and including ANDD0039 analysed for 30 elements using ICP-ES following a four-acid digest; later holes analysed for 54 elements by XRF and by ICP-MS	Samples assayed for 54 elements by XRF and by ICP-MS
QA/QC	Field duplicates, certified reference material and blanks inserted into the sample stream at a rate of approximately every 25 samples; the assay lab also performed QC checks; there were no significant issues with contamination and the dataset is considered acceptable for resource estimation	As for the Andover deposit
Collar Surveying	Hole collars located and pegged using a Garmin handheld GPS; after completion of drilling locations were re-surveyed by GPS to an accuracy of ± 5 cm for easting, northing and elevation	As for the Andover deposit
Downhole Surveying	Every 20m (by Axis Champ Navigator Gyro and after completion of drilling every 5m by Reflex Ez-GyroN	Every 10m down hole
Geological Interpretation	The host lithology is a taxitic gabbro lying between a gabbro hanging wall and a porphyritic gabbro footwall and undifferentiated ultramafics	As for Andover; at the base of the host intrusion in the central part of the deposit drilling has defined two parallel northwest plunging high grade shoots; a third high grade shoot has been intersected on the top contact of the mineralising intrusion approximately 100m north of the main Ridgeline deposit; this shoot remains open along strike
Estimation and Modelling	Samples composited to 1m intervals and coded by structural domains either side of the point where the mineralisation trend changes from northwest to northeast; a parent block size of 20m (E) by 5m (N) by 20m (RL) and sub-blocks of 2.5m (E) by 0.625m (N) by 2.5m (RL) were employed; grade estimation by Ordinary Kriging	Composites, block size and estimation method as for the Andover deposit
Bulk Density	Bulk density measurements on essentially every core sample using the Archimedes water immersion method with sample lengths ranging from 5cm to 2m; a total of 5,784 density measurements obtained	As for the Andover deposit; a total of 4,378 density measurements obtained
Resource Classification	Resource category classified as Indicated and Inferred based on an assessment of the geological understanding, grade continuity and drill hole spacing	As for the Andover deposit

Mineral Resource Estimates

The JORC 2012 resource estimates completed by CSA Global, for the Andover and Ridgeline Ni-Cu-Co deposits at a cut-off grade of 0.5% Ni are summarised in Table 5.2.

Table 5.2
Andover and Ridgeline Ni-Cu-Co Deposits Resource Estimate

Resource Category	Tonnes (Mt)	Ni (%)	Cu (%)	Co (%)	Contained Metal		
					Ni (kt)	Cu (kt)	Co (kt)
Andover							
Indicated	3.8	1.16	0.47	0.05	43.9	17.9	2.1
Inferred	0.9	0.89	0.44	0.04	7.7	3.8	0.4
Total	4.7	1.11	0.47	0.05	51.7	21.7	2.4
Ridgeline							
Indicated	0.4	1.13	0.48	0.05	4.8	2.0	0.2
Inferred	0.9	1.09	0.45	0.05	9.9	4.1	0.4
Total	1.3	1.11	0.46	0.05	14.7	6.1	0.6
Combined Resource							
Indicated	4.2	1.16	0.47	0.05	48.7	19.9	2.3
Inferred	1.8	0.99	0.45	0.04	17.6	7.9	0.8
Total	6.0	1.11	0.47	0.05	66.4	27.8	3.1

Note: Mineral Resources are reported in accordance with the 2012 JORC code; data are reported to significant figures and some rounding errors may occur in the totals; Mineral Resources have been reported above a cut-off grade of 0.5% Ni; Andover MRE March 2022; Ridgeline MRE February 2023; reference Azure Annual Report

5.5 Scoping Study

Azure commenced a Scoping Study in 2021 to assess development options for the nickel-copper-cobalt project, initially focussing on the underground mining of the Andover deposit. A number of studies were commissioned during 2021-2022, including environment, underground geotechnics, metallurgy and process and tailings disposal.

Mining, geotechnical and hydrological studies have not yet been sufficiently advanced for the estimation of Ore Reserves.

Azure placed the Scoping Study on hold in mid-2023 in order to focus on lithium exploration. Azure advises that it plans to re-activate the Ni-Cu-Co Scoping Study in the second half of 2024 as a combined Andover-Ridgeline development.

Metallurgy

A reasonable body of processing testwork has been completed, with most work conducted by the industry provider Strategic Metallurgy Pty Limited (“Strategic”), who conducted four study phases:

- *Phase 1* – testwork to develop the process, including testing of a flowsheet to produce separate nickel-cobalt and copper concentrates, and an alternative flowsheet to produce a bulk nickel-copper-cobalt concentrate
- *Phase 2* – process design based on the outcomes of Phase 1
- *Phase 3* – estimation of plant capital and operating costs for two operating scales (0.5Mtpa and 1Mtpa)
- *Phase 4* – variability testwork to assess the degree of variation in performance in different orebody domains.

Most of this work was reported by Strategic in the second half of 2022. BDA considers the work to be of a suitable scope and quality for this stage of the project. The work included mineralogical examination, comminution characteristics to determine grinding requirements, and flotation testwork. The Phase 1 work was conducted on a single 80kg composite sample from two drill holes, considered to be representative of the Andover Ni-Cu-Co deposit. Variability composites were compiled from core from five drill holes. Future work should test the variability of domains including the Ridgeline resource.

The mineralogy indicates a relatively simple and easy-to-process sulphide system, containing the target minerals pentlandite (nickel-bearing) and chalcopyrite (copper-bearing), with little indication of difficult or altered minerals that would harm flotation performance. Both pentlandite and chalcopyrite require a reasonably fine grind size for liberation, around 80% passing (P80) 72µm before rougher flotation, and fine regrinding to 25µm before cleaner flotation. This achieves good recovery into clean concentrates. The grind and regrind size are relatively fine compared with many historic operations, but are typical of many recent finer-grained deposits. The technology is well established and reliable.

A conventional circuit with crushing, grinding, then sequential fine regrinding and flotation of copper followed by then nickel-cobalt, has been designed. Concentrates will be thickened and filtered before transport to market, and

tailings will be thickened and stored in a tailings storage facility (“TSF”). The flotation reagent scheme, circuit design, and proposed equipment are well proven for this type of mineralogy.

The testwork on the Andover Ni-Cu-Co composite produced a nickel concentrate grade assaying 13% Ni and 0.52% Co at 80% nickel recovery and 67% cobalt recovery, and a copper concentrate assaying 25.5% Cu and 0.6% Ni at 77% copper recovery. This is a relatively good performance, indicating the amenability of the ore to conventional, albeit fine-grained, processing. The separate work to produce a bulk Cu-Ni concentrate increased recovery, but at the expense of a lower-grade mixed concentrate that would be less attractive for marketing. BDA considers that the separate nickel and copper concentrates would be more attractive to clients. Both concentrates have desirable characteristics that are sought by downstream processors, namely high grade, high Fe:MgO ratio in the nickel concentrate, and low levels of undesirable impurities such as arsenic, uranium, mercury, chlorine and fluorine.

5.6 Exploration Potential

Both the Andover and Ridgeline Ni-Cu-Co deposits remain open along strike and at depth.

Surface mapping and sampling, together with a detailed evaluation of the airborne magnetic and electromagnetic data, have traced the mineralised intrusion over a strike length of more than 4km from Ridgeline to Seaview (Figure 5).

To the east of the Andover Ni-Cu-Co deposit, Azure discovered outcropping gossans at Atrium, Woodbrook, Skyline and Seaview and at several other locations, some with visible copper oxides and copper carbonates evident. Although these gossans outcrop at surface, there is little evidence that they have been tested by previous explorers.

Initial drill testing was completed at other prospects with results including:

- *Atrium prospect* – hosted in mineralised intrusive rocks close to a contact with a granite; returned chip sampling results of up to 1.1% Ni and 0.5% Cu; three DD holes targeting a geophysical conductor and projected extension of the gossan but failed to intersect any significant Ni-Cu sulphide mineralisation
- *Skyline prospect* – tested by three DD holes targeting a weak geophysical conductor; mineralisation was intersected with best results of 12.1m at 0.56% Ni, 0.56% Cu, 0.04% Co and 3.3m at 0.60% Ni, 0.36% Cu and 0.03% Co
- *Woodbrook prospect* – includes a gossan which returned strongly anomalous nickel and copper grades up to 0.63% Ni and up to 1.4% Cu

Conclusions

The geology of the Andover and Ridgeline Ni-Cu-Co deposits appears well understood and both deposits appear to be open along strike and down dip with further drill testing anticipated. CSA Global reported that the data collection, sampling and assaying procedures are to industry standards and the data forms a satisfactory base for resource estimation purposes. The resource estimation work undertaken by CSA Global appears thorough and professional.

The regional exploration for additional nickel-copper-cobalt mineralisation has identified a number of targets based on a combination of geophysical anomalies and outcropping gossans. Initial drill testing of a number of these targets has obtained some encouraging results and clearly further exploration is warranted and is likely to be undertaken in the future.

The metallurgical samples from the Andover Ni-Cu-Co deposit showed that the ore is fine grained but amenable to conventional grinding, regrinding and flotation technology. Separate copper and nickel-cobalt concentrates were produced at high recoveries. The concentrates were high quality and would be considered desirable by downstream processors. Future testwork would further optimise the flowsheet and performance and would examine the variability of mineralisation and performance across different domains including the Ridgeline deposit.

6.0 AZURE OTHER PROJECTS

6.1 Introduction

Azure has three other projects in addition to the Andover lithium and nickel-copper-cobalt projects, namely the Turner River, Coongan and Barton projects.

Azure obtained a 70% interest in both the Turner River and Coongan projects as part of the joint venture entered into with the Creasy Group in mid-2020. Azure purchased 100% of the initial EL tenement (E40/393) at Barton in 2020 and subsequently increased its Barton tenement holdings in 2022-2023.

The locations of the Turner River, Coongan and Barton projects and tenements are shown in Figure 1.

6.2 Turner River Project

Location and Tenure

The Turner River project tenements, consisting of two ELAs, E45/2573 and E45/2574 in the name of Creasy Group subsidiary Croydon Gold, cover 449km² and are located approximately 20km south of Port Hedland.

A granted exploration licence, E45/4691, held by Mercury Resources Group Pty Ltd (“Mercury”), occurs within Azure’s Turner River ELA E45/2573.

Geological Setting

The Turner River project is located approximately 7km north of the De Grey Mallina gold project which has a currently reported Mineral Resource of 278Mt at 1.3g/t Au in multiple deposits, including the Hemi deposit containing approximately 9.5 million ounces (“Mozs”) of gold.

The Hemi and nearby Mt Berghaus and Cookes gold deposits are interpreted as being associated with the regionally extensive northeast trending Berghaus Shear Zone which is considered to extend into the southeastern part of the Turner River project area, cross-cutting Mallina Formation sediments and granitic intrusives.

The Turner River project area is extensively soil and sand covered and has been subjected to little historical exploration. Azure advises that Mallina sediments and granite intrusions are present within the Turner River tenement with a similar geological sequence and shear zones to those that occur in De Grey’s property. The Berghaus Shear Zone extends through the southeastern part of the Turner River tenement for approximately 12km, crossing both Mallina sediments and Loudon Volcanics.

The proximity to De Grey’s Hemi project and the continuation of the Berghaus Shear Zone into the Turner River tenement provides an immediate priority exploration target once the tenements are granted. Azure advises that initial exploration will involve geophysics and drilling to obtain bedrock sampling below the surficial cover.

6.3 Coongan Project

Location and Tenure

The Coongan project (E46/1156), covering 223km², is located 225km south-southeast of Port Hedland in the Pilbara Region of Western Australia and lies within the Granite-Greenstone terrane of the Northern Pilbara Craton.

The tenement was originally granted to a Creasy subsidiary; Azure obtained 70% ownership of the project in 2020 as a result of the joint venture agreement with Creasy. The tenement is in its sixth year and there is a statutory requirement that at least 40% (approximately 90km²) of the granted area be relinquished by the end of its sixth-year term (i.e., by February 2024).

The Coongan project tenement abuts the western boundary of the Novo Resources Corporation (NRC) Beatons Creek project.

Geological Setting

The Coongan project lies within the Granite-Greenstone terrane of the Northern Pilbara Craton. The granite-greenstone terrane is comprised of approximately 60% granitoid rocks while the greenstones consist of a mixture of metamorphosed basalt, meta-sediments, banded iron formations, felsic volcanics, mafic-ultramafic sills, amphibolite, and ultramafic schists.

There are numerous mineral occurrences and deposits reported in the immediate vicinity of Coongan, including gold to the northwest and east, copper to the north, channel iron deposits to the south and tin, tantalum and lithium to the east. The project is considered prospective for alluvial and bedrock-hosted gold mineralisation, similar to

that hosted by NRC’s Beatons Creek deposit which has a current reported Mineral Resource of 3.88Mt at 2.23g/t Au with contained gold of 278,000 ounces (“ozs”) at a cut-off of 0.5g/t Au.

Azure Exploration

Exploration previously undertaken by Creasy focussed on the western half of the project area and comprised surface geochemical sampling (stream sediment and rock chip) and a close-spaced detailed aeromagnetic survey. Numerous target areas were identified warranting follow-up with infill stream sediment sampling, soil sampling, detailed rock chip sampling and geological mapping.

Early-stage exploration conducted by Azure includes aeromagnetic survey coverage over the entire project area and surface reconnaissance field work. Azure’s field work comprised surface geochemical sampling and geological mapping. Several target areas were identified that warrant follow-up work. Expenditure reported to date totals approximately A\$433,000.

6.4 Barton Project

Location and Tenure

The Barton project (Azure 100%) is located approximately 40km south of Leonora and close to the gold mining town of Kookynie in the Eastern Goldfields region of WA. The project consists of eight granted exploration licences totalling approximately 887km² (Figure 6).

Geological Setting

The largely contiguous Azure tenements cover an approximate strike length of 88km of the geological sequence of greenstones, adjacent granite margins and favourable structures in the Kookynie district, part of the Leonora-Laverton gold province of the Eastern Goldfields region of WA.

Since the 1890s, the Kookynie-Orient Well-Ulysses district has produced more than 1.1Moz of gold from open pit and underground mining of high-grade, quartz vein gold deposits and currently hosts additional gold resources of approximately 1.2Moz.

There are currently several gold deposits in the area being actively explored by other groups, including the Saturn Metals Limited (“Saturn”) Apollo deposit (Mineral Resources of 76Mt at 0.6g/t Au), to the north and the Genesis Minerals Limited (“Genesis”) Ulysses gold project (Mineral Resources of 39.3M at 1.6g/t Au), immediately southeast of E40/393.

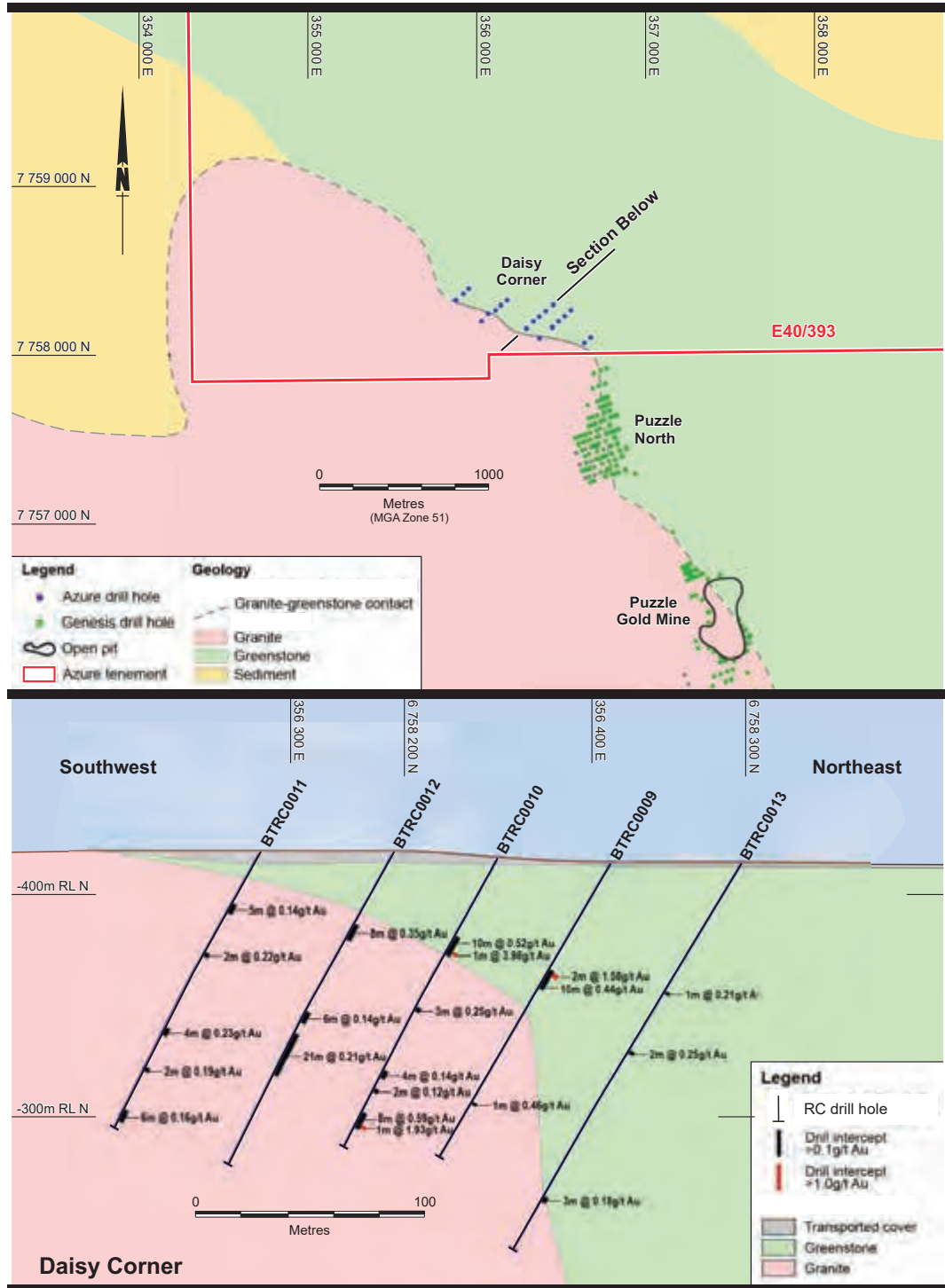
Known gold prospects within the northern Azure tenement (E40/393), include Daisy Corner, Daisy West and Trevan Well.

