25 September 2020

Company Announcement Office
Australian Securities Exchange
via electronic lodgement

Statutory Financial Statements, Appendix 4G and Annual General Meeting

Azure Minerals Limited (ACN 106 346 918) (ASX: AZS) (**Company**) is pleased to provide its 2020 Annual Report and Statutory Financial Statements together with Appendix 4G.

The 2020 Annual General Meeting of the Company will be held on 24 November 2020 at the Park Business Centre, 45 Ventnor Avenue West Perth to commence at 1pm.

Authorised for release by Brett Dickson, Company Secretary.

Brett Dickson
Company Secretary

Azure Minerals Limited

ABN 46 106 346 918

Annual Report and Financial Statements

for the year ended 30 June 2020

Corporate Information

ABN 46 106 346 918

Directors
Mr. Peter Ingram (Chairman)
Mr. Anthony Rovira (Managing Director)
Dr Wolf Martinick (Non-Executive Director)
Mr Hansjörg Plaggemars (Non-Executive Director)

Company Secretary
Mr. Brett Dickson

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Perth WA 6000

Bankers
Commonwealth Bank of Australia Limited

Share Register
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Level 11
172 St Georges Terrace
Perth WA 6000

Telephone: 1300 787 272

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Subiaco WA 6008

Internet Address
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ASX Code
Shares AZS

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Chairman's Letter

Dear Fellow Shareholders,

The 2020 Financial Year will long be remembered as one where companies needed to be flexible, nimble and prepared to reinvent themselves in the face of the COVID-19 global pandemic.

It is with great satisfaction that I can report that your Company rose to the challenge and has delivered for shareholders during these troubled times.

Upon the onset of the COVID-19 pandemic, Azure acted quickly to ensure the well-being and safety of employees, contractors and local communities by implementing the following steps:

- Suspension of drilling and all field exploration;
- Suspension of trial processing of ore from Oposura with concentrates bagged and stored in the Company's warehouse;
- Field crews demobilised to their home bases; and
- Implementation of recommended policies and procedures which included "no travel", "no congregating in groups", "social distancing" and "working from home".

On March 31st, the Mexican Federal Government declared a State of Emergency and suspension of all non-essential activities, industries and travel. This included the immediate shutting down of all mining and exploration activities in Mexico, and all offices deemed non-essential were closed.

It soon became apparent to the Board that the situation in Mexico would not improve in the short, or even medium term. Rather than going into hibernation, we immediately started considering other ways to utilise our expertise and shareholder funds.

Subsequent to the end of the financial year, we announced that we had acquired interests in four gold and nickel projects in the Pilbara region of Western Australia from prominent mining investor Mr Mark Creasy and the Creasy Group. We're delighted to have acquired these exciting projects which have strong potential evidenced by historical exploration results, underlying geology and project locations. Your Company has also recently acquired a promising gold project (Barton) in the Kookynie area of the Eastern Goldfields of WA.

The Creasy Group has been an Azure shareholder since the Company's IPO in 2003 and we are excited to take our relationship to the next level with this acquisition and to partner with them to explore and develop these exciting projects. As a result of this transaction, the Creasy group is now the largest shareholder in the Company with a 19.1% interest.

Importantly, this acquisition has enabled the Company to reduce risk by diversifying across commodities and jurisdictions, giving shareholders exposure to both the hottest gold exploration district in Western Australia and a very promising nickel-copper project.

It is important for our shareholders to understand that our projects in Mexico remain a key business for the Company, but the reality is we have limited ability to advance them in the foreseeable future.

These new Western Australian projects are an exceptional opportunity to explore quality ground in partnership with a proven world-class mine-finder.

I take this opportunity to thank our shareholders for their ongoing support and our management, staff and contractors for their hard work.

We have a very exciting year ahead of us and I look forward to sharing our ongoing success with shareholders.

Yours sincerely

P. Ingram

Peter A J Ingram B Sc
Chairman

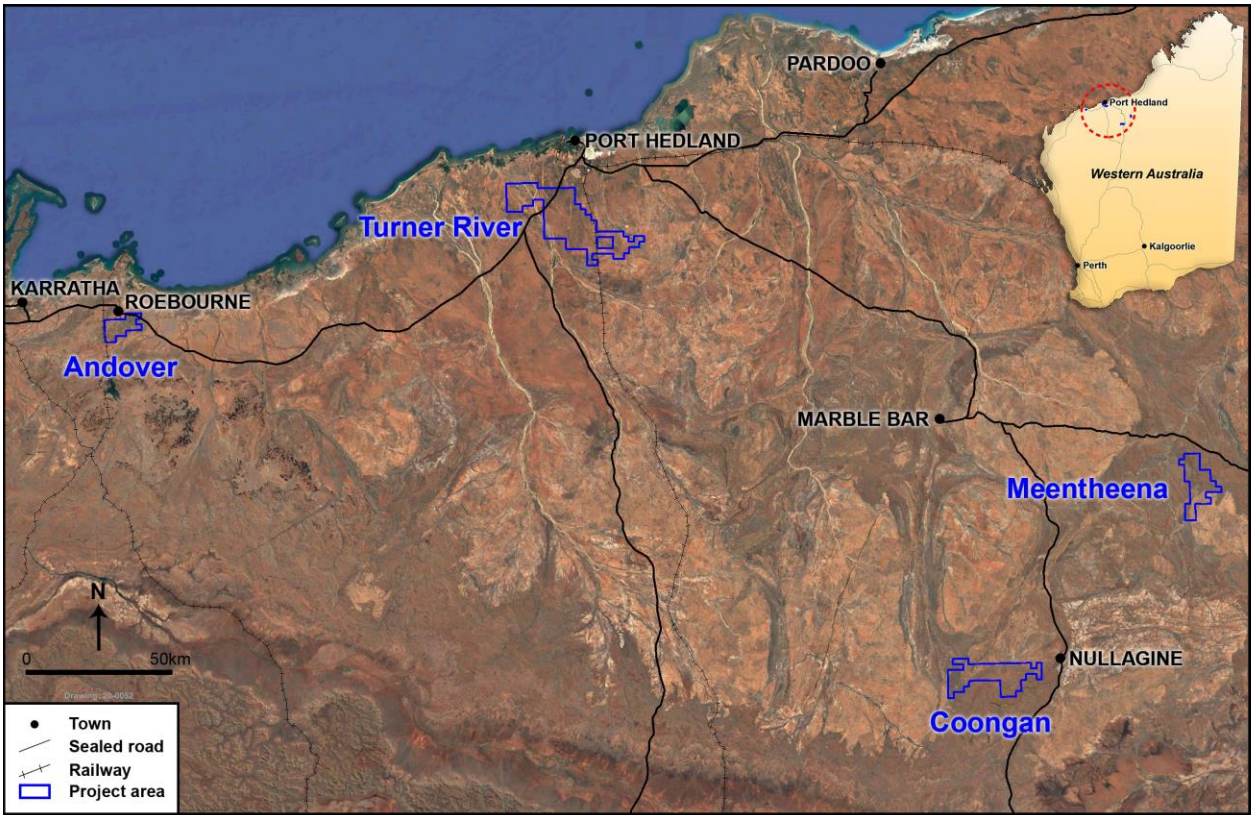
Review of Operations

AUSTRALIA

Subsequent to the year-end, Azure announced (ASX: 17 July 2020) that it had entered into two Tenement Sale and Exploration Joint Venture Agreements with entities controlled by prominent mining prospector Mr Mark Creasy ("Creasy Group"); one to acquire a 60% interest in the Andover nickel-copper project and another to acquire 70% interests in the Turner River, Meentheena and Coongan Gold Projects, located in the Pilbara region of Western Australia (see Figure 1).

In addition, agreement was reached to acquire 100% of the Barton Gold project located in the Kookynie Gold District (see Figure 4).

Figure 1: Locations of Azure's new Pilbara projects



Andover Nickel-Copper Project - *(Azure 60% / Creasy Group 40%)*

The **Andover Nickel-Copper Project** hosts nickel and copper sulphide mineralisation discovered by the Creasy Group in 2018 (refer Azure's ASX announcement: 17 July 2020). Three holes intersected significant nickel and copper sulphide mineralisation at shallow depths in two separate targets, returning:

ADRC002: 7m @ 2.62% Ni & 0.65% Cu within 26m @ 1.03% Ni & 0.46% Cu from 43m

ADRC006: 2m @ 2.10% Ni & 0.44% Cu from 15m

ADRC001: 4m @ 1.10% Ni & 0.80% Cu from 6m and 2m @ 1.77% Ni & 0.53% Cu from 62m

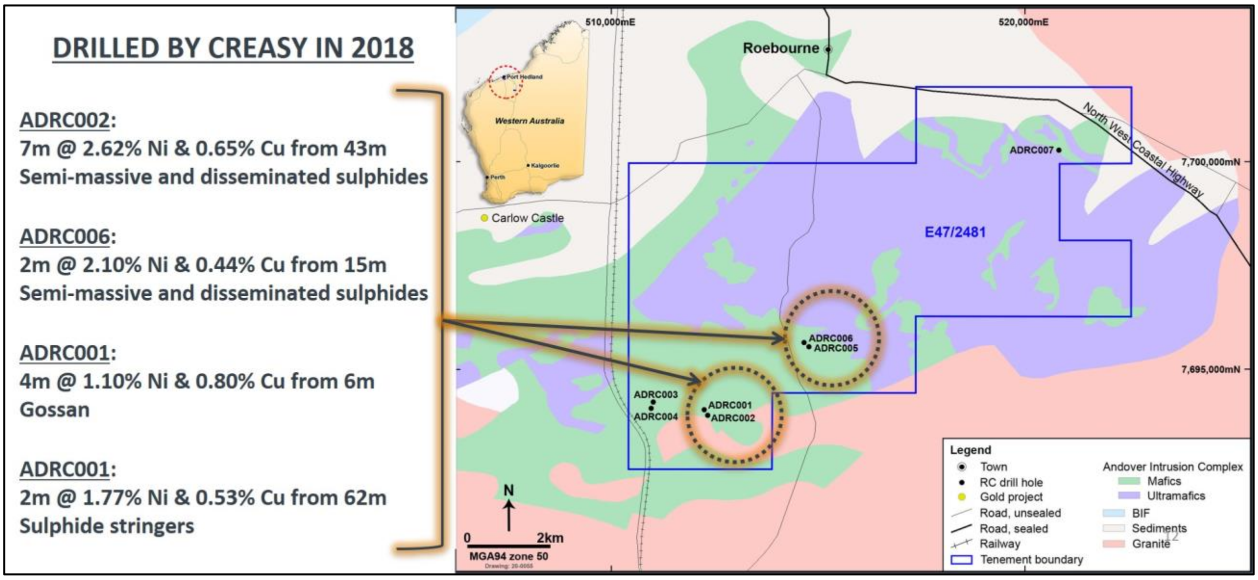
The 70km^2 project covers most of the Andover Mafic-Ultramafic Intrusive Complex with historical exploration identifying nickel, copper, cobalt, platinum and palladium mineralisation. Being a layered mafic-ultramafic intrusion, Andover contains similar geology to the Fraser Range Province (host to the Nova-Bollinger nickel-copper mine and Legend Mining's Mawson nickel-copper discovery) and the Julimar Intrusive Complex (host to Chalice Gold Mine's Gonneville nickel-copper-PGE discovery).

The Creasy Group completed airborne and ground electromagnetic (EM) surveys, surface mapping and sampling, and Reverse Circulation (RC) drilling. Numerous bedrock-hosted EM conductors were detected together with outcropping gossans containing strongly anomalous values of nickel, copper and cobalt.

Seven RC drill holes tested four targets and three holes in two separate locations (ADRC001, 002 & 006) intersected semi-massive, stringer and disseminated nickel and copper sulphide mineralisation with potentially economic grades and widths (see Figure 2). Follow-up down-hole EM surveys confirmed the presence of strong off-hole conductors in these holes, indicating potential for extensive sulphide mineralisation both down-dip and along-strike.

Azure has commenced a diamond drilling program to follow-up these nickel-copper occurrences and to drill the numerous other geophysical and geological targets that remain untested throughout the 70km^2 property. Additionally, an extensive ground electromagnetic survey is in progress to refine the geophysical anomalies and conductors previously identified by the Creasy Group and to confirm drill targets.

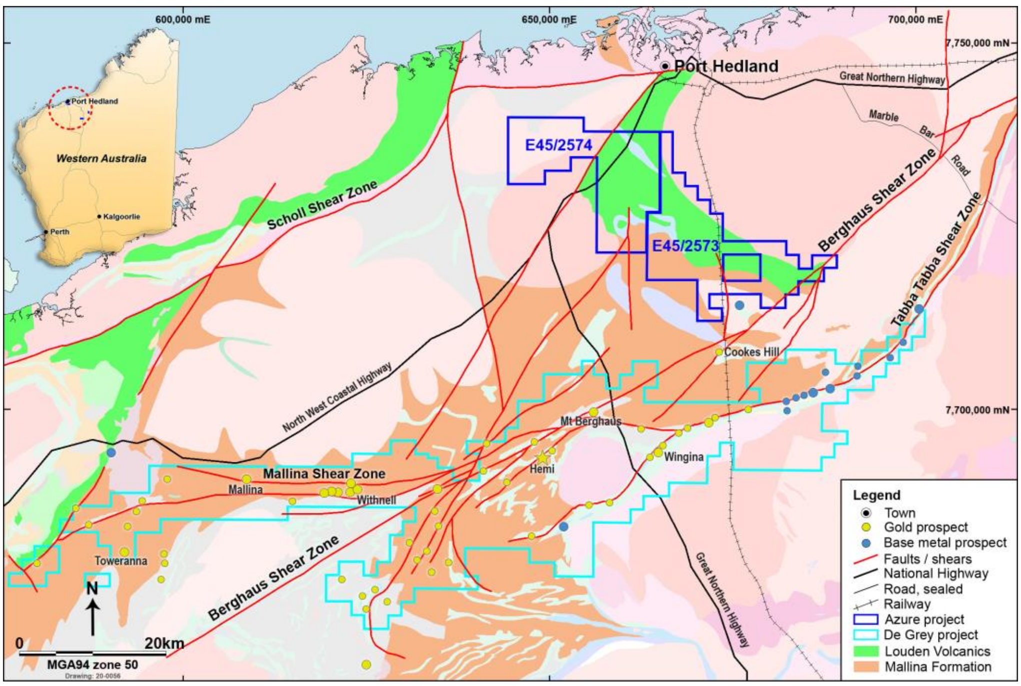
Figure 2: Andover mafic-ultramafic intrusive complex with drill hole collar locations



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

The **Turner River Gold Project** comprises two Exploration Licence applications covering 450km^2 located just south of Port Hedland (see Figure 3). The property is mostly sand-covered and there are no indications of drilling or other historical exploration within the project area.

Figure 3: Turner River Gold Project showing geology, structural setting & gold deposits/occurrences



Turner River contains Mallina Formation sediments and granite intrusions as are found on De Grey Mining's nearby Mallina Gold Project, which hosts 2.2Moz of gold resources and the recent Hemi gold discovery. De Grey's exploration has confirmed that substantial gold deposits are associated with the confluence of granite intrusions into the Mallina sediments and regionally extensive cross-cutting shear zones like the Berghaus Shear Zone.

Importantly, approximately 12 kilometres of the fertile Berghaus Shear Zone, which is associated with Hemi and the nearby Mt Berghaus (De Grey) and Cookes Hill (Haoma Mining) gold deposits, cuts through the south-eastern part of the Turner River project area. This shear corridor crosses both Mallina sediments and the Louden greenstone volcanic belt, making this area a priority exploration target for both intrusive-related and shear-hosted gold deposits.