The only historical drilling that penetrated into bedrock was carried out in the southwest corner at the Daisy Corner prospect within the Kookynie-Orient Well-Ulysses shear corridor between the Orient Well and Puzzle gold deposits returning results of 7m at 1.26g/t Au from 42m within 18m at 0.77g/t Au; 40m at 0.2g/t Au from 20m and 8m at 0.53g/t Au from 48m.

Historical exploration along the Dingo-Kelpie Shear (“DKS”) in the northwest part of E40/393 identified gold mineralisation associated with shear-hosted quartz veining over a 5km-long strike length. Numerous drill holes along the DKS zone intersected strongly anomalous gold mineralisation such as:

- 5m at 1.54g/t Au from 40m
- 5m at 1.80g/t Au from 110m
- 20m at 0.96g/t Au from 70m.

The southern portion of the project is considered prospective for volcanogenic massive sulphide (VMS) style deposits and a number of outcropping gossans have been identified.



Azure Minerals Limited

Barton Gold Project

Figure 6

GEOLOGY PLAN AND SECTION

BDA - 0246 (01 - November 2023)

Behre Dolbear Australia Pty Ltd

Azure Exploration

Exploration by Azure on the Barton project to date appears to have largely concentrated on known gold prospects within E40/393. In particular, the company has undertaken RC drilling on the Daisy Corner, Daisy West and Trevan Well prospects. The Daisy Corner prospect is located north of Genesis’ Puzzle North and Puzzle gold deposits (Figure 6). Azure has completed at least two programmes of RC drilling along northeast-southwest grid lines. A number of holes intersected significant gold results along the granite-greenstone contact, including:

- 26m at 0.63g/t Au from 16m including 10m at 1.03g/t Au
- 20m at 0.41g/t Au, including 8.0m at 0.71g/t Au
- 8m at 1.62g/t Au from 84m.

A 350m northwest-southeast trending region of anomalous gold along the granite-greenstone mineralisation at Daisy Corner has been identified and is open along strike in both directions.

At Daisy West and Trevan Well, initial programmes of RC drilling have been undertaken. The eight-hole programme at Daisy West intersected anomalous gold in three holes, the best result being 4m at 0.53g/t Au from 48m. At Trevan Well the 11-hole programme intersected greater than 1g/t Au in two holes, the best result being 1.0m at 1.18g/t Au from 53m.

In the southern part of the project, work by Azure has been limited to inspecting drill spoil from historical drilling which identified the presence of sulphides with anomalous base metals detected by hand-held XRF. Mapping, sampling and geophysical surveys are planned.

Expenditure to date by Azure on the Barton project totals approximately A\$2.2M.

Conclusions*Turner River*

The proximity to De Grey’s Hemi project and the potential continuation of the Berghaus Shear Zone into the Turner River tenement provides an immediate exploration target once the tenements are granted. It is understood that Azure also considers the project has the potential for lithium-bearing pegmatites and this clearly represents a further exploration target.

Coongan

The Coongan project area is at an early stage of investigation by Azure. Some areas of anomalous gold and other areas with anomalous iron have been identified and warrant follow-up investigation. Given that the host sequence of the nearby Beatons Creek gold deposit occurs within the Coongan project tenement, this style of deposit remains a valid target for Azure’s future exploration.

Azure is currently undertaking a detailed review of the Coongan tenure to determine the most prospective areas identified by exploration to date and more particularly to determine the less prospective areas of the tenement that will be included in a statutory partial surrender. At this stage it appears that the south-eastern portion of the tenement is less prospective than other areas and is being considered for the partial surrender. A final selection of blocks to be relinquished is yet to be determined.

Barton

The Barton project is located in a well mineralised portion of the Laverton-Leonora gold province and the Azure tenements, in part, cover the potential northern extensions of a number of gold deposits being actively explored by Genesis Minerals Limited.

Azure’s exploration to date is still at an early stage; limited drill testing at a number of defined prospects has generally yielded only moderately anomalous gold values, but further work is clearly warranted, particularly at the Daisy Corner prospect where drilling has indicated a significant strike length of anomalous gold intercepts associated with the granite-greenstone contact.

7.0 VALUATION METHODOLOGY

7.1 Effective Date

The effective date for the valuation is 5 February 2024.

7.2 Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

7.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm’s length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

7.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where Ore Reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, often involves the application of alternative methods. The methods generally applied to exploration properties or projects at an early stage of development are the *comparable transaction* method, the value indicated by *alternative offers* or by *joint venture terms*, the *past expenditure* method and the *Geoscientific or Kilburn* method. *Yardstick values* based on metal in resources or reserves can be derived and used for both mining and exploration properties. *Yardsticks* based on tenement areas can be used for earlier stage exploration prospects. Under appropriate circumstances, values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage, and Mineral Resources and/or Ore Reserves, mining and processing recoveries and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licences or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

In the case of projects at a relatively early stage of exploration, without defined resources or reserves, and without reliable estimates of capital and operating costs, mining and process recoveries and life of mine plans and schedules, it is generally considered that a discounted cash flow valuation is inappropriate and alternative exploration valuation methods are typically adopted. In BDA’s opinion, neither the Andover lithium project nor Azure’s Ni-Cu-Co project are sufficiently well advanced to allow a meaningful NPV assessment.

Alternative Valuation Methods

Comparable Transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. Deloitte and BDA have considered whether, in recent years, there have been any comparable relevant transactions that could be used as a basis for estimation of value of Azure’s mineral assets.

The timing of such transactions must also be considered as there can be substantial changes in value with time. An underlying assumption when using the Comparable Transaction methodology is that the transaction terms were linked to the metal prices at the time of the transaction. Therefore, to compare any project transaction with the projects currently being valued, it is necessary to establish what the likely transaction value would have been at the metal prices as at the current valuation date. This is accomplished by applying a ‘normalising factor’ (“NF”) to the transaction parameters based on the relative metal prices at the date of the transaction compared with the metal price as at the date of the current valuation of 5 February 2024. Given the recent short-term fluctuations in lithium metal prices, BDA has opted to use the 90-day average price leading up to 5 February 2024 as the basis for the normalising factor, rather than the spot price on the day. For consistency BDA has adopted a similar approach for valuation of Azure’s nickel and gold projects.

It is acknowledged that there could be debate as to whether the appropriate prices on which to base the NF should be the relevant spot prices or the long-term prices. Apart from the difficulty of determining which commodity expert’s long term price projection should be adopted (given typically significant variations in forecasts), BDA considers that sentiment at the time of a transaction is more influenced by recent spot prices, and BDA has thus used the 90-day average spot prices as the basis for the NF.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources or dollars per ounce of gold in reserves, but similar ratios are also estimated and quoted for other commodities, for example, contained lithium in resources or reserves or per hectare of prospective ground. The ratios used commonly cover a substantial range which is generally attributed to the ‘quality’ of the potential resource or reserve. Contained metal which can be produced at low cost is clearly worth more than a high-cost source. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the yardstick range may be justified.

BDA has considered relevant lithium yardstick values and the application of these to provide a guide to the value of Azure’s Andover lithium exploration assets.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn an interest, may also provide an indication of value. BDA has considered whether there are any relevant recent offers or joint ventures which might provide a guide to assessing a value for Azure’s exploration assets. BDA has also considered the extent to which such transactions are at arm’s length, or whether some involve related parties, and therefore may not provide an appropriate guide to an arm’s length transaction.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining the value of exploration tenements, and ‘deemed expenditure’ is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a ‘prospectivity enhancement multiplier’ (“PEM”), which commonly ranges from 0.5-3.0, is applied to the effective expenditure or to the original acquisition cost or deemed valuation. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, BDA typically applies a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections
- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource
- PEM >3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered whether exploration expenditure is relevant in determining a value for Azure’s exploration prospects.

Geoscientific Method

In an attempt to introduce a more systematic way of valuing exploration properties, the Kilburn or Geoscientific method was developed, which commences with the base acquisition cost (“BAC”) being the cost to acquire and maintain a unit area (square kilometre or hectare) for one year including statutory fees and minimum expenditure commitments. The base cost is then factored sequentially by four technical factors, Off-Property, On-Property, Anomaly and Geological, with factors for each ranging from 0.1 to 5.0. BDA has considered whether the Geoscientific method is relevant in assessing a value for Azure’s exploration prospects.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties, and this has been considered in BDA’s valuation of the exploration prospects.

Market Valuation

On the fundamental definition of value, as being an amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm’s length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time (with suitable adjustments for a control premium and other assets and liabilities), although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly, however, a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases, it can be difficult to define the value of individual projects with reference to the market capitalisation of the company in question. These aspects have been considered by Deloitte in its valuation assessment.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration. BDA has considered any previous valuations prepared by various parties of the exploration assets.

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *local population or indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples or traditional landowners can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project’s economics.

BDA has considered whether any such factors apply to the projects and prospects under review.

8.0 VALUATION SUMMARY

8.1 Overview

BDA has assisted Deloitte with a technical review and valuation of the Azure mineral assets, with a focus on exploration valuation methodology. Deloitte has considered the BDA assessments and has independently reviewed corporate valuations and transactions relating to companies and properties with hard rock spodumene lithium assets.

Lithium Exploration Target

Given that the principal mineral asset, the Andover lithium project, has to date no defined Mineral Resources or Ore Reserves, BDA has discussed with Deloitte how best to address and consider the Exploration Target of 100-240Mt at 1.0-1.5% Li₂O which Azure announced in August 2023.

BDA has reviewed the drill hole plans and sections and extrapolations on which the Exploration Target was based. BDA has checked the potential volumes and tonnages of potentially mineralised pegmatite based on the available drill data and surface outcrop mapping and has reviewed the density measurement data and has concluded that the Exploration Target range provides a reasonable guide to the potential mineralisation.

The Exploration Target is based on three Target Areas - T1, T2 and T3. Additional drilling has been undertaken since the Exploration Target was announced. Drilling in T1 and T3 has probably enhanced the resource potential while drilling in T2 has identified structural complexities that have probably downgraded that prospect. Overall, however, BDA considers the additional drill information has confirmed the reasonableness of the published exploration target range.

While not a JORC compliant Mineral Resource, BDA considers that a willing and knowledgeable buyer would take due note of the Exploration Target and would incorporate this information in its assessment of value. BDA has advised Deloitte that it considers this a reasonable and appropriate approach, and that it would not be unreasonable for Deloitte to adopt a similar approach. Given the number of pegmatites identified, but not yet drilled, BDA considers that the upper end of the tonnage range to be a reasonable target estimate for valuation purposes, while based on the published drill intersections, BDA considers that at this stage of project development, a willing and knowledgeable buyer would adopt the mid-point of the grade range as an appropriate basis for valuation.

Projects and Prospects to be Valued

BDA has considered the valuation of the various mineral assets and tenements held by Azure, comprising:

- *Andover lithium project (Azure 60%, Creasy 40%)* - a suite of lithium-bearing pegmatites located in the West Pilbara region of WA, immediately south of the town of Roebourne; the project comprises three granted ELs covering an area of 109km²; pegmatites have been identified and outcrops sampled over a significant area of the tenements, but drilling to date has focussed on three target areas within the northern portion of the tenements
- *Andover and Ridgeline nickel-copper-cobalt (Ni-Cu-Co) deposits (Azure 60%, Creasy 40%)* - these deposits are located in the southwest of the tenements hosting the Andover lithium-bearing pegmatites; Ni-Cu-Co Mineral Resources have been defined at the Andover and Ridgeline deposits; the tenements also host several other prospects following a general west-southwest-east-northeast strike with anomalous nickel and copper values
- *Turner River project (Azure 70%, Creasy 30%)* - two unexplored ELAs covering 449km² south of Port Hedland; no exploration work has been carried out and the tenements are largely sand covered with limited outcrop; however, it is interpreted that the tenements are partially underlain by basement rocks with similar geology to De Grey’s Mallina project, approximately 40km to the south, where De Grey has discovered substantial gold mineralisation, again largely covered with surficial sands; Azure considers the tenements have potential for both gold and lithium exploration
- *Coongan project (Azure 70%, Creasy 30%)* - one granted EL covering an area of 223km² in the Eastern Pilbara, 8km west of Nullagine; this is an early-stage exploration prospect which Azure considers has gold, base metals, iron ore and lithium exploration potential; the tenement adjoins the western boundary of the NRC Beatons Creek deposit which has a current reported Mineral Resource of 3.88Mt at 2.23g/t Au
- *Barton project (100% Azure)* - eight ELs covering 887km² near Kookynie, 40km south of Leonora in the Eastern Goldfields; this is an early-stage exploration project covering a strike length of approximately 80km of prospective greenstones and granites with favourable north-northwest striking structures; several open pit

and underground gold projects have been developed in the Kookynie district, and other groups are actively exploring in the area; the southern portion of the tenements is also considered prospective for base metals.

BDA has considered the value of the properties based on Comparable Transactions, Yardstick values, acquisition costs, exploration expenditures and valuations undertaken by other independent experts.

8.2 Normalising Factors

In terms of assessing value indicated by Comparable Transactions, and estimating relevant Yardsticks, BDA suggests that the timing of such transactions is important, as there can be substantial changes in value with time, primarily related to changes in commodity prices. A high price at the time is likely to have increased the envisaged value of the property, and a lower price is likely to have lowered the envisaged value. BDA has applied a normalising factor (NF) to the value implied by the transaction based on the relative price of the commodity at the time of the transaction compared to the 90-day average leading up to the 5 February 2024 effective valuation date. For consistency, this procedure has been applied to the lithium, nickel and gold projects.

Azure’s four project areas, Andover, Turner River, Coongan and Barton, contain a range of target commodities BDA has developed normalising factors (NF) based on the relevant commodities to establish comparable transaction valuations as follows:

- *Andover lithium project* - the NF is based on the lithium carbonate equivalent (“LCE”) price
- *Andover nickel-copper-cobalt project* - the NF is based on the nickel price
- *Turner River, Coongan and Barton* - predominantly gold exploration projects with the NF based on the gold price.

BDA has based its NFs on the 90-day average spot prices leading up to the effective valuation date of 5 February 2024. It is acknowledged that there could be debate as to whether the appropriate prices on which to base the NF are the relevant spot prices or the long-term prices. Apart from the difficulty of determining which commodity expert’s long term price projection should be adopted (given typically significant variations in forecasts), BDA considers that sentiment at the time of a transaction is more influenced by the spot price, and BDA has thus used the spot prices in determining the NF. BDA notes this is the practice followed by most specialists when valuing exploration properties. However, BDA has smoothed out some of the day-to-day potential variability by opting to use the 90-day average price as a basis.

Whilst the hard rock WA lithium projects all produce (or are planned to produce) a spodumene concentrate, published lithium prices are typically quoted in terms of lithium carbonate equivalent (LCE) and BDA has therefore applied the ruling LCE price at the time to calculate the relevant normalising factors.