The extensive sand cover, minimal historical exploration, proximity to De Grey's strongly mineralised project area and gold deposits, favourable rock types and fertile structural setting all highlight the strong potential for Turner River to host substantial gold mineralisation.

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

Meentheena and Coongan Gold Projects - *(Azure 70% / Creasy Group 30%)*

The Meentheena and Coongan gold exploration projects are located in the eastern Pilbara. Meentheena is located approximately 80km east of Marble Bar with easy access via the sealed Marble Bar to Telfer Gold Mine road and Coongan is located 8km to the west of Nullagine (see Figure 1).

Meentheena covers 223km^2 and the project area has been explored by the Creasy Group for more than 25 years. It is considered prospective for epithermal-style gold mineralisation and Creasy Group exploration has identified strongly anomalous gold and silver values and high levels of the pathfinder minerals arsenic, antimony and mercury associated with silica flooding, quartz and sulphide veining, and crackle breccias indicative of an epithermal event.

The Creasy Group drill-tested this zone with five RC holes totalling 2,204m and one 706m diamond core hole. Several holes intersected epithermal-style alteration, veining and brecciation with anomalous precious metals and pathfinder elements. Azure plans to undertake further exploration, initially comprising surface studies followed by drilling.

Coogan covers an area of 141km^2. It is situated immediately west of Nullagine and adjoins the western boundary of Novo Resources' Beatons Creek Gold Project (current resources of 903,000oz @ 2.53g/t Au in conglomerate, alluvial and reef gold). Until recently a joint venture with the Creasy Group, Novo announced (15 June 2020) that it had consolidated sole ownership of the Beatons Creek project by acquiring the Creasy Group interests.

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 (CID) to the south and tin, tantalum and lithium to the east. The project is considered prospective for alluvial and conglomerate-hosted gold and also bedrock-hosted primary gold mineralisation similar to that at Beatons Creek.

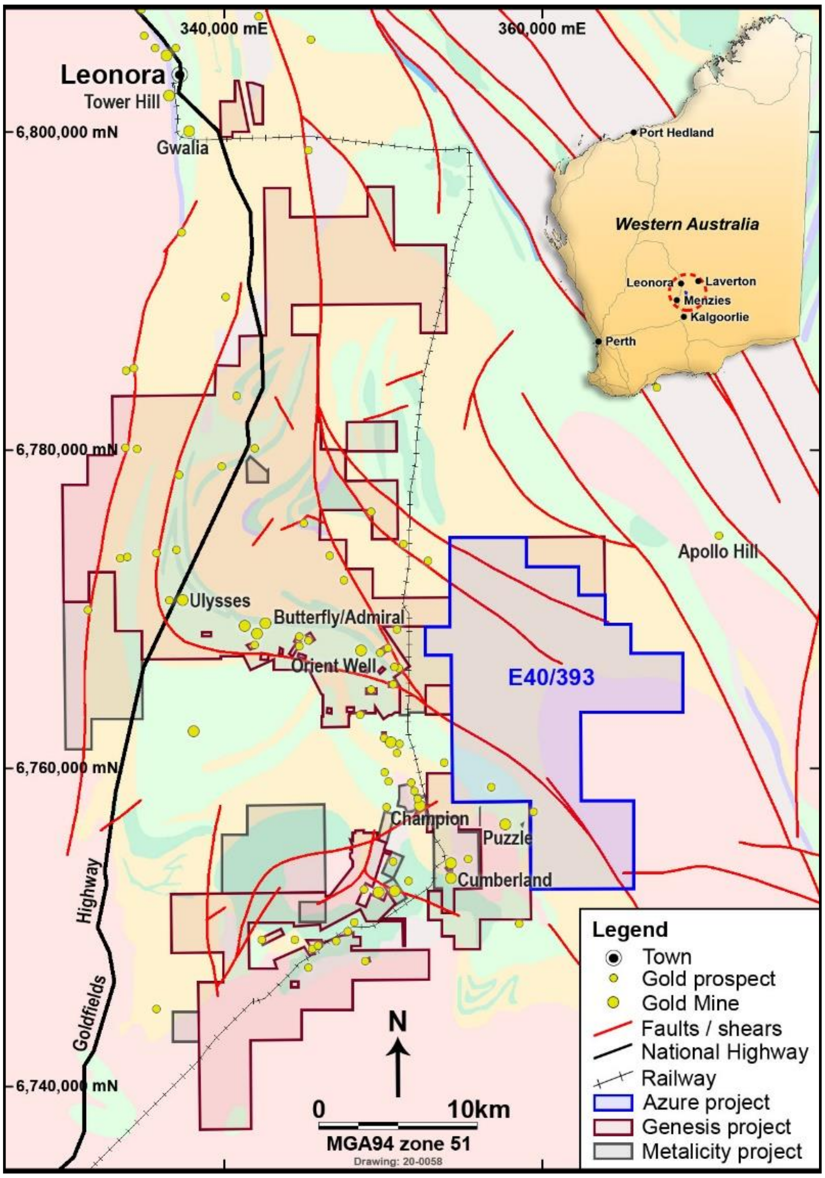
Exploration undertaken by the Creasy Group focused on the western half of the project area and comprised surface geochemical sampling (stream sediment and rock chip) and a close-spaced detailed aeromagnetic survey. Numerous target areas were identified that warrant follow-up with infill stream sediment sampling, soil sampling, detailed rock chip sampling and geological mapping. In addition, the eastern half of the property requires similar reconnaissance exploration and an aeromagnetic survey. Next stage exploration programs are being planned and will be executed in the coming tenement year.

Barton Gold Project - *(to be Azure 100%)*

Azure finalised the agreement to purchase 100%-ownership of the Barton Gold Project, a single Exploration Licence Application (ELA 40/393) from local company 30 Well Pty Ltd. Consideration for the acquisition is 1,150,000 fully paid ordinary Azure shares and A$20,000, payable upon grant of the tenement, with no additional payments or royalties.

The Barton Gold Project covers 200.5km^2 of the Kookynie Gold District (see Figure 4) and adjoins several growing gold deposits / projects, including Genesis Minerals' Ulysses Gold Project (867,000oz) and their Kookynie Gold Project (414,000oz) (recently acquired for A$10.5M); Metalicity's recent high-grade Kookynie gold discoveries (earning 51% by spending $5M); and Saturn Minerals' Apollo Hill Gold Project (781,000oz).

Figure 4: Barton Gold Project in blue with nearby gold deposits / projects



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. Larger mines in the district were:

- Kookynie (combined): ~366,000oz Au; located 4km south of Azure's Barton Project
- Puzzle: ~100,000oz Au; located 1.3km south of Barton
- Orient Well: ~220,000oz Au; located 4km west of Barton
- Admiral / Butterfly: ~320,000oz Au; located 10km west of Barton
- Ulysses: ~50,000oz Au; located 15km west of Barton.

Azure will commence exploration on Barton as soon as the tenement is granted. Initially, the Company will focus on the Daisy Corner and DKS targets with aircore and RC drilling to follow-up the historical gold-mineralised drill intersections. Generative exploration to identify and test additional targets over the remainder of the 200km^2 property will comprise:

- Acquisition and interpretation of geophysical survey data (aeromagnetics and VTEM);
- Systematic, grid-based reconnaissance aircore drilling to penetrate through the alluvial cover and sample for bedrock-hosted mineralisation; and
- Deeper RC drilling to follow-up identified bedrock-hosted gold mineralisation.

MEXICO

ALACRAN PROJECT - *(AZS 100% ownership)*

The Alacrán project hosts two deposits; the Mesa de Plata silver deposit and the adjacent Loma Bonita gold-silver deposit (refer Tables 1 & 2 for Mineral Resources).

Table 1: Mesa de Plata Mineral Resource (in accordance with the JORC Code 2012)

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes	Silver		Tonnes	Silver		Tonnes	Silver	
	(Mt)	(g/t Ag)	(Moz)	(Mt)	(g/t Ag)	(Moz)	(Mt)	(g/t Ag)	(Moz)
High-Grade	1.21	307.4	12.0	0.54	201.7	3.5	1.75	274.7	15.5
Mid-Grade	8.43	43.0	11.7	0.28	36.2	0.3	8.71	42.8	12.0
Total	**9.64**	**76.2**	**23.6**	**0.82**	**145.4**	**3.8**	**10.46**	**81.6**	**27.4**
Note: for details refer to ASX announcement dated December 1, 2016									

Table 2: Loma Bonita Mineral Resource (in accordance with the JORC Code 2012)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.9	1.25	116	33.9	3.1
	Inferred Mineral Resource	0.5	1.0	15	18.0	0.3
	Total	**3.4**	**1.2**	**131**	**32.0**	**3.4**
≥ 0.21	Indicated Mineral Resource	4.2	0.95	128	30.1	4.1
	Inferred Mineral Resource	1.2	0.6	22	18.0	0.7
	Total	**5.4**	**0.9**	**150**	**28.0**	**4.8**
Note: for details refer to ASX announcement dated December 21, 2016						

Azure commenced a Reverse Circulation (RC) drilling program in December at the Loma Bonita gold-silver deposit for resource infill and expansion, at Mesa de Plata to collect additional samples for advanced metallurgical testwork, and at the Cerro San Simon, Mina San Simon and Gregors greenfields exploration targets.

Drilling was terminated in early March due to COVID-19 with 36 holes (MDPC-138 to MDPC-169 & GGC-001 to GGC-004) drilled for 3,604 metres.

RESOURCE INFILL AND EXPANSION DRILLING AT LOMA BONITA

The Loma Bonita deposit, as defined by the current Mineral Resource Estimate, extends over 600 metres north-south, up to 200 metres east-west, and remains open for expansion. Mineralisation starts at surface and in places the true width/thickness of the mineralised zone exceeds 100 metres.

Resource expansion drilling comprised stepping out from the southern and eastern resource boundaries to increase the resource size while resource infill drilling was undertaken to improve definition of internal high-grade zones, confirm internal continuity and obtain samples for additional metallurgical testwork.

Better gold intersections from drilling outside of the current resource boundaries (ASX: 5 February, 4 March & 23 March 2020) include:

- MDPC-141: 36.0m @ 1.0g/t Au from 12.0m
- MDPC-153: 58.5m @ 0.7g/t Au from 15.0m
- MDPC-154: 73.5m @ 0.7g/t Au from 0m
- MDPC-155: 31.5m @ 1.7g/t Au from 0m (entire hole)
- MDPC-159: 75.0m @ 0.5g/t Au from 0m
- MDPC-160: 37.5m @ 1.8g/t Au from 1.5m
- MDPC-165: 7.5m @ 2.3g/t Au from 22.5m

Based upon these mineralised intersections, which occur up to 150 metres outside of the current resource boundaries, the Company expects that a revised Mineral Resource Estimate for the Loma Bonita deposit would result in an increase of contained gold ounces.

Several holes were also drilled inside the current resource boundaries to confirm internal continuity of high-grade zones and potentially upgrade some resources from Inferred to Indicated category. Better gold intersections (ASX: 5 February, 4 March & 23 March 2020) from these holes include:

- MDPC-143: 126.0m @ 2.0g/t Au from 1.5m
- MDPC-161: 28.5m @ 1.3g/t Au from 0m
- MDPC-162: 34.5m @ 1.2g/t Au from 87.0m

METALLURGICAL DRILLING AT MESA DE PLATA

Azure drilled three holes (MDPC-150 to 152) into the Mesa de Plata silver deposit to collect bulk samples for advanced metallurgical testwork, with each hole intersecting wide intervals of high-grade silver mineralisation. Intersections from these holes include (ASX: 4 March 2020):

- MDPC-150: 6.0m @ 1,284g/t Ag within 10.5m @ 805g/t Ag from 12.0m
- MDPC-151: 3.0m @ 1,832g/t Ag within 15.0m @ 677g/t Ag from 39.0m
- MDPC-152: 3.0m @ 1,006g/t Ag within 10.5m @ 774g/t Ag from 1.5m

Selected samples from these holes have been submitted for advanced stage metallurgical testwork for the purpose of optimising the process flowsheet for a Mesa de Plata mining and processing operation.

Previous metallurgical studies (ASX: 17 December 2015) demonstrated that while a majority of the Mesa de Plata silver mineralisation is recoverable by a combination of flotation followed by cyanide leaching of the tailings stream, a proportion of the silver is not captured by either of these processing methods. Subsequent testing demonstrated that a dense, silver-rich mineral called romeite, which neither floats nor leaches, is recoverable by density-based gravity separation methods into a high-grade silver concentrate.

The current metallurgical program is undertaking multiple gravity separation tests, processing the high-grade mineralisation through Knelson concentrators to maximise romeite recoveries into a high-grade, silver-rich concentrate. The tailings from the gravity separation will then undergo grinding, flotation and cyanide leaching to maximise the overall silver recovery.

EXPLORATION DRILLING

Gregors Copper Sulphide Discovery

The Gregors prospect was originally recognised by Azure's geologists in early 2016 when mapping identified breccia and gossan outcropping over an area of approximately 100m x 100m. The strongly iron-rich breccia and boxwork texture within the gossan suggested a sulphide-rich source, potentially representing base metal mineralisation. However, geochemical sampling of the outcrop returned only low grades of precious and base metals, downgrading the priority of the prospect at that time.

In late 2016, Azure flew an airborne VTEM geophysical survey over the entire Alacrán project area, and a small and discrete, reasonably intense electromagnetic (EM) response was detected coincident with the gossan outcrop. Modelling indicated the presence of a steep east-dipping EM conductor plate located beneath the gossan outcrop.

No further exploration was undertaken over this anomaly until late in 2019, when Azure regained full ownership and control of the Alacrán project from former partner Teck Resources. Detailed mapping, surface geochemical sampling and a ground EM survey were carried out over the gossan and the area of the VTEM anomaly in early 2020. This identified faults and shearing and strong alteration within and around the gossan, and sampling returned weakly anomalous copper grades.

Four angled RC drill holes were drilled to test the EM anomaly and beneath the gossan with two holes (GGC-002 & GGC-003) being drilled from the same collar position at different dip angles.

Both holes intersected wide zones of breccia and strongly altered volcanic rocks containing significant visual quantities of disseminated chalcopyrite (copper sulphide) mineralisation. These holes returned the following copper intersections (ASX: 23 March 2020):

- GGC-002: 30m @ 0.68% Cu from 22.5m; including 6.0m @ 2.30% Cu
- GGC-003: 18m @ 0.96% Cu from 21.0m; including 1.5m @ 7.03% Cu

The other two holes (GGC-001 & GGC-004) intersected altered and brecciated rocks containing disseminated pyrite, pyrite in veins and minor amounts of disseminated chalcopyrite that returned anomalous copper grades.

The presence of strong copper mineralisation hosted by iron-rich breccia is very promising as numerous high-grade, copper-rich breccia pipes associated with nearby copper porphyry bodies have been discovered and mined in the Cananea mining district. For example, the La Colorada breccia pipe (approximately 5Mt @ 7% Cu) was mined up to the 1930s, and the Maria breccia pipe (ore reserves of 1.6Mt @ 6% Cu) was discovered in 1979 and mined up to the 1990s. At the top of these breccia pipes the cross-sectional area is usually less than 100m x 100m and the mineralised bodies often extend to very significant depths (in the hundreds of metres).

Azure is undertaking a detailed data review and interpretation to assess potential and assist with planning a follow-up drill program.