Table 8.1
Prices used for Li Normalising Factors

Date of Transaction	LCE Price CNY/t	LCE Price US\$/t	NF	Comment
<i>Azure Transaction Date</i>				
5 February 2024	116,622	16,304		Base Case price based on 90-day average to 5 February 2024
<i>Pre-Development and Production Projects</i>				
12/07/2017	126,000	18,562	0.93	SQM/Kidman Resources JV on the Mt Holland project
21/12/2018	69,500	10,064	1.68	Neometals Australia sale of 13.8% of the Mount Marion project
02/05/2019	65,500	10,321	1.78	Wesfarmers acquisition of Kidman Resources, Mount Holland project
28/10/2020	35,500	5,275	3.29	Pilbara Minerals acquisition of Altura Mining Pilgangoora lithium project
03/07/2023	302,500	41,775	0.39	Develop Global and Essential Metals merger
<i>Exploration Projects</i>				
04/08/2016	126,000	18,968	0.93	Liontown acquisition of the Kathleen Valley Lithium rights
07/11/2016	112,000	16,528	1.04	Estrella Resources acquisition of the Mt Edwards tenements
15/03/2018	153,400	24,265	0.76	Neometals acquisition of the Mt Edwards lithium rights
26/08/2022	475,500	69,185	0.25	Riversgold acquisition of an exploration tenement adjacent to Mt Holland
19/06/2023	305,500	42,660	0.38	Abermarle acquisition of LPI lithium exploration projects in WA
22/06/2023	304,500	42,411	0.38	Wildcat Resources acquisition of 66.7% of Pilgangoora North E45/6155
03/08/2023	257,500	35,937	0.45	Mineral Resources purchase of Aurumin exploration licence
27/09/2023	153,500	21,017	0.76	Marquee Resources acquisition of the Yindi project

Note: prices for battery grade lithium carbonate on the dates shown, as reported on www.investing.com/commodities/lithium-carbonate-99-min-china-futures-historical-data with prices shown in Chinese Yuan (“CNY”); the two 2016 dated prices were obtained from S&P Capital IQ; the Normalising Factor (NF) has been calculated using the CNY/t figures; the US\$/t figures are as of the exchange rate at the transaction date and are provided for reference purposes only

Table 8.2
Prices used for Ni Normalising Factors

Date of Transaction	US\$/t Ni	NF	Comment
5 February 2024	18,294		Base Case as at the date of this valuation 90-day average to 5 February 2024
29/01/2018	13,312	1.37	Sabre Resources 70% acquisition of the Sherlock Bay WA project
28/05/2019	11,927	1.53	Auroch Minerals 100% acquisition of the Saints Leinster nickel projects
11/11/2020	15,705	1.16	Auroch Minerals acquisition of 80% of the Nepean nickel project
19/08/2021	18,602	0.98	Widgie Nickel spinout from Neometals (Mt Edwards nickel project)

Note: LME Nickel cash rate

Table 8.3
Prices used for Au Normalising Factors

Date of Transaction	US\$/oz Au	NF	Comment
5 February 2024	1,938		Base Case as at the date of this valuation, 90-day average to 5 February 2024
10/12/2019	1,471	1.38	Genesis Minerals acquisition of the Desdemona South project from Kin Mining
04/09/2020	1,931	1.05	Azure’s acquisition of Barton project E40/393 from 30 Well Pty Ltd
12/06/2020	1,740	1.16	Novo Resources Corporation’s option to purchase the Bellary Dome tenement

Note: Comex Gold Price

8.3 Valuation of Andover Lithium Project

Comparable Transaction Yardsticks

BDA has undertaken a valuation of Azure’s Andover lithium project using the Comparable Transaction methodology. BDA has considered lithium project transactions which can be broadly grouped into three categories:

- exploration projects with identified pegmatite occurrences with lithium values but limited drilling
- projects with drill intersections and initial resource estimates or exploration targets (development projects)
- projects with defined resources/reserves and established operations (advanced/operating projects).

It is evident that Azure’s Andover lithium project is more advanced than the first category, but less advanced than the third. BDA would expect the current value to be between these two extremes. Early exploration projects are typically valued on a \$/km² yardstick; for more advanced projects a \$/t of contained Li₂O in resource yardstick is generally more relevant.

Azure’s Andover granted ELs cover an area of 109km²; BDA has used this value as a basis for value estimation based on \$/km² yardsticks derived from early exploration projects.

There are to date no defined Mineral Resources at Azure’s Andover lithium project on which to base a valuation using a \$/t of contained Li₂O in resource yardstick. However, Azure has published an Exploration Target of 100-240Mt at 1.0-1.5% Li₂O or 1.0-3.6Mt of contained Li₂O. Given the details of the drill intersections that have been published, BDA considers that a willing and knowledgeable buyer would assess the project with a degree of confidence that a substantial resource will be estimated in due course. Azure has advised that it plans to complete a maiden Mineral Resource estimate in Q1 to Q2 2024. Having reviewed the drill data, BDA considers the range of tonnage and grade values published by Azure to be reasonable. The tonnage estimate has been provided based on target areas T1, T2 and T3; given the number of pegmatites identified but not yet drilled, BDA considers that a willing and knowledgeable buyer would assess the likely project tonnage at the upper end of the Exploration Target range (i.e., around 240Mt). From the drill data announced, BDA considers that, at this stage of exploration, a willing and knowledgeable buyer would assess the project grade on the basis of the mid-point of the range of grades provided (i.e., around 1.25% Li₂O), giving a contained Li₂O estimate for valuation purposes of around 3Mt Li₂O or 1.8Mt Li₂O for Azure’s 60% interest. BDA has used this value as a basis for value estimation based on \$/t Li₂O yardsticks derived from projects at a development or advanced/operating stage.

Comparable Transactions - Exploration Projects

Liontown Resources Limited’s (“LTR”) acquisition of the Kathleen Valley Project

In August 2016, LTR announced it had purchased 100% of the Kathleen Valley project including lithium, tantalum and rare metal rights from Ramelius Resources Limited for 25M LTR shares, plus a 1% gross royalty on sales of concentrate and A\$0.50/t of pegmatite ore mined. At the date of the transaction LTR shares were trading at A\$0.018/share valuing the share transaction at A\$0.45M. The project area totalled 75km².

At the acquisition date an extensive pegmatite swarm had been defined and reconnaissance chip sampling had returned multiple >1.5% Li₂O results together with associated high-grade tantalum values. No drilling had been completed.

- Acquisition date - August 2016
- Percentage acquired - 100%
- Purchase Price - 25,000,000 LTR shares trading at A\$0.018/share, i.e. A\$450,000.
- Total area acquired - 75km²
- Yardstick - A\$6,000/km²
- Normalising factor - 0.93 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$5,580/km²

Estrella Resources Limited (“ERL”) acquisition of a lithium exploration property near Mt Edwards

In November 2016, ERL announced the acquisition of 129km² of granted tenements in the Mt Edwards area to the south of Mt Marion and to the west of Bald Hill. Grab samples from outcropping pegmatites from the area returned up to 3.4% Li₂O. The acquisition involved the issue of 106M ERL shares to the vendor, Mt Edwards Lithium Pty Ltd and a further 13.3M shares to a facilitator who introduced the project to ERL.

- Acquisition date - November 2016
- Percentage acquired - 100%
- Purchase Price - 119.3M ERL shares (to vendor plus facilitator) trading at A\$0.04/share, i.e. A\$4.77M.
- Total area acquired - 129km²
- Yardstick - A\$37,003/km²
- Normalising factor – 1.04 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$38,483/km²

Neometals Limited’s (Neometals) acquisition of 100% of the lithium rights to the Mt Edwards Project

In March 2018, Neometals announced it had acquired 100% of the lithium rights over a 240km² area which included Estrella Resources Limited’s 75% interest in the Mt Edwards lithium project and the balance of the lithium rights by acquiring 19 tenements from Apollo Phoenix Resources Limited (“Apollo”) and three additional Apollo tenements. A number of third parties had the rights to other minerals on the tenements. The total acquisition cost was A\$2.5M and additional future monies were to be paid on the definition of JORC Mineral Resources and upon processing of 2.0Mt of ore. A future royalty was also to be paid on the lithium ore processed.

- Acquisition date - March 2018
- Purchase Price - A\$2.5M.
- Interest acquired - 100%
- Total area acquired - 240km²
- Yardstick - A\$10,417/km²
- Normalising factor - 0.76 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$7,917/km²

Riversgold Limited (“RGL”) acquisition of an Exploration Licence near the Mount Holland lithium project site

In August 2022, RGL announced a 12-month option to acquire an 80% interest in a single Exploration Licence covering 9.2km² immediately east of the Mount Holland mine.

- Acquisition date - August 2022
- Percentage acquired - 80%
- Purchase Price - option price A\$150,000 cash plus 4,054,054 RGL shares worth A\$0.039/share (A\$158,108) and an exercise price A\$750,000. i.e., total price for an 80% interest - A\$1,058,108
- Implied value for 100% interest - A\$1.32M
- Total area acquired - 9.2km²

- Yardstick - A\$143,765/km²
- Normalising factor - 0.25 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$35,941/km²

Albermarle Corporation (“Albermarle”) purchase of two exploration tenements from Lithium Power International (“LPI”)

In June 2023, LPI announced the sale to Albermarle of its Ballingup tenement covering 215km² in the Greenbushes region and a 63km² area (Tabba Tabba) in the Pilgangoora area of the Pilbara for A\$30M. Neither area had been drill-tested.

- Acquisition date - June 2023
- Percentage acquired - 100%
- Purchase Price - A\$30M
- Total area acquired - 378km² (Ballingup 315km²; Tabba Tabba 63km²)
- Yardstick - A\$79,365/km²
- Normalising factor - 0.38 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$30,159/km².

Wildcat Resources Limited (“Wildcat”) acquisition of 100% interest of Pilgangoora North Tenement

In June 2023 Wildcat announced an agreement to acquire the outstanding 66.67% interest in E45/6155 in which it already held a 33.33% interest by the issue of 1,600,000 Wildcat shares with a deemed value of A\$0.125/share. The tenement is located along the Pilgangoora Fault between the Pilgangoora and Tabba Tabba lithium-tantalum projects. The tenement covered some historic (apparently alluvial) tantalum workings.

- Acquisition date - June 2023
- Percentage acquired - 66.67%
- Purchase Price - A\$200,000 (1,600,000 share at 0.125/share)
- Implied value for 100% - A\$299,985
- Total area acquired - 25km²
- Yardstick - A\$11,999/km²
- Normalising factor - 0.38 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$4,560/km²

Mineral Resources Limited (“MRL”) purchase of a single tenement in the Coolgardie district

In August 2023 MRL purchased a 21km² tenement from Aurumin Limited (“Aurumin”) for A\$500,000 cash; the area is located between the Karamindle and Kunanalling shear zones.

- Acquisition date - August 2023
- Percentage acquired - 100%
- Purchase Price - A\$500,000 cash
- Total area acquired - 21km²
- Yardstick - A\$23,810/km²
- Normalising factor - 0.45 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$10,715/km²

Marquee Resources Limited (“Marquee”) acquisition of the Yindi tenement package

In September 2023 Marquee announced the acquisition of a 301km² exploration tenement package some 90km north of Kalgoorlie. The area contained granites and pegmatites; historical drilling had not assayed for lithium. The acquisition cost included a payment of A\$150,000 cash, the issue of 10,000,000 fully paid Marquee shares (A\$0.040/share at date of the acquisition), 10,000,000 unquoted options with an exercise price of A\$0.05, expiring in 3 years and a 1% net smelter return royalty on all metals except lithium, tantalum and caesium.

- Acquisition date - September 2023
- Percentage acquired - 100%
- Purchase Price - A\$550,000 disregarding the options and royalties
- Total area acquired - 301km²
- Yardstick - A\$1,827/km²
- Normalising factor - 0.76 (Table 8.1)
- Adjusted yardstick for effective date of - A\$1,389/km²

Comparable Transactions - Development Projects

SQM’s Acquisition of the Mt Holland Earl Gray deposit

In July 2017, Kidman Resources Limited joint ventured its Mt Holland project to Sociedad Quimica Minera de Chile (“SQM”) for an upfront payment of US\$30M (A\$40M) and staged payments of US\$80M (A\$107M) to fund project development for a 50% interest in the project. At the time of the acquisition the Earl Grey deposit had a total resource of 128Mt at 1.44% Li₂O (1.84Mt contained Li₂O) with a targeted production rate of 220,000 - 300,000tpa of 6% Li₂O concentrate.

- Acquisition date - 12 July 2017
- Percentage acquired - 50%
- Purchase Price - A\$146.7M
- Implied value of 100% of the project - A\$293.4M
- Contained Li₂O in resources - 1.84Mt Li₂O
- Yardstick - A\$159.5/t Li₂O
- Lithium Carbonate price at 12 July 2017 – CNY126,000/t
- Normalising factor - 0.93 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$148.3/t Li₂O contained in resources

Develop Global Limited Acquisition of Essential Metals Limited

On 3 July 2023 Develop Global Limited (“Develop”) announced a binding Scheme of Arrangement whereby Develop would acquire all the shares in Essential Metals Limited (“Essential”). Essential shareholders were to receive 1 Develop share for every 6.18 Essential shares held, equivalent to a transaction value of A\$152.6M based on Develop’s share price as of the date of the offer. Essential’s primary asset was the Pioneer Dome lithium project 150km south of Kalgoorlie. Mineral Resources at Pioneer Dome totalled 11.2Mt at 1.16% Li₂O (130,000t of contained Li₂O). A scoping study had been completed based on annual production of 200,000t of 5.7% spodumene concentrate with a mine life of around seven years. The company also had interests in various gold and nickel prospects but BDA considers the bulk of the value indicated by the Develop merger related to the Pioneer Dome project.

- Transaction date - 3 July 2023
- Percentage acquired - 100%
- Purchase Price - A\$152.6M (including cash held by Essential of A\$6.8M)
- Implied value of 100% of the project - A\$141M (A\$152.6M minus A\$6.8M cash and A\$5M nominal value of gold and nickel interests)
- Contained Li₂O in resources - 130,000t Li₂O
- Yardstick - A\$1,085/t Li₂O
- Lithium Carbonate price at 3 July 2023 - CNY302,500/t
- Normalising factor - 0.39 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024- A\$423.2/t Li₂O contained in resources

Comparable Transactions – Advanced/Operating Projects

Neometals Limited’s (“Neometals”) sale of 13.8% interest in the Mount Marion Project

In December 2018 Neometals agreed to sell its 13.8% interest in the Mt Marion operation to Ganfeng Lithium and Mineral Resources for A\$103.8M. At the time of the transaction the project consisted of an open cut mine and concentrator processing 2.4Mtpa and being upgraded to produce 450ktpa of 6% Li₂O concentrate. Resources as at 30 September 2018 totalled 71.3Mt at 1.37% Li₂O or 0.98Mt of contained Li₂O.

- Acquisition date - 21 December 2018
- Percentage acquired - 13.8%
- Purchase price - A\$103.8M
- Implied value of 100% of the project - A\$752.2M
- Contained Li₂O in resources - 0.98Mt Li₂O
- Yardstick - A\$767.6/t Li₂O
- Lithium Carbonate Price at 21 December 2018 – CNY69,500/t
- Normalising factor - 1.68 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$1,289.6/t contained Li₂O in resources

Wesfarmers Limited’s (“Wesfarmers”) acquisition of Kidman Resources Limited (“Kidman”) for 50% interest in the Mt Holland Lithium Project

In May 2019 Wesfarmers acquired a 50% interest in the Mt Holland Lithium Joint Venture by the takeover of Kidman for a takeover cost of A\$776M. At the time of the takeover Kidman was in a 50/50 Joint Venture with SQM and the Mt Holland lithium project included a mine, concentrator and refinery. BDA has used a Mt Holland resource estimate as at March 2018 (nearest date available) of 189Mt at 1.50% Li₂O (2,835,000t) contained Li₂O for the purposes of this comparable transaction.

- Acquisition date - 2 May 2019
- Percentage acquired - 50%
- Purchase price - A\$776M
- Implied value of 100% of the project - A\$1,552M
- Contained Li₂O in resources - 2.84Mt Li₂O
- Yardstick - A\$546.5/t Li₂O
- Lithium Carbonate Price at 2 May 2019 – CNY69,500/t
- Normalising factor - 1.78 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$972.8/t contained Li₂O in resources

Pilbara Minerals Limited (“PML”) acquisition of the Altura Project, adjacent to PML’s Pilgangoora Operation.

In October 2020 PML announced it agreed to potentially acquire the Altura project by the purchase of 100% of the shares in Altura Lithium Operations Pty Ltd (from the company’s Receiver, KordaMentha) for US\$175M (A\$247.6M at the FX rate on 28 October 2020). This purchase was confirmed in December; BDA has used the October 2020 parameters in its valuation. The Altura project consisted of an open cut mine and processing plant producing (FY2020) 181kt of Li concentrate. Published Mineral Resources totalled 45.7Mt at 1.06% Li₂O containing 0.48Mt of Li₂O.

- Acquisition date - 28 October 2020
- Total cost - A\$247.6M
- Contained Li₂O in resources - 0.48Mt Li₂O
- Interest acquired - 100%
- Yardstick - A\$515.8/t Li₂O
- Lithium Carbonate Price at 28 October 2020- CNY35,500/t
- Normalising factor – 3.29 (Table 8.1)
- Adjusted yardstick for effective date of 5 February 2024 - A\$1,697.0/t contained Li₂O in resources

BDA has applied these various transactions and the derived yardsticks to estimate an implied value for Azure’s Andover lithium project.

The \$/km² yardsticks derived from the Exploration projects have been applied to the area of the Azure Andover tenements (109km²) and factored by 0.6 to account for Azure’s 60% interest to obtain an implied value for the Andover lithium project.

The \$/t Li₂O yardsticks derived from the Development and Advanced/Operating projects have been applied to the contained lithium in the Exploration target of 3.0Mt and similarly factored by 0.6 to account for Azure’s 60% interest to obtain an implied value for the Andover lithium project.

The results of these estimations are shown in Table 8.4. There is clearly a substantial difference in implied value depending on the status of the project at the time of the transaction. Estimated values based on the tenement area of projects at an early exploration stage, with some surface sampling but generally with no drilling, are relatively modest, but clearly Azure’s Andover lithium project is at a significantly more advanced stage with numerous substantial drill intersections at economic grades. BDA does not consider that the exploration property yardsticks provide a meaningful guide to the value of Azure’s Andover lithium project.