Mina San Simon

One RC hole (MDPC-168) was drilled to test at the historical Mina San Simon mine located about 700m southeast of the southern Loma Bonita resource boundary. The area between Loma Bonita and Mina San Simon and in the vicinity of Mina San Simon is mostly untested by drilling.

The old workings comprise two horizontal tunnels and a 30m deep vertical shaft which exploited a zone of vuggy silica hosting gold and silver mineralisation. A hole drilled by Azure in 2015 (LM-02) intersected a void created by the old mine workings that had extracted the mineralised zone.

Hole MDPC-168 drilled below these old mine workings and returned a well-mineralised gold and silver intersection (ASX: 23 March 2020), hosted in vuggy and massive silica, of:

- MDPC-168: 21.0m @ 2.00g/t Au & 64g/t Ag from 19.5m

Further drilling to test the vuggy silica mineralised zone, which is interpreted to extend further to the east and south beneath the Cerro San Simon hill, will be undertaken in the next drill program.

Cerro San Simon

Two RC holes (MDPC-148 & 149) were drilled at the Cerro San Simon prospect to follow up previous drill holes that intersected encouraging gold mineralisation, including:

- MDPD-025: 29.6m @ 0.56g/t Au (ASX: 21 December 2016)
- MDPD-035: 12.6m @ 0.37g/t Au (ASX: 21 December 2016)
- ALA-17-004: 63.0m @ 0.47g/t Au (ASX: 10 May 2018)

Both new holes intersected gold mineralisation (ASX: 4 March 2020) at the expected depths, including:

- MDPC-148: 31.5m @ 0.40g/t Au from 12.0m
- MDPC-149: 16.5m @ 0.80g/t Au from 61.5m

The gold mineralisation encountered at both Cerro San Simon and Mina San Simon is hosted in a unit of strongly silicified volcanics and in some places in vuggy silica. This shallow-dipping unit outcrops extensively around the San Simon hill and north to the old Mina San Simon mine. In addition to the gold intersections from the drilling, it returned strongly anomalous gold assays from extensive surface sampling and detailed channel sampling from inside the old mine workings. This suggests the potential for a bulk-tonnage style gold deposit and further drilling is warranted for this prospect.

OPOSURA PROJECT - *(AZS 100% ownership)*

Azure made its first foray into mining at the Oposura project during the period with the small-scale, multi-phase mining program delivering positive results.

Two months of open pit mining selectively extracted and stockpiled more than 6,100 tonnes of near-surface, high-grade, massive zinc and lead sulphide mineralisation with average grades of 13.4% zinc and 10.7% lead. Of this, approximately 2,100 tonnes of very high-grade ore averaging 24.0% zinc and 18.3% lead was stockpiled separately as a potential direct shipping ore product. Mining was then suspended to allow this first batch of ore to be processed to ensure the production of marketable concentrates.

Notably, ore tonnages and grades extracted in this mining campaign significantly exceeded the Mineral Resource Estimate for this part of the deposit.

Separate small parcels of high-grade ore (23.8% Zn & 17.9% Pb) and mid-grade ore (5.8% Zn & 5.3% Pb) were processed through a third-party operated sulphide flotation plant on a batch basis to determine optimum comminution regimes and reagent requirements. Both ore types were successfully upgraded into bulk zinc-lead concentrates, each grading approximately 30-35% Zn, 25-30% Pb and 140-160g/t Ag. High metal recoveries into the concentrates were achieved, producing approximately 20 tonnes of high-quality, bulk zinc-lead-silver concentrate with very low levels of contaminant metals and minerals.

The bulk concentrate produced was considered a potentially marketable product, having a high value and low transport cost on a per tonne basis. Azure received two indicative tenders from international metals trading companies for the purchase of this product and other companies expressed interest. Due to low metal prices and the onset of the COVID-19 pandemic, trial processing of Oposura ore and production and marketing of bulk zinc-lead-silver concentrates was suspended during the March Quarter and no concentrate was sold. Concentrate already produced has been bagged and securely stored.

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Azure Minerals Limited ("Azure") and the entities it controlled at the end of or during the year ended 30 June 2020.

DIRECTORS

The following persons were directors of Azure Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated.

Peter Ingram
Anthony Rovira
Wolf Martinick
Hansjörg Plaggemars (appointed 26/11/2019)

PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was exploration for precious and base metals in Mexico.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

Group Overview

Azure Minerals Limited was incorporated on 19 September 2003. Its principal focus is on exploration for gold, copper, silver and zinc in Mexico. The Group has several 100% owned projects with two main projects: Alacrán (silver, gold, copper) and Oposura (zinc, lead, silver) The Group will continue to seek opportunities in Mexico and elsewhere, either 100% owned or in joint venture.

Operating Results for the Year

The operating loss after income tax of the Group for the year ended 30 June 2020 was $5,671,296 (2019: $9,735,486). Included in this loss figure is $3,467,734 (2019: $7,097,949) of exploration expenditure. Refer to notes 1(c) and 6 to the financial statements.

Shareholder Returns	2020	2019
Basic loss per share (cents)	**(3.75)**	(8.77)
Diluted loss per shares (cents)	**(3.75)**	(8.77)

Investments for Future Performance

The future performance of the group is dependent upon exploration success, the progress of development of those projects where precious and base metals are already present, and continued funding. To this end the group has budgeted to continue exploration at its Mexico projects.

Review of Financial Condition

At the date of this report the consolidated entity has a sound capital structure and is in a strong position to progress its mineral properties.

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The board has established an Audit and Risk Management Committee and has adopted a Risk Management Policy.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which covers strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

The company undertakes risk review meetings as required with the involvement of senior management. Identified risks are weighed with action taken to mitigate key risks.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year a total 23,649,059 fully paid ordinary shares were issued at a price of $0.17 to raise $4.02 million before expenses of the issue. The Company also issued Convertible Notes with a face value of $2 million. The notes are for a period of 24 months with interest payable 6 months in arrears at an interest rate of 12.5% per annum. The notes may be converted to fully paid ordinary shares at an effective price of 12.5 cents per share.

There were no other significant changes in the state of affairs of the Group during the financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Directors' Report

SIGNIFICANT EVENTS AFTER THE REPORTING DATE (Cont'd)

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

Since the end of the financial year, the Company has issued 40 million shares at $0.10 each to raise $4.0 million (before expenses of the issue), issued 40 million shares to acquire 60% in one and 70% in three mineral projects located in the Pilbara region of Western Australia and entered into an exclusive and binding agreement to acquire 100%-ownership of the Barton Gold Project for the issue of 1.15 million shares and A$20,000, payable upon grant of the tenement.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The group expects to maintain the present status and level of operations. The impact of COVID-19 on the company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2021 interim and annual financial statements.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to significant environmental regulation in respect to its exploration activities.

The company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review. The directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that the Company has no current reporting requirement but may be required to report in the future.

INFORMATION ON DIRECTORS

Mr. Peter Anthony Ingram BSc. (appointed 12 October 2011 and on 1 December 2011 appointed Chairman)

Mr. Ingram is a geologist with over fifty years' experience in the mining and mineral exploration industries within Australia, including over forty years' experience in public company management. He was the founding Chairman and Managing Director of Universal Resources Limited (later Altona Mining Limited).

Mr. Ingram was a founding councilor and past President of the Association of Mining and Exploration Companies (AMEC) and has been made an Honorary Life Member in recognition of his services to AMEC. He was also a founding director of the Australian Gold Mining Industry Council. He has served on the board of management of the WA School of Mines at Curtin University and was instrumental in the establishment of the Chair of Mineral Economics within that institution.

Mr. Ingram's previous directorships include: Managing Director of Metana Minerals NL and Eastmet Limited, both successful gold mining companies; Executive Chairman of Australia Oriental Minerals NL and Glengarry Resources Limited; and Non-executive Director of Dragon Mining Limited, Metana Petroleum Limited and Carnarvon Petroleum Limited.

Other Current Directorships

Nil

Former Directorships in the last 3 years

Altona Mining Limited

Special Responsibilities

Chairman of the Board and Chairman of the Remuneration & Nomination Committee and member of the Audit & Risk Management Committee

Interests in Shares and Options

500,056 ordinary shares in Azure Minerals Limited all of which are held indirectly.

1,000,000 options over ordinary shares in Azure Minerals Limited

Mr. Anthony Paul Rovira, BSc (Hons) Flinders University, MAusIMM (Managing Director)

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 and held the position of Executive Chairman from June 2007 until December 2011. Tony is responsible for the decision to focus Azure Minerals' activities on the world class mineral provinces in Mexico, where the company has been operating since 2005.

Directors' Report

Other Current Directorships

Ionic Rare Earths Limited

INFORMATION ON DIRECTORS (cont'd)

Former Directorships in the last 3 years

None.

Interests in Shares and Options

806,000 ordinary shares in Azure Minerals Limited, of which 109,669 are held indirectly
2,000,000 options over ordinary shares in Azure Minerals Limited

Dr Wolf Martinick, PhD, BSc (Agric) (Appointed 1 September 2007)

Dr Martinick is an environmental scientist with over 40 years' experience in mineral exploration and mining projects around the world, attending to environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He is a Fellow of the Australian Institute of Mining and Metallurgy.

He was a founding director and chairman of Weatherly International plc, an AIM listed company with copper mines in Namibia, and a founding director of Basin Minerals Limited, an ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003.

Other Current Directorships

Nil

Former Directorships in the last 3 years

Ionic Rare Earths Limited

Special Responsibilities

Chairman of the Audit and Risk Management Committee and member of the Remuneration & Nomination Committee

Interests in Shares and Options

265,000 ordinary shares in Azure Minerals Limited

1,000,000 options over ordinary shares in Azure Minerals Limited

Mr Hansjörg Plaggemars (appointed 26/11/2019)

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. This includes the Board of Delphi Unternehmensberatung AG, a major shareholder of Azure.

Mr. Plaggemars has qualifications in Business Administration and is fluent in English and German.

Other Current Directorships

Kin Mining Limited, Davenport Resources Limited, Altech Chemicals Limited, Expedeon AG, Ming Le Sports AG, Decheng Technology AG, Youbisheng Green Paper AG, Snowbird AG, Cologne, MARNA Beteiligungen AG and S&O Agrar AG

Former Directorships in the last 3 years

Nil

Special Responsibilities

Nil

Interests in Shares and Options

Nil

DIRECTORS' MEETINGS

The number of directors' meetings held (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

	Directors' Meetings		Meetings of Committees: Audit & Risk Management		Meetings of Committees: Remuneration & Nomination	
	A	**B**	**A**	**B**	**A**	**B**
Peter Anthony John Ingram	12	12	1	1	-	-
Anthony Paul Rovira	12	12	-	-	-	-
Wolf Gerhard Martinick	12	12	1	1	-	-
Mr Hansjörg Plaggemars	5	5	-	-	-	-

Notes

A - Number of meetings attended.
B - Number of meetings held during the time the director held office or was a member of the committee during the year.

Directors' Report

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional Information

Key management personnel (**KMP**) covered in this report

Name	Position	Term as KMP
Peter Anthony John Ingram	Non-Executive Chair	Full financial year
Wolf Gerhard Martinick	Non-Executive Director	Full financial year
Anthony Paul Rovira	Executive Managing Director	Full financial year
Hansjörg Plaggemars	Non-Executive Director	From 26/11/2019
Brett Douglas Dickson	Company Secretary & CFO	Full financial year

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporation Act 2001.

A Principles used to determine the nature and amount of remuneration

The remuneration policy of Azure Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific short and long-term incentives based on key performance areas affecting the Groups results. Short-term incentives implemented by the Company are detailed later in the report in section E. At present the Company has not implemented any specific long-term incentives and as such the remuneration policy is not impacted by the Groups performance, including earnings in shareholder wealth (dividends, changes in share price or return on capital to shareholders). The board of Azure Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Groups performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% of cash salary, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive; to date no shares have been awarded to directors or executives. Options are valued using either the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). In line with standard industry practice fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

A Remuneration Committee has been established and is a committee of the board. It is primarily responsible for making recommendations to the board on:

- Non-executive directors fees
- Remuneration levels of executive directors and other key management personnel
- Key performance indicators and performance hurdles of the executive team

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group. The Corporate Governance Statement provides further information on the role of this committee.

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board can reduce, cancel or defer performance-based remuneration and may also clawback performance-based remuneration paid in previous financial years.

Remuneration consultants were not engaged during the year.

There is no Retirement Benefit Policy for directors, other than the payment of statutory superannuation.

Directors' Report

REMUNERATION REPORT (AUDITED) (Cont'd)

B Details of remuneration

Amount of remuneration

Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Azure Minerals Limited are set out below in the following tables.

The key management personnel of Azure Minerals Limited includes the directors as disclosed earlier in this report and the following who have authority and responsibility for planning, directing and controlling the exploration activities of the entity and the Company Secretary/CFO, Mr B Dickson is an executive whose remuneration must be disclosed under the Corporations Act 2001.

Key management personnel of the Group

	Short-Term			**Post-Employment**	**Share-based Payments**	**Total**	**Share Based Payment %**
Name	Cash, salary & fees	Cash Bonus	Non-monetary benefits	Superannuation	Options		
Directors							
Peter Anthony Ingram – *Chairman*							
2020	**37,500**	**-**	**-**	**3,561**	**28,909**	**69,970**	**41.3**
2019	50,000	-	-	4,748	25,744	80,492	32.0
Anthony Paul Rovira – *Managing Director*							
2020	**387,375**	**-**	**-**	**25,000**	**57,818**	**470,193**	**12.3**
2019	416,500	-	-	25,000	51,487	492,987	10.4
Wolf Gerhard Martinick –*Non Executive*							
2020	**33,750**	**-**	**-**	**3,207**	**28,909**	**65,866**	**43.9**
2019	45,000	-	-	4,276	25,744	75,020	34.3
Hansjörg Plaggemars –*Non Executive (appointed 26/11/19)*							
2020	**15,688**	**-**	**-**	**-**	**-**	**15,688**	**-**
2019	-	-	-	-	-	-	-
Executives							
Brett Dickson – *Company Secretary*							
2020	**172,125**	**-**	**-**	**-**	**40,473**	**212,598**	**19.0**
2019	183,600	-	-	-	36,041	219,641	16.4
Total							
2020	**646,438**	**-**	**-**	**31,768**	**156,109**	**834,315**	**18.7**
2019	695,100	-	-	34,024	139,016	868,140	16.0

Compensation options

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were neither forfeitures nor shares issued on exercise of Compensation Options during 2020 or 2019. During the year 2,700,000 options were granted as remuneration and no options were exercised during the year. During the year 1,350,000 (2019: 1,350,000) options lapsed.

The Company's remuneration policy prohibits directors and executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Retirement benefits provided for the non-executive directors in the financial statements do not form part of the above remuneration until such time as the amount is paid to the retiring director.

Apart from the issue of options the company currently has no performance based remuneration component built into non-executive director remuneration (2019: Nil). Performance based remuneration for executives is detailed later in section E of this report.

C Service Agreement

Remuneration and other terms of employment for the following key management personnel are formalised in service agreements, the terms of which are set out below:

Anthony Rovira, Managing Director	**Brett Dickson**, Company Secretary/Chief Financial Officer:
• Term of agreement – to 31 December 2022. • Base salary, exclusive of superannuation, of $400,000 to be reviewed annually by the remuneration committee. • Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination or the equivalent of 6 months remuneration, whichever is the greater.	• Term of agreement – to 31 December 2022. • Fixed fee, $15,300 per month. • Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination or the equivalent of 6 months remuneration whichever is the greater.