The estimated value based on the advanced/operating projects is substantial and would value Azure’s interest in the Andover lithium project at over A\$2 billion, but clearly, the Andover lithium project is at a much earlier stage of development than these advanced/operating projects with, to date, no formal resource or reserve estimates.

In BDA’s opinion a balance between the two development projects (SQM’s 2017 joint venture on Mt Holland and the Develop acquisition of Essential), and the three advanced operating projects (the Neometals, Wesfarmers and Pilbara Metals transactions), provides an appropriate range of values for Azure’s Andover lithium project valuation. The average of the first two transactions gives an average of A\$514M (see Table 8.4); the average of

the latter three transactions gives an implied value of approximately A\$2.38B. In BDA’s opinion the weighting should be more towards the 2017 SQM Mt Holland and the Develop-Essential transactions considering the stage of the Andover project development. BDA has adopted a 3:1 weighting (development project average versus advanced/operating project average), giving a weighted average value of A\$979.7M which BDA considers provides a reasonable current guide to the Andover lithium project’s current value, with a $\pm 20\%$ range of A\$783.7-1,175.6M.

Table 8.4
Comparable Transaction Valuations - Azure’s 60% Interest in the Andover Lithium Project

Tenements/Project	Area (km ²)	Yardstick (A\$/km ²)	Contained Li ₂ O (Mt)	Yardstick (A\$/t (Li ₂ O))	Implied Value (ASM)
Exploration Projects					
Liontown Resources - Kathleen Valley	75	5,580			0.36
Estrella Resources acquisition of Mt Edwards tenements	129	38,483			2.52
Neometals acquisition of Mt Edwards Li Rights	240	7,917			0.52
Riversgold acquisition of tenement near Mt Holland	9.2	35,941			2.35
Albemarle purchase of two tenements from LPI	378	30,159			1.97
Wildcat Resources acquisition of Pilgangoora North	25	4,560			0.30
Mineral Resources purchase of the Aurumin EL	21	10,715			0.70
Marquee Resources acquisition of the Yindi Project	301	1,389			0.09
Development Projects					
SQM’s purchase of Mt Holland			1.84	148.3	266.9
Develop acquisition of Essential			0.13	423.2	761.8
Advanced/Operating Projects					
Neometals sale of 13.8% Mt Marion			0.98	1,289.6	2,321.3
Wesfarmers acquisition of 50% of Mt Holland			2.84	972.8	1,751.0
Pilbara Metals acquisition of Altura Project			0.48	1,697.0	3,054.6

Note: Implied Values (ASM) for Exploration Projects are calculated by multiplying the Yardstick (A\$/km²) by the Azure Andover Li tenement area of 109km² and factoring by 0.6 (Azure 60%); Implied Values for Development and Advanced/Operating Projects are calculated by multiplying the Yardstick (A\$/t Li₂O) by the Azure Andover lithium project contained Li in Exploration Target estimate of 3.0Mt (based on the upper end of the tonnage target and the mid-point of the grade target) and factoring by 0.6 (Azure 60%)

Past Expenditure Yardstick

BDA has also considered the Multiple of Past Expenditure method as a basis for valuing Azure’s Andover lithium project. Azure has advised that the exploration expenditure to date on the exploration and evaluation of the Andover lithium project totals A\$17.55M.

That work to date has enabled the estimation of an exploration target of between 100-240Mt at a grade of 1.0-1.5% Li₂O. It is planned to undertake a maiden resource estimate in Q1 to Q2 2024. Exploration and mapping to date has identified numerous pegmatite outcrops which remain to be drilled and in BDA’s opinion there is good potential for substantial extension of the currently indicated mineralisation, potentially adding significantly to the resource base. BDA considers that a PEM factor of at least 3.5 is appropriate. This would give a preferred value of around A\$61.4M with a $\pm 20\%$ range of A\$49.1-73.7M; Azure’s 60% interest would be valued at between A\$29.5-44.2M with a preferred value of A\$36.9M.

The past expenditure method is typically used when there is little other data on which to base a valuation. Given that significant expenditure on lithium potential only commenced earlier this year, and has produced highly significant results, BDA considers the past expenditure method materially underestimates a willing and knowledgeable buyer’s estimate of value.

Discussion and Conclusion

There are limited examples of transactions involving hard rock lithium projects at a similar stage of development to Azure’s Andover lithium project. Substantial drilling has been carried out in a short time frame with significant results indicating the potential for a major lithium pegmatite resource, but to date no resource estimate is available. Nevertheless, BDA considers a willing and knowledgeable buyer would give due credence to the published Exploration Target. BDA notes that surface mapping has indicated the presence of multiple pegmatite bodies not yet drilled. After due consideration of the published results to date and the extensive pegmatite field not yet drilled, BDA has used the upper component of the tonnage range and the mid-point of the grade range as representing a reasonable guide to the likely approach of a willing and knowledgeable buyer.

BDA considers that the transactions involving SQM and the Mt Holland project and the Develop-Essential merger provide some guide to a comparable transaction, but perhaps do not fully take into account the fairly extraordinary level of corporate and market activity at present in the lithium exploration project sector, or the perceived prospectivity of the Andover project. The values implied by the three transactions relating to more advanced/operating projects are significantly higher than indicated by the development projects, demonstrating the potential increase in value as a project moves through the resource/reserve/feasibility stages and into production. While Azure’s Andover lithium project is only at the beginning of this path, the results to date, in BDA’s opinion, would give a willing and knowledgeable buyer some confidence that this progression is only a matter of time, and BDA considers that some aspects of this perceived future potential are likely to influence the current valuation. On this basis BDA has applied a 3:1 weighting (average of development projects: average of advanced/operating projects) to derive a preferred estimate of A\$979.7M within a $\pm 20\%$ range of A\$783.7-1,175.6M.

Table 8.5
Overall Valuation of Azure’s 60% Interest in the Andover Lithium Project

Valuation Methodology	Low ASM	Preferred ASM	High ASM
Value Based on Weighted Comparable Transactions	783.7	979.7	1,175.6

8.4 Valuation of Andover/Ridgeline Nickel-Cu-Co Project

In July 2020 Azure announced it had entered into a tenement purchase and joint venture agreement with entities associated with the Creasy Group on four gold and nickel projects in Western Australia, as follows:

- *Andover Nickel-Copper-Cobalt Project* - 60% Azure/40% Creasy Group
- *Turner River Gold Project* - 70% Azure/30% Creasy Group
- *Meentheena and Coongan Gold Projects* - 70% Azure/30% Creasy Group

The terms of the acquisitions were 40M Azure fully paid shares issued to the Creasy Group resulting in the Creasy Group having a 19.1% interest in Azure and included the right for the Creasy Group to participate in a share placement by subscribing to 1.2M Azure shares. Azure shares at the time of the transaction were trading at A\$0.155/share which valued the interests acquired at A\$6.2M.

Given that the gold projects were at a very early stage of exploration and some remained only EL applications, it is reasonable to assume that the primary focus of the transaction was the interest in the Andover Ni-Cu-Co project, where three holes drilled by the Creasy Group had intersected significant nickel-copper sulphide mineralisation.

Therefore, prior to the subsequent drilling and resource estimation work carried out by Azure, it is not unreasonable to ascribe a value to Azure’s 60% interest in the Andover Ni-Cu-Co project of around A\$6.0M (ascribing a nominal value to the gold projects), equating to a value of around A\$10M for 100% of the project.

Comparable Transactions

For the Andover nickel-copper-cobalt project, BDA has derived a \$/t of contained Ni in resource yardstick based on the currently defined Mineral Resource. BDA has considered the following transactions in determining an appropriate yardstick value.

Sabre Resources Limited (“SBR”) Acquisition of 70% of the Sherlock Bay Nickel Project

In January 2018, SBR announced the acquisition of a 70% interest in the Sherlock Bay Nickel Project which is located approximately 75km east of Karratha and along strike from Azure’s Andover tenements. The Sherlock Bay Project, covering a total of approximately 189km² consisted of one mining lease and two exploration licences. The mining lease covered a nickel and associated metals resource of 25.4Mt at 0.4% Ni (101,600t contained Ni) at a cut-off of 0.15% Ni.

The two exploration licences were also considered to have potential for the discovery of conglomerate-hosted gold deposits based on the underlying geology although no gold exploration had been undertaken at the time of the transaction.

For the purposes of this valuation, BDA has considered the price paid in the form of 12M SBR fully paid shares was based solely on the nickel resources outlined.

- Acquisition date - 29 January 2018

- Percentage acquired - 70%
- Purchase Price - 12M fully paid SBR shares (which were trading at A\$0.23/share), i.e. A\$2.760M
- Implied value for 100% interest - A\$3.94M
- Contained nickel in resource - 101,600t Ni
- Yardstick - A\$38.8/t Ni
- Normalising factor - 1.37 (Table 8.2)
- Adjusted yardstick for effective date of 5 February 2024 - A\$53.16/t Ni

Auroch Minerals Limited (“Auroch” - now known as Future Battery Minerals Limited) - acquisition of 100% of the Saints and Leinster Nickel Projects

In May 2019 Auroch announced it had entered into a binding agreement to acquire 100% of the Saints and Leinster tenements (totalling 121.5km²) from Minotaur Exploration Limited (“Minotaur”) by the issue to Minotaur of 18,333,333 Auroch shares (and a further 1,833,333 Auroch shares to a party that introduced the projects to Auroch). The shares were subject to voluntary escrow periods of 12 and 6 months respectively.

At the time of the acquisition the Saints prospect resource totalled 1.05Mt at 2.0% Ni, 0.20% Cu and 0.06% Co (21,000t contained Ni) and the Leinster resource (Horn Deposit) totalled 0.60Mt at 1.39% Ni and 0.30% Cu (8,340t contained Ni), giving a total contained Ni of 29,340t.

- Acquisition date - 28 May 2019
- Percentage acquired - 100%
- Purchase Price - 20,166,666 fully paid Auroch shares trading at A\$0.07/share, i.e. A\$1.412M
- Contained nickel in resource - 29,340t Ni
- Yardstick - A\$35.88/t Ni
- Normalising factor - 1.53 (Table 8.2)
- Adjusted yardstick for effective date of 5 February 2024 - A\$54.90/t contained Ni

Auroch’s Acquisition of 80% of the Nepean Nickel Project

In November 2020, Auroch announced it had entered into a binding agreement to acquire 80% of the Nepean Nickel Project from Eastern Coolgardie Goldfields Pty Ltd (“ECG”) for a consideration of A\$4.0M. At the time of the acquisition ECG was in an 80/20 joint venture with Goldfellas Pty Ltd. The project comprised 13 tenements covering the historic Nepean Nickel Mine totalling 3,128ha with a remnant (JORC 2004) resource of 591,300t at 2.2% Ni (13,009t of contained Ni), with drill indicated potential for extensions along strike and at depth. The original Nepean Nickel Mine shaft, reportedly in good condition, and some additional infrastructure present within the tenements was included in the transaction.

- Acquisition date - 29 November 2020
- Percentage acquired - 80%
- Purchase Price - A\$4.0M
- Implied value for 100% interest - A\$5.0M
- Contained nickel in resource - 13,009t Ni
- Yardstick - A\$384.35/t Ni
- Normalising factor - 1.16 (Table 8.2)
- Adjusted yardstick for effective date of 5 February 2024 - A\$445.85/t Ni

Neometals Limited Spinout of Widgie Nickel Limited

In August 2021 at a Neometals Limited (“Neometals”) EGM, the Neometals shareholders approved the demerger of Widgie Nickel Limited (“Widgie”) by the issue of 120M shares at A\$0.20/share raising A\$24.0M. The spinout from Neometals was to enable the 100% owned Mt Edwards Project to be transferred to Widgie Nickel and enable the A\$24M raised to be utilised to advance this project. At the time of the spinout the Mt Edwards project contained total Mineral Resources of 10.22Mt at 1.60% Ni (163,520t contained Ni) in 11 deposits on granted mining leases. Four of the deposits were below previous mines.

The shares issued to existing Neometals’ shareholders represented a 48% interest in the Mt Edwards project. While the Mt Edwards project was recognised as having potential to contain lithium-bearing pegmatites, and some prior lithium exploration had been undertaken by Neometals, it is clear from the Widgie prospectus and the Independent Geologist’s report that the spinout was entirely focused on the nickel potential.

- Acquisition date - 19 August 2021
- Percentage acquired - 48%

- Purchase Price - A\$24.0M
- Implied value for 100% interest - A\$50.0M
- Contained nickel in resource - 163,520t Ni
- Yardstick - A\$305.80/t Ni
- Normalising factor - 0.98 (Table 8.2)
- Adjusted yardstick for effective date of 5 February 2024 - A\$299.68/t Ni

Table 8.6
Comparable Transaction Yardsticks - Andover Nickel-Copper-Cobalt Project

Transaction	Contained Nickel (t)	Yardstick A\$/t
SBR Purchase of Sherlock Bay Project	101,600	53.2
Auroch’s Purchase of Saints and Leinster Project	29,340	54.9
Auroch’s Purchase of the Nepean Nickel Project	13,010	445.8
Neometal’s spinout of Widgie Nickel	163,520	299.7
Preferred Yardstick (based on Neometals transaction)		300
<i>Preferred Yardstick Range (see Discussion and Conclusions below)</i>		<i>240 / 300 / 360</i>

Discussion and Conclusions

The transactions reviewed have given two very different value ranges averaging around A\$54/t of contained Ni for the Sherlock Bay and Saints/Leinster projects and around A\$373/t contained Ni for the Nepean and Widgie projects. An average of the four projects gives A\$213/t contained Ni but the merit of simply averaging four very different yardsticks has to be questioned.

The Sherlock Bay project is low grade (0.4% Ni) and has been calculated at a low cut off of 0.15% Ni (Azure’s Andover/Ridgeline Ni-Cu-Co resources average 1.1% Ni at a cut off of 0.5% Ni), so a relatively low Yardstick value is not unexpected.

The Saints/Leinster projects are higher grade averaging 1.8% Ni, but total only 1.7Mt of resource (Azure’s Andover/Ridgeline Ni-Cu-Co resource totals 5.9Mt) so on the basis of size, again a relatively low Yardstick value is not unexpected. Azure’s Andover tenements contain several additional Ni-Cu-Co targets not yet drilled to resource status and a substantial further increase in overall resource would be a reasonable expectation.

The Nepean project is based on a former mine with existing shaft and associated infrastructure, with limited remaining defined resources (0.6Mt at 2.2% Ni) but with drill indicated extensions along strike and down dip. This is a somewhat different project to Azure’s nickel project and in BDA’s opinion provides only a limited guide in terms of a comparable transaction.

The Widgie Nickel Mt Edwards project resource of 10Mt at 1.6% Ni is reasonably comparable with Azure’s resource (6Mt at 1.1% Ni) given the numerous additional prospects within Azure’s Andover tenements still to be drilled. There may be some question as to the arm’s length nature of the Neometals demerger, but overall BDA considers the project provides a reasonable guide to potential value of the Andover Ni-Cu-Co project.

In BDA’s opinion for the reasons discussed above, BDA considers the Yardstick values indicated by the Sherlock Bay and Saints/Leinster projects are demonstrably too low in terms of comparative values for Azure’s Andover-Ridgeline Ni-Cu-Co project. The Nepean project has quite different parameters and characteristics. The Neometals Widgie Mt Edwards project is of similar quantum and is considered to provide some guide. BDA considers a Yardstick of around A\$300/t contained Ni (based largely on the Neometals transaction) provides a reasonable guide with a $\pm 20\%$ range (A\$240-360/t). This would result in a current value of the Andover/Ridgeline Ni-Cu-Co resources, containing 66,400t of nickel, of A\$15.9-23.9M with a preferred value of A\$19.9M, or for Azure’s 60% interest, A\$12.0M within a range of A\$9.6-14.3M.

Table 8.7
Comparable Transaction Valuation - Azure’s 60% Interest - Andover Nickel-Copper-Cobalt Project

Transaction	Contained Nickel (t)	Yardstick A\$/t	Implied Value A\$M
Estimated Value of Andover/Ridgeline Resources (Low/Preferred/High)	66,400	240 / 300 / 360	15.9 / 19.9 / 23.9
Estimated Value of Azure’s 60% interest (Low/Preferred/High)			9.6 / 12.0 / 14.3

Past Expenditure

BDA has also considered the Multiple of Past Expenditure method as a basis for valuing the Azure Ni-Cu-Co project. This base metal potential was the primary focus of Azure’s initial exploration tenure.

Azure has provided BDA with annual expenditure data reported to the WA Department of Mines, Industry, Regulations and Safety for each of the Azure projects and BDA has used these figures to determine a value for the tenements based on a Multiple of Past Expenditure. In the case of the Andover tenements separate exploration expenditures have been provided for the lithium project and the nickel-copper-cobalt project.

On the basis that the exploration expenditure by the Creasy Group (and the base metal intersections in particular) were the primary factors in the acquisition of Azure’s interest and the formation of the Azure-Creasy joint venture, the expenditure incurred by Creasy on the base metal exploration has also been included in BDA’s past expenditure valuation.