Directors' Report

REMUNERATION REPORT (AUDITED) (Cont'd)

Retirement Benefits

Other retirement benefits may be provided directly by the company if approved by shareholders.

D Share based compensation

Options over shares in Azure Minerals Limited may be issued to directors and executives. The options are not issued based on performance criteria but are issued to directors and executives of Azure Minerals Limited, where appropriate, to increase goal congruence between executives, directors and shareholders. There are no standard vesting conditions to options awarded with vesting conditions, if any, at the discretion of Directors at the time of grant. Options are granted for nil consideration.

During the year 2,700,000 options, vesting immediately, with a fair value of $156,109 (2019: 1,350,000 and $139,016) were issued to Directors and Executives. Refer to note 28 of the Notes to the Consolidated Financial Statements for more information.

No options held by directors or executives were exercised during the financial year and no options have been exercised since the end of the financial year. During the year 1,350,000 (2019: 1,350,000) options lapsed. The value of the options at lapse date was nil as the exercise price of the option was significantly in excess of the market price of the underlying share. The value is determined at the time of lapsing, but assuming any vesting condition was satisfied.

The Company's remuneration policy prohibits executives from entering into transactions or arrangements which limit the "at risk" aspect of participating in unvested entitlements.

E Additional Information

Performance based remuneration

Variable Remuneration – Short Term Incentive ("STI")

Objective

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve those operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments granted to executives depend on the extent to which specific targets set at the beginning of the review period, being a fiscal year, are met. The targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to exploration success, share price appreciation, risk management and cash flow sustainability. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The Board has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPI's, the Remuneration Committee, determines the amount, if any, of the STI to be paid to each executive. This process usually occurs in the last quarter of the fiscal year. Payments made are delivered as a cash bonus in the fourth quarter of the fiscal year.

STI bonus for 2019 and 2020 financial years

No STI payment was awarded for the 2019 and 2020 financial years.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth.

Structure

LTI grants to executives are delivered in the form of options.

The options, when issued to executives, will not be exercisable for a price less than the then current market price of the Company's shares.

The grant of LTI's is reviewed annually, though LTI's may not be granted each year. Exercise price and performance hurdles, if any, are determined at the time of grant of the LTI.

To date no performance hurdles have been set on options issued to executives. The Company believes that as options are issued at not less than the current market price of the Company's shares there is an inherent performance hurdle on those options as the share price of the Company's shares must increase significantly before there is any reward to the executive.

Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the year.

Directors' Report

REMUNERATION REPORT (AUDITED) (Cont'd)

Option holdings of key management personnel

2020	Balance at beginning of year	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at end of year	Vested at 30 June Vested & Exercisable	Vested at 30 June Unvested
Directors							
Wolf Gerhard Martinick	750,000	500,000	-	(250,000)	1,000,000	1,000,000	-
Peter Anthony Ingram	750,000	500,000	-	(250,000)	1,000,000	1,000,000	-
Anthony Paul Rovira	1,500,000	1,000,000	-	(500,000)	2,000,000	2,000,000	-
Hansjörg Plaggemars	-	-	-	-	-	-	
Executives							
Brett Dickson	1,050,000	700,000	-	(350,000)	1,400,000	1,400,000	-
Total	**4,050,000**	**2,700,000**	**-**	**(1,350,000)**	**5,400,000**	**5,400,000**	**-**

Shareholdings of key management personnel

2020	Balance 1 July Ord	Granted Ord	On Exercise of Options Ord	Purchased Ord	Balance 30 June Ord	Balance Indirectly Held Ord
Directors						
Wolf G Martinick	265,000	-	-	-	265,000	215,000
Peter A Ingram	500,056	-	-	-	500,056	500,056
Anthony P Rovira	806,000	-	-	-	806,000	109,667
Hansjörg Plaggemars	-	-	-	-	-	-
Executives						
Brett Dickson	-	-	-	-	-	-
Total	**1,571,056**	**-**	**-**	**-**	**1,571,056**	**824,723**

Other Related Party Transactions

The Company has entered into a sub-lease agreement on normal commercial terms with Ionic Rare Earths Limited (**IonicRE**), a company of which Brett Dickson and Anthony Rovira are directors. During the year IonicRE paid sub-lease fees totalling $17,872 (2019: $4,800).

The Company has also entered into a sub-lease agreement on normal commercial terms with Rox Resources Limited, a company of which Brett Dickson is a Director. During the year Rox Resources Limited paid sub-lease fees totalling $110,399 (2019: $121,359).

Directors and executive options

Set out below are summaries of current Directors & Executives options granted.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year	Balance at end of the year Number	Vested and exercisable at end of the year Number
2020									
7 Dec '16	30 Nov '19	94	1.4	1,350,000	-	-	1,350,000	-	-
20 Nov '17	30 Nov '20	58	1.6	1,350,000	-	-	-	1,350,000	1,350,000
30 Nov '18	30 Nov '21	29	10.3	1,350,000	-	-	-	1,350,000	1,350,000
26 Nov '19	30 Nov '22	20.5	5.8	-	2,700,000	-	-	2,700,000	2,700,000
				4,050,000	**2,700,000**	**-**	**1,350,000**	**5,400,000**	**5,400,000**
Weighted average exercise price				$0.60	$0.205	-	$0.94	$0.32	$0.32

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.7 years (2019: 1.4 years)

Directors' Report

REMUNERATION REPORT (AUDITED) (Cont'd)

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated	
	2020	2019
	$	$
Options issued to directors and other executives	**156,109**	139,016

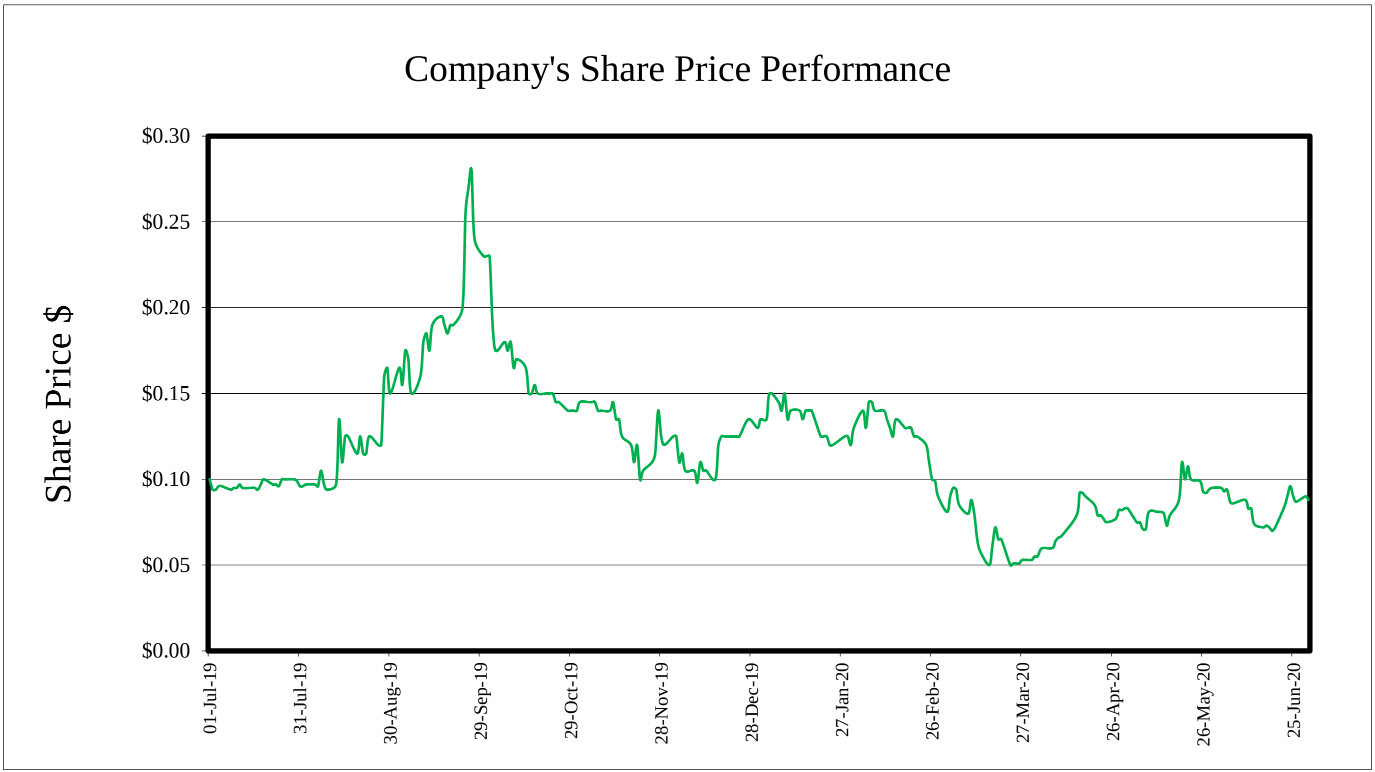
Company's Performance

Company's share price performance

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the year and of general market conditions.

The variable components of the executives' remuneration including short-term and long-term incentives are indirectly linked to the Company's share price performance.

The graph below shows the Company's share price performance during the financial year ended 30 June 2020.



Loss per share

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2020.

	2020	2019	2018	2017	2016
Basic loss per share (cents)	(3.75)	(8.77)	(10.06) *	(0.42)	(0.53)

* After 1:20 share consolidation

Voting and comments made at the company's 2019 Annual General Meeting

Azure Minerals Limited received approximately 97% of "yes" votes on its remuneration report for the 2019 financial year. Remuneration consultants were not engaged during the year and the company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report

REMUNERATION REPORT (AUDITED) (Cont'd

LOANS TO DIRECTORS OR EXECUTIVES

No loans have been provided to directors or executives.

End of Audited Remuneration Report

SHARES UNDER OPTION

At the date of this report there are 8,650,000 unissued ordinary shares in respect of which options are outstanding.

			Total Number of options
Balance at the beginning of the year			29,358,850
Share option movements during the year	*Issued*	*Other*	
Exercisable at 20.5 cents, on or before 30 November 2022	4,400,000		4,400,000
Options Lapsed		(25,458,850)	(25,458,850)
Total options issued, exercised and lapsed in the year to 30 June 2020			(21,058,850)
Total number of options outstanding as at 30 June 2020 and at the date of this report			**8,650,000**

The balance is comprised of the following

Date granted	Expiry date	Exercise price (cents)	Number of options
20 Nov 2017	30 Nov 2020	58.0	2,050,000
30 Nov 2018	30 Nov 2021	29.0	2,200,000
26 Nov 2019	30 Nov 2022	20.5	4,400,000
Total number of options outstanding at the date of this report			**8,650,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

During the financial year no options were exercised by parties unrelated to the Company. Since the end of the financial year no options have been exercised.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Azure Minerals Limited paid a premium of $24,017 (2019: $17,150) to insure the directors and secretary of the company and its Australian based controlled entities.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No Proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*

Directors' Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amount paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provisions of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principals relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-audit firms:

	Consolidated	
	2020	2019
1. Audit Services	$	$
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	**41,882**	42,935
BDO Castillo Miranda y Compañía, S.C. (BDO México)		
Audit and review of financial reports of Mexican subsidiaries	**26,430**	23,497
2. Non audit Services		
Taxation Services		
BDO Corporate Tax (WA) Pty Ltd		
Tax compliance services	**4,202**	10,455
Total remuneration for non-audit services	**4,202**	10,455

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 52.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

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

P. Ingram

Peter Ingram
Chairman
Perth, 25 September 2020.

Approach to Corporate Governance

Azure Minerals Limited ABN 46 106 346 918 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at:

http://www.azureminerals.com.au/ corporate/corporate-governance/

Charters

Board
Audit and Risk Committee
Nomination and Remuneration Committee

Policies and Procedures

Policy and Procedure for the Selection and (Re)Appointment of Directors
Process for Performance Evaluations
Policy on Assessing the Independence of Directors
Securities Trading Policy
Code of Conduct (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication and Investor Relations Policy
Risk Management Policy (summary)
Diversity Policy (summary)
Policy on Continuous Disclosure (summary)
Whistle Blower Policy

The Company reports below on whether it has followed each of the recommendations during the 2019/2020 financial year (**Reporting Period**). The information in this statement is current at 24 September 2020. This statement was approved by a resolution of the Board on 24 September 2020.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company's website.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The checks which are undertaken, and the information to be provided to shareholders are set out in the Company's Policy and Procedure for the Selection and (Re)Appointment of Directors, which is disclosed on the Company's website.

The Company appointed Mr. Mr Hansjörg Plaggemars to the board on 26 November 2019, and the checks referred to in the Company's policies and Procedures for the selection and (Re)Appointment of Directors were undertaken

The Company provided shareholders with all material information in relation to the re-election of Mr Peter Ingram as a director at its 2019 Annual General Meeting.

Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's Board Charter. The Company Secretary's role is also outlined in the consultancy agreement between the Company Secretary and the Company.

Recommendation 1.5

The Company has a Diversity Policy. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company, the number of employees in Australia and the nature of the labour market in Mexico, the Board considers that it is not practical to set measurable objectives for achieving gender diversity.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. For the Reporting Period, this included the Managing Director and the Company Secretary & Chief Financial Officer:

	Proportion of women
Whole organisation (including Board members)	2 out of 10 (20%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The evaluations are undertaken in accordance with the Company's Process for Performance Evaluations, which is disclosed on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

Recommendation 1.7

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period an evaluation of the Company Secretary & Chief Financial Officer (the Company's sole senior executive, other than the Managing Director) took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Nomination and Remuneration Committee is responsible for evaluating the Managing Director.

During the Reporting Period, an evaluation of the Managing Director took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

Principle 2 – Structure the board to be effective and add value

Recommendation 2.1

The Board has established a Nomination and Remuneration Committee comprising two of the Company's independent non-executive directors, Peter Ingram (Chairman) and Wolf Martinick. The Nomination and Remuneration Committee is not structured in accordance with Recommendations 2.1 and 8.1 as it has only two members. However, the Board considers that the committee's composition is appropriate as it comprises the Board's two independent non-executive directors and does not include an executive director.

Details of director attendance at Nomination and Remuneration Committee meetings held during the Reporting Period are set out in a table in the Directors' Report on page 14.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee and is disclosed on the Company's website. As noted above, the Board has combined the Nomination and Remuneration committees.

Recommendation 2.2

Significant geological experience, environmental management experience and professional skills including leadership, governance and strategy are the skills and diversity which the Board is looking to achieve in its membership, and these are collectively held by current members of the Board.

While the Company is at exploration stage, it does not wish to increase the size of the Board and considers that the Board weighted towards technical experience is appropriate at this stage of the Company's development. The Board may bring in external consultants with specialist knowledge as and when required to address any areas where the Board does not collectively possess the relevant attribute.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The independent directors of the Company are Peter Ingram, Wolf Martinick and Hansjörg Plaggemars.

The length of service of each director is set out in the Directors' Report on page 13.

Recommendation 2.4

The Board has a majority of directors who are independent.

Recommendation 2.5

The independent Chair of the Board is Peter Ingram, who is not also Managing Director of the Company.

Recommendation 2.6

Mr Hansjörg Plaggemars was appointed during the Reporting Period. The Company has an induction program, coordinated by the Company Secretary. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. Mr Hansjörg Plaggemars participated in the induction program.

The Nomination and Remuneration Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Nomination and Remuneration Committee considers what training or development should be undertaken to fill those gaps. In particular, the Nomination and Remuneration Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education on developments in accounting standards.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company expects that its board and senior executives will conduct themselves with integrity and honesty in accordance with the Code of Conduct. Directors, executives and employees shall deal with the Company's customers, suppliers, competitors, shareholders and each other with honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates.

The Company aims to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community and to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

The Company is to comply with all legislative and common law requirements which affect its business wherever it operates. Where the Company has operations overseas, it shall comply with the relevant local laws as well as any applicable Australian laws. Any transgression from the applicable legal rules is to be reported to the Managing Director as soon as a person becomes aware of such a transgression.

Recommendation 3.2

The Company has established a Code of Conduct for its directors, senior executives and employees, a summary of which is disclosed on the Company's website. Any breach of that code is reported to the board at the next board meeting.

Recommendation 3.3

The Company has adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct (or any potential breach of law or any other legal or ethical concern) without the fear of intimidation or reprisal.

Recommendation 3.4

The Company has established an anti-bribery and corruption policy which is disclosed on the Company's website. Any breach of that policy is immediately reported to the Managing Director and Chairman of the board of directors.

Principle 4 – Safeguard the integrity of corporate reports

Recommendation 4.1

The Board has established an Audit and Risk Committee comprised of two of the Company's independent non-executive directors, Wolf Martinick (Chairman) and Peter Ingram. The Audit and Risk Committee is not structured in compliance with Recommendations 4.1 and 7.1 as it has only two members. However, the Board considers that the committee's composition is appropriate as it comprises the Board's two independent non-executive directors, and it is chaired by an independent chair that is not also chair of the Board.

Details of each of the director's qualifications are set out in the Directors' Report on page 13. Each of the members of the Audit and Risk Committee consider themselves to be financially literate and have an understanding of the industry in which the Company's operates. The Company's Chief Financial Officer, Mr Brett Dickson, is a Certified Practising Accountant with a Bachelor degree in Economics & Finance and attends Audit and Risk Committee meetings by invitation.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Details of director attendance at Audit and Risk Committee meetings held during the Reporting Period are set out in a table in the Directors' Report on page 14.

The Board has adopted an Audit and Risk Committee Charter which describes the Audit and Risk Committee's role, composition, functions and responsibilities, and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approved the Company financial statements for the half year ended 31 December 2019 and the full-year ended 30 June 2020, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (**Declaration**).

The Board did not receive a Declaration for each of the quarters ending 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

Recommendation 4.3

Processes are in place to verify the integrity of the Company's periodic corporate reports released to the market and not audited or reviewed by the external auditor. Examples of periodic corporate reports released by the company include quarterly cash flow reports. IonicRE has adopted a Continuous Disclosure Policy which sets out how market announcements are prepared and released and has appointed the Company Secretary as the Continuous Disclosure officer who oversees the drafting of and approves the final release of announcements. The Company Secretary is responsible for satisfying him/herself that the content of any announcement is accurate and not misleading and is supported by

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Recommendation 5.2

The Company secretary circulates all material market announcements to the board prior to release to ASX.

Recommendation 5.3

All new presentations are released to ASX Markets Platform ahead of any presentation to investors.

Principle 6 – Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.azureminerals.com.au.

Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication and Investor Relations Policy.

Recommendation 6.3

The Company has in place a Shareholder Communication and Investor Relations Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendation 6.4

All resolutions put to the AGM are decided by way of a poll.

Recommendation 6.5

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd at www.computershare.com.au

Principle 7 – Recognise and manage risk

Recommendation 7.1

As noted above, the Board has established a combined Audit and Risk Committee. Please refer to the disclosure above under Recommendation 4.1 in relation to the Audit and Risk Committee.

Recommendation 7.2

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy, a summary of which is disclosed on the Company's website.

Recommendation 7.4

As the Company is not in production, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

- Market risk – movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions, and making decisions based on industry experience; and
- Future capital risk – cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Board has adopted a Risk Management Policy and Risk Management Procedures. Under the Risk Management Policy, the Board oversees the processed by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least annually by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least annually to the Board.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1

As noted above, the Board has established a combined Nomination and Remuneration Committee. Please refer to the disclosure above under Recommendation 2.1 in relation to the Nomination and Remuneration Committee.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website. As noted above, the Board has combined the Nomination and Remuneration committees.

Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration and "clawback policy" regarding the lapsing of performance-based remuneration in the event of fraud or serious misconduct and the clawback of the performance-based remuneration in the event of a material misstatement in the Company's financial statements, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 15 of the Company's Annual Report for year ended 30 June 2020.

Recommendation 8.3

The Company has an Employee Share Option Plan. The Company's Securities Trading Policy includes a statement on the Board's policy that participations in the Company's equity based remuneration schemes are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2020	Notes	Consolidated 2020 $	Consolidated 2019 $
Other Income	5	**510,802**	45,983
Expenditure			
Depreciation	6	**(48,263)**	(54,337)
Salaries and employee benefits expense		**(533,973)**	(595,516)
Directors fees		**(109,438)**	(95,000)
Exploration expenses	6	**(3,467,734)**	(4,610,484)
Capitalised exploration written off	6	**-**	(2,487,465)
Travel expenses		**(178,339)**	(250,887)
Promotion expenses		**(58,418)**	(108,563)
Administration expenses		**(334,292)**	(391,590)
Consulting expenses		**(31,094)**	(78,432)
Insurance expenses		**(30,452)**	(27,890)
Lease Interest		**(14,359)**	-
Lease Amortisation		**(135,310)**	-
Convertible Note Interest		**(237,022)**	-
Share based payment expense	28	**(254,400)**	(226,543)
Other expenses		**(749,004)**	(854,762)
Loss before income tax		**(5,671,296)**	(9,735,486)
Income tax expense	7	**-**	-
Loss for the year		**(5,671,296)**	(9,735,486)
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,375,662)**	750,516
Other comprehensive income/(loss) for the year net of tax		**(1,375,662)**	750,516
Total comprehensive loss for the Year		**(7,046,958)**	(8,984,970)

The loss for the year and total comprehensive loss for the year is fully attributable to the owners of Azure Minerals Limited

Loss per share from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share (cents per share)	24	**(3.75)**	(8.77)
Diluted loss per share (cents per share)	24	**N/A**	N/A

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

Consolidated Statement of Financial Position

AT 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	20	**849,549**	650,348
Trade and other receivables	8	**284,689**	783,603
Total Current Assets		**1,134,238**	1,433,951
Non-Current Assets			
Investments	9	**948**	948
Office right of use		**67,655**	-
Plant and equipment	10	**123,865**	154,783
Capitalised exploration expenditure	11	**7,889,184**	5,567,921
Total Non-Current Assets		**8,081,652**	5,723,652
TOTAL ASSETS		**9,215,890**	7,157,603
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**393,846**	623,113
Provisions	14	**144,085**	169,802
Lease Liability	15	**71,050**	-
Total Current Liabilities		**608,981**	792,915
Non-Current Liabilities			
Provisions	14	**114,687**	107,764
Borrowings	16	**2,000,000**	-
Total Non-Current Liabilities		**2,114,687**	107,764
TOTAL LIABILITIES		**2,723,668**	900,679
NET ASSETS		**6,492,222**	6,256,924
EQUITY			
Contributed equity	17	**87,760,331**	80,732,475
Reserves	18	**3,254,707**	4,375,969
Accumulated losses	18	**(84,522,816)**	(78,851,520)
TOTAL EQUITY		**6,492,222**	6,256,924

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

30 JUNE 2020

	Issued Share Capital $	Share Option Reserve $	Financial Asset Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2019	**80,732,475**	**5,388,311**	**(39,996)**	**(972,346)**	**(78,851,520)**	**6,256,924**
Loss for period	-	-	-	-	(5,671,296)	(5,671,296)
Other comprehensive loss						
Exchange differences on translation of foreign operations	-	-	-	(1,375,662)	-	(1,375,662)
Total other comprehensive loss	-	-	-	(1,375,662)	-	(1,375,662)
Total comprehensive loss for the period	-	-	-	**(1,375,662)**	**(5,671,296)**	**(7,046,958)**
Transactions with owners in their capacity as owners:						
Issue of shares net of transaction costs	7,027,856	-	-	-	-	7,027,856
Share based payments (Note 28)	-	254,400	-	-	-	254,400
Total transactions with owners	7,027,856	254,400	-	-	-	7,282,256
Balance as at 30 June 2020	**87,760,331**	**5,642,711**	**(39,996)**	**(2,348,008)**	**(84,522,816)**	**6,492,222**

30 JUNE 2019

	Issued Share Capital $	Share Option Reserve $	Financial Asset Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2018	**80,732,475**	**5,161,768**	**(39,996)**	**(1,722,862)**	**(69,116,034)**	**15,015,351**
Loss for period	-	-	-	-	**(9,735,486)**	(9,735,486)
Other comprehensive loss						
Exchange differences on translation of foreign operations	-	-	-	750,516	-	750,516
Total other comprehensive loss	-	-	-	750,516		750,516
Total comprehensive loss for the period	-	-	-	**750,516**	**(9,735,486)**	**(8,984,970)**
Transactions with owners in their capacity as owners:						
Share based payments	-	226,543	-	-	-	226,543
Total transactions with owners	-	226,543	-	-	-	226,543
Balance as at 30 June 2019	**80,732,475**	**5,388,311**	**(39,996)**	**(972,346)**	**(78,851,520)**	**6,256,924**

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,248,162)**	(2,121,947)
Interest received		**15,166**	65,996
Other Income		**1,086,721**	-
Expenditure on mining interests		**(3,737,637)**	(3,766,445)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20(b)	**(4,883,912)**	(5,822,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(29,116)**	(25,112)
Acquisition Payments for projects	11	**(163,400)**	(18,531)
Proceeds from sale of mineral projects		**35,435**	-
Proceeds from sale of plant and equipment		**-**	357
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(157,081)**	(43,286)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**4,020,000**	-
Share issue costs		**(300,612)**	-
Proceeds from convertible notes		**2,000,000**	-
Interest expense		**(125,000)**	-
Lease payments		**(150,872)**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**5,443,516**	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		**402,523**	(5,865,682)
Cash and cash equivalents at the beginning of the financial year		**650,348**	6,593,163
Effect of exchange rate changes on cash and cash equivalents		**(203,322)**	(77,133)
CASH AND CASH EQUIVALENTS AT END OF YEAR	20(a)	**849,549**	650,348

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Azure Minerals Limited as an individual entity and the consolidated entity consisting of Azure Minerals Limited and its subsidiaries.

BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Azure Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRSs

The consolidated financial statements of Azure Minerals Limited and the separate financial statements of Azure Minerals Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through other comprehensive income or P&L.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

GOING CONCERN

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

The Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2020 of $5,671,296 (2019: $9,735,486) and experienced net cash outflows from operating activities of $4,883,192 (2019: $5,822,396). At 30 June 2020, the Consolidated Entity had net current assets of $525,257 (2019: $641,036).

The ability of the Consolidated Entity to continue as a going concern is dependent on securing additional funding either through the issue of further shares, convertible notes (refer note 23) or a combination of both in order to continue to actively explore its mineral properties.

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Group to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that on successful completion of fund-raising activities referred to above there will be sufficient funds to meet the Consolidated Entity's working capital requirements and as at the date of this report the Consolidated Entity believes it can meet all liabilities as and when they fall due. On 24 July and 26 August 2020 Azure Minerals Limited issued a total of 40,000,000 shares at an issue price of $0.10 each to raise $4,000,000 (before expenses of the issue).

The Directors have reviewed the business outlook and the assets and liabilities of the Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Consolidated Entity will continue to be successful in securing additional funds through the issue of further shares, convertible notes (refer note 23) or a combination of both as and when the need to raise working capital arises.

Should the Consolidated Entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differs from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary if the Consolidated Entity is unable to continue as a going concern.

(a) Principles of consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisitions method of accounting is used to account for business combinations by the Group.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Principles of consolidation (Cont'd)

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Azure Minerals Limited.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(c) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(d) Leases

For the year ended 30 June 2020

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is required to dismantle, remove or restore the leased asset.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leases (Cont'd)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Group's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight-line basis over the length of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

e) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Foreign currency translation

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is Azure Minerals Limited's functional and presentation currency. The functional currency of Australian subsidiary (Azure Mexico Pty Ltd) is the Australian dollar. The functional currency of the Mexican overseas subsidiaries (Minera Piedra Azul CV de SA, Minera Azure CV de SA, Minera Capitana CV de SA and Servicios AzuPerth CV de SA) is the Mexican Peso.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

(h) Trade and other payables

Liabilities for trade creditors are recognised initially at fair value and subsequently at amortised cost.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black Scholes or a Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(k) Contributed Equity

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received

(l) Earnings per share (EPS)

Basic earnings per share
Basic EPS is calculated as the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chairman.

(p) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivative, and trading and financial assets at fair value through other comprehensive income or P&L) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flow, are used to determined fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(q) Convertible loans
Convertible notes were issued by the Group which include embedded derivatives (options to convert to a variable number of shares). Convertible notes are initially recognised as financial liabilities at fair value.

On initial recognition the fair value of the convertible notes equate the proceeds received and subsequently the convertible note is measured at fair value. The movements are recognised in profit or loss as a finance cost, except if the movement is attributable to changes in the Group's own credit risk status in which case it is recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Adoption of new and amended accounting standards

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2019. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following relevant standards and interpretations have been issued by the Australian Accounting Standards Board (AASB) but are not yet effective for the year ending 30 June 2020:

AASB 2018-6: *Amendments to the Australia Accounting Standards – Definition of a business*

This standard amends AASB 3 Business Combinations' ("AASB 3") definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The revisions to AASB 3 also introduced an optional concentration test. If the concentration test is met, the set of activities and assets acquired is determined not to be a business combination and asset acquisition accounting is applied. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group's assessment of the impact of this new amendment is that it is not expected to have a material impact on the Group in the current or future reporting periods.

(iv) Other standards not yet applicable

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

2 . FINANCIAL RISK MANAGEMENT

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk
- Currency risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and cash and cash equivalents. For the Company it arises from receivables due from subsidiaries.

Cash and Cash Equivalents

The Group manages its credit risk on cash and cash equivalents by only dealing with banks licensed to operate in Australia or Mexico.

Trade and other receivables

As the Group operates in the mining exploration sector, it generally does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Presently, the Group undertakes exploration and evaluation activities exclusively in Mexico. At the reporting date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Consolidated Carrying Amount	
	Note	**2020**	**2019**
		$	**$**
Trade and other receivables	8	**59,426**	36,807
Cash and cash equivalents	20	**849,549**	650,348

Notes to the Consolidated Financial Statements

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

Expected credit losses

None of the Company's other receivables are past due (2019: nil).

The Group operates in the mining exploration sector and generally does not have trade receivables and is therefore not materially exposed to credit risk in relation to trade receivables. Other receivables are principally value added taxes withheld by third parties and due to the Group from sovereign governments, as such the Group does not consider it is exposed to any significant credit risk.

The allowance accounts in respect of other receivables is used to record expected credit losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2020 the Group does not have any collective expected credit on its other receivables.

The Group places its cash deposits with institutions with a credit rating of -AA or better and only with major banks.