Azure has advised that the total expenditure to date on the Ni-Cu-Co exploration within the Andover tenements is A\$28.27M. On the basis that the work to date has identified Indicated and Inferred resources at the Andover and Ridgeline Ni-Cu-Co deposits and has defined significant targets (but to date no resources) at several other prospects, BDA considers that an overall PEM factor of 3.0 would be appropriate. Allowing for a $\pm 20\%$ range, this would give a value range of A\$67.8M to A\$101.8M with a preferred value of A\$84.8M; Azure’s 60% interest would be valued at between A\$40.7M and A\$61.1M with a preferred value of A\$50.9M.

Discussion and Conclusions

Until mid-2022, Azure’s exploration efforts were focussed on the base metal mineralisation discovered in the southwest of the Andover tenement, with Mineral Resource estimates announced for Andover and Ridgeline Ni-Cu-Co deposits in March 2022 and February 2023 respectively. A Scoping Study on potential development of the Ni-Cu-Co resources was commenced in 2021 but put on hold in mid-2023 to focus on the lithium project potential. It is intended to recommence the study in mid-2024. In addition to two defined Mineral Resources, a further eight prospects have been identified over a strike length of 4km within the Southern Mineralised Corridor.

While clearly now subservient to the lithium interests, the base metal mineralisation has been the focus of major drill programmes and substantial expenditure, indicative of the value attributed by Creasy and Azure to the base metal potential.

BDA considers that if a third party were to enter a joint venture with Azure/Creasy on the Ni-Cu-Co potential, the current joint venture partners would be seeking at least a matching commitment of expenditure (A\$28.3M) for a 50% interest, implying a minimum value for 100% of the Ni-Cu-Co interests of around A\$56M; given the de-risking represented by the Creasy and Azure expenditures, the partners would probably seek a commitment of perhaps 20% above this, say A\$67M.

Valuations based on past expenditures imply values significantly in excess of the values based on Comparable Transactions. However, as discussed, there could be some debate as to how comparable the available transactions actually are. Overall, BDA considers the successful expenditure on the known base metal resources and prospects probably gives a more reliable guide to value, together with the (hypothetical) terms of a potential joint venture based also on expenditure to date. BDA has considered excluding the Comparable Transaction values on the basis of the foregoing discussion but has opted for a simple average of the values as shown in Table 8.8.

Table 8.8

Overall Valuation of Azure’s 60% Interest in the Andover Tenement Nickel-Copper-Cobalt Prospects

Valuation Methodology	Low ASM	Preferred ASM	High ASM
Valuation based on Past Expenditure Multiples (100% of project)	67.8	84.8	101.8
Valuation implied by potential JV with Incoming Party (100% of project)	56.0	67.2	80.6
Value Based on Comparable Transactions (100% of project)	15.9	19.9	23.9
Preferred Valuation Range (100%) - average	46.6	57.3	68.8
Estimated Value of Azure’s 60% interest	28.0	34.4	41.3

8.4 Valuation of Turner River Tenements

The Turner River project presents some valuation issues given that there are no granted licences to date and no material site investigations have been undertaken, with the underlying geology largely obscured by surficial sands and sediments.

The two Turner River tenements, covering 449km², were initially applied for by the Creasy Group but remain as exploration licence applications. Azure has advised that expenditure to date on the project totals A\$71,000, presumably largely associated with desk-top studies and application costs.

The tenements are strategically located near to De Grey’s Mallina project and are considered likely to be partially underlain by basement rocks with similar geology, with a major structure impacting the Mallina tenements also interpreted to cross the southeastern portion of the Turner River tenements. De Grey has discovered substantial gold resources on its tenements; Azure considers the Turner River tenements have potential for both gold and lithium mineralisation.

BDA is not aware of any reason why the two ELAs should not be granted in due course. Once granted, the area is likely to be perceived as having significant value, given the geological parallels that can be drawn. If the Azure/Creasy joint venture determines to focus on the Andover lithium project development, Turner River could represent an attractive joint venture opportunity to a third party should the existing partners wish to farm out the project.

BDA considers it is appropriate to give the Turner River project a subjective nominal value of between A\$100-150k with a preferred value of A\$125k, giving a preferred value of around A\$88k for Azure’s 70% interest in a range of A\$70-105k. If the two tenements had been granted and the Multiple of Past Expenditure method applied, BDA would have used PEM factors of 1.2 -1.4 and applied this to the A\$71k expenditure figure which would have yielded a value range of A\$86-102k, similar to the nominal value range selected above.

8.5 Valuation of Coongan Tenement

The Coongan project consists of one granted EL totalling 223km². Limited exploration has been undertaken and Azure advises that expenditure totals A\$0.433M.

Given the limited past exploration of the Coongan area and the fact that 40% of the area is to be relinquished by February 2024, BDA assesses a relatively modest value for the tenement. However, given the tenement is adjacent to NRC’s Beaton Creek gold deposit to the east, the project area is considered to have worthwhile exploration potential. Azure considers the area prospective for base metals and channel iron deposits as well as alluvial and bedrock-hosted gold mineralisation.

BDA has derived a \$/km² yardstick using the exploration comparable transactions used to value the Barton project (see Section 8.6 below) and has also considered multiples of past expenditure.

Comparable Transaction Valuation

BDA has adopted a \$/km² value of A\$4,370/km² (for details of derivation of values per km² see Section 8.6). On this basis the 223km² tenement area would be valued at A\$0.97M with Azure’s 70% interest valued at A\$0.68M within a ±20% range of A\$0.55-0.82M.

Past Expenditure Valuation

BDA has also considered the Multiple of Past Expenditure method as a basis for valuing the Coongan project and Azure has advised that expenditure to date totals A\$0.43M. The project remains at an early stage of exploration and although there are a number of targets for follow-up investigation they do not appear to have been given a high priority. On this basis BDA has applied PEM values of 1.2 to 1.4 to the current expenditure to obtain a value range of A\$0.5-0.6M, or, for Azure’s 70% interest, A\$0.36-0.42M with a preferred value of A\$0.39M.

Table 8.9
Valuation of Azure’s 70% Interest in the Coongan Project

Valuation Method	Low (ASM)	Preferred (ASM)	High (ASM)
Comparable Transactions	0.55	0.68	0.82
Past Expenditure	0.36	0.39	0.42
Average	0.45	0.53	0.62

BDA has adopted a simple average of the values derived based on Comparable Transactions and Past Expenditure.

8.6 Valuation of Barton Tenements

The Barton project comprises eight ELs covering 887km² near Kookynie, 40km south of Leonora in the Eastern Goldfields. The tenements lie within a well mineralised gold province which is being actively explored by numerous companies and a number of projects are progressing to development.

The work undertaken to date by Azure is mostly early exploration stage. Azure’s focus has been the Daisy Corner prospect where first pass drilling has yielded anomalous but generally low-grade gold values along a granite-greenstone contact. The Daisy Corner prospect is located along the same contact that hosts the Puzzle gold mine and the Puzzle North prospect held by Genesis.

For valuation purposes, BDA has considered a \$/km² yardstick based on the current tenement area and has considered multiples of past expenditure.

Comparable Transaction Valuation

Azure purchase of E40/393 from 30 Well Pty Ltd

In September 2020 Azure announced the purchase of E40/393 totalling 200.5km² (the northernmost tenement within the Barton project area), from private company, 30 Well Pty Ltd, for A\$20,000 cash plus 1,150,000 Azure shares; Azure’s shares at the acquisition date were trading at A\$0.21/share.

At the date of the acquisition the tenement was an application and the A\$20,000 was to be paid on the grant of the tenement. E40/393 was largely soil covered and the area had been subjected to limited historical exploration.

- Acquisition date - September 2020
- Project Area - 200.5km²
- Percentage acquired - 100%
- Purchase price - 1.15M shares at A\$ 0.21/share plus A\$20,000, total A\$261,500
- Yardstick as at September 2020 - A\$1,304/km²
- Normalising factor - 1.05 (Table 8.3)
- Adjusted yardstick for the effective date of 5 February 2024 - A\$1,369/km²

Genesis Minerals Limited’s (Genesis) Farm-in JV of Desdemona South from Kin Mining NL (“Kin”)

In December 2019 Genesis announced it had formed a farm-in joint venture with Kin to earn an initial 60% interest in Kin’s 100% owned Desdemona South project located south of Leonora and northwest of the Barton project, consisting of nine tenements covering approximately 150km². The Desdemona South tenements included a number of conceptual and moderately advanced gold exploration targets. The terms of the farm-in required Genesis to spend a minimum of A\$250,000 in Stage 1 and a following A\$750,000 to earn a 60% interest.

- Farm in JV date - December 2019
- Project Area - 150km²
- Percentage earned - 60%
- Earn-in price - A\$1,000,000
- Nominal value for 100% - A\$1,666,666
- Yardstick as at December 2019 - A\$11,111/km²
- Normalising factor - 1.38 (Table 8.3)
- Adjusted yardstick for the effective date of 5 February 2024 - A\$15,333/km²

Novo Resources Corp (NRC) acquisition of the Bellary Dome Tenement from Bellary Dome Pty Ltd.

In June 2020, NRC negotiated a 12-month option to acquire the gold rights in exploration licence E47/3555, totalling 84km², located in the southern Pilbara region. The option payment was A\$25,000 and if exercised NRC could earn 100% of the gold rights. The exercise price was A\$1,000,000 and a 2% gross royalty on gold derived from the tenement. The option could be extended for up to a further 48 months by further payments. Previous explorers had discovered significant gold nuggets and outcrops of gold-bearing conglomerates were recorded from the area. BDA has used the first option payment and the exercise price (disregarding the potential for option extensions and the 2% royalty) as follows:

- Option Date - June 2020
- Project Area - 84km²
- Percentage acquired - 100%
- First year option plus Exercise Price - A\$1,025,000
- Interest Purchased - 100% (of the gold rights)

- Yardstick as at June 2020 - A\$12,202/km²
- Normalising factor - 1.16 (Table 8.3)
- Adjusted yardstick for the effective date of 5 February 2024 - A\$14,154/km²

Discussion/Conclusions

Azure’s purchase of E40/393 would appear to be directly relevant to the valuation of the Barton project, being one of the current Barton tenements. However, this acquisition was made when the tenement was still an application and when minimum work had been undertaken. BDA considers that the value based on this Yardstick (A\$1.214M) undervalues the overall property (887km²).

The Genesis/Desdemona South and NRC/Bellary Dome transactions in BDA’s opinion relate to properties with more advanced exploration and exploration targets than Azure’s Barton tenements. BDA has derived an average \$/km² value based on 50% of the mean of the latter two transactions averaged with the E40/393 transaction giving an average value of approximately A\$4,370/km². On this basis the 887km² Barton project tenements would be valued at A\$3.9M within a ±20% range of A\$3.1-4.7M.

Past Expenditure Valuation

Azure has advised BDA that expenditure to date on the Barton project totals A\$2.25M. Most of Azure’s expenditure to date comprises drilling focussed on the Daisy Corner prospect which is located along the same granite-greenstone contact that hosts the Puzzle gold mine and the Puzzle North prospect held by Genesis. Further follow-up work at the Daisy Corner prospect is warranted and additional regional exploration of Azure’s Barton tenements is also planned.

BDA considers that the Azure’s 100% owned Barton project warrants PEM values of 1.6 to 1.8 which gives a value range of A\$3.6M to A\$4.1M with a preferred value of A\$3.9M.

Discussion/Conclusions

BDA has adopted a simple average of the values based on Comparable Transactions and Past Expenditure as the preferred estimate and range of values for Azure’s 100% interest in the Barton project.

Table 8.10

Valuation of Azure’s 100% Interest in the Barton Project

Valuation Method	Low (A\$M)	Preferred (A\$M)	High (A\$M)
Comparable Transactions	3.1	3.9	4.7
Past Expenditure	3.6	3.9	4.1
Average	3.4	3.9	4.4

8.7 Summary - Overall Valuation of Azure’s Exploration Projects and Tenements

BDA’s overall estimated value for Azure’s interest in the Andover lithium project, the Andover-Ridgeline Ni-Cu-Co project and its exploration interests in the Turner River, Coongan and Barton tenements is summarised in Table 8.10. These values are estimated on a technical basis; it is recognised that current market value may be substantially in excess of these values.

Table 8.11

Summary Valuation of Azure’s Exploration Projects and Tenement Interests

Project/Tenements	Azure Interest (%)	Low (A\$M)	Preferred A\$M	High (A\$M)
Andover Lithium project	60	784	980	1,176
Andover-Ridgeline Ni-Cu-Co project	60	28	34	41
<i>Subtotal</i>		<i>812</i>	<i>1,014</i>	<i>1,217</i>
Turner River tenements	70	0.07	0.09	0.11
Coongan tenement	70	0.45	0.53	0.62
Barton tenements	100	3.4	3.9	4.4
Total		816	1,019	1,222

9.0 STATEMENT OF CAPABILITY

This report has been prepared by Mr Malcolm Hancock and Mr John McIntyre, Executive Directors of Behre Dolbear Australia Pty Limited, together with Mr Mark Faul (BDA General Manager), and Mr George Brech, Mr Joe Pease and Ms Belinda Bastow, Senior Associates of BDA. BDA has undertaken a site visit to Azure’s Andover lithium project site, has had discussions with management and site operations personnel and has reviewed relevant documentation and specialist consultant reports.

Both Mr Hancock and Mr McIntyre are Members of the Australasian Institute of Minerals Valuers and Appraisers (“AIMVA”) and are Certified Mineral Valuers (“CMV”). These are professional qualifications designed to indicate to regulators that a panel of professional peers has established that the individual has more than 10 years of experience in valuation expertise and has been assessed as a recognised valuation expert, competent to sign off on public and corporate documentation in valuing and appraising minerals projects.

Behre Dolbear has offices or agencies in Denver, New York, Toronto, Vancouver, London, Hong Kong and Sydney. The parent company, Behre Dolbear & Company Inc., was founded in 1911 and is the oldest continuously operating mineral industry consulting firm in North America. The firm specialises in mineral evaluations, due diligence assessments, independent expert reports and strategic planning as well as technical geological, mining and process consulting.

The principal consultants engaged in the review on behalf of BDA are as follows:

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP (Geol), MAIMVA) is a Principal and Executive Director of BDA. He is a geologist with more than 50 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, copper, base metal, uranium, light metal and industrial mineral projects, and has undertaken the management and direction of many of BDA’s independent engineer operations in recent years. Mr Hancock has provided project direction, contributed to the geological and resource review, the valuation of the mineral assets and report editing.

Mr John McIntyre (BE (Min) Hon., FAusIMM, MMICA, CP (Min), MAIMVA) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 50 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia and overseas. He has been a consultant for more than 30 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role. Mr McIntyre has provided project direction and report editing.

Mr George Brech (BSc. Geology, M.Sc. Engineering Geology, FAusIMM) is a Senior Associate of BDA with more than 45 years of experience in exploration and mining as an exploration and mine geologist. He is experienced in management, exploration, project evaluation, mine development, ore reserve estimation, feasibility studies, open pit mine production, exploration and mine data evaluation, and open pit slope engineering. He is familiar with a wide range of commodities including copper, gold, nickel, wolfram, magnesite iron ore and coal. He has extensive experience in the areas of resource/reserve estimation, reconciliation, independent expert and due diligence reports. Mr Brech was the BDA Project Leader on this assignment and has reviewed the geological database, exploration target and potential for the lithium project and the resource estimates for the base metal project.

Mr Mark Faul (BE. Min (Hons), MBA, MAppFin, FAusIMM, GAICD, MAIMVA) is General Manager of BDA and is a mining engineer with extensive mining finance and investment experience with more than 35 years in the mining, resources investment banking and private equity investing in Australia, SE Asia, PNG, Africa, Europe and the Americas. His experience includes operations management, project feasibility and development, strategic planning, due diligence, cost assessment, financial modelling, project and corporate finance. He is experienced in a range of commodities, including gold, copper, nickel, base metals, platinum group metals, minor metals, diamonds and gemstones, rare earths, uranium, in both surface and underground mining. He has extensive experience in mine management, economic analysis, project evaluation, valuation, risk management, project finance from a financier and investor perspective, and as a company director. Mr Faul has contributed to the review of the mining aspects and scoping studies for the lithium and base metal projects.

Mr Peter Goldner (BSc. (Hons) Geology, FAusIMM CPGeo, FAIG, CPGeo) is a Senior Associate of BDA with more than 50 years’ experience in the exploration, project evaluation and management of mineral projects and mine operations. He has extensive experience in the provision of consulting geological services to the mining industry. Mr Goldner has worked in both surface and underground operations in a range of commodities, including gold, copper, other base metals (including lead/zinc and nickel) and uranium. He has extensive experience in resource/reserve estimation and reconciliation procedures and the audit and review of estimates. Mr Goldner has worked and evaluated projects throughout Australia, PNG, Southeast Asia and Alaska. Mr Goldner has sufficient experience relevant to the technical Assessment and Valuation of Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of ‘The Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets’. Mr Goldner has reviewed the base metal and gold exploration projects and worked with Mr Hancock on the valuation of the mineral assets.

Mr Joe Pease (BE. (Hons) Metall., B Econ, FAusIMM, MCIMM) is a Senior Associate of BDA with more than 35 years of experience in the Australian mining industry. He is a metallurgist and has held senior management positions with MIM, Cominco and Xstrata. He has been involved in plant design and optimisation, process design testwork, feasibility studies and plant commissioning and project valuation. He is experienced in a range of process technologies and has worked with a range of commodities including copper, gold, lead, zinc, coal, magnetite and potash. He has worked as CEO of the Cooperative Research Centre, and is a Principal Consultant for Mineralis Pty Ltd. Mr Pease has reviewed the metallurgical testwork and processing aspects of the lithium project.