Guarantees

The Group has provided a financial guarantee of $94,475 (2019: $94,475) to secure its office lease. Otherwise the Group only provides guarantees to wholly-owned subsidiaries.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities at amortised cost:

Consolidated

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
30 June 2020							
Trade and other payables	393,846	393,846	393,846	-	-	-	-
Lease Liability	71,050	71,050	71,050	-	-	-	-
Convertible note	2,000,000	2,000,000	-	-	2,000,000	-	-
30 June 2019							
Trade and other payables	623,113	623,113	623,113	-	-	-	-

The Convertible notes may be repaid, at the election of the holder, by the issue of 13,793,103 shares in the Company.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United Sates Dollar (USD) and Mexican Peso (MxP).

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Notes to the Consolidated Financial Statements

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

	2020 USD	2019 USD
Trade receivables	**102,176**	43,765
Trade payables	**85,594**	163,438
Gross statement of financial position	**187,770**	207,203
Forward exchange contracts	-	-
Net exposure	**187,770**	207,203

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	2019	2019
AUD/USD	**1.4921**	1.3985	**1.4541**	1.4241

Sensitivity analysis

Over the reporting period there have been significant movements in the Australian dollar when compared to other currencies, it is therefore considered reasonable to review sensitivities base on a 10% movement in the Australian dollar. A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased equity and decrease loss, before tax, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	Consolidated Profit or loss
30 June 2020	
USD	**18,777**
30 June 2019	
USD	20,720

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the Groups financial position will be adversely affected by movements in interest rates that will increase the costs of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. The Group does not have any borrowings therefore is not exposed to interest rate risk in this area. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount	
	2020	2019
Variable rate instruments		
Short term cash deposits	**823,584**	508,909

Cash flow sensitivity analysis for variable rate instruments

The Group has reviewed the likely movements in interest rates and considers that a movement of +/- 100 basis points is reasonable.

Group Sensitivity

At 30 June 2020 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax profit would have been $8,496 higher /lower (2019 – change of 100 basis points $6,503 higher/lower).

Notes to the Consolidated Financial Statements

2 . FINANCIAL RISK MANAGEMENT (Cont'd)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Consolidated	2020		2019	
	Carrying amount	Fair Value	Carrying amount	Fair value
Trade and other receivables	284,689	284,689	136,763	136,763
Cash and cash equivalents	849,549	849,549	650,348	650,348
Other financial assets	948	948	948	948
Trade and other payables	(393,846)	(393,846)	(623,113)	(623,113)
Lease liability	(71,050)	(71,050)	-	-
Convertible note	(2,000,000)	(2,000,000)	-	-

The methods and assumptions used to estimate the fair value of instruments are:

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Other financial assets: The quoted market price

Lease Liability: The carrying amount approximates fair value.

Convertible Note: The carrying amount approximates fair value because of their short-term to maturity.

Capital Management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impact of Coronavirus (COVID-19) pandemic.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current. The future recoverability of exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Currently no deferred tax assets have been recognised as it is not probable that future taxable profits will be available to utilise those temporary differences.

Share options

The Company measures the cost of equity-settled transactions with employees, including directors, by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal formula. For options issued in this financial year, the assumptions detailed as per Note 28 were used.

Notes to the Consolidated Financial Statements

3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (Cont'd)

Asset acquisition

The Group has determined that the acquisition of the Andover, Turner river, Meentheena and Coongan projects from the Creasy Group is deemed to be an asset acquisition not a business combination. In assessing the requirements of AASB 3 Business Combinations, the Group has determined that the assets acquired do not constitute a business. The assess acquired consists of mineral exploration tenements. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in the purchase transaction and no deferred tax will arise in relation to the acquired asset as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition.

Convertible notes carried at fair value

On initial recognition, the value of the convertible notes was calculated based on the proceeds received. At reporting date, the fair value of the conversion option within the convertible loan has been assessed to be nil and credit risk has not changed since the inception of the loan.

Impairment of Exploration and Evaluation Asset

The Group assesses impairment of non-financial assets each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. During the 2018/19 year, an impairment charge was recorded against the Group's Promontorio Project based on a valuation reflecting the fair value of the Project. The determination of an exploration project's Fair Value requires management to make certain estimates and use significant judgement.

4. SEGMENT INFORMATION

The Company currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Based on this criteria, management has determined that the company has one operating segment being mineral exploration in Mexico. As the company is focused on mineral exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest. These areas of interest meet aggregating criteria and are aggregated into one reporting sector. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

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

	30 June 2020 $	30 June 2019 $
5. OTHER INCOME		
Other income		
Bank interest	**12,121**	45,626
IVA Recovered	**400,746**	-
Other	**97,935**	357
Total revenues from other income	**510,802**	45,983

6. EXPENSES

Loss before income tax includes the following specific expenses		
Depreciation of plant and equipment	**48,263**	54,337
Exploration expenditure	**3,467,734**	4,610,484
Capitalised exploration written off	**-**	2,487,465
Operating lease expenses	**-**	72,158
Superannuation	**64,774**	70,344

Notes to the Consolidated Financial Statements

7. INCOME TAX

	30 June 2020 $	30 June 2019 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(5,671,296)**	(9,735,486)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	**(1,559,607)**	(2,677,259)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**69,960**	62,299
Capitalised Exploration written off	-	701,982
Sundry items	**60,354**	76,580
	(1,429,293)	(1,836,398)
Movement in unrecognised temporary differences	**(96,457)**	(87,330)
Difference in overseas tax rates	-	-
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**1,525,750**	1,923,728
Income tax expense	-	-

	30 June 2020 $	30 June 2019 $
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 27.5%)		
On Income Tax Account		
Prepayments	**4,710**	3,969
Depreciation of plant and equipment	**(10,201)**	(10,915)
Provisions	**76,662**	76,331
Carry forward tax losses	**9,104,509**	9,012,812
Carry forward tax losses – foreign	**10,025,903**	9,258,127
Other – tenement	**600,100**	600,100
	19,801,683	18,940,424
Deferred Tax Liabilities (at 27.5%)	**-**	-

Deferred income tax assets have not been recognised as it is not probable that future profit will be available against which deductible temporary differences can be utilised.

In addition to the above Australian estimated future income tax benefits the consolidated entity has incurred significant expenditure in Mexico, some of which should give rise to taxable deductions. At this stage the company is unable to reliably estimate the quantity of such future tax benefits.

There are no franking credits available.

Notes to the Consolidated Financial Statements

8. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
Prepayment of insurance premiums	**20,911**	17,166
Sundry Receivables (a)	**263,778**	766,437
	284,689	783,603

(a) These amounts generally arise from activities outside the usual operating activities. Interest is not usually charged and collateral is not obtained. For the Group the receivable principally arises from consumption taxes paid to third party suppliers for which a refund from tax authorities is expected.

The carrying amount of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

No expected credit loss allowance has been recognised at 30 June 2020 (30 June 2019: Nil)

(b) Refer to note 2 for information on the risk management policy of the Group and the credit quality of the Groups receivables

9. FINANCIAL ASSETS

Listed shares at fair value (a)		
Wolfeye Resource Corp.	**948**	948

(a) Financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. Wolfeye Resource Corp. is listed on the Toronto Venture Exchange. Fair value has been determined directly by reference to published quotations on active markets (Level 1). The fair value of these financial assets has been based on the closing quoted bid prices at reporting date, excluding transaction costs. Also refer to Note 2 – Financial Risk Management.

At Cost	**40,944**	40,944
Impairment	**-**	-
Fair value adjustment to reserve (Note 18)	**(39,996)**	(39,996)
Fair value at 30 June	**948**	948

10. PLANT AND EQUIPMENT

	Furniture, fittings and equipment $	Motor Vehicles $	Exploration Equipment $	Total $
At 1 July 2018				
Cost	269,278	79,326	96,748	445,352
Accumulated Depreciation	(166,288)	(66,597)	(38,189)	(271,074)
Net Book Amount	**102,990**	**12,729**	**58,559**	**174,278**
Year ended 30 June 2019				
Opening net book value	102,991	12,729	58,559	174,279
Additions	22,692	-	2,033	24,725
Disposals	-	-	-	-
Depreciation on disposals	-	-	-	-
Depreciation charge	(36,813)	(8,175)	(9,333)	(54,321)
Foreign exchange translation adjustment	3,837	1,011	5,252	10,100
Closing net book value	92,707	5,565	56,511	154,783
At 30 June 2019				
Cost	302,836	86,701	107,728	497,265
Accumulated depreciation	(210,129)	(81,136)	(51,217)	(342,482)
Net book amount	**92,707**	**5,565**	**56,511**	**154,783**

Notes to the Consolidated Financial Statements

10. PLANT AND EQUIPMENT (Cont'd)

	Furniture, fittings and equipment $	Motor Vehicles $	Exploration Equipment $	Total $
Year ended 30 June 2020				
Opening net book value	92,708	5,565	56,511	154,784
Additions	23,597	-	5,519	29,116
Disposals	(6,521)	-	(594)	(7,115)
Depreciation on disposals	6,521	-	594	7,115
Depreciation charge	(32,625)	(5,500)	(10,138)	(48,263)
Foreign exchange translation adjustment	(4,376)	(65)	(7,331)	(11,772)
Closing net book value	79,304	-	44,561	123,865
At 30 June 2020				
Cost	298,751	73,705	96,656	469,112
Accumulated depreciation	(219,447)	(73,705)	(52,095)	(345,247)
Net book amount	**79,304**	**-**	**44,561**	**123,865**

11. CAPITALISED EXPLORATION EXPENDITURE (NON-CURRENT)

	2020 $	2019 $
At Cost	**7,889,184**	8,603,854

Reconciliations

Movement in the carrying amounts of capitalised exploration expenditure between the beginning and end of the current financial year

	2020 $	2019 $
Opening net book amount	**5,567,921**	7,940,514
Additions(a)	**3,241,716**	18,531
Impairment (b)	**-**	(3,183,459)
Foreign exchange translation adjustment	**(920,453)**	792,335
Closing net book amount	**7,889,184**	5,567,921

(a) The following payments were made to acquire projects during the Year: $31,506 was made to acquire additional concessions for the Oposura Project; $122,585 to obtain an additional concession for the Sara Alicia project and $3,087,624 to move to 100% ownership of the Alacran project. All acquisitions were by cash payments, except for the $3,087,624 to move to 100% ownership of the Alacran project. This was met by the issue of 27,545,566 fully paid shares in the capital of the Company on 27 August 2019, which at the time of issue had a fair value of $3,305,468.

(b) The impairment charge of $3,183,459 arose in relation to the Group's Promontorio project in Mexico. During the prior period, a valuation of the Group's projects was performed for the purposes of an independent expert report. The impairment was recorded in order to reduce the carrying value of the project from its carrying value to the preferred fair value as disclosed in the valuation.

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

12. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

Name	Country of incorporation	Class of shares	Equity Holding* 2020	Equity Holding* 2019
Azure Mexico Pty Ltd	Australia	Ordinary	**100%**	100%
Minera Piedra Azul, S.A. de C.V	Mexico	Ordinary	**100%**	100%
Minera Capitana S.A. de C.V	Mexico	Ordinary	**100%**	100%
Azu-Perth S.A. de C.V.	Mexico	Ordinary	**100%**	100%
Minera Azure, S.A. de C.V.	Mexico	Ordinary	**100%**	100%
Minera Tlali SAPI. de C.V.	Mexico	Ordinary	**100%**	-

*Percentage of voting power is in proportion to ownership.

Notes to the Consolidated Financial Statements

	2020 $	2019 $
13. TRADE AND OTHER PAYABLES (CURRENT)		
Trade payables	**393,846**	623,113
	393,846	623,113

Information about the Groups financial risk management policies is disclosed in note 2.

The carrying amount of trade and other payables are assumed to approximate their fair values due to their short-term nature.

14. PROVISIONS

	2020	2019
CURRENT		
Employee benefits	**144,085**	169,802
NON-CURRENT		
Employee benefits	**114,687**	107,764

The provisions for employee benefits include accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service. Based on past experience employee entitlements that represent annual leave are presented as current and employee entitlements that are in relation to long serve leave are present as non-current.

15. LEASE LIABILITY

The Company is party to lease agreement for the registered office in West Perth, whereby the company was granted the right of use to office premises for a period of five years commencing 1 January 2016.

The Company has recognised a lease liability as at 1 July 2019.

	2020	2019
CURRENT		
Lease Liability	**71,050**	-
NON CURRENT		
Lease Liability	-	-

16. BORROWINGS

	2020	2019
Face Value of Convertible Notes issued	**2,000,000**	-
Finance Costs	**112,022**	-
Total Borrowings	**2,112,022**	-
Balance included in Non-current Borrowings	**2,000,000**	-
Balance included in Current Trade and other Payables	**112,022**	-

On 19 July 2019, the company issued convertible notes for $2,000,000, as part of a capital raising exercise. The notes can be converted at the option of the lenders up until 19 July 2021 at 14.5c per share, as at 30 June 2020 they are yet to be converted. The convertible notes accrue interest payable at 12.5% pa, payable 6 monthly in arrears over the 24 month maturity term.

Notes to the Consolidated Financial Statements

17. CONTRIBUTED EQUITY

(a) Share capital

	Consolidated			
	2020		2019	
	Number of shares	$	Number of shares	$
Ordinary shares fully paid				
Total consolidated contributed equity	**162,192,617**	**87,760,331**	110,999,992	80,732,475

(b) Movements in ordinary share capital

	2020		2019	
	Number of shares	$	Number of shares	$
1 July opening balance	**110,999,992**	**80,732,475**	110,999,992	80,732,475
Issued to Teck Resources Ltd (Note 20)	**27,545,566**	**3,308,468**	-	-
Issue at $0.17 per share	**23,647,059**	**4,020,000**	-	-
Share issue expenses	**-**	**(300,612)**	-	-
30 June closing balance	**162,192,617**	**87,760,331**	110,999,992	80,732,475

Funds raised from the share issues during the 2020 year were used to progress the company's exploration activities.

(c) Movements in unlisted options on issue

2020

Exercise Price (cents)	Expiry	Opening Balance	Issued	Lapsed	Closing Balance
94	30 November 2019	2,050,000	-	(2,050,000)	-
58	30 November 2020	2,050,000	-	-	2,050,000
29	30 November 2021	2,200,000	-	-	2,200,000
20.5	30 November 2020	-	4,400,000	-	4,400,000
110	11 September 2019	9,725,511	-	(9,725,511)	-
45	30 April 2020	13,683,339	-	(13,683,339)	-
		29,708,850	**4,400,000**	(25,458,850)	**8,650,000**

2019

Exercise Price (cents)	Expiry	Opening Balance	Issued	Lapsed	Closing Balance
120	30 November 2018	1,850,000	-	(1,850,000)	-
94	30 November 2019	2,050,000	-	-	2,050,000
58	30 November 2020	2,050,000	-	-	2,050,000
29	30 November 2021	-	2,200,000	-	2,200,000
110	11 September 2019	9,725,511	-	-	9,725,511
45	30 April 2020	13,683,339	-	-	13,683,339
		29,358,850	**2,200,000**	**(1,850,000)**	**29,708,850**

Further information on options issued is set out in Note 28

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. For further information on Capital Management refer to Note 2.

Notes to the Consolidated Financial Statements

	2020 $	2019 $
18. RESERVES AND ACCUMULATED LOSSES		
Accumulated losses		
Balance at beginning of year	**78,851,520**	69,116,034
Loss for the year	**5,671,296**	9,735,486
Balance at end of year	**84,522,816**	78,851,520
Share-based payments reserve		
Balance at beginning of year	**5,388,311**	5,161,768
Movement during the year	**254,400**	226,543
Balance at end of year	**5,642,711**	5,388,311
Financial asset reserve		
Balance at beginning of year	**(39,996)**	(39,996)
Revaluation	**-**	-
Balance at end of year	**(39,996)**	(39,996)
Foreign currency translation reserve		
Balance at beginning of year	**(972,346)**	(1,722,862)
Movement during the year	**(1,375,662)**	750,516
Balance at end of year	**(2,348,008)**	(972,346)
Total Reserves	**3,254,707**	4,375,969

(a) Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Financial asset reserve
This reserve records fair value changes on investments held at Fair Value through Other Comprehensive Income. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the statements of foreign subsidiaries.

19. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

20. STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	2020	2019
Cash and cash equivalents comprises:		
– cash at bank and in hand	**25,965**	141,439
– short-term deposits	**823,584**	508,909
Closing cash and cash equivalents balance	**849,549**	650,348

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Notes to the Consolidated Financial Statements

20. STATEMENT OF CASH FLOWS (cont'd)

	2020 $	2019 $
(b) Reconciliation of the net loss after income tax to the net cash outflows from operating activities		
Net loss	**(5,671,296)**	(9,735,486)
Convertible Note Interest	**237,022**	-
Depreciation of non-current assets	**48,264**	54,337
Share based payment expense	**254,400**	226,543
Capitalised exploration written off	**-**	2,487,465
Plant and Equipment written off	**863**	-
Profit on sale of mineral concession	**(35,435)**	(357)
Re-classify right to use asset	**3,395**	-
Operating lease payments	**150,872**	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**45,302**	1,092,558
(Increase)/decrease in prepayments	**(4,392)**	1,018
Increase/(decrease) in trade and other payables	**87,093**	9,526
Increase/(decrease) in provisions	**-**	42,000
Net cash outflow from operating activities	**(4,883,912)**	(5,822,396)

(c) Non-cash financing and investing activities

During the period the 27,545,546 shares were issued to Teck Resources Limited to move to 100% ownership of the Alacrán project.

There have been no other non-cash financing and investing activities during the 2020 year (2019: Nil).

21. COMMITMENTS

As a result of the acquisition of the additional interest in the Alacran Project, the Group issued to Teck a 0.5% Net Smelter Return Royalty on the Project, and a participation right on the proceeds of any sale of the project within a five year period.

In addition, the company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments which are expected to be met in the normal course of business are as follows:

Not later than one year	**74,305**	173,773

22. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the company at reporting date (2019: Nil).

23. EVENTS OCCURING AFTER REPORTING DATE

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year

Since the end of the financial year, the Company has issued 40 million shares at $0.10 each to raise $4.0 million (before expenses of the issue), issued 40 million shares to acquire 60% in one and 70% in three mineral projects located in the Pilbara region of Western Australia and entered into an exclusive and binding agreement to acquire 100%-ownership of the Barton Gold Project for the issue of 1.15 million shares and A$20,000, payable upon grant of the tenement.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Notes to the Consolidated Financial Statements

24. LOSS PER SHARE

	2020 $	2019 $
(a) Reconciliation of earnings to profit or loss		
Net loss	**(5,671,296)**	(7,395,547)
Loss used in calculating basic loss per share	**(5,671,296)**	(7,395,547)
Basic loss per share (cents per share)	**(3.75)**	(8.77)

	Number of shares 2020	Number of shares 2019
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share		
Weighted average number of ordinary shares used in calculating basic loss per share	**151,398,370**	110,999,992

(c) Effect of dilutive securities

Options on issue at reporting date could potentially dilute basic earnings per share in the future. The effect in the current year is to decrease the loss per share hence they are considered antidilutive. Accordingly, diluted loss per share has not been disclosed.

25. AUDITOR'S REMUNERATION

	2020 $	2019 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd or associated entities for:		
Tax compliance services	**4,202**	10,455
An audit or review of the financial report of the entity	**41,882**	42,935
	46,084	53,390
Remuneration of other auditors of subsidiaries		
Audit or review of financial report of subsidiaries	**26,430**	23,497

26. KEY MANAGEMENT PERSONNEL DISCLOSURES

	2020 $	2019 $
(a) Compensation of key management personnel by compensation		
Short-term	**646,438**	695,100
Post-employment	**31,768**	34,024
Share-based payment	**156,109**	139,016
	834,315	868,140

For further information refer to the Remuneration Report included as part of the Directors' Report.

27. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is Azure Minerals Limited.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

Name	Country of incorporation	Class of shares	Equity Holding* 2020 %	Equity Holding* 2019 %
Azure Mexico Pty Ltd	Australia	Ordinary	**100**	100
Minera Piedra Azul, S.A. de C.V	Mexico	Ordinary	**100**	100
Minera Capitana, S.A. de C.V	Mexico	Ordinary	**100**	100
Servicios AzuPerth, S.A. de C.V	Mexico	Ordinary	**100**	100
Mineral Azure S.A. de C.V.	Mexico	Ordinary	**100**	100
Mineral Tlali SAPI. de C.V.	Mexico	Ordinary	**100**	-

*Percentage of voting power is in proportion to ownership.

No other provision for doubtful debts have been raised in relation other outstanding balances, and no other expense has been recognised in respect of bad or doubtful debts due from related parties.

(c) Other Related Transactions

The Company has entered into a sub-lease agreement on normal commercial terms with Ionic Rare Earths Limited (**IonicRE**), a company of which Anthony Rovira and Brett Dickson are directors. During the year IonicRE paid sub-lease fees totalling $17,872 (2019: $4,800).

The Company has also entered into a sub-lease agreement on normal commercial terms with Rox Resources Limited, a company of which Brett Dickson is a Director. During the year Rox Resources Limited paid sub-lease fees totalling $110,399 (2019: $121,359). In addition, the Company paid fees of $45,990 (2019: $44,895) to Rox Resources Limited for the provision of office secretarial support.

Notes to the Consolidated Financial Statements

28. SHARE-BASED PAYMENTS

No options have been issued pursuant to an Employee Share plan.

Employee and consultants option plan

The establishment of the Azure Minerals Limited – Employees and Contractors Option Incentive Plan ("Plan") was approved by shareholders at the Annual General Meeting. The plan is designed to provide long-term incentives for employees and certain contractors to deliver long term shareholder returns. Participation in the plan is at the Boards discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the company with full dividend and voting rights. No options are on issue pursuant to the plan.

(a) Director, executive and employee options

Set out below are summaries of current directors, executives & employees options granted.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year	Balance at end of the year Number	Vested and exercisable at end of the year Number
2020									
7 Dec '16	30 Nov '19	94*	1.4	2,050,000	-	-	(2,050,000)	-	-
20 Nov '17	30 Nov '20	58*	1.6	2,050,000	-	-	-	2,050,000	2,050,000
19 Dec '18	30 Nov '21	29	10.3	2,200,000	-	-	-	2,200,000	2,200,000
26 Nov '19	30 Nov '22	20.5	5.8	-	4,400,000	-	-	4,400,000	4,400,000
				6,300,000	**4,400,000**	-	**(2,050,000)**	**8,650,000**	**8,650,000**
Weighted average exercise price				$0.60	$0.205	-	$0.94	$0.315	$0.315
2019									
19 Nov '15	30 Nov '18	120*	2.1	1,560,000	-	-	(1,560,000)	-	-
28 Apr '16	30 Nov '18	120*	2.2	290,000	-	-	(290,000)	-	-
7 Dec '16	30 Nov '19	94*	1.4	2,050,000	-	-	-	2,050,000	2,050,000
20 Nov '17	30 Nov '20	58*	1.6	2,050,000	-	-	-	2,050,000	2,050,000
19 Dec '18	30 Nov '21	29	10.3	-	2,200,000	-	-	2,200,000	2,200,000
				5,950,000	**2,200,000**	-	**(1,850,000)**	**6,300,000**	**6,300,000**
Weighted average exercise price				$0.90	$0.29	-	$1.20	$0.60	$0.60

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.7 years (2019: 1.4 years).

Fair value of options granted.

During the 2020 financial year the weighted average fair value of the options granted was 5.8 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2020	**2019**
Weighted average exercise price (cents)	**20.5**	29.0
Weighted average life of the option (years)	**3.0**	3.0
Weighted average underlying share price (cents)	**11.5**	19.0
Expected share price volatility (%)	**100**	100
Risk free interest rate (%)	**0.73**	2.1

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

The options vested immediately and the total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated	
	2020	**2019**
	$	**$**
Options issued to directors and executives	**254,400**	226,543

Notes to the Consolidated Financial Statements

29. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 $	2019 $
Statement of Financial Position		
Current assets	**8,921,871**	6,779,045
Total assets	**9,044,696**	6,830,727
Current liabilities	**437,793**	466,040
Total liabilities	**2,552,480**	573,803
Net assets	**6,492,216**	6,256,924
Shareholder's equity		
Issued capital	**87,760,331**	80,732,475
Reserves	**5,602,715**	5,348,315
Accumulated loses	**(86,870,830)**	(79,823,866)
	6,492,216	6,256,924

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities or guarantees as at 30 June 2020 or 30 June 2019.

(c) Contracted commitments for the acquisition of property, plants or equipment

The parent entity did not have any commitments for the acquisition of property, plants or equipment.

Directors' Declaration

The directors of the company declare that:

(1) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date.

(2) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(3) The directors have been given the declaration by the chief executive officer and chief financial officer as required by section 295A of the *Corporations Act 2001*.

(4) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Peter Ingram
Chairman

Perth, 25 September 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Azure Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Azure Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for the Convertible Notes

Key audit matter	How the matter was addressed in our audit
During the year, the Group issued convertible notes as disclosed in Note 16. Accounting for convertible notes was considered to be a key audit matter due to the complexity involved in assessing whether to account for the notes as equity, a liability or combination of both as well as the subsequent measurement of the individual components of the liability based on the terms and conditions of the agreements. The assessment includes significant judgement in determining the fair value of the separate components of the liability.	Our procedures included, but were not limited to: • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreements to determine if the convertible notes are to be accounted for as equity, a liability or combination of both; • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard; • Reviewing management's assessment of the movement in fair value of the convertible notes; and • Assessing the adequacy of the related disclosures in Note 2 and Note 16 to the financial report.

Recoverability of Capitalised Exploration Expenditure

Key audit matter	How the matter was addressed in our audit
At 30 June 2020 the carrying value of capitalised exploration expenditure was disclosed in Note 11. As the carrying value of the exploration asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. This was determined to be a key audit matter due to the significant judgement applied in determining the treatment of exploration asset in accordance with the requirements of the relevant Australian Accounting Standard.	Our procedures included, but were not limited to: • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 3 and Note 11 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the dirPectors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Azure Minerals Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 25 September 2020

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Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AZURE MINERALS LIMITED

As lead auditor of Azure Minerals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Azure Minerals Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

25 September 2020

ASX Additional Information

The number of shareholders, by size of holding, in each class of share as at 31 August 2020 are:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	**1,086**	**454,195**
1,001	-	5,000	**950**	**2,726,238**
5,001	-	10,000	**455**	**3,475,048**
10,001	-	100,000	**1,075**	**38,917,815**
100,001		and over	**222**	**196,619,321**
			3,788	242,192,617
The number of shareholders holding less than a marketable parcel of shares are:			**1,619**	**1,457,743**

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Yandal Investments Pty Ltd	46,200,000	19.08
2	Teck Resources Limited	27,545,566	11.37
3	Delphi Unternehmensberatung Aktiengesellschaft	22,602,525	9.33
4	Deutsche Balaton Aktiengesellschaft	20,029,412	8.27
5	Hsbc Custody Nominees <Australia> Limited	5,375,753	2.22
6	Bnp Paribas Noms Pty Ltd <Drp>	3,936,637	1.63
7	Citicorp Nominees Pty Limited	3,086,041	1.27
8	Rubi Holdings Pty Ltd <John Rubino Super Fund A/C>	3,000,000	1.24
9	E & E Hall Pty Ltd <E & E Hall P/L S/F A/C>	1,500,000	0.62
10	Mr Neil James Waddington	1,500,000	0.62
11	J P Morgan Nominees Australia Pty Limited	1,345,384	0.56
12	Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	1,297,291	0.54
13	J & B Smith Superannuation Pty Ltd <Loch M Fraser Cu Tra Sf A/C>	1,220,000	0.50
14	Dr Lyndsay George Mcdonald Gordon	1,102,481	0.46
15	Reco Holdings Pty Ltd <Reco Super Fund A/C>	1,000,000	0.41
16	Mr John William Rogers	1,000,000	0.41
17	Tagfilm Pty Ltd <Roelofs Super Fund A/C>	1,000,000	0.41
18	Philip & Janet Turner Pty Ltd <Turner Family S/F A/C>	990,000	0.41
19	Mr Ian Raymond Huett	945,000	0.39
20	Wip Funds Management Pty Ltd <Porter Family S/F A/C>	900,000	0.37
		145,576,090	**60.11**

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
Yandal Investments Pty Ltd	**46,200,000**
Teck Resources Limited	**27,545,566**
Delphi Unternehmensberatung Aktiengesellschaft	**22,602,525**
Deutsche Balaton Aktiengesellschaft	**20,029,412**

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ASX Additional Information

(e) Schedule of interests in mining tenements

Project	Common Name	Mineral	Tenement	Initial Percentage	Final Percentage
Oposura, Sonora - Mexico	El Monstruo De Plomo	All Minerals	180473	100%	100%
	Don Genaro	All Minerals	180474	100%	100%
	El Crestón De Plomo	All Minerals	180475	100%	100%
	Candelaria	All Minerals	180476	100%	100%
	El Hueco	All Minerals	180477	100%	100%
	Campo De Plomo	All Minerals	180602	100%	100%
	Oposura Número 2	All Minerals	180603	100%	100%
	Oposura Número 4	All Minerals	180604	100%	100%
	Oposura Número 6	All Minerals	180605	100%	100%
	El Encinal	All Minerals	223473	100%	100%
Sara Alicia, Sonora - Mexico	Sara Alicia	All Minerals	165539	100%	100%
	Sara Alicia II	All Minerals	TBA	0%	100%
El Tecolote, Sonora - Mexico	El Tecolote	All Minerals	243923	100%	100%
	El Tecolote III	All Minerals	234586	100%	100%
Promontorio, Chihuahua - Mx	Hidalgo	All Minerals	235270	100%	100%
	Promontorio	All Minerals	235269	100%	100%
	El Magistral	All Minerals	218881	100%	100%
	Promontorio 1	All Minerals	245495	100%	100%
	Promontorio 2	All Minerals	245496	100%	100%
	Promontorio 3	All Minerals	245497	100%	100%
	Promontorio 4	All Minerals	245505	100%	100%
	Promontorio 5	All Minerals	245500	100%	100%
	Promontorio 6	All Minerals	245498	100%	100%
	Promontorio 7	All Minerals	245506	100%	100%
	Promontorio 8	All Minerals	245507	100%	100%
	Promontorio 9	All Minerals	245501	100%	100%
	Promontorio 10	All Minerals	245499	100%	100%
	Promontorio 11	All Minerals	245502	100%	100%
	Promontorio 12	All Minerals	245503	100%	100%
	Promontorio 13	All Minerals	245504	100%	100%
Oso Negro, Sonora - Mexico	El Sahuaro	All Minerals	243322	100%	100%
	Oso Negro	All Minerals	application	100%	100%
Panchita, Sonora - Mexico	Panchita	All Minerals	212767	100%	100%
	Dona Panchita	All Minerals	192097	100%	100%
San Augustin, Sonora - Mexico	San Augustin1	All Minerals	238325	100%	100%
Alacran, Sonora - Mexico	Kino 3	All Minerals	166312	100%	100%
	Kino 2	All Minerals	166313	100%	100%
	Kino 4	All Minerals	166314	100%	100%
	Kino 8	All Minerals	166315	100%	100%
	Kino 9	All Minerals	166316	100%	100%
	Kino 10	All Minerals	166317	100%	100%
	Kino 11	All Minerals	166318	100%	100%
	Kino 15	All Minerals	166365	100%	100%
	Hidalgo No. 4	All Minerals	166366	100%	100%
	Kino 16	All Minerals	166367	100%	100%
	Hidalgo No. 3	All Minerals	166368	100%	100%
	Hidalgo No. 2	All Minerals	166369	100%	100%
	Hidalgo No. 5	All Minerals	166370	100%	100%
	Hidalgo No. 6	All Minerals	166371	100%	100%
	Hidalgo No. 8	All Minerals	166372	100%	100%
	Hidalgo No. 7	All Minerals	166373	100%	100%
	Hidalgo	All Minerals	166374	100%	100%
	Hidalgo No. 9	All Minerals	166375	100%	100%
	San Simon	All Minerals	166376	100%	100%
	San Simon No. 2	All Minerals	166377	100%	100%
	El Alacran	All Minerals	201817	100%	100%

ASX Additional Information

TABLES OF MINERALS RESOURCES

MINERAL RESOURCES ESTIMATION GOVERNANCE STATEMENT

Governance of Azure's mineral resources is a responsibility of the Executive Management of the Company.