Ms Belinda Bastow (BSc(Hon) Enviro, PostGradDip (IA), MEnvir. Law) is a Senior Associate of BDA with more than 25 years’ experience in environmental science and law, including the fields of impact assessment, environmental management, mine closure, environmental law, sustainability, cultural heritage, and regulatory consultancy services. Ms Bastow has worked as an environmental professional on mine site across Australia and provided operational support to mines in Africa and South America. Ms Bastow has reviewed the environment, ESG, tenure, approvals and social aspects pertaining to Azure’s mineral assets.

10.0 STATEMENT OF INDEPENDENCE

Neither the principals nor associates of BDA have any material interest or entitlement in the securities or assets of Azure. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

11.0 LIMITATIONS AND CONSENT

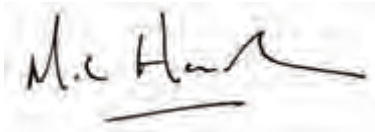
This assessment has been based on data, reports and other information made available to BDA by Azure and Deloitte and referred to in this report. BDA has been advised that the information is complete as to material details and is not misleading. It is BDA’s standard procedure that a draft copy of the report is provided to the project owner or operator for comment as to any errors of fact, omissions or incorrect assumptions.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various technical requirements. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct and the interpretations reasonable.

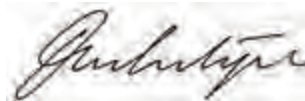
BDA does not accept any liability other than its statutory liability to any individual, organisation or company and takes no responsibility for any loss or damage arising from the use of this report, or information, data, or assumptions contained therein.

The report is provided to Deloitte for the purpose of assisting Deloitte in assessing the technical aspects of Azure’s mineral assets and the potential risks. It should not be used or relied upon for any other purpose. The report does not constitute a technical or legal audit. Neither the whole nor any part of this report nor any reference thereto may be included in, or with, or attached to any document or used for any purpose without BDA’s written consent to the form and context in which it appears.

Yours faithfully
BEHRE DOLBEAR AUSTRALIA PTY LTD



Malcolm C Hancock
Executive Director - BDA



John S McIntyre
Managing Director - BDA

APPENDIX I

SOURCES OF INFORMATION

BDA has undertaken a site visit to the Andover lithium project in Western Australia in early November 2023. Meetings have been held with Azure management and technical staff and consultants. BDA’s report is based on the site visit and reviews of the available documentation and reports provided by Azure. The principal reports and documents reviewed are listed below:

Azure Mineral Assets Reports

- Azure ASX Announcements 2022-2023
- Andover Ni-Cu-Co Mineral Resource Estimate, CSA Global, March 2022
- Site Visit Report on Andover Lithium Potential, Peter Spitalny Han-Ree Holding Ltd, July 2022
- Metallurgical Testwork, Andover Ni-Cu-Co Project, Strategic Metallurgy, July 2022
- Ridgeline Ni-Cu-Co Mineral Resource Estimate, CSA Global, February 2023
- Andover Lithium Project, CP Review, SRK Consulting, July 2023
- Lithium Mineralogy Report for ALS, CODES University of Tasmania, September 2023
- Lithium Mineralogy Report (Spreadsheet), ALS Metallurgy, October 2023
- Exploration Target Calculation Spreadsheet, Azure Minerals, November 2023
- Lithium Metallurgical Flotation Testwork Results (Spreadsheet), IMO Limited, November 2023
- Exploration Expenditure Report (Spreadsheet), Azure Minerals, November 2023
- Statutory Annual Exploration Reports for Andover, Coongan and Barton, 2022 and 2023

General Data and Public Reports

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 Edition (“The JORC Code December 2012”)
- Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (“The VALMIN Code 2015 Edition”)
- Australian Securities & Investments Regulatory Guide 111 – Content of Expert Reports, October 2020
- Australian Securities & Investments Regulatory Guide 112 – Independence of Experts, March 2011
- Andover Lithium Project, Exploration Target, Azure ASX Announcement, August 2023
- Azure Minerals Annual Report 2023
- Azure Minerals Quarterly Report issued October 2023
- Pegmatite Drilling Results Target Area 3, Azure Minerals, ASX Announcement, October 2023
- Andover Lithium Project, Azure Minerals Investor Presentation, October 2023
- Andover Lithium Project, Metallurgical Testwork Results, Azure ASX Announcement, October 2023

Deloitte.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more. Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 286,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People’s Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam, in each of which operations are conducted by separate and independent legal entities.

Deloitte Australia

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 8000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

© 2024 Deloitte Financial Advisory. Deloitte Touche Tohmatsu

Annexure 2 – Scheme



Execution Version

Scheme of Arrangement

Azure Minerals Limited

Scheme Shareholders

1 The Esplanade Perth WA 6000 Australia
GPO Box U1942 Perth WA 6845 Australia

T +61 8 9211 7777 F +61 8 9211 7878
herbertsmithfreehills.com



Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Azure	Azure Minerals Limited ACN 106 346 918 of Level 1, 34 Colin Street, West Perth WA 6005, Australia
Scheme Shareholders	Each Azure Shareholder as at the Scheme Record Date (other than the Excluded Shareholders)

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains the definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Azure is a public company limited by shares, registered in Western Australia, Australia, and has been admitted to the official list of the ASX. Azure Shares are quoted for trading on the ASX.
- (b) SQM Parent is a company incorporated under the laws of Chile.
- (c) Hancock Parent is an unlisted company limited by shares registered in Western Australia.
- (d) BidCo is an unlisted company limited by shares registered in Western Australia. BidCo is owned by SQM and Hancock.
- (e) If this Scheme becomes Effective:



- (1) BidCo must provide, and SQM Parent and Hancock Parent must procure that BidCo provides, the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to BidCo and Azure will enter the name of BidCo in the Share Register in respect of the Scheme Shares in accordance with the terms of this Scheme and the Deed Poll.
- (f) Azure and BidCo have agreed, by executing the Implementation Deed, to implement this Scheme.
- (g) This Scheme attributes actions to SQM Parent, Hancock Parent and BidCo but does not itself impose an obligation on them to perform those actions. SQM Parent, Hancock Parent and BidCo have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by BidCo and Azure;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by BidCo and Azure having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Azure and BidCo agree in writing).

3.2 Certificate

- (a) Azure and BidCo will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.



- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will take effect on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date;
- (b) a party terminates the Scheme Transaction under clause 3.6(b)(1) of the Implementation Deed;
- (c) BidCo gives a written notice to Azure under clause 3.6(d) of the Implementation Deed; or
- (d) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Azure and BidCo otherwise agree in writing.

5 Implementation of this Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 (other than the condition precedent in clause 3.1(e)) have been satisfied or waived, Azure must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

5.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 6.1(b) and 6.1(c), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Azure as attorney and agent for Scheme Shareholders under clause 9.5), by:
 - (1) Azure delivering to BidCo a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Azure, for registration; and



- (2) BidCo duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Azure for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 5.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Azure must enter, or procure the entry of, the name of BidCo in the Share Register in respect of all the Scheme Shares transferred to BidCo in accordance with this Scheme.

6 Scheme Consideration

6.1 Provision of Scheme Consideration

- (a) BidCo must, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account with an ADI operated by Azure as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 6.1(a), Azure must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 6.1(a).
- (c) The obligations of Azure under clause 6.1(b) will be satisfied by Azure (in its absolute discretion, and despite any election referred to in clause 6.1(c)(1) or authority referred to in clause 6.1(c)(2) made or given by the Scheme Shareholder):
 - (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Azure Registry to receive dividend payments from Azure by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Azure; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.2).
- (d) To the extent that, following satisfaction of Azure's obligations under clause 6.1(b), there is a surplus in the amount held by Azure as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by Azure to BidCo.



6.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 6.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Azure, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Azure, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

6.3 Unclaimed monies

- (a) Azure may cancel a cheque issued under this clause 6 if the cheque:
 - (1) is returned to Azure; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Azure (or the Azure Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Azure must reissue a cheque that was previously cancelled under this clause 6.3.
- (c) The *Unclaimed Money Act 1990* (WA) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 6 of the *Unclaimed Money Act 1990* (WA)).

6.4 Orders of a court or Government Agency

If written notice is given to Azure (or the Azure Registry) or BidCo of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Azure in accordance with this clause 6, then Azure shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Azure from providing consideration to any particular Scheme Shareholder in accordance with this clause 6, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Azure shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as the provision of the Scheme Consideration in accordance with this clause 6 is permitted by that (or another) order or direction or otherwise by law.



7 Dealings in Azure Shares

7.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Azure Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Azure Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Share Register is kept,

and Azure must not accept for registration, nor recognise for any purpose (except a transfer to BidCo pursuant to this Scheme and any subsequent transfer by BidCo or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

7.2 Register

- (a) Azure must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 7.1(b) on or before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 7.2(a) requires Azure to register a transfer that would result in an Azure Shareholder holding a parcel of Azure Shares that is less than a 'marketable parcel' (for the purposes of this clause 7.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Azure shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Azure must maintain the Share Register in accordance with the provisions of this clause 7.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) Subject to the provision of the Scheme Consideration in the manner contemplated by clauses 6.1(b) and 6.1(c), and the registration of the transfer to BidCo contemplated in clause 5.2(b), all statements of holding for Azure Shares (other than statements of holding in favour of BidCo or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of BidCo or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Azure Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Azure will ensure that details of the names, Registered Addresses and holdings of Azure



Shares for each Scheme Shareholder as shown in the Share Register are available to BidCo in the form BidCo reasonably requires.

8 Quotation of Azure Shares

- (a) Azure must apply to ASX to suspend trading on the ASX in Azure Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by BidCo, Azure must apply:
 - (1) for termination of the official quotation of Azure Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

9 General Scheme provisions

9.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Azure may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which BidCo has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Azure has consented to.

9.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (1) agrees to the transfer of their Azure Shares together with all rights and entitlements attaching to those Azure Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Azure Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of BidCo, destroy any holding statements or share certificates relating to their Azure Shares;
 - (4) who holds their Azure Shares in a CHESS Holding agrees to the conversion of those Azure Shares to an Issuer Sponsored Holding and irrevocably authorises Azure to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
 - (5) acknowledges and agrees that this Scheme binds Azure and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and
 - (6) consents to Azure and BidCo doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or



desirable to give full effect to this Scheme and the transactions contemplated by it.

- (b) Each Scheme Shareholder is taken to have warranted to Azure and BidCo on the Implementation Date, and appointed and authorised Azure as its attorney and agent to warrant to BidCo on the Implementation Date, that all their Azure Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Azure Shares to BidCo together with any rights and entitlements attaching to those shares. Azure undertakes that it will provide such warranty to BidCo as agent and attorney of each Scheme Shareholder.

9.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to BidCo will, at the time of transfer of them to BidCo vest in BidCo free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 6.1(b) and 6.1(c), BidCo will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Azure of BidCo in the Share Register as the holder of the Scheme Shares.

9.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 6.1(b) and 6.1(c), and until Azure registers BidCo as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed BidCo as attorney and agent (and directed BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by BidCo as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 9.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 9.4(a), BidCo and any director, officer, secretary or agent nominated by BidCo under clause 9.4(a) may act in the best interests of BidCo as the intended registered holder of the Scheme Shares.



9.5 Authority given to Azure

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Azure and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against SQM Parent, Hancock Parent and BidCo, and Azure undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against SQM Parent, Hancock Parent and BidCo on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Azure and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Azure accepts each such appointment. Azure as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 9.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

9.6 Binding effect of Scheme

This Scheme binds Azure and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Azure.

10 General

10.1 Stamp duty

BidCo must, and each of SQM Parent and Hancock Parent unconditionally and irrevocably guarantees the obligation of BidCo to:

- (a) pay all stamp duty, registration fees and similar taxes payable or assessed as being payable (and any related fines and penalties) in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate each Scheme Shareholder for, any liability arising from failure to comply with clause 10.1(a).

10.2 Consent

Each of the Scheme Shareholders consents to Azure doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Azure or otherwise.



10.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Azure, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Azure's registered office or at the office of the Azure Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Azure Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10.4 Governing law

- (a) This Scheme is governed by the laws in force in Western Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

10.5 Further action

Azure must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

10.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Azure, SQM Parent, Hancock Parent nor BidCo nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.



Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ADI	authorised deposit-taking institution (as defined in the <i>Banking Act 1959</i> (Cth)).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
Azure	Azure Minerals Limited (ACN 106 346 918) of Level 1, 34 Colin Street, West Perth WA 6005, Australia.
Azure Registry	Computershare Investor Services Pty Limited.
Azure Share	a fully paid ordinary share in the capital of Azure.
Azure Shareholder	each person who is registered as the holder of an Azure Share in the Share Register.
BidCo	SH Mining Pty Ltd (ACN 673 729 872) of Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia.
Business Day	a day that is not a Saturday, Sunday or public holiday or bank holiday in Perth, Australia or Santiago, Chile.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.



Term	Meaning
CHES Holding	has the meaning given in the Settlement Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of Western Australia, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by BidCo and Azure.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which SQM Parent, Hancock Parent and BidCo each covenants in favour of the Scheme Shareholders to perform the obligations attributed to SQM Parent, Hancock Parent and BidCo under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	the date that is 6 months after the date of execution of the Implementation Deed, or such other date as agreed in writing by BidCo and Azure.
Excluded Shareholder	<ol style="list-style-type: none"> 1 any Azure Shareholder who is a SQM Group Member or any Azure Shareholder who holds any Azure Shares on behalf of, or for the benefit of, any SQM Group Member and does not hold Azure Shares on behalf of, or for the benefit of, any other person; 2 any Azure Shareholder who is a Hancock Group Member or any Azure Shareholder who holds any Azure Shares on behalf of, or for the benefit of, any Hancock Group Member and does not hold Azure Shares on behalf of, or for the benefit of, any other person; and 3 BidCo.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.



Term	Meaning
Hancock	Hanrine Future Metals Pty Ltd (ACN 672 197 723) of Level 3 HPPL House, 28-42 Ventnor Avenue, West Perth WA 6005, Australia.
Hancock Group	Hancock Parent, Hancock and each of Hancock Parent's Subsidiaries, and a reference to a Hancock Group Member or a member of the Hancock Group is to Hancock Parent, Hancock or any of Hancock Parent's Subsidiaries.
Hancock Parent	Hancock Prospecting Pty Limited (ACN 008 676 417) of Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia.
Implementation Date	the third Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Azure and BidCo.
Implementation Deed	the transaction implementation deed dated 19 December 2023 between Azure, SQM Parent, Hancock Parent and BidCo relating to, among other things, the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to an Azure Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Azure and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Azure and BidCo.
Scheme Consideration	for each Azure Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$3.70, subject to the terms of this Scheme.



Term	Meaning
Scheme Meeting	the meeting of the Azure Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date or such other time and date as the parties agree in writing.
Scheme Shares	all Azure Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Azure Shares recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Transaction	the acquisition of the Scheme Shares by BidCo through implementation of this Scheme in accordance with the terms of the Implementation Deed.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of BidCo as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Azure maintained by Azure or the Azure Registry in accordance with the Corporations Act.
SQM	SQM Australia Pty Ltd (ACN 621 414 659) of c/- TMF Corporate Services (Aust) Pty Limited, Level 11, 66 Goulburn Street, Sydney NSW 2000, Australia.



Term	Meaning
SQM Group	SQM Parent, SQM and each of SQM Parent's Subsidiaries and a reference to a SQM Group Member or a member of the SQM Group is to SQM Parent, SQM or any of SQM Parent's Subsidiaries.
SQM Parent	Sociedad Quimica y Minera de Chile S.A., being a company incorporated under the laws of Chile of El Trovador 4285, Las Condes, Santiago, 7550079, Chile.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Western Australia;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;



- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (s) a reference to the Listing Rules, Operating Rules or the Settlement Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



HERBERT
SMITH
FREEHILLS

Attachment 1

Deed Poll

Attached.

Annexure 3 – Deed Poll





HERBERT
SMITH
FREEHILLS

Scheme Deed Poll

Date ▶ 29 February 2024

This deed poll is made:

By	<p>SH Mining Pty Ltd ACN 673 729 872 of Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia (BidCo)</p> <p>Sociedad Quimica y Minera de Chile S.A. a company incorporated under the laws of Chile of El Trovador 4285, Las Condes, Santiago, 7550079, Chile. (SQM Parent)</p> <p>and</p> <p>Hancock Prospecting Pty Limited ACN 008 676 417 of Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia (Hancock Parent)</p>
in favour of	<p>each person registered as a holder of fully paid ordinary shares in Azure Minerals Limited (ACN 106 346 918) (Azure) in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders).</p>
Recitals	<ol style="list-style-type: none"> 1 SQM Parent, Hancock Parent, BidCo and Azure entered into the Implementation Deed. 2 In the Implementation Deed, SQM Parent, Hancock Parent and BidCo agreed to make this deed poll. 3 BidCo is making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Deed and the Scheme. 4 SQM Parent and Hancock Parent are making this deed poll for the purposes of covenanting in favour of the Scheme Shareholders to: <ul style="list-style-type: none"> – procure that BidCo performs its financial obligations under the Implementation Deed and the Scheme; and – guarantee the due and punctual performance of BidCo of all of its financial obligations under the Implementation Deed and the Scheme.



HERBERT
SMITH
FREEHILLS

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

- (a) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.
- (b) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the transaction Implementation deed entered into between SQM Parent, Hancock Parent, BidCo and Azure dated 19 December 2023.
Joint Bidding Deed	the Joint Bidding Deed entered into between SQM Australia Pty Ltd, SQM Parent, Hannine Future Metals Pty Ltd, Hancock Parent and BidCo dated 19 December 2023.
Non-Participating Joint Bidder	has the meaning given in the Joint Bidding Deed.
Parent Company	means SQM Parent or Hancock Parent as applicable.
Participating Joint Bidder	has the meaning given in the Joint Bidding Deed.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Azure and the Scheme Shareholders, substantially in the form set out in Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by BidCo and Azure.



HERBERT
SMITH
FREEHILLS

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

SQM Parent, Hancock Parent and BidCo each acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Azure and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against SQM Parent, Hancock Parent and BidCo.

1.4 Joint bidding arrangements

- (a) Each party to this deed poll agrees that, following the provision of a notice under clause 2.8(a)(2) of the Implementation Deed:
 - (1) the Parent Company of the Non-Participating Joint Bidder will be released from its obligations and liabilities (including the guarantees and indemnities) under this deed poll, except for any obligations and liabilities of the Parent Company of the Non-Participating Joint Bidder which accrue prior to the date that the Joint Bidding Deed is terminated pursuant to clause 8.1(b)(1) or 8.1(b)(2) of that deed;
 - (2) all references to SQM Parent, Hancock Parent or both of them are to be read as references to Parent Company of the Participating Joint Bidder only; and
 - (3) all references to the Parent Company of the Non-Participating Joint Bidder are deemed to be deleted from this deed.
- (b) For the avoidance of doubt, nothing in this clause 1.4 affects the rights and obligations of BidCo under this deed poll.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of SQM Parent, Hancock Parent and BidCo under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of SQM Parent, Hancock Parent and BidCo under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) a party terminates the Scheme Transaction under clause 3.6(b)(1) of the Implementation Deed;



HERBERT
SMITH
FREEHILLS

- (b) BidCo gives a written notice to Azure under clause 3.6(d) of the Implementation Deed;
 - (c) the Implementation Deed is terminated in accordance with its terms; or
 - (d) the Scheme is not Effective on or before the End Date,
- unless SQM Parent, Hancock Parent, BidCo and Azure otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) each of SQM Parent, Hancock Parent and BidCo are released from their obligations to further perform this deed poll except those obligations contained in clause 7.1; and
- (b) each Scheme Shareholder retains the rights, powers and remedies they have against SQM Parent, Hancock Parent and BidCo in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, BidCo undertakes in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Azure as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account; and
- (b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms of the Scheme.

3.2 Guarantee

- (a) Subject to clause 2, each of SQM Parent and Hancock Parent undertakes in favour of each Scheme Shareholder to guarantee the due and punctual performance of BidCo of:
 - (1) its obligations under clauses 3.1(a) and 7.1 of this deed poll; and
 - (2) all of its financial obligations under the Scheme.
- (b) Subject to clause 1.4, the liability of each of SQM Parent and Hancock Parent under this clause 3.2:
 - (1) is several, and not joint or joint and several; and
 - (2) is limited to an amount equal to 50% of the loss or liability incurred by Scheme Shareholders under clause 3.2(a); and



- (3) is not affected by anything which, but for this clause 3.2(b), might operate to release or exonerate SQM Parent or Hancock Parent or both of them in whole or in part from their obligations.

4 Warranties

Each of SQM Parent, Hancock Parent and BidCo represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms;
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (f) no Insolvency Event (as that term is defined in the Implementation Deed) has occurred in relation to it.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) SQM Parent, Hancock Parent and BidCo have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to a party to this deed poll (**Addressee**) in accordance with the details set out below (or any alternative details nominated by the Addressee by Notice).

BidCo



HERBERT
SMITH
FREEHILLS

Attention	Mark Fones (with a copy to Luis Bravo) and Company Secretary, Hancock Prospecting Pty Limited
Address	Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia
Email address	mark.fones@sqm.com (with a copy to luis.bravo@sqm.com) and cosec@hancockprospecting.com.au

SQM Parent

Attention	Mark Fones (with a copy to Luis Bravo)
Address	El Trovador 4285, Las Condes, Santiago, 7550079, Chile
Email address	mark.fones@sqm.com (with a copy to luis.bravo@sqm.com)

Hancock Parent

Attention	Company Secretary
Address	Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia
Email address	cosec@hancockprospecting.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.



HERBERT
SMITH
FREEHILLS

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (Addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The first to occur of: <ol style="list-style-type: none"> 1 the sender receiving an automated message confirming delivery; or 2 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

BidCo must, and each of SQM Parent and Hancock Parent unconditionally and irrevocably guarantees the obligation of BidCo to:

- (a) pay all stamp duty, registration fees and similar taxes payable or assessed as being payable (and any related fines and penalties) in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate each Scheme Shareholder for, any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Western Australia.
- (b) Each of SQM Parent, Hancock Parent and BidCo irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Each of SQM Parent, Hancock Parent and BidCo irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



HERBERT
SMITH
FREEHILLS

7.3 Waiver

- (a) SQM Parent, Hancock Parent and BidCo may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of SQM Parent, Hancock Parent or BidCo as a waiver of any right unless the waiver is in writing and signed by SQM Parent, Hancock Parent or BidCo, as appropriate.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
Right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
Waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless the variation is agreed by SQM Parent, Hancock Parent and BidCo and:

- (a) if before the First Court Date, the variation is agreed to by Azure in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by Azure in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme;

in which event SQM Parent, Hancock Parent and BidCo will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of SQM Parent, Hancock Parent, BidCo and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to SQM Parent, Hancock Parent, BidCo and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of SQM Parent, Hancock Parent and BidCo.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.



HERBERT
SMITH
FREEHILLS

7.7 Further action

Each of SQM Parent, Hancock Parent and BidCo must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

7.8 Service of process

- (a) Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 6.1.
- (b) SQM Parent irrevocably appoints TMF Corporate Services (Aust) Pty Limited as its agent for the service of process in Australia in relation to any matter arising out of this deed. If TMF Corporate Services (Aust) Pty Limited ceases to be able to act as such or have an address in Australia, SQM Parent agrees to appoint a new process agent in Australia and deliver to the other party within 20 Business Days a copy of a written acceptance of appointment by the process agent, upon receipt of which the new appointment becomes effective for the purpose of this deed poll. SQM Parent must inform Azure in writing of any change in the address of its process agent within 20 Business Days of the change.



Attachment 1

Scheme

Attached.



HERBERT
SMITH
FREEHILLS

Execution Version

Scheme of Arrangement

Azure Minerals Limited

Scheme Shareholders

1 The Esplanade Perth WA 6000 Australia
GPO Box U1942 Perth WA 6845 Australia

T +61 8 9211 7777 F +61 8 9211 7878
herbertsmithfreehills.com



Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Azure	Azure Minerals Limited ACN 106 346 918 of Level 1, 34 Colin Street, West Perth WA 6005, Australia
Scheme Shareholders	Each Azure Shareholder as at the Scheme Record Date (other than the Excluded Shareholders)

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains the definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Azure is a public company limited by shares, registered in Western Australia, Australia, and has been admitted to the official list of the ASX. Azure Shares are quoted for trading on the ASX.
- (b) SQM Parent is a company incorporated under the laws of Chile.
- (c) Hancock Parent is an unlisted company limited by shares registered in Western Australia.
- (d) BidCo is an unlisted company limited by shares registered in Western Australia. BidCo is owned by SQM and Hancock.
- (e) If this Scheme becomes Effective:



HERBERT
SMITH
FREEHILLS

- (1) BidCo must provide, and SQM Parent and Hancock Parent must procure that BidCo provides, the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
- (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to BidCo and Azure will enter the name of BidCo in the Share Register in respect of the Scheme Shares in accordance with the terms of this Scheme and the Deed Poll.
- (f) Azure and BidCo have agreed, by executing the Implementation Deed, to implement this Scheme.
- (g) This Scheme attributes actions to SQM Parent, Hancock Parent and BidCo but does not itself impose an obligation on them to perform those actions. SQM Parent, Hancock Parent and BidCo have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by BidCo and Azure;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by BidCo and Azure having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Azure and BidCo agree in writing).

3.2 Certificate

- (a) Azure and BidCo will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.



HERBERT
SMITH
FREEHILLS

- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will take effect on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date;
- (b) a party terminates the Scheme Transaction under clause 3.6(b)(1) of the Implementation Deed;
- (c) BidCo gives a written notice to Azure under clause 3.6(d) of the Implementation Deed; or
- (d) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Azure and BidCo otherwise agree in writing.

5 Implementation of this Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 (other than the condition precedent in clause 3.1(e)) have been satisfied or waived, Azure must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

5.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 6.1(b) and 6.1(c), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Azure as attorney and agent for Scheme Shareholders under clause 9.5), by:
 - (1) Azure delivering to BidCo a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Azure, for registration; and



HERBERT
SMITH
FREEHILLS

- (2) BidCo duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Azure for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 5.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Azure must enter, or procure the entry of, the name of BidCo in the Share Register in respect of all the Scheme Shares transferred to BidCo in accordance with this Scheme.

6 Scheme Consideration

6.1 Provision of Scheme Consideration

- (a) BidCo must, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account with an ADI operated by Azure as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 6.1(a), Azure must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 6.1(a).
- (c) The obligations of Azure under clause 6.1(b) will be satisfied by Azure (in its absolute discretion, and despite any election referred to in clause 6.1(c)(1) or authority referred to in clause 6.1(c)(2) made or given by the Scheme Shareholder):
 - (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Azure Registry to receive dividend payments from Azure by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Azure; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.2).
- (d) To the extent that, following satisfaction of Azure's obligations under clause 6.1(b), there is a surplus in the amount held by Azure as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by Azure to BidCo.



HERBERT
SMITH
FREEHILLS

6.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 6.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Azure, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Azure, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

6.3 Unclaimed monies

- (a) Azure may cancel a cheque issued under this clause 6 if the cheque:
 - (1) is returned to Azure; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Azure (or the Azure Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Azure must reissue a cheque that was previously cancelled under this clause 6.3.
- (c) The *Unclaimed Money Act 1990* (WA) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 6 of the *Unclaimed Money Act 1990* (WA)).

6.4 Orders of a court or Government Agency

If written notice is given to Azure (or the Azure Registry) or BidCo of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Azure in accordance with this clause 6, then Azure shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Azure from providing consideration to any particular Scheme Shareholder in accordance with this clause 6, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Azure shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as the provision of the Scheme Consideration in accordance with this clause 6 is permitted by that (or another) order or direction or otherwise by law.



HERBERT
SMITH
FREEHILLS

7 Dealings in Azure Shares

7.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Azure Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Azure Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Share Register is kept,

and Azure must not accept for registration, nor recognise for any purpose (except a transfer to BidCo pursuant to this Scheme and any subsequent transfer by BidCo or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

7.2 Register

- (a) Azure must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 7.1(b) on or before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 7.2(a) requires Azure to register a transfer that would result in an Azure Shareholder holding a parcel of Azure Shares that is less than a 'marketable parcel' (for the purposes of this clause 7.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Azure shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Azure must maintain the Share Register in accordance with the provisions of this clause 7.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) Subject to the provision of the Scheme Consideration in the manner contemplated by clauses 6.1(b) and 6.1(c), and the registration of the transfer to BidCo contemplated in clause 5.2(b), all statements of holding for Azure Shares (other than statements of holding in favour of BidCo or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of BidCo or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Azure Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Azure will ensure that details of the names, Registered Addresses and holdings of Azure



HERBERT
SMITH
FREEHILLS

Shares for each Scheme Shareholder as shown in the Share Register are available to BidCo in the form BidCo reasonably requires.

8 Quotation of Azure Shares

- (a) Azure must apply to ASX to suspend trading on the ASX in Azure Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by BidCo, Azure must apply:
 - (1) for termination of the official quotation of Azure Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

9 General Scheme provisions

9.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Azure may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which BidCo has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Azure has consented to.

9.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (1) agrees to the transfer of their Azure Shares together with all rights and entitlements attaching to those Azure Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Azure Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of BidCo, destroy any holding statements or share certificates relating to their Azure Shares;
 - (4) who holds their Azure Shares in a CHESS Holding agrees to the conversion of those Azure Shares to an Issuer Sponsored Holding and irrevocably authorises Azure to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
 - (5) acknowledges and agrees that this Scheme binds Azure and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and
 - (6) consents to Azure and BidCo doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or



HERBERT
SMITH
FREEHILLS

desirable to give full effect to this Scheme and the transactions contemplated by it.

- (b) Each Scheme Shareholder is taken to have warranted to Azure and BidCo on the Implementation Date, and appointed and authorised Azure as its attorney and agent to warrant to BidCo on the Implementation Date, that all their Azure Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Azure Shares to BidCo together with any rights and entitlements attaching to those shares. Azure undertakes that it will provide such warranty to BidCo as agent and attorney of each Scheme Shareholder.

9.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to BidCo will, at the time of transfer of them to BidCo vest in BidCo free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 6.1(b) and 6.1(c), BidCo will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Azure of BidCo in the Share Register as the holder of the Scheme Shares.

9.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 6.1(b) and 6.1(c), and until Azure registers BidCo as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed BidCo as attorney and agent (and directed BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by BidCo as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 9.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 9.4(a), BidCo and any director, officer, secretary or agent nominated by BidCo under clause 9.4(a) may act in the best interests of BidCo as the intended registered holder of the Scheme Shares.



HERBERT
SMITH
FREEHILLS

9.5 Authority given to Azure

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Azure and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against SQM Parent, Hancock Parent and BidCo, and Azure undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against SQM Parent, Hancock Parent and BidCo on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Azure and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Azure accepts each such appointment. Azure as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 9.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

9.6 Binding effect of Scheme

This Scheme binds Azure and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Azure.

10 General

10.1 Stamp duty

BidCo must, and each of SQM Parent and Hancock Parent unconditionally and irrevocably guarantees the obligation of BidCo to:

- (a) pay all stamp duty, registration fees and similar taxes payable or assessed as being payable (and any related fines and penalties) in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate each Scheme Shareholder for, any liability arising from failure to comply with clause 10.1(a).

10.2 Consent

Each of the Scheme Shareholders consents to Azure doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Azure or otherwise.



HERBERT
SMITH
FREEHILLS

10.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Azure, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Azure's registered office or at the office of the Azure Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Azure Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10.4 Governing law

- (a) This Scheme is governed by the laws in force in Western Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

10.5 Further action

Azure must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

10.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Azure, SQM Parent, Hancock Parent nor BidCo nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.



HERBERT
SMITH
FREEHILLS

Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ADI	authorised deposit-taking institution (as defined in the <i>Banking Act 1959</i> (Cth)).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
Azure	Azure Minerals Limited (ACN 106 346 918) of Level 1, 34 Colin Street, West Perth WA 6005, Australia.
Azure Registry	Computershare Investor Services Pty Limited.
Azure Share	a fully paid ordinary share in the capital of Azure.
Azure Shareholder	each person who is registered as the holder of an Azure Share in the Share Register.
BidCo	SH Mining Pty Ltd (ACN 673 729 872) of Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia.
Business Day	a day that is not a Saturday, Sunday or public holiday or bank holiday in Perth, Australia or Santiago, Chile.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.



HERBERT
SMITH
FREEHILLS

Term	Meaning
CHES Holding	has the meaning given in the Settlement Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of Western Australia, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by BidCo and Azure.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which SQM Parent, Hancock Parent and BidCo each covenants in favour of the Scheme Shareholders to perform the obligations attributed to SQM Parent, Hancock Parent and BidCo under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	the date that is 6 months after the date of execution of the Implementation Deed, or such other date as agreed in writing by BidCo and Azure.
Excluded Shareholder	<ol style="list-style-type: none"> 1 any Azure Shareholder who is a SQM Group Member or any Azure Shareholder who holds any Azure Shares on behalf of, or for the benefit of, any SQM Group Member and does not hold Azure Shares on behalf of, or for the benefit of, any other person; 2 any Azure Shareholder who is a Hancock Group Member or any Azure Shareholder who holds any Azure Shares on behalf of, or for the benefit of, any Hancock Group Member and does not hold Azure Shares on behalf of, or for the benefit of, any other person; and 3 BidCo.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.



HERBERT
SMITH
FREEHILLS

Term	Meaning
Hancock	Hanrine Future Metals Pty Ltd (ACN 672 197 723) of Level 3 HPPL House, 28-42 Ventnor Avenue, West Perth WA 6005, Australia.
Hancock Group	Hancock Parent, Hancock and each of Hancock Parent's Subsidiaries, and a reference to a Hancock Group Member or a member of the Hancock Group is to Hancock Parent, Hancock or any of Hancock Parent's Subsidiaries.
Hancock Parent	Hancock Prospecting Pty Limited (ACN 008 676 417) of Level 3, 28-42 Ventnor Avenue, West Perth WA 6005, Australia.
Implementation Date	the third Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Azure and BidCo.
Implementation Deed	the transaction implementation deed dated 19 December 2023 between Azure, SQM Parent, Hancock Parent and BidCo relating to, among other things, the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to an Azure Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Azure and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Azure and BidCo.
Scheme Consideration	for each Azure Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$3.70, subject to the terms of this Scheme.