The Promontorio, Cascada, Mesa de Plata, Loma Bonita and Oposura mineral resources have not changed since last year.

Azure has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls. The mineral resources reported have been estimated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, the Company carries out regular internal peer reviews of processes and contractors engaged.

Azure has reported its Promontorio mineral resources on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2004 Edition.

Azure has reported its Oposura, Cascada and Mesa de Plata mineral resources on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2012 Edition.

Competent Persons named by Azure are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or of a "Recognised Professional Organisation", as included in a list on the JORC and ASX websites.

OPOSURA PROJECT

Table 1: Oposura Resource Estimate - June 2018 - using a 1.5% Zinc Equivalent Cut-Off Grade

(first released to ASX on 4 July 2018)

	Indicated Mineral Resource				Inferred Mineral Resource				Total Mineral Resource			
	Tonnes	Grade			Tonnes	Grade			Tonnes	Grade		
ZONE	**(Mt)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**(Mt)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**(Mt)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**
East	**0.5**	**5.0**	**3.7**	**19.4**	**0.5**	**4.8**	**2.7**	**16.7**	**1.0**	**4.9**	**3.2**	**18.5**
West	**1.6**	**5.4**	**2.6**	**16.5**	**0.3**	**3.3**	**2.1**	**14.3**	**1.9**	**5.0**	**2.6**	**16.2**
TOTAL	**2.1**	**5.3**	**2.9**	**17.2**	**0.8**	**4.3**	**2.5**	**16.5**	**2.9**	**5.0**	**2.8**	**17.0**

ALACRÁN PROJECT

Table 2: Mesa de Plata JORC Code Measured and Indicated Mineral Resource

(first released to ASX on 1 December 2016)

Zone	Measured Mineral Resource			Indicated Mineral Resource			Total Mineral Resource		
	Tonnes	Silver		Tonnes	Silver		Tonnes	Silver	
	(Mt)	(g/t Ag)	(Moz)	(Mt)	(g/t Ag)	(Moz)	(Mt)	(g/t Ag)	(Moz)
High Grade	1.21	307.4	12.0	0.54	201.7	3.5	1.75	274.7	15.5
Mid-Grade	8.43	43.0	11.7	0.28	36.2	0.3	8.71	42.8	12.0
Total	**9.64**	**76.2**	**23.6**	**0.82**	**145.4**	**3.8**	**10.46**	**81.6**	**27.4**

ASX Additional Information

Table 3: Loma Bonita JORC Code Indicated and Inferred Mineral Resource

(first released to ASX on 21 December 2016)

Cut-Off Grade (g/t Au)	JORC Code Classification	Tonnes (Mt)	Gold		Silver	
			(g/t)	(kOz)	(g/t)	(Moz)
≥ 0.5	Indicated Mineral Resource	2.87	1.25	115.7	33.9	3.14
	Inferred Mineral Resource	0.5	1.0	15	18	0.3
	Total	**3.4**	**1.2**	**131**	**32.0**	**3.4**
≥ 0.21	Indicated Mineral Resource	4.20	0.95	128.5	30.1	4.07
	Inferred Mineral Resource	1.2	0.6	22	18	0.7
	Total	**5.4**	**0.9**	**150**	**28**	**4.8**

PROMONTORIO PROJECT

Table 4: Cascada Mineral Resource above a 0.5% Cu Equivalent Cut-off within the Resource Constraining Shell

(first released to ASX on 7 May 2015)

Within Constraining Shell Cut off > 0.5% CuEq		Grade				Contained Metal			
Classification	**Tonnage (tonnes)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq (%)**	**Cu (tonnes)**	**Au (oz)**	**Ag (oz)**	**CuEq (tonnes)**
Indicated	810,000	1.1	1.4	28	2.0	9,000	36,000	720,000	15,900
Inferred	1,140,000	0.7	1.7	26	1.8	8,400	63,200	960,000	20,000
Total	**1,950,000**	**0.9**	**1.6**	**27**	**1.8**	**17,400**	**99,200**	**1,680,000**	**35,900**

Table 5: Cascada Mineral Resource above a 1.0% Cu Equivalent Cut-off below the Resource Constraining Shell

Below Constraining Shell Cut off > 1.0% CuEq		Grade				Contained Metal			
Classification	**Tonnage (tonnes)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq (%)**	**Cu (tonnes)**	**Au (oz)**	**Ag (oz)**	**CuEq (tonnes)**
Indicated	30,000	1.0	0.8	17	1.5	300	700	20,000	400
Inferred	80,000	1.3	2.7	22	2.7	1,100	7,300	60,000	2,300
Total	**110,000**	**1.2**	**2.3**	**21**	**2.4**	**1,400**	**8,000**	**80,000**	**2,700**

Table 6: Cascada Mineral Resource Total within and below the Resource Constraining Shell

Total Resource		Grade				Contained Metal			
Classification	**Tonnage (tonnes)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq (%)**	**Cu (tonnes)**	**Au (oz)**	**Ag (oz)**	**CuEq (tonnes)**
Indicated	840,000	1.1	1.4	27	1.9	9,200	36,700	740,000	16,300
Inferred	1,230,000	0.8	1.8	26	1.8	9,500	70,500	1,020,000	22,300
Total	**2,070,000**	**0.9**	**1.6**	**27**	**1.9**	**18,700**	**107,200**	**1,760,000**	**38,600**

ASX Additional Information

Table 7: Promontorio Project Mineral Resource

(first released to ASX on 10 May 2013)

Total Resource		Grade				Contained Metal			
Deposit	**Tonnage (tonnes)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq (%)**	**Cu (tonnes)**	**Au (oz)**	**Ag (oz)**	**CuEq (tonnes)**
Indicated	610,000	2.7	1.7	56	4.4	16,700	32,500	1,090,000	26,700
Inferred	230,000	1.8	1.5	56	3.3	4,100	11,300	410,000	7,500
Total	840,000	2.5	1.6	56	4.1	20,800	43,800	1,500,000	34,200

COMPETENT PERSON STATEMENT:

Information in this report that relates to previously reported Exploration Results has been crossed-referenced in this report to the date that it was reported to ASX.

The information in this report that relates to the Mineral Resource for the Promontorio deposit was prepared and first disclosed to the ASX on 10 May 2013 under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Mineral Resources for the Cascada deposit is extracted from the report "Cascada Mineral Resource Estimate" created and released to ASX on 7 May 2015 and is available to view on www.asx.com.

The information in this report that relates to Mineral Resources for the Mesa de Plata deposit is extracted from the report "Mesa de Plata Mineral Resource" created and released to ASX on 1 December 2016 and is available to view on www.asx.com.

The information in this report that relates to Mineral Resources for the Loma Bonita deposit is extracted from the report "Loma Bonita Mineral Resource" created and released to ASX on 21 December 2016 and is available to view on www.asx.com.

The information in this report that relates to Mineral Resources for the Oposura deposit is extracted from the report "Oposura Mineral Resource" created and released on the ASX on 4 July 2018 and is available to view on www.asx.com.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company 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.

ASX Additional Information

COPPER EQUIVALENCY STATEMENTS:

Promontorio:

Copper Equivalent (CuEq) was based on the following assumed metal prices that were guided by the three year averages at the data cut-off date 2 April 2013: US$3.25/lb for Cu, US$1,450/oz for Au and US$27.50/oz for Ag.

The CuEq grade accounts for the following metal recoveries: 97.9% for Cu, 93.4% for Au, and 97.0% for Ag.

It is Azure's belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered.

The following formula was used to calculate the Copper Equivalent grade: CuEq (%) = (Cu% x 0.979) + (Au (g/t) x 0.6077) + (Ag (g/t) x 0.0120).

Cascada:

Copper Equivalent (CuEq) was based on the following assumed metal prices that were guided by the three year averages at the data cut-off date of 30 October 2014: US$3.40/lb for Cu, US$1,470/oz for Au and US$25.00/oz for Ag.

The CuEq grade accounts for the following metal recoveries: 95.0% for Cu, 75.0% for Au, and 85.0% for Ag.

It is Azure's belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered.

The following formula was used to calculate the Copper Equivalent grade: CuEq (%) = (Cu% x 0.95) + (Au (g/t) x 0.4729) + (Ag (g/t) x 0.0091).

ZINC EQUIVALENCY STATEMENT:

Oposura:

Zinc Equivalency % US$:

Zinc equivalent values in US$ are determined by the following factors:

Zn Eq = ((%Zn x 0.875 x 0.85)+(%Pb x 0.85 x 0.95)+(g/t Ag x 0.67 x 0.70))/(%Zn x 0.875 x 0.85)

Commodity prices used in this MRE:

> *Zinc $3,107.50/t, Lead $2,411/t (spot price, LME, 2018. www.lme.com, cited 0:00 GMT 20/06/2018)*
>
> *Silver $16.20/oz (spot price, NYSE, 2018. www.kitco.com, cited 0:00 GMT 20/06/2018)*

Concentrate recoveries used in this MRE: Zn 87.5%, Pb 85%, Ag 67% (Locked Cycle and Batch Flotation tests: Azure Minerals Ltd, 2018.)

Smelter recoveries used in this MRE: Zn 85%, Pb 95%, Ag 70% (International Benchmarks: Azure Minerals Ltd, 2018)

It is the opinion of Azure Minerals Ltd that all the elements included in the calculation have a reasonable potential to be recovered and sold

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

AZURE MINERALS LIMITED

ABN/ARBN	Financial year ended:
46 106 346 918	30 June 2020

Our corporate governance statement[1] for the period above can be found at:[2]

☒ These pages of our annual report: Pages 22 to 26

☐ This URL on our website:

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.[3]

Date:	25 September 2020
Name of authorised officer authorising lodgement:	Brett Dickson – Company Secretary

[1] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

[2] Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

[3] Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ and we have disclosed a copy of our board charter at: https://azureminerals.com.au/corporate/corporate-governance/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with "*insert location*" underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert "our corporate governance statement". If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg "pages 10-12 of our annual report"). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg "www.entityname.com.au/corporate governance/charters/").

[5] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☐ and we have disclosed a copy of our diversity policy at: http://azureminerals.com.au/wp-content/uploads/2016/08/Summary_of_Diversity_Policy.pdf and we have disclosed the information referred to in paragraph (c) at: and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☒ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: http://azureminerals.com.au/wp-content/uploads/2016/08/Process_for_Performance_Evaluations.pdf and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: **In the Annual Report at Page 23 at** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: http://azureminerals.com.au/wp-content/uploads/2016/08/Process_for_Performance_Evaluations.pdf and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: **In the Annual Report at Page 23 at** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: http://azureminerals.com.au/wp-content/uploads/2016/08/Audit_and_Risk_Committee_Charter.pdf] and the information referred to in paragraphs (4) and (5) at: *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at: **In the Annual Report at Page 23 at** https://azureminerals.com.au/financial-reports/	☒ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☒ and we have disclosed our board skills matrix at: **In the Annual Report at Pages 13,14 & 23 at** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors at: **In the Annual Report at Page 23 at** https://azureminerals.com.au/financial-reports/ and, where applicable, the information referred to in paragraph (b) at: …………………………………………………………………………… [*insert location*] and the length of service of each director at: **In the Annual Report at Page s 13 & 14** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values at: **In the Annual Report at Page 24 at** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct at: http://azureminerals.com.au/wp-content/uploads/2016/08/Summary_of_Code_of_Conduct.pdf	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: https://azureminerals.com.au/wp-content/uploads/2019/12/191220.pdf	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption policy at: https://azureminerals.com.au/corporate/corporate-governance/	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: http://azureminerals.com.au/wp-content/uploads/2016/08/Audit_and_Risk_Committee_Charter.pdf and the information referred to in paragraphs (4) and (5) at: **In the Annual Report at Page 24 at** https://azureminerals.com.au/financial-reports/ *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at: **In the Annual Report at Page 24 at** https://azureminerals.com.au/financial-reports/	☒ set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy at: http://azureminerals.com.au/wp-content/uploads/2016/08/Summary_of_Policy_on_Continuous_Disclosure1.pdf	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: https://azureminerals.com.au/corporate/corporate-governance/	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: http://azureminerals.com.au/wp-content/uploads/2016/08/Shareholder_Communication_and_Investor_Relations_Policy.pdf	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: …………………………………………………………………… [*insert location*] and the information referred to in paragraphs (4) and (5) at: …………………………………………………………………… [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: http://azureminerals.com.au/wp-content/uploads/2016/08/AZS-Summary-of-Risk-Management-Policy.pdf **and in the Annual Report at pages 12 & 25 at** https://azureminerals.com.au/financial-reports/	☒ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: **in the Annual Report at pages 12 & 25 at** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed how our internal audit function is structured and what role it performs at: …………………………………………………………………………… [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: **in the Annual Report at pages 25 at** https://azureminerals.com.au/financial-reports/	☒ set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☒ and we have disclosed whether we have any material exposure to environmental and social risks at: **in the Annual Report at pages 25 at** https://azureminerals.com.au/financial-reports/ and, if we do, how we manage or intend to manage those risks at: …………………………………………………………………………… [*insert location*]	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: http://azureminerals.com.au/wp-content/uploads/2016/08/Remuneration_Committee_Charter.pdf and the information referred to in paragraphs (4) and (5) at: **In the Annual report page 26 at** https://azureminerals.com.au/financial-reports/ *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: …………………………………………………………………………… [*insert location*]	☒ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: **In the Annual report commencing at page 15 at** https://azureminerals.com.au/financial-reports/	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☒ and we have disclosed our policy on this issue or a summary of it at: http://azureminerals.com.au/wp-content/uploads/2016/08/Securities_Trading_Policy.pdf	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: ……………………………………………………………… [*insert location*]	☐ set out in our Corporate Governance Statement **OR** ☒ we do not have a director in this position and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☐	☐ set out in our Corporate Governance Statement **OR** ☒ we are established in Australia and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	☐	☐ set out in our Corporate Governance Statement **OR** ☒ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: ……………………………………………………………………. [*insert location*]	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		**Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:**	**Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]**
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: …………………………………………………………………………….. [*insert location*]	☐ set out in our Corporate Governance Statement