HERBERT
SMITH
FREEHILLS

Term	Meaning
Scheme Meeting	the meeting of the Azure Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date or such other time and date as the parties agree in writing.
Scheme Shares	all Azure Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Azure Shares recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Transaction	the acquisition of the Scheme Shares by BidCo through implementation of this Scheme in accordance with the terms of the Implementation Deed.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of BidCo as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Azure maintained by Azure or the Azure Registry in accordance with the Corporations Act.
SQM	SQM Australia Pty Ltd (ACN 621 414 659) of c/- TMF Corporate Services (Aust) Pty Limited, Level 11, 66 Goulburn Street, Sydney NSW 2000, Australia.



HERBERT
SMITH
FREEHILLS

Term	Meaning
SQM Group	SQM Parent, SQM and each of SQM Parent's Subsidiaries and a reference to a SQM Group Member or a member of the SQM Group is to SQM Parent, SQM or any of SQM Parent's Subsidiaries.
SQM Parent	Sociedad Quimica y Minera de Chile S.A., being a company incorporated under the laws of Chile of El Trovador 4285, Las Condes, Santiago, 7550079, Chile.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Western Australia;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;



HERBERT
SMITH
FREEHILLS

- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (s) a reference to the Listing Rules, Operating Rules or the Settlement Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



HERBERT
SMITH
FREEHILLS

Attachment 1

Deed Poll

Attached.



HERBERT
SMITH
FREEHILLS

Signing page

Executed as a deed poll

Signed, sealed and delivered by
**Sociedad Quimica y Minera de
Chile S.A.** in the presence of



sign here ▶ _____
 Authorised Signatory
 GONZALO AGUIRRE
 print name
 GERARDO ULANES
 print name

sign here ▶ _____
 Witness
 HERNAN URIBE
 print name

Signed, sealed and delivered by
**Hancock Prospecting Pty
Limited**
by

sign here ▶ _____
Company Secretary/Director

print name _____

sign here ▶ _____
Director

print name _____

Signed, sealed and delivered by
SH Mining Pty Ltd
by

sign here ▶ _____
Company Secretary/Director

print name _____

sign here ▶ _____
 Director
 MARK FONES
 print name



Signing page

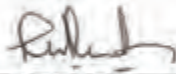
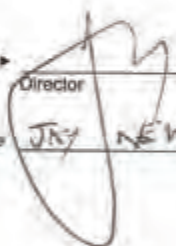
Executed as a deed poll

Signed, sealed and delivered by
Sociedad Química y Minera de Chile S.A. in the presence of

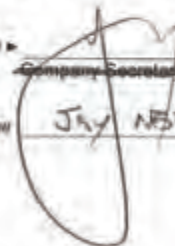


sign here ▶ _____	sign here ▶ _____
Authorised Signatory	Witness
print name _____	print name _____

Signed, sealed and delivered by
Hancock Prospecting Pty Limited
by

sign here ▶  _____	sign here ▶  _____
Company Secretary/Director	Director
print name <u>S. JABEZ HUANG</u>	print name <u>JAY NEWBY</u>

Signed, sealed and delivered by
SH Mining Pty Ltd
by

sign here ▶  _____	sign here ▶ _____
Company Secretary/Director	Director
print name <u>JAY NEWBY</u>	print name _____

Annexure 4 – Notice of EGM

Notice of EGM

Azure Minerals Limited ACN 106 346 918 (Azure)

Notice is given that an extraordinary general meeting of the holders of ordinary shares in Azure (**Azure Shareholders**) will be held on Monday, 8 April 2024 at 10.00am (Perth time) at the Celtic Club, 48 Ord Street, West Perth WA 6005.

Brian Thomas is to act as chairperson of the meeting or failing that person, Anthony Rovira.

Purpose of Meeting

The purpose of the meeting is to consider, and if thought fit, to approve (with or without modification) the Section 611 item 7 Resolution as an ordinary resolution.

To enable you to make an informed voting decision, important information on the Section 611 item 7 Resolution is set out in this Transaction Booklet accompanying this Notice of EGM.

The Explanatory Memorandum forms part of this Notice of EGM. Unless otherwise defined, capitalised terms used in this notice have the same meaning as set out in the defined terms in Section 14 of this Transaction Booklet.

Agenda

Resolution 1 – Section 611 item 7 Resolution

To consider, and if thought fit, to pass, with or without amendment, the following resolution:

“That, for the purposes of section 611, item 7, of the Corporations Act, and as outlined in the Transaction Booklet accompanying this notice of meeting, approval is given for the acquisition by SH Mining, SQM and Hancock (and their respective Associates) of a Relevant Interest in each other’s Azure Shares arising out of entry into the Joint Bidding Arrangements as more particularly summarised in the Transaction Booklet of which this notice of meeting forms part”

Azure Board Recommendation

For the reasons set out in the Transaction Booklet, the Azure Board unanimously recommends that Azure Shareholders vote in favour of the Section 611 item 7 Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.

By order of the Azure Board

Dated 4 March 2024

Explanatory Memorandum to Notice of EGM

1. General

To enable you to make an informed decision on the Section 611 item 7 Resolution, further information is set out in this Transaction Booklet, of which this Notice of EGM forms part. Terms used in this Notice of EGM have the same meaning as set out in the Glossary in Section 14 of this Transaction Booklet. These notes should be read in conjunction with the Notice of EGM.

2. Required majority

The Section 611 item 7 Resolution must, pursuant to item 7 of section 611 of the Corporations Act, be agreed to by a simple majority (that is, more than 50%) of Azure Shareholders present and voting (either in person or by proxy, attorney or body corporate representative), without any votes being cast in favour of that resolution by SH Mining, SQM, Hancock or their respective Associates who hold Azure Shares.

3. Entitlement to Vote

It has been determined that, for the purposes of the EGM, Azure Shares will be taken to be held by the persons who are registered as members of Azure as of 4.00pm (Perth time) on Saturday, 6 April 2024. Accordingly, transfers of Azure Shares registered after this time will be disregarded in determining entitlements to vote at the EGM.

Azure will disregard any votes cast in favour of the Section 611 item 7 Resolution by SH Mining, SQM, Hancock or their Associates who hold Azure Shares, unless the vote is cast by such persons as proxy for the person who is entitled to vote, in accordance with the directions on the Proxy Form.

4. Voting at the EGM

You can vote in the following ways:

- **in person**, by attending and voting at the EGM in person;
- **by proxy**, by lodging a proxy online at www.investorvote.com.au or by completing, signing and lodging a Proxy Form for the EGM in accordance with the instructions set out in paragraph 9 and on the Proxy Form. To be valid, your online proxy or Proxy Form must be received by the Share Registry by no later than 10.00am (Perth time) on Saturday, 6 April 2024 (or if the EGM is adjourned, at least 48 hours before the resumption of the EGM in relation to the resumed part of that meeting);
- **by attorney**, by appointing an attorney to attend and vote at the EGM in person on your behalf and providing a duly executed power of attorney to the Share Registry by no later than 10.00am (Perth time) on Saturday, 6 April 2024 (or if the EGM is adjourned, at least 48 hours before the resumption of the EGM in relation to the resumed part of that meeting); or
- **by corporate representative**, in the case of a body corporate which is an Azure Shareholder, by appointing a corporate representative to attend and vote at the EGM in person on your behalf and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to or at the EGM.

If Azure Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one joint shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the Azure Share Register will be counted. Voting will be conducted by poll.

5. Participating at the EGM

All people attending the EGM in person are asked to arrive at the venue (the Celtic Club, 48 Ord Street, West Perth WA 6005) at least 30 minutes prior to the start of the EGM, so that their shareholding can be checked against the Azure Share Register and any power of attorney or form of appointment of corporate representative verified (if applicable), and their attendance noted.

6. Proxies

Azure Shareholders are notified that:

- you may appoint not more than two proxies to attend and act for you;
- a proxy need not be a holder of Azure Shares;
- if two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes; and
- if you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit. Should you appoint the Chairperson as your proxy and do not instruct the Chairperson how to vote (or the Chairman becomes your proxy by default), the Chairperson intends to vote undirected proxies in favour of the Section 611 item 7 Resolution. A Proxy Form may be submitted in the manner described below at paragraph 9.

7. Voting by Attorney

Certified copies of powers of attorney must be received by the Share Registry by no later than 10.00am (Perth time) on Saturday, 6 April 2024 (or if the EGM is adjourned, at least 48 hours before the resumption of the EGM in relation to the resumed part of that meeting). If you have not already lodged the power of attorney with the Share Registry, please attach a certified photocopy of the power of attorney to the Proxy Form when you return it.

8. Voting by Corporate Representative (in the case of a body corporate)

If you are a body corporate, you can appoint a corporate representative to attend and vote at the EGM on your behalf. The appointment must comply with section 250D of the Corporations Act. To vote by corporate representative, a corporate representative must provide written evidence of their appointment by obtaining and completing an 'Appointment of Corporate Representative' form from the Share Registry or online at www-au.computershare.com/Investor. Corporate representative forms must be provided to the Share Registry prior to or at the EGM.

9. Lodgement of Proxies and Queries

Proxy Forms 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 1282
Melbourne VIC 3001
Australia
- **By facsimile:**
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
- **Custodian voting:** for intermediary online subscribers (custodians) go to www.intermediaryonline.com

10. Changes to the Current Arrangement

Azure may be required to make changes to the arrangements for the EGM. If there are any updates, Azure will ensure that Azure Shareholders are given as much notice as possible. Further information will also be made available on the Azure website at www.azureminerals.com.au/asx-announcements.

11. Advertisement

Where this notice of meeting is advertised unaccompanied by the Transaction Booklet, a copy of the Transaction Booklet can be obtained by anyone entitled to attend the meeting from Azure's website at www.azureminerals.com.au, from the ASX website at www.asx.com.au or by contacting the Share Registry.

Annexure 5 – Notice of Scheme Meeting

Notice of Scheme Meeting

Azure Minerals Limited ACN 106 346 918 (Azure)

Notice is given that, by an order of the Supreme Court of Western Australia made on Friday, 1 March 2024 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of ordinary shares in Azure (**Azure Shareholders**) will be held on Monday, 8 April 2024 at the Celtic Club, 48 Ord Street, West Perth WA 6005 at 10.30am (Perth time) or immediately after the EGM (whichever is later).

The Court has also directed that Brian Thomas act as chairperson of the Scheme Meeting or failing that person, Anthony Rovira.

Purpose of Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a scheme of arrangement proposed to be made between SH Mining (**SH Mining**) and Azure Shareholders, under which SH Mining will acquire all of the shares from the Scheme Shareholders.

To enable you to make an informed voting decision, important information on the Scheme is set out in this Transaction Booklet accompanying this Notice of Scheme Meeting.

The Explanatory Memorandum forms part of this Notice of Scheme Meeting. Unless otherwise defined, capitalised terms used in this notice have the same meaning as set out in the defined terms in Section 14 of this Transaction Booklet.

Agenda

Resolution 1 – Approval of the Scheme

To consider and if, thought fit, to pass, with or without amendment, the following resolution in accordance with section 411 of the Corporations Act:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme (as defined in the Transaction Booklet incorporating this notice), the terms of which are contained in and more particularly described in the Transaction Booklet (of which this notice forms part) is agreed to (with or without alterations or conditions as approved by the Court to which Azure and SH Mining agree), and the Directors of Azure are authorised, subject to the terms of the Transaction Implementation Deed to agree to such alterations or conditions, and subject to approval by the Court, to implement the Scheme with any such alterations or conditions.”

Azure Board Recommendation

For the reasons set out in the Transaction Booklet, the Azure Board unanimously recommends that Azure Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Azure Shareholders.

By order of the Court and the Azure Board

Dated 4 March 2024

Explanatory Memorandum to Notice of Scheme Meeting

1. General

To enable you to make an informed decision on the Scheme Resolution, further information on the Scheme and the Takeover Offer is set out in this Transaction Booklet, of which this Notice of Scheme Meeting forms part. Terms used in this Notice of Scheme Meeting have the same meaning as set out in the Glossary in Section 14 of this Transaction Booklet. These notes should be read in conjunction with the Notice of Scheme Meeting.

2. Chairperson

The Court has directed that Brian Thomas is to act as Chairperson of the Scheme Meeting.

3. Requisite Majority

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be approved by:

- a majority in number of the holders of Azure Shares present and voting (in person), by proxy, by attorney or in the case of a corporate holder, by duly appointed corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

4. Entitlement to Vote

It has been determined that, for the purposes of the Scheme Meeting, Azure Shares will be taken to be held by the persons who are registered as members of Azure as of 4.00pm (Perth time) on Saturday, 6 April 2024. Accordingly, transfers of Azure Shares registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

5. Voting at the Scheme Meeting

You can vote in the following ways:

- **in person**, by attending and voting at the Scheme Meeting in person;
- **by proxy**, by lodging a proxy online at www.investorvote.com.au or by completing, signing and lodging a Proxy Form for the Scheme Meeting in accordance with the instructions set out in paragraph 10 and on the Proxy Form. To be valid, your online proxy or Proxy Form must be received by the Share Registry by no later than 10.30am (Perth time) on Saturday, 6 April 2024 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of that meeting);
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting in person on your behalf and providing a duly executed power of attorney to the Share Registry by no later than 10.30am (Perth time) on Saturday, 6 April 2024 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of that meeting); or
- **by corporate representative**, in the case of a body corporate which is an Azure Shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting in person on your behalf and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to or at the Scheme Meeting.

If Azure Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one joint shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the Azure Share Register will be counted. Voting will be conducted by poll.

6. Participating at the Scheme Meeting

All people attending the Scheme Meeting in person are asked to arrive at the Scheme Meeting venue (the Celtic Club, 48 Ord Street, West Perth WA 6005) at least 30 minutes prior to the start of the Scheme Meeting, so that their shareholding can be checked against the Azure Share Register and any power of attorney or form of appointment of corporate representative verified (if applicable), and their attendance noted.

7. Proxies

Azure Shareholders are notified that:

- you may appoint not more than two proxies to attend and act for you;
- a proxy need not be a holder of Azure Shares;
- if two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes; and
- if you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit. Should you appoint the Chairperson as your proxy and do not instruct the Chairperson how to vote (or the Chairman becomes your proxy by default), the Chairperson intends to vote undirected proxies in favour of the Scheme Resolution. A Proxy Form may be submitted in the manner as described below at paragraph 10.

8. Voting by Attorney

Certified copies of powers of attorney must be received by the Share Registry by no later than 10.30am (Perth time) on Saturday, 6 April 2024 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of that meeting). If you have not already lodged the power of attorney with the Share Registry, please attach a certified photocopy of the power of attorney to the Proxy Form when you return it.

9. Voting by Corporate Representative (in the case of a body corporate)

If you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act. To vote by corporate representative, a corporate representative must provide written evidence of their appointment by obtaining and completing an 'Appointment of Corporate Representative' form from the Share Registry or online at www-au.computershare.com/Investor. Corporate representative forms must be provided to the Share Registry prior to or at the Scheme Meeting.

10. Lodgement of Proxies and Queries

The Proxy Forms 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 1282
Melbourne VIC 3001
Australia
- **By facsimile:**
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
- **Custodian voting:** for intermediary online subscribers (custodians) go to www.intermediaryonline.com

11. Court approval of the Scheme

If the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majority, the implementation of the Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

12. Changes to the Current Arrangement

Azure may be required to make changes to the arrangements for the Scheme Meeting. If there are any updates, Azure will ensure that Azure Shareholders are given as much notice as possible. Further information will also be made available on the Azure website at www.azureminerals.com.au/asx-announcements.

13. Advertisement

Where this notice of meeting is advertised unaccompanied by the Transaction Booklet, a copy of the Transaction Booklet can be obtained by anyone entitled to attend the meeting from Azure's website at www.azureminerals.com.au, from the ASX website at www.asx.com.au or by contacting the Share Registry.

Corporate Directory

Directors

Mr Brian Thomas – Chairman
Mr Anthony Rovira – Managing Director
Ms Annie Gou – Non-Executive Director
Mr Hansjörg Plaggermars – Non-Executive Director

Company Secretary

Mr Brett Dickson

Legal Adviser to Azure

Corrs Chambers Westgarth
Brookfield Place, Level 6, Tower 2,
123 St Georges Terrace
Perth WA 6000

Independent Expert

Deloitte Corporate Finance Pty Limited ACN 003 833 127
Brookfield Place, Levels 7-9, Tower 2,
123 St Georges Terrace
Perth WA 6000

Independent Technical Specialist

Behre Dolbear Australia Pty Ltd ACN 065 712 724
Level 9, 80 Mount Street
North Sydney NSW 2060

Registered and Corporate Office

Level 1, 34 Colin Street
West Perth WA 6005

Website

www.azureminerals.com.au

Financial Advisers to Azure

Barrenjoey Advisory Pty Limited
Level 4, 225 St Georges Terrace,
Perth WA 6000

Tax Adviser

BDO Corporate Tax (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 17, 221 St Georges Terrace
Perth WA 6000
Telephone: 1300 135 401

Stock Exchange Listing

ASX Code: AZS